

# 53<sup>RD</sup> ANNUAL REPORT 2016-17



**SHRIRAM PISTONS & RINGS LTD.**



Appreciation Award for  
Superior Performance  
from **Cummins**



Award for  
Excellence in Innovation  
from **DAIMLER**



Quality Excellence  
Award  
from **SML ISUZU**



Overall Business Performance Award  
from  
**Kirloskar Oil Engines Limited**



Overall Performance Award  
from  
**Mahindra & Mahindra**



Quality Award  
"GOLD"  
from **Bajaj Auto**

**Board of Directors**

Shri Pradeep Dinodia	- Chairman
Shri Hari S. Bhartia	
Smt. Meenakshi Dass	
Shri Ravinder Narain	
Shri C.Y. Pal	
Dr. Alexander Sagel	
Shri M. Sekimoto	
Shri Inderdeep Singh	
Shri Toru Suzuki	
Shri A.K. Taneja	- Managing Director & CEO
Shri R. Srinivasan	- Joint Managing Director
Shri Luv D. Shriram	- Whole Time Director
Dr. Peter Neu	- Alternate Director to Dr. Alexander Sagel
Shri N. Okano	- Alternate Director to Shri M. Sekimoto

**Principal Executives**

Shri A.K. Taneja	- Managing Director & CEO
Shri R. Srinivasan	- Joint Managing Director & Company Secretary
Shri V.K. Jayaswal	- Executive Director
Shri Devendra Mishra	- Executive Director
Shri Jenender Anand	- Executive Director
Shri Naveen Agarwal	- Dy. Executive Director
Shri Arun Shukla	- Dy. Executive Director
Shri Vinod Raheja	- Dy. Executive Director & CFO
Shri Rajan Nanda	- Dy. Executive Director
Shri Sandeep Kalia	- Dy. Executive Director

**Advisors**

Shri Anil Gadi  
Shri Rakesh Anand  
Shri P.S. Ladiwala

**Technical Collaborators**

KS Kolbenschmidt GmbH, Germany  
Riken Corporation, Japan  
Honda Foundry Co. Ltd., Japan  
Fuji Oozx Inc., Japan

**Bankers**

UCO Bank  
State Bank of Hyderabad  
Corporation Bank  
Axis Bank Ltd.  
HDFC Bank Ltd.  
IDBI Bank Ltd.  
Citibank N.A.  
The Hongkong and Shanghai Banking Corporation Limited

**Statutory Auditors**

M/s Deloitte Haskins & Sells, Gurgaon, Haryana

**Registered Office**

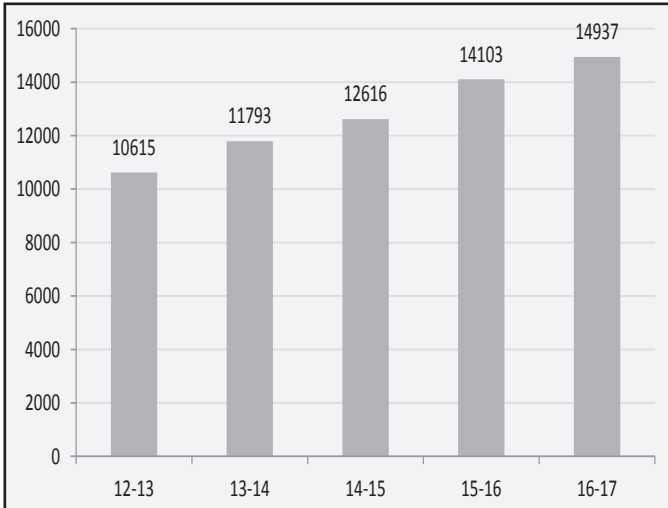
3<sup>rd</sup> Floor, Himalaya House,  
23, Kasturba Gandhi Marg,  
New Delhi - 110 001

**Works**

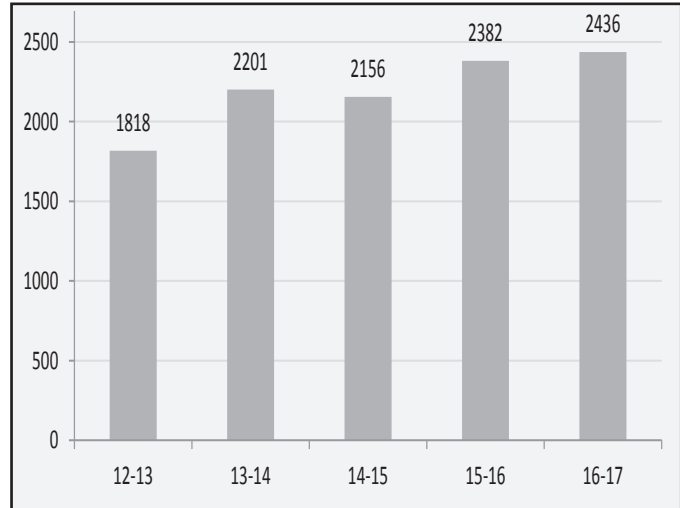
Industrial Area, Meerut Road, Ghaziabad (U.P.)  
Industrial Area, Pathredi, District Alwar (Rajasthan)

## FINANCIAL HIGHLIGHTS

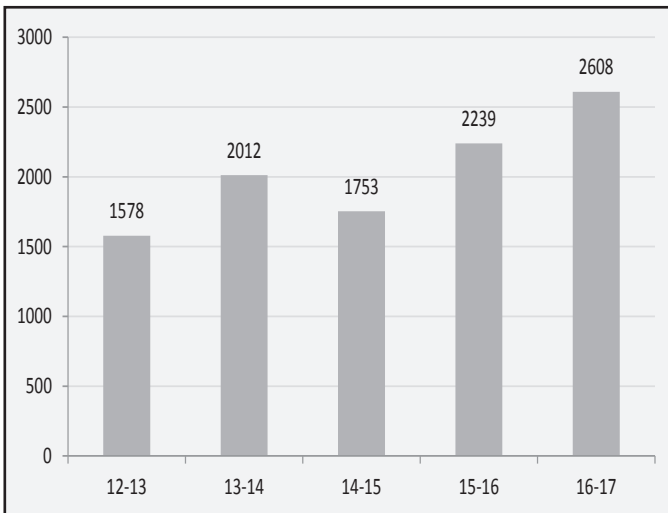
### REVENUE (Mn/Rs.)



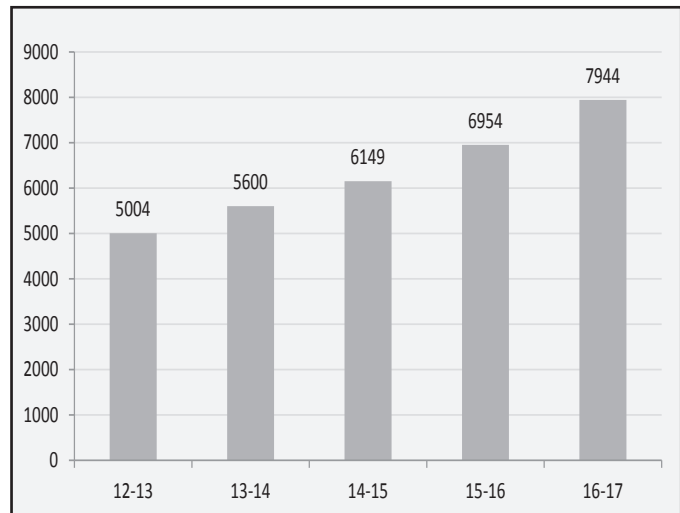
### EXPORTS (Mn/Rs.)



### GROSS PROFIT (Mn/Rs.)



### NET WORTH (Mn/Rs.)



## WORKING RESULTS AT A GLANCE

PARTICULARS	UNIT	YEAR ENDING MARCH									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Paid-up Equity Share Capital	Mn/Rs.	<b>224</b>	224	224	224	224	224	224	224	224	224
Reserves & Surplus	Mn/Rs.	<b>7720</b>	6730	5925	5376	4780	4404	3677	2964	2391	2166
<b>Net Worth</b>	Mn/Rs.	<b>7944</b>	6954	6149	5600	5004	4628	3901	3188	2615	2390
<b>Gross Fixed Assets</b>	Mn/Rs.	<b>14803</b>	14159	13699	13312	12770	10745	8720	7466	7016	6099
<b>Profit before depreciation and taxes (PBDT)</b>	Mn/Rs.	<b>2608</b>	2239	1753	2012	1578	1859	1758	1571	938	1073
<b>Profit before taxes (PBT)</b>	Mn/Rs.	<b>1709</b>	1311	793	1006	699	1151	1171	1030	448	627
Profit after tax (PAT)	Mn/Rs.	<b>1181</b>	916	573	697	489	839	827	689	302	413
Equity Dividend - Amount	Mn/Rs.	<b>189</b>	108	94	92	92	91	91	78	52	65
- Rate	%	<b>70.0</b>	40.0	35.0	35.0	35.0	35.0	35.0	30.0	20.0	25.0
Revenue - Value - Total	Mn/Rs.	<b>14937</b>	14103	12616	11793	10615	10009	8400	7349	5904	5467
- Export	Mn/Rs.	<b>2436</b>	2382	2156	2201	1818	1846	1492	1373	1454	1224

- Notes: 1. The company has implemented Indian Accounting Standards (Ind AS) with effect from transition date i.e. 01.04.2015. Hence, the figures for financial year ending march 2015, 2016 and 2017 are after considering impact of Ind AS.
2. Reserves & Surplus includes Revaluation Reserve of Rs. 98.52 Million as on 31.3.2017.
3. Gross Fixed Assets are at cost and include leasehold land.
4. Revenue is net of excise duty.

## DIRECTORS' REPORT

The Directors have pleasure in presenting their 53<sup>rd</sup> Annual Report along with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2017.

Company's revenues from operations increased by 5% during the year from Rs. 15456 Million to Rs. 16287 Million. Gross Profit [before Other Comprehensive Income (OCI)] for the year, after all interest charges but before depreciation and taxes, increased by 16.5% over the last year from Rs. 2239 Million to Rs. 2608 Million.

Profit after tax (before OCI) for the year is Rs. 1181 Million against Rs. 916 Million last year.

The summarized standalone and consolidated results of the Company are as under:

(Rs. Million)

Particulars	Financial Year ended			
	Standalone		Consolidated	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Total Income	16547.45	15629.42	16547.48	15629.46
Profit/(loss) before Interest, Depreciation & Tax (EBITDA)	2812.35	2499.03	2812.37	2499.05
Gross Profit (before OCI)	2608.23	2238.74	2608.25	2238.76
Depreciation	899.43	927.53	899.43	927.53
Profit Before Tax (before OCI)	1708.80	1311.21	1708.82	1311.23
Income Tax (including for earlier years)	527.82	394.89	527.83	394.90
Net Profit After Tax (before OCI)	1180.98	916.32	1180.99	916.33

The Directors, in their meeting of 12.05.2017, have recommended that equity shareholders be paid dividend of Rs. 7.00 per share for the year, inclusive of Rs. 3.00 per share already paid; the equity dividend alongwith dividend tax would absorb Rs. 188.51 Million against Rs. 107.72 Million last year and an amount of Rs. 1002.41 Million be transferred to General Reserve Account.

In the current year, the Company witnessed moderate growth of 5% in Sales due to slowdown in economy in second half of the year as a result of demonetization.

Further, increase in Commodity Prices & Power Cost in the later part of the year also had an impact on Profits. The Company has undertaken a Special Project to streamline its Supply Chain and improve its Working Capital Management. Additionally, special efforts are being made by the Company to improve productivity and reduce cost, particularly for next generation Pistons, Pins, Rings and Engine Valves, and stay competitive.

TPM initiative was started at both the Plants during the year and is being continued. The Company has put concentrated efforts to upgrade safe working conditions for its employees at both the Plants. Company has been awarded Five Star rating by the British Safety Council, England and has also received the British Safety Council Sword of Honour for its continued commitment to Health and Safety of its employees, for both its units at Ghaziabad and Pathredi.

Implementation of stricter emission norms require significant investment in the development of new technologies. The Company is fully geared to meet this challenge and held well attended "Tech Days" with strategic customers to demonstrate its technology preparedness, based on a well-equipped Tech Centre and strong support from our Technology Partners. The Company is also taking proactive steps to obtain most modern design and manufacturing know-how from the Technology Partners for next generation Pistons, Pins, Rings and Engine Valves and retain its leadership in the market by offering latest technology products at competitive prices.

The Company achieved exports of Rs. 2436 Million, which was marginally higher than last year. Exports during the year were affected due to volatile exchange rates in Egypt, South Africa, Nigeria and in several markets in the Middle-East. Exports remain an important cornerstone in Company's strategy for sustainable growth and to pro-actively acquire deeper understanding of the technology,



quality and service expectations of global OEMs operating in advanced automobile markets. In spite of difficult economic situation in various countries, we expect double digit growth in exports during the current year.

There was no operation in subsidiary company, M/s SPR International Auto Exports Limited, during the year. Annual Accounts of subsidiary company are available on company's website and shall also be kept for inspection by any member in the Head Office and Registered Office. Hard copy of Annual Accounts of subsidiary company would also be made available to members seeking such information.

In accordance with the Indian Accounting Standard (Ind AS - 110) on consolidated financial statements, the consolidated financial statements are attached, which form part of the Annual Report.

The Directors confirm that: -

1. in the preparation of the annual accounts, the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and requirements of Companies Act have been followed and there are no material departures from the same.
2. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2017 and of the profit of the Company for the same year.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. the annual accounts have been prepared on a going concern basis.
5. internal financial controls are followed by the company and are adequate and operating effectively.
6. proper and adequate systems have been devised to ensure compliance with provisions of all applicable laws and such systems are adequate and operating effectively.

There are no disqualifications, reservations or adverse remarks or disclaimers in the Auditors' and Secretarial Auditor's Report.

No orders were passed by the Regulators or Courts or Tribunals which could impact going concern status and company's operations in future.

The Company appointed M/s Ernst & Young and M/s KPMG as its Internal Auditors, in addition to in house team. The Internal Control System is commensurate with the size, scale and complexity of company's operations. The Internal Auditors report to the Chairman of Audit Committee.

The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on their reports, the corrective actions in respective areas are taken to strengthen the controls and significant audit observations and corrective actions thereon are presented to the Audit Committee.

Cost Audit Report of the Company for the year ended 31<sup>st</sup> March, 2016, duly audited by M/s Chandra Wadhwa & Co., Cost Accountants, New Delhi, was submitted to the Ministry of Corporate Affairs, Government of India on 27<sup>th</sup> August, 2016 before the due date of 27<sup>th</sup> September, 2016.

Pursuant to Company's equity shares getting listed on "National Stock Exchange" w.e.f. 02<sup>nd</sup> June, 2016, the shares cease to be on Dissemination Board of Bombay Stock Exchange.

Company is committed to good corporate governance practice and corporate social responsibility. In line with the Company's principles/ commitment, the following policies/ programmes are in place and are available on Company's website viz. [www.shrirampistons.com](http://www.shrirampistons.com) under the link "Investors-Guide":

1. Corporate Social Responsibility (CSR) Policy,
2. Vigil Mechanism/ Whistle Blower policy,
3. Company's policy on dealing with Related party transactions and
4. Familiarization programmes for Independent Directors.

Fixed deposits amounting to Rs. 212.37 Million were accepted during the year and deposits amounting to Rs. 1.91 Million pertaining to 40 depositors remained unclaimed/ unpaid at the close of the year. During the year, there was no default in repayment of deposits and interest thereon. Deposits accepted by the company are in compliance with requirements of Chapter V of the Companies Act, 2013.

Company has not given any loans, guarantees or made investments under section 186 of the Companies Act, 2013.

The Company's contract/arrangements with the related parties are in the ordinary course of business and on arm's length basis. Thus, provisions of Section 188(1) of the Act are not applicable.

Following reports which form an integral part of Directors' report are enclosed: -

1. Report on "CORPORATE GOVERNANCE" - as per Annexure – I.
2. Report on "MANAGEMENT DISCUSSION AND ANALYSIS" - as per Annexure – II.
3. Report on "CONSERVATION OF ENERGY", "TECHNOLOGY ABSORPTION" and "FOREIGN EXCHANGE EARNING & OUTGO" – as per Annexure - III.
4. Data of "EMPLOYEES" – as per Annexure – IV.
5. Extract of "ANNUAL RETURN" – as per Annexure – V.
6. "DETAILS AND ANNUAL REPORT ON CSR" – as per Annexure – VI.
7. "SECRETARIAL AUDIT REPORT" – as per Annexure – VII.
8. "NOMINATION AND REMUNERATION POLICY" – as per Annexure-VIII.
9. "SALIENT FEATURES OF SUBSIDIARY COMPANY" – as per Annexure-IX.

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on Business Responsibility forms part of this Annual Report.

Shri C.Y. Pal, Shri Ravinder Narain, Shri Inderdeep Singh and Shri Toru Suzuki are Independent Directors of the Company and have given the declarations to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013.

Shri Pradeep Dinodia and Shri M. Sekimoto, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

Brief resume and other details of Shri Pradeep Dinodia and Shri M. Sekimoto are given in the 'Notice of the Annual General Meeting'.

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

The Directors affirm that remuneration paid to all Directors, Key Managerial Personnel and Senior Management Personnel is as per the remuneration policy framed by Nomination and Remuneration Committee of the Company.

The Directors place on record their appreciation of the support extended to the Company by the Collaborators, the Bankers, its business associates and their appreciation of the work of all ranks of Company's personnel during the year.

On behalf of the Board

New Delhi  
May 12, 2017

**(PRADEEP DINODIA)**  
**CHAIRMAN**



## ANNEXURE I TO DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE

- 1.0) The Company has been following Good Corporate Governance practices. The corporate goals of the Company are to optimize shareholders' value while ensuring operational accountability and total transparency in all its operations.
- 2.0) As on 31.03.2017, the Company had 3 Executive and 9 Non-Executive Directors. Out of 9 Non-Executive Directors, 4 directors are Independent.
- 2.1) During the year, 6 Board of Directors' Meetings were held as under:-
- 07<sup>th</sup> May, 2016                      - 05<sup>th</sup> November, 2016
  - 25<sup>th</sup> June, 2016                    - 04<sup>th</sup> February, 2017
  - 30<sup>th</sup> July, 2016                    - 25<sup>th</sup> March, 2017

A separate meeting of Independent Directors was held on 25<sup>th</sup> March 2017 which was attended by all the Independent Directors except Shri Toru Suzuki.

- 2.2) Data of Directors' attendance, Directorship in other Companies and membership in Board Committees is as under:-

Directors	See Note	Attendance at		Directorship in other Indian Public Ltd. Cos. as on 31.3.2017 (Ref. Note No. 2)	Board Committee Membership in other Indian Public Ltd. Cos. as on 31.3.2017 as (Refer Note No. 3)	
		Board Meetings during Y.E. March 2017	Last AGM		Member	Chairman
<b>Non-Executive Directors</b>						
Shri Pradeep Dinodia		6	Yes	6	1	3
Shri Hari S. Bhartia		1	No	3	-	-
Smt. Meenakshi Dass	1	5	No	4	-	-
Shri Ravinder Narain		6	Yes	3	2	1
Shri C.Y. Pal		5	No	3	2	2
Dr. Alexander Sagel		1	No	-	-	-
Dr. Peter Neu (Alternate Director to Dr. Alexander Sagel)		1	No	-	-	-
Shri M. Sekimoto		4	No	-	-	-
Shri Noritada Okano (Alternate Director to Shri M. Sekimoto)		1	No	-	-	-
Shri Inderdeep Singh		4	Yes	1	-	1
Shri Toru Suzuki		2	No	-	-	-
<b>Executive Directors:</b>						
Shri A.K. Taneja (Managing Director)		6	Yes	2	1	-
Shri R. Srinivasan (Jt. Managing Director)		5	Yes	-	-	-
Shri Luv D. Shriram (Wholetime Director )	1	5	No	1	-	-
1. Shri Luv D. Shriram and Smt. Meenakshi Dass are related to each other and are promoters of the Company. 2. Directorships in other Companies of Directors exclude Companies formed under Section 8 of the Companies Act, 2013. 3. For calculating Board Committee membership/chairmanship, only Audit Committee and the Stakeholders' Relationship Committee membership/chairmanship of Indian Public Limited Companies has been considered.						

2.3) Shareholding of Non-Executive Director

Smt. Meenakshi Dass	-33,35,668 shares held jointly as 1 <sup>st</sup> holder	}	(In capacity of Trustee – shares belong to Deepak Shriram Family Benefit Trust)
	-33,35,668 shares held jointly as 2 <sup>nd</sup> holder		
	-12,40,176 shares		

- 3.0) The Company has an Audit Committee comprising of four Directors –Shri Inderdeep Singh (Chairman), Shri C.Y. Pal and Shri Ravinder Narain, all of whom are Independent Directors and Shri Pradeep Dinodia, who is a Non-Executive Director. Shri R. Srinivasan, the Company Secretary is also the Secretary to the Audit Committee. Statutory Auditors and Internal Auditors are invitees to the Audit Committee meetings.

The role and powers of Company's Audit Committee are substantively as per the recommendations made by SEBI and as per provisions of the Companies Act, 2013.

All recommendations made by Audit Committee were accepted by the Board.

- 3.1) During the year, 5 Meetings of the Audit Committee were held as under :-

07 <sup>th</sup> May, 2016	- 04 <sup>th</sup> February, 2017
30 <sup>th</sup> July, 2016	- 25 <sup>th</sup> March, 2017
05 <sup>th</sup> November, 2016	

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

Directors	See Note	Attendance
Shri Inderdeep Singh (Chairman)	1	3
Shri C.Y. Pal		5
Shri Ravinder Narain		5
Shri Pradeep Dinodia	2	5
<b>Notes:</b>		
1. Shri Inderdeep Singh became Chairman of the Committee w.e.f. 7 <sup>th</sup> May, 2016.		
2. Shri Pradeep Dinodia is a practicing Chartered Accountant and all other members of the Audit Committee also have good exposure to financial matters.		

- 3.3) The last Annual General Meeting of the Company was held on 25<sup>th</sup> June, 2016 and was attended by Shri Inderdeep Singh, the Chairman of the Audit Committee.

- 4.0) The Company has a Nomination and Remuneration Committee to recommend for Board's consideration, the appointment of Directors, KMPs and Senior Management Personnel and remuneration of Executive Directors.

It comprises of 4 Directors – Shri Ravinder Narain (Chairman), Shri Inderdeep Singh and Shri C.Y. Pal, all of whom are Independent Directors and Shri Pradeep Dinodia, who is a Non-Executive Director.

Remuneration policy of the Company is given in Annexure-VIII of Directors' Report.

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

Non-Executive Directors were paid sitting fee of Rs. 50,000 for every meeting of the Board or any Committee of the Board attended during the year.

Commission of up to 1% of the Net Profits of the Company is paid to Non-Executive Directors as determined by the Board. This is as approved by the shareholders in Annual General Meeting of 26<sup>th</sup> June, 2015. The fees and commission paid/provided to Non-Executive Directors for the year ended 31<sup>st</sup> March, 2017 is as under:-

Directors	Sitting Fees for Board and Committee meetings paid during the year	Commission
	Mn/Rs.	Mn/Rs.
Shri Pradeep Dinodia (Chairman)	0.65	10.46
Shri Hari S. Bhartia	0.05	0.20
Smt. Meenakshi Dass	0.30	1.20
Shri Ravinder Narain	0.60	1.20
Shri C.Y. Pal	0.55	1.20
Dr. Alexander Sagel	0.05	0.20
Dr. Peter Neu (Alternate Director to Dr. Alexander Sagel)	0.05	-
Shri M. Sekimoto	0.20	1.20
Shri Noritada Okano (Alternate Director to Shri M. Sekimoto)	0.05	-
Shri Inderdeep Singh	0.50	1.20
Shri Toru Suzuki	0.10	0.20

- 4.2) Remuneration paid / provided to Managing Director and Whole-time Directors for the year ended 31<sup>st</sup> March, 2017 is as under: -

Directors	Salary	Commission	Company's Contribution to funds*	Perquisites and allowances	Total	Contract Period
	Mn/Rs.	Mn/Rs.	Mn/Rs.	Mn/Rs.	Mn/Rs.	
Shri A.K. Taneja (Managing Director)	6.00	25.28	1.91	4.72	37.91	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2019
Shri R. Srinivasan (Jt. Managing Director)	4.80	18.96	1.53	3.50	28.79	1 <sup>st</sup> February, 2016 to 31 <sup>st</sup> January, 2021
Shri Luv D. Shriram (Whole Time Director)	5.95	21.49	0.002	3.15	30.59	5 <sup>th</sup> May 2014 to 4 <sup>th</sup> May, 2019

**Notes:**

- The notice period is six months, on either side.
- In the event of termination of appointment, compensation will be paid in accordance with the provisions of the Companies Act, 2013.
- Performance criteria for determining commission are Gross profit (Profit before depreciation and tax).
- The Company does not have a scheme of stock options.
- \*5. Aggregate of the Company's contribution to Provident Fund, Superannuation Fund & Gratuity Fund.

- 5.0) The Company has a "Stakeholders' Relationship Committee". This Committee comprises of Shri Inderdeep Singh (Chairman), who is an Independent Director and Shri Pradeep Dinodia, who is a Non-Executive Director. Shri R. Srinivasan, Joint Managing Director and Company Secretary, is also the Compliance Officer.

There were no requests pending for share transfers as on 31<sup>st</sup> March, 2017. No shareholder's complaint was received during the year. No shareholder's complaint was pending at the beginning/ close of the year.

6.0) Date, Venue and Time for the last three Annual General Meetings (AGM) is as under: -

FINANCIAL YEAR	VENUE	DATE	TIME	SPECIAL RESOLUTION PASSED
2013-14	Hotel The Lalit, New Delhi	29.07.2014	4:30 p.m.	No Special Resolution was passed during the year
2014-15	Hotel The Lalit, New Delhi	26.06.2015	4:30 p.m.	No Special Resolution was passed during the year
2015-16	Shangri-La's-Eros Hotel, New Delhi	25.06.2016	4:30 p.m.	No Special Resolution was passed during the year

6.1) No special resolution was passed last year through postal ballot.

6.2) No Special Resolution is proposed to be conducted through postal ballot.

6.3) As required, a poll (electronically, physical and postal ballot) was conducted for Annual General Meeting held on 25.06.2016. Shri Deepak Juneja, Practicing Company Secretary was appointed as the scrutinizer for the poll. All the resolutions were passed with requisite majority. Procedure for postal ballot is given in the "Notice of the Annual General Meeting".

#### 7.0) DISCLOSURES

(i) There were no transactions of the company of material nature with its Promoters, Directors or Key Management Personnel or their relatives, which could be construed to have potential conflict of interest with the Company.

Disclosures on related party transactions as per the Indian Accounting Standard 24 have been made at Note No. 34 of "Notes forming part of the Financial Statements" of the Annual Accounts.

(ii) The company complies with requirements of Corporate Governance specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(iii) There were no penalties or restrictions imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital market during the last 3 years.

(iv) The Company has devised Whistle Blower Policy for directors, employees and stakeholders to report any kind of misuse of company's properties, mismanagement or wrongful conduct prevailing/executed in the company. As per the policy, Whistle Blowers are granted access to Chairman of the Audit Committee in appropriate cases.

(v) Mandatory Requirements – All requirements have been complied with.

