

ANNUAL REPORT 2013-14



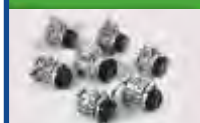
LEADERSHIP IN QUALITY & TECHNOLOGY - TO BE A WINNER



Airconditioning of Cars, Buses, Refrigerated Vans & Trains *you thought its Child's play!*

Imagine what it takes to become India's **No.1 Automotive Air Conditioning Company** - an experience of more than 28 years, and collaboration with Denso Corp. Japan-Global Leaders in thermal technology. Confidence of 9 million satisfied customers across India. Truly speaking, its not child's play, but a combination of technology, innovation and hard work.

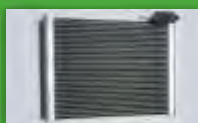
A JV Company of Suri Group, Denso and Suzuki Motors, Japan.



Compressors



HVAC



RS-Evaporator



Condenser



Engine-Cooling



Bus AC



Reefer Container

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Corporate Information

Board of Directors

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

Main Bankers

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

Auditors

M/s. V.K. Dhingra & Co.,
Chartered Accountants
1-E/15, Jhandewalan Extension,
New Delhi

Works

- C-51, Phase-II, Noida, P.O. N.E.P.Z.,
Distt. Gautam Budh Nagar (U.P.)
- B-188, Phase-II, Noida P.O. N.E.P.Z.,
Distt. Gautam Budh Nagar (U.P.)
- B-216, Phase-II, Noida 201304
Distt. Gautam Budh Nagar (U.P.)
- Plot No.395/396, Sec-8, IMT
Manesar, Dist. Gurgaon (Haryana)
- Plot No.B-8 & 9, MIDC Indl. Area,
Chakan, Pune (Maharashtra)
- A-20/1, SIPCOT Industrial Growth Centre
Oragadam, Chennai, Tamil Nadu
- E-1, TML Vendor Park,
Sanand, Gujrat

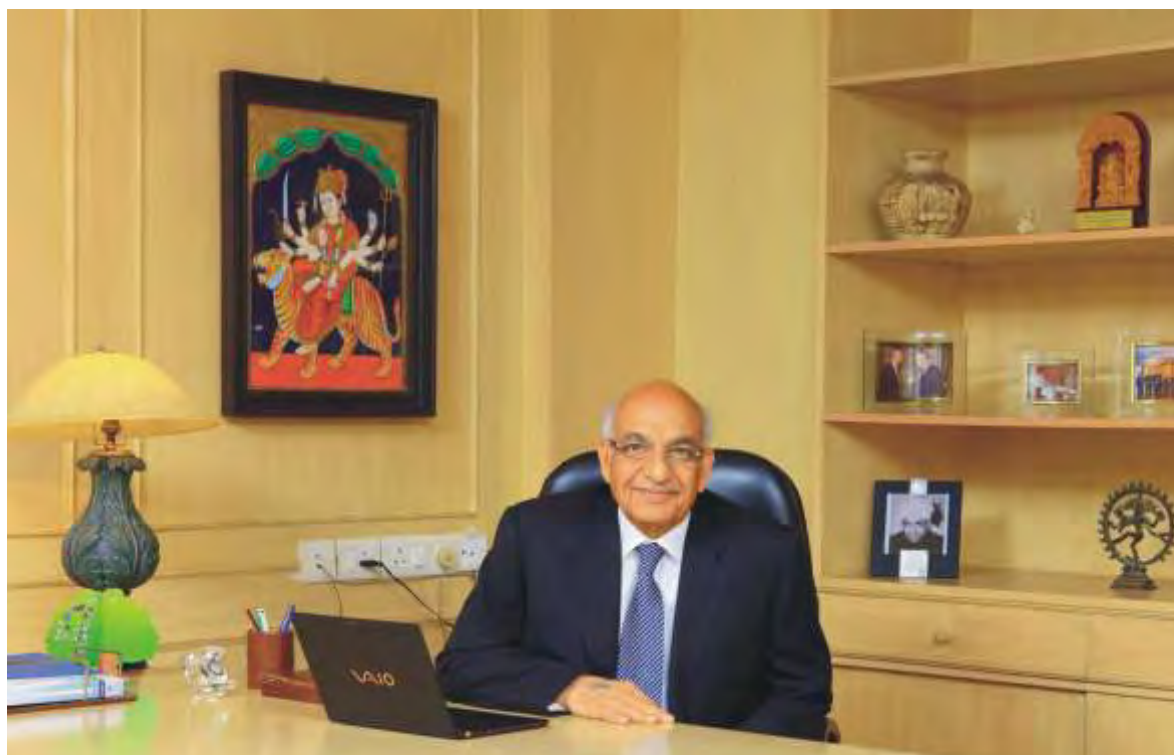
Regd. Office

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



Chairman and Top Management Team

From the desk of the Chairman



Dear Shareholders,

I take the pleasure in presenting the 29th Annual report along with the audited accounts of your company for the year ended 31st March 2014.

Though last few years were sluggish for automotive sector, we see growth in near future with the stability expected in Indian economy. Subros has invested in new facility at Chennai, to take care of the expected growth in demand. The company is also investing in New Tool Room as part of backward integration.

I would like to express my special thanks and deep appreciation to all the employees of Subros for their commitment and dedication to meet the Company's goals. I would like to express my gratitude to my customers and JV partners for their continued support and guidance. Finally, I would also like to express my deep appreciation to you, our shareholders, for your continuing interest in Subros business activities and assure you that your company will, as always, live up to your expectations.

Ramesh Suri
Chairman

From the desk of the Managing Director



Dear Shareholders,

This year has a special significance as it marks 25 years of your company being listed. Subros has come a long way since then and it would not be possible without the support of all the stakeholders of the company. So I would like to begin by extending my gratitude to all and seek your continuous support in the future.

The year 2013-14 continued to be very difficult and challenging, due to Macro-economic factors of inflation, rising interest rates and currency volatility, leading to a stagnant economy, low profit margins and low capacity utilization. In order to minimize the impact of these external factors, your company made suitable adjustments in decisions related to capacity expansion and shifted focus to backward integration to save costs. These initiatives coupled with drive for efficiency improvement across the Company's value chain and aggressive Value Engineering activities, we were able to reduce material costs and improve gross margins. As a result, our EBITDA improved to 11.49% thus leading to partial recovery of losses due to lower Sales turn over and higher costs of Interest & Depreciation.

At the same time, and in line with our overall mission of "Growth with Profitability", your company has tied up some significant new businesses in the year from both existing as well as new customers such as Renault Nissan. Further, our plant that was set up in Chennai is now operational and is catering to Ashok Leyland Nissan, Indian railways, Renault Nissan, F&M and the aftermarket.

Further, Subros is working closely with Denso as part of a joint program to optimize capacity utilization through sharing unutilized manufacturing Infrastructure, which will involve supplies to Denso group Companies. We have started supplies as per this program for RS Evaporators.

More such programs are underway to improve Capacity utilization.

Your company has also invested in a high quality Tool Room, which will cater to all our in-house, needs and has also potential for commercial usage. We have already started supplying specialty Tools to our group Companies in India. We are proud of this achievement and would like to take this opportunity to thank our internal team who has made this highly skilled diversification happen. We also thank M/s Denso for their continued support and co-operation.

The year also saw some significant recognition from our customers; we were given the "Overall Excellence

Award" from Maruti Suzuki along with the awards in quality and various other areas. We were also recognized by ACMA for manufacturing excellence. Subros was rated at level V on TCM (Total Cost Management) maturity model, a recognition awarded by CII - TCM division. Subros is the second company in India to achieve such recognition. A big thank you to our team both at the centre and the plants.

The year 2014-15 will pose its own challenges as the issues of the previous year will remain, though there is a sense of normalcy and stability which is being felt both at the macro-economic as well as the political and national level. This has already resulted in small improvements in business sentiments and we hope that this will continue, notwithstanding other Global disturbances. We on the other hand realize that we need to Evolve with the changing times, and our belief is that Agility and Continuous Innovation will enable us to be more competitive as it will enable flexible cost structures.

Before I conclude, I would like to first thank our people, as it is their dedication and handwork that makes us what we are. I would also like to thank our esteemed Customers for continuously supporting us and reinstating their belief in us by giving us more business, I would also like to thank our partners, M/s Suzuki corporation Japan and M/s Denso Japan, our bankers and most importantly our shareholders. We will continue to strive for enhancement of Shareholder value for the best benefit of all stake holders through continuous improvement and sustainable growth.

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

MARUTI  **SUZUKI**


TATA


Mahindra


FORCE

DAIMLER


ASHOK LEYLAND
A BIRUDUJA GROUP COMPANY

NISSAN



Indian Railways



RENAULT NISSAN

Performance Growth



Milestones & Recognitions

YEAR	MILESTONES	AWARDS/ CERTIFICATION
2013-14	<ul style="list-style-type: none"> Introduction of New Customer "Renault Nissan". Development of new Product (10SL09) compressor. Chennai Plant becomes operational New Tool Room being set up at Noida 	<ul style="list-style-type: none"> MSIL Gold trophy for overall performance MSIL shield for quality improvement MSIL shield for system audit rating Certificate for inner part localization TCM-CII Level V Ranking (2013) CII-EXIM bank award for Business Excellence Strong commitment to Excel (2013)
2012-13	<ul style="list-style-type: none"> Subros launches Transport Refrigeration Systems 	<ul style="list-style-type: none"> MSIL Gold Trophy for overall performance MSIL Shield for System Audit Rating MSIL Shield for Focused Cost Down MSIL Certificate for Inner Part Localization The Economic Times Gold Award for India Manufacturing Excellence
2011-12	<ul style="list-style-type: none"> Capacity 1.5 Million AC Kits 1 Lakh AC Kits delivered in March Bhoomi Poojan of Chennai Plant 	<ul style="list-style-type: none"> MSIL Gold Trophy for overall excellence and Awards for R&D Set up in India, Special support by vendor to MSIL, Warranty Performance, Design & Development and certificate for Incoming Quality. TML Award for excellence in Cost efficiency. ACMA Gold Award for Manufacturing Excellence (Noida Plant) ACMA Silver Award for Excellence in Technology



Ms. Shraddha Suri MD & Mr. D.M Reddy President & ED Subros receiving Shield for Quality Improvement from T.Hasuike San JMD MSIL



Ms. Shraddha Suri MD Subros receiving Gold trophy for Overall Performance from Mr. R.C. Bhargava Chairman MSIL.



Mr. Y.P. Negi VP & Mr. P.Duggal AVP Subros receiving certificate for Inner Part Localization from K. Ayabe San Director & MEO Supply Chain MSIL



PITSTOP Award Trophy for Overall Performance - Gold



MSIL certificate for Improvement in Quality Performance



MSIL certificate for System Audit Rating



MSIL certificate for Inner Part Localization

Product Range

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

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



Car Air-conditioning and Engine Cooling Parts

Commercial Vehicle AC

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

Bus AC



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



Transport Refrigeration Solutions

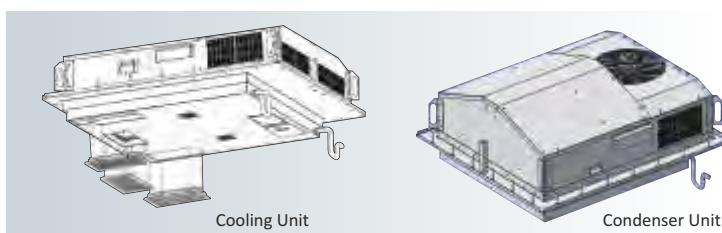
Subros provide a complete range of Transport refrigeration solutions suitable for storage volume upto 50cu.m. Subros is the only company offering integrated solution consisting of Refrigeration Kit and the insulated container.



Customers van with Subros Roof top-unit

Railway AC

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



Social Responsibilities

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

Environmental Activities

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

Social Activities

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



Blood donation camp on Founder's Day



Noida: Clothes distribution drive



Tree plantation on World Environment Day



Greening at Manesar IMT



Greening at Noida Island

Management Discussion and Analysis 2014

1. Industry Outlook

- 1.1 The year 2013-14 was marked by extremely poor sentiments in Indian Economy due to issues of Policy paralysis and impact of Global economic factors. The Indian economy grew at a dismal sub-5% for second successive year. The auto sector was impacted severely due to overall market sentiments making customers defer their purchases and has virtually stagnated. This in effect impacted Indian Auto ancillary sector. The business scenario is likely to continue to be cautious in 2014-15 due to expected changes in political environment, but with a sense of optimism of new government.
- 1.2 During the year 2013-14, the Auto Industry de grew by 5% due to overall poor economic outlook, which impacts high value purchases like automobiles. However, the Company's biggest Customer Maruti-Suzuki has maintained its Sales with a marginal 0.3% growth in Sales.
- 1.3 The 2014-15 outlook for the Indian auto industry is expected to continue to be under stress, driven by the expectation that the credit metrics of most companies, though may weaken, will continue to be in line with values expected during a cyclical downturn. The big cause of concern will be poor utilization of Investments already made in the Industry.
- 1.4 However, inflation rates, Foreign Exchange fluctuation, rationalized fuel price scenario and changed political economic scenario may impact favorably to the industry during coming years. Also new government focus on infrastructure development may give boost to Indian Automobile industry especially commercial vehicle segment.
- 1.5 While the industry is struggling to realize its growth pace, at the same time auto ancillaries are struggling to meet its profitability targets due input cost pressures, low capacity utilization. This makes it imperative for the Industry to drive costs down and work on improvement of internal efficiencies thru' manufacturing excellence.
- 1.6 The labour situation in the country may play a big spoiler to Industry's growth prospects with reported instances of Industrial strife at many of Auto Majors across the country and at Auto-ancillaries. Managing expectations of young and restless workforce will be one of the big challenges facing the India Auto Industry.
- 1.7 The commercial vehicles (CVs) segment continues to be stable for the Company with good and stable performance from Force Motors. The segment is likely to register overall volume growth of 5-6% in 2014-15, driven largely by the sales of light commercial vehicles (LCVs). This high volume will come as CVs are more dependent on consumer non-discretionary activities and less on industrial activity.

2 Financial & operational Performance

- 2.1 Company's Gross Sales has reduced to Rs.1314 crores in 2013-14 from Rs.1,435 crores during 2012-13, largely on account of drop in Sales at other Customers and Pricing adjustments with Customers as per Forex based pricing adjustment policies with its major customers with lag effect. The profit before tax of the company was also impacted due to commodity price and foreign exchange fluctuation, by which Costs are based on current prices and Sale prices are based previous quarter / period.
- 2.2 In view of fluctuating foreign exchange scenario, the Company has continued with its efforts to improve the level of localization of various imported parts, in addition to having a more stable Forex hedging policy. 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 Tube Fin Evaporator and also extended use of new generation RS Evaporators in Tata and M&M application.
- 2.3 The company has received many prestigious orders from its customers during the year and the Company has started investments to meet the Target milestones against these orders. These cover businesses for HVACs, Condensers, Hose & tubes and Compressors from its existing customers and also new customers like Renault-Nissan. The commercial supplies against these Supplier Nomination letters / LOIs will start from 2014-15 onwards.
- 2.4 The Company is also continuing to invest in more localization projects for key Compressor parts and Heat exchanger parts with the strong technological support of our partner Ms/ Denso Corporation of Japan. These projects will go on stream during the year 2014-15 onwards.
- 2.5 Company is witnessing continuous improvements in operation activities and has been continuously receiving various awards and recognition from the Customer and other external agencies. The details are mentioned herein below
 - a) MSIL- Gold Trophy for Best Vendor Award for overall performance
 - b) MSIL- Shield for Quality
 - c) MSIL- Shield for System Audit Rating
 - d) MSIL- Certificate for Inner part Localisation
 - e) Economic Time Platinum Award- Manufacturing Excellence
 - f) ACMA Gold award for Manufacturing Excellence.
 - g) Frost and Sullivan - Ranked by among Top 5 Companies in Innovation Adaptation (Ranked 1) and Customer focus (Ranked 3) by Frost and Sullivan
 - h) Excellence award in various Quality Circle initiatives.
- 2.6 Subros continues to build and maintain sustainable relationships with it's supply chain

particularly in relation to long-term strategic direction of the business. Vendor management is critical to Subros, as nearly 69%-70% of the Net Sales is currently made up of material cost.

3. Information Technology

- 3.1 Core business processes of production, logistics, upstream and downstream supply chain operations of the Company are integrated thro' a robust IT-ERP system using SAP.
- 3.2 The Company has strong Information Technology deployment for Decision Support System such as SAP, PLM, CAD, CAE, Project Management system, Vendor extranet etc. It has helped generate process efficiencies and lean operations. It also helps manage complexity and scale, both in house and with vendors.
- 3.3 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 on Vendor operations, Vendor information and feedback.

4. Internal Controls and their Adequacy

- 4.1 Company has in place systems of internal control which are commensurate with its size and nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies. Further Internal audit and management reviews are conducted regularly and the reports are regularly submitted for review to the Audit Committee of the Board of Directors.
- 4.2 Company's Audit Committee reviews 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 from time to time.

5. Risks and concerns

- 5.1 The Company is exposed to external and internal risks associated with the business. The operations of the Company are directly dependent on the growth of Indian Automotive industry. General economic conditions impact the automotive industry, and, in turn, the operations of the Company. To counter these risks, the Company continues to broaden its product portfolio, increase customer profile and geographic reach. In view of this, the company has made expansion plan in commercial vehicle segment to de-risk its dependency on Car Segment.

- 5.2 The Company is expected to face strong competitive pressures both domestic and overseas. The Company is also exposed to financial risk from changes in interest rates, foreign exchange rates and commodity prices. The company also faces challenges with regard to fast changing technology, reducing life cycle of new vehicles, supply constraints from Tier II suppliers, sustaining cost efficiencies brought into the system and planning capacity expansion in the wake of changing patterns.
- 5.3 Risk management is reviewed by the Company on a regular basis in addition to 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, making efforts to mitigate the significant risks that may affect it.
- 5.4 Intensity of competition has increased in almost all the segments of the Indian automotive market-due to entry of new players and expansion plans of existing Competitors. The Company is aware of the increasing competition and is taking measures to remain competitive in the market place.
- 5.5 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) is taking care of application design and allied services for new models to be launched by our OEM's. This is bringing expertise and experience of Denso engineers to work with Indian talent and develop high technology solution at low cost with short lead time for Indian market.
- 5.6 The Company is undertakings various new projects ranging from development of new models and new segments also. These projects are at various stages of planning & execution. Though the Company employs sophisticated techniques and processes to forecast the demand of new products, yet the same is subject to margin of error. Timely introduction of new products, their acceptability in the market place and managing complexity of operations across various manufacturing locations would be the key to sustain competitiveness.

6. Future Plan

- 6.1 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 with low cost. Further, this will help the company to sustain growth profitably and minimize the impact of fluctuation in economic indicators.

- 6.2 Your Company considering the growth in the Automobile sector in general, has planned its capacity expansion at its existing facilities at Noida, Manesar and Pune, to cater to the increased demand from existing as well as new Automobiles manufacturers in India. Further, the company is expanding its business at Chennai to take care of manufacturing parts for commercial segment and after-market.
- 6.3 The Company is also expanding its facilities of Tool Room and focusing on in house development of all Molds/ Dies which are required for its New Product Development. This will help the company to shorten the lead time of product development and also save cost. New Tool Room shall be operational by middle of 2014-15.
- 6.4 The company is fully equipped with the capacity to meet the demand of its Customers for the current year and finalized plan for capacity expansion to meet future demand of the industry.

7. Human Resources

- 7.1 The Company is taking fresh initiatives for continual improvements in employee engagement towards developing company's human capital. This has resulted in reduction of employee turnover & better productivity.
- 2.2 Company is also taking professional service support from E&Y for improving employee engagement activities and strengthening employee satisfaction areas.
- 7.3 Employee training activities are well emphasized in the company. This is in line with competency matrix and training needs identified thru performance review of each employee. This will give focus approach for individual skill enhancement.

Cautionary Statement

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

Directors' Report

To
The Members

Your Directors are pleased to present the 29th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

	Current year 2013-14 (Rs. in Lacs)	Previous year 2012-13 (Rs. in Lacs)
Gross Profit before financial charges and depreciation	13364	13305
Less: Financial Charges and Depreciation	3716 <u>7723</u>	3592 <u>7255</u>
Net Profit before Taxation	1925	2458
Less: Taxation	<u>(101)</u>	<u>401</u>
Profit after Taxation	2026	2057
Add: Profit brought forward	16432	15069
Profit available for appropriation	<u>18458</u>	<u>17126</u>
Less: Proposed Dividend	420	420
Less: - Tax on Dividend	71	68
Less: - Transfer to General Reserve	203	206
Balance carried over to Balance Sheet	<u><u>17764</u></u>	<u><u>16432</u></u>

DIVIDEND

Your Company has earned a net profit (after tax) of Rs.2026 Lacs as against Rs.2057 Lacs in the previous year. Your directors recommend a dividend of Rs.0.70 per share i.e. (35%) on the paid-up equity share capital for the year ended 31st March, 2014 as against Rs.0.70 per share i.e. (35%) declared in the previous year. The dividend, if approved by the shareholders at the ensuing Annual General Meeting, shall absorb a sum of Rs.420 lacs exclusive of Dividend Tax.