(vi) Non-mandatory requirements:

a. The Board of Directors of company, in their meeting held on 30.10.2015 has approved office at residence for Chairman w.e.f. 01.06.2015.

b. The company has appointed separate persons to the post of Chairman (Shri Pradeep Dinodia) and Managing Director & CEO (Shri A.K. Taneja).

c. The internal Auditors of the Company, M/s Ernst & Young and M/s KPMG, report directly to the Audit Committee.

(vii) Performance Evaluation: The Board has carried out annual evaluation of its own performance, and that of its committees and individual directors (excluding the director being evaluated).

The evaluation was carried out after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy and composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and discussion amongst directors.

The performance evaluation of the Chairman, the Non Independent Directors and the Board as a whole was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.

8.0) Quarterly results are published in "Financial Express" and "Jansatta". The Quarterly results and official news are also displayed on Company's website viz. [www.shrirampistons.com](http://www.shrirampistons.com).

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

9.0) General Information for Shareholders:-

(i) **53<sup>rd</sup> Annual General Meeting**

The 53<sup>rd</sup> Annual General Meeting of the Company will be held on Friday, 07<sup>th</sup> July, 2017 at 4:30 PM at Hotel The Lalit, Barakhamba Avenue, Connaught Place, New Delhi.

(ii) **Financial Year of the Company**

Financial year of the Company commences on 01<sup>st</sup> April and ends on 31<sup>st</sup> March. The four Quarters of the Company ends on 30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup> December and 31<sup>st</sup> March respectively.

(iii) **Date of book closure**

The Register of Members and the Share Transfer Books of the Company will remain closed from 30<sup>th</sup> June, 2017 to 07<sup>th</sup> July, 2017 (both days inclusive).

(iv) **Date of Dividend Payment**

Dividend will be paid on or after 07<sup>th</sup> July, 2017 (Date of AGM).

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

The Equity shares of Company are listed on 'National Stock Exchange of India Limited' (NSE), having its office at Exchange Plaza, C-1, Block-G, Bandra-Kurla Complex, Bandra (E) Mumbai, w.e.f. 02.06.2016.

(vi) **Annual Listing Fees**

Annual Listing fees for the FY 2017-18 has been paid to NSE.

(vii) **Stock Code**

The Stock Code of the Company is SHRIPISTON and ISIN No. is INE526E01018.

(viii) **Market Price Data**

Share price data for 2016-17 (in Rs.)

(Equity Shares of Rs. 10 each Paid Up Value)

Month	High Price	Low Price
June, 2016	796.6	385.0
July, 2016	2,112.9	836.4
August, 2016	2,972.8	1,454.1
September, 2016	1,570.0	1,109.0
October, 2016	1,620.0	1,163.8
November, 2016	1,640.0	1,200.1
December, 2016	1,442.5	1,165.0
January, 2017	1,339.0	1,142.0
February, 2017	1,349.0	1,146.0
March, 2017	1,275.0	1,130.1

(ix) **Performance in comparison to NSE Nifty 50 Index:**

Month	Company's share price		NSE Nifty 50 index	
	High	Low	High	Low
June' 16	797	385	8,308	7,927
July' 16	2,113	836	8,675	8,288
August' 16	2,973	1,454	8,819	8,518
September' 16	1,570	1,109	8,969	8,555
October' 16	1,620	1,164	8,807	8,506
November' 16	1,640	1,200	8,670	7,916
December' 16	1,443	1,165	8,275	7,894
January' 17	1,339	1,142	8,673	8,134
February' 17	1,349	1,146	8,982	8,538
March' 17	1,275	1,130	9,218	8,860
Note: The company's shares got listed on National Stock Exchange from 02.06.2016				

(x) **Registrar and Transfer agents**

M/s Alankit Assignments Ltd., having Corporate office at Alankit House, 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi – 110 055, Telephone numbers – 42541234, 23541234 and Fax number 42541201 are Registrar & Share Transfer Agents (RTA) of the Company who handle share transfer work in Physical and Electronic mode.

(xi) **Share Transfer System**

Securities lodged at the Registrar's address are normally processed within 15 days from the date of lodgment, if documents are complete in all respects. All requests for dematerialization are processed and the confirmation is given to the Depositories within 15 days.

(xii) **Distribution of Equity Shareholding as on 31.03.2017**

Equity Shares Held	Upto 500	501-1000	1001-2000	2001-3000	3001-4000	4001-5000	5001-10000	10001 and above	TOTAL
Shareholders-Nos.	734	9	17	9	1	-	5	13	788
Shareholding-%	0.12	0.03	0.11	0.10	0.01	-	0.18	99.45	100

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

Electronic Holding by members comprises 58.9% (previous year – 10.61%) of the paid up share capital of the Company as on 31<sup>st</sup> March, 2017 held through National Securities Depository Limited and Central Depository Services (India) Ltd. Under the depository system, ISIN allotted to the Company's equity shares is INE526E01018.

(xiv) **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion dates and likely impact on equity**

Company has not issued any warrants/ other instruments so far.

(xv) **Hedging of foreign exchange**

To mitigate the risk of adverse or volatile exchange rate, the company takes all possible steps to mitigate it by hedging of foreign exchange.

(xvi) **Plant Location**

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

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

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

## CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of Shriram Pistons & Rings Ltd.**

We have examined the compliance of conditions of corporate governance by Shriram Pistons & Rings Ltd. for the year ended on March 31, 2017 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

Place: New Delhi  
Date: May 11, 2017

(Deepak Juneja)  
Practicing Company Secretary  
CP No. 4371



## **ANNEXURE II TO DIRECTORS' REPORT**

### **REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS**

#### **1. Industry Structure and Development**

The domestic automobile market is dependent on the overall growth of the economy. Last year was a mixed bag, with steady demand in the first half and serious disruption between November and February due to demonetisation. Uncertainty about implementation of Bharat Stage IV (Euro 4) emission norms also contributed to volatility in demand, particularly for Commercial Vehicles (CVs) and this has spilled over in the current year. However, the economy seems to be on track to grow at 7–7.5% in 2017-18, barring any unforeseen circumstances.

Production of Passenger Vehicles increased by 8%, contributed majorly by increase in sales of utility vehicles. Production of 2-wheelers increased by 5% on the strength of double digit growth in Scooters.

Production of Heavy Commercial Vehicles (HCV) declined by 2% and production of Light Commercial Vehicles (LCV) and Small Commercial Vehicles (SCV) remained flat.

Production of Tractors increased by estimated 14% in 2016-17, due to better monsoon. However, this growth came after two years of decline and production remained below the peak level achieved in 2013-14.

#### **2. Opportunities and Threats**

##### **Opportunities**

Increased government spending on Rural development, investment in infrastructure, lower inflation leading to lower interest rates and implementation of GST are expected to have positive impact on growth of automobiles production in 2017-18.

The Company has diverse product portfolio, spread across all market segments i.e. OEMs and After market, both in domestic and export markets and across all vehicle segments i.e. Commercial Vehicles, Cars, Two Wheelers, Tractors and Stationary Engines. Therefore, the Company is well positioned to take advantage of the growth in demand in various vehicle and customer segments.

The Company is targeting to achieve higher growth rate than industry growth in 2017-18, based on new business acquired from key OEMs and increased focus on Aftermarket, both Domestic & Exports.

##### **Threats**

The Company is taking several concrete and time-bound steps to meet the changing expectations of customers, specially zero defect quality and cost reduction through increased focus on process discipline and improved productivity across the organisation.

Adhoc changes in policies regarding automobile industry and increase in commodity prices may lead to an unpredictable consumer sentiment, which may eventually impact the growth of automobiles in domestic market. Likely implementation of GST from July (or September) is also adding to wait and watch attitude of customers.

Adverse and volatile exchange rates may also impact profits of the company in the coming year, although the Company is taking all possible steps to mitigate such risk.

Government plans to promote manufacturing of hybrid and electric cars in the country in the next 10-15 years. Introduction of electric cars may impact the usage of Internal Combustion engines, possibly in the next 10-20 years.

#### **3. Segment-wise/ Product-wise performance**

The Company deals principally in only one segment i.e. automotive components. Therefore, segment-wise performance is not applicable.

#### **4. Outlook**

Despite the uncertainty in global economy, due to Brexit and change of trade policies in the US, the medium to long-term prospects for growth of automobile sector in India are reasonably good.

Increased Government spending on infrastructure in roads will have a positive bearing on the auto sector.

Demand of Tractors is substantially dependent on performance of monsoon, which is expected to remain subdued in the coming year.

In summary, the short term and medium term outlook for automotive sector in India is moderately positive. However, exports of Company's products are becoming increasingly difficult due to serious economic crisis in markets such as Egypt, Nigeria, Iran etc.

## 5. Risk & Concerns

Adhoc changes in policies regarding sale of diesel vehicles due to continuous debate on their impact on pollution, lack of focus on incentive based fleet modernisation and increase in cost of ownership due to increasing commodity prices are creating uncertainty in the mind of consumers, affecting demand.

Simultaneously, State-run Public Transport Undertakings have not been able to make the required investment to meet the growing requirement for mobility within and across cities.

Continuous demand for improved technology and increase in number of models calls for huge capital investment.

Notwithstanding the above, the medium to long term outlook for the automotive sector remains good, with India emerging as a global export hub for manufacturer of automobiles and automotive components.

Continuous demand from customers for price reduction and competitive pressure could keep prices and margins under stress.

The Company has developed and implemented risk mitigation plan by being present across all market segments – OEMs and Aftermarket, both in domestic and export markets across all vehicle segments to optimise Plant utilisation and through its continuous drive for cost reduction.

The Management is of the opinion that while risk factors could impact the profits and profitability of the company, these shall not threaten the existence of the company.

## 6. Internal Control Systems & their adequacy

The Company has an adequate internal financial control system over financial reporting and such internal financial controls are operating effectively and provide reasonable assurance regarding all financial and operating functions and compliance with statutory provisions.

The Company has an internal audit section besides external firms which are carrying out internal audits. The internal auditors' reports are regularly reviewed by Senior Management and Audit Committee of the Board for its implementation and effectiveness.

The Company endeavours to constantly upgrade internal controls and periodic evaluation of the same is being undertaken.

Company has in place adequate system to periodically assess various risks, its likelihood and impact and an action plan to pro-actively mitigate the impact of various risks.

## 7. Financial/Operational performance

Company's revenue from operations during the year ended 31<sup>st</sup> March, 2017 were Rs. 16287 Million (increase of 5% over last year).

Net profit after tax (before OCI) of the Company during the year ended 31<sup>st</sup> March, 2017 was Rs. 1181 Million (increase of 29% over last year).

Earnings per share increased from Rs. 40.95 in 2015-16 to Rs. 52.78 in 2016-17.

## 8. Human Resources / Industrial Relations

The Management considers people as its key resource and provides development opportunities through various training and welfare programs for employees and their families.

Various steps are being undertaken on a continuing basis, for maintaining excellent industrial relations which are helping to strengthen cordial relations with employees and motivate them to contribute to the growth of the Company.

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

As on 31<sup>st</sup> March, 2017, total number of permanent employees of the Company were 4231.

During the year, no complaint was received by the Internal Complaint Committee formed under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## 9. Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could vary materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

## ANNEXURE III TO DIRECTORS' REPORT

### REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

#### [PARTICULARS REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014]

#### A. Conservation of Energy

##### 1. Energy Conservation measures taken during the year:

Energy conservation is an environmentally sustainable and economically viable process and has been a priority focus area for the Company. Following measures were taken during the year:

##### At Ghaziabad:

- (i) Installation of energy efficient compressors
- (ii) Installation of energy efficient pumps
- (iii) Reduction of distribution loss by shifting capacitor banks at load end
- (iv) Installation of energy efficient motors against old induction motors
- (v) Bulk storage of Argon and Nitrogen to conserve evaporation losses
- (vi) Installation of LED lights
- (vii) Variable frequency drives used to vary speed of motors to save power

##### At Pathredi:

- (i) Switching surface treatment agitation & dunking requirements on lower compressed air pressure
- (ii) Replacement of motorized conveyor with un-loader chute, using gravity
- (iii) Interlocking of radiator fans of hydraulic power packs with the hydraulic pumps
- (iv) Interlocking of conveyors with auto mode
- (v) Interlinking of pyrometer with auto cycle of Up-setters
- (vi) Replacement of fluorescent tube lights with LED lights

##### 2. Steps taken by company to utilize alternate sources of energy :-

##### At Ghaziabad:

Replacement of LPG with CNG, which is a cleaner fuel

##### At Pathredi:

Meticulous procurement of specified REC's (Renewable Energy Certificates) against obligated requirement of Open Access power purchase as well as own captive power usage (through D/G sets), as per requirement.

##### 3. Impact of the above measures : –

These measures have resulted and will lead to further improvement in energy efficiency and reduction in cost of production.

##### 4. Capital Investment on energy conservation equipments: Rs. 156.83 Million

#### B Technology Absorption

##### 1 Efforts, in brief, made towards technology absorption:-

- (i) Continuous interaction with Collaborators for upgrading design & quality of products manufactured and to enhance technical expertise for in-house design and development
- (ii) Visit of our engineers to Collaborators' plants and visit of Collaborators' engineers to our Plant for transfer of technology and latest production processes as per Collaborators' practice
- (iii) Visit of key R&D personnel of collaborators to OEMs for technical presentations & support

##### 2 Benefits derived as a result of the above effort:-

- (i) Product design & quality improvement and cost reduction were achieved through improved design/process capability and better utilization of Plant
- (ii) Building trust & long term business relation with customers to emerge as 'preferred supplier'

##### 3 Imported technology:-

Technology is being continuously received from Technical collaborators viz. M/s KS Kolbenschmidt GmbH, Germany, M/s Honda Foundry, Japan, M/s Riken Corporation, Japan and M/s Fuji Oozx, Japan under subsisting Technical Collaboration Agreements for manufacture of Pistons, Piston Rings and Engine Valves

Details of technology imported during last three years:

S. No.	Details of technology imported	Year of import	Whether technology has been fully absorbed	Reason for non-absorption of technology, if any
<b>Pistons:</b>				
1	New Piston Alloy	2014-15	Yes	
2	KS Lite3	2015-16	Yes	
3	Piston Pin Bore Bushing	2015-16	On going	Under implementation
4	Piston 3D Motion Analysis	2016-17	Yes	
5	Oval Pin Bore	2016-17	Yes	
6	Structural Analysis of new alloys of Piston	2016-17	Yes	
<b>Engine Valves:</b>				
1	Engine valve temperature measurement through			
	i) Hardness Survey	2014-15	Yes	
	ii) Thermocouples	2014-15	On going	Under implementation

**4 Expenditure on R & D :-**

- Capital/Intangible : Rs. 34.05 Million
- Recurring : Rs. 143.35 Million
- Total : Rs. 177.40 Million
- Total R&D expenditure as percentage of total turnover 1.07%

**C. Foreign Exchange Earnings & Outgo**

**1 Exports:-**

- (i) Exports continue to remain focus area for the Company. The company made exports worth Rs. 2436 Million in the year as compared to Rs. 2382 Million in the previous year
- (ii) We participated in domestic and international auto trade fairs. Response to company's products was very encouraging resulting in several fresh enquiries from customers
- (iii) Several initiatives have been taken for long term growth of Company's export to global OEMs and in the Aftermarket, in close coordination with our collaborators
- (iv) Development of new markets in Indian sub-continent for export of company's products commenced during the year. New models have been added to the product range for several markets
- (v) Company is planning further growth of over 15% in 2017-18

- 2 **Foreign Exchange earned** - **Rs. 2436.43 Million**
- Foreign Exchange utilized** - **Rs. 2047.29 Million**

## ANNEXURE IV TO DIRECTORS' REPORT

### DATA OF EMPLOYEES

**[UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014]**

#### 1. PARTICULARS OF EMPLOYEES:

Name	Designation/ Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Commence-ment of Employ-ment	Age (Years)	%age of Equity Shares held	Last Employment Held
Naveen Agarwal	Dy. Executive Director and Alternate Company Secretary	92,70,631	B. Com(H), LLB, ACMA, ACS	38	June 96	56	0.00002	Dy. General Manager, Jay Engineering Works Ltd., Delhi
Jenender Anand <sup>#</sup>	Executive Director	1,26,40,832	B Sc.(PCM), PGDM (Marketing)	28	June 16	48	-	Vice President, Relaxo Footwears Ltd.
V.K. Jayaswal	Executive Director	1,34,81,537	B. Sc. (Engg.), PGDBM	39	Oct. 08	62	-	Director, JV Relationship, Tata Cummins Ltd., Jamshedpur
Sandeep Kalia	Dy. Executive Director	80,27,432	B.E., Advance Dip. in Mgmt., Dip. In Finance Mgmt.	33	July 15	55	-	Director (Member of Board of Director), Musashi Auto Parts India Pvt. Ltd.
Devendra Mishra	Executive Director	1,39,43,035	B.E., PGPM	29	July 11	52	-	VP-Manufacturing, National Engineering Industries, Jaipur
Vinod Raheja	Dy. Executive Director and CFO	99,58,299	B Com., CA	24	Feb. 15	48	-	Vice President-JCB India Limited, Faridabad
Luv D. Shriram <sup>*</sup>	Wholetime Director	3,05,90,877	B.Com	24	May 14	45	29.8 <sup>\$</sup>	Managing Director, Shriram Veritech Solutions Pvt. Ltd., Delhi
Arun Shukla	Dy. Executive Director	95,82,328	B. Tech	30	Aug. 09	52	-	Uniparts India Ltd., Delhi
R. Srinivasan <sup>*</sup>	Joint Managing Director & Company Secretary	2,87,93,192	B.Com(H), LLB, FCMA, FCS, AMP (Harvard)	44	Feb. 74	65	0.01	ET, Usha Sales Pvt. Ltd, Delhi
A.K. Taneja <sup>*</sup>	Managing Director & CEO	3,79,10,240	B.Tech	45	Apr. 78	66	0.0002	Dy. Mktg. Manager, Usha Sales Pvt. Ltd., Delhi

#### Notes:

- Year of experience include experience prior to joining the Company.
- All employees are on regular employment.
- Remuneration includes payment of Salaries, allowances, expenses on perquisites and contribution to provident fund, gratuity fund, superannuation fund & other benefits on payment basis.
- <sup>#</sup> Worked for part of the year.
- <sup>\*</sup> Employees on Contract.
- <sup>\$</sup> Shri Luv D. Shriram (First named shareholder) and Smt. Meenakshi Dass (Second named shareholder) jointly hold 14.9% shares of the Company on behalf of Deepak Shriram Family Benefit Trust. Smt. Meenakshi Dass (First named shareholder) and Shri Luv D. Shriram (Second named shareholder) jointly hold 14.9% shares of the Company on behalf of Deepak Shriram Family Benefit Trust.
- There was no employee who was in receipt of remuneration which, in the aggregate, is in excess of that drawn by the Managing Director or Whole Time Director and holds by himself or along with his/ her spouse and dependent children, not less than 2% equity shares of the company.



2. Ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year

Name of the Director	Ratio of remuneration to median remuneration of employees (Times)
Shri Pradeep Dinodia	40.39
Shri Hari S. Bhartia	0.91
Smt. Meenakshi Dass	5.45
Shri Ravinder Narain	6.54
Shri C.Y. Pal	6.36
Dr. Alexander Sagel	0.91
Shri M. Sekimoto	5.09
Shri Inderdeep Singh	6.18
Shri Toru Suzuki	1.09
Shri A. K. Taneja	137.82
Shri R. Srinivasan	104.67
Shri Luv D. Shriram	111.21
Dr. Peter Neu (Alternate Director to Dr. Alexander Sagel)	0.18
Shri Noritada Okano (Alternate Director to Shri M. Sekimoto)	0.18

3. Percentage increase in remuneration of Directors, CFO, CEO and CS

Name of the Director / CFO / CEO / CS	Percentage increase in remuneration
Shri Pradeep Dinodia	19.72
Shri Hari S. Bhartia	66.67
Smt. Meenakshi Dass	66.67
Shri Ravinder Narain	44.00
Shri C.Y. Pal	59.09
Dr. Alexander Sagel	150.00
Shri M. Sekimoto	55.56
Shri Inderdeep Singh	34.61
Shri Toru Suzuki	-
Shri A. K. Taneja	8.30
Shri R. Srinivasan	7.39
Shri Luv D. Shriram	6.39
Dr. Peter Neu (Alternate Director to Dr. Alexander Sagel)	-
Shri Noritada Okano (Alternate Director to Shri M. Sekimoto)	-
Shri Vinod Raheja	10.81
Shri Naveen Agarwal	2.04

4. Percentage increase in the median remuneration of employees in the financial year : 6.61

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof:

(i) Average Percentile Increase in the Salaries of Employees : 10.00%

(ii) Average Percentile Increase in Managerial Remuneration : 7.39%



## ANNEXURE V TO DIRECTORS' REPORT

### EXTRACT OF ANNUAL RETURN

**As on the financial year ended on 31<sup>st</sup> March, 2017**

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

#### I. REGISTRATION AND OTHER DETAILS:

- (i) CIN: L29112DL1963PLC004084
- (ii) Registration Date: 9<sup>th</sup> December, 1963
- (iii) Name of the Company: Shriram Pistons and Rings Limited
- (iv) Category/Sub-Category of the Company: Company having Share Capital
- (v) Address of the Registered office and contact details:  
 R. Srinivasan  
 Joint Managing Director and Company Secretary  
 Shriram Pistons and Rings Ltd.  
 3<sup>rd</sup> Floor, Himalaya House,  
 23, Kasturba Gandhi Marg,  
 New Delhi – 110001  
 Ph: +91-11-23315941  
 Fax: +91-11-23311203
- (vi) Whether listed company Yes / No: Yes. Pursuant to Company's equity shares getting listed on "National Stock Exchange" w.e.f. 02<sup>nd</sup> June, 2016, the shares cease to be on Dissemination Board of Bombay Stock Exchange.
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:  
 Mr. J.K. Singla  
 M/s Alankit Assignments Limited  
 205-208, Anarkali Complex, Jhandewalan Extension,  
 New Delhi- 110055  
 Ph: +91-11- 42541234  
 Fax: +91-11- 42541201

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Pistons, Piston Pins, Piston Rings and Engine Valves	2811	100%

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

S. No.	Name and Address of The Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	SPR International Auto Exports Limited 23, Kasturba Gandhi Marg, New Delhi – 110001 Ph: +91-11-23315941 Fax: +91-11-23311203	U51909DL2005 PLC136329	Subsidiary Company	100	2 (87) of the Companies Act, 2013

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total equity)

##### (i) Category-wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	7912455	7912455	35.36	7912454	-	7912454	35.36	(0.00001)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	2778157	2778157	12.42	2778157	-	2778157	12.42	NIL
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total A (1):-</b>	-	<b>10690612</b>	<b>10690612</b>	<b>47.78</b>	<b>10690611</b>	-	<b>10690611</b>	<b>47.78</b>	<b>(0.00001)</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total A (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoters</b>									
<b>A = A(1)+A(2)</b>	-	<b>10690612</b>	<b>10690612</b>	<b>47.78</b>	<b>10690611</b>	-	<b>10690611</b>	<b>47.78</b>	<b>(0.00001)</b>

Category of Shareholders	No. of shares held at the beginning of year				No. of shares held at the end of year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	2318758	-	2318758	10.36	2318758	-	2318758	10.36	NIL
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
<b>Sub-total B(1):-</b>	<b>2318758</b>	<b>-</b>	<b>2318758</b>	<b>10.36</b>	<b>2318758</b>	<b>-</b>	<b>2318758</b>	<b>10.36</b>	<b>NIL</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	168	-	168	0.0008	6488	-	6488	0.029	0.03
ii) Overseas	-	9167031	9167031	40.97	-	9167031	9167031	40.97	NIL
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	56529	47014	103543	0.46	79963	34391	114354	0.51	0.05
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	94800	94800	0.42	77670	-	77670	0.35	(0.08)
c) Others	-	-	-	-	-	-	-	-	-
<b>Sub-total B(2):-</b>	<b>56697</b>	<b>9308845</b>	<b>9365542</b>	<b>41.86</b>	<b>164121</b>	<b>9201422</b>	<b>9365543</b>	<b>41.86</b>	<b>0.00001</b>
Total Public Shareholding									
<b>B=B(1)+ B(2)</b>	<b>2375455</b>	<b>9308845</b>	<b>11684300</b>	<b>52.22</b>	<b>2482879</b>	<b>9201422</b>	<b>11684301</b>	<b>52.22</b>	<b>0.00001</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>2375455</b>	<b>19999457</b>	<b>22374912</b>	<b>100</b>	<b>13173490</b>	<b>9201422</b>	<b>22374912</b>	<b>100</b>	<b>NIL</b>

(ii) Shareholding of promoters:

S. No.	Name of Shareholders	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Smt. Meenakshi Dass & Shri Luv D. Shriram*	3335668	14.91	-	3335668	14.91	-	NIL
2	Shri Luv D. Shriram & Smt. Meenakshi Dass*	3335668	14.91	-	3335668	14.91	-	NIL
3	Smt. Meenakshi Dass	1240176	5.54	-	1240176	5.54	-	NIL
4	Ms. Nandishi Shriram	-	-	-	942	0.004	-	0.004
5	Mr. Deepak C. Shriram	943	0.004	-	-	-	-	(0.004)
6	Sarva Commercial Pvt. Ltd.	1062561	4.75	-	1062561	4.75	-	NIL
7	Sera Com Pvt. Ltd.	946040	4.23	-	946040	4.23	-	NIL
8	Manisha Commercial Pvt. Ltd.	664936	2.97	-	664936	2.97	-	NIL
9	Shabnam Commercial Pvt. Ltd.	102320	0.46	-	102320	0.46	-	NIL
10	Charat Ram Shriram Pvt. Ltd.	2300	0.01	-	2300	0.01	-	NIL
	<b>Total</b>	<b>10690612</b>	<b>47.78</b>	<b>-</b>	<b>10690611</b>	<b>47.78</b>	<b>-</b>	<b>(0.00001)</b>

\*: Shares held as Trustees on behalf of Deepak Shriram Family Benefit Trust

(iii) Change in Promoters' Shareholding:

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Shri Deepak C. Shriram*					
1	At the beginning of the year	943	0.004	-	-
2	Shares transmitted in the name of Ms. Nandishi Shriram on 13.09.2016	942	0.004	-	-
3	At the end of the year	1	Negligible	1	Negligible
Ms. Nandishi Shriram					
1	At the beginning of the year	-	-	-	-
2	Shares acquired by way of transmission from Shri Deepak C. Shriram on 13.09.2016	942	0.004	942	0.004
3	At the end of the year	942	0.004	942	0.004
*Note : Shri Deepak C. Shriram has ceased to be a promoter of the Company during the year.					

\*Note : Shri Deepak C. Shriram has ceased to be a promoter of the Company during the year.

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	Name of Shareholders	Shareholding at the beginning of the year		Changes during the year		Shareholding at the end of the year	
		Nos. of shares	% of total shares of the company	Nos. of shares	% of total shares of the company	Nos. of shares	% of total shares of the company
1	Riken Corporation	4692057	20.97	NIL	-	4692057	20.97
2	KS Kolbenschmidt GmbH	4474974	20.00	NIL	-	4474974	20.00
3	National Insurance Company Ltd	1427232	6.38	NIL	-	1427232	6.38
4	Life Insurance Corporation of India	891526	3.98	NIL	-	891526	3.98
5	Shri Vijay Kumar Sindhwani (as Trustee of Chinar Trust)*	48000	0.21	(50)	(0.0002)	47950	0.21
6	Shri Subodh Varma and Shri Vijay Kumar Sindhwani (as Trustees of Mansarovar Trust)@	46800	0.21	(17080)	(0.08)	29720	0.13
7	Shri Mahendra Kumar Goyal	9600	0.04	NIL	-	9600	0.04
8	Shri Rajni Kantilal Sanghvi	9600	0.04	NIL	-	9600	0.04
9	Shri Deepak Wahal	9000	0.04	NIL	-	9000	0.04
10	Ms. Ila Shah	6400	0.03	(175)	(0.0008)	6225	0.03

**Notes:**

\* 1) At the beginning of the year, shares were held in the names of Shri Vijay Kumar Sindhwani and Smt. Urmila Dongre as trustees of Chinar Trust. During the year, the name of trustees of Chinar Trust was changed to Shri Vijay Kumar Sindhwani only.

@ 2) At the beginning of the year, 23,400 shares were held in the names of Shri Subodh Varma and Shri Sanjiv Dass and 23,400 shares were held in the names of Shri Sanjiv Dass and Shri Subodh Varma (as trustees of Mansarovar Trust). During the year, trustees of Mansarovar Trust were changed as Shri Subodh Varma and Shri Vijay Kumar Sindhwani.

(v) **Shareholding of Directors and Key Managerial Personnel:**

S. No.	Name of Shareholders	Shareholding at the beginning of the year		Changes during the year		Shareholding at the end of the year	
		Nos. of shares	% of total shares of the company	Nos. of shares	% of total shares of the company	Nos. of shares	% of total shares of the company
1	Smt. Meenakshi Dass and Shri Luv D. Shriram*	3335668	14.91	NIL	-	3335668	14.91
2	Shri Luv D. Shriram and Smt. Meenakshi Dass*	3335668	14.91	NIL	-	3335668	14.91
3	Smt. Meenakshi Dass	1240176	5.54	NIL	-	1240176	5.54
4	Shri Ashok Kumar Taneja	48	0.0002	NIL	-	48	0.0002
5	Smt. Usha Srinivasan & Shri R. Srinivasan	3236	0.014	NIL	-	3236	0.014
6	Shri Naveen Agarwal	4	0.00002	(1)	Negligible	3	0.00002
	Smt. Vandana Agarwal & Shri Naveen Agarwal	-	-	1	Negligible	1	

\*Shares held as Trustees of Deepak Shriram Family Benefit Trust.

**V. INDEBTEDNESS:**

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

(Rs./ Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2404.66	-	480.63	2885.29
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	20.10	-	41.75	61.85
<b>Total (i+ii+iii)</b>	<b>2424.76</b>		<b>522.38</b>	<b>2947.14</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	200.13	75.60	275.73
• Reduction	(893.59)	-	-	(893.59)
<b>Net Change</b>	<b>(893.59)</b>	<b>200.13</b>	<b>75.60</b>	<b>(617.86)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1515.23	200.00	548.71	2263.94
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	15.94	0.13	49.27	65.34
<b>Total (i+ii+iii)</b>	<b>1531.17</b>	<b>200.13</b>	<b>597.98</b>	<b>2329.28</b>
<b>Note:</b> Figures of previous year have been regrouped/ reclassified due to adoption of Indian Accounting Standards.				

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

i. Remuneration to Managing Director and Whole-time Directors

(Rs./ Million)

S. No.	Particulars	Shri A.K. Taneja	Shri R. Srinivasan	Shri Luv D. Shriram	Total
		Managing Director & CEO	Joint Managing Director & Company Secretary	Whole Time Director	
1	Gross Salary				
a)	Salary	6.00	4.80	5.95	<b>16.75</b>
b)	Value of Perquisites	4.72	3.50	3.15	<b>11.37</b>
c)	Profit in lieu of salary	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission (as %age of profit)	25.28	18.96	21.49	<b>65.73</b>
5	Others - Company's contribution to funds	1.91	1.53	0.002	<b>3.44</b>
	<b>Total</b>	<b>37.91</b>	<b>28.79</b>	<b>30.59</b>	<b>97.29</b>
	Ceiling as per the Act	<b>91.33</b>	<b>91.33</b>	<b>91.33</b>	<b>182.67</b>



**ii. Remuneration to other Directors:**
**(Rs./ Million)**

<b>1. Independent Directors</b>			
<b>Name of Independent Director</b>	<b>Sitting Fees</b>	<b>Profit Commission</b>	<b>Total</b>
Shri Ravinder Narain	0.60	1.20	1.80
Shri C.Y. Pal	0.55	1.20	1.75
Shri Inderdeep Singh	0.50	1.20	1.70
Shri Toru Suzuki	0.10	0.20	0.30
<b>Total</b>	<b>1.75</b>	<b>3.80</b>	<b>5.55</b>
<b>2. Other Non-Executive Directors</b>			
<b>Name of Non-Executive Director</b>	<b>Sitting Fees</b>	<b>Profit Commission</b>	<b>Total</b>
Shri Pradeep Dinodia	0.65	10.46	11.11
Shri Hari S. Bhartia	0.05	0.20	0.25
Smt. Meenakshi Dass	0.30	1.20	1.50
Dr. Alexander Sagel	0.05	0.20	0.25
Dr. Peter Neu (Alternate Director to Dr. Alexander Sagel)	0.05	-	0.05
Shri M. Sekimoto	0.20	1.20	1.40
Shri Noritada Okano (Alternate Director to Shri M. Sekimoto)	0.05	-	0.05
<b>Total</b>	<b>1.35</b>	<b>13.26</b>	<b>14.61</b>
<b>Total Remuneration paid to Independent and Other Non-Executive Directors</b>	<b>3.10</b>	<b>17.06</b>	<b>20.16</b>
Overall ceiling as per the Act		<b>18.27</b>	

**iii. Remuneration to Key Managerial Personnel other than MD/ WTD:**
**(Rs./ Million)**

<b>S. No.</b>	<b>Particulars</b>	<b>Shri Naveen Agarwal</b>	<b>Shri Vinod Raheja</b>	<b>Total</b>
		Alternate Company Secretary	Chief Financial Officer	
1	Gross Salary			
a)	Salary	2.16	2.16	<b>4.32</b>
b)	Value of Perquisites	1.37	2.06	<b>3.43</b>
c)	Profit in lieu of salary	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission (as %age of profit)	5.05	5.05	<b>10.10</b>
5	Others - Company's contribution to funds	0.69	0.69	<b>1.38</b>
	<b>Total</b>	<b>9.27</b>	<b>9.96</b>	<b>19.23</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	No such penalty was imposed on the Company during 2016-17.				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	No such penalty was imposed on the Directors during 2016-17.				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	No such penalty was imposed on other Officers during 2016-17.				
Punishment					
Compounding					

## ANNEXURE VI TO DIRECTORS' REPORT

### REPORT ON CSR ACTIVITIES UNDERTAKEN BY THE COMPANY IN 2016-17

**I. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

Company's policy is to conduct its business responsibly and improve the quality of life of people, especially in the society close to our area of operation, while creating long term value for all stake holders.

The company will take up CSR projects and programmes in the following areas:-

- a) Education
- b) Health Care
- c) Sanitation
- d) Environment
- e) Any other areas as approved by the CSR Committee/ Board

Projects aimed at persons from disadvantageous background or persons who are differently abled will have priority.

CSR Policy is available on Company's website at the weblink:

<http://shrirampistons.com/investors-guide.html>

**II. Composition of the CSR Committee:**

- Shri Pradeep Dinodia (Chairman)
- Shri Inderdeep Singh
- Smt. Meenakshi Dass
- Shri A.K. Taneja
- Shri Luv D. Shriram

**III. Average net profit of the Company for last three financial years:**

Average net profit: Rs. 1150.6 Million

**IV. Prescribed CSR Expenditure (two percent of the amount as in item III above):**

The Company is required to spend Rs. 36.88 Million towards CSR covering Rs. 23.01 Million towards 2016-17 and Rs. 13.87 Million towards unspent amount of 2015-16.

**V. Details of CSR spend for the financial year:**

- a. Total amount spent for the financial year : Rs. 31.52 Million
- b. Amount unspent, if any : Rs. 5.36 Million
- c. Manner in which the amount spent during the financial year is detailed below:

S. No.	CSR Projects or activities identified	Sector in which the project is covered	Projects or Programmes		Amount Outlay (Budget) for 2016-17*	Amount spent on the projects or programmes		Cummulative Expenditure upto the reporting period#	Amount Spent: Direct or through implementing agency
			Local area/ Other	Location District (State)		Direct expenditure on projects or programmes incurred in 2016-17	Over-heads		
1	School Facilities Augmentation/ Vocational Training	Education	Local area	Ghaziabad (U.P.), Alwar (Rajasthan) and Delhi	14.73	10.37	-	14.27	All amount was spent directly
2	Hospital Services Augmentation	Healthcare	Local area	Ghaziabad (U.P.)	5.00	5.00	-	10.00	
3	Charitable Dispensaries & Medical Camps		Local area	Ghaziabad (U.P.) and Alwar (Rajasthan)	9.38	8.08	-	12.74	
4	Provision for Drinking Water	Environment Preservation	Local area	Ghaziabad (U.P.) and Alwar (Rajasthan)	2.25	0.85	-	0.85	
5	Development of Park/ Other Areas		Local area	Ghaziabad (U.P.) and Alwar (Rajasthan)	3.59	2.57	-	4.07	
6	Rain Water Harvesting		Local area	Alwar (Rajasthan)	3.44	1.44	-	1.44	
7	Pollution Check Up Camps		Local area	Alwar (Rajasthan)	0.13	0.09	-	0.09	
8	Building of toilets	Sanitation	Local area	Ghaziabad (U.P.) and Alwar (Rajasthan)	6.30	2.91	-	2.91	
9	Rural Development Projects	Rural Development	Local area	Alwar (Rajasthan)	1.28	0.21	-	0.21	
<b>Total Amount</b>					<b>46.10</b>	<b>31.52</b>	<b>-</b>	<b>46.58</b>	

**Notes :**

\* Amount approved by Board is higher than amount required to be spent (i.e. Rs. 36.88 million) as per Companies Act, 2013.

# Cumulative amount spent starting from 2014-15 onwards.

**VI. Reasons for not spending 2% of the average net profits of last three financial years or any part thereof:**

Unspent amount will be spent in 2017-18, on ongoing/ additional CSR projects.

**VII. Responsibility Statement by CSR Committee:**

We hereby certify that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the company.

New Delhi  
May 12, 2017

(A.K. Taneja)  
Managing Director & CEO

(Pradeep Dinodia)  
Chairman CSR Committee

## **ANNEXURE VII TO DIRECTORS' REPORT SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2017**

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

To,  
The Members,

M/s Shriram Pistons and Rings Limited  
3<sup>rd</sup> Floor, Himalya House,  
23 Kasturba Gandhi Marg,  
New Delhi-110001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by M/s Shriram Pistons and Rings Limited (herein after called the Company). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by M/s Shriram Pistons and Rings Limited for the financial year ended on 31<sup>st</sup> March, 2017 according to the provision of :

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulations) Act, 1956 ('SCRA') and the rules made thereunder;  
Not applicable as the Company has not issued any securities during the financial year under review
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;  
Not applicable as the Company has not raised any funds under External Commercial Borrowing and there is no Foreign Direct Investment and/or Overseas Direct Investment during the financial year under review
- V. Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') viz:-
  1. Disclosure Under SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 (Listing Regulations)
  2. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011;  
Not applicable
  3. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  4. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009;  
Not applicable as the Company has not issued any securities during the financial year under review
  5. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;  
Not applicable as the Company has not issued any securities during the financial year under review
  6. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;  
Not applicable as the Company has not issued any securities during the financial year under review
  7. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client;
  8. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;  
Not applicable as the Company has not delisted its securities from any stock exchange during the financial year under review, and

9. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;  
Not applicable as the Company has not bought back any of its securities during the financial year under review.

VI. The laws applicable specifically to the Company are as under:

1. Factories Act, 1948;
2. Industrial Dispute Act, 1947;
3. The Payment of Wages Act, 1936;
4. The Minimum Wages Act, 1948;
5. Employees' State Insurance Act, 1948;
6. The Employees' Provident Fund and Misc. Provision Act, 1952;
7. The Payment of Bonus Act, 1965;
8. The Payment of Gratuity Act, 1972;
9. The Contract Labour (Regulation & Abolition) Act, 1970;
10. The Maternity Benefit Act, 1961;
11. The Industrial Employment (Standing Order) Act, 1946;
12. The Employees' Compensation Act, 1923;
13. The Apprentices Act, 1961;
14. Equal Remuneration Act, 1976;
15. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959;
16. The Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008;
17. The Water (Prevention and Control of Pollution) Act, 1974;
18. The Air (Prevention and Control of Pollution) Act, 1981.

We have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India.

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

I further report that

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

During the year, there were no changes in the composition of Board of Directors of the Company.

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

Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

I further report that during the audit period, Company's Equity Shares got listed on National Stock Exchange w.e.f. 2<sup>nd</sup> June, 2016 and consequently, shares ceases to be on Dissemination Board of Bombay Stock Exchange.

Place: New Delhi

Date: May 5, 2017

**Deepak Juneja**  
(Practicing Company Secretary)

FCS No. 6895

C P No. 4371



To,  
The Members,  
M/s Shriram Pistons and Rings Limited  
3<sup>rd</sup> Floor, Himalya House,  
23 Kasturba Gandhi Marg,  
New Delhi-110001

Our Secretarial Audit report of even date is to be read along with this letter.

#### **Management's Responsibility**

1. It is the Responsibility of the management of the Company to maintain secretarial records, device proper system to ensure compliance with the provision of all applicable laws and regulations and to ensure that the system are adequate and operate effectively.

#### **Auditor's Responsibility**

2. My responsibility is to express an opinion on these secretarial records, system, standards and procedures based on our audit.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of event etc.
5. The Compliance of the provision of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our Examination was limited to the verification of procedures on test basis.

#### **Disclaimer**

6. The Secretarial Audit Report is neither as assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: New Delhi  
Date: May 5, 2017

**Deepak Juneja**  
(Practicing Company Secretary)  
FCS No. 6895  
C P No. 4371

## ANNEXURE-VIII TO DIRECTORS' REPORT

### NOMINATION & REMUNERATION POLICY

#### 1. Definition

##### i) **Key Managerial Personnel (KMP) means**

- a) Managing Director, or Chief Executive Officer or Manager
- b) Company Secretary,
- c) Whole Time Director (WTD),
- d) Chief Financial Officer (CFO), and
- e) Such other officer as may be prescribed

- ii) **Senior Management Personnel (SMP)** of the company are the members of its core management team, excluding Board members, and comprising of members of management one level below the Board, being the functional heads.

#### 2.1 Appointment & Removal of Directors

- i) The members of the Board shall be of high integrity and have the expertise and experience to ensure that Board takes appropriate decisions in the best interest of the company. The composition of the Board shall be made considering diverse functions in the fields of Marketing, Manufacturing, Finance, Legal, Governance and General Management.
- ii) The Nomination & Remuneration (N&R) Committee shall consider following attributes/criteria while recommending appointment of any person as Director to the Board -
  - a) Integrity, qualification, expertise, experience and insights in the industry of the member to contribute to company's vision/ growth
  - b) Personal, Professional or business standing
  - c) Maintain diversity of the Board to supplement skills in relation to other Board members.
- iii) In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively. Appointment of Independent Directors as prescribed under the Companies Act would be complied with.
- iv) In case of re-appointment of Directors, the Board shall take into consideration the performance evaluation of the Director and his/her engagement in Board level and contribution to the operations of the company.
- v) In case a Director need to be removed, in terms of the provisions of the Companies Act, 2013 and the rules made thereunder or any other applicable provisions or for any other reasons in the best interest of the company, the N&R Committee may recommend removal of such Director to the Board with reasons recorded in writing.

#### 2.2 Appointment & Removal of Key Managerial Personnel (Other than Managing Director and Whole Time Director) and Senior Management Personnel

- i) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as KMP (other than Managing Director and WTD) or SMP and recommend his/her appointment to the Audit Committee/Board, as the case may be.
- ii) In case a KMP/SMP need to be removed, in terms of the provisions of the Companies Act, 2013 and the rules made thereunder or for any other reasons in the best interest of the company, the N&R Committee may recommend removal of such KMP/SMP to the Board with reasons recorded in writing.
- iii) KMP or SMP shall retire as per the prevailing policy of the Company. The Chairman of the Board may, if considered necessary, consult the members of N&R Committee and could retain them in the same position/remuneration or otherwise, even after attaining the retirement age, in the best interest of the company.

### **3. Remuneration**

The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, KMPs, SMPs and employees at all levels. It shall be determined taking into account the factors such as company's performance and the remuneration structure as generally applicable in the industry (including similar industries/region).

#### **3.1 Remuneration to Non-Executive Directors**

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/Committee meetings and commission as detailed here under:-

- i) Non-Executive Directors shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act/Rules.
- ii) In addition to the above, Non Executive Directors shall be entitled to commission on annual basis, within the limits as applicable under the Companies Act and the same shall be approved by the members of the Company.

The limit as currently applicable under the Companies Act is 1% of the net profits of the company and this shall be distributed between Non-Executive Directors as determined by the Board from time to time.

- iii) In addition to the remuneration as given under Item (i) and (ii) above, the Non-Executive Directors shall also be eligible for reimbursement of expenses in discharging such other additional functions/responsibilities which may be assigned to them. Reimbursement of above expenses shall not be treated as remuneration.

#### **3.2 Remuneration to Managing Director/Wholetime Directors**

- i) The remuneration/commission to be paid to Managing Director/ Wholetime Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder and the same shall be approved by the members of the company.
- ii) The N&R Committee shall while recommending appointment also recommend the remuneration structure applicable to Managing Director/Wholetime Directors, keeping in view the qualifications, experience and the remuneration structure as applicable in the industry.

The remuneration structure would maintain a balance between fixed pay and profit linked commission reflecting long term and short term objectives appropriate to the company's working and its goals.

- iii) Revision in salary within the Remuneration Structure/Pay Scale shall be approved by the N&R Committee.

#### **3.3 Remuneration to Key Managerial Personnel (other than Managing Director & CEO and WTD) and Senior Management Personnel**

The remuneration to Key Managerial Personnel (other than Managing Director & CEO and WTD) and Senior Management Personnel shall consist of fixed pay and profit linked incentive scheme considering their qualification and experience.

The Chairman of the company, in consultation with the members of N&R Committee, as considered necessary, shall finalise the structure of remuneration applicable to Key Management Personnel (other than Managing Director & CEO and WTD) and Senior Management Personnel.

#### **3.4 Remuneration to other Employees**

Remuneration to other employees shall be based on their qualification, competency and the roles and responsibilities in the company.

The remuneration structure for other levels of employees in the company shall be finalised by the Chairman or senior executives as may be delegated by the Chairman, as per Company policy/regulations.

## ANNEXURE IX TO DIRECTORS' REPORT

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

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

#### Part "A": Subsidiaries

1.	Sl. No.: 1		
2.	Name of the subsidiary: M/s SPR International Auto Exports Limited		
3.	The date since when subsidiary was acquired: 17.05.2005		
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period: Not applicable as reporting period of holding and subsidiary company are same i.e. from 1 <sup>st</sup> April 2016 to 31 <sup>st</sup> March, 2017.		
5.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries: Not Applicable		
6.	Share capital :	Authorised share capital :	Rs. 50,00,000
		Paid-up share capital :	Rs. 5,00,000
7.	Reserves & surplus	:	Rs. (17,507)
8.	Total assets	:	Rs. 4,93,788
9.	Total Liabilities	:	Rs. 4,93,788
10.	Investments	:	NIL
11.	Turnover	:	Rs. 34,468
12.	Profit before taxation	:	Rs. 20,203
13.	Provision for taxation	:	Rs. 6,243
14.	Profit after taxation	:	Rs. 13,960
15.	Proposed Dividend	:	NIL
16.	% of shareholding	:	100%

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1. Names of subsidiaries which are yet to commence operations:	<b>NIL</b>
2. Names of subsidiaries which have been liquidated or sold during the year:	<b>NIL</b>

#### Part "B": Associates and Joint Ventures

This is not applicable, as there are no Associate Companies or Joint Venture Companies of the Company.

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## DECLARATION ON COMPLIANCE OF CODE OF CONDUCT

The Board of Directors have laid down a Code of Conduct to be observed and implemented by all Directors and Senior Management personnel of the Company in their official day-to-day activities, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All Board members and Senior Management personnel of the Company have affirmed to the Company that they have complied and implemented the Company's Code of Conduct in discharging their official day-to-day activities for the F.Y.E. March 31, 2017.

New Delhi  
May 04, 2017

(A.K. TANEJA)  
MANAGING DIRECTOR & CEO

## BUSINESS RESPONSIBILITY REPORT

{Pursuant to Regulation 34 (2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015}

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company:	L29112DL1963PLC004084	
2	Name of the Company:	Shriram Pistons and Rings Limited	
3	Registered address:	3 <sup>rd</sup> Floor, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110001	
4	Website:	www.shrirampistons.com	
5	E-mail id:	spr.exports@shrirampistons.com	
6	Financial Year reported:	1 <sup>st</sup> April, 2016 to 31 <sup>st</sup> March, 2017	
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Name and Description of main products	NIC Code of the Product
		Pistons, Piston Pins, Piston Rings and Engine Valves	2811
8	List three key products that the Company manufactures (as in balance sheet):	i. Pistons ii. Pistons Rings iii. Engine Valves	
9	Total number of locations where business activity is undertaken by the Company:		
a)	Number of International Locations (Provide details of major 5)	Not applicable	
b)	Number of National Locations	- Registered/ Head Office is at New Delhi. - Company's plants are located at: i. Industrial Area, Meerut Road, Ghaziabad (U.P.) ii. Industrial Area, Pathredi, District Alwar (Rajasthan) - Assembly units are located at Gurgaon, Pune, Hosur and Sahibabad	
10	Markets served by the Company – Local/State/ National/International:	National and International	

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR):	223.75 Million
2	Total Turnover (INR):	16547.45 Million
3	Total profit after taxes (before Other Comprehensive Income) (INR):	1180.98 Million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	The Company spent Rs. 31.52 Million in FY 16-17 which is 2.7% of profit after tax (before Other Comprehensive Income) for F.Y. 2016-17.
5	List of activities in which expenditure in 4 above has been incurred:-	Education, Health Care, Sanitation and Environment. Details are given in Annexure – VI to Directors' Report.

### SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?  
Yes.
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company?  
No. Our Subsidiary Company, M/s SPR International Auto Exports Limited, has not commenced its operations.
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]  
No.

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

#### (a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number: 00124814
2. Name : Shri A.K. Taneja
3. Designation: Managing Director & CEO

#### (b) Details of the BR head

S.No.	Particulars	Details
1	DIN Number (if applicable)	00124814
2	Name	Shri A.K. Taneja
3	Designation	Managing Director & CEO
4	Telephone number	011-46451100
5	e-mail id	ashok.taneja@shrirampistons.com

### 2. Principle-wise (as per NVGs) BR Policy/policies:

#### List of Principles

**Principle 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

**Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

**Principle 3:** Businesses should promote the wellbeing of all employees

**Principle 4:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

**Principle 5:** Businesses should respect and promote human rights

**Principle 6:** Business should respect, protect, and make efforts to restore the environment

**Principle 7:** Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner

**Principle 8:** Businesses should support inclusive growth and equitable development

**Principle 9:** Businesses should engage with and provide value to their customers and consumers in a responsible manner

#### Details of compliance (Reply in Y/N)

S.No.	Questions	Read with Note	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for....	1,2,3,4	Y <sup>1,2</sup>	Y <sup>1</sup>	Y <sup>1</sup>	Y <sup>1</sup>	Y <sup>1,3</sup>	Y <sup>1</sup>	NA	Y <sup>1,4</sup>	Y <sup>1</sup>
2	Has the policy being formulated in consultation with the relevant stakeholders?	5	Y	Y	Y	Y	Y	Y	NA	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify (50 words)	5	Y	Y	Y	Y	Y	Y	NA	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?		Y	Y	Y	Y	Y	Y	NA	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?		Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?		Company's Code of Conduct, Whistle Blower Policy and CSR Policy are given at the weblink: <a href="https://www.shrirampistons.com/investors-guide.html">https://www.shrirampistons.com/investors-guide.html</a> Suppliers' Code of Conduct is given at the weblink: <a href="https://www.shrirampistons.com/suppliers' code of conduct.html">https://www.shrirampistons.com/suppliers' code of conduct.html</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	6	Y	Y	Y	Y	Y	Y	NA	Y	Y



S.No.	Questions	Read with Note	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
8	Does the company have in-house structure to implement the policy/ policies?		Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?		Y	Y	Y	Y	Y	Y	NA	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	7	N	N	N	N	N	N	NA	N	N
<b>Notes:</b> <ol style="list-style-type: none"> <li>1. It forms part of Code of Conduct of the Company.</li> <li>2. It forms part of the Whistle Blower policy of the Company.</li> <li>3. It forms part of Suppliers' Code of Conduct, signed by the Managing Director.</li> <li>4. It forms part of Corporate Social Responsibility policy.</li> <li>5. All policies have been formulated by the management and the Board keeping in view generally acceptable code in established and well managed companies across the Industry. The policies are materially in compliance with all mandatory / applicable laws, rules, regulations, guidelines and standards.</li> <li>6. The policies being on company's website are in public domain and accordingly deemed to notify all stakeholders.</li> <li>7. Being reviewed and monitored internally</li> </ol>											

If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	For Principle 7: The company does not have a separate policy on policy advocacy. For advocacy on policies related to the automobile industry, the company works through industry associations such as ACMA, CII, FICCI etc.								

### 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.  
There is no defined frequency. Assessment is an ongoing exercise and is an integral part of corporate functions.
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?  
This is our first Business Responsibility Report and it forms part of the Annual Report. It is available on company's website at the weblink: <http://shrirampistons.com/investors-guide.html>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?  
The Company's Code of Conduct addresses subjects like integrity, ethical standards, regulatory compliance, conflict of interest etc. All employees sign a Code of Conduct at the time of joining the Company. In addition, the Board and Senior Management Personnel sign the Code of Conduct every year. The Company also has in place a Whistle Blower Policy. The company also has Code of Conduct for Suppliers.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.  
The company received 5 no. of complaints under Whistle Blower Policy which were satisfactorily resolved. No complaint was received from any shareholder/ investor.

### Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
  - a) Introduction of new technologies in Piston coatings (LofriKS 2 coatings), Pin coatings (Diamond Like Carbon Coatings), optimization of Piston Rings designs & coatings has helped in reduction of CO<sub>2</sub> emissions thereby protecting environment. Also, these coatings have reduced friction, thereby improving efficiency of engine and reducing operating cost to consumers. Pistons and Rings designs have been improved which have helped to achieve BS IV emission norms. Going forward, these designs are being improved further to achieve BS VI norms.
  - b) Power saving initiatives like installing VFDs, LED lighting, Energy efficient devices at different plants, usage of PNG replacing diesel etc. is able to reduce use of Grid power/ HSD resulting in a reduction of CO<sub>2</sub> emissions.
  - c) Company has initiated Zero Liquid Discharge initiative where in we are re-circulating treated water in our process.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
  - (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?  
During the year, the Company has taken measures as given above to reduce its power & water consumption and reduce CO<sub>2</sub> emissions. However, quantification of the same is difficult.
  - (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?  
As products are supplied to OEMs/ Aftermarket for end consumption by individual users, it is difficult to estimate overall reduction in energy consumption.
3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.  
Yes. Company has well established set of procedures for selection and evaluation of suppliers. All direct material suppliers and ancillaries are required to sign/follow Supplier Code of Conduct, Confidentiality & Non-disclosure agreement and Quality & Purchase Agreement. Company has a dedicated supplier up gradation division which works on continuous up-gradation of critical suppliers. The Company encourages and is using returnable packaging with several OEMs. In our opinion, company's sourcing is sustainable.Process of most of the regularly sourced inputs is sustainable. However, in case of single source items, which are limited, alternate sourcing plan is regularly monitored to avoid any disruption in production. It is difficult to ascertain the percentage of inputs sourced sustainably.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?  
Yes. Company is procuring goods and services from local and small producers, including communities surrounding our place of work. Overall policy guideline is to source goods and services at competitive terms, covering quality, cost and delivery. We have dedicated supplier up-gradation division which works with ancillaries and small suppliers for their up-gradation. Ancillaries/small suppliers are supported through financial advances, assistance in selection and negotiation of right equipment for their production, training of their workers and supervisors, establishing their work process & continuous improvement. It is our endeavour to continuously upgrade ancillaries/small suppliers to bring them at par with technology/customer requirements.
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.  
Yes. Company has a mechanism to recycle waste generated during manufacturing process for Aluminium pistons and Cast Iron rings. Company carries out in-house drying and melting of aluminium chips. However, we do not get used products from users or customers for recycling.