BUSINESS OPERATIONS

Your Company has invested significantly for Technology upgradation, New product development and Localisation to sustain its market leadership in future years. However, the adverse Market situations, delayed Product launches has led to decline in sales and non-realisation of complete benefits from the investments made and higher finance cost.

The Indian Auto Industry on account of many economic and industrial reasons has shown slower trend and has consequently de-grown by 5%, where as our main customer i.e. Maruti Suzuki has grown positively by around 0.3%, but other customers like Mahindra & Mahindra and Tata Motors has de-grown substantially. Your company recorded a decrease of 8% in the gross turnover of Rs 1314 crores during the year as against Rs.1435 crores in the previous year, due to lower sales and impact of Sale Price adjustments based on Forex levels of previous period. During the year under review the company has sold 917349 nos. of A.C. systems as against 955850 nos. in the previous year. However, your company has continued its efforts for reduction in the raw material cost, thru VA/VE and other localization programs.

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

EXPANSION AND FUTURE PROSPECTS

Your Company, considering the growth in the Automobile sector and proactively observing the cost pressure, has planned extensive localization plans & capacities at its existing facilities at Noida, Manesar and Pune, to cater to the demand from existing as well as new Automobiles manufacturers in India. The Company in the current year will expand its business in Chennai to take care of Southern India based OEM customers.

The Company is also expanding its facilities of Tool Room and focusing on in house developments of all molds / dies for new product development, which will help in reducing the lead time for product development and also save cost. The Company will also focus on Sales of specialized Tools on commercial basis.

The Company has now strategically diversified into other Thermal Engineering Products for Automobiles Sector or for other industrial uses like Refrigerated vans, radiators, Engine cooling modules, Bus Airconditioning and Rail Airconditioning etc.

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 Airconditioning, Truck Refrigeration and Radiators.

AWARDS AND RECOGNITIONS

The working of your company has always been recognized for improvement in operational efficiencies, cost control, delivery etc. The Company was awarded following prestigious awards in the following categories:-

- a) Overall performance Gold Trophy from MSIL
- b) Shield for Quality from MSIL
- c) System Audit Shield from MSIL
- d) Inner part localization Certificate from MSIL
- e) Manufacturing Excellence Platinum Award from Economic Times
- f) Manufacturing Excellence Gold Award from ACMA
- g) Ranked no. 1 in Innovation Adaptation & Ranked no.3 in Customer focus, by frost and Sullivan
- h) Excellence award in various Quality Circle Initiatives.

SUBSIDIARY COMPANY

During the financial year under review THAI SUBROS LIMITED subsidiary Company in Thailand, achieved gross revenue of THB 95 Lacs as against THB 344 Lacs during the last financial year, the sales has decreased by 72% over the last year and the company was having profit before tax of THB 13.13 Lacs during the last year as against loss before tax of THB (16.27) Lacs during the current year under review.

CONSOLIDATION OF ACCOUNT

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

CORPORATE GOVERNANCE

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

A separate report on Corporate Governance is provided as a part of the Annual Report alongwith the Auditors certificate on its compliance.

LISTING

The shares of your company are listed on National Stock Exchange of India Limited, the Stock Exchange of Mumbai and The Delhi Stock Exchange Association Ltd. The company has paid annual listing fee for the year 2014-15 and also paid annual custodian fee in respect of shares held in dematerialization mode to NSDL and CDSL for the year 2014-15.

FIXED DEPOSIT

During the year the Company has not received any deposits from the public and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

DEMATERIALISATION OF SHARES

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

DIRECTORS

Mr. K Ayukawa, Mr. Y Makino and Mr. M A Pathan, were appointed as additional director of the company with effect from 29th July, 2013, 29th July, 2013 and 8th November, 2013 respectively and they shall hold the office upto the ensuing Annual General Meeting of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956, requisite notice has been received under the provisions of the Companies Act, 2013 from the members for the appointment of Mr. K Ayukawa, Mr. Y Makino and Mr. M A Pathan.

The non-executive Independent Directors are as per provisions of the Companies Act, 2013 are getting re-appointed for a period of 5 years, not liable to retire by rotation. The requisite resolutions pertaining to the appointment/re-appointment appears at respective items of the Notice alongwith the and relevant Explanatory statement and is recommended to the shareholders for approval.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, the directors hereby confirm that :-

- in the preparation of annual accounts for the year 2013-14, the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to the company have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgements 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 2013-14 and of the profit of the company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- the Directors had prepared the annual accounts on a going concern basis.

AUDITORS

M/s. V.K. Dhingra & Co. Chartered Accountants, New Delhi retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The notes to account referred to in the Auditors' Report are self-explanatory.

DISCLOSURE OF INFORMATION WITH REGARD TO CONSERVATION OF ENERGY ETC.

Information relating to Conservation of Energy, Technology Absorption etc., in terms of Section 217(1)(e) of the Companies Act, 1956 read with relevant rules is annexed herewith.

EMPLOYEES

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report.

However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report is being sent to all the shareholders of the Company excluding the statement of particulars of employees under section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Dy. Company Secretary at the registered office of the Company.

ACKNOWLEDGMENT

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

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

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

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

For and on behalf of Board of Directors

Place : New Delhi
Dated: 26th May, 2014

RAMESH SURI
Chairman

Annexure to Directors Report (2013-14)

Part-1st

Particular required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

Form A. CONSERVATION OF ENERGY

Form 'A' as prescribed by the Companies (Disclosure of Particulars
In the report of Board) Rules, 1988

- Not Applicable

1.0 RESEARCH & DEVELOPMENT

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

1.1 PRODUCT DEVELOPMENT :

- a) The Company has successfully launched in house developed 80 cc Compressor (10SL08) for small cars application. Delivery has started for Tata Nano application.
- b) Further, new 90 cc Compressor (10SL09) is under in-house development including Thermal fuse integration in clutch. Tooled up proto parts for Product evaluation have been delivered for Renault-Nissan. SOP will be in the beginning of 2015.
- c) Variable Displacement Piston Compressor (5SL12) is being evaluated for MSIL diesel car application thru technical support from Denso Japan.
- d) The company has successfully localized Tube and Fin evaporator which is being used in Ertiga model of MSIL during the year.
- e) Bus & Commercial Vehicle Compressor series, New Technology Development has been started.
- f) Supplies of ultra slim (12 mm) latest step-4 condenser has started for Customers.
- g) New Technology Radiators are developed in-house and under technical promotion for M&M - FML as a part of ECM (Engine Cooling Module) and for Swaraj application.
- h) BRS (Beneficial Refrigerant Stream) Evaporator Technology introduction study under DNJP technical assistance started for MSIL model as new evolution.
- i) The Company has also successfully launched new technology (SLC) for development of Hose and Pipe , which is light weight and high efficiency product and SOP has started for MSIL.
- j) Application Engineering for :
 1. FML T1 in-house VAVE kit, Heater, Demister, Trax Cruiser AC System
 2. In-house Reefer kit
 3. M&M U301 HVAC
 4. New HVAC RFQ (DICV, AL, NALT, Volvo-Eicher)
 5. After Market Condensers and Home AC condensers
 6. YL1 HVAC project for MSIL.

1.2 Systems & Infrastructure :

1. Project Management System reinforcement has started organization-implementation-training point of view based on current NPD process. "Schedule Manager", which is newly ordered Team Center application, to visualize project activities data for all team members and managements, as one of the first steps to improve the project management performance.
2. In the year 2013-14, Chennai product engineering center has started to install its product & system validation facilities corresponding to its product line, Bus AC. Pune Product Engineering Centre has reinforced its product & system validation facilities like Air Flow Bench and Vehicle NVH Bench.

1.3 VA/VE, Localization efforts:

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

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

BENEFITS DERIVED

- i) Development of new models for existing customers has resulted in continuity of our relationship with key customers.
- ii) Development of new in-house and localized product has resulted in convincing new customers.
- iii) 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. CII has recognized the efforts of the company in the area of Cost Maturity Model as Level 5, which is the highest level. Also our customer, Maruti Suzuki has recognized our efforts in Inner Part Localisation.
- iv) Focus on continuous upkeep and up gradation of R & D test facilities resulted in significant data quality improvement which is leading to more reliable and efficient product validation.
- v) Regular OJTs, Monthly R&D symposium with a recognition system and NTDs are stabilizing engineers retention which should contribute the effective company growth strategy.

FUTURE PLAN OF ACTION

1. Continue development of new generation more efficient Heat Exchangers Heaters, Charge Air Coolers, Radiators and CRFM (Condenser Radiator Fan Module)
2. To develop, design and tooling development for tractor radiator
3. Installation of testing facility for Inter cooler and engine oil cooler which can be applied to both Off Highway and Turbo Charge Diesel Engines.
4. Design and Development of Compressors for SUVs, Mid-Bus and Large Bus AC Application
5. Expand the development of reefer application from small range to large
6. New power train cooling system related innovations.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

In case of Indigenously Developed Technology

The Company has filed for 4 Indian patents applications (www.ipindia.nic.in) in the areas of compressors and Heat Exchangers.

S.No.	Title Of Invention	Published
1	Double ended Labyrinth Pistons for Swash plate type Refrigeration Compressors for all automotive air-conditioning applications	2013
2	Swash plate type Refrigeration Compressor with Composite Housings for all automotive air-conditioning applications	2013
3	Micro Heat exchangers - "Subros new tech ultra pitched micro fin with modified aerofoil dimples"	2013
4	Swash plate type Refrigeration Compressor with Cylinder Bores having multiple axial taper Oil Separation Grooves for all Automotive and Non-Automotive air-conditioning and Refrigeration applications	2013

The Company participated in International conferences in last year.

S.No	International/National Conference details	Title of paper/Presentation
1.	ACRECONF 2013 is organised by the Delhi Chapter of ISHRAE, in association with ASHRAE	Refrigerant types, issues, trends and future options _R1234yf, in long run using Co2_ for the Vapor compression
2.	ACR TrendZ-2013 Conference, 9th edition, at Le Meridian, Pune, organized by ISHRAE Pune chapter	Emerging refrigerant and retrofit options
3.	Ministry Environments and Forests of India	Report on Alternate Refrigerant R1234yf
4.	Ministry Environments and Forests of India	Report on Alternate Refrigerant R1234yf for MAC
5.	XVI Annual International Conference of the Society of Operations Management, IIT-Delhi	Achieving operational excellence by Implementing Lean New Product Development Process: A case study of an automobile product design
6.	TERRE / IGSD, USA, One-day Round-table workshop, at the Maratha Chamber of Commerce, Industries and Agriculture in Pune, India	Technical Challenges with Alternative Refrigerants for Automotive Air Conditioning Applications

BENEFITS

1. Indigenously developed technology will result in reduced development cost, improved performance, light weight and compact in terms of overall size.
2. 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.
3. Future new technology development time will reduce which will give better edge to the company against the competitors.
4. Improvement in process, productivity and quality and cost due to new techniques and localization of parts.
5. It contributes to retain capable engineers giving proactive motivation.
6. Proactive presence in international and national conferences is giving Subros a certain R&D status value in front of OEMs representatives.

In case of Imported Technology

1. 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 with Denso Corporation, Japan for transfer of technology of MF Condenser, 10P, 10S & 10SA series Compressor and HVAC for new models, RS Evaporator, Heater Core, Bus AC etc.
2. Year of Import: 1986 onwards
The technology has been absorbed within the period of applicable Technical assistance agreements. For new models of AC systems, technology transfer is under implementation under new TAAs.

Form C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has made export of the value of Rs.102.95 lacs during the year (Previous year Rs.406.23 Lacs).

	Rs. in Lacs
A) Total Foreign Exchange earned	102.95
B) Total Foreign Exchange used	
I. CIF Value of Imports (Revenue Expenses)	39426.22
II. CIF Value of Imports (Capital Expenditure)	2539.01
III. Expenditure in Foreign Currency	2632.81

Corporate Governance Report

Company philosophy on code of

1. CORPORATE GOVERNANCE:

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

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

2. BOARD OF DIRECTORS

(a) Composition of Board of Directors and Directors attendance record

The composition of Board of Directors of Subros Ltd and directors' attendance record, directorship and committee position during the financial year 2013-14 is as per table given below:

Name	Category	No. of Board Meetings held during 2013-14	No. of Board Meetings attended during 2013-14	Whether attended AGM held on 29th July 2013	No. of Directorships in Companies (other than Subros Ltd, foreign & Private Companies)	Committees @ Position held in Public Companies as	
						Chairman	Member
Mr. Ramesh Suri, Chairman	Not Independent & Executive	4	4	Yes	13	2	4
Ms. Shradha Suri Managing Director	Not Independent & Executive	4	4	Yes	5	1	1
Dr. Jyotsna Suri	Not Independent & Non-Executive	4	3	Yes	12	3	-
Mr. D. M Reddy Executive Director	Not Independent & Executive	4	3	No	2	-	1
Mr. Shinzo Nakanishi*	Not Independent & Non-Executive	4	-	No	-	-	-
Mr. K Ayukawa **	Not Independent & Non-Executive	4	3	N/a	6	1	2
Mr. S Nishimura ***	Not Independent & Non-Executive	4	-	No	-	-	-
Mr. Y Makino****	Not Independent & Non-Executive	4	1	No	-	-	-
Mr. P. Sabanayagam#	Independent & Non-Executive	4	3	Yes	-	-	1
Mr. G.N. Mehra	Independent & Non-Executive	4	4	Yes	4	4	3
Mr. Shailendra Swarup	Independent & Non-Executive	4	4	Yes	4	-	-
Mr. K.R. Ramamoorthy	Independent & Non-Executive	4	4	Yes	3	1	3
Mr. Hanuwant Singh	Independent & Non-Executive	4	4	Yes	4	-	3
Mrs. Meena Sethi	Independent & Non-Executive	4	2	Yes	-	-	-
Mr. M A Pathan##	Independent & Non-Executive	4	2	N/a	-	-	-
Mr. Y Kajita ### (Alternate Director)	Non Independent & Non- Executive	4	3	Yes	-	-	-

@ Represents chairmanship / membership of Audit Committee and Shareholders Grievance Committee Meeting.

* Resigned w.e.f 29th July, 2013

** Appointed w.e.f 29th July, 2013

*** Resigned w.e.f 29th July, 2013

**** Appointed w.e.f 29th July, 2013

Resigned w.e.f 8th Nov, 2013

Appointed w.e.f 8th Nov, 2013

Appointed as alternate Director to Mr. Y Makino w.e.f 29th July, 2013

(b) Number of Board Meetings

During the financial year 2013-14, four Board Meetings were held on 22.05.2013, 29.07.2013, 08.11.2013 & 03.02.2014.

The time gap between the two Board Meetings did not exceed four months.

(c) Information supplied to the Board

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

(d) Remuneration Committee

A Remuneration Committee of the Board of Directors was constituted on 31.10.2002.

Composition (Upto 8th Nov, 2013)

Mr. P. Sabanayagam	Independent non-executive	Chairman
Mr. G.N. Mehra	Independent non-executive	Member
Mr. Shailendra Swarup	Independent non-executive	Member

Meetings:- During the financial year 2013 -14 one meeting was held on 22.05.2013 and all three members attended the meeting.

Composition (w.e.f. 8th Nov, 2013)

Mr. Hanuwant Singh	Independent non-executive	Chairman
Mr. G.N. Mehra	Independent non-executive	Member
Mr. Shailendra Swarup	Independent non-executive	Member

Brief Description of terms of reference

1. Fixation of salary, perquisites etc. of all executive directors of the company, as and when any new executive director is appointed / existing executive director is re-appointed; and
2. Deciding commission payable to executive directors.

Remuneration Policy: The remuneration to the executive directors of the company is being paid as approved by the Board of Directors and shareholders of the company. Remuneration Committee would recommend remuneration for the executive directors and Managing Director before the same is considered by the Board of Directors / shareholders.

The remuneration is fixed keeping in view the overall limit laid down under the Companies Act, 1956 and also considering overall financial results of the company.

Non-Executive Directors of the Company are not being paid any remuneration other than the sitting fees for attending the meetings of the Board or Committees thereof. The detail of sitting fee paid during the year 2013-14 is as given below:-

S.No.	Name of Director	Sitting Fee for Board Meetings (Rs.)	Sitting Fee for Committee Meetings (Rs.)	Total (Rs.)
1	Dr. Jyotsna Suri	60,000	NIL	60,000
2	Mr. P. Sabanayagam	60,000	80,000	1,40,000
3	Mr. G.N. Mehra	80,000	2 30,000	3 10 000
4	Mr. K.R. Ramamoorthy	80,000	80,000	1,60,000
5	Mr. Hanuwant Singh	80,000	20,000	1,00,000
6	Mr. Shailender a Swarup	80,000	20,000	1,00,000
7	Mrs. Meena Sethi	40,000	NIL	40,000
8	Mr. K Ayukawa	60,000	NIL	60,000
9	Mr. Y Kajita	60,000	NIL	60,000
10	Mr. M A Pathan	40,000	NIL	40,000
G. TOTAL				10,70,000

Remuneration paid/payable to the Chairman, Managing Director and Executive Director for the year 2013-14 is as given below:

Sl. No	Name of the Director	Period of appointment	Salary & Allowances	Contri-butions (*)	Commission	Other Benefits	Total
1.	Mr. Ramesh Suri	16.9.2010 - 15.9.2015	48.00	0	10.50	0	58.50
2.	Ms. Shradha Suri#	12.5.2013 - 11.5.2016	180.95	22.21	0	0	203.16
3.	Mr. D M Reddy	01.04.2012- 31.03.2015	131.21	17.71	14.44	35.52	198.88
	TOTAL		360.16	39.92	24.94	35.52	460.54

(#) Reappointed as Managing Director w.e.f 12th May, 2013

(*) Represent contribution to Provident Fund and Superannuation Fund

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

No performance-linked incentives are allowed to the directors.

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

The company has not issued stock option to the directors.

3. Audit Committee

The Audit Committee of the Board was constituted on 30th April, 2001 which comprises of 3 non-executive and independent directors with Mr. G.N. Mehra as Chairman.

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 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement which include amongst others:

1. 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.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with management the annual financial statements before submission to the Board.
4. Reviewing with management, external and internal auditors, the adequacy of internal control systems.
5. Reviewing with the management the quarterly Financial Statements before submission to Board of Directors for approval.
6. Reviewing with the management, performance of statutory & internal auditors and adequacy of the internal control systems.
7. 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.

Composition & Attendance:

The composition of the Audit Committee, meetings and attendance thereof is as under :

Sl. No.	Name of Members	Position held	Category	No. of Meetings	
				Held during 2013-14	Attended during 2013-14
1.	Mr. G.N. Mehra	Chairman	Independent/Non-Executive	4	4
2.	Mr. P. Sabanayagam (Upto 8th Nov, 2013)	Member	Independent/Non-Executive	4	3
3.	Mr. K.R. Ramamoorthy	Member	Independent/Non-Executive	4	4
4.	Mr. Hanuwant Singh (w.e.f. 8th Nov, 2013)	Member	Independent/Non-Executive	4	1

During the year 4 (four) Audit Committee meetings were held on 22.05.2013, 29.07.2013, 08.11.2013 & 03.02.2014

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

Dy. Company Secretary acts as Secretary of the Committee.

4. Management

Management discussion and analysis

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

5. Shareholders' Grievance cum Share Transfer Committee

The Shareholders' Grievance cum Share Transfer Committee specifically looks into redressing of shareholders and investors complaints such as transfer of shares, non-receipt of shares, non-receipt of declared dividend and to ensure expeditious share transfer process. During the year ended 31st March, 2014, the Shareholders' Grievances cum Share Transfer Committee held 26 meetings on 12.04.13, 26.04.13, 10.05.13, 24.05.13, 07.06.13, 21.06.13, 05.07.13, 19.07.13, 02.08.13, 16.08.13, 30.08.13, 13.09.13, 27.09.13, 11.10.13, 25.10.13, 08.11.13, 22.11.13, 06.12.13, 20.12.13, 03.01.14, 17.01.14, 31.01.14, 14.02.14, 28.02.14, 14.03.14 & 28.03.14

The composition, attendance and details of meetings of the Shareholders Grievance/Share Transfer Committee is as under:

Sl.No.	Names of Members	Designation	No. of Meetings held & attended during the year 2013-14
1	Sh. G.N. Mehra	Chairman	26
2	Sh. Ramesh Suri	Member	26

Dy. Company Secretary, is the Compliance Officer of the company.

Details of complaints received during the year 2013-14 and its disposal are as follows :

Sl.No	Nature of Complaint	Received	Disposed	Pending	Remarks
1.	Non-receipt of Dividend and share certificates after transfer / remat	2	2	Nil	All the complaints were resolved and no complaint is pending as on date.

6. Code of Conduct

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

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

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

7 Shareholders

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

Dr. Jyotsna Suri, retires by rotation in the forthcoming Annual General Meeting and being eligible, offer herself for re-appointment.

Mr. Shailander Swaroop, Mr. K. R Ramamoorthy, Mr. G.N. Mehra, Mr. Hanuwant Singh & Mrs. Meena Sethi, all Independent Non executive directors, whose period of office is liable to determine by retirement by rotation, are now consequent to the provisions of the Companies Act, 2013, offering themselves for holding office as an Independent Director, of the Company for five consecutive years for a term upto 31st March, 2019.

Mr. K Ayukawa and Mr. Y Makino, appointed as Additional Directors of the Company with effect from 29th July, 2013 upto the Annual General Meeting and being eligible being offering themselves for appointment as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.

Mr. M A Pathan, appointed as Additional Directors of the Company with effect from 8th November, 2013 upto the Annual General Meeting and being eligible offer himself for holding office as an Independent Director, of the Company for five consecutive years for a term upto 31st March, 2019.

The abbreviated resumes of Directors being re-appointed or appointed are given below:

1. Dr. Jyotsna Suri

Dr. Jyotsna Suri is 62 years old and is Honours Graduate from Delhi University. At present she is Chairperson and Managing Director of Bharat Hotels Limited, She has experience of more than 24 years.

She also holds Directorships and Memberships of various committees of the Board of Directors in the following Public Limited Companies, in addition to directorship on the Board of 6 private companies:-

1. Bharat Hotels Ltd.
2. Apollo Zippers India Ltd
3. Deeksha Holding Ltd.
4. Rohan Motors Ltd.
5. Premium Farm Fresh Produce Ltd.
6. Deeksha Human Resource Initiative Ltd.
7. Premium Exports Ltd.
8. Prima Telecom Ltd.
9. Prime Cellular Ltd.
10. Udaipur Hotels Ltd.
11. Jyoti Limited
12. Fibcom India Ltd.

2. Mr. Shailendra Swarup

Mr. Shailendra Swarup is a Non-Executive Independent Director of the Company, He has joined the Board of Directors of the Company on 31.10.2002 and he is also a member of the Remuneration Committee, of the Board of Directors of the Company.

Mr. Shailendra Swarup aged 69 years, is a advocate of Supreme Court of India. He joined the Bar in the year 1965 and he is having more than 46 years of experience. He is a renowned personality in the legal profession in India.

He also holds Directorships and Memberships of various committees of the Board of Directors in the following Public Limited Companies, in addition to directorship on the Board of 5 private companies:-

1. Gujrat Fluorochemicals Ltd
2. Indian Thermit Corporation Ltd
3. Bengal & Assam Company Ltd
4. J & K Paper Ltd

3. Mr.K.R.Ramamoorthy

Mr.K.R.Ramamoorthy is a Non-Executive Independent Director of the Company, He has joined the Board of Directors of the Company on 13.03.2003 and he is also a member of the Audit Committee, of the Board of Directors of the Company.

Mr. K. R. Ramamoorthy aged 74 years, is a senior banker, with over four decades of commercial and banking experience in India. He was the Chairman & CEO of two of the leading commercial banks in India, Corporation Bank (1990-1997) and The Vysya Bank Limited (1997 & 2001). After his rewarding career in leadership positions, he served as Advisor for CRISIL from 2001-2004. Since 2005, he has been consulting independently, through his firm, BankConsult, for The World Bank, IFC, IMF and other multilateral agencies and commercial banks in India and other developing countries in South Asia and Africa.

During his tenure in the banking sector, Mr. Ramamoorthy served on the various Committees constituted by the Reserve Bank of India (RBI), SEBI and the Indian Banks Association. Prior to joining the Banking Industry in his formative career, he served the private sector entities for nearly two decades - in Pharma, Entertainment, and Engineering and Consumer Product Marketing Organizations including Lipton. Currently, he serves on the Board of various corporate entities as Independent Director.

Mr. Ramamoorthy holds degrees in Economics and Law and is a senior Fellow member of the Institute of Companies Secretaries of India.

He also holds Directorships and Memberships of various committees of the Board of Directors in the following Public Limited Companies in addition to directorship on the Board of 3 private companies:-

1. Nilkamal Plastics Ltd
2. Amrit Corp. Ltd
3. National Securities Clearing Corporation Ltd

4. Mr. G N Mehra

Mr. G.N. Mehra is a Non-Executive Independent Director of the Company, He has joined the Board of Directors of the Company on 30.03.1996 and he is also the Chairman of the Audit Committee, the Chairman of Share Transfer and Grievance Committee and a member of Remuneration Committee of the Board of Directors of the Company.

Mr. G.N. Mehra, IAS (Retd.) is M.A., LLB and 80 years old. He had a distinguished career as a member of the Indian Administrative Service. He held top positions in the Government of India as Secretary Ministry of Industry (Department of Heavy Industry and Company Affairs) and Ministry of Information & Broadcasting. Before this, he was also the Chief Secretary of Uttar Pradesh.

Mr. Mehra retired in June, 1992 as India's High Commissioner to Canada. In totality, Mr. G.N. Mehra has had long and valuable experience in the field of industrial development administration and held various key positions in the Govt. of India.

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

- | | |
|--|----------|
| 1. Action Construction Equipments Ltd. | Director |
| 2. Amrit Corp Ltd | Director |
| 3. Bharat Seats Ltd. | Director |
| 4. UP Hotels Ltd. | Director |

5. Mr. Hanuwant Singh

Mr. Hanuwant Singh is a Non-Executive Independent Director of the Company, He has joined the Board of Directors of the Company on 27.03.2004 and he is also a member of the Audit Committee and also Chairman of Remuneration Committee of Directors of the Company.

Mr. Hanuwant Singh, aged 64 years, is a graduate and has an experience of more than 38 years in finance.

He also holds Directorships and Memberships of various committees of the Board of Directors in the following Public Limited Companies in addition to directorship on the Board of 2 private companies:-

1. Bharat Hotels Ltd	Director
2. Premium Exports Ltd	Director
3. Prime Cellular Ltd.	Director
4. Premium Farm Fresh Produce Ltd	Director

6. Mrs. Meena Sethi

Mrs. Meena Sethi is a Non-Executive Independent Director of the Company, she has joined the Board of Directors of the Company on 30.07.2012 and she is not a member of any Committee of Directors of the Company.

Mrs. Meena Sethi aged 69 years, is a graduate is having experience of more than 40 years in Business, she is the Managing Director of Orient Fashions Group, which is a pioneer Company in the field of Export of High end Garments. She holds Directorships and Membership of the Board of Directors of 17 Private Companies only

7. Mr. K Ayukawa

Mr. K Ayukawa is a Non-Executive Director of the Company, he has been nominated by the Collaborators, M/s Suzuki Motors Corporation Japan, to be appointed as a Director in Place of Mr. S Nakanishi. Accordingly, Mr. K Ayukawa was co-opted as an Additional Director on the Board of the company with effect from 29th July, 2013 in terms of Section 260 of the Companies Act, 1956 read with Article 120 of the Articles of Association of the Company. By virtue of the aforesaid section, Mr.K Ayukawa holds office until the ensuing 29th Annual General Meeting of the Company.

The Company has received a notice, in writing , from a member pursuant to the provisions of the Companies Act, 2013 indicating his intention to propose his candidature for the office of the Director of the Company liable to retire by rotation.

Mr. K Ayukawa aged 59 years, is a graduate in Law from Osaka University and has been associated with Suzuki Group for the last 35 years. He has worked with Suzuki Motor Corporation, Japan & overseas in different capacities.

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

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

8. Mr. Y Makino

Mr. Y Makino is a Non-Executive Director of the Company, he has been nominated by the Collaborators, M/s Denso Corporation Japan, to be appointed as a Director in Place of Mr. S Nishimura. Accordingly, Mr. Y Makino was co-opted as an Additional Director on the Board of the company with effect from 29th July, 2013 in terms of Section 260 of the Companies Act, 1956 read with Article 120 of the Articles of Association of the Company. By virtue of the aforesaid section, Mr.Y Makino holds office until the ensuing 29th Annual General Meeting of the Company.

The Company has received a notice, in writing, from a member pursuant to the provisions of the Companies Act, 2013 indicating his intention to propose his candidature for the office of the Director of the Company liable to retire by rotation.

Mr. Y Makino aged 59 years, is a graduate and has experience of more than 35 years in various departments with Denso Corporation, Japan and presently is an executive Director of Denso Corporation, Japan. He was also on the Board of SUBROS LIMITED during the period July 30, 2005 to July 31, 2009. He only holds Directorship of Denso International India Pvt. Ltd only.

9. Mr. M A Pathan

Mr. M.A. Pathan is a Non-Executive Independent Director of the Company, he has joined the Board of the company with effect from 8th November, 2013 in terms of Section 260 of the Companies Act, 1956 read with Article 120 of the Articles of Association of the Company. By virtue of the aforesaid section, Mr.M A Pathan holds office until the ensuing 29th Annual General Meeting of the Company.

The Company has received a notice, in writing, from a member pursuant to the provisions of the Companies Act, 2013 indicating his intention to propose his candidature for the office of the Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.

Mr. M.A. Pathan aged 72 years, is a graduate in Economics and Diploma in Petroleum Management from Cambridge, Massachusetts, USA. He is having experience of nearly five decades of diverse experience in the various top positions, including that of Chairman of Indian Oil Corporation Ltd. And as a Director in various TATA Group Companies.

He doesn't holds Directorships and Memberships of the Board of Directors in India of any company.

b) Communication to shareholders**Means of communication to shareholders:**

In compliance with the requirement of Listing Agreements 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 and the Stock Exchanges, Delhi & Mumbai, in time after they are taken on record by the Board.

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

Quarterly un-audited financial results were published some times in the Economic Times/ Hindustan Time / Times of India, Delhi & Mumbai / Nav Bharat Times / Hindustan, Delhi & Mumbai and other newspapers. These results are also displayed on the company's web-site www.subros.com and as well as on the website of Securities Exchange Board of India (SEBI) / Exchanges.

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

c) Share Transfer.

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

d) General Body Meetings

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

Sl. No.	AGM Particulars	Date	Venue	Time
1.	28 th AGM in respect of the year (2012-13)	29th July.2013	FICCI Auditorium, Tansen Marg, New Delhi -110001.	11.00 a.m.
2.	27 th AGM in respect of the year (2011-12)	30th July.2012	FICCI Auditorium, Tansen Marg, New Delhi -110001.	11.00 a.m.
3	26 th AGM in respect of the year (2010-11)	19th Sept.2011	Kamani Auditorium, 1,Copernicus Marg, New Delhi - 110001	11.30 a.m.

e) Postal Ballots

No Resolutions was passed thru postal ballot.

8) Disclosures

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

During the year under review, the company has not entered into any transaction with its promoters, the Directors or the management, their relatives etc. which in the opinion of Board was materially significant that had potential conflicts with the interest of the Company.

(b) Compliance by the Company

The Company has duly complied with the requirement of Listing Agreements with Delhi, Mumbai & National 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) **Disclosure of Accounting Treatment**

There is no deviation in the treatments prescribed in any Accounting Standards in preparation of financial statements for the year 2013 - 14.

(d) **Risk & Management**

The company has laid down the procedure to inform the Board members about the risk management and minimization procedures. These procedures are being periodically reviewed to ensure that management controls risk through means of a properly defined framework.

(e) **Certification from CEO and CFO**

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

(f) **Compliance with mandatory requirements and adoption of non mandatory requirements of clause 49 of the Listing Agreement**

The Company has complied with the mandatory requirements prescribed under clause 49 of the Listing Agreements. A certificate from the Statutory Auditors of the Company to this effect has been included in this report.

The Company has not adopted any non-mandatory requirements of clause 49 of the Listing Agreements except for the constitution of the Remuneration Committee.

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 31st March, 2014, 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 Dy. Company Secretary and employees of the Assistant General Managers level & above as on 31st March, 2014.

Place: New Delhi
Dated: 26th May, 2014

SHRADHA SURI
MANAGING DIRECTOR

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 31st March, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreements
4. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Grievance-cum-Share Transfer Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**Place: New Delhi
Dated: 26th May, 2014**

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

General Shareholders Information

S.No.	Salient Items of Interest	Particulars
I.	AGM Date	28th July. 2014 Monday
II.	AGM Time	11.00 A M
III.	AGM Venue	FICCI AUDITORIUM, TANSEN MARG, NEW DELHI - 110001
IV.	Financial Calendar	01.04.2014 to 31.03.2015
	Quarterly Results	Board Meetings to be held on or before
	30.06.2014	28.07.2014
	30.09.2014	14.11.2014
	31.12.2014	14.02.2015
	31.03.2015	30.05.2015
V.	Date of Book Closure	19.07.2014 - 28.07.2014 (Both days inclusive)
VI.	Dividend Payment Date	27.08.2014
VII.	Listing on Stock Exchanges	<ol style="list-style-type: none"> 1. Delhi Stock Exchange Association Ltd DSE House, 3/1 Asaf Ali Road New Delhi 110001 2. The Stock Exchange Mumbai Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400001 3. National Stock Exchange of India Ltd., 'Exchange Plaza' Bandra-Kurla Complex Bandra (East), Mumbai-400 051.
VIII.	Stock Code	5824 - Delhi Stock Exchange 517168 - Mumbai Stock Exchange 3324 - National Stock E xchange
	Demat ISIN No for NSDL /CDSL	INE 287B01021
IX.	Registrar & Share Transfer Agents	M/s. MCS Limited, Srivenkatesh Bhavan, F-65, Okhla Industrial Area, Phase I, New Delhi 110 020.
X.	Share Transfer System	Shares lodged in physical form are processed and returned, duly transfer red, within 14 days normally, except in the cases where litigation is involved. In respect of shares held in dematerialised mode, the transfer takes place instantaneously between the transferor, transferee and the Depository Participant through electronic debit/credit of the accounts involved.
XI.	Dematerialisation of shares & liquidity	As at March 31, 2014 Demated - 19246 Shareholders (32.74% of the total Shareholders) Demated -4,69,14,207 Shares (78.20 % of the total Shares)
XII.	Outstanding GDRs/ ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.	Not Applicable
XIII.	Plant Location	<p>Noida Plants:- C-51 Phase II, Noida B-188 Phase II, Noida B-198 Phase II, Noida B-216 Phase II Noida</p> <p>Manaser Plant: 395/ 396, sector -8, IMT Manesar, Haryana.</p> <p>Pune Plant : B- 8 & 9 , MIDC Indl. Area, Chakan Taleegaon Road, Chakan Pune 410501.</p> <p>Sanand Plant:- E-1, TML Vendor Park, Sanand Gujrat</p> <p>Chennai Plant:- A-20/1, SIPCOT Industrial Growth Centre, Oragadam, Chennai, Tamil Nadu</p>
XIV.	Address for correspondence	Regd. Office: LGF, World Trade Centre, Barakhamba Lane, New Delhi 110001.

Market Price Data: High/Low During each Month of 2013 - 14 on B.S.E.

Month	Mumbai Stock Exchange		Volume
	High (Rs.)	Low (Rs.)	Nos. of Shares
April, 2013	30.00	22.60	394139
May, 2013	27.90	24.05	186846
June, 2013	25.10	21.20	109034
July, 2013	22.95	19.25	63362
Aug. 2013	20.95	17.50	245346
Sept. 2013	26.25	18.25	309909
Oct. 2013	26.25	21.50	338555
Nov. 2013	28.35	23.75	197270
Dec. 2013	29.75	24.35	463208
Jan. 2014	31.45	24.60	711687
Feb. 2014	27.00	22.80	138469
March, 2014	28.30	23.25	298650

Market Price Data: High/Low During each Month of 2013-14 on N.S.E.

Month	National Stock Exchange		Volume
	High (Rs.)	Low (Rs.)	Nos. of Shares
April, 2013	29.55	22.25	854569
May, 2013	28.00	24.05	369223
June, 2013	24.95	21.10	229488
July, 2013	23.15	19.25	170740
Aug. 2013	22.80	18.10	136568
Sept. 2013	26.30	18.55	608777
Oct. 2013	26.25	19.10	716215
Nov. 2013	28.50	23.10	667373
Dec. 2013	29.75	24.25	925065
Jan. 2014	31.15	24.65	1625051
Feb. 2014	26.45	22.05	298809
March, 2014	28.20	23.25	833845

Distribution of Shareholding as on March 31, 2014

(Face Value Rs. 2/- per share)

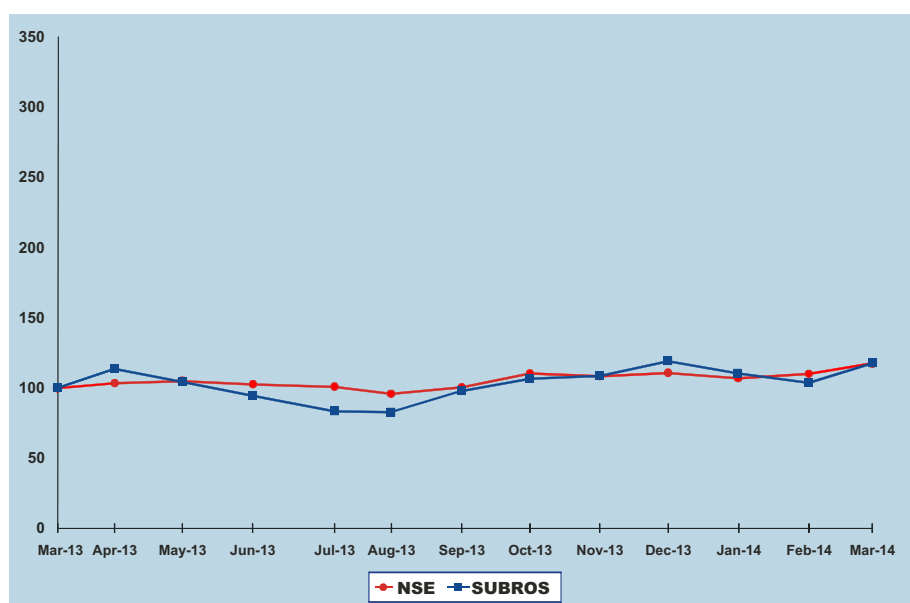
Shareholdings of Nominal Value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
0,001 - 0,500	54395	92.54	2297156	3.83
0,501 - 01,000	2108	3.58	1822773	3.04
01,001 - 02,000	1245	2.12	1988025	3.32
02,001 - 03,000	349	0.59	910525	1.52
03,001 - 04,000	178	0.31	631906	1.05
04,001 - 05,000	164	0.28	799123	1.33
05,001 - 10,000	173	0.29	1296433	2.16
10,001 - 50,000	125	0.21	2624664	4.37
50,001 - 1,00,000	11	0.02	740461	1.24
100001 and above	33	0.06	46877534	78.14
Total	58781	100.00	59988600	100.00