### Principle 3

1. Please indicate the Total number of employees(Other than temporary/contractual/casual employees) - 4231
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis - 4593
3. Please indicate the Number of permanent women employees - 59
4. Please indicate the Number of permanent employees with disabilities – 13
5. Do you have an employee association that is recognized by management?  
Yes. The Company has independent labour union at its manufacturing plants as per the statutory requirements, which are recognized by the management.
6. What percentage of your permanent employees is members of this recognized employee association?  
The Company's recognized employees' association represents about 90% of permanent workmen.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S.No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

S.No.	Particulars	%age of employees who have been provided training
1.	Permanent Employees	61
2.	Permanent Women Employees	80
3.	Casual/Temporary/Contractual Employees	71
4.	Employees with Disabilities	100

#### Principle 4

- Has the company mapped its internal and external stakeholders? Yes/No  
Yes. The Company has identified and engaged with stakeholders group internally and externally including dealers, suppliers, employees, local community and society etc.
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.  
Yes, the company has identified the following sections:  
(a) Local Community  
(b) People from disadvantageous background or persons who are differently abled.
- Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.  
The Company undertakes many CSR initiatives, the details of which are given in Annexure-VI to Directors' Report. Besides this, the Company has engaged around 13 differently abled persons working in different departments.

#### Principle 5

- Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?  
As a socially responsible organisation, the Company is committed to protect and safeguard human values. This forms part of Company's Code of Conduct and Suppliers' Code of Conduct. The company does not have Joint Ventures.
- How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?  
No Complaint has been received by the Company in 2016-17.

#### Principle 6

- Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.  
The Company extends this principle to direct material suppliers and ancillaries also through our Suppliers' Code of Conduct.
- Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.  
Yes. The Company has taken various initiatives to conserve energy and to protect environment. Details have been provided in Annexure-III and VI to Directors' Report.  
These have positive impact on environment. However, impact of these initiatives on climate change and global warming is yet to be assessed.
- Does the company identify and assess potential environmental risks? Y/N  
Yes. The Company has team of experts who identify and assess potential environmental risk through HIRA technique (Hazard Identification and Risk Assessment). Company is ISO 14001 (Environmental Management System Standard) and OHSAS 18001 (Occupational Health and Safety Management System Standard) certified by DNV, Netherlands. Currently, there are no potential concerns.
- Does the company have any project related to Clean Development Mechanism (CDM)? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?  
Currently we do not have any CDM project.
- Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Energy efficiency measures have been taken as given in point 1 of Principle 2. The company has not taken any other initiatives other than explained above.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? Yes.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. Nil.

#### **Principle 7**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
  - (a) Confederation of Indian Industry (CII)
  - (b) Federation of Indian Chamber of Commerce and Industry (FICCI)
  - (c) The Associated Chamber of Commerce and Industry of India (ASSOCHAM)
  - (d) Automotive Components Manufacturers Association of India (ACMA)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)  
The company participates actively in committees set up by ACMA on various subjects related to future regulations, policies, and their implementation plans etc. Similarly, the Company engages with various policy makers for framing new regulations and policies. The Company's engagements cover broad areas like emissions, safety, vehicle scrappage, trade, R&D and inclusive development policies etc.

#### **Principle 8**

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.  
Yes. Company's policy is to conduct its business responsibly and improve the quality of life of people, especially in the society close to our area of operation, while creating long term value for all stake holders.  
The company takes up CSR projects and programmes in the following areas:- a) Education b) Health Care c) Sanitation d) Environment. Projects aimed at persons from disadvantageous background or persons who are differently abled are given priority.  
Details are given in CSR Report as per Annexure-VI to Directors' Report.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?  
All such activities are being done by the company in-house.
3. Have you done any impact assessment of your initiative?  
Yes. CSR Initiatives taken by the Company in the field of education, healthcare and sanitation have had positive impact in the lives of people who have derived benefit out of these initiatives. We have started impact assessment in the year which will be further improved in the coming years.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.  
Details are given in Annexure-VI of Directors' Report.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.  
We make attempts to ensure that projects continue and sustain within communities beyond our interactions.  
We are involving community from project identification till its implementation and smooth running thereof with due interaction with the beneficiaries and their parents, Panchayats, Nagar Palika, Government authorities.  
The feedback from the stakeholders are analysed and various actions are prioritized.

#### **Principle 9**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.  
No cases were filed by consumers against the Company.  
2 Customer observations were pending for satisfactory resolution as on 31.03.2017. These stand resolved as on date.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks(additional information)  
Yes, apart from the mandated declarations, additional details are furnished on the packaging/ inside the packing box relating to the products/ fitment etc. and their usage.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.  
No.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?  
Yes. The Company regularly engages with customers to get their feedback through a third party agency.



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SHRIRAM PISTONS & RINGS LIMITED

#### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **SHRIRAM PISTONS & RINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that, to the extent applicable:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements.-Refer Note 40 to the Standalone IND AS financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.- Refer Note 47 to the Standalone IND AS financial statements.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company Refer Note 48 to the Standalone IND AS financial statements.
    - iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer Note 42 to the Standalone IND AS financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Vijay Agarwal  
(Partner)  
(Membership No. 094468)

**Place :** New Delhi  
**Date :** May 12, 2017



## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

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

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **SHRIRAM PISTONS & RINGS LIMITED** (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

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

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

**Place :** New Delhi  
**Date :** May 12, 2017

Vijay Agarwal  
(Partner)  
(Membership No. 094468)

## **ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) Based on the examination of confirmation received by us from “IDBI bank”, custodian on behalf of all the term loans and working capital loan lenders, in respect of immovable properties of land that have been taken on lease and disclosed as “Non-current asset” in the financial statements, whose title deeds have been pledged as security for loans, are held in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for goods in transit for which subsequent receipts have been verified in most of the cases and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees under Sections 185 and 186 of the Companies Act, 2013, hence, reporting under clause (iv) of Companies (Auditor’s Report) Order, 2016 (CARO 2016) is not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

- (c) There are no dues of Customs Duty which have not been deposited as on March 31, 2017 on account of disputes. Details of dues of Income-tax, Sales tax, Service tax, Value Added Tax and Excise Duty which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount Involved* (Rs. in million)	Amount Unpaid (Rs. in million)
Income Tax Act, 1961	Income tax	Appellate authority upto Commissioners' level	2003-04, 2004-05, 2013-14 & 2014-15	11.45	-
Central Excise Act, 1944	Excise Duty	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2010-11	0.36	0.35
Central Excise Act, 1944	Excise Duty	Commissioner (Appeals)	2010-11, 2011-12, 2012-13, 2013-14 & 2014-15	4.70	4.54
Finance Act, 1994	Service Tax	Commissioner (Appeals)	2013-14	1.53	1.47
Central Sales Tax Act, 1956	Sales Tax	Appellate Tribunal	2005-06, 2006-07, 2007-08, 2012-13 & 2013-14	767.13	716.94
		Appellate authority upto Commissioners' level	2006-07, 2007-08, 2009-10, 2010-11, 2012-13, 2013-14 & 2014-15	13.26	11.47
Sales Tax Laws	Sales Tax / Value Added Tax	Appellate authority upto Commissioners' level	2006-07, 2007-08, 2009-10, 2010-11, 2012-13 & 2013-14	97.60	85.04
		Appellate Tribunal	2004-05, 2005-06 & 2007-08	0.34	0.25

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

The following matters, which have been excluded from the table above, have been decided in favour of the Company but the department has preferred appeals at higher levels. The details are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount Involved* (Rs. in million)
Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2010-11, 2011-12 & 2012-13	11.01

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

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loan from government or has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer/ further public offer (including debt instruments) were applied for the purposes for which those are raised. The Company has not raised amount by way of term loans during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence, reporting under clause (xii) of CARO 2016 is not applicable.

- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties during the year and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence, reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence, reporting under clause (xvi) of CARO 2016 is not applicable to the Company.

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

**Place :** New Delhi  
**Date :** May 12, 2017

Vijay Agarwal  
(Partner)  
(Membership No. 094468)

## Standalone Balance Sheet as at March 31, 2017

(Rupees in Million)

	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
a) Property, plant and equipment	4	5,735.03	5,943.72	6,353.36
b) Capital work-in-progress		93.47	57.10	40.37
c) Intangible assets	5	32.44	21.47	8.84
d) Financial assets				
(i) Investments	6	0.50	0.50	0.50
(ii) Loans	7	-	-	0.03
(iii) Other financial assets	8	144.73	311.56	401.88
e) Other non-current assets	9	635.94	567.97	567.65
		<b>6,642.11</b>	<b>6,902.32</b>	<b>7,372.63</b>
<b>Current assets</b>				
a) Inventories	10	2,403.82	2,083.47	2,156.06
b) Financial assets				
(i) Investments	6	80.05	175.21	-
(ii) Trade receivables	11	2,378.09	2,225.22	2,163.99
(iii) Cash and cash equivalents	12	20.60	32.23	53.53
(iv) Other bank balances	12	1,530.30	971.66	236.71
(v) Loans	7	-	0.03	0.13
(vi) Other financial assets	8	163.35	210.38	186.75
c) Current tax assets (net)		4.37	-	13.76
d) Other current assets	9	321.80	318.70	275.84
		<b>6,902.38</b>	<b>6,016.90</b>	<b>5,086.77</b>
<b>TOTAL ASSETS</b>		<b>13,544.49</b>	<b>12,919.22</b>	<b>12,459.40</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a) Equity share capital	13	223.75	223.75	223.75
b) Other equity		7,720.09	6,729.69	5,924.54
		<b>7,943.84</b>	<b>6,953.44</b>	<b>6,148.29</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
a) Financial liabilities				
(i) Borrowings	14	1,205.38	1,766.02	2,317.67
b) Provisions	15	355.14	374.60	317.19
c) Deferred tax liabilities (net)	17	340.33	347.26	396.13
d) Other non-current liabilities	16	1.89	11.86	13.37
		<b>1,902.74</b>	<b>2,499.74</b>	<b>3,044.36</b>
<b>Current liabilities</b>				
a) Financial liabilities				
(i) Borrowings	18	348.46	185.20	217.62
(ii) Trade payables	19	2,093.20	1,878.76	1,420.24
(iii) Other financial liabilities	20	849.79	1,074.55	1,263.85
b) Other Current Liabilities	16	321.36	271.27	311.01
c) Provisions	15	85.10	53.32	54.03
d) Current tax liabilities (net)		-	2.94	-
		<b>3,697.91</b>	<b>3,466.04</b>	<b>3,266.75</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,544.49</b>	<b>12,919.22</b>	<b>12,459.40</b>

See accompanying notes to the standalone financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Vijay Agarwal**  
Partner

For and on behalf of the Board of Directors

**Pradeep Dinodia**  
Chairman

**Inderdeep Singh**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

Place : New Delhi  
Date : May 12, 2017

**Vinod Raheja**  
Dy. Executive Director & CFO

**Luv D. Shriram**  
Whole - Time Director



## Standalone Statement of Profit and Loss for the year ended March 31, 2017

(Rupees in Million)

	Note No.	For the Year ended March 31, 2017	For the Year ended March 31, 2016
I Revenue from operations	21	16,286.99	15,455.65
II Other income	22	260.46	173.77
III <b>Total income (I+II)</b>		<b>16,547.45</b>	<b>15,629.42</b>
IV <b>Expenses</b>			
Cost of materials consumed	23	4,620.89	4,257.72
(Increase) / Decrease in inventories of finished goods and work-in-progress	24	(196.12)	97.89
Excise duty on sale of goods		1610.31	1526.05
Employee benefit expenses	25	2,787.50	2,733.23
Finance costs	26	204.12	260.30
Depreciation and amortisation expense	27	899.43	927.53
Other expenses	28	4,912.52	4,515.49
<b>Total expenses</b>		<b>14,838.65</b>	<b>14,318.21</b>
V <b>Profit before tax (III-IV)</b>		<b>1,708.80</b>	<b>1,311.21</b>
VI <b>Tax expense:</b>			
i) Current tax	17	505.14	440.65
ii) Deferred tax		22.68	(45.76)
		<b>527.82</b>	<b>394.89</b>
VII <b>Profit for the year (V-VI)</b>		<b>1,180.98</b>	<b>916.32</b>
VIII Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the post employment defined benefit plans		(67.16)	20.50
(ii) Income tax relating to items that will not be reclassified to profit or loss		23.24	(7.09)
B (i) Items that will be reclassified to profit or loss			
a) Fair value change of cash flow hedge		(18.37)	(25.78)
(ii) Income tax relating to items that will be reclassified to profit or loss		6.36	8.92
<b>Total other comprehensive income</b>		<b>(55.93)</b>	<b>(3.45)</b>
<b>Total Comprehensive income (VII+VIII)</b>		<b>1,125.05</b>	<b>912.87</b>
<b>Earnings per share ( of Rs. 10/- each)</b>	30		
Basic (Rs)		52.78	40.95
Diluted ( Rs)		52.78	40.95

See accompanying notes to the standalone financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Vijay Agarwal**  
Partner

For and on behalf of the Board of Directors

**Pradeep Dinodia**  
Chairman

**Inderdeep Singh**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

Place : New Delhi  
Date : May 12, 2017

**Vinod Raheja**  
Dy. Executive Director & CFO

**Luv D. Shriram**  
Whole - Time Director

## Standalone Cash flow statement for the year ended March 31, 2017

(Rupees in Million)

	Year ended March 31, 2017	Year ended March 31, 2016
<b>A. Cash flow from Operating Activities</b>		
Profit for the year	1,180.98	916.32
Adjustments for :		
Tax expenses recognised in profit & loss	527.82	394.89
Depreciation/amortisation	899.43	927.53
Finance costs	204.12	260.30
Bad debts/advances written off	0.74	0.52
Provision for doubtful debts (net)	(0.02)	(8.10)
Interest income	(125.05)	(63.30)
Net gain on sale of current investment	(19.93)	(9.89)
Unrealised exchange rate variation (net)	(5.32)	(9.43)
Profit on sale / retirement of fixed assets	(3.14)	(8.78)
Fair value change in Cash flow hedges (net of tax)	(12.02)	(16.86)
Remeasurement of post employment defined benefit plans ( net of tax)	(43.92)	13.41
<b>Operating profit before working capital changes</b>	<b>2,603.69</b>	<b>2,396.61</b>
<b>Changes in Working Capital:</b>		
<b>Adjustments for (increase) / decrease in operating assets</b>		
Inventories	(320.35)	72.59
Trade receivables	(159.57)	(50.55)
Loans and other financial assets (current and non current)	237.36	50.57
Other assets (current and non current)	(38.33)	11.51
<b>Adjustments for increase / (decrease) in operating liabilities</b>		
Trade payables	214.44	458.52
Other financial liabilities (current and non current)	(110.74)	(19.69)
Other Liabilities and Provisions (current and non current)	(21.51)	56.52
<b>Cash Generated from operations</b>	<b>2,405.00</b>	<b>2,976.08</b>
Income tax paid	(511.17)	(423.94)
<b>Net cash from operating activities</b>	<b>(A) 1,893.83</b>	<b>2,552.14</b>
<b>B. Cash Flow from Investing Activities</b>		
Interest received	87.85	22.46
Sale of tangible assets	15.28	28.07
Purchase of tangible assets	(734.63)	(528.25)
Purchase of intangible assets	(32.14)	(27.74)
Purchase of Current Investment	(6,826.66)	(4,625.23)
Proceeds from sale of Current Investment	6,941.75	4,459.91
Increase/(Decrease) in margin money with banks	0.09	(0.09)
Increase / (Decrease) in Deposits more than 12 months	0.05	-
<b>Net cash (used) in investing activities</b>	<b>(B) (548.41)</b>	<b>(670.87)</b>

**C. Cash Flow from Financing Activities**

Interest paid		(200.62)	(273.37)
Dividend paid		(134.65)	(107.72)
Repayment of long term borrowings		(847.63)	(788.66)
Net proceeds / (repayment ) of short term borrowings		158.20	(41.08)
Proceeds from deposits		215.56	295.14
Payment of deposits		(147.47)	(214.17)
<b>Net cash from/(used) in financing activities</b>	<b>(C)</b>	<b>(956.61)</b>	<b>(1,129.86)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>388.81</b>	<b>751.41</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>830.45</b>	<b>79.04</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,219.26</b>	<b>830.45</b>
<b>Components of cash and cash equivalents</b>			
Cash in hand		0.73	1.07
Balances with banks			
- current accounts		19.87	31.16
- Other bank balances		1,530.30	971.66
Working Capital loan from banks (Secured / Unsecured)		(331.64)	(173.44)
		<b>1,219.26</b>	<b>830.45</b>

**Note:**

The Cash Flow Statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS )- 7.

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

**Vijay Agarwal**

Partner

For and on behalf of the Board of Directors

**Pradeep Dinodia**

Chairman

**Inderdeep Singh**

Director

**A.K. Taneja**

Managing Director & CEO

**R. Srinivasan**

Jt. Managing Director & Company Secretary

**Place** : New Delhi

**Date** : May 12, 2017

**Vinod Raheja**

Dy. Executive Director & CFO

**Luv D. Shriram**

Whole - Time Director

## Standalone Statement of Change in Equity as at March 31, 2017

### (a) Fully paid up equity shares

(face value of Rs 10/- each)

	Nos of shares in Million	Rs. million
Balance as at April 01, 2015	22.37	223.75
Changes during the year	-	-
Balance as at March 31, 2016	22.37	223.75
Changes during the year	-	-
Balance as at March 31, 2017 ( refer note 13 )	<b>22.37</b>	<b>223.75</b>

### (b) Other Equity

Rs. million

Particulars	Reserves and surplus					Items of other comprehensive income	Total
	Preference share redemption reserve*	Revaluation reserve*	Retained earnings	General reserve	Sub Total	Effective portion of cash flow hedge reserve	
Balance at April 01, 2015	100.00	98.52	353.86	5,349.81	5,902.19	22.35	5,924.54
Profit for the year			916.32		916.32		916.32
Dividends (including corporate dividend tax)	-	-	(107.72)	-	(107.72)	-	(107.72)
Other comprehensive income for the year, net of tax	-	-	13.41	-	13.41	(16.86)	(3.45)
Transfer to General reserve	-	-	(822.01)	822.01	-	-	-
<b>Balance at March 31, 2016</b>	<b>100.00</b>	<b>98.52</b>	<b>353.86</b>	<b>6,171.82</b>	<b>6,724.20</b>	<b>5.49</b>	<b>6,729.69</b>
Profit for the year			1,180.98		1,180.98		1,180.98
Dividends (including corporate dividend tax)	-	-	(134.65)	-	(134.65)	-	(134.65)
Other comprehensive income for the year, net of tax	-	-	(43.92)	-	(43.92)	(12.01)	(55.93)
Transfer to General reserve	-	-	(1,002.41)	1,002.41	-	-	-
<b>Balance at March 31, 2017</b>	<b>100.00</b>	<b>98.52</b>	<b>353.86</b>	<b>7,174.23</b>	<b>7,726.61</b>	<b>(6.52)</b>	<b>7,720.09</b>

\* The revaluation reserve and preference share redemption reserve are not "free Reserve" as per Companies Act 2013, hence not available for distribution of dividend.

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Vijay Agarwal**  
Partner

For and on behalf of the Board of Directors

**Pradeep Dinodia**  
Chairman

**Inderdeep Singh**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

Place : New Delhi  
Date : May 12, 2017

**Vinod Raheja**  
Dy. Executive Director & CFO

**Luv D. Shriram**  
Whole - Time Director

## Notes to the standalone financial statements for the year ended March 31, 2017

### 1. Corporate information

Shriram Pistons & Rings Limited (the company) is a public Company domiciled in India and incorporated on December 9, 1963 under the provisions of the Companies Act, applicable in India. Its equity share are listed on National Stock Exchange of India Ltd. The registered office of the company is located at 3<sup>rd</sup> Floor, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi 110001. The company's business activity falls under "automotive component". Primary products manufactured by the Company are pistons, piston pins, piston rings and engine valves.

The financial statements of the Company have been approved for issue by the Company's Board of Directors on May 12, 2017.

### 2. Significant accounting policies

#### 2.1. Basis of accounting and preparation of financial statements

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition for financial reporting purpose, fair value measurement are categorised into level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in the entirety, which are described as follows:

- Level 1 inputs are quoted price ( unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Generally Accepted Accounting Principles as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in note 3.2 and 3.3.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### 2.2. Use of estimates

The preparation of the financial statements is in conformity with Indian Accounting Standards (Ind AS), requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### 2.3. Revenue recognition

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- i) Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) The amount of revenue can be measured reliably;
- iv) It is probable that the economic benefits associated with the transaction will flow to the Company; and
- v) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

## Notes to the standalone financial statements for the year ended March 31, 2017

Revenue from sale of goods is measured at the fair value consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty and net of returns, trade discount, rebates, value added taxes wherever applicable. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to Company and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the interest rate as applicable.

Other revenues are recognised on accrual basis, except where there are uncertainties in realisation / determination of income and in such case income is recognised on realisation / certainty.

### 2.4. Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

### 2.5.1. Property, plant and equipment

Property, plant and equipment held for use in production or supply of goods and services, or for administrative purpose, are stated at their original cost (net of cenvat availed) including taxes and other incidental expenses related to acquisition, installation and borrowing cost on loan taken for the acquisition of qualifying assets upto the date the assets are ready for their intended use.

For transition to IND AS, the Company has elected to continue with the carrying value of all its Property, plant and equipment recognised as at 1<sup>st</sup> April 2015 measured as per previous GAAP and used that carrying value as the deemed cost of the Property, plant and equipment.

### 2.5.2. Intangible assets

Intangible assets held for use in production or supply of goods and services, or for administrative purpose, are stated at their original cost (net of cenvat availed) including taxes and other incidental expenses related to acquisition, installation and borrowing cost on loan taken for the acquisition of qualifying assets upto the date the assets are ready for their intended use. For transition to IND AS, the Company has elected to continue with the carrying value of all its Intangible assets recognised as at 1<sup>st</sup> April 2015 measured as per previous GAAP and used that carrying value as the deemed cost of the Intangible assets.

### 2.5.3. Capital work-in-progress

Capital work-in-progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes related acquisition expenses, development/ construction costs, borrowing costs and other direct expenditure.

### 2.6. Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. The Company is following written down value method in case of Furniture, fixtures and office equipments and straight line method in respect of other assets.

Depreciation on tangible property, plant and equipment has been provided as per the useful life prescribed in Schedule II to the Act except in respect of the following categories of assets, in whose case the life of the assets has been assessed based on technical advice, taking into account the nature, the estimated usage, operating conditions of the asset, past history of replacement, anticipated technological changes and maintenance practices etc.

Plant and machinery

- General	-	twenty years
- Electric Installation / Equipment	-	fifteen years
- Dies	-	three years
RCC Road	-	twenty years
Bore well	-	fifteen years
Vehicle	-	five years
Furniture and Fixture / Office Equipment	-	five years



## Notes to the standalone financial statements for the year ended March 31, 2017

All intangible assets are amortised on straight-line method over their estimated useful life of three years.

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and the effect of any changes in estimate is accounted for on a prospective basis.

An item of property, plant and equipment and intangible asset is derecognised on disposal, or when no future economic benefit are expected to arise from the continued use of assets. Any gain and loss arising on the disposal of or retirement is determined as the difference between the sale proceeds and the carrying amount of the assets and is recognised in the statement of profit and loss.

### 2.7. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

#### Financial assets

Regular way purchase and sale of financial assets are accounted for at trade date.

#### Classification of financial assets

**Financial assets that meet the following conditions are subsequently measured at amortised cost :**

- i) Asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- ii) The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):**

- i) The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- ii) The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial assets at fair value through profit or loss

Financial asset which are not classified in any of the above categories are subsequently measured at fair value through profit or loss (FVTPL).

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost.

#### Investments

Non current investment is carried at cost less impairment. Any diminution in the value of non current investments is provided for in the books of account.

#### Financial liabilities

All financial liabilities are subsequently measured at amortised cost or at fair value through profit or loss (FVTPL). For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Fair value is determined in the manner described in note no 43.

### 2.8. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the

## Notes to the standalone financial statements for the year ended March 31, 2017

statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

### **(i) Financial assets or financial liabilities, at fair value through profit or loss.**

This category has derivative financial assets or liabilities which are not designated as hedges. Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through the statement of profit and loss and the resulting exchange gains or losses are included in the statement of profit and loss. Assets/liabilities in this category are presented as current assets/ current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance sheet date.

### **(ii) Hedge accounting**

The Company designates the derivatives as hedge of foreign exchange risk associated with the cash flows of highly probable forecast transaction, variable interest risk and foreign exchange risk associated with borrowings.

The Company documents at the inception of the hedging transaction the economic relationship between hedging instrument and hedge items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

When forward contracts are used to hedge forecast transactions, the Company generally designates forward contract related as the hedging instruments.

The Company also enters into derivative contracts in the nature of cross currency interest rate swaps with an intention to hedge its existing foreign currency borrowings.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit and loss. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to the statement of profit and loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. For the same, Company matches critical terms of hedge item and hedge instruments. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction and cross currency interest rate swap transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction and cross currency interest rate swap transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the statement of profit and loss.

Fair value is determined in the manner described in note no 43.

## **2.9. Inventories**

Inventories are valued on the following basis :

- i) Raw materials and components - at lower of cost determined on weighted average basis or net realisable value.
- ii) Stock in process – at lower of cost or net realisable value.
- iii) Finished goods stock - at lower of cost including excise duty or net realisable value.

Cost of raw materials includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Cost of Finished goods and work in progress includes cost of direct materials and labour and an appropriate proportion of manufacturing overheads based on the normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 2.10. Foreign currency transactions and translations

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise except exchange differences on transactions entered into in order to hedge certain foreign currency risks. For foreign currency denominated financial assets measured at amortised cost or FVTPL, the exchange differences are recognised in statement of profit and loss except for those which are designated as hedging instruments in a hedging relationship.

### 2.11. Employee benefits

#### Retirement benefit costs and termination benefits :

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Contribution towards Provident Fund and Superannuation Fund is paid as per the statutory provisions/Company scheme. These benefits are charged to the Statement of profit and loss of the year when they become due. For the provident fund trust administrated by the trustees, the Company is liable to meet the shortfall, if any, in payment of interest at the rates declared by Central Government and such liability is recognised in the year of shortfall. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- i) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- ii) net interest expense or income; and
- iii) remeasurement.

#### Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Leave availment / encashment benefit is provided as per company scheme. Employee 's are entitled to accumulate leaves subject to certain limit as per company scheme.

Liabilities for compensated absence that are not expected to be settled wholly within 12 months after the end of the period in which the employees rendered the related service, are measured at the present value of expected future payment to be made in respect of service provided by employees up to the end of reporting period using the projected unit credit method. The benefit are discounted using the market yields at the end of reporting period. Remeasurement as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss. Employee benefits in the form of long service awards is provided as per Company scheme. The liability is determined through actuarial valuation using projected unit credit method.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 2.12. Research and development

Revenue expenditure on research and development, inclusive of dies for model development, is charged as expense in the year in which incurred. Capital expenditure is included in Property, plant and equipment.

### 2.13. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

At lessee, assets held under finance leases are initially recognised as assets of company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance sheet as a finance lease obligation.

Rental expense from operating leases is recognised on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

### 2.14. Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred taxation.

#### Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

### 2.15. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

### 2.16. Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to the owners of the company by weighted average number of equity shares outstanding during the financial year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, share split and any new equity issue. For the purpose of calculating diluted earnings per share, profit or loss attributable to the owners of the Company and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.



## Notes to the standalone financial statements for the year ended March 31, 2017

### 2.17. Impairment of assets

The carrying values of assets / cash generating units at each Balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

### 2.18. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 2.19. Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which the likelihood on outflow of resources is remote, no provision or disclosure is made.

## 3. First-time adoption of Ind-AS

These financial statements of the Company for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101-First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP. The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. A reconciliation of the transition from previous GAAP to Ind AS of the Company's Balance Sheet, Statement of Profit and Loss, is given in note 3.2 and 3.3. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 3.1.

### 3.1 Exemptions availed on first time adoption of Ind-AS 101

#### Deemed cost for property, plant and equipment, and intangible assets

The Company has elected to continue with carrying value of all its property, plant & equipment and intangible assets recognised as on April 01, 2015 (the transition date) measured as per previous GAAP and used that carrying value its deemed cost as on transition date.

#### Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

#### Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

#### Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increase in credit risk since initial recognition, as permitted by Ind AS 101.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 3.2 Reconciliation of Balance Sheet as at April 1, 2015

The following reconciliation provides the effect of transition to IND AS from IGAAP in accordance with IND AS 101

(Rupees in Million)

PARTICULARS	Previous GAAP	Effect of transition to IND AS	As per IND AS balance sheet
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	6,658.32	(304.96)	6,353.36
b) Capital work-in-progress	40.37	-	40.37
c) Intangible assets	8.84	-	8.84
d) Financial assets			
(i) Investment	0.50	-	0.50
(ii) Loans	185.31	(185.28)	0.03
(iii) Other financial assets	-	401.88	401.88
e) Other non-current asset	83.95	483.70	567.65
	<b>6,977.29</b>	<b>395.34</b>	<b>7,372.63</b>
<b>Current assets</b>			
a) Inventories	2,156.06	-	2,156.06
b) Financial assets			
(i) Investment	-	-	-
(ii) Trade receivables	2,163.99	-	2,163.99
(iii) Cash and cash equivalent	290.24	(236.71)	53.53
(iv) Other bank balances	-	236.71	236.71
(v) Loans	184.44	(184.31)	0.13
(vi) Other financial assets	-	186.75	186.75
c) Current tax assets (net)	-	13.76	13.76
d) Other current assets	119.35	156.49	275.84
	<b>4,914.08</b>	<b>172.69</b>	<b>5,086.77</b>
<b>TOTAL ASSETS</b>	<b>11,891.37</b>	<b>568.03</b>	<b>12,459.40</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	223.75	-	223.75
b) Other equity	5,848.33	76.21	5,924.54
	<b>6,072.08</b>	<b>76.21</b>	<b>6,148.29</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	1,964.64	353.03	2,317.67
b) Provisions	317.19	-	317.19
c) Deferred tax liabilities (net)	384.30	11.83	396.13
d) Other non-current liabilities	13.37	-	13.37
	<b>2,679.50</b>	<b>364.86</b>	<b>3,044.36</b>
<b>Current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	217.62	-	217.62
(ii) Trade payables	1,420.24	-	1,420.24
(iii) Other financial liabilities	-	1,263.85	1,263.85
b) Other current liabilities	1,394.04	(1,083.03)	311.01
c) Provisions	107.89	(53.86)	54.03
	<b>3,139.79</b>	<b>126.96</b>	<b>3,266.75</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,891.37</b>	<b>568.03</b>	<b>12,459.40</b>

Notes :

1. The leasehold land, earlier classified as Fixed Assets as per IGAAP, has been reclassified to Other Non-Current Assets as per Ind AS.
2. The Company has taken cross currency interest rate swaps on foreign currency borrowing. Under Ind AS, the Company has recognised the derivative instruments separately at fair value as financial assets and the foreign currency borrowings have been translated at the closing rates.



## Notes to the standalone financial statements for the year ended March 31, 2017

### 3.3 Reconciliation of Profit and Loss for the year ended March 31, 2016

The following reconciliation provides the effect of transition to IND AS from IGAAP in accordance with IND AS 101

(Rupees in Million)

PARTICULARS	Previous GAAP	Effect of transition to IND AS	As per IND AS
<b>Revenue</b>			
Gross Revenue from operations	15,455.65	(0.00)	15,455.65
Less : Excise duty	(1,526.05)	1,526.05	-
Net Revenue from operations	13,929.60	1,526.05	15,455.65
Other income	170.05	3.72	173.77
<b>Total revenue</b>	<b>14,099.65</b>	<b>1,529.77</b>	<b>15,629.42</b>
<b>Expenses</b>			
Cost of material consumed	4,257.72	-	4,257.72
(Increase) / Decrease in inventories of finished goods and work-in-progress	97.89	(0.00)	97.89
Excise duty on sale of goods	-	1,526.05	1,526.05
Employee benefit expenses	2,712.73	20.50	2,733.23
Finance costs	260.30	(0.00)	260.30
Depreciation and amortisation expense	930.98	(3.45)	927.53
Other expenses	4,512.04	3.45	4,515.49
<b>Total expenses</b>	<b>12,771.66</b>	<b>1,546.55</b>	<b>14,318.21</b>
<b>Profit before tax</b>	<b>1,327.99</b>	<b>(16.78)</b>	<b>1,311.21</b>
<b>Tax expense:</b>			
i) Current tax	440.65	-	440.65
ii) Deferred tax	(39.95)	(5.81)	(45.76)
	<b>400.70</b>	<b>(5.81)</b>	<b>394.89</b>
<b>Profit for the year</b>	<b>927.29</b>	<b>(10.97)</b>	<b>916.32</b>
Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the post employment defined benefit plans	-	20.50	20.50
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(7.09)	(7.09)
B (i) Items that will be reclassified to profit or loss			
a) Fair value change of cash flow hedge	-	(25.78)	(25.78)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	8.92	8.92
<b>Total other comprehensive income</b>	<b>-</b>	<b>(3.45)</b>	<b>(3.45)</b>
<b>Total Comprehensive income</b>	<b>927.29</b>	<b>(14.42)</b>	<b>912.87</b>

Notes :

1. Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expenses, gains or losses are required to be presented in other comprehensive income.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 4. Property, plant & equipment

	Rs. million						
Particulars	Buildings	Plant and equipment	Furniture & fixtures	Vehicles	Office equipment	Dies	Total
<b>Year ended 31 March 2016</b>							
<b>Gross carrying amount</b>							
Deemed cost as at 01.04.2015	1,220.31	4,933.63	17.06	88.90	50.21	43.25	6,353.36
Additions	13.79	406.93	13.75	28.82	32.46	26.46	522.21
Disposals	-	42.15	13.96	33.61	12.68	4.27	106.67
<b>Closing gross carrying amount as at March 31, 2016</b>	<b>1,234.10</b>	<b>5,298.41</b>	<b>16.85</b>	<b>84.11</b>	<b>69.99</b>	<b>65.44</b>	<b>6,768.90</b>
<b>Accumulated depreciation and impairment</b>							
Balance as at 01.04.2015	-	-	-	-	-	-	-
Depreciation charged during the year	59.43	756.16	13.72	27.47	34.01	21.63	912.42
Impairment Loss	-	-	-	-	-	-	-
Disposals	-	32.33	13.09	27.16	10.60	4.06	87.24
<b>Closing accumulated depreciation and impairment as at March 31, 2016</b>	<b>59.43</b>	<b>723.83</b>	<b>0.63</b>	<b>0.31</b>	<b>23.41</b>	<b>17.57</b>	<b>825.18</b>
<b>Net carrying amount as at March 31, 2016</b>	<b>1,174.67</b>	<b>4,574.58</b>	<b>16.22</b>	<b>83.80</b>	<b>46.58</b>	<b>47.87</b>	<b>5,943.72</b>
<b>Year ended 31 March 2017</b>							
Opening gross carrying amount	1,234.10	5,298.41	16.85	84.11	69.99	65.44	6,768.90
Additions	27.27	551.02	8.66	43.55	33.50	19.85	683.85
Disposals	-	30.74	4.21	24.36	21.96	27.43	108.70
<b>Closing gross carrying amount as at March 31, 2017</b>	<b>1,261.37</b>	<b>5,818.69</b>	<b>21.30</b>	<b>103.30</b>	<b>81.53</b>	<b>57.86</b>	<b>7,344.05</b>
<b>Accumulated depreciation and impairment</b>							
Opening accumulated depreciation & impairment	59.43	723.83	0.63	0.31	23.41	17.57	825.18
Depreciation charged during the year	54.82	732.14	10.88	26.22	32.57	21.63	878.26
Impairment Loss	-	-	-	-	-	-	-
Disposals	0.01	25.77	3.81	18.96	20.04	25.83	94.42
<b>Closing accumulated depreciation and impairment as at March 31, 2017</b>	<b>114.24</b>	<b>1,430.20</b>	<b>7.70</b>	<b>7.57</b>	<b>35.94</b>	<b>13.37</b>	<b>1,609.02</b>
<b>Net carrying amount as at March 31, 2017</b>	<b>1,147.13</b>	<b>4,388.49</b>	<b>13.60</b>	<b>95.73</b>	<b>45.59</b>	<b>44.49</b>	<b>5,735.03</b>

The above assets are pledged as security against borrowings, refer note no 14 (i) and (ii).

Deemed cost as on April 01, 2015 is after adjusting of accumulated depreciation of Rs 6876.88 million.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 5. Intangible assets

Rs. million

Particulars	Computer software	Product design and development	Total
<b>Year ended 31 March 2016</b>			
<b>Gross carrying amount</b>			
Deemed cost as at 01.04.2015	8.84	-	8.84
Additions	12.18	15.56	27.74
Disposals	-	-	-
<b>Closing gross carrying amount as at March 31, 2016</b>	<b>21.02</b>	<b>15.56</b>	<b>36.58</b>
<b>Accumulated amortization and impairment</b>			
Balance as at 01.04.2015	-	-	-
Depreciation charged during the year	9.92	5.19	15.11
Impairment Loss	-	-	-
Disposals	-	-	-
<b>Closing accumulated depreciation and impairment as at March 31, 2016</b>	<b>9.92</b>	<b>5.19</b>	<b>15.11</b>
<b>Net carrying amount as at March 31, 2016</b>	<b>11.10</b>	<b>10.37</b>	<b>21.47</b>
<b>Year ended 31 March 2017</b>			
Opening Gross carrying amount	21.02	15.56	36.58
Additions	11.86	20.28	32.14
Disposals	-	-	-
<b>Closing gross carrying amount as at March 31, 2017</b>	<b>32.88</b>	<b>35.84</b>	<b>68.72</b>
<b>Accumulated amortization and impairment</b>			
Opening accumulated depreciation & impairment	9.92	5.19	15.11
Depreciation charged during the year	9.23	11.94	21.17
Impairment Loss	-	-	-
Disposals	-	-	-
<b>Closing accumulated depreciation and Impairment as at March 31, 2017</b>	<b>19.15</b>	<b>17.13</b>	<b>36.28</b>
<b>Net carrying amount as at March 31, 2017</b>	<b>13.73</b>	<b>18.71</b>	<b>32.44</b>

Deemed cost as on April 01, 2015 is after adjusting of accumulated depreciation of Rs 82.38 million.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 6. Investments

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
<b>Non Current Investment (Unquoted)</b>			
Carried at cost			
<b>Investment in equity instrument of subsidiary company</b>	0.50	0.50	0.50
50,000 Equity shares (previous year 50,000) ( fully paid up of Rs 10 each) of SPR International Auto Exports Limited			
	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>
<b>Current Investment (Unquoted)</b>			
Carried at fair value through Profit & loss			
<b>Investment in Mutual fund (Liquid fund) Units of Face value of Rs 1000 each</b>			
- 9800 units (Previous year: 21027) of SBI Premier Liquid Fund Growth Plan.	25.01	50.07	-
- Nil units ( previous year : 14898) of Axis Liquid Fund- Growth Direct.	-	25.02	-
- 14366 units (previous year : 30827) of IDBI Liquid Fund Growth Plan - Direct.	25.01	50.05	-
- Nil units ( previous year : 33154) of HSBC Cash Fund Growth Direct.	-	50.07	-
- 8843 units ( previous year : Nil) of HDFC Management Fund - Saving Growth Direct.	30.03	-	-
	<b>80.05</b>	<b>175.21</b>	<b>-</b>
<b>Aggregate value of unquoted investments</b>	<b>80.05</b>	<b>175.21</b>	<b>0.50</b>

### 7. Loans

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million
Housing loans to employees (secured)*	-	-	0.03	-	0.13	0.03
	<b>-</b>	<b>-</b>	<b>0.03</b>	<b>-</b>	<b>0.13</b>	<b>0.03</b>

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

### 8. Other Financial Assets

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million
Bank Deposit more than 12 months	-	0.05	-	-	-	-
Interest accrued on bank deposit	56.27	-	35.91	-	14.06	-
Derivative Instrument	107.08	138.14	174.47	304.93	172.69	395.34
Margin Money	-	6.54	-	6.63	-	6.54
	<b>163.35</b>	<b>144.73</b>	<b>210.38</b>	<b>311.56</b>	<b>186.75</b>	<b>401.88</b>

For valuation basis, refer note no 43.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 9. Other assets

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million
Capital advances	-	73.61	-	57.06	-	67.61
<b>Advances other than capital advances</b>						
Advances recoverable in cash or in kind or for value to be received	94.84	-	95.25	-	57.88	-
Unsecured, considered good						
Doubtful	14.07	-	13.73	-	24.73	-
	<b>108.91</b>	-	<b>108.98</b>	-	<b>82.61</b>	-
Provision for doubtful advances	(14.07)	-	(13.73)	-	(24.73)	-
	<b>94.84</b>	-	<b>95.25</b>	-	<b>57.88</b>	-
Export incentive receivable	17.47	60.96	12.56	65.80	18.67	66.98
Cenvat recoverable	73.16	-	70.77	-	64.82	-
Balance with excise authorities	31.30	-	12.91	-	16.06	-
Prepaid expenses	43.95	-	42.31	-	31.14	-
Security deposits	1.12	120.88	0.66	120.01	0.64	117.67
Other assets	59.96	380.49	84.24	325.10	86.63	315.39
	<b>321.80</b>	<b>635.94</b>	<b>318.70</b>	<b>567.97</b>	<b>275.84</b>	<b>567.65</b>

Advance recoverable in cash or in kind includes Rs. Nil (previous year: Rs. Nil ) due from related parties (refer note 34).

### 10. Inventories

(valued at lower of cost or net realisable value)

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
Raw material and components (includes in transit Rs. 10.52 million (previous year: Rs. 10.66 million))	548.72	496.86	478.04
Work-in-progress (includes in transit Rs. 0.57 million (previous year: Rs. 27.66 million))	675.94	493.50	521.40
Finished goods (includes in transit Rs. 151.50 million (previous year: Rs.202.83 million))	909.38	878.89	938.70
Stores and spares (includes in transit Rs. 16.70 million (previous year: Rs.2.03 million))	229.49	186.25	176.84
Loose tools	40.29	27.97	41.08
	<b>2,403.82</b>	<b>2,083.47</b>	<b>2,156.06</b>

The inventories are hypothecated as security against borrowings, refer note no 14 (i) and (ii) and note no 18.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 11. Trade receivables

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	Rs. million	Rs. million	Rs. million
<b>Current</b>			
Considered good	2,378.09	2,225.22	2,163.99
Doubtful	12.86	13.22	10.32
	2,390.95	2,238.44	2,174.31
Provision for doubtful trade receivables	(12.86)	(13.22)	(10.32)
	<b>2,378.09</b>	<b>2,225.22</b>	<b>2,163.99</b>

For valuation basis, refer note no 43.

### 12. Cash and cash equivalents and other bank balances

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non-current Rs. million	Current Rs. million	Non-current Rs. million	Current Rs. million	Non-current Rs. million
<b>i) Cash and cash equivalents</b>						
Cash on hand	0.73	-	1.07	-	1.59	-
Balances with banks						
- current accounts	19.87	-	31.16	-	51.94	-
	<b>20.60</b>	<b>-</b>	<b>32.23</b>	<b>-</b>	<b>53.53</b>	<b>-</b>
<b>ii) Other bank balances</b>						
Dividend account	0.54	-	0.45	-	0.45	-
Deposits with banks	1,458.36	0.05	922.62	0.00	213.00	-
Deposits with banks held as margin money	71.40	6.54	48.59	6.63	23.26	6.54
	<b>1,530.30</b>	<b>6.59</b>	<b>971.66</b>	<b>6.63</b>	<b>236.71</b>	<b>6.54</b>
	<b>1,550.90</b>	<b>6.59</b>	<b>1,003.89</b>	<b>6.63</b>	<b>290.24</b>	<b>6.54</b>
Less : Amounts disclosed under other financial assets (refer note 8)	-	(6.59)	-	(6.63)	-	(6.54)
	<b>1,550.90</b>	<b>-</b>	<b>1,003.89</b>	<b>-</b>	<b>290.24</b>	<b>-</b>

For valuation basis, refer note no 43.



## Notes to the standalone financial statements for the year ended March 31, 2017

### 13. Share capital

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
<b><u>Authorised Shares</u></b>			
50,000,000 (previous year 50,000,000) equity shares of Rs. 10 each	500.00	500.00	500.00
3,000,000 (previous year 3,000,000) preference shares of Rs. 100 each	300.00	300.00	300.00
	<b>800.00</b>	<b>800.00</b>	<b>800.00</b>
<b><u>Issued , subscribed and fully paid up shares</u></b>			
22,374,912 (previous year 22,374,912) equity shares of Rs. 10 each	223.75	223.75	223.75
	<b>223.75</b>	<b>223.75</b>	<b>223.75</b>

#### a. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to dividend and one vote per share.

#### b. Details of shareholders holding more than 5% shares in the Parent Company

	March 31, 2017		March 31, 2016		April 01, 2015	
	No. in million	% shareholding	No. in million	% shareholding	No. in million	% shareholding
<b><u>Equity shares of Rs. 10 each fully paid</u></b>						
Riken Corporation	4.69	20.97	4.69	20.97	4.69	20.97
KS Kolbenschmidt GmbH	4.47	20.00	4.47	20.00	4.47	20.00
Luv D. Shriram and Meenakshi Dass*	3.33	14.91	3.33	14.91	3.33	14.91
Meenakshi Dass and Luv D. Shriram *	3.33	14.91	3.33	14.91	3.33	14.91
National Insurance Company Limited	1.43	6.38	1.43	6.38	1.43	6.38
Meenakshi Dass	1.24	5.54	1.24	5.54	1.24	5.54

\* Shares held on behalf of Deepak Shriram Family Benefit Trust.

#### c. The dividend paid to equity shareholder is as under;

	Year ended March 31, 2017	Year ended March 31, 2016	
	Interim	Interim	Final
Date of payment	05.11.2016	29.01.2016	07.05.2016
Dividend (Rs) per equity share	3.00	2.00	2.00
Dividend amount (including corporate dividend tax)- Rs million	80.79	53.86	53.86

The Board of director has proposed a final dividend of Rs 4/- per equity share to equity shareholders for the year ended March 31, 2017, amounting to Rs.107.72 million including dividend distribution tax. The final dividend is subject to the approval of shareholders in Annual General Meeting of the company and same has not been recognised as liability in financial statements.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 14. Borrowings

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non Current Rs. million	Current Rs. million	Non Current Rs. million	Current Rs. million	Non Current Rs. million
<b>Secured</b>						
Term loans from banks	618.30	765.29	819.59	1,411.62	906.62	2,113.25
<b>Unsecured</b>						
Deposits	89.09	375.48	96.22	310.10	167.10	170.39
Deposits from related parties (refer note 34)	2.71	64.61	18.25	44.30	25.04	34.03
	710.10	1,205.38	934.06	1,766.02	1,098.76	2,317.67
Less : Current maturities of long term debt (refer note 18)	(710.10)	-	(934.06)	-	(1,098.76)	-
	-	<b>1,205.38</b>	-	<b>1,766.02</b>	-	<b>2,317.67</b>

(i) Term loans from banks of Rs. 1091.74 million (previous year: Rs. 1644.00 million) are secured by way of first pari passu charge and mortgage on all present and future immovable assets and hypothecation of all movable assets of the Company, present and future subject to prior charge created and/or to be created in favour of the Company's working capital bankers on the Company's stocks and book debts.

As at March 31, 2017 (Rs. million)	Amount outstanding		Repayment period from origination (years)	Instalments outstanding		Effective rate of Interest per annum %
	As at March 31, 2016 (Rs. million)	As at April 01, 2015 (Rs. million)		As at March 31, 2017 No.	Periodicity	
-	26.50	124.98	5.5	-	-	-
84.31	258.38	406.19	6	2	Quarterly	7.05
80.00	160.00	240.00	6	4	Quarterly	9.75
77.83	238.50	374.94	5	2	Quarterly	9.12
849.60	960.62	981.09	7	11	Quarterly	8.59
<b>1,091.74</b>	<b>1,644.00</b>	<b>2,127.20</b>				

(ii) Term loans from banks of Rs. 291.85 million (previous year: Rs. 587.21 million) are secured by way of first pari passu charge and mortgage on all present and future immovable assets and hypothecation of all movable fixed assets of the Company, present and future.

As at March 31, 2017 (Rs. million)	Amount outstanding		Repayment period from origination (years)	Instalments outstanding		Effective rate of Interest per annum %
	As at March 31, 2016 (Rs. million)	As at April 01, 2015 (Rs. million)		As at March 31, 2017 No.	Periodicity	
-	24.09	111.55	6	-	-	-
64.86	198.75	312.45	6	2	Quarterly	9.31
81.07	149.06	203.09	6	5	Quarterly	9.46
145.92	215.31	265.58	7	7	Quarterly	8.65
<b>291.85</b>	<b>587.21</b>	<b>892.67</b>				

## Notes to the standalone financial statements for the year ended March 31, 2017

(iii) The long term deposits have been raised under Section 58A of the Companies Act, 1956 and Section 73 to 76 of the Companies Act, 2013 for maturity period of 2 and 3 years.

As at March 31, 2017 (Rs. million)	Amount outstanding As at March 31, 2016 (Rs. million)	As at April 01, 2015 (Rs. million)	Repayment period from origination (years)	Rate of Interest per annum %
22.99	16.59	36.33	2	8.00 - 10.50
508.90	452.28	360.23	3	
<b>531.89</b>	<b>468.87</b>	<b>396.56</b>		

For valuation basis, refer note no 43.

### 15. Provisions

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non Current Rs. million	Current Rs. million	Non Current Rs. million	Current Rs. million	Non Current Rs. million
Provision for employee benefits	85.10	355.14	53.32	374.60	54.03	317.19
	<b>85.10</b>	<b>355.14</b>	<b>53.32</b>	<b>374.60</b>	<b>54.03</b>	<b>317.19</b>

### 16. Other liabilities

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non Current Rs. million	Current Rs. million	Non Current Rs. million	Current Rs. million	Non Current Rs. million
Security deposits	69.70	1.89	51.25	11.86	44.53	13.37
Advances from customers	35.24	-	16.17	-	54.00	-
Statutory dues	203.99	-	189.24	-	196.21	-
Others	12.43	-	14.61	-	16.27	-
	<b>321.36</b>	<b>1.89</b>	<b>271.27</b>	<b>11.86</b>	<b>311.01</b>	<b>13.37</b>

The security deposits have been received by the Parent Company from customers/vendors in the normal course of business.

### 17. a) Deferred tax liability (net)

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
<b>Deferred tax liability</b>			
Impact of difference between tax depreciation and depreciation/ amortisation charged in books	558.00	510.68	532.36
<b>Deferred tax liability on other comprehensive income</b>			
Fair value change in Cash flow hedges	-	2.91	11.83
	<b>558.00</b>	<b>513.59</b>	<b>544.19</b>
<b>Deferred tax assets</b>			
Expenses deductible on payment basis	181.66	157.00	135.94
Provision for doubtful debts/advances	9.32	9.33	12.12
<b>Deferred tax assets on other comprehensive income</b>			
Fair value change in Cash flow hedges	3.45	-	-
Remeasurement of post employment defined benefit plans	23.24	-	-
	<b>217.67</b>	<b>166.33</b>	<b>148.06</b>
<b>Net deferred tax liability</b>	<b>340.33</b>	<b>347.26</b>	<b>396.13</b>

## Notes to the standalone financial statements for the year ended March 31, 2017

### b) Reconciliation of tax expenses and accounting profit

	As at March 31, 2017	As at March 31, 2016
	Rs. million	Rs. million
Profit before tax from continuing operation	1708.80	1311.21
Income tax expenses calculated at current tax rate	580.26	449.93
Less : Effect of Concession		
(i) Weighted Deduction under section 35 (2AB)	41.86	41.21
(ii) Investment allowance under section 32 AC	21.22	21.11
(iii) Donation under section 35AC	1.73	1.73
Add : Effect of expenses that are not deductible in determining taxable profit.		
(i) Corporate Social Responsibility Expenditure	10.91	6.39
(ii) Donation	0.26	0.66
(iii) Interest on Income Tax	0.00	0.76
(iv) Amortisation of land	1.20	1.20
<b>Income tax expenses recognised in statement of profit &amp; loss (relating to continuing operation)</b>	<b>527.82</b>	<b>394.89</b>

### 18. Short term borrowings

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	Rs. million	Rs. million	Rs. million
<b>Secured</b>			
Working capital loans from banks	131.64	173.44	214.52
<b>Unsecured</b>			
Working capital loans from banks	200.00	-	-
Deposits*	6.82	4.76	3.10
Deposits from related parties (refer note 34)*	10.00	7.00	-
	<b>348.46</b>	<b>185.20</b>	<b>217.62</b>

For valuation basis, refer note no 43.

Working capital loans are secured by way of first pari passu charge on stocks and book debts of the Parent Company and second pari passu charge on all fixed assets of the Parent Company, present and future.

\* The short term deposits have been raised under Section 58A of the Companies Act, 1956 and Section 73 to 76 of the Companies Act, 2013.

### 19. Trade payables

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	Rs. million	Rs. million	Rs. million
- Outstanding dues to Micro and Small enterprises (refer note no. 39)	35.72	38.29	39.12
- Outstanding dues to parties other than Micro and Small enterprises	2,057.48	1,840.47	1,381.12
	<b>2,093.20</b>	<b>1,878.76</b>	<b>1,420.24</b>

Trade payable includes Rs. 119.07 million (previous year: Rs.107.75 million ) due to related parties (refer note 34 ).

For valuation basis, refer note no 43.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 20. Other financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	Rs. million	Rs. million	Rs. million
Current maturities of long term borrowing (refer note 14)	710.10	934.06	1,098.76
Interest accrued but not due on borrowings	65.35	61.84	74.92
Investor education and protection fund*			
- Unclaimed dividends	0.54	0.45	0.45
- Unclaimed matured deposits and interest accrued thereon	2.38	6.48	2.31
Capital creditors	71.42	71.72	87.41
	<b>849.79</b>	<b>1,074.55</b>	<b>1,263.85</b>

\*Not due for transfer to investor education and protection fund.  
For valuation basis, refer note no 43.

### 21. Revenue from operations

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. Million	Rs. Million
Sale of products including excise duty (refer note 32)	16,046.85	15,216.01
Other operating revenues		
- sale of scrap	122.08	124.07
- export benefits*	117.95	106.62
- others	0.11	8.95
	<b>16,286.99</b>	<b>15,455.65</b>

\*Export benefits are in the nature of government grants covering following:

	As at March 31, 2017	As at March 31, 2016
	Rs. million	Rs. million
Merchandise Exports from India Scheme (MEIS)	73.80	60.95
Duty draw backs	44.09	42.42
Others	0.06	3.25
	<b>117.95</b>	<b>106.62</b>

Under MEIS, the grant is received in the form of licences which can be used for payment of customs duty on import of goods & excise duty on domestic procurement of goods.

Duty Draw Back is cash incentive and is granted at the rates notified by government.

Exports benefits are allowed subject to realisation of export proceeds in convertible foreign exchange.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 22. Other income

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Interest income		
- Bank deposits	108.21	44.31
- Others	16.84	18.99
Net gain on sale of current investment	19.93	9.89
Liabilities no longer required written back	12.41	17.12
Profit on disposal of property, plant and equipment	3.14	8.78
Foreign exchange gain (net)	64.39	22.15
Provision for doubtful debts and advances written back (net)	0.02	8.10
Other non-operating income*	35.52	44.43
	<b>260.46</b>	<b>173.77</b>

\* Includes government grant of Rs. 25.34 million (previous year Rs. 30.17 million) towards subsidy under Rajasthan Investment Promotion scheme 2010. There are no unfulfilled obligation under the scheme.

### 23. Cost of material consumed

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Cost of raw material and components consumed	4,321.74	3,976.29
Cost of packing material consumed	299.15	281.43
	<b>4,620.89</b>	<b>4,257.72</b>

### 24. (Increase) / Decrease in inventories of finished goods and work-in-progress

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
<b>Inventories at the end of the year</b>		
Work-in-progress	675.93	493.50
Finished goods	909.38	878.90
	1,585.31	1,372.40
<b>Inventories at the beginning of the year</b>		
Work-in-progress	493.50	521.39
Finished goods	878.89	938.70
	1,372.39	1,460.09
Excise duty variation on finished goods	16.80	10.20
	<b>(196.12)</b>	<b>97.89</b>



## Notes to the standalone financial statements for the year ended March 31, 2017

### 25. Employee benefits expense

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Salaries and wages	2,333.49	2,306.80
Contribution to provident and other funds	218.08	205.84
Staff welfare expenses	235.93	220.59
	<b>2,787.50</b>	<b>2,733.23</b>

### 26. Finance costs

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Interest expense	200.99	258.48
Other borrowing costs	3.13	1.82
	<b>204.12</b>	<b>260.30</b>

### 27. Depreciation and amortisation expense

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
- Depreciation on Property , Plant and Equipment (refer note 4)	878.26	912.42
- Amortisation of Intangible Assets (refer note 5)	21.17	15.11
	<b>899.43</b>	<b>927.53</b>

### 28. Other expenses

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Stores and spares consumed	1,394.17	1,319.26
Power and fuel	1,132.01	1,023.32
Job work charges	415.73	391.01
Freight expenses	206.98	180.06
Royalty	302.17	291.84
Rent	58.92	60.16
Rates and taxes	16.21	14.63
Insurance	17.80	18.75
Repair and maintenance		
- Plant and machinery	120.74	101.86
- Buildings	106.64	102.27
- Others	27.14	27.47
Auditor's remuneration (refer note 29)	4.06	2.86
Directors' fees	3.13	3.31
Bad debts and advances written off	0.73	0.52
Corporate social responsibilities expenses	31.52	18.50
Miscellaneous expenses	1,074.57	959.67
	<b>4,912.52</b>	<b>4,515.49</b>

## Notes to the standalone financial statements for the year ended March 31, 2017

### 29. Payment to auditor (excluding service tax)

#### As auditor:

- Audit fee
- Limited review
- Other services
- Reimbursement of expenses

Year ended March 31, 2017 Rs. million	Year ended March 31, 2016 Rs. million
2.39	1.86
1.00	0.60
0.39	0.40
0.28	-
<b>4.06</b>	<b>2.86</b>

### 30. Earnings per share (EPS)

Profit attributable to equity shareholders (Rs. million)  
 Weighted average number of equity shares (Nos. million)  
 Earning per share  
 - Basic (Rs.)  
 - Diluted (Rs.)

Year ended March 31, 2017	Year ended March 31, 2016
1,180.98	916.32
22.37	22.37
52.78	40.95
52.78	40.95

### 31. Research and development expenditure

The details of research and development expenditure incurred by the Company and included in the respective account heads are as under:-

	Year ended March 31, 2017 Rs. million	Year ended March 31, 2016 Rs. million
Capital expenditure	34.05	41.82
Revenue expenditure	143.35	121.08
	<b>177.40</b>	<b>162.90</b>

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

	Year ended March 31, 2017 Rs. million	Year ended March 31, 2016 Rs. million
Stores and spares consumed	36.74	38.34
Salaries and wages	61.05	56.27
Contribution to provident and other funds	5.97	6.94
Staff welfare expenses	1.70	1.13
Power and fuel	3.24	3.70
Repair and maintenance		
- Plant and Machinery	10.78	5.90
- Buildings	0.05	-
- Others	0.02	0.03
Loss on sale/retirement of fixed assets (net)	0.02	0.20
Travelling expenses	5.70	3.92
Miscellaneous expenses	18.08	4.65
	<b>143.35</b>	<b>121.08</b>

### 32. Sale of products

	Year ended March 31, 2017 Rs. million	Year ended March 31, 2016 Rs. million
Pistons, Piston Pins, Piston Rings etc	12,711.53	12,267.43
Engine Valves	3,335.32	2,948.58
	<b>16,046.85</b>	<b>15,216.01</b>

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

Under previous GAAP, revenue from sale of products was presented net of excise duty under revenue from operations. Whereas under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense presented separately on the face of statement of profit and loss. The change does not affect total equity as at April 01, 2015 and March 31, 2016, profit before tax or total profit for the year ended March 31, 2016.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 33. Employee benefits

The Parent company has classified the various employee benefits as under:

#### i) Defined contribution plans

The Parent Company has recognised the following amount in the statement of profit and loss:

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Employers' contribution to Provident fund	135.11	127.97
Employers' contribution to Superannuation fund	20.89	20.82
Employers' contribution to State insurance fund	35.25	30.65
	<b>191.25</b>	<b>179.44</b>

#### ii) Defined benefit plans - Gratuity

In accordance with Ind AS 19, actuarial valuation of defined benefit plans was done for Gratuity and details of the same are given below :

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
<b>Amount recognized in statement of Profit &amp; Loss A/c</b>		
Current service cost	55.94	51.87
Net Interest cost on defined benefit/ liability	(1.87)	(2.87)
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>54.07</b>	<b>49.00</b>
<b>Actual contribution and benefit payments for the year</b>		
Actual benefit payments	(26.70)	(34.17)
Actual contributions	50.00	-
	<b>23.30</b>	<b>(34.17)</b>
<b>Net asset / (liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	764.13	616.76
Fair value of plan assets	716.58	640.43
Funded status [Surplus / (Deficit)]	(47.55)	23.67
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(47.55)</b>	<b>23.67</b>
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of defined benefit obligations at beginning of the year	616.76	570.90
Current service cost	55.94	51.87
Interest cost	48.69	43.75
Remeasurement of defined benefit obligations (Actuarial (gains)/losses)	-	-
- Changes in Demographic assumptions	-	-
- Changes in Financial assumptions	69.66	-
- Experience Variance	(0.22)	(15.60)
Benefits paid	(26.70)	(34.16)
<b>Present value of DBO at the end of the year</b>	<b>764.13</b>	<b>616.76</b>

## Notes to the standalone financial statements for the year ended March 31, 2017

### Change in fair value of plan assets during the year

Plan assets at beginning of the year	640.43	588.90
Expected return on plan assets	50.56	46.62
Contributions	50.00	-
Actuarial gain / (loss)	-	-
Return on Plan assets excluding amount recognised in net interest expenses	2.28	4.91
Benefits paid	(26.69)	-
<b>Plan assets at the end of the year</b>	<b>716.58</b>	<b>640.43</b>
<b>Actual return on plan assets</b>	<b>52.84</b>	<b>51.53</b>

### Amount recognised in other comprehensive income

Actuarial (Gains)/ Losses		
- Changes in Demographic assumptions	0.00	0.00
- Changes in Financial assumptions	69.66	0.00
- Experience Variance	(0.22)	(15.60)
(Return)/loss on plan assets, excluding amount recognized in net interest expense	(2.28)	(4.90)
	<b>67.16</b>	<b>(20.50)</b>

### Actuarial assumptions for Gratuity

	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Discount rate	6.90%	7.90%	7.90%
Expected return on plan assets	8.25%	8.75%	9.00%
Salary escalation	11.00%	11.00%	11.00%
Attrition	5 /30 %, p.a.	5 /25 %, p.a.	5 /25 %, p.a.
Mortality table used	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate
Estimate of the future salary increase is based on factors such as inflation, seniority, promotions, demand and supply in employment market.			

### Sensitivity Analysis for significant actuarial assumptions

		Year ended March 31, 2017		Year ended March 31, 2016	
		Impact on Liability		Impact on Liability	
Particulars		Increase	Decrease	Increase	Decrease
		Rs. million	Rs. million	Rs. million	Rs. million
Discount Rate	+100 basis points		69.57		53.51
	-100 basis points	81.34		62.27	
Salary Growth Rate	+100 basis points	77.34		60.49	
	-100 basis points		67.75		52.71
Attrition Rate	+100 basis points		41.78		26.12
	-100 basis points	58.47		36.3	
Mortality Rate	+100 basis points	0.62		0.37	
	-100 basis points		0.62		0.37

## Notes to the standalone financial statements for the year ended March 31, 2017

The sensitivity analysis has been determined based on possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis present above may not be representative of the actual change in the defined obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be co-related.

### Risk Factors in actuarial assumptions

**Interest Rate Risk:** The plan exposes the Parent Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

**Liquidity Risk:** This is the risk that the Parent Company is not able to meet the short term gratuity payouts. This may arise due to non availability of enough cash/ cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

**Salary escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary use to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk:** The Parent Company has used certain mortality and attrition assumption in valuation of the liability. The Parent Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

**Asset Liability Mismatching or Market Risk:** The duration of the liability is longer compared to duration of assets, exposing the Parent Company to market risk for volatilities/ fall in interest rate.

**Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

### Regulatory framework/ Governance / Benefits under the plan:

The gratuity benefit is a post employment benefit. It is calculated at the terminal salary (Basic+VDA) at the time of retirement/ resignation of the employee according to the provisions of Payment of Gratuity Act, 1972. However, there is no restriction on the maximum amount of gratuity payable. The plan assets are managed by independent Board of Trustees, appointed by the Parent Company. The trust is a separate legal entity and is recognized by the Commissioner of Income Tax, under the provisions of Schedule IV the Income Tax Act, 1961.

The Board of trustees manages the plan assets through Life Insurance Corporation of India (LIC), SBI Life Insurance, Bajaj Allianz Life Insurance Company and HDFC Standard Life Insurance Co. Under this policy, the eligible employees are entitled to receive gratuity payments upon their resignation or death in lump sum after deduction of necessary taxes. The fund managers do not disclose the composition of their portfolio investment, accordingly break-down of plan assets by investment type has not been disclosed.

### Asset Liability Matching Strategies

The Parent Company has purchased insurance policy, which is a cash accumulation plan. Interest on the fund balances during the year is accumulated at the interest rate declared by insurance Company at the end of the financial year. Gratuity claims are settled by the insurance Company out of the fund, thus mitigating any liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of the liabilities. Thus, the Parent Company is exposed to movement in interest rate.

### Effect of plan on Entity's future cash flows

The Parent Company has purchased insurance policies to provide for payment of gratuity to the employees. The contribution to the funds are made on a quarterly basis based on estimated shortfall in plan assets from liabilities. Expected contribution during the next annual reporting period is Rs 114.41 million (Rs 33.21 million) Maturity profile of the defined benefit obligation based on weighted average duration is 10 Years.

### iii) Compensated Absences

	Year ended 31 March, 2017	Year ended 31 March, 2016
Present value of DBO	377.62	401.11
Funded status [Surplus / (Deficit)]	(377.62)	(401.11)

### iv) Provident fund

The Parent Company has an obligation to fund any shortfall in yield of the trust's investments over the rate declared by Government. The rate is determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Parent Company has been higher in earlier years.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 34. Related party disclosure

As per Indian Accounting Standard – 24 the Company's related parties and transactions with them are disclosed below :

#### A. List of related parties

Subsidiary company	SPR International Auto Exports Limited
Key management personnel	Shri Pradeep Dinodia, Chairman Shri Hari S. Bhartia, Director Smt Meenakshi Dass, Director Shri Ravinder Narain, Director Shri C.Y.Pal, Director Dr. Alexander Sagel, Director Shri M.Sekimoto, Director Shri Inderdeep Singh, Director Shri Toru Suzuki, Director Shri A.K Taneja, Managing Director & CEO Shri R. Srinivasan, Jt. Managing Director & Company Secretary Shri Luv D. Shriram, Whole Time Director Dr. Peter Neu, Director Shri Noritada Okano, Director
Close members of the family of key management personnel	
Shri A.K Taneja	Smt. Anita Taneja Late Shri B.N.Taneja (till January 23, 2017)
Shri R. Srinivasan	Smt. Usha Srinivasan Smt. R. Srirangam Smt. R. Vijayalakshmi Shri. R. Ramaswamy Shri. R. Venkatesh
Shri Luv D. Shriram	Late Smt. Santosh D. Shriram (till June 22, 2016) Smt. Meenakshi Dass Shri Arjun D. Shriram Shri Kush D. Shriram Smt Nandishi Shriram Smt. Arati Shriram
Shri Ravinder Narain	Smt. Manju Narain Smt. Rasika Dayal Smt. Sarika Narain
Entity over which , Key management personnel and their Close members of the family has significant influence or control	Shriram Automotive Products Ltd. Shriram Alpine Sales Pvt. Ltd. Shriram Veritech Solutions Pvt. Ltd. Sera Com Pvt. Ltd. Manisha Commercial Pvt. Ltd Sarva Commercial Pvt. Ltd. Charat Ram Shriram Pvt. Ltd. Deepak C. Shriram & Sons HUF Shabnam Commercial Pvt. Ltd. Pradeep Dinodia HUF
Entity in which Key management personnel and their Close members of the family is Key management personnel	Shriram Automotive Products Ltd. Shriram Alpine Sales Pvt. Ltd.
Post-employment defined benefit plan entity	Shriram Pistons & Rings Ltd Gratuity Fund Trust Shriram Pistons & Rings Ltd. Officers' Provident Fund Trust



## Notes to the standalone financial statements for the year ended March 31, 2017

### B. Related party transactions

#### (i) Transactions during the year

Rs. million

Particulars	Key management personnel (KMP)		Close members of the family of key management personnel		Entity over which, Key management personnel and their Close members of the family has significant influence or control		Post-employment defined benefit plan entity		Total	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Remuneration</b>										
Short-term employees benefit	93.52	87.13	-	-	-	-	-	-	93.52	87.13
Post- employment benefit	3.44	3.44	-	-	-	-	-	-	3.44	3.44
Other long-term employees benefit	0.33	-	-	-	-	-	-	-	0.33	-
Commission to Directors	17.06	13.03	-	-	-	-	-	-	17.06	13.03
Rent	-	-	0.48	0.48	4.06	3.38	-	-	4.54	3.86
Interest on deposits	0.41	0.54	5.72	5.52	0.57	1.00	-	-	6.70	7.06
Directors sitting fees	3.10	2.90	-	-	-	-	-	-	3.10	2.90
Dividend paid	39.56	13.34	0.02	18.32	13.89	11.11	-	-	53.47	42.77
Contribution Paid	-	-	-	-	-	-	83.42	29.76	83.42	29.76
Deposits taken during the year	12.50	-	18.82	61.68	4.20	-	-	-	35.52	61.68
Licence fee earned	-	-	-	-	-	0.01	-	-	-	0.01
Purchase of material / stores	-	-	-	-	6.94	6.94	-	-	6.94	6.94
Purchase of components	-	-	-	-	302.19	319.18	-	-	302.19	319.18
Share of expenses recovered	-	-	-	-	4.27	3.61	-	-	4.27	3.61

## Notes to the standalone financial statements for the year ended March 31, 2017

### (ii) Balances due from/to the related parties

Rs. million

Particulars	Key management personnel (KMP)			Close members of the family of key management personnel			Entity over which , Key management personnel and their Close members of the family has significant influence or control			Post-employment defined benefit plan entity			Total		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Deposits accepted	10.57	3.90	15.20	61.86	56.55	34.78	4.90	9.10	9.10	-	-	-	77.33	69.55	59.08
Interest accrued but not due	0.36	0.54	0.46	0.55	0.49	0.41	-	-	-	-	-	-	0.91	1.03	0.87
Amount payable	82.78	71.93	53.36	-	-	-	36.29	35.82	-	50.40	2.49	2.23	169.47	110.24	55.59
Amount recoverable	-	-	-	-	-	-	-	-	0.03	-	-	-	-	-	0.03

- Notes : i) The deposit from related parties have been accepted on same rate of interest as applicable for other parties
- ii) The amount outstanding from related parties are unsecured and will be settled in cash.
- iii) No guarantees have been given or received in respect of related parties
- iv) No expense has been recognised in the current year or prior year for bad and doubtful debts in respect of the amount due from related parties.

## Notes to the standalone financial statements for the year ended March 31, 2017

35. a) Information pursuant to clause 3 (vii) (b) of the Companies (Auditor's Report) order, 2016 in respect of disputed dues, not deposited as at March 31, 2017, pending with various authorities:

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount Involved* (Rs. Million)	Amount Unpaid (Rs. Million)
Income Tax Act, 1961	Income tax	Appellate authority up to Commissioners' level	2003-04, 2004-05, 2013-14 & 2014-15	11.45	-
Central Excise Act, 1944	Excise Duty	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2010-11	0.36	0.35
Central Excise Act, 1944	Excise Duty	Commissioner (Appeals)	2010-11, 2011-12, 2012-13, 2013-14 & 2014-15	4.70	4.54
Finance Act, 1994	Service Tax	Commissioner (Appeals)	2013-14	1.53	1.47
Central Sales Tax Act, 1956	Sales Tax	Appellate authority up to Commissioners' level	2006-07, 2007-08, 2009-10, 2010-11, 2012-13, 2013-14 & 2014-15	13.26	11.47
		Appellate Tribunal	2005-06, 2006-07, 2007-08, 2012-13 & 2013-14	767.13	716.94
Sales Tax Laws	Sales Tax / Value Added Tax	Appellate authority up to Commissioners' level	2006-07, 2007-08, 2009-10, 2010-11, 2012-13 & 2013-14	97.60	85.04
		Appellate Tribunal	2004-05, 2005-06 & 2007-08	0.34	0.25

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

b) The following matters, which have been excluded from the table above, have been decided in favour of the Group but the department has preferred appeals at higher levels. The details are given below:

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (Rs. Million)
Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2010-11, 2011-12 & 2012-13	11.01

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

## Notes to the standalone financial statements for the year ended March 31, 2017

36. The Parent Company has made provision for disputed/ pending litigation based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	As at March 31, 2016 (Rs. Million)	Addition during the year (Rs. Million)	As at March 31, 2017 (Rs. Million)
Entry Tax	4.89	4.86	9.75

Particulars	As at March 31, 2015 (Rs. Million)	Addition during the year (Rs. Million)	As at March 31, 2016 (Rs. Million)
Entry Tax	7.69	(2.80)	4.89

### 37. Operating lease

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

	Year ended March 31, 2017 Rs. million	Year ended March 31, 2016 Rs. million
The total of future minimum lease payments for remaining period of non- cancellable leases are as under:		
Not later than one year	7.43	7.75
Later than one year but not later than five years	13.81	17.78
Later than five years	280.80	284.25
	<b>302.04</b>	<b>309.78</b>

### 38. Segment reporting

The Group is engaged in a single segment i.e. the business of "automotive components" from where it is earning its revenue and incurring expense. The operating results are regularly reviewed and performance is assessed by its Chief Operating Decision Maker (CODM). All the company's resources are dedicated to this single segment and all the discrete financial information is available for this segment.

Geographical information in respect of revenue from customer is given below

	Year ended March 31, 2017 Rs. million	Year ended March 31, 2016 Rs. million
Domestic Sale	13,610.38	12,833.76
Export Sale (FOB)	2,436.47	2,382.25
	<b>16,046.85</b>	<b>15,216.01</b>

Revenue from one customer amounts to Rs 1945.41 million (previous year Rs 1846.46 million). No other single customer represents 10% or more to the Group revenue for financial year ended March 31, 2017 and March 31, 2016.

## Notes to the standalone financial statements for the year ended March 31, 2017

### 39. Micro, Small and Medium enterprises as defined under the MSMED Act

The status of vendors under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is based on certificate submitted by vendors about their coverage under the provisions of MSMED Act, 2006.

	Year ended March 31, 2017 Rs. million	Year ended March 31, 2016 Rs. million	Year ended April 01, 2015 Rs. million
<b>Amount remaining unpaid to suppliers under MSMED as at the end of year</b>			
- Principal amount	35.72	38.29	39.12
- Interest due thereon	-	-	-
<b>Amount of payments made to suppliers beyond the appointed day during the year</b>			
- Principal amount	36.62	31.30	7.65
- Interest actually paid under section 16 of MSMED	0.16	0.01	0.02
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED	0.15	0.15	0.07
<b>Interest accrued and remaining unpaid at the end of the year</b>			
- Interest accrued during the year	0.15	0.15	0.07
- Interest remaining unpaid as at the end of the year	0.18	0.24	0.13
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961	0.15	0.15	0.07

### 40. Contingent liabilities

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
i) Disputed			
- Excise duty	5.07	0.35	94.45
- Sales tax	878.33	63.71	62.49
- Service tax	1.53	50.37	42.41
- Income tax	1.43	1.43	1.43
- Employees' State Insurance	28.83	28.83	-
- Others	8.65	4.60	-
All the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of the management, the legal proceedings, when ultimately concluded, will not have a material effect on operations or the financial position of the Company.			
ii) Bank guarantees	25.00	25.00	25.00
iii) Claims not acknowledged as debts	89.70	54.99	37.77

## Notes to the standalone financial statements for the year ended March 31, 2017

### 41. Commitments

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	366.69	396.50	219.93

Outstanding export obligation to be fulfilled over a period of maximum up to 5 years under the EPCG scheme against import of some machines is Rs. 2982.71 Millions (previous year Rs. 3465.22 Millions). Customs duty saved against outstanding export obligations is Rs.10.73 million (previous year Rs. 66.35 million).

The Company has other commitments, for purchase / sales orders which are issued after considering requirements as per operating cycle for purchase / sale of goods, employee benefits including union agreements in normal course of business. The Company does not have any other long term commitments or material non-cancellable contractual commitments, which may have a material impact on the financial statements.

### 42. Details of Specified Bank Notes (SBN) transacted during demonetisation period

	SBNs	Other denomination notes	Total
	Rs	Rs	Rs
Closing cash in hand as on 08.11.2016	13,21,000	1,22,269	14,43,269
(+) Permitted receipts	-	15,20,550	1,5,20,550
(-) Permitted payments	-	8,50,773	8,50,773
(-) Amount deposited in Banks	13,21,000	50,000	13,71,000
Closing cash in hand as on 30.12.2016	-	7,42,046	7,42,046



## Notes to the standalone financial statements for the year ended March 31, 2017

### 43. Fair Value Measurement

i) The carrying value and fair value of financial instruments by categories as of March 31, 2017 are as under:

(Rs. million)

Particulars	Financial assets/ (Financial liabilities) at fair value through profit or loss (FVTPL)	Total carrying value	Total fair value
<b>Financial assets/(Financial liabilities)</b>			
Investment in Mutual Fund	80.05	80.05	80.05
Derivatives Instruments*			
- Forward contracts	(4.37)	(4.37)	(4.37)
- Cross currency Interest rate swaps	249.58	249.58	249.58
<b>Total</b>	<b>325.26</b>	<b>325.26</b>	<b>325.26</b>

The carrying value and fair value of financial instruments by categories as of March 31, 2016 are as under:

(Rs. million)

Particulars	Financial assets/ (Financial liabilities) at fair value through profit or loss (FVTPL)	Total carrying value	Total fair value
<b>Financial assets/(financial liabilities)</b>			
Investment in Mutual Fund	175.21	175.21	175.21
Derivatives Instruments*			
- Forward contracts	(2.57)	(2.57)	(2.57)
- Cross currency Interest rate swaps	481.97	481.97	481.97
<b>Total</b>	<b>654.61</b>	<b>654.61</b>	<b>654.61</b>

The carrying value and fair value of financial instruments by categories as of April 1, 2015 are as under:

(Rs. million)

Particulars	Financial assets/ (Financial liabilities) at fair value through profit or loss (FVTPL)	Total carrying value	Total fair value
<b>Financial assets/(financial liabilities)</b>			
Derivatives Instruments*			
- Forward contracts	3.09	3.09	3.09
- Cross currency Interest rate swaps	564.95	564.95	564.95
<b>Total</b>	<b>568.04</b>	<b>568.04</b>	<b>568.04</b>

\*Change in fair value is recognised in other comprehensive income.

## Notes to the standalone financial statements for the year ended March 31, 2017

### ii) Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017

(Rs. million)

Particulars	As at March 31, 2017	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Investment in Mutual Fund	80.05	-	80.05	-
Derivatives Instrument	249.58	-	249.58	-
<b>Total Financial Assets</b>	<b>329.63</b>		<b>329.63</b>	
<b>Financial Liabilities</b>				
Foreign currency forward contracts	(4.37)	-	(4.37)	-
<b>Total Financial Liabilities</b>	<b>(4.37)</b>		<b>(4.37)</b>	

There is no transfer between the fair value measurement hierarchy amongst level 1, level 2 and level 3 during the year.

Fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2016

(Rs. million)

Particulars	As at March 31, 2016	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Investment in Mutual Fund	175.21	-	175.21	-
Derivatives Instrument	481.96	-	481.96	-
<b>Total Financial Assets</b>	<b>657.17</b>		<b>657.17</b>	
<b>Financial Liabilities</b>				
Foreign currency forward contracts	(2.57)	-	(2.57)	-
<b>Total Financial Liabilities</b>	<b>(2.57)</b>		<b>(2.57)</b>	

There is no transfer between the fair value measurement hierarchy amongst level 1, level 2 and level 3 during the year.

Fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of April 1, 2015

(Rs. million)

Particulars	As at April 01, 2015	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Derivatives Instrument	564.95	-	564.95	-
<b>Total Financial Assets</b>	<b>564.95</b>		<b>564.95</b>	
<b>Financial Liabilities</b>				
Foreign currency forward contracts	3.09	-	3.09	-
<b>Total Financial Liabilities</b>	<b>3.09</b>		<b>3.09</b>	

## Notes to the standalone financial statements for the year ended March 31, 2017

iii) Financial assets and financial liabilities that are not measured at fair value are as under:

(Rs. million)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>						
Investments in subsidiary	0.50	0.50	0.50	0.50	0.50	0.50
Trade and other receivables	2,378.09	2,378.09	2,225.23	2,225.23	2,163.99	2,163.99
Cash and cash equivalent	1,550.90	1,550.90	1,003.89	1,003.89	290.24	290.24
Loans	-	-	0.03	0.03	0.16	0.16
Bank Deposit	0.06	0.06	-	-	-	-
Interest accrued on bank deposit	56.27	56.27	35.90	35.90	14.06	14.06
Margin Money	6.54	6.54	6.63	6.63	6.54	6.54
<b>Financial Liabilities</b>						
Borrowings	2,329.28	2,329.28	2,947.13	2,947.13	3,708.97	3,708.97
Trade payables	2,093.20	2,093.20	1,878.76	1,878.76	1,420.24	1,420.24
Unclaimed dividends	0.54	0.54	0.45	0.45	0.45	0.45
Unclaimed matured deposits and interest accrued thereon	2.38	2.38	6.48	6.48	2.31	2.31
Capital creditors	71.42	71.42	71.71	71.71	87.41	87.41

The carrying value of above financial assets and financial liabilities approximate its fair value.

### 44. Capital management

The Company's objective for managing capital is to ensure as under:

- To ensure the company's ability to continue as a going concern.
- Maintaining a strong credit rating and healthy debt equity ratio in order to support business and maximize the shareholders' value.
- Maintain an optimal capital structure.
- Compliance financial covenants under the borrowing facilities.

For the purpose of capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the Company.

The Company manages its capital structure keeping in view of:

- Compliance of financial covenants of borrowing facilities.
- Changes in economic conditions.

In order to achieve this overall objective of capital management, amongst other things, the Company aims to ensure that it meets financial covenants attached to the borrowings facilities defining capital structure requirements, where breach in meeting the financial covenants may permit the lender to call the borrowings.

There have been no breach in the financial covenants of any borrowing facilities in the current period. There is no change in the objectives, policies or processes for managing capital over previous year. To maintain the capital structure, the Company may vary the dividend payment to shareholders.

### 45. Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL current investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks under appropriate policies and procedures.

## Notes to the standalone financial statements for the year ended March 31, 2017

### i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL current investments and derivative financial instruments.

#### a) Foreign exchange risk

The Company is exposed to foreign exchange risk through its sales and purchases from overseas in foreign currencies mainly in USD, EURO and JPY. The Company holds derivative financial instruments such as foreign exchange forward and contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Each percentage point change in the foreign exchange rates has an impact of 0.59% on Company's operating margins.

The Parent Company's foreign currency risk from financial instruments are as under:

(Foreign currency million)

Particulars	Currency	31-Mar-17	31-Mar-16	1-Apr-15
Trade Receivables	USD	2.31	2.18	4.16
	EUR	5.29	5.99	3.93
	JPY	6.26	4.14	3.64
	GBP	0.12	0.09	0.18
Trade Payables	USD	0.28	0.72	3.29
	EUR	0.19	0.16	0.05
	JPY	441.39	366.27	439.21
	GBP	-	0.00	0.02
	CNY	0.16	-	-
Secured Bank Loans	USD	20.10	30.90	44.70
	SGD	-	0.49	2.45

Out of the above foreign currency exposures, the following exposures are not hedged by a derivative:

(Foreign currency million)

Particulars	Currency	31-Mar-17	31-Mar-16	1-Apr-15
Trade Receivables	USD	1.31	1.18	1.89
	EUR	1.98	3.62	1.52
	JPY	6.26	4.14	3.64
	GBP	0.12	0.09	0.18
Trade Payables	USD	0.28	0.72	2.40
	EUR	0.09	0.16	0.05
	JPY	105.02	366.27	145.15
	GBP	-	0.00	0.02
	CNY	0.16	-	-

## Notes to the standalone financial statements for the year ended March 31, 2017

### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company enters into cross currency interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

**The Company is not exposed to any significant /material interest rate risk.**

### ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Credit risk is managed by company's established policy, procedures and control relating to customer credit risk management. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss.

### iii) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans. Liquidity risk is managed by company's established policy & procedures made under liquidity risk management framework. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, and reserve borrowing facilities, by continuously forecast and actual cash flows, and by matching the maturity profile of financial assets and liabilities.

The financial assets and liabilities have been appropriately disclosed in financial statements as current and non current portion. The maturity period of non current financial assets and financial liabilities ranges between 1 to 5 years.

## 46. Hedge Accounting

### i) Forwards Contracts

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or in puts that are directly or indirectly observable in the market place.

Details of Forward Foreign Currency Contracts outstanding at the end of reporting period are as under :

(Foreign currency million)				
Outstanding Contracts	Currency	31-Mar-17	31-Mar-16	1-Apr-15
Not later than one month	USD	1.00	0.50	3.90
	EUR	0.80	1.54	1.00
	JPY	81.07	-	85.20
Later than one month and not later than three months	USD	-	0.50	-
	EUR	2.60	0.82	0.50
	JPY	180.30	-	215.24
Later than three months and not later than one year	USD	-	-	2.00
	EUR	-	-	-
	JPY	75.00	-	-

The Company has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to revenue in the statement of profit or loss within 6 months.

Hedge effectiveness is determined at the inception of the hedge relationship. To ensure that an economic relationship exists between the hedged item and hedging instrument, the Company matches the critical terms of the hedged items and hedging instruments.

## Notes to the standalone financial statements for the year ended March 31, 2017

### ii) Cross currency Interest Rate Swaps

Under cross currency interest rate swap contracts, the Company agrees to exchange the principal and interest payment of its loans liabilities in foreign currency for equivalent amount in net present value terms in Indian rupees. Such contracts enable the Company to mitigate the risk of exchange rate and cash flow exposures on the issued variable rate debt in foreign currency.

Hedge effectiveness is determined at the inception of the hedge relationship. To ensure that an economic relationship exists between the hedged item and hedging instrument, the Company matches the critical terms of the hedged items and hedging instruments.

### iii) Reconciliation of cash flow hedge reserve are as under:

Particulars	31-Mar-17	31-Mar-16	1-Apr-15
<b>Assets /(Liability)</b>			
Balance at the beginning of the year	5.50	22.35	34.18
Gain / (Loss) recognised in other comprehensive income during the year	(18.37)	(25.78)	-
Tax impact on above	6.35	8.92	(11.83)
Balance at the end of the year	(6.52)	5.50	22.35

**47.** The Company does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.

**48.** There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund (IEPF) by the Company during the year.

**49.** Previous year figures have been re-grouped / reclassified, wherever necessary to confirm to current year's classification. Figures in brackets denote previous year figures.

**For and on behalf of the Board of Directors**

**Pradeep Dinodia**  
Chairman

**Inderdeep Singh**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

**Place** : New Delhi  
**Date** : May 12, 2017

**Vinod Raheja**  
Dy. Executive Director & CFO

**Luv D. Shriram**  
Whole - Time Director



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SHRIRAM PISTONS & RINGS LIMITED**

#### **Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of **SHRIRAM PISTONS & RINGS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

#### **Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the other auditor on separate financial statements of the subsidiary company referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017, their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

#### **Other Matters**

- (a) We did not audit the financial statements of subsidiary viz., SPR International Auto Exports Limited, whose financial statements reflect total assets of Rs. 0.49 millions as at March 31, 2017, total revenues of Rs. 0.01 millions and net cash inflows amounting to Rs. 0.02 millions for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on the reports of the other auditor.

- (b) The comparative financial information for the year ended 31<sup>st</sup> March 2016 and the transition date opening balance sheet as at 1<sup>st</sup> April 2015 in respect of subsidiary, included in this consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditor and have been relied upon by us.

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

#### **1. Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements of subsidiary company incorporated in India, referred in the Other Matters paragraph above, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books of account and the reports of the other auditor.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company's as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**", which is based on the auditors' reports of the Holding company and the Auditor's report of the subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of Holding Company's and Subsidiary Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, which is based on the auditor's reports of the Holding Company and the auditor's report of the subsidiary company:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 40 to the Consolidated Ind AS financial statements.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts. Refer Note 47 to the Consolidated Ind AS financial statements.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company. Refer Note 48 to the Consolidated Ind AS financial statements.
  - iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of account maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us and the other auditor by the Management of the respective Group entity. Refer Note 42 to the Consolidated Ind AS financial statements.

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

Vijay Agarwal  
(Partner)  
(Membership No. 094468)

Place : New Delhi  
Date : May 12, 2017

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

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

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **SHRIRAM PISTONS & RINGS LIMITED** (hereinafter referred to as “the Holding Company”) and its subsidiary company, which is a company incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company, incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

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

Vijay Agarwal  
(Partner)  
(Membership No. 094468)

**Place :** New Delhi

**Date :** May 12, 2017

## Consolidated Balance Sheet as at March 31, 2017

(Rupees in Million)

	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
a) Property, plant and equipment	4	5,735.03	5,943.72	6,353.36
b) Capital work-in-progress		93.47	57.10	40.37
c) Intangible assets	5	32.44	21.47	8.84
d) Financial assets				
(i) Loans	7	-	-	0.03
(ii) Other financial assets	8	144.73	311.56	401.88
e) Other non-current assets	9	635.94	567.97	567.65
		<b>6,641.61</b>	<b>6,901.82</b>	<b>7,372.13</b>
<b>Current assets</b>				
a) Inventories	10	2,403.82	2,083.47	2,156.06
b) Financial assets				
(i) Investments	6	80.05	175.21	-
(ii) Trade receivables	11	2,378.09	2,225.22	2,163.99
(iii) Cash and cash equivalents	12	20.64	32.27	53.56
(iv) Other bank balances	12	1,530.75	972.10	237.14
(v) Loans	7	-	0.03	0.13
(vi) Other financial assets	8	163.35	210.38	186.75
c) Current tax assets (net)		4.37	-	13.76
d) Other current assets	9	321.80	318.70	275.84
		<b>6,902.87</b>	<b>6,017.38</b>	<b>5,087.23</b>
<b>TOTAL ASSETS</b>		<b>13,544.48</b>	<b>12,919.20</b>	<b>12,459.36</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a) Equity share capital	13	223.75	223.75	223.75
b) Other equity		7,720.07	6,729.66	5,924.49
		<b>7,943.82</b>	<b>6,953.41</b>	<b>6,148.24</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
a) Financial liabilities				
(i) Borrowings	14	1,205.38	1,766.02	2,317.67
b) Provisions	15	355.14	374.60	317.19
c) Deferred tax liabilities (net)	17	340.33	347.26	396.13
d) Other non-current liabilities	16	1.89	11.86	13.37
		<b>1,902.74</b>	<b>2,499.74</b>	<b>3,044.36</b>
<b>Current liabilities</b>				
a) Financial liabilities				
(i) Borrowings	18	348.46	185.20	217.62
(ii) Trade payables	19	2,093.20	1,878.76	1,420.24
(iii) Other financial liabilities	20	849.79	1,074.55	1,263.85
b) Other Current Liabilities	16	321.37	271.28	311.02
c) Provisions	15	85.10	53.32	54.03
d) Current tax liabilities (net)		-	2.94	-
		<b>3,697.92</b>	<b>3,466.05</b>	<b>3,266.76</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,544.48</b>	<b>12,919.20</b>	<b>12,459.36</b>

See accompanying notes to the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Vijay Agarwal**  
Partner

For and on behalf of the Board of Directors

**Pradeep Dinodia**  
Chairman

**Inderdeep Singh**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

Place : New Delhi  
Date : May 12, 2017

**Vinod Raheja**  
Dy. Executive Director & CFO

**Luv D. Shriram**  
Whole - Time Director



## Consolidated Statement of Profit and Loss for the year ended March 31, 2017

(Rupees in Million)

	Note No.	For the Year ended March 31, 2017	For the Year ended March 31, 2016
I Revenue from operations	21	16,286.99	15,455.65
II Other income	22	260.49	173.81
III <b>Total income (I+II)</b>		<b>16,547.48</b>	<b>15,629.46</b>
IV <b>Expenses</b>			
Cost of materials consumed	23	4,620.89	4,257.72
(Increase) / Decrease in inventories of finished goods and work-in-progress	24	(196.12)	97.89
Excise duty on sale of goods		1610.31	1526.05
Employee benefit expenses	25	2,787.50	2,733.23
Finance costs	26	204.12	260.30
Depreciation and amortisation expense	27	899.43	927.53
Other expenses	28	4,912.53	4,515.51
<b>Total expenses</b>		<b>14,838.66</b>	<b>14,318.23</b>
V <b>Profit before tax (III-IV)</b>		<b>1,708.82</b>	<b>1,311.23</b>
VI <b>Tax expense:</b>			
i) Current tax	17	505.15	440.66
ii) Deferred tax		22.68	(45.76)
		<b>527.83</b>	<b>394.90</b>
VII <b>Profit for the year (V-VI)</b>		<b>1,180.99</b>	<b>916.33</b>
VIII Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the post employment defined benefit plans		(67.16)	20.50
(ii) Income tax relating to items that will not be reclassified to profit or loss		23.24	(7.09)
B (i) Items that will be reclassified to profit or loss			
a) Fair value change of cash flow hedge		(18.37)	(25.78)
(ii) Income tax relating to items that will be reclassified to profit or loss		6.36	8.92
<b>Total other comprehensive income</b>		<b>(55.93)</b>	<b>(3.45)</b>
<b>Total Comprehensive income (VII+VIII)</b>		<b>1,125.06</b>	<b>912.88</b>
<b>Earnings per share ( of Rs. 10/- each)</b>	30		
Basic (Rs)		52.78	40.95
Diluted ( Rs)		52.78	40.95

See accompanying notes to the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Vijay Agarwal**  
Partner

For and on behalf of the Board of Directors

**Pradeep Dinodia**  
Chairman

**Inderdeep Singh**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

**Place :** New Delhi  
**Date :** May 12, 2017

**Vinod Raheja**  
Dy. Executive Director & CFO

**Luv D. Shriram**  
Whole - Time Director



## Consolidated Cash flow statement for the year ended March 31, 2017

(Rupees in Million)

	Year ended March 31, 2017	Year ended March 31, 2016
<b>A. Cash flow from Operating Activities</b>		
Profit for the year	1,180.99	916.33
Adjustments for :		
Tax expenses recognised in profit & loss	527.83	394.90
Depreciation/amortisation	899.43	927.53
Finance costs	204.12	260.30
Bad debts/advances written off	0.74	0.52
Provision for doubtful debts (net)	(0.02)	(8.10)
Interest income	(125.05)	(63.30)
Net gain on sale of current investment	(19.93)	(9.89)
Unrealised exchange rate variation (net)	(5.32)	(9.43)
Profit on sale / retirement of fixed assets	(3.14)	(8.78)
Fair value change in Cash flow hedges (net of tax)	(12.02)	(16.86)
Remeasurement of post employment defined benefit plans ( net of tax)	(43.92)	13.41
<b>Operating profit before working capital changes</b>	<b>2,603.71</b>	<b>2,396.63</b>
<b>Changes in Working Capital:</b>		
<b>Adjustments for (increase) / decrease in operating assets</b>		
Inventories	(320.35)	72.59
Trade receivables	(159.57)	(50.55)
Loans and other financial assets (current and non current)	237.36	50.57
Other assets (current and non current)	(38.33)	11.51
<b>Adjustments for increase / (decrease) in operating liabilities</b>		
Trade payables	214.45	458.52
Other financial liabilities (current and non current)	(110.74)	(19.69)
Other Liabilities and Provisions (current and non current)	(21.51)	56.52
<b>Cash Generated from operations</b>	<b>2,405.02</b>	<b>2,976.10</b>
Income tax paid	(511.18)	(423.94)
<b>Net cash from operating activities</b>	<b>(A) 1,893.84</b>	<b>2,552.16</b>
<b>B. Cash Flow from Investing Activities</b>		
Interest received	87.85	22.46
Sale of tangible assets	15.28	28.07
Purchase of tangible assets	(734.63)	(528.25)
Purchase of intangible assets	(32.14)	(27.74)
Purchase of Current Investment	(6,826.66)	(4,625.23)
Proceeds from sale of Current Investment	6,941.75	4,459.91
Increase/(Decrease) in margin money with banks	0.09	(0.09)
Increase / (Decrease) in Deposits more than 12 months	0.05	-
<b>Net cash (used) in investing activities</b>	<b>(B) (548.41)</b>	<b>(670.87)</b>

**C. Cash Flow from Financing Activities**

Interest paid	(200.62)	(273.37)
Dividend paid	(134.65)	(107.72)
Repayment of long term borrowings	(847.63)	(788.66)
Net proceeds / (repayment ) of short term borrowings	158.20	(41.08)
Proceeds from deposits	215.56	295.14
Payment of deposits	(147.47)	(214.17)
<b>Net cash from/(used) in financing activities</b>	<b>(C)</b>	<b>(956.61)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>388.82</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>751.43</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>830.93</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	0.73	1.07
Balances with banks		
- current accounts	19.91	31.20
- Other bank balances	1,530.75	972.10
Working Capital loan from banks (Secured / Unsecured)	(331.64)	(173.44)
	<b>1,219.75</b>	<b>830.93</b>

**Note:**

The Cash Flow Statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS )- 7.

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Vijay Agarwal**  
Partner

For and on behalf of the Board of Directors

**Pradeep Dinodia**  
Chairman

**Inderdeep Singh**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

**Place** : New Delhi  
**Date** : May 12, 2017

**Vinod Raheja**  
Dy. Executive Director & CFO

**Luv D. Shriram**  
Whole - Time Director

## Consolidated Statement of Change in Equity as at March 31, 2017

### (a) Fully paid up equity shares (face value of Rs 10/- each)

	Nos of shares in Million	Rs. million
Balance as at April 01, 2015	22.37	223.75
Changes during the year	-	-
Balance as at March 31, 2016	22.37	223.75
Changes during the year	-	-
Balance as at March 31, 2017 (refer note 13 )	22.37	223.75

### (b) Other Equity

Rs. million

Particulars	Reserves and surplus					Items of other comprehensive income	Total
	Preference share redemption reserve*	Revaluation reserve*	Retained earnings	General reserve	Sub Total	Effective portion of cash flow hedge reserve	
Balance at April 01, 2015	100.00	98.52	353.86	5,349.76	5,902.14	22.35	5,924.49
Profit for the year			916.34		916.34		916.34
Dividends (including corporate dividend tax)	-	-	(107.72)	-	(107.72)	-	(107.72)
Other comprehensive income for the year, net of tax	-	-	13.41	-	13.41	(16.86)	(3.45)
Transfer to General reserve	-	-	(822.03)	822.03	-	-	-
<b>Balance at March 31, 2016</b>	<b>100.00</b>	<b>98.52</b>	<b>353.86</b>	<b>6,171.79</b>	<b>6,724.17</b>	<b>5.49</b>	<b>6,729.66</b>
Profit for the year			1,180.99		1,180.99		1,180.99
Dividends (including corporate dividend tax)	-	-	(134.65)	-	(134.65)	-	(134.65)
Other comprehensive income for the year, net of tax	-	-	(43.92)	-	(43.92)	(12.01)	(55.93)
Transfer to General reserve	-	-	(1,002.42)	1,002.42	-	-	-
<b>Balance at March 31, 2017</b>	<b>100.00</b>	<b>98.52</b>	<b>353.86</b>	<b>7,174.21</b>	<b>7,726.59</b>	<b>(6.52)</b>	<b>7,720.07</b>

\* The revaluation reserve and preference share redemption reserve are not "free Reserve" as per Companies Act 2013, hence not available for distribution of dividend.

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Vijay Agarwal**  
Partner

For and on behalf of the Board of Directors

**Pradeep Dinodia**  
Chairman

**Inderdeep Singh**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

**Place :** New Delhi  
**Date :** May 12, 2017

**Vinod Raheja**  
Dy. Executive Director & CFO

**Luv D. Shriram**  
Whole - Time Director

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 1. Corporate Information

Shriram Pistons and Rings Ltd., the Parent company's business activity falls under "automotive component". Primary products manufactured by the Parent Company are pistons, piston pins, piston rings and engine valves. Shriram Pistons and Rings Ltd. along with its subsidiary, M/s SPR International Auto Exports Ltd. is hereinafter referred to as "the Group". The Group's consolidated financial statements have been approved for issue by the Company's Board of Directors on May 12, 2017.

#### 1.1 Statement of Compliance

The consolidated financial statements include the financial statements of Shriram Pistons & Rings Ltd. ("the Company"), the Parent Company and its subsidiary, SPR International Auto Exports Ltd., incorporated in India, in which the Parent Company holds 100% of its share capital (collectively referred to as "the Group").

The consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS), prescribed under the Section 133 of the Companies' Act 2013. Up to the year ended March 2016, the Group prepared its financial statements in accordance with the requirements of previous GAAP, which includes standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Group's first Ind AS financial statement. The date of transition to Ind AS is April 1, 2015. Refer note 3.1 for the detail of first - time adoption exemption availed by the Group.

### 2. Significant accounting policies

#### 2.1. Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36. In addition for financial reporting purpose, fair value measurement are categorised into level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in the entirety, which are described as follows:

- Level 1 inputs are quoted price ( unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Generally Accepted Accounting Principles as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in note 3.2 and 3.3.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### 2.2. Basis of consolidation

The financial statements of the Company and its wholly owned subsidiary, M/s SPR International Auto Exports Ltd., have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and

## Notes to the consolidated financial statements for the year ended March 31, 2017

expenses, after fully eliminating intra group balances and intra-group transactions resulting in unrealized profit or losses. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### 2.3. Use of estimates

The preparation of the consolidated financial statements is in conformity with Indian Accounting Standards (Ind AS), requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### 2.4. Revenue recognition

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- i) Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) The amount of revenue can be measured reliably;
- iv) It is probable that the economic benefits associated with the transaction will flow to the Group; and
- v) The costs incurred or to be incurred in respect of the transaction can be measured reliably.



## Notes to the consolidated financial statements for the year ended March 31, 2017

Revenue from sale of goods is measured at the fair value consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty and net of returns, trade discount, rebates, value added taxes wherever applicable. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to Group and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the interest rate as applicable. Other revenues are recognised on accrual basis, except where there are uncertainties in realisation / determination of income and in such case income is recognised on realisation / certainty.

### 2.5. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

#### 2.6.1. Property, plant and equipment

Property, plant and equipment held for use in production or supply of goods and services, or for administrative purpose, are stated at their original cost (net of cenvat availed) including taxes and other incidental expenses related to acquisition, installation and borrowing cost on loan taken for the acquisition of qualifying assets upto the date the assets are ready for their intended use.

For transition to IND AS, the Group has elected to continue with the carrying value of all its Property, plant and equipment recognised as at 1<sup>st</sup> April 2015 measured as per previous GAAP and used that carrying value as the deemed cost of the Property, plant and equipment.

#### 2.6.2. Intangible assets

Intangible assets held for use in production or supply of goods and services, or for administrative purpose, are stated at their original cost (net of cenvat availed) including taxes and other incidental expenses related to acquisition, installation and borrowing cost on loan taken for the acquisition of qualifying assets upto the date the assets are ready for their intended use.

For transition to IND AS, the Group has elected to continue with the carrying value of all its Intangible assets recognised as at 1<sup>st</sup> April 2015 measured as per previous GAAP and used that carrying value as the deemed cost of the Intangible assets.

#### 2.6.3. Capital work-in-progress

Capital work-in-progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes related acquisition expenses, development/ construction costs, borrowing costs and other direct expenditure.

### 2.7. Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. The Group is following written down value method in case of Furniture, fixtures and office equipments and straight line method in respect of other assets.

Depreciation on tangible property, plant and equipment has been provided as per the useful life prescribed in Schedule II to the Act except in respect of the following categories of assets, in whose case the life of the assets has been assessed based on technical advice, taking into account the nature, the estimated usage, operating conditions of the asset, past history of replacement, anticipated technological changes and maintenance practices etc.

Plant and machinery

- General	-	twenty years
- Electric Installation / Equipment	-	fifteen years
- Dies	-	three years
RCC Road	-	twenty years
Bore well	-	fifteen years
Vehicle	-	five years
Furniture and Fixture / Office Equipment	-	five years



## Notes to the consolidated financial statements for the year ended March 31, 2017

All intangible assets are amortised on straight-line method over their estimated useful life of three years.

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and the effect of any changes in estimate is accounted for on a prospective basis.

An item of property, plant and equipment and intangible asset is derecognised on disposal, or when no future economic benefit are expected to arise from the continued use of assets. Any gain and loss arising on the disposal of or retirement is determined as the difference between the sale proceeds and the carrying amount of the assets and is recognised in the statement of profit and loss.

### 2.8. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

#### Financial assets

Regular way purchase and sale of financial assets are accounted for at trade date.

#### Classification of financial assets

##### Financial assets that meet the following conditions are subsequently measured at amortised cost

- i) Asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- ii) The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- i) The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- ii) The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Financial assets at fair value through profit or loss

Financial asset which are not classified in any of the above categories are subsequently measured at fair value through profit or loss (FVTPL). The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost.

#### Investments

Non current investment is carried at cost less impairment. Any diminution in the value of non current investments is provided for in the books of account.

#### Financial liabilities

All financial liabilities are subsequently measured at amortised cost or at fair value through profit or loss (FVTPL). For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Fair value is determined in the manner described in note no 43.

### 2.9 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### **(i) Financial assets or financial liabilities, at fair value through profit or loss.**

This category has derivative financial assets or liabilities which are not designated as hedges. Although the Group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through the statement of profit and loss. Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through the statement of profit and loss and the resulting exchange gains or losses are included in the statement of profit and loss. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance sheet date.

### **(ii) Hedge accounting**

The Group designates the derivatives as hedge of foreign exchange risk associated with the cash flows of highly probable forecast transaction, variable interest risk and foreign exchange risk associated with borrowings.

The Group documents at the inception of the hedging transaction the economic relationship between hedging instrument and hedge items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

When forward contracts are used to hedge forecast transactions, the Group generally designates forward contract related as the hedging instruments.

The Group also enters into derivative contracts in the nature of cross currency interest rate swaps with an intention to hedge its existing foreign currency borrowings.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit and loss. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to the statement of profit and loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. For the same, Group matches critical terms of hedge item and hedge instruments.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction and cross currency interest rate swap transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction and cross currency interest rate swap transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the statement of profit and loss. Fair value is determined in the manner described in note no 43.

### **2.10. Inventories**

Inventories are valued on the following basis :

- i) Raw materials and components - at lower of cost determined on weighted average basis or net realisable value.
- ii) Stock in process – at lower of cost or net realisable value.
- iii) Finished goods stock - at lower of cost including excise duty or net realisable value.

Cost of raw materials includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Cost of Finished goods and work in progress includes cost of direct materials and labour and an appropriate proportion of manufacturing overheads based on the normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **2.11. Foreign currency transactions and translations**

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

## Notes to the consolidated financial statements for the year ended March 31, 2017

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise except exchange differences on transactions entered into in order to hedge certain foreign currency risks. For foreign currency denominated financial assets measured at amortised cost or FVTPL, the exchange differences are recognised in the statement of profit and loss except for those which are designated as hedging instruments in a hedging relationship.