The Percentage of Total Shares (4,69,14,207) Dematerialised is about 78.20 %

Shareholding Pattern as on March 31, 2014

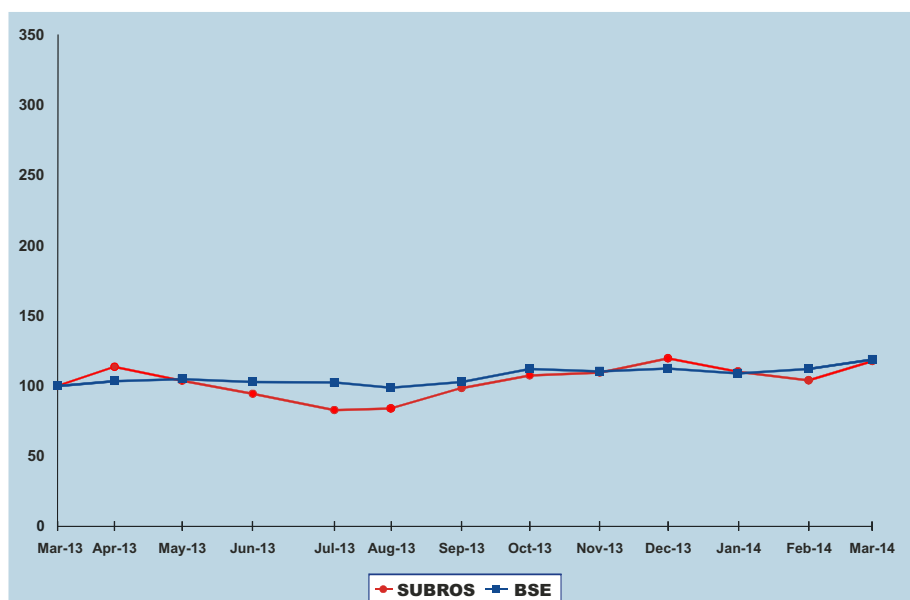
Type	NSDL (Demat)	CDSL (Demat)	Physical	Total Shares
Promoters	2,40,00,000	---	---	2,40,00,000
Foreign Collaborators	78,00,000	---	78,00,000	1,56,00,000
Foreign Institutional Investors	30,000	---	6,500	36,500
Banks, Mutual Funds	2,26,076	---	---	2,26,076
Insurance Co's	3,49,015	---	---	3,49,015
Non Resident Indian	3,55,187	54,233	---	4,09,420
Corporate Bodies	16,31,436	4,85,325	28,53,760	49,70,521
Indian Public	88,91,218	30,91,717	24,14,633	1,43,97,568
TOTAL	4,32,82,932	36,31,275	1,30,74,393	5,99,88,600

Share Performance vis -a - vis - NSE Sensex



NOTE :- Both prices are indexed at 100 as on 31 March-2014

Share Performance vis -a - vis - BSE Sensex



NOTE :- Both prices are indexed at 100 as on 31 March-2013

Independent Auditors' Report

To The Members of
Subros Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **SUBROS LIMITED**, ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of Order.
2. As required by section 227 (3) of the Companies Act, 1956, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors of the Company as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

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

**PLACE: NEW DELHI
DATED: MAY 26, 2014**

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

Annexure to Independent Auditors' Report

REFERRED TO IN PARAGRAPH (1) UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF SUBROS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2014

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) There was no substantial disposal of fixed assets during the year which may affect the going concern.
2. (a) In our opinion and according to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the management.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the records of inventory and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies have been noticed on verification between the physical stocks and the book records.
3. The Company has neither taken any loan from nor granted any loan to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause (iii) of paragraph 4 of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposit from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of manufacture of Automotive Airconditioning Systems and parts thereof pursuant to the Order made by the Central Government, for maintenance of cost records prescribed under Section 209(1)(d) of the Companies Act, 1956, 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 to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Investor Education & Protection Fund, provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it during the year.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty, cess and other material statutory dues were in arrears, as at March 31, 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, details of dues of income tax, sales tax, service tax, wealth tax, custom duty, excise duty and cess which have not been deposited on account of any dispute are given below :

Name of Statute	Nature of Dues	Financial year to which the matter pertains	Amount (Rs. in Lacs)	Forum where dispute is pending
Sales Tax Acts	Sales Tax	1996-97	0.84	Dy. Commissioner (Appeal)
		1997-98	2.70	Dy. Commissioner (Appeal)
		1998-99	6.51	Dy. Commissioner (Appeal)
		1999-00	9.80	Maharashtra Sales Tax Tribunal Mumbai
		2000-01	17.23	Dy. Commissioner (Appeal)
		2001-02	26.50	Dy. Commissioner (Appeal)
		2002-03	5.61	Jt. Commissioner (Appeal)
		2002-03	7.40	Sales Tax Appellate Tribunal (Hydrabad)
		2003-04	9.99	Sales Tax Appellate Tribunal (Hydrabad)
		2004-05	2.54	Sales Tax Appellate Tribunal (Hydrabad)
		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	2009-10	11.67	Commissioner of Income Tax (Appeal)

10. The Company does not have accumulated losses as at 31st March, 2014. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. 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.
12. According to the information and explanations given to us and based on the records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not guaranteed any loan taken by others from banks or financial institutions.

16. In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
17. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended 31st March, 2014.

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

**PLACE: NEW DELHI
DATED: MAY 26, 2014**

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

Balance Sheet as at 31st March 2014

(₹ in Lacs)

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2014	AS AT 31ST MARCH 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
(A) SHARE CAPITAL	2	1199.77	1199.77
(B) RESERVES AND SURPLUS	3	28987.57	27452.94
NON-CURRENT LIABILITIES			
(A) LONG-TERM BORROWINGS	4	24143.51	18957.47
(B) DEFERRED TAX LIABILITIES (NET)	5	2696.11	2794.11
(C) OTHER LONG-TERM LIABILITIES	6	29.63	26.38
(D) LONG-TERM PROVISIONS	7	245.25	257.23
CURRENT LIABILITIES			
(A) SHORT-TERM BORROWINGS	8	9290.48	10339.61
(B) TRADE PAYABLES		10951.44	14118.58
(C) OTHER CURRENT LIABILITIES	9	13200.21	12307.29
(D) SHORT-TERM PROVISIONS	10	597.44	585.61
TOTAL		91341.41	88038.99
ASSETS			
NON-CURRENT ASSETS			
(A) FIXED ASSETS			
(I) TANGIBLE ASSETS	11	39548.83	37099.73
(II) INTANGIBLE ASSETS	11	8776.33	7358.91
(III) CAPITAL WORK-IN-PROGRESS	11	6853.93	7318.84
(IV) INTANGIBLE ASSETS UNDER DEVELOPMENT	11	3437.15	3373.91
(B) NON-CURRENT INVESTMENTS	12	250.00	250.00
(C) LONG-TERM LOANS AND ADVANCES	13	5147.41	4160.24
CURRENT ASSETS			
(A) INVENTORIES	14	17724.18	19076.11
(B) TRADE RECEIVABLES	15	6037.98	4481.45
(C) CASH AND BANK BALANCES	16	1054.65	1079.37
(D) SHORT-TERM LOANS AND ADVANCES	17	2490.74	3816.37
(E) OTHER CURRENT ASSETS	18	20.21	24.06
TOTAL		91341.41	88038.99
SIGNIFICANT ACCOUNTING POLICIES THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS	1		

As per attached report of even date

For and on behalf of the Board of Directors

FOR V. K. DHINGRA & CO.

Chartered Accountants

V K DHINGRA

Partner

RAMESH SURI

Chairman

SHRADHA SURI

Managing Director

Place : New Delhi

Date : 26th May, 2014

H.K. AGARWAL

GM (Finance)

VIKAS SABHARWAL

Dy. Company Secretary

Statement of Profit and Loss for the Year Ended 31st March 2014

(₹ in Lacs)

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED ON 31.03.2014	FOR THE YEAR ENDED ON 31.03.2013
REVENUE FROM OPERATIONS	19	117,105.62	127179.56
OTHER INCOME	20	222.55	1081.82
TOTAL REVENUE		117328.17	128261.38
EXPENSES:			
COST OF MATERIALS CONSUMED	21	80675.95	91897.23
CHANGES IN INVENTORIES OF FINISHED GOODS & WIP - (INCREASE) / DECREASE	22	40.66	(663.39)
EMPLOYEE BENEFIT EXPENSE	23	10527.27	10416.74
FINANCE COST	24	3715.61	3591.63
DEPRECIATION AND AMORTISATION EXPENSE		7722.83	7255.03
OTHER EXPENSES	25	12721.17	13306.21
TOTAL EXPENSES		115403.49	125803.45
PROFIT BEFORE TAX		1924.68	2457.93
TAX EXPENSE:			
-CURRENT TAX (MAT)		409.61	498.83
-MAT CREDIT ENTITLEMENT		(403.42)	(491.83)
-NET CURRENT TAX		6.19	7.00
-DEFERRED TAX EXPENSE		(98.00)	330.13
-TAX IN RESPECT OF EARLIER YEARS		(9.43)	64.50
PROFIT FOR THE YEAR		2025.92	2056.30
EARNING PER EQUITY SHARE OF FACE VALUE OF Rs. 2 EACH			
BASIC & DILUTED (Rs.)		3.38	3.43
SIGNIFICANT ACCOUNTING POLICIES THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS	1		

As per attached report of even date

For and on behalf of the Board of Directors

FOR V. K. DHINGRA & CO.

Chartered Accountants

V K DHINGRA

Partner

RAMESH SURI

Chairman

SHRADHA SURI

Managing Director

Place : New Delhi

Date : 26th May, 2014

H.K. AGARWAL

GM (Finance)

VIKAS SABHARWAL

Dy. Company Secretary

Statement of Cash Flow for the year ended 31st March 2014

(₹ in Lacs)

PARTICULARS	2013-2014		2012-2013	
I. CASH FLOW FROM OPERATING ACTIVITIES				
A Profit Before Taxation		1,924.68		2,457.93
B Adjustments		-		-
Add:				
i) Depreciation	7,722.83		7,255.03	
ii) Interest & Financial Charges	3,715.61	11,438.44	3,591.63	10,846.66
Less:				
i) Interest Income	98.32		83.62	
ii) Surplus on Assets sold / discarded	16.62	114.94	6.73	90.35
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		13,248.18		13,214.24
Adjustment for:				
i) Trade & Other receivable	(315.58)		4,895.00	
ii) Inventories	1,351.93		(1,232.89)	
iii) Trade & Other payables	(4,406.60)	(3,370.25)	1,403.47	5,065.58
CASH GENERATED FROM OPERATIONS		9,877.93		18,279.82
Less:				
Direct Taxes paid (Net)		(450.81)		(622.18)
Add:				
Interest received		102.17		85.31
NET CASH FLOW FROM OPERATING ACTIVITIES		9,529.29		17,742.95
II. CASH FLOW FROM INVESTING ACTIVITIES				
i) Purchase of Fixed Assets/ CWIP		(10,943.69)		(13,666.25)
ii) Sale of Fixed Assets		65.20		136.03
NET CASH USED IN INVESTING ACTIVITIES		(10,878.49)		(13,530.22)

(₹ in Lacs)

PARTICULARS	2013-2014		2012-2013	
III. CASH FLOW FROM FINANCING ACTIVITIES				
i) Proceeds of long term secured loans		13,500.00		11,018.23
ii) Repayment of long term loans		(6,042.56)		(3,805.00)
iii) Working Capital Loans from Banks		(1,049.13)		(4,457.09)
iv) Dividend and Corporate Dividend Tax paid		(488.04)		(766.92)
v) Interest Paid		(4,511.32)		(4,193.99)
vi) Buyer Credit (Capex)		—		(2,038.11)
NET CASH FROM FINANCING ACTIVITIES		1,408.95		(4,242.88)
NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)		59.75		(30.15)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		170.21		200.36
CASH AND CASH EQUIVALENTS AS AT THE CLOSING OF THE YEAR		229.96		170.21

Note: i) Figures in brackets represent cash outflows.

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

As per attached report of even date

For and on behalf of the Board of Directors

FOR V. K. DHINGRA & CO.

Chartered Accountants

V K DHINGRA

Partner

RAMESH SURI

Chairman

SHRADHA SURI

Managing Director

Place : New Delhi

Date : 26th May, 2014

H.K. AGARWAL

GM (Finance)

VIKAS SABHARWAL

Dy. Company Secretary

Notes Annexed to and Forming Part of the Balance Sheet as at 31st March, 2014 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 Standards) Rules, 2006 prescribed by the Central Government of India and relevant presentational requirement of the Companies Act, 1956 (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

- Sales are accounted on dispatch of products against orders of customers and stated net of trade discounts, returns and sales-tax.
- Income from services is recognized as they are rendered, based on agreements/arrangements with the concerned parties.
- Duty Drawback Income and other export incentives in respect of eligible exports is recognized in the year of export 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) Cost of specialized software is amortized in three years on straight-line method on pro rata basis.
- c) Technical Know-how is amortized in six years on straight-line method on pro rata basis.
- d) Product Development Cost is amortized in six years on straight line method on pro rata basis.
- e) Individual items of fixed assets costing up to five thousand rupees are fully depreciated in the year of purchase.
- f) Depreciation on other assets is provided on written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956 on pro-rata basis.

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 Account. 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 & 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 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 & Loss on accrual basis.

xi) Research & Development

Revenue expenditure on research and development are charged to 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 Income Tax Act, 1961. Minimum Alternate Tax (MAT) credit is recognised where there is convincing evidence that the assets can be realised 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 the Statement of Profit & Loss on the straight line basis over the lease term. However, the lease rents 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 2014	As at 31st March 2013
AUTHORISED: 75,000,000 EQUITY SHARES OF RS. 2/- EACH	1500.00	1500.00
ISSUED: 5,99,94,300 EQUITY SHARES OF RS. 2/- EACH	1199.89	1199.89
SUBSCRIBED AND PAID UP 5,99,88,600 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP	1199.77	1199.77
TOTAL	1199.77	1199.77

2 (b) RECONCILIATION OF NUMBER OF SHARES OUTSTANDING

(₹ in Lacs)

PARTICULARS	As at 31st March 2014		As at 31st March 2013	
	(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 2014		As at 31st March 2013	
	NO. OF SHARES HELD	% OF HOLDING	NO. OF SHARES HELD	% OF HOLDING
DEEKSHA HOLDINGS LTD	10137760	16.90	10137760	16.90
JYOTSNA HOLDING PVT LTD.	3448000	5.74	3448000	5.74
R.R HOLDINGS PVT LTD	3208000	5.35	3208000	5.35
RAMESH SURI (HUF)	3040000	5.07	3040000	5.07
DENSO CORPORATION	7800000	13.00	7800000	13.00
SUZUKI MOTORS CORPORATION	7800000	13.00	7800000	13.00

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

NOTE 3 - RESERVES & SURPLUS

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
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	11,017.48	10,811.48
ADD: TRANSFERRED FROM SURPLUS	203.00	206.00
CLOSING BALANCE	<u>11,220.48</u>	<u>11,017.48</u>
SURPLUS		
OPENING BALANCE	16,431.81	15,069.55
ADD: PROFIT FOR THE YEAR	2,025.92	2,056.30
	<u>18,457.73</u>	<u>17,125.85</u>
LESS: APPROPRIATIONS		
PROPOSED DIVIDEND ON EQUITY SHARE*	419.92	419.92
PROVISION FOR TAX ON PROPOSED DIVIDEND	71.37	68.12
TRANSFERRED TO GENERAL RESERVE	203.00	206.00
CLOSING BALANCE	<u>17,763.44</u>	<u>16,431.81</u>
TOTAL	<u><u>28,987.57</u></u>	<u><u>27,452.94</u></u>

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

NOTE 4 - LONG - TERM BORROWINGS

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
SECURED LOANS		
TERMS LOANS:		
FROM BANKS	20522.47	16533.93
FROM OTHERS	3621.04	2415.38
	<u>24143.51</u>	<u>18949.31</u>
VEHICLES LOAN		
FROM OTHERS	—	8.16
TOTAL	<u><u>24143.51</u></u>	<u><u>18957.47</u></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, 2013: Rs. 130.00 lacs) is secured by Exclusive first charge on specific equipments.	Repayment in 20 quarterly instalments (@ Rs 32.50 lacs each) commencing from June 2010. Last instalment in March 2015. Rate of interest SBIBR+1.90% P.A. as at year end. (Previous year SBIBR+1.90% P.A.)
Term loan amounting to Rs. 725 lacs (March 31, 2013: Rs.1450) is secured by Exclusive first charge on specific equipments.	Repayment in 16 quarterly instalments @ Rs 181.25 lacs each commencing from June 2012. Last instalment in March 2016. Rate of interest SBIBR+1.90% P.A. as at year end. (Previous year SBIBR+1.90%)
Term loan amounting to Rs. 187.50 lacs (March 31, 2013: Rs. 337.50 Lacs) is secured by Exclusive first charge on specific equipments.	Repayment in 16 quarterly instalments @ Rs 37.50 lacs each commencing from August 2012. Last instalment in June 2016. Rate of interest SBIBR+1.90% P.A. as at year end. (SBIBR + 1.90% P.A.)
Term loan amounting to Rs. 354.03 lacs (March 2013: Rs. 1770.17 Lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of Mr Ramesh Suri & specific assets.	Repayment in 16 quarterly instalments (@ Rs 354.00 lacs each) commencing from Aug 2011. Last instalment in May 2015. Rate of interest KBR+1% P.A. as at year end. (Previous year KBR+.1.50% P.A.)
Term loan amounting to Rs. Nil Lacs (March 2013: Rs. 783.11 Lacs) is secured by Equitable Mortgage on Manesar Land & Bldg., Personal Guarantee of Mr Ramesh Suri & specific assets.	Repayment in 36 monthly instalments commencing from April 2012. Last instalment in March 2015. Rate of interest KBR+1% P.A. as at year end. (Previous year KBR+1.75%.)
Term loan amounting to Rs. Nil (March 31, 2013: Rs. 288.50 Lacs) is secured by Exclusive first charge on specific equipments	Repayment in 16 quarterly instalments (@ Rs 72.13 lacs each) commencing from June 2011. Last instalment in March 2015. Rate of interest 12.00% P.A. as at year end. (Previous year 11.40% P.A.)
Term loan amounting to Rs. 41.87 lacs (March 31, 2013: Rs. 209.37 Lacs) is secured by Exclusive first charge on specific equipments	Repayment in 16 quarterly instalments (@ Rs 41.87 lacs each) commencing from Aug 2011. Last instalment in May 2015. Rate of interest 12.00% P.A. as at year end. (Previous year 11.40%)
Term loan amounting to Rs. 2791.25 lacs (March 31, 2013: Rs. 4186.87 lacs) is secured by Exclusive first charge on specific equipments	Repayment in 16 quarterly instalments (@ Rs 348.91 lacs each) commencing from June 2013. Last instalment in March 2017. Rate of interest 9.70% P.A. (Previous year 9.70%)
Vehicle loan amounting to Rs Nil lacs (March 31, 2013 : Rs 8.16 lacs) is secured by Hypothecation on specific vehicles	Repayment in 84 equated Monthly commencing from October, 2007. Rate of interest 8.50% P.A.
Term loan amounting to Rs. 4877.21 lacs (March 31, 2013: Rs. 5419.13 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 2014. Last instalment in September 2017. Rate of interest 9.37% P.A. (Previous year 9.37%)
Term loan amounting to Rs. 3125 lacs (March 31, 2013: Rs 4375 lacs) is Secured by way of first charge on specific machineries, equitable mortgage on Pune Land & Bldg., Personal guarantee of Mr. Ramesh Suri.	Repayment in 16 quarterly instalments @ Rs 312.50 lacs each commencing from November 2013. Last instalment in August 2017. Rate of interest 10.40% P.A. (Previous year 10.40%.)
Term loan amounting to Rs. 7500 lacs (March 2013: NA) is secured by equitable mortgage on Manesar Land & Bldg., Personal guarantee of Mr Ramesh Suri .	Repayment in twenty Quarterly equal instalments commencing from June 2015. Last instalment in March 2020. Rate of interest 10.95% P.A. (Previous year NA)
Term loan amounting to Rs. 1875 lacs (March 2013: NA) is secured by equitable mortgage on Manesar Land & Bldg., Personal guarantee of Mr Ramesh Suri.	Repayment in sixteen Quarterly equal instalments commencing from Dec. 2013. Last instalment in September 2017. Rate of interest 11.10% P.A. (Previous year NA)
Term loan amounting to Rs. 2666.66 lacs (March 31, 2013: Rs NA) is Secured by way of first charge on specific machineries .	Repayment in Eighteen Quarterly instalments commencing from October 2014. Last instalment in February 2019. Rate of interest 10.75% P.A. (Previous year NA)

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
DEFERRED TAX LIABILITY		
DEPRECIATION	2818.58	2908.11
TOTAL DEFERRED TAX LIABILITY(A)	2818.58	2908.11
DEFERRED TAX ASSETS		
EXPENSES ALLOWABLE ON PAYMENT BASIS (NET)	122.47	114.00
TOTAL DEFERRED TAX ASSETS(B)	122.47	114.00
TOTAL (A-B)	2696.11	2794.11

NOTE 6 - OTHER LONG TERM LIABILITIES

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
OTHER THAN TRADE PAYABLE		
SECURITY DEPOSITS RECEIVED	29.63	26.38
TOTAL	29.63	26.38

NOTE 7 - LONG TERM PROVISIONS

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	189.68	208.45
PROVISION FOR WARRANTY	55.57	48.78
TOTAL	245.25	257.23

NOTE 8 - SHORT-TERM BORROWINGS

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
SECURED		
FROM BANKS:		
CASH CREDIT ACCOUNT (Secured by Hypothecation of stocks, receivables, 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% ~ 1.75%	5975.43	3954.83
	<u>5975.43</u>	<u>3954.83</u>
UNSECURED		
BUYERS CREDIT ARRANGEMENTS FROM BANKS Effective rate of Interest: 0.90% ~ 1.05%	3315.05	6384.78
	<u>3315.05</u>	<u>6384.78</u>
TOTAL	<u>9290.48</u>	<u>10339.61</u>

NOTE 9 - OTHER CURRENT LIABILITIES

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
CURRENT MATURITIES OF LONG-TERM DEBT	7919.02	5647.61
INTEREST ACCRUED BUT NOT DUE ON LOANS	174.82	139.15
UNCLAIMED DIVIDEND	35.10	35.69
DUE TO DIRECTORS	24.94	47.66
STATUTORY DUES	510.04	678.59
ADVANCE FROM CUSTOMERS	153.80	561.22
CREDITOR FOR CAPITAL EXPENDITURE	403.00	493.38
OTHER PAYABLES	3979.49	4703.99
TOTAL	<u>13200.21</u>	<u>12307.29</u>

NOTE 10 - SHORT TERM PROVISIONS

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	22.79	24.42
OTHER PROVISIONS		
PROPOSED DIVIDEND	419.92	419.92
CORPORATE DIVIDEND TAX	71.37	68.12
PROVISION FOR WARRANTY	83.36	73.15
TOTAL	597.44	585.61

NOTE 11 - FIXED ASSETS

(₹ in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON 01.04.13	ADDITIONS	SALE/ ADJUSTMENTS	COST AS ON 31.03.2014	DEPRECIATION AS ON 01.04.13	DEPRECIATION FOR THE PERIOD*	SALE/ ADJUSTMENTS	TOTAL DEPRECIATION upto 31.03.2014	AS ON 31.03.2014	AS ON 31.03.2013
TANGIBLE ASSETS										
LAND										
LEASEHOLD	1,471.23	-	-	1,471.23	103.15	14.84	-	117.99	1,353.24	1,368.08
FREEHOLD	718.31	-	-	718.31	-	-	-	-	718.31	718.31
BUILDINGS	9,464.38	2,081.03	-	11,545.41	3,551.74	636.31	-	4,188.05	7,357.36	5,912.64
PLANT AND MACHINERY	57,862.58	5,472.42	33.86	63,301.14	29,974.87	4,875.64	12.69	34,837.82	28,463.32	27,887.71
FURNITURE AND FIXTURE	876.36	61.13	0.08	937.41	578.19	61.35	0.06	639.48	297.93	298.17
VEHICLES	1,114.91	87.67	91.80	1,110.78	642.31	134.23	66.53	710.01	400.77	472.60
OFFICE EQUIPMENTS	1,707.21	702.57	5.46	2,404.32	1,264.99	184.77	3.34	1,446.42	957.90	442.22
TOTAL	73,214.98	8,404.82	131.20	81,488.60	36,115.25	5,907.14	82.62	41,939.77	39,548.83	37,099.73
PREVIOUS YEAR	62,835.38	10,821.37	441.77	73,214.98	30,687.55	5,740.16	312.46	36,115.25	37,099.73	32,147.83
INTANGIBLE ASSETS										
SPECIALISED SOFTWARES	1,382.11	65.45	-	1,447.56	1,136.28	149.93	-	1,286.21	161.35	245.83
TECHNICAL KNOW HOW	4,150.55	755.52	-	4,906.07	1,644.00	572.37	-	2,216.37	2,689.70	2,506.55
DEVELOPMENT COST	6,027.80	2,415.88	-	8,443.68	1,421.27	1097.13	-	2,518.40	5,925.28	4,606.53
TOTAL	11,560.46	3,236.85	-	14,797.31	4,201.55	1,819.43	-	6,020.98	8,776.33	7,358.91
PREVIOUS YEAR	9,125.23	2,435.23	-	11,560.46	2,677.02	1,524.53	-	4,201.55	7358.91	6,448.21
GRAND TOTAL	84,775.44	11,641.67	131.20	96,285.91	40,316.80	7,726.57	82.62	47,960.75	48,325.16	44,458.64
PREVIOUS YEAR	71,960.61	13,256.60	441.77	84,775.44	33,364.57	7,264.69	312.46	40,316.80	44,458.64	38,596.04
CAPITAL WORK IN PROGRESS									6,853.93	7,318.84
INTANGIBLE ASSETS UNDER DEVELOPMENT									3,437.15	3,373.91

*Note:- Includes depreciation capitalised Rs 3.76 lacs (Previous Year Rs. 9.66 Lacs).

NOTE 12 - NON CURRENT INVESTMENTS

(₹ in Lacs)

P A R T I C U L A R S	As at 31st March 2014		As at 31st March 2013	
	No. of Shares		No. of Shares	
LONG TERM INVESTMENT UNQUOTED TRADE INVESTMENTS (VALUED AT COST)				
<u>INVESTMENT IN SUBSIDIARIES</u>				
THAI SUBROS LTD. FULLY PAID UP EQUITY SHARES OF BAHT 5 EACH	999,300	73.20	999,300	73.20
<u>INVESTMENT IN JOINT VENTURE</u>				
DENSO SUBROS THERMAL ENGG CENTRE INDIA LTD FULLY PAID UP EQUITY SHARES OF Rs.10 EACH	1,767,999	176.80	1,767,999	176.80
TOTAL		<u>250.00</u>		<u>250.00</u>

NOTE 13 - LONG TERM LOANS AND ADVANCES

(₹ in Lacs)

P A R T I C U L A R S	As at 31st March 2014	As at 31st March 2013
CAPITAL ADVANCES		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 40)	27.58	174.87
TO OTHERS	1460.83	865.09
SECURITY DEPOSITS		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:-40)	363.52	238.92
TO OTHERS	418.50	488.84
ADVANCE TAX (NET)		
UNSECURED, CONSIDERED GOOD	126.78	85.80
MAT CREDIT RECOVERABLE		
UNSECURED, CONSIDERED GOOD	2665.98	2252.90
LOANS AND ADVANCES TO EMPLOYEE		
SECURED, CONSIDERED GOOD	-	15.14
UNSECURED, CONSIDERED GOOD	84.22	38.68
TOTAL	<u>5147.41</u>	<u>4160.24</u>

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
RAW MATERIAL & SPARES		
- IN HAND	12211.09	14078.63
- IN TRANSIT	883.29	474.73
	<u>13094.38</u>	<u>14553.36</u>
WORK IN PROGRESS	1908.05	1870.20
FINISHED GOODS	316.30	410.42
STORES	2405.45	2242.13
TOTAL	<u>17724.18</u>	<u>19076.11</u>

NOTE 15 - TRADE RECEIVABLES

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
UNSECURED, CONSIDERED GOOD		
OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT	114.07	109.65
OTHERS	5923.91	4371.80
TOTAL	<u>6037.98</u>	<u>4481.45</u>

Trade Receivable stated above include Debts due from related parties Rs.51.41 Lacs (Previous year Rs.219.01 Lacs)
(Refer Note No. -40)

NOTE 16 - CASH AND BANK BALANCES

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
CASH AND CASH EQUIVALENTS		
BALANCE WITH BANKS - IN CURRENT A/C	214.46	160.97
CASH IN HAND	15.50	9.24
	<u>229.96</u>	<u>170.21</u>
OTHER BANK BALANCES		
- IN MARGIN MONEY A/C*	789.59	873.47
- IN UNPAID DIVIDEND A/C	35.10	35.69
	<u>824.69</u>	<u>909.16</u>
TOTAL	<u>1054.65</u>	<u>1079.37</u>

* Margin Money include Fixed Deposits of Rs.128 Lacs (Previous year 10 lacs) with maturity of more than 12 months.

NOTE 17 - SHORT TERM LOANS AND ADVANCES

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
ADVANCES TO RELATED PARTIES		
UNSECURED, CONSIDERED GOOD (Refer Note No-40)	155.15	263.71
ADVANCES TO OTHER PARTIES		
UNSECURED, CONSIDERED GOOD	2228.04	3466.74
LOAN TO EMPLOYEES		
SECURED, CONSIDERED GOOD	15.14	25.53
UNSECURED, CONSIDERED GOOD	92.41	60.39
TOTAL	2490.74	3816.37

NOTE 18 - OTHER CURRENT ASSETS

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
INTEREST ACCRUED ON DEPOSITS WITH BANK	20.21	24.06
TOTAL	20.21	24.06

NOTE 19 - REVENUE FROM OPERATIONS

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2014	For the year ended 31st March 2013
SALE OF PRODUCTS	131,368.84	143,499.55
LESS: EXCISE DUTY	15,031.69	16,395.74
NET SALES	116,337.15	127,103.81
OTHER OPERATING INCOME		
SALE OF SERVICES	274.26	1.23
EXPORT INCENTIVES	22.00	-
SALE OF SCRAP	50.78	74.52
INDUSTRIAL PROMOTION SUBSIDY (Refer Note No 42)	421.43	-
TOTAL	117,105.62	127,179.56

NOTE 20 - OTHER INCOME

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2014	For the year ended 31st March 2013
INTEREST ON :		
A) FIXED DEPOSITS WITH BANKS	67.39	83.44
B) OTHERS	30.94	0.18
PROFIT ON SALE OF FIXED ASSETS	16.62	6.73
GAIN FROM EXCHANGE RATE DIFFERENCE(NET)	0.00	971.60
MISCELLANEOUS INCOME	107.60	19.87
TOTAL	222.55	1,081.82

NOTE 21 - COST OF MATERIAL CONSUMED

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2014		For the year ended 31st March 2013	
RAW MATERIAL & COMPONENTS				
OPENING STOCK	14553.36		14652.34	
PURCHASE	79216.97	93770.33	91798.25	106450.59
LESS:- CLOSING STOCK		13094.38		14553.36
TOTAL		80675.95		91897.23

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 2014	For the year ended 31st March 2013
FINISHED GOODS		
CLOSING STOCK	316.30	410.42
LESS:- OPENING STOCK	410.42	291.80
	(94.12)	118.62
WORK-IN-PROGRESS		
CLOSING STOCK	1908.05	1870.20
LESS:- OPENING STOCK	1870.20	1312.38
	37.85	557.82
DECREASE (INCREASE) IN EXCISE DUTY ON FINISHED GOODS	15.61	(13.05)
TOTAL	(40.66)	663.39

NOTE 23 - EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2014	For the year ended 31st March 2013
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :		
- SALARIES, WAGES, BONUS ETC	8,327.95	8,511.83
- CONTRIBUTION TO PROVIDENT & OTHER FUNDS	584.53	514.06
- STAFF WELFARE EXPENSES	1,194.18	999.61
- DIRECTOR REMUNARATION	420.61	391.24
TOTAL	10,527.27	10,416.74

NOTE 24 - FINANCE COST

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2014	For the year ended 31st March 2013
INTEREST PAID TO BANK	3,257.35	2,686.64
INTEREST PAID TO OTHERS	458.26	904.99
TOTAL	3,715.61	3,591.63

NOTE 25 - OTHER EXPENSES

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2014	For the year ended 31st March 2013
STORE CONSUMED (Refer Note No-31)	2,556.41	3,003.83
POWER & FUEL	2,040.88	1,899.52
REPAIRS AND MAINTENANCE		
-BUILDING	43.74	75.39
-PLANT & MACHINERY	985.43	1,172.44
-OTHERS	178.35	165.15
RENT	269.57	263.74
INSURANCE	153.81	89.98
RATES AND TAXES	88.34	82.05
VEHICLE RUNNING AND MAINTENANCE	249.70	210.73
TRAVELLING AND CONVEYANCE	408.28	425.98
LEGAL AND PROFESSIONAL CHARGES	328.79	218.70
AUDIT FEES	16.00	14.75
ROYALTY	1,062.01	1,081.24
SELLING & DISTRIBUTION EXPENSES	1,871.79	2,193.70
LOSS FROM EXCHANGE RATE DIFFERENCE(NET)	82.02	0.00
REBATE & DISCOUNT	924.17	968.30
DIRECTOR'S SITTING FEES	10.70	8.95
MISCELLANEOUS EXPENSES	1,451.18	1,431.76
TOTAL	12,721.17	13,306.21

26. Contingent Liabilities Not Provided For in respect of :

- Net Outstanding commitments against Letter of Credits established by the Company: Rs.4,916.86 Lacs (Previous Year Rs.6,380.57 Lacs)
- Guarantees given by banks on behalf of the Company: Rs.736.29 Lacs (Previous Year: Rs. 161.64 Lacs)
- Claims against the company not acknowledged as debt :-

(₹ in Lacs)

Nature of Claim	As at 31.03.14	As at 31.03.13
Disputed Sales Tax Demands	139.36	138.63
Other claims	77.25	70.80

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

27. Estimated value of contracts on capital account remaining to be executed and not provided for (net of advances) Rs 1,787.17 Lacs. (Previous Year: Rs. 2,626.30 Lacs).

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

29. Sales of Products and Stocks

PARTICULARS	Current Year	Previous Year
	Value (Rs /Lacs)	Value (Rs /Lacs)
Opening Stock		
- Automotive Air conditioning Systems	-	-
- Fan Motor Assembly (Ventilators)	9.99	2.09
- Other Components of A.C. System	400.43	289.71
Sales (including samples)		
- Automotive Air conditioning Systems	1,17,369.35	1,33,415.99
- Fan Motor Assembly (Ventilators)	4,041.30	4,345.34
- Other Components of A.C. System	9,958.19	5,738.22
Closing Stock (Inclusive of Excise Duty)		
- Automotive Air conditioning Systems	-	-
- Fan Motor Assembly (Ventilators)	5.04	9.99
- Other Components of A.C. System	311.26	400.43

30. Raw Materials/Components consumed during Production:

	Current Year	Previous Year
	Value (Rs./Lakhs)	Value (Rs./Lakhs)
Raw Materials & Components of Automotive air conditioning Systems*	80,675.95	91,897.23

* Including Raw Materials/Components consumed for production of Fan Motor Assembly. It is not practicable to furnish quantitative information of individual component consumed in view of the considerable number of items.

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

PARTICULARS	Current Year		Previous Year	
	%	Value (Rs./Lacs)	%	Value (Rs./Lacs)
Raw Materials/Components				
– Imported	54	43,786.11	55	51,028.58
– Indigenous	46	36,889.84	45	40,868.65
Total	100	80,675.95	100	91,897.23
Stores and Spares				
– Imported	18	460.16	19	570.65
– Indigenous	82	2,096.25	81	2,433.18
Total	100	2,556.41	100	3,003.83

32. CIF Value of Imports

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Raw Materials/Components	38,990.59	49,621.01
Stores & Consumables	435.63	731.80
Plant & Machinery	2,539.01	4,580.21

33. Expenditure in Foreign Currency

PARTICULARS	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
a) Fees for Technical Services/Technical Know How	489.23	1,031.23
b) Interest	521.92	510.53
c) Travelling	62.96	58.65
d) Royalty	1,062.01	1,081.24
e) Salary	113.37	212.39
f) Repair of Plant & Machinery (CIF Value)	237.42	263.88
g) Dividend		
i) No. of Non-Resident Shareholders	2	2
ii) No. of Shares of Rs.2/- each	15,600,000	15,600,000
iii) Amount Remitted	109.20	171.60
h) Others	36.70	42.74

34. Earnings in Foreign Currency

FOB Value of Exports	102.95	406.23
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35. Amount paid/payable to Auditors

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
a) Audit Fee	16.00	14.75
b) Tax Audit Fee	1.66	1.51
c) Income Tax Matters	2.50	2.08
a) Fee for Limited Review	3.45	3.14
b) Other Services	10.39	11.10
f) Reimbursement of expenses	0.71	1.09

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

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

Provision for warranty expenses

Description	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Provision at the beginning of the year	121.93	106.93
Add: Provisions made during the year	115.94	145.00
	237.87	251.93
Less: Amount utilised during the year	98.94	130.00
Balance at the end of the year	138.93	121.93

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

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

39. Segment Reporting

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

40. Related Party Disclosures

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

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

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

Rs. in Lacs

Particulars	Subsidiary Company Thai Subros Ltd		Joint Venture Company DSEC		Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel or their relatives are able to exercise significant influence	
Detail of Transaction										
- Purchase of materials	-	(-)	-	(-)	-	(-)	-	(-)	28.16	(2.70)
- Sale of goods	96.43	(376.86)	-	(-)	-	(-)	-	(-)	15.43	(90.41)
- Purchase of fixed assets	-	(-)	686.90	(413.00)	-	(-)	-	(-)	262.46	(388.75)
- Sale of Fixed Assets	-	(-)	-	(-)	-	(-)	-	(-)	6.50	(-)
- Receiving of Service	-	(-)	-	(-)	-	(-)	-	(-)	741.74	(747.97)
- Rent/Licence Agreements	-	(-)	-	(-)	30.90	(26.40)	24.93	(23.76)	107.35	(175.33)
- Directors' Remuneration*	-	(-)	-	(-)	420.61	(391.24)	-	(-)	-	(-)
- Rental Income	-	(-)	19.24	(18.58)	-	(-)	-	(-)	-	(-)
- Contribution toward share capital	-	(-)	-	(-)	-	(-)	-	(-)	-	(-)
- Reimbursement of expenses received	-	(-)	12.62	(13.25)	-	(-)	-	(-)	9.57	(9.73)
- Salary and Other Amenities*	-	(-)	-	(-)	-	(-)	3.15	(9.62)	-	(-)
Security Deposits/Advance Rent given	-	(-)	-	(-)	1.50	(-)	2.25	(0.50)	3.35	(331.12)
Closing Balances										
- Amounts payable	-	(-)	41.49	(35.35)	24.94	(50.24)	-	(-)	2.89	(1.67)
- Amounts Receivable	45.44	(111.63)	-	(-)	-	(-)	-	(-)	188.70	(420.18)
- Security Deposits (Rent)	-	(-)	-	(-)	7.50	(6.00)	13.55	(11.30)	342.47	(346.29)

(Figures in brackets represent previous year's figure)

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

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

Rs. in Lacs

	Current year	Previous year
Purchase of Materials		
- Prima Telecom Ltd.	27.92	2.50
Sale of Goods		
- Rohan Motors Ltd.	10.95	90.41
- Prima Telecom Ltd.	4.37	-
Purchase of Fixed Assets		
- Prima Telecom Ltd.	9.00	64.35
- Fibcom India Ltd.	233.49	304.23
Sale of Fixed Assets		
- Rohan Motors Ltd.	6.50	-
Receiving of Services		
- SHS Transport (P) Ltd.	665.91	681.33
Reimbursement (Received)		
- Prima Telecom Ltd.	6.60	6.40
- Fibcom India Ltd.	2.97	3.32
Rent/License Agreement		
- Rohan Motors Ltd.	15.31	15.31
- Ms. Shradha Suri	30.90	26.40
- M/s Ramesh Suri (HUF)	18.40	17.00
- Mrs. Ritu Suri	24.93	23.76
- Prima Infratech P Ltd	62.09	139.52
Directors Remuneration		
- Mr. Ramesh Suri	58.50	76.88
- Ms. Shradha Suri	180.95	164.50
- Mr. D.M.Reddy	181.16	149.86
Salary and Other Amenities		
- Ms. Lohitha Reddy	1.57	4.85
- Ms. Likhitha Reddy	1.58	4.77

41. Monthly remuneration has been paid during the year to the Managing Director as minimum remuneration as approved by the Shareholders, but eventually the same has exceeded the limits prescribed u/s 309 of the Companies Act, 1956 by a small amount of Rs. 61.15 Lacs (Previous Year of Rs.20.11 Lacs). The Company has filed applications to get the waiver from Central Government for which approvals are awaited.

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

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:

	2013-14	2012-2013
a) Net profit after Tax(Rs. In lacs)	Rs.2,025.92	Rs.2056.30
b) Number of Equity shares*(Nos)	59,988,600	59,988,600
c) Nominal value per Equity share	Rs.2	Rs.2
d) Earning per Share (Basic & Diluted)	Rs.3.38	Rs.3.43

*There were no potential equity shares.

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:-

	Current Year		Previous Year	
	No. of Contracts	Amount	No. of Contracts	Amount
Forward Contracts against Imports				
- In US Dollars (Million)	30	14.92	-	-
- In Japanese Yen (Million)	1	55.18	5	720.25
- In Japanese Yen/US \$ (Millions)	24	1,480.50	-	-
- Equivalent (Rs. in Lacs)		10,105.85		4,228.60

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

PARTICULARS	Rupees in Lacs		Foreign currency in Million	
	31.03.2014	31.03.2013	31.03.14	31.03.13
Creditors & Buyer's Credit (net)	1,046.78	10,825.90	JPY 176.97	JPY 1843.96
	-	867.41	-	USD 1.58
	150.76	62.79	Euro 0.18	Euro 0.08
Debtors	80.16	134.10	USD 0.135	USD 0.246

- d) Difference between forward rates and Spot rates to be recognized in Subsequent years
- Rs.155.63 Lacs
(Previous Year Rs.3.20 Lacs)

45. Research & Development Expenses

- a) The company has two In house R & D Centers, 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 Centers and charged to Statement of Profit & Loss Account or capitalized/ to be capitalized is as under:-

PARTICULARS	Current Year		Previous Year	
	Charge to Statement of Profit & Loss	Capitalized/to be capitalized	Charge to Statement of Profit & Loss	Capitalized/ to be capitalized
i) Salary and other benefits	230.95	956.98	220.85	920.88
ii) Raw Material & Stores	71.79	57.01	89.15	179.96
iii) Power & Fuel	54.98	198.12	48.12	171.62
iv) Others	64.69	420.98	2.20	301.82
Total	422.41	1,633.09	360.32	1,574.28
Other Capital Expenditure incurred on said in house R&D Centre (stated as additions to fixed assets)	-	298.52	-	21.56

- 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.

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

Particulars	Current Year		Previous Year	
	Current Year	Previous Year	Current Year	Previous Year
Salaries, wages and other amenities to staff	590.01	634.82		
Depreciation	-	9.66		
Power & Fuel	101.42	90.93		
Other Expenses	387.10	461.42		
Total	1,078.53	1,196.83		

47. Borrowing cost amounting to Rs. 831.38 Lacs (Previous Year: Rs. 633.30 Lacs) has been capitalised with the cost of fixed assets as per Accounting Standard 16 on 'Borrowing Cost'.

48. Employees Benefits

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

Defined Contribution Plan

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

	Amount (Rs. in Lacs)	
	31.03.14	31.03.13
Employer’s Contribution to Provident Fund	335.61	308.22
Employer’s Contribution to Superannuation Fund	84.23	92.97
Employer’s Contribution to Employees State Insurance Scheme	72.53	69.03

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

(Rs. in Lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.14	31.03.13	31.03.14	31.03.13
Defined Benefit obligation at beginning of the year	583.95	510.05	232.87	162.10
Current Service Cost	77.43	69.74	42.55	58.18
Interest Cost	46.72	40.80	18.63	12.97
Actuarial (gain)/loss	28.44	(8.76)	(33.54)	43.58
Benefits paid	(38.12)	(27.88)	(48.04)	(43.96)
Defined Benefit obligation at year end	698.42	583.95	212.47	232.87

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

(Rs. in Lacs)

	Gratuity (Funded)	
	31.03.14	31.03.13
Fair value of plan assets at beginning of the year	679.04	616.47
Expected return on plan assets	60.09	57.95
Actuarial (Loss)/gain	0.34	-
Employer contribution	7.29	4.62
Benefits paid/Withdrawn	(0.21)	-
Fair value of plan assets at year end	746.55	679.04

III. Reconciliation of fair value of assets and obligations

(Rs. in Lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.14	31.03.13	31.03.14	31.03.13
Fair value of plan assets	746.55	679.04	Nil	Nil
Present value of obligation	698.42	583.95	212.47	232.87
Amount recognized in Balance Sheet	(48.13)	(95.09)	212.47	232.87

IV. Expense recognized during the year

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

(Rs. in Lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.14	31.03.13	31.03.14	31.03.13
Current Service Cost	77.43	69.74	42.55	58.18
Interest Cost	46.72	40.80	18.63	12.97
Expected return on plan assets	(60.09)	(57.95)	-	-
Actuarial (Gain)/Loss	28.10	(8.76)	(33.54)	43.58
Net Cost	92.16	43.83	27.64	114.73

V. Investment Details - Gratuity

	% Invested
Insurer Managed Fund	100%

VI. Actuarial assumptions

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.14	31.03.13	31.03.14	31.03.13
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	8.75%	8.00%	8.75%	8.00%
Expected rate of return on plan assets (per annum)	8.85%	9.40%	NA	NA
Rate of escalation in salary (per annum)	6.50%	6.00%	6.50%	6.00%

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

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

49. As informed there was no supplier who was registered under "The Micro, Small and Medium Enterprises (Development) Act, 2006".
50. Balance confirmations have not been received from some of the parties showing debit/credit balances.
51. Previous years figure have been regrouped/rearranged wherever considered necessary.

For V.K. DHINGRA & CO.,
Chartered Accountants

For and on behalf of Board of Directors

V.K. DHINGRA
Partner

RAMESH SURI
Chairman

SHRADHA SURI
Managing Director

H.K AGARWAL
G M (Finance)

VIKAS SABHARWAL
Dy. Company Secretary

Place: New Delhi
Dated: 26th May, 2014

Statement pursuant to section 212 of the Companies Act, 1956 relating to the Subsidiary Company

1. Name of the subsidiary : THAI SUBROS LIMITED
2. Financial Year of the subsidiary ended on : 31st March, 2014
3. No. of shares held in Subsidiary Company on the above date : 999300 Common Shares of THB 5/- Each and 700 Common Shares of THB 5/- Each held through Seven Individuals
4. Extent of Holding (%) : 99.93% as on 31/03/2014 and balance 0.07% held through seven individuals
5. Net aggregate amount of profit/(loss) of the subsidiary so far as they concern members of the Company:
 - A) dealt with in the Accounts of Subros Limited amounted to:-
 - 1) for subsidiary's Financial year ended on 31st March, 2014 (Rs in lacs) : NIL
 - 2) for previous Financial Years of the subsidiary since it became subsidiary of Subros Ltd (Rs in lacs) : NIL
 - B) not dealt with in the Accounts of Subros Ltd amounted to:-
 - 1) for subsidiary's Financial year ended on 31st March, 2014 (Rs in lacs) : (30.11)
 - 2) for previous Financial Years of the subsidiary since it became subsidiary of Subros Ltd (Rs in lacs) : 22.74

For and on behalf of Board of Directors

Ramesh Suri
Chairman

Shradha Suri
Managing Director

H.K. Agarwal
GM (Finance)

Vikas Sabharwal
Dy. Company Secretary

Place:- New Delhi

Date:- 26th May, 2014

Directors' Report - Thai Subros Limited

To
The Members

Your Directors are pleased to present the Sixth annual report of the company together with the audited accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

During the year, the company has gross revenue of THB 95 lac as against THB 344 lac during the previous year. The company has reported loss before tax of THB 16.27 lac as against profit of THB 13.13 lac during the previous year.

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

FUTURE PROSPECTS

The company is expected to increase the sales volume during the next financial year 2014-14. The company is further working to increase the number of products being sold to Tata Motors (Thailand) Ltd.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

AUDITORS

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

ACKNOWLEDGEMENT

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

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

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

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

For and on behalf of Board of Directors

(Ramesh Suri)
CHAIRMAN

2 May 2014

Independent Auditor's Report - Thai Subros Limited

To the Shareholders of Thai Subros Limited

I have audited the accompanying financial statements of **Thai Subros Limited** which comprise the statement of financial position as at 31 March 2014, the statements of income and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at 31 March 2014, 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, Soi Ratchadapisek 18, Ratchapisek Rd.,
Huaykwang, Bangkok 10320, Thailand.

Thai Subros Limited – Balance Sheet

as at March 31, 2014 and 2013

ASSETS

	Note	(Baht)	
		2014	2013
CURRENT ASSETS			
Cash and cash equivalents	4	846,351.26	2,121,649.77
Trade and other receivables	5	1,450,549.58	4,919,089.99
Inventories	6	4,177,259.40	4,542,979.60
TOTAL CURRENT ASSETS		6,474,160.24	11,583,719.36
NON - CURRENT ASSETS			
Machinery and equipment	7	2,264,846.66	2,601,035.52
Intangible assets	8	27,751.41	31,251.39
Other non - current assets		481,350.00	481,350.00
TOTAL NON - CURRENT ASSETS		2,773,948.07	3,113,636.91
TOTAL ASSETS		9,248,108.31	14,697,356.27

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

LIABILITIES AND SHAREHOLDERS' EQUITY

		(Baht)	
		2014	2013
CURRENT LIABILITIES			
Trade and other payables	9	2,832,613.33	6,669,632.97
TOTAL CURRENT LIABILITIES		2,832,613.33	6,669,632.97
NON - CURRENT LIABILITIES			
Employee benefit obligations	10	49,261.66	34,164.62
TOTAL NON - CURRENT LIABILITIES		49,261.66	34,164.62
TOTAL LIABILITIES		2,881,874.99	6,703,797.59
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital			
1,000,000 ordinary shares of par Baht 5 each		5,000,000.00	5,000,000.00
Paid - up share capital			
1,000,000 ordinary shares of par Baht 5 each		5,000,000.00	5,000,000.00
Retained earnings (unappropriated)		1,366,233.32	2,993,558.68
TOTAL SHAREHOLDERS' EQUITY		6,366,233.32	7,993,558.68
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,248,108.31	14,697,356.27

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

Thai Subros Limited – Statement of Income

For the year ended March 31, 2014 and 2013

	(Baht)	
	2014	2013
REVENUES		
Sales	9,382,233.60	33,820,754.39
Gain on exchange rate	-	549,660.95
Other income	77,230.05	62,660.71
Total Revenues	9,459,463.65	34,433,076.05
EXPENSES		
Cost of sales	8,348,862.17	30,279,273.11
Selling expenses	118,694.00	550,305.00
Administrative expenses	2,462,233.65	2,290,600.54
Loss on exchange rate	156,999.19	—
Total Expenses	11,086,789.01	33,120,178.65
Profit (Loss) before corporate income tax	(1,627,325.36)	1,312,897.40
Corporate income tax	—	(117,452.10)
Net Profit (Loss)	(1,627,325.36)	1,195,445.30

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

Thai Subros Limited – Statement of Changes in Shareholders' Equity

For the year ended March 31, 2014 and 2013

(Unit : Baht)

	Note	Paid-up share capital	Retained Earnings (Deficits)	Total
Balance as at March 31, 2012		5,000,000.00	1,798,113.38	6,798,113.38
Net Profit (Loss) for the year 2013	11	-	1,195,445.30	1,195,445.30
Balance as at March 31, 2013		5,000,000.00	2,993,558.68	7,993,558.68
Net Profit (Loss) for the year 2014		-	(1,627,325.36)	(1,627,325.36)
Balance as at March 31, 2014		5,000,000.00	1,366,233.32	6,366,233.32

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

Thai Subros Limited – Statement of Cash Flows

For the year ended March 31, 2014 and 2013

	(Baht)	
	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	(1,627,325.36)	1,195,445.30
Adjustment to reconcile profit (loss) to net cash		
Depreciation	433,154.09	422,690.02
Amortization	3,499.98	3,499.98
Unrealized (gain) loss on exchange rate	(2,739.09)	(249,047.19)
Operating assets decrease (increase)		
Trade and other accounts receivable	3,468,540.41	1,593,284.28
Inventories	365,720.20	231,782.85
Other non - current assets	-	68,400.00
Operating liabilities increase (decrease)		
Trade and other accounts payable	(3,834,280.55)	(1,157,011.53)
Employee benefits obligations	15,097.04	17,636.71
Net cash from (used in) operating activities	(1,178,333.28)	2,126,680.42
CASH FLOW FROM INVESTING ACTIVITIES		
Intangible assets	-	-
Machinery and equipment	(96,965.23)	(324,564.03)
Net cash (used in) investing activities	(96,965.23)	(324,564.03)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of long-term loans from directors and related companies	-	-
Cash received from increased share capital	-	-
Net cash from (used in) financing activities	-	-
NET INCREASED (DECREASED) IN CASH AND CASH EQUIVALENTS	(1,275,298.51)	1,802,116.39
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,121,649.77	319,533.38
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	846,351.26	2,121,649.77

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

Thai Subros Limited – Detailed Statements of Cost of Sales

For the year ended March 31, 2014 and 2013

	(Baht)	
	2014	2013
Beginning raw materials	3,571,077.84	4,051,041.71
Add Purchases of raw materials	5,682,881.22	26,189,170.67
Import duty	177,278.90	195,914.59
Import clearances	177,413.01	585,579.65
Total cost of raw materials	9,608,650.97	31,021,706.62
Less Ending raw materials	(3,113,482.57)	(3,571,077.84)
Raw materials consumed	6,495,168.40	27,450,628.78
Add Manufacturing Expenses :		
Salary - Factory	38,500.00	169,950.00
Overtime - Factory	-	767.00
Social security - Factory	1,540.00	6,543.00
Factory supply	17,497.00	70,736.21
Sparepart & small tools	18,560.00	-
Warehouse rental - Factory	421,200.00	684,450.00
Service - Factory	631,800.00	1,026,675.00
Property Tax	52,650.00	85,556.25
Electricity and water - Factory	34,597.26	63,610.28
Other cost of service	-	159,577.50
Repair & maintenance - Factory	-	9,500.00
Storage charges	-	25,000.00
Depreciation - Leasehold Improvement	14,141.96	14,141.96
Depreciation - Machinery & Equipment	352,853.89	350,438.14
Depreciation - Electric System	13,741.60	13,091.47
Total Manufacturing Expenses	1,597,081.71	2,680,036.81
Total Cost of Manufacturing	8,092,250.11	30,130,665.59
Add Beginning finished goods	387,503.51	536,111.03
Cost of goods available for sales	8,479,753.62	30,666,776.62
Less Ending finished goods	(130,891.45)	(387,503.51)
Total Cost of Sales	8,348,862.17	30,279,273.11

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

Thai Subros Limited – Detailed Statements Of Selling Expenses

as at March 31, 2014 and 2013

	(Baht)	
	2014	2013
Entertainment	12,209.00	22,475.00
Freight	66,300.00	371,500.00
Export clearances	18,435.00	156,330.00
Packing charges	21,750.00	—
Total Selling Expenses	118,694.00	550,305.00

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

Thai Subros Limited – Detailed Statements of Administrative Expenses

as at March 31, 2014 and 2013

	(Baht)	
	2014	2013
Salary & other allowances	1,700,535.00	1,481,766.00
Staff welfare	97,471.77	16,998.79
Social security	33,369.00	26,384.00
Workmen compensation	14,626.00	4,775.00
Telephone & Communication	28,743.06	31,026.65
Internet charges	6,726.00	6,190.65
Travelling expenses	69,447.00	96,489.00
Motor vehicle expenses	853.01	-
Audit fee	45,000.00	45,000.0
Professional & consultant fee	215,684.00	291,000.00
Bank charges	9,425.00	9,000.00
Other services	44,675.00	78,683.55
Sponsorship fee	-	25,000.00
Legal fee	13,719.00	7,294.00
Insurance - Office	25,639.28	24,389.35
Stationery & printing	11,357.21	10,728.41
Postage & courier	12,552.24	22,661.91
Office supply	3,925.18	15,385.53
Miscellaneous expenses	337.09	331.71
Depreciation and amortisation	55,916.62	48,518.43
Unclaimable input vat	73.15	2,821.85
Non-deductible expenses	57,062.00	28,519.00
Employee benefits	15,097.04	17,636.71
Total Administrative Expenses	2,462,233.65	2,290,600.54

Thai Subros Limited – Notes of financial statements as 31st March, 2014 and 2013

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, of goods supplied after deducting discount and allowances.

Service income

Service income is recognized as services provided according to the percentage of completion.

Interest income

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

3.2 Cash and cash equivalents

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

3.3 Account receivable

Account receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables.

The allowance is generally based on collection experiences and analysis of debtor aging.

3.4 Inventories

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

3.5 Machinery and equipment

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

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

3.6 Operating Leases

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

3.7 Foreign Currency Transactions

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

3.8 Intangible assets

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

3.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The employee benefits obligations for severance payment as imposed by the labor law are calculated based on amount of employees salaries at the report date, working period and employee turnover.

3.10 Corporate Income Tax

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

3.11 Use of accounting estimates

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

4. CASH AND CASH EQUIVALENTS

	(BAHT)	
	2014	2013
Cash	18,426.41	24,197.65
Cash in Banks - Current Account	827,924.85	2,097,452.12
Total	846,351.26	2,121,649.77

5. TRADE AND OTHER RECEIVABLES

	(BAHT)	
	2014	2013
Trade accounts receivable	1,171,959.54	4,343,674.43
Other receivables		
- Cash advance	-	9,043.00
- Prepaid expenses	148,086.88	66,698.86
- A/R-Revenue Department	49,234.03	29,731.07
- Input vat	16,984.07	7,874.35
- Deferred input vat	4,785.34	19,929.96
- Prepaid corporate income tax	59,499.72	442,138.32
Total	1,450,549.58	4,919,089.99

6. INVENTORIES

	(BAHT)	
	2014	2013
Inventory in transit	932,885.38	584,398.25
Raw materials	3,113,482.57	3,571,077.84
Finished goods	130,891.45	387,503.51
Total	4,177,259.40	4,542,979.60

7. MACHINERY AND EQUIPMENT

	<u>BAHT</u>			
	As at April 1, 2013	Addition	Deduction	As at March 31, 2014
Cost :				
Leasehold improvement	282,840.00	-	-	282,840.00
Machinery and equipment	3,528,545.06	-	-	3,528,545.06
Office furniture	100,558.88	16,390.00	-	116,948.88
Office equipment	134,942.93	2,070.56	-	137,013.49
Vehicles	-	78,504.67	-	78,504.67
Electric system	137,416.64	-	-	137,416.64
Total	4,184,303.51	96,965.23	-	4,281,268.74
Accumulated Depreciation :				
Leasehold improvement	16,813.48	14,141.96	-	30,955.44
Machinery and equipment	1,433,693.04	352,853.89	-	1,786,546.93
Office furniture	32,754.05	20,609.99	-	53,364.04
Office equipment	80,515.25	21,138.63	-	101,653.88
Vehicles	-	10,668.02	-	10,668.02
Electric system	19,492.17	13,741.60	-	33,233.77
Total	1,583,267.99	433,154.09	-	2,016,422.08
Net	2,601,035.52			2,264,846.66

Depreciation (included in statements of income)

Year 2014	433,154.09
Year 2013	422,690.02

8. INTANGIBLE ASSETS

	<u>(BAHT)</u>	
	2014	2013
Computer Software	35,000.00	35,000.00
Less Accumulated amortization	(7,248.59)	(3,748.61)
Intangible assets - net	27,751.41	31,251.39

9. TRADE AND OTHER PAYABLES

(BAHT)

	2014	2013
Trade accounts payable	2,599,951.64	6,127,569.48
Other payable		
- Accrued expenses	149,552.32	474,118.96
- A/P-Revenue Department	3,430.96	-
- Withholding tax remittable	6,401.31	6,046.53
- Accrued social security	6,508.00	6,444.00
- Others	66,769.10	55,454.00
Total	2,832,613.33	6,669,632.97

10. EMPLOYEE BENEFIT OBLIGATIONS

The Company has changed the estimate of provisions as follows.

(BAHT)

	2014	2013
Employee benefit obligations at beginning of year	34,164.62	16,527.91
Increase	15,097.04	17,757.06
(Decrease)	-	(120.35)
Employee benefit obligations at end of year	49,261.66	34,164.62

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 among other things.

11. OPERATING LEASES

During 2011, the Company has entered into a lease and service agreements for a period of 3 years from August 15, 2011 to August 14, 2014. The Company has obliged to pay rental and service fee for approximately 1.05 million Baht per annual.

12. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the financial statements for the year ended March 31, 2013 have been reclassified which presented comparative figures to conform with the presentation of accounts in the financial statements for the year ended March 31, 2014 without effect on profit (loss) or shareholders' equity as previously reported.

13. APPROVAL OF FINANCIAL STATEMENTS

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

Independent Auditors' Report - Consolidated

To The Board of Directors of
Subros Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Subros Limited (The "Company") and its subsidiary and joint venture (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, 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.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements of the subsidiary and joint venture as noted below, the consolidated financial

statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Other Matters

- 6. We did not audit the financial statements of the subsidiary company whose financial statements reflect total assets(net) of Rs.170.86 lacs as at 31st March, 2014 and total revenues of Rs.175.01 lacs and net cash flows amounting to Rs.23.56 lacs for the year then ended. These financial statements have been audited by other auditor whose report has been furnished to us by the management, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
- 7. We have relied upon the unaudited financial statements of the Joint Venture which reflects the Groups' share in total assets(net) aggregating to Rs.269.44 lacs as at 31st March, 2014 and total revenues of Rs.435.73 lacs and net cash flows amounting to Rs.15.09 lacs for the year then ended and our opinion, insofar as it relates to the amounts included in respect of the joint venture, is based solely on the provisional financial statements prepared by the Management of the joint venture.

Our opinion is not qualified in respect of other matters.

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

**PLACE: NEW DELHI
DATED: MAY 26, 2014**

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

Consolidated Balance Sheet as at 31st March 2014

(₹ in Lacs)

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2014	AS AT 31ST MARCH 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
(A) SHARE CAPITAL	2	1,199.77	1,199.77
(B) RESERVES AND SURPLUS	3	28,976.16	27,397.68
NON-CURRENT LIABILITIES			
(A) LONG-TERM BORROWINGS	4	24,143.52	18,957.47
(B) DEFERRED TAX LIABILITIES (NET)	5	2,696.90	2,795.40
(C) OTHER LONG-TERM LIABILITIES	6	29.63	26.38
(D) LONG-TERM PROVISIONS	7	297.40	258.68
CURRENT LIABILITIES			
(A) SHORT-TERM BORROWINGS	8	9,290.48	10,360.41
(B) TRADE PAYABLES		10,981.63	14,148.48
(C) OTHER CURRENT LIABILITIES	9	13,216.82	12,363.11
(D) SHORT-TERM PROVISIONS	10	597.44	585.61
TOTAL		91,429.75	88,092.99
ASSETS			
NON-CURRENT ASSETS			
(A) FIXED ASSETS			
(I) TANGIBLE ASSETS	11	39,608.52	37,171.70
(II) INTANGIBLE ASSETS	11	8,795.82	7,382.58
(III) CAPITAL WORK-IN-PROGRESS	11	6,853.93	7,318.84
(IV) INTANGIBLE ASSETS UNDER DEVELOPMENT	11	3,437.15	3,373.91
(B) LONG-TERM LOANS AND ADVANCES	12	5,210.66	4,213.28
CURRENT ASSETS			
(A) INVENTORIES	13	17,784.12	19,160.25
(B) TRADE RECEIVABLES	14	6,099.46	4,497.08
(C) CASH AND BANK BALANCES	15	1,103.06	1,123.39
(D) SHORT-TERM LOANS AND ADVANCES	16	2,516.82	3,827.90
(E) OTHER CURRENT ASSETS	17	20.21	24.06
TOTAL		91,429.75	88,092.99
SIGNIFICANT ACCOUNTING POLICIES THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS	1		

As per attached report of even date

For and on behalf of the Board of Directors

FOR V. K. DHINGRA & CO.

Chartered Accountants

V K DHINGRA

Partner

RAMESH SURI

Chairman

SHRADHA SURI

Managing Director

Place : New Delhi

Date : 26th May, 2014

H.K. AGARWAL

G M (Finance)

VIKAS SABHARWAL

Dy. Company Secretary

Consolidated Statement of Profit and Loss for the Year Ended 31st March 2014

(₹ in Lacs)

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED ON 31.03.2014	FOR THE YEAR ENDED ON 31.03.2013
REVENUE FROM OPERATIONS	18	117619.60	127658.59
OTHER INCOME		222.88	1088.88
TOTAL REVENUE		117842.48	128747.47
EXPENSES:			
COST OF MATERIALS CONSUMED	20	80707.47	92002.20
CHANGES IN INVENTORIES OF FINISHED GOODS & WIP - (INCREASE) / DECREASE	21	45.42	(661.71)
EMPLOYEE BENEFIT EXPENSE	22	10795.27	10654.98
FINANCE COST	23	3717.28	3593.19
DEPRECIATION AND AMORTISATION EXPENSE		7748.90	7279.28
OTHER EXPENSES	24	12850.85	13447.16
TOTAL EXPENSES		115865.19	126315.10
PROFIT BEFORE TAX		1977.29	2432.37
TAX EXPENSE:			
-CURRENT TAX (MAT)		416.42	500.90
-MAT CREDIT ENTITLEMENT		(410.23)	(491.83)
-NET CURRENT TAX		6.19	9.07
-DEFERRED TAX EXPENSE		(98.50)	331.42
-TAX IN RESPECT OF EARLIER YEARS		(9.43)	64.50
PROFIT FOR THE YEAR		2079.03	2027.38
EARNING PER EQUITY SHARE OF FACE VALUE OF Rs. 2 EACH			
BASIC & DILUTED (Rs.)		3.47	3.38
SIGNIFICANT ACCOUNTING POLICIES THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS	1		

As per attached report of even date

For and on behalf of the Board of Directors

FOR V. K. DHINGRA & CO.

Chartered Accountants

V K DHINGRA

Partner

RAMESH SURI

Chairman

SHRADHA SURI

Managing Director

Place : New Delhi

Date : 26th May, 2014

H.K. AGARWAL

G M (Finance)

VIKAS SABHARWAL

Dy. Company Secretary

Consolidated Statement of Cash Flow for the Year Ended 31st March 2014

(₹ in Lacs)

PARTICULARS	2013-2014		2012-2013	
I. CASH FLOW FROM OPERATING ACTIVITIES				
A Profit Before Taxation		1,977.29		2,432.37
B Adjustments				
Add:				
i) Depreciation	7,748.90		7,279.28	
ii) Interest & Financial Charges	3,717.28	11,466.18	3,593.19	10,872.47
Less:				
i) Interest Income	98.33		84.09	
ii) Surplus on Assets sold / discarded	16.94		6.73	
		115.27		90.82
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		13,328.20		13,214.02
Adjustment for:				
i) Trade & Other receivable	(376.98)		4,892.33	
ii) Inventories	1,376.13		(1,238.13)	
iii) Trade & Other payables	(4,407.98)		1,415.17	
		(3,408.83)		5,069.37
CASH GENERATED FROM OPERATIONS		9,919.37		18,283.39
Less:				
Direct Taxes paid (Net)		(460.02)		(636.33)
Add:				
Interest received		102.19		85.78
Effect of Exchange Flectuation on Consolidation		(9.26)		7.84
NET CASH FLOW FROM OPERATING ACTIVITIES		9,552.28		17,740.68
II. CASH FLOW FROM INVESTING ACTIVITIES				
i) Purchase of Fixed Assets/ Capital work in Progress		(10,953.23)		(13,676.40)
ii) Sale of Fixed Assets		65.55		138.76
NET CASH USED IN INVESTING ACTIVITIES		(10,887.68)		(13,537.64)

(₹ in Lacs)

PARTICULARS	2013-2014		2012-2013	
III. CASH FLOW FROM FINANCING ACTIVITIES				
i) Proceeds of long term secured loans		13,499.99		11,018.23
ii) Repayment of long term loans		(6,042.50)		(3,805.00)
iii) Working Capital Loans from Banks		(1,069.93)		(4,436.30)
iv) Dividend and Corporate Dividend Tax paid		(488.04)		(766.92)
v) Interest Paid		(4,512.99)		(4,195.55)
vi) Buyer Credit (Capex)		-		(2,038.11)
NET CASH FROM FINANCING ACTIVITIES		<u>1,386.53</u>		<u>(4,223.65)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)		51.13		(20.61)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		214.23		234.84
CASH AND CASH EQUIVALENTS AS AT THE CLOSING OF THE YEAR		<u><u>265.36</u></u>		<u><u>214.23</u></u>

Note: i) Figures in brackets represent cash outflows.

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

As per attached report of even date

For and on behalf of the Board of Directors

FOR V. K. DHINGRA & CO.

Chartered Accountants

V K DHINGRA

Partner

RAMESH SURI

Chairman

SHRADHA SURI

Managing Director

Place : New Delhi

Date : 26th May, 2014

H.K. AGARWAL

G M (Finance)

VIKAS SABHARWAL

Dy. Company Secretary

Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March, 2014 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 Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government of India and relevant presentational requirement of the Companies Act, 1956 (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) Cost of specialized software is amortized in three years on straight-line method on pro rata basis.
- c) Technical Know-how is amortized in six years on straight-line method on pro rata basis.
- d) Product Development Cost is amortized in six years on straight line method on pro rata basis.
- e) Individual items of fixed assets costing up to five thousand rupees are fully depreciated in the year of purchase.
- f) Depreciation on other assets is provided on written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956 on pro-rata basis.
- g) 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

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 recognised 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 is recognised where there is convincing evidence that the asset can be realised 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 2014	As at 31st March 2013
AUTHORISED: 75,000,000 EQUITY SHARES OF RS. 2/- EACH	1500.00	1500.00
ISSUED: 5,99,94,300 EQUITY SHARES OF RS. 2/- EACH	1199.89	1199.89
SUBSCRIBED AND PAID UP 5,99,88,600 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP	1199.77	1199.77
TOTAL	1199.77	1199.77

2 (b) RECONCILIATION OF NUMBER OF SHARES OUTSTANDING

(₹ in Lacs)

PARTICULARS	As at 31st March 2014		As at 31st March 2013	
	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 2014		As at 31st March 2013	
	NO. OF SHARES HELD	% OF HOLDING	NO. OF SHARES HELD	% OF HOLDING
DEEKSHA HOLDINGS LTD	10137760	16.90	10137760	16.90
JYOTSNA HOLDING PVT LTD.	3448000	5.74	3448000	5.74
R.R HOLDINGS PVT LTD	3208000	5.35	3208000	5.35
RAMESH SURI (HUF)	3040000	5.07	3040000	5.07
DENSO CORPORATION	7800000	13.00	7800000	13.00
SUZUKI MOTORS CORPORATION	7800000	13.00	7800000	13.00

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

NOTE 3 - RESERVES & SURPLUS

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
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	11,017.48	10,811.48
ADD: TRANSFERRED FROM SURPLUS	203.00	206.00
CLOSING BALANCE	<u>11,220.48</u>	<u>11,017.48</u>
SURPLUS		
OPENING BALANCE	16,356.38	15,023.04
ADD: PROFIT FOR THE YEAR	2,079.03	2,027.38
	<u>18,435.41</u>	<u>17,050.42</u>
LESS: APPROPRIATIONS		
PROPOSED DIVIDEND ON EQUITY SHARE*	419.92	419.92
PROVISION FOR TAX ON PROPOSED DIVIDEND	71.37	68.12
TRANSFERRED TO GENERAL RESERVE	203.00	206.00
CLOSING BALANCE	<u>17,741.12</u>	<u>16,356.38</u>
FOREIGN CURRENCY TRANSLATION RESERVE		
OPENING BALANCE	20.17	12.33
ADD/(LESS)- DURING THE YEAR	(9.26)	7.84
CLOSING BALANCE	<u>10.91</u>	<u>20.17</u>
TOTAL	<u><u>28,976.16</u></u>	<u><u>27,397.68</u></u>

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

NOTE 4 - LONG -TERM BORROWINGS

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
SECURED LOANS		
TERMS LOANS:		
FROM BANKS	20522.48	16533.93
FROM OTHERS	3621.04	2415.38
	<u>24143.52</u>	<u>18949.31</u>
VEHICLES LOAN		
FROM OTHERS	0.00	8.16
TOTAL	<u><u>24143.52</u></u>	<u><u>18957.47</u></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, 2013: Rs. 130.00 lacs) is secured by Exclusive first charge on specific equipments.	Repayment in 20 quarterly instalments (@ Rs 32.50 lacs each) commencing from June 2010. Last instalment in March 2015. Rate of interest SBIBR+1.90% P.A. as at year end. (Previous year SBIBR+1.90% P.A.)
Term loan amounting to Rs. 725 lacs (March 31, 2013: Rs.1450) is secured by Exclusive first charge on specific equipments.	Repayment in 16 quarterly instalments @ Rs 181.25 lacs each commencing from June 2012. Last instalment in March 2016. Rate of interest SBIBR+1.90% P.A. as at year end. (Previous year SBIBR+1.90%)
Term loan amounting to Rs. 187.50 lacs (March 31, 2013: Rs. 337.50 Lacs) is secured by Exclusive first charge on specific equipments.	Repayment in 16 quarterly instalments @ Rs 37.50 lacs each commencing from August 2012. Last instalment in June 2016. Rate of interest SBIBR+1.90% P.A. as at year end. (SBIBR + 1.90% P.A.)
Term loan amounting to Rs. 354.03 lacs (March 2013: Rs. 1770.17 Lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of Mr Ramesh Suri & specific assets.	Repayment in 16 quarterly instalments (@ Rs 354.00 lacs each) commencing from Aug 2011. Last instalment in May 2015. Rate of interest KBR+1% P.A. as at year end. (Previous year KBR+.1.50% P.A.)
Term loan amounting to Rs. Nil Lacs (March 2013: Rs. 783.11 Lacs) is secured by Equitable Mortgage on Manesar Land & Bldg., Personal Guarantee of Mr Ramesh Suri & specific assets.	Repayment in 36 monthly instalments commencing from April 2012. Last instalment in March 2015. Rate of interest KBR+1% P.A. as at year end. (Previous year KBR+1.75%.)
Term loan amounting to Rs. Nil (March 31, 2013: Rs. 288.50 Lacs) is secured by Exclusive first charge on specific equipments	Repayment in 16 quarterly instalments (@ Rs 72.13 lacs each) commencing from June 2011. Last instalment in March 2015. Rate of interest 12.00% P.A. as at year end. (Previous year 11.40% P.A.)
Term loan amounting to Rs. 41.87 lacs (March 31, 2013: Rs. 209.37 Lacs) is secured by Exclusive first charge on specific equipments	Repayment in 16 quarterly instalments (@ Rs 41.87 lacs each) commencing from Aug 2011. Last instalment in May 2015. Rate of interest 12.00% P.A. as at year end. (Previous year 11.40%)
Term loan amounting to Rs. 2791.25 lacs (March 31, 2013: Rs. 4186.87 lacs) is secured by Exclusive first charge on specific equipments	Repayment in 16 quarterly instalments (@ Rs 348.91 lacs each) commencing from June 2013. Last instalment in March 2017. Rate of interest 9.70% P.A. (Previous year 9.70%)
Vehicle loan amounting to Rs Nil lacs (March 31,2013 : Rs 8.16 lacs) is secured by Hypothecation on specific vehicles	Repayment in 84 equated Monthly commencing from October,2007. Rate of interest 8.50% P.A.
Term loan amounting to Rs. 4877.21 lacs (March 31, 2013: Rs. 5419.13 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 2014. Last instalment in September 2017. Rate of interest 9.37% P.A. (Previous year 9.37%)
Term loan amounting to Rs. 3125 lacs (March 31, 2013: Rs 4375 lacs) is Secured by way of first charge on specific machineries, equitable mortgage on Pune Land & Bldg., Personal Guarantee of Mr. Ramesh Suri.	Repayment in 16 quarterly instalments @ Rs 312.50 lacs each commencing from November 2013. Last instalment in August 2017. Rate of interest 10.40% P.A. (Previous year 10.40%.)
Term loan amounting to Rs. 7500 lacs (March 2013: NA) is secured by equitable mortgage on Manesar Land & Bldg., Personal Guarantee of Mr Ramesh Suri .	Repayment in twenty Quarterly equal instalments commencing from June 2015. Last instalment in March 2020. Rate of interest 10.95% P.A. (Previous year NA)
Term loan amounting to Rs. 1875 lacs (March 2013: NA) is secured by equitable mortgage on Manesar Land & Bldg., Personal Guarantee of Mr Ramesh Suri.	Repayment in sixteen Quarterly equal instalments commencing from Dec. 2013. Last instalment in September 2017. Rate of interest 11.10% P.A. (Previous year NA)
Term loan amounting to Rs. 2666.66 lacs (March 31, 2013: Rs NA) is Secured by way of first charge on specific machineries .	Repayment in Eighteen Quarterly instalments commencing from October 2014. Last instalment in Feburary 2019. Rate of interest 10.75% P.A. (Previous year NA)

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
DEFERRED TAX LIABILITY		
DEPRECIATION	2819.37	2909.40
TOTAL DEFERRED TAX LIABILITY(A)	2819.37	2909.40
DEFERRED TAX ASSETS		
EXPENSES ALLOWABLE ON PAYMENT BASIS (NET)	122.47	114.00
TOTAL DEFERRED TAX ASSETS(B)	122.47	114.00
TOTAL (A-B)	2696.90	2795.40

NOTE 6 - OTHER LONG TERM LIABILITIES

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
OTHER THAN TRADE PAYABLE		
SECURITY DEPOSITS RECEIVED	29.63	26.38
TOTAL	29.63	26.38

NOTE 7 - LONG TERM PROVISIONS

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	241.83	209.90
PROVISION FOR WARRANTY	55.57	48.78
TOTAL	297.40	258.68

NOTE 8 - SHORT-TERM BORROWINGS

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
SECURED		
FROM BANKS:		
CASH CREDIT ACCOUNT (Secured by Hypothecation of stocks, receivables, 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% ~ 1.75%	5975.43	3975.63
	<u>5975.43</u>	<u>3975.63</u>
UNSECURED		
BUYERS CREDIT ARRANGEMENTS FROM BANKS Effective rate of interest: 0.90% ~ 1.05%	3315.05	6384.78
	<u>3315.05</u>	<u>6384.78</u>
TOTAL	<u>9290.48</u>	<u>10360.41</u>

NOTE 9 - OTHER CURRENT LIABILITIES

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
CURRENT MATURITIES OF LONG-TERM DEBT	7919.02	5647.61
INTEREST ACCRUED BUT NOT DUE ON LOANS	174.82	139.15
UNCLAIMED DIVIDEND	35.10	35.69
DUE TO DIRECTORS	24.94	47.66
STATUTORY DUES	518.99	684.22
ADVANCE FROM CUSTOMERS	153.80	561.22
CREDITORS FOR CAPITAL EXPENDITURE	403.00	493.38
OTHER PAYABLES	3987.15	4754.18
TOTAL	<u>13216.82</u>	<u>12363.11</u>

NOTE 10 - SHORT TERM PROVISIONS
(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	22.79	24.42
OTHER PROVISIONS		
PROPOSED DIVIDEND	419.92	419.92
CORPORATE DIVIDEND TAX	71.37	68.12
PROVISION FOR WARRANTY	83.36	73.15
TOTAL	597.44	585.61

NOTE 11 - FIXED ASSETS
(₹ in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	COST AS ON 01.04.13	ADDITIONS	SALE/ ADJUSTMENTS	COST AS ON 31.03.2014	DEPRECIATION AS ON 01.04.13	DEPRECIATION FOR THE PERIOD*	SALE/ ADJUSTMENTS	TOTAL DEPRECIATION upto 31.03.2014	AS ON 31.03.2014	AS ON 31.03.2013
<u>TANGIBLE ASSETS</u>										
LAND - LEASEHOLD	1,476.47	-	-	1,476.47	103.47	14.84	-	118.31	1,358.16	1,373.00
LAND - FREEHOLD	718.31	-	-	718.31	-	0.26	-	0.26	718.05	718.31
BUILDINGS	9,464.38	2,081.03	-	11,545.41	3,551.74	636.31	-	4,188.05	7,357.36	5,912.64
PLANT AND MACHINERY	57,943.12	5,472.88	33.86	63,382.14	30,006.22	4,885.07	12.69	34,878.60	28,503.54	27,936.90
FURNITURE AND FIXTURE	879.77	61.43	0.08	941.12	579.81	62.02	0.06	641.77	299.35	299.96
VEHICLES	1,132.33	92.52	92.57	1,132.28	648.72	138.14	67.30	719.56	412.72	483.61
OFFICE EQUIPMENTS	1,722.62	702.79	5.50	2,419.91	1,275.34	188.58	3.35	1,460.57	959.34	447.28
TOTAL	73,337.00	8,410.65	132.01	81,615.64	36,165.30	5,925.22	83.40	42,007.12	39,608.52	37,171.70
PREVIOUS YEAR	62,933.62	10,845.16	441.78	73,337.00	30,712.70	5,762.33	309.73	36,165.30	37,171.70	32,220.94
<u>INTANGIBLE ASSETS</u>				-				-		-
SPECIALISED SOFTWARES	1,418.94	69.17	-	1,488.11	1,149.42	157.83	-	1,307.25	180.86	269.52
TECHNICAL KNOW HOW	4,150.55	755.52	-	4,906.07	1,644.00	572.37	-	2,216.37	2,689.70	2,506.55
DEVELOPMENT COST	6,027.80	2,415.88	-	8,443.68	1,421.29	1,097.13	-	2,518.42	5,925.26	4,606.51
TOTAL	11,597.29	3,240.57	-	14,837.86	4,214.71	1,827.33	-	6,042.04	8,795.82	7,382.58
PREVIOUS YEAR	9157.18	2440.11		11597.29	2683.58	1531.13		4,214.71	7,382.58	6,473.58
GRAND TOTAL	84,934.29	11,651.22	132.01	96,453.50	40,380.01	7,752.55	83.40	48,049.16	48,404.34	44,554.28
PREVIOUS YEAR	72,090.80	13,285.27	441.78	84,934.29	33,396.28	7,293.46	309.73	40,380.01	44,554.28	38,694.52
CAPITAL WORK IN PROGRESS									6,853.93	7318.84
INTANGIBLE ASSETS UNDER DEVELOPMENT									3,437.15	3373.91

*Note:-Includes depreciation capitalised Rs. 3.76 Lacs (Previous Year Rs.9.66 Lacs.)

NOTE 12 - LONG TERM LOANS AND ADVANCES

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
CAPITAL ADVANCES		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 32)	27.58	174.87
TO OTHERS	1,460.83	865.09
SECURITY DEPOSITS		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 32)	363.52	238.92
TO OTHERS	431.12	500.45
ADVANCE TAX (NET)		
UNSECURED, CONSIDERED GOOD	170.60	127.23
MAT CREDIT RECOVERABLE		
UNSECURED, CONSIDERED GOOD	2,672.79	2252.90
LOANS AND ADVANCES TO EMPLOYEE		
SECURED, CONSIDERED GOOD	-	15.14
UNSECURED, CONSIDERED GOOD	84.22	38.68
TOTAL	<u>5210.66</u>	<u>4213.28</u>

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
RAW MATERIAL & SPARES		
- IN HAND	12268.61	14144.79
- IN TRANSIT	883.29	485.56
	<u>13151.90</u>	<u>14630.35</u>
WORK IN PROGRESS	1908.05	1870.20
FINISHED GOODS	318.72	417.60
STORES	2405.45	2242.10
TOTAL	<u>17784.12</u>	<u>19160.25</u>

NOTE 14 - TRADE RECEIVABLES

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
UNSECURED, CONSIDERED GOOD OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT	114.07	109.65
OTHERS	5985.39	4387.43
TOTAL	6099.46	4497.08

Trade Receivable stated above include Debts due from related parties Rs.5.97 Lacs
(Previous year Rs.107.39 Lacs) (Refer Note No.-32)

NOTE 15 - CASH AND BANK BALANCES

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
CASH AND CASH EQUIVALENTS		
BALANCE WITH BANKS - IN CURRENT A/C	249.45	204.38
CASH IN HAND	15.92	9.85
	<u>265.37</u>	<u>214.23</u>
OTHER BANK BALANCES		
- IN MARGIN MONEY A/C*	802.59	873.47
- IN UNPAID DIVIDEND A/C	35.10	35.69
	<u>837.69</u>	<u>909.16</u>
TOTAL	1103.06	1123.39

* Margin Money include Fixed Deposits of Rs. 128 Lacs (Previous year Rs. 10 Lacs) with maturity of more than 12 months

NOTE 16 - SHORT TERM LOANS AND ADVANCES

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
ADVANCES TO RELATED PARTIES	155.15	263.71
UNSECURED, CONSIDERED GOOD (Refer Note No-40)		
ADVANCES TO OTHER PARTIES	2254.12	3478.10
UNSECURED, CONSIDERED GOOD		
LOAN TO EMPLOYEES		
SECURED, CONSIDERED GOOD	15.14	25.53
UNSECURED, CONSIDERED GOOD	92.41	60.56
TOTAL	2516.82	3827.90

NOTE 17 - OTHER CURRENT ASSETS

(₹ in Lacs)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
INTEREST ACCRUED ON BANK DEPOSITS WITH BANK	20.21	24.06
TOTAL	20.21	24.06

NOTE 18 - REVENUE FROM OPERATIONS

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2014	For the year ended 31st March 2013
SALE OF PRODUCTS	131,880.97	143,720.15
LESS: EXCISE DUTY	15,031.69	16,395.74
NET SALES	116,849.28	127,324.41
OTHER OPERATING INCOME		
SALE OF SERVICES	275.69	258.55
EXPORT INCENTIVES	22.00	-
SALE OF SCRAP	51.20	75.63
INDUSTRIAL PROMOTION SUBSIDY (Refer Note No.33)	421.43	-
TOTAL	117,619.60	127,658.59

NOTE 19 - OTHER INCOME

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2014	For the year ended 31st March 2013
INTEREST ON :		
A) FIXED DEPOSITS WITH BANKS	67.39	83.91
B) OTHERS	30.95	0.18
PROFIT ON SALE OF FIXED ASSETS	16.94	6.73
GAIN FROM EXCHANGE RATE DIFFERENCE(NET)	-	978.18
MISCELLANEOUS INCOME	107.60	19.88
TOTAL	222.88	1,088.88

NOTE 20 - COST OF MATERIAL CONSUMED

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2014		For the year ended 31st March 2013	
RAW MATERIAL & COMPONENTS				
OPENING STOCK	14630.35		14722.38	
PURCHASE	79229.03	93859.38	91910.17	106632.55
LESS:- CLOSING STOCK		13151.91		14630.35
TOTAL		80707.47		92002.20

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

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2014	For the year ended 31st March 2013
FINISHED GOODS		
CLOSING STOCK	318.72	417.60
LESS:- OPENING STOCK	417.60	300.66
	<u>(98.88)</u>	<u>116.94</u>
WORK-IN-PROGRESS		
CLOSING STOCK	1908.05	1870.20
LESS:- OPENING STOCK	1870.20	1312.38
	<u>37.85</u>	<u>557.82</u>
DECREASE (INCREASE) IN EXCISE DUTY ON FINISHED GOODS	15.61	(13.05)
TOTAL	<u>(45.42)</u>	<u>661.71</u>

NOTE 22 - EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2014	For the year ended 31st March 2013
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :		
- SALARIES, WAGES, BONUS ETC	8,576.07	8,724.75
- CONTRIBUTION TO PROVIDENT & OTHER FUNDS	597.64	528.22
- STAFF WELFARE EXPENSES	1,198.25	1,005.11
- DIRECTOR REMUNERATION	423.31	396.90
TOTAL	<u>10,795.27</u>	<u>10,654.98</u>

NOTE 23 - FINANCE COST

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2014	For the year ended 31st March 2013
INTEREST PAID TO BANK	3,259.02	2,688.09
INTEREST PAID TO OTHERS	458.26	905.10
TOTAL	<u>3,717.28</u>	<u>3,593.19</u>

NOTE 24 - OTHER EXPENSES

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2014	For the year ended 31st March 2013
STORE CONSUMED	2,557.63	3,005.08
(Refer Note No-31)		
POWER & FUEL	2,044.18	1,905.27
REPAIRS AND MAINTENANCE		
-BUILDING	43.74	75.94
-PLANT & MACHINERY	985.43	1,172.44
-OTHERS	201.77	173.09
RENT	303.30	308.28
INSURANCE	154.28	92.62
RATES AND TAXES	88.89	82.28
VEHICLE RUNNING AND MAINTENANCE	258.67	217.84
TRAVELLING AND CONVEYANCE	417.70	431.40
LEGAL AND PROFESSIONAL CHARGES	344.10	239.47
AUDIT FEES	18.63	16.45
ROYALTY	1,062.01	1,081.24
SELLING & DISTRIBUTION EXPENSES	1,873.85	2,203.46
LOSS FROM EXCHANGE RATE DIFFERENCE(NET)	80.64	0.00
REBATE & DISCOUNT	924.17	968.30
DIRECTOR'S SITTING FEES	10.70	8.95
MISCELLANEOUS EXPENSES	1,481.16	1,465.05
TOTAL	12,850.85	13,447.16

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, 2014	Percentage of voting power as at March 31, 2013
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, 2014	Percentage of voting power as at March 31, 2013
Denso Subros Thermal Engineering Centre India Ltd	India	26%	26%

26. Contingent Liabilities Not Provided For in respect of :

- Net Outstanding commitments against Letter of Credits established by the Group: Rs.4,916.86 Lacs (Previous Year Rs.6,380.57 Lacs)
- Guarantees given by banks on behalf of the Group: Rs.736.29 Lacs (Previous Year: Rs. 161.64 Lacs)
- Claims against the Group not acknowledged as debt :-

(Rupees in Lacs)		
Nature of claim	As at 31.03.14	As at 31.03.13
Disputed Sales Tax Demands	139.36	138.63
Other claims	77.25	70.80

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

27. Estimated value of contracts on capital account remaining to be executed and not provided for (net of advances) Rs 1,787.17 Lacs. (Previous Year: Rs. 2,626.30 Lacs).

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

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

Provision for Warranty Expenses

	Current year Rs. In Lacs	Previous year Rs. In Lacs
Provision at the beginning of the year	121.93	106.93
Add: Provisions made during the year	115.94	145.00
	237.87	251.93
Less: Amount utilised during the year	98.94	130.00
Balance at the end of the year	138.93	121.93

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

30. 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'.

31. 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.

32 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):-
- Key Management Personnel
 - Mr. Ramesh Suri, Chairman
 - Ms. Shradha Suri, Managing Director (Daughter of Mr. Ramesh Suri)
 - Mr. D. M. Reddy, Executive Director
 - Relatives of Key Management Personnel
 - Mrs. Ritu Suri (Wife of Mr. Ramesh Suri)
 - Ms. Lohitha Reddy (Daughter of Mr. D. M. Reddy)
 - Ms. Likhitha Reddy (Daughter of Mr. D. M. Reddy)
 - Subsidiary Company
 - Thai Subros Ltd., Thailand
 - Joint Venture Company
 - Denso Subros Thermal Engineering Centre India Ltd. (DSEC)
 - Entities over which Key Management Personnel or their relatives are able to exercise significant influence:
 - SHS Transport (P) Ltd.
 - Hemkunt Service Station (P) Ltd.
 - M/s. Ramesh Suri (HUF)
 - Prima Infratech (P) Ltd.
 - Rohan Motors Limited
 - Tempo Automobiles (P) Ltd.
 - Prima Telecom Ltd.
 - Fibcom India Ltd.

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

Rs. in Lacs

Particulars	Joint Venture Group DSEC		Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel or their relatives are able to exercise significant influence	
Detail of Transaction								
- Purchase of materials	-	(-)	-	(-)	-	(-)	28.16	(2.70)
- Sale of goods	-	(-)	-	(-)	-	(-)	15.43	(90.41)
- Purchase of fixed assets	686.90	(413.00)	-	(-)	-	(-)	262.46	(388.75)
- Sale of Fixed Assets	-	(-)	-	(-)	-	(-)	6.50	(-)
- Receiving of Service	-	(-)	-	(-)	-	(-)	741.74	(747.97)
- Rent/Licence Agreements	-	(-)	30.90	(26.40)	24.93	(23.76)	107.35	(175.33)
- Directors' Remuneration*	-	(-)	420.61	(391.24)	-	(-)	-	(-)
- Rental Income	19.24	(18.58)	-	(-)	-	(-)	-	(-)
- Contribution toward share capital	-	(-)	-	(-)	-	(-)	-	(-)
- Reimbursement of expenses received	12.62	(13.25)	-	(-)	-	(-)	9.57	(9.73)
- Salary and Other Amenities*	-	(-)	-	(-)	3.15	(9.62)	-	(-)
Security Deposits/ Advance Rent given	-	(-)	1.50	(-)	2.25	(0.50)	3.35	(331.12)
Closing Balances								
- Amounts payable	41.49	(35.35)	24.94	(50.24)	-	(-)	2.89	(1.67)
- Amounts Receivable	-	(-)	-	(-)	-	(-)	188.70	(420.18)
- Security Deposits (Rent)	-	(-)	7.50	(6.00)	13.55	(11.30)	342.47	(346.29)

*Exclusive of Contributions to Group Gratuity fund, Provident Fund and Superannuation Fund.
(Figures in brackets represent previous year's figure)

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

	Rs. in Lacs	
	Current year	Previous year
Purchase of Materials		
- Prima Telecom Ltd.	27.92	2.50
Sale of Goods		
- Rohan Motors Ltd.	10.95	90.41
- Prima Telecom Ltd.	4.37	-
Purchase of Fixed Assets		
- Prima Telecom Ltd.	9.00	64.35
- Fibcom India Ltd.	233.49	304.23
Sale of Fixed Assets		
- Rohan Motors Ltd.	6.50	-
Receiving of Services		
- SHS Transport (P) Ltd.	665.91	681.33
Reimbursement (Received)		
- Prima Telecom Ltd.	6.60	6.40
- Fibcom India Ltd.	2.97	3.32
Rent/License Agreement		
- Rohan Motors Ltd.	15.31	15.31
- Ms. Shradha Suri	30.90	26.40
- M/s Ramesh Suri (HUF)	18.40	17.00
- Mrs. Ritu Suri	24.93	23.76
- Prima Infratech P Ltd	62.09	139.52
Directors Remuneration		
- Mr. Ramesh Suri	58.50	76.88
- Ms. Shradha Suri	180.95	164.50
- Mr. D.M.Reddy	181.17	149.86
Salary and Other Amenities		
- Ms. Lohitha Reddy	1.57	4.85
- Ms. Likhitha Reddy	1.58	4.77

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

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:

	2013-14	2012-13
a) Net profit after Tax (Rs. In Lacs)	Rs.2,079.03	Rs.2,027.38
b) Number of Equity shares*(Nos)	59,988,600	59,988,600
c) Nominal value per Equity share	Rs.2	Rs.2
d) Earning per Share (Basic & Diluted)	Rs.3.47	Rs.3.38

* There were no potential equity shares.

35. Foreign Exchange Differences

- a) The Group has entered into foreign exchange forward contracts to partly hedge its risks associated with the foreign currency fluctuations relating to firm commitments.
- b) Forward Exchange Contracts entered into by the Group outstanding at the year end:-

	Current Year		Previous Year	
	No. of Contracts	Amount	No. of Contracts	Amount
Forward Contracts against Imports				
-In US Dollar (Millions)	30	14.92	-	-
-In Japanese Yen (Millions)	1	55.18	5	720.25
-Equivalent Rs. (In Lacs)	24	1,480.50	-	-
		10,105.85		4,228.60

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

	Rupees in Lacs		Foreign currency in Million	
	31.03.14	31.03.13	31.03.14	31.03.13
Creditors & Buyer's Credit (net)	1,046.78	10,825.90	JPY 176.97	JPY 1843.96
	-	867.41	-	USD 1.58
	150.76	62.79	Euro 0.18	Euro 0.08
Debtors	34.72	24.18	USD 0.059	USD 0.041

- d) Difference between forward rates and spot rates to be recognised in Subsequent years
- Rs.155.63 Lacs
(Previous Year Rs.3.20 Lacs)

36. 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:

	Amount (Rs. in Lacs)	
	31.03.14	31.03.13
Employer's Contribution to Provident Fund	339.25	322.38
Employer's Contribution to Superannuation Fund	87.83	92.97
Employer's Contribution to Employees State Insurance Scheme	77.82	69.03

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 (Rs. in lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.14	31.03.13	31.03.14	31.03.13
Defined Benefit obligation at beginning of the year	583.95	510.05	232.87	162.10
Current Service Cost	77.43	69.74	42.55	58.18
Interest Cost	46.72	40.80	18.63	12.97
Actuarial (gain)/loss	28.44	(8.76)	(33.54)	43.58
Benefits paid	(38.12)	(27.88)	(48.04)	(43.96)
Defined Benefit obligation at year end	698.42	583.95	212.47	232.87

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

	Gratuity (Funded)	
	31.03.14	31.03.13
Fair value of plan assets at beginning of the year	679.04	616.47
Expected return on plan assets	60.09	57.95
Actuarial (Loss)/gain	0.34	—
Employer contribution	7.29	4.62
Benefits paid/Withdrawn	(0.21)	—
Fair value of plan assets at year end	746.55	679.04

III. Reconciliation of fair value of assets and obligations

(Rs. in lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.14	31.03.13	31.03.14	31.03.13
Fair value of plan assets	746.55	679.04	Nil	Nil
Present value of obligation	698.42	583.95	212.47	232.87
Amount recognized in Balance Sheet	(48.13)	(95.09)	212.47	232.87

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

(Rs. in lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.14	31.03.13	31.03.14	31.03.13
Current Service Cost	77.43	69.74	42.55	58.18
Interest Cost	46.72	40.80	18.63	12.97
Expected return on plan assets	(60.09)	(57.95)	-	-
Actuarial (Gain)/Loss	28.10	(8.76)	(33.54)	43.58
Net Cost	92.16	43.83	27.64	114.73

V. Investment Details - Gratuity

	% Invested
Insurer Managed Fund	100%

VI. Actuarial assumptions

(Rs. in lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.14	31.03.13	31.03.14	31.03.13
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	8.75%	8.00%	8.75%	8.00%
Expected rate of return on plan assets (per annum)	8.85%	9.40%	NA	NA
Rate of escalation in salary (per annum)	6.50%	6.00%	6.50%	6.00%

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.

37. Borrowing cost amounting to Rs. 831.38 Lacs (Previous Year: Rs. 633.30 Lacs) has been capitalised with the cost of fixed assets as per Accounting Standard 16 on 'Borrowing Cost'.

38. As informed there was no supplier who was registered under “The Micro, Small and Medium Enterprises (Development) Act, 2006”.
39. Balance confirmations have not been received from some of the parties showing debit/credit balances.
40. Previous years figure have been regrouped/rearranged wherever considered necessary.

For V.K. DHINGRA & CO.,
Chartered Accountants

For and on behalf of the Board of Directors

V.K. DHINGRA
Partner

RAMESH SURI
Chairman

SHRADHA SURI
Managing Director

H.K. AGARWAL
G M (Finance)

VIKAS SABHARWAL
Dy. Company Secretary

Place: New Delhi
Dated: 26th May, 2014

Subros Limited

(CIN:- L74899DL1985PLC020134)

Regd. Office: LGF, World Trade Centre, Barakhamba Lane, New Delhi-110 001

PROXY FORM

DPID/CLIENT ID*: _____

No. of Shares: _____

Regd. Folio No. _____
I/We _____ of _____

being a member of above named company hereby appoint _____
_____ of _____
or failing him _____ of _____ as my/our proxy to
attend and vote for me/us, and on my/our behalf at the 29th ANNUAL GENERAL MEETING of the Company to
be held at FICCI GOLDEN JUBILEE AUDITORIUM, TANSEN MARG, NEW DELHI 110 001 on Monday, the 28th
July, 2014 at 11.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2014

**Applicable for Members holding shares in Dematerialised form.*

Affix a
RS.1/-
Revenue
Stamp

Signature: _____

Note: This proxy must be deposited at the Registered Office of the Company at LGF, World Trade Centre, Barakhamba Lane, Connaught Place, New Delhi-110 001 not less than forty eight hours before the time of the meeting.

**Applicable for Members holding shares in Dematerialised form.*

Subros Limited

(CIN:- L74899DL1985PLC020134)

Regd. Office: LGF, World Trade Centre, Barakhamba Lane, New Delhi-110 001

ATTENDANCE SLIP

29th ANNUAL GENERAL MEETING — 28th JULY, 2014

DPID/CLIENT ID*: _____

No. of Shares: _____

Regd. Folio No. _____

I certify that I am registered shareholder/Proxy for the registered shareholder of the Company. I hereby record my presence at the 29th Annual General Meeting of the Company to be held at FICCI GOLDEN JUBILEE AUDITORIUM, TANSEN MARG, NEW DELHI 110 001 on Monday, the 28th July, 2014 at 11.00 A.M.


Member's/Proxy name in Block Letters _____ Member's/Proxy signature _____

Note: Please fill in this attendance slip and hand it over at the Registration Counter. Members who hold shares in de-materialised form are requested to bring their client ID and DP ID Number for easier identification of attendance at the Annual General Meeting.

Our Presence



 **Plants**

 **Regional Offices**

Corporate Office:

LGF, World Trade Centre,
Barakhamba Lane, New Delhi 110001
Tel: +91 11 23414959
Fax: +91 11 23414945

Central plant:

B-188, Phase-II, Noida-201 304,
Distt: Gautam Budh Nagar (U.P)
Tel: +91 120 2562226, 2567027
Fax: +91 120 2562445
Email: marketing@subros.com

Noida Plant (R&D Center)

C-51, Phase-II, Noida-201 304
Distt: Gautam Budh Nagar (U.P)
Tel: +91 120 2562226, 2460135
Fax: +91 120 25622029

Noida Plant (Tool Room)

B-216, Phase-II, Noida-201 304
Distt: Gautam Budh Nagar (U.P)
Tel: +91 120 2562226, 2460135
Fax: +91 120 2567578

Sanand Plant

Sanand-E-1, TML Vendor Park,
Sanand

Pune Plant

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

Manesar Plant

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

Chennai Plant

A-20/1 SIPCOT industrial Growth
Centre, Orgadam, Chennai