### 2.12. Employee benefits

#### Retirement benefit costs and termination benefits :

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Contribution towards Provident Fund and Superannuation Fund is paid as per the statutory provisions/Group scheme. These benefits are charged to the Statement of profit and loss of the year when they become due. For the provident fund trust administrated by the trustees, the Group is liable to meet the shortfall, if any, in payment of interest at the rates declared by Central Government and such liability is recognised in the year of shortfall. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- i) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- ii) net interest expense or income; and
- iii) remeasurement.

#### Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Leave availment / encashment benefit is provided as per Group scheme. Employee's are entitled to accumulate leaves subject to certain limit as per Group scheme.

Liabilities for compensated absence that are not expected to be settled wholly within 12 months after the end of the period in which the employees rendered the related service, are measured at the present value of expected future payment to be made in respect of service provided by employees up to the end of reporting period using the projected unit credit method. The benefit are discounted using the market yields at the end of reporting period. Remeasurement as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss.

Employee benefits in the form of long service awards is provided as per Group scheme. The liability is determined through actuarial valuation using projected unit credit method.

### 2.13. Research and development

Revenue expenditure on research and development, inclusive of dies for model development, is charged as expense in the year in which incurred. Capital expenditure is included in Property, plant and equipment.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 2.14. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

At lessee, assets held under finance leases are initially recognised as assets of Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance sheet as a finance lease obligation. Rental expense from operating leases is recognised on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

### 2.15. Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred taxation.

#### Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

### 2.16. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

### 2.17. Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to the owners of the Group by weighted average number of equity shares outstanding during the financial year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, share split and any new equity issue. For the purpose of calculating diluted earnings per share, profit or loss attributable to the owners of the Group and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.



## Notes to the consolidated financial statements for the year ended March 31, 2017

### 2.18. Impairment of assets

The carrying values of assets / cash generating units at each Balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

### 2.19. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 2.20. Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which the likelihood on outflow of resources is remote, no provision or disclosure is made.

## 3. First-time adoption of Ind-AS

These consolidated financial statements of the Group for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Group has followed the guidance prescribed in Ind AS101-First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP. The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. A reconciliation of the transition from previous GAAP to Ind AS of the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, is given in note 3.2 and 3.3. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 3.1.

### 3.1 Exemptions availed on first time adoption of Ind-AS 101

#### Deemed cost for property, plant and equipment, and intangible assets

The Group has elected to continue with carrying value of all its property, plant & equipment and intangible assets recognised as on April 01, 2015 (the transition date) measured as per previous GAAP and used that carrying value its deemed cost as on transition date.

#### Derecognition of financial assets and financial liabilities

The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

#### Classification of debt instruments

The Group has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

#### Impairment of financial assets

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increase in credit risk since initial recognition, as permitted by Ind AS 101.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 3.2 Reconciliation of consolidated Balance Sheet as at April 01, 2015

The following reconciliation provides the effect of transition to IND AS from IGAAP in accordance with IND AS 101

(Rupees in Million)

PARTICULARS	Previous GAAP	Effect of transition to IND AS	As per IND AS balance sheet
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	6,658.32	(304.96)	6,353.36
b) Capital work-in-progress	40.37	-	40.37
c) Intangible assets	8.84	-	8.84
d) Financial assets			
(i) Loans	185.31	(185.28)	0.03
(ii) Other financial assets	-	401.88	401.88
e) Other non-current asset	83.95	483.70	567.65
	<b>6,976.79</b>	<b>395.34</b>	<b>7,372.13</b>
<b>Current assets</b>			
a) Inventories	2,156.06	-	2,156.06
b) Financial assets			
(i) Investment	-	-	-
(ii) Trade receivables	2,163.99	-	2,163.99
(iii) Cash and cash equivalent	290.70	(237.14)	53.56
(iv) Other bank balances	-	237.14	237.14
(v) Loans	184.44	(184.31)	0.13
(vi) Other financial assets	-	186.75	186.75
c) Current tax assets (net)	-	13.76	13.76
d) Other current assets	119.36	156.48	275.84
	<b>4,914.54</b>	<b>172.69</b>	<b>5,087.23</b>
<b>TOTAL ASSETS</b>	<b>11,891.33</b>	<b>568.03</b>	<b>12,459.36</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	223.75	-	223.75
b) Other equity	5,848.28	76.21	5,924.49
	<b>6,072.03</b>	<b>76.21</b>	<b>6,148.24</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	1,964.64	353.03	2,317.67
b) Provisions	317.19	-	317.19
c) Deferred tax liabilities (net)	384.30	11.83	396.13
d) Other non-current liabilities	13.37	-	13.37
	<b>2,679.50</b>	<b>364.86</b>	<b>3,044.36</b>
<b>Current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	217.62	-	217.62
(ii) Trade payables	1,420.24	-	1,420.24
(iii) Other financial liabilities	-	1,263.85	1,263.85
b) Other current liabilities	1,394.05	(1,083.03)	311.02
c) Provisions	107.89	(53.86)	54.03
	<b>3,139.80</b>	<b>126.96</b>	<b>3,266.76</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,891.33</b>	<b>568.03</b>	<b>12,459.36</b>

Notes :

1. The leasehold land, earlier classified as Fixed Assets as per IGAAP, has been reclassified to Other Non-Current Assets as per Ind AS.
2. The Company has taken cross currency interest rate swaps on foreign currency borrowing. Under Ind AS, the Company has recognised the derivative instruments separately at fair value as financial assets and the foreign currency borrowings have been translated at the closing rates.



## Notes to the consolidated financial statements for the year ended March 31, 2017

### 3.3 Reconciliation of consolidated Profit and Loss for the year ended March 31, 2016

The following reconciliation provides the effect of transition to IND AS from IGAAP in accordance with IND AS 101

(Rupees in Million)

PARTICULARS	Previous GAAP	Effect of transition to IND AS	As per IND AS
<b>Revenue</b>			
Gross Revenue from operations	15,455.65	(0.00)	15,455.65
Less : Excise duty	(1,526.05)	1,526.05	-
Net Revenue from operations	13,929.60	1,526.05	15,455.65
Other income	170.09	3.72	173.81
<b>Total revenue</b>	<b>14,099.69</b>	<b>1,529.77</b>	<b>15,629.46</b>
<b>Expenses</b>			
Cost of material consumed	4,257.72	-	4,257.72
(Increase) / Decrease in inventories of finished goods and work-in-progress	97.89	(0.00)	97.89
Excise duty on sale of goods	-	1,526.05	1,526.05
Employee benefit expenses	2,712.73	20.50	2,733.23
Finance costs	260.30	(0.00)	260.30
Depreciation and amortisation expense	930.98	(3.45)	927.53
Other expenses	4,512.06	3.45	4,515.51
<b>Total expenses</b>	<b>12,771.68</b>	<b>1,546.55</b>	<b>14,318.23</b>
<b>Profit before tax</b>	<b>1,328.01</b>	<b>(16.78)</b>	<b>1,311.23</b>
<b>Tax expense:</b>			
i) Current tax	440.65	0.01	440.66
ii) Deferred tax	(39.95)	(5.81)	(45.76)
	<b>400.70</b>	<b>(5.80)</b>	<b>394.90</b>
<b>Profit for the year</b>	<b>927.31</b>	<b>(10.98)</b>	<b>916.33</b>
<b>Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the post employment defined benefit plans	-	20.50	20.50
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(7.09)	(7.09)
B (i) Items that will be reclassified to profit or loss			
a) Fair value change of cash flow hedge	-	(25.78)	(25.78)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	8.92	8.92
<b>Total other comprehensive income</b>	<b>-</b>	<b>(3.45)</b>	<b>(3.45)</b>
<b>Total Comprehensive income</b>	<b>927.31</b>	<b>(14.43)</b>	<b>912.88</b>

Notes:

- Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expenses, gains or losses are required to be presented in other comprehensive income.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 4. Property, plant & equipment

	Rs. million						
Particulars	Buildings	Plant and equipment	Furniture & fixtures	Vehicles	Office equipment	Dies	Total
<b>Year ended 31 March 2016</b>							
<b>Gross carrying amount</b>							
Deemed cost as at 01.04.2015	1,220.31	4,933.63	17.06	88.90	50.21	43.25	6,353.36
Additions	13.79	406.93	13.75	28.82	32.46	26.46	522.21
Disposals	-	42.15	13.96	33.61	12.68	4.27	106.67
<b>Closing gross carrying amount as at March 31, 2016</b>	<b>1,234.10</b>	<b>5,298.41</b>	<b>16.85</b>	<b>84.11</b>	<b>69.99</b>	<b>65.44</b>	<b>6,768.90</b>
<b>Accumulated depreciation and impairment</b>							
Balance as at 01.04.2015	-	-	-	-	-	-	-
Depreciation charged during the year	59.43	756.16	13.72	27.47	34.01	21.63	912.42
Impairment Loss	-	-	-	-	-	-	-
Disposals	-	32.33	13.09	27.16	10.60	4.06	87.24
<b>Closing accumulated depreciation and impairment as at March 31, 2016</b>	<b>59.43</b>	<b>723.83</b>	<b>0.63</b>	<b>0.31</b>	<b>23.41</b>	<b>17.57</b>	<b>825.18</b>
<b>Net carrying amount as at March 31, 2016</b>	<b>1,174.67</b>	<b>4,574.58</b>	<b>16.22</b>	<b>83.80</b>	<b>46.58</b>	<b>47.87</b>	<b>5,943.72</b>
<b>Year ended 31 March 2017</b>							
Opening gross carrying amount	1,234.10	5,298.41	16.85	84.11	69.99	65.44	6,768.90
Additions	27.27	551.02	8.66	43.55	33.50	19.85	683.85
Disposals	-	30.74	4.21	24.36	21.96	27.43	108.70
<b>Closing gross carrying amount as at March 31, 2017</b>	<b>1,261.37</b>	<b>5,818.69</b>	<b>21.30</b>	<b>103.30</b>	<b>81.53</b>	<b>57.86</b>	<b>7,344.05</b>
<b>Accumulated depreciation and impairment</b>							
Opening accumulated depreciation & impairment	59.43	723.83	0.63	0.31	23.41	17.57	825.18
Depreciation charged during the year	54.82	732.14	10.88	26.22	32.57	21.63	878.26
Impairment Loss	-	-	-	-	-	-	-
Disposals	0.01	25.77	3.81	18.96	20.04	25.83	94.42
<b>Closing accumulated depreciation and impairment as at March 31, 2017</b>	<b>114.24</b>	<b>1,430.20</b>	<b>7.70</b>	<b>7.57</b>	<b>35.94</b>	<b>13.37</b>	<b>1,609.02</b>
<b>Net carrying amount as at March 31, 2017</b>	<b>1,147.13</b>	<b>4,388.49</b>	<b>13.60</b>	<b>95.73</b>	<b>45.59</b>	<b>44.49</b>	<b>5,735.03</b>

The above assets are pledged as security against borrowings, refer note no 14 (i) and (ii).

Deemed cost as on April 01, 2015 is after adjusting of accumulated depreciation of Rs 6876.88 million.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 5. Intangible assets

Rs. million

Particulars	Computer software	Product design and development	Total
<b>Year ended 31 March 2016</b>			
<b>Gross carrying amount</b>			
Deemed cost as at 01.04.2015	8.84	-	8.84
Additions	12.18	15.56	27.74
Disposals	-	-	-
<b>Closing gross carrying amount as at March 31, 2016</b>	<b>21.02</b>	<b>15.56</b>	<b>36.58</b>
<b>Accumulated amortization and impairment</b>			
Balance as at 01.04.2015	-	-	-
Depreciation charged during the year	9.92	5.19	15.11
Impairment Loss	-	-	-
Disposals	-	-	-
<b>Closing accumulated depreciation and impairment as at March 31, 2016</b>	<b>9.92</b>	<b>5.19</b>	<b>15.11</b>
<b>Net carrying amount as at March 31, 2016</b>	<b>11.10</b>	<b>10.37</b>	<b>21.47</b>
<b>Year ended 31 March 2017</b>			
Opening Gross carrying amount	21.02	15.56	36.58
Additions	11.86	20.28	32.14
Disposals	-	-	-
<b>Closing gross carrying amount as at March 31, 2017</b>	<b>32.88</b>	<b>35.84</b>	<b>68.72</b>
<b>Accumulated amortization and impairment</b>			
Opening accumulated depreciation & impairment	9.92	5.19	15.11
Depreciation charged during the year	9.23	11.94	21.17
Impairment Loss	-	-	-
Disposals	-	-	-
<b>Closing accumulated depreciation and Impairment as at March 31, 2017</b>	<b>19.15</b>	<b>17.13</b>	<b>36.28</b>
<b>Net carrying amount as at March 31, 2017</b>	<b>13.73</b>	<b>18.71</b>	<b>32.44</b>

Deemed cost as on April 01, 2015 is after adjusting of accumulated depreciation of Rs 82.38 million.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 6. Investments

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
<b>Current Investment (Unquoted)</b>			
Carried at fair value through Profit & loss			
<b>Investment in Mutual fund (Liquid fund) Units of Face value of Rs 1000 each</b>			
- 9800 units (Previous year: 21027) of SBI Premier Liquid Fund Growth Plan.	25.01	50.07	-
- Nil units ( previous year : 14898) of Axis Liquid Fund- Growth Direct.	-	25.02	-
- 14366 units (previous year : 30827) of IDBI Liquid Fund Growth Plan - Direct.	25.01	50.05	-
- Nil units ( previous year : 33154) of HSBC Cash Fund Growth Direct.	-	50.07	-
- 8843 units ( previous year : Nil) of HDFC Management Fund - Saving Growth Direct.	30.03	-	-
	<b>80.05</b>	<b>175.21</b>	<b>-</b>
<b>Aggregate value of unquoted investments</b>	<b>80.05</b>	<b>175.21</b>	<b>-</b>

### 7. Loans

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million
Housing loans to employees (secured)*	-	-	0.03	-	0.13	0.03
	<b>-</b>	<b>-</b>	<b>0.03</b>	<b>-</b>	<b>0.13</b>	<b>0.03</b>

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

### 8. Other Financial Assets

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million
Bank Deposit more than 12 months	-	0.05	-	-	-	-
Interest accrued on bank deposit	56.27	-	35.91	-	14.06	-
Derivative Instrument	107.08	138.14	174.47	304.93	172.69	395.34
Margin Money	-	6.54	-	6.63	-	6.54
	<b>163.35</b>	<b>144.73</b>	<b>210.38</b>	<b>311.56</b>	<b>186.75</b>	<b>401.88</b>

For valuation basis, refer note no 43.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 9. Other assets

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million
Capital advances	-	73.61	-	57.06	-	67.61
<b>Advances other than capital advances</b>						
Advances recoverable in cash or in kind or for value to be received	94.84	-	95.25	-	57.88	-
Unsecured, considered good						
Doubtful	14.07	-	13.73	-	24.73	-
	<b>108.91</b>	-	<b>108.98</b>	-	<b>82.61</b>	-
Provision for doubtful advances	(14.07)	-	(13.73)	-	(24.73)	-
	<b>94.84</b>	-	<b>95.25</b>	-	<b>57.88</b>	-
Export incentive receivable	17.47	60.96	12.56	65.80	18.67	66.98
Cenvat recoverable	73.16	-	70.77	-	64.82	-
Balance with excise authorities	31.30	-	12.91	-	16.06	-
Prepaid expenses	43.95	-	42.31	-	31.14	-
Security deposits	1.12	120.88	0.66	120.01	0.64	117.67
Other assets	59.96	380.49	84.24	325.10	86.63	315.39
	<b>321.80</b>	<b>635.94</b>	<b>318.70</b>	<b>567.97</b>	<b>275.84</b>	<b>567.65</b>

Advance recoverable in cash or in kind includes Rs. Nil (previous year: Rs. Nil ) due from related parties (refer note 34).

### 10. Inventories

(valued at lower of cost or net realisable value)

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
Raw material and components (includes in transit Rs. 10.52 million (previous year: Rs. 10.66 million))	548.72	496.86	478.04
Work-in-progress (includes in transit Rs. 0.57 million (previous year: Rs. 27.66 million))	675.94	493.50	521.40
Finished goods (includes in transit Rs. 151.50 million (previous year: Rs.202.83 million))	909.38	878.89	938.70
Stores and spares (includes in transit Rs. 16.70 million (previous year: Rs.2.03 million))	229.49	186.25	176.84
Loose tools	40.29	27.97	41.08
	<b>2,403.82</b>	<b>2,083.47</b>	<b>2,156.06</b>

The inventories are hypothecated as security against borrowings, refer note no 14 (i) and (ii) and note no 18.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 11. Trade receivables

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
<b>Current</b>			
Considered good	2,378.09	2,225.22	2,163.99
Doubtful	12.86	13.22	10.32
	<u>2,390.95</u>	<u>2,238.44</u>	<u>2,174.31</u>
Provision for doubtful trade receivables	(12.86)	(13.22)	(10.32)
	<u><b>2,378.09</b></u>	<u><b>2,225.22</b></u>	<u><b>2,163.99</b></u>

For valuation basis, refer note no 43.

### 12. Cash and cash equivalents and other bank balances

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non-current Rs. million	Current Rs. million	Non-current Rs. million	Current Rs. million	Non-current Rs. million
<b>i) Cash and cash equivalents</b>						
Cash on hand	0.73	-	1.07	-	1.59	-
Balances with banks						
- current accounts	19.91	-	31.20	-	51.97	-
	<u><b>20.64</b></u>	<u>-</u>	<u><b>32.27</b></u>	<u>-</u>	<u><b>53.56</b></u>	<u>-</u>
<b>ii) Other bank balances</b>						
- Dividend account	0.54	-	0.45	-	0.45	-
- Deposits with banks	1,458.81	0.05	923.06	0.00	213.43	-
- Deposits with banks held as margin money	71.40	6.54	48.59	6.63	23.26	6.54
	<u><b>1,530.75</b></u>	<u><b>6.59</b></u>	<u><b>972.10</b></u>	<u><b>6.63</b></u>	<u><b>237.14</b></u>	<u><b>6.54</b></u>
	<u><b>1,551.39</b></u>	<u><b>6.59</b></u>	<u><b>1,004.37</b></u>	<u><b>6.63</b></u>	<u><b>290.70</b></u>	<u><b>6.54</b></u>
Less : Amounts disclosed under other financial assets (refer note 8)	-	(6.59)	-	(6.63)	-	(6.54)
	<u><b>1,551.39</b></u>	<u>-</u>	<u><b>1,004.37</b></u>	<u>-</u>	<u><b>290.70</b></u>	<u>-</u>

For valuation basis, refer note no 43.



## Notes to the consolidated financial statements for the year ended March 31, 2017

### 13. Share capital

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
<b><u>Authorised Shares</u></b>			
50,000,000 (previous year 50,000,000) equity shares of Rs. 10 each	500.00	500.00	500.00
3,000,000 (previous year 3,000,000) preference shares of Rs. 100 each	300.00	300.00	300.00
	<b>800.00</b>	<b>800.00</b>	<b>800.00</b>
<b><u>Issued , subscribed and fully paid up shares</u></b>			
22,374,912 (previous year 22,374,912) equity shares of Rs. 10 each	223.75	223.75	223.75
	<b>223.75</b>	<b>223.75</b>	<b>223.75</b>

#### a. Terms/rights attached to equity shares

The Parent Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to dividend and one vote per share.

#### b. Details of shareholders holding more than 5% shares in the Parent Company

	March 31, 2017		March 31, 2016		April 01, 2015	
	No. in million	% shareholding	No. in million	% shareholding	No. in million	% shareholding
<b><u>Equity shares of Rs. 10 each fully paid</u></b>						
Riken Corporation	4.69	20.97	4.69	20.97	4.69	20.97
KS Kolbenschmidt GmbH	4.47	20.00	4.47	20.00	4.47	20.00
Luv D. Shriram and Meenakshi Dass*	3.33	14.90	3.33	14.90	3.33	14.90
Meenakshi Dass and Luv D. Shriram *	3.33	14.90	3.33	14.90	3.33	14.90
National Insurance Company Limited	1.43	6.38	1.43	6.38	1.43	6.38
Meenakshi Dass	1.24	5.54	1.24	5.54	1.24	5.54

\* Shares held on behalf of Deepak Shriram Family Benefit Trust.

#### c. The dividend paid to equity shareholder is as under;

	Year ended March 31, 2017	Year ended March 31, 2016	
	Interim	Interim	Final
Date of payment	05.11.2016	29.01.2016	07.05.2016
Dividend (Rs) per equity share	3.00	2.00	2.00
Dividend amount (including corporate dividend tax)- Rs million	80.79	53.86	53.86

The Board of director has proposed a final dividend of Rs 4/- per equity share to equity shareholders for the year ended March 31, 2017, amounting to Rs. 107.72 million including dividend distribution tax. The final dividend is subject to the approval of shareholders in Annual General Meeting of the parent Company and same has not been recognised as liability in financial statements.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 14. Borrowings

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non Current Rs. million	Current Rs. million	Non Current Rs. million	Current Rs. million	Non Current Rs. million
<b>Secured</b>						
Term loans from banks	618.30	765.29	819.59	1,411.62	906.62	2,113.25
<b>Unsecured</b>						
Deposits	89.09	375.48	96.22	310.10	167.10	170.39
Deposits from related parties (refer note 34)	2.71	64.61	18.25	44.30	25.04	34.03
	710.10	1,205.38	934.06	1,766.02	1,098.76	2,317.67
Less : Current maturities of long term debt (refer note 18)	(710.10)	-	(934.06)	-	(1,098.76)	-
	-	<b>1,205.38</b>	-	<b>1,766.02</b>	-	<b>2,317.67</b>

(i) Term loans from banks of Rs. 1091.74 million (previous year: Rs. 1644.00 million) are secured by way of first pari passu charge and mortgage on all present and future immovable assets and hypothecation of all movable assets of the Parent Company's, present and future subject to prior charge created and/or to be created in favour of the Parent Company's working capital bankers on the Parent Company's stocks and book debts.

As at March 31, 2017 (Rs. million)	Amount outstanding		Repayment period from origination (years)	Instalments outstanding		Effective rate of Interest per annum %
	As at March 31, 2016 (Rs. million)	As at April 01, 2015 (Rs. million)		As at March 31, 2017 No.	Periodicity	
-	26.50	124.98	5.5	-	-	-
84.31	258.38	406.19	6	2	Quarterly	7.05
80.00	160.00	240.00	6	4	Quarterly	9.75
77.83	238.50	374.94	5	2	Quarterly	9.12
849.60	960.62	981.09	7	11	Quarterly	8.59
<b>1,091.74</b>	<b>1,644.00</b>	<b>2,127.20</b>				

(ii) Term loans from banks of Rs. 291.85 million (previous year: Rs.587.21 million) are secured by way of first pari passu charge and mortgage on all present and future immovable assets and hypothecation of all movable fixed assets of the Parent Company, present and future.

As at March 31, 2017 (Rs. million)	Amount outstanding		Repayment period from origination (years)	Instalments outstanding		Effective rate of Interest per annum %
	As at March 31, 2016 (Rs. million)	As at April 01, 2015 (Rs. million)		As at March 31, 2017 No.	Periodicity	
-	24.09	111.55	6	-	-	-
64.86	198.75	312.45	6	2	Quarterly	9.31
81.07	149.06	203.09	6	5	Quarterly	9.46
145.92	215.31	265.58	7	7	Quarterly	8.65
<b>291.85</b>	<b>587.21</b>	<b>892.67</b>				

## Notes to the consolidated financial statements for the year ended March 31, 2017

(iii) The long term deposits have been raised under Section 58A of the Companies Act, 1956 and Section 73 to 76 of the Companies Act, 2013 for maturity period of 2 and 3 years.

As at March 31, 2017 (Rs. million)	Amount outstanding As at March 31, 2016 (Rs. million)	As at April 01, 2015 (Rs. million)	Repayment period from origination (years)	Rate of Interest per annum %
22.99	16.59	36.33	2	8.00 - 10.50
508.90	452.28	360.23	3	
<b>531.89</b>	<b>468.87</b>	<b>396.56</b>		

For valuation basis, refer note no 43.

### 15. Provisions

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non Current Rs. million	Current Rs. million	Non Current Rs. million	Current Rs. million	Non Current Rs. million
Provision for employee benefits	85.10	355.14	53.32	374.60	54.03	317.19
	<b>85.10</b>	<b>355.14</b>	<b>53.32</b>	<b>374.60</b>	<b>54.03</b>	<b>317.19</b>

### 16. Other liabilities

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Rs. million	Non Current Rs. million	Current Rs. million	Non Current Rs. million	Current Rs. million	Non Current Rs. million
Security deposits	69.70	1.89	51.25	11.86	44.53	13.37
Advances from customers	35.24	-	16.17	-	54.00	-
Statutory dues	203.99	-	189.24	-	196.21	-
Others	12.44	-	14.62	-	16.28	-
	<b>321.37</b>	<b>1.89</b>	<b>271.28</b>	<b>11.86</b>	<b>311.02</b>	<b>13.37</b>

The security deposits have been received by the Parent Company from customers/vendors in the normal course of business.

### 17. a) Deferred tax liability (net)

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
<b>Deferred tax liability</b>			
Impact of difference between tax depreciation and depreciation/ amortisation charged in books	558.00	510.68	532.36
<b>Deferred tax liability on other comprehensive income</b>			
Fair value change in Cash flow hedges	-	2.91	11.83
	<b>558.00</b>	<b>513.59</b>	<b>544.19</b>
<b>Deferred tax assets</b>			
Expenses deductible on payment basis	181.66	157.00	135.94
Provision for doubtful debts/advances	9.32	9.33	12.12
<b>Deferred tax assets on other comprehensive income</b>			
Fair value change in Cash flow hedges	3.45	-	-
Remeasurement of post employment defined benefit plans	23.24	-	-
	<b>217.67</b>	<b>166.33</b>	<b>148.06</b>
<b>Net deferred tax liability</b>	<b>340.33</b>	<b>347.26</b>	<b>396.13</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### b) Reconciliation of tax expenses and accounting profit

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million
Profit before tax from continuing operation	1708.82	1311.23
Income tax expenses calculated at current tax rate	580.27	449.94
Less : Effect of Concession		
(i) Weighted Deduction under section 35 (2AB)	41.86	41.21
(ii) Investment allowance under section 32 AC	21.22	21.11
(iii) Donation under section 35AC	1.73	1.73
Add : Effect of expenses that are not deductible in determining taxable profit.		
(i) Corporate Social Responsibility Expenditure	10.91	6.39
(ii) Donation	0.26	0.66
(iii) Interest on Income Tax	0.00	0.76
(iv) Amortisation of land	1.20	1.20
<b>Income tax expenses recognised in statement of profit &amp; loss (relating to continuing operation)</b>	<b>527.83</b>	<b>394.90</b>

### 18. Short term borrowings

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
<b><u>Secured</u></b>			
Working capital loans from banks	131.64	173.44	214.52
<b><u>Unsecured</u></b>			
Working capital loans from banks	200.00	-	-
Deposits*	6.82	4.76	3.10
Deposits from related parties (refer note 34)*	10.00	7.00	-
	<b>348.46</b>	<b>185.20</b>	<b>217.62</b>

For valuation basis, refer note no 43.

Working capital loans are secured by way of first pari passu charge on stocks and book debts of the Parent Company and second pari passu charge on all fixed assets of the Parent Company, present and future.

\* The short term deposits have been raised under Section 58A of the Companies Act, 1956 and Section 73 to 76 of the Companies Act, 2013.

### 19. Trade payables

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
- Outstanding dues to Micro and Small enterprises (refer note no. 39)	35.72	38.29	39.12
- Outstanding dues to parties other than Micro and Small enterprises	2,057.48	1,840.47	1,381.12
	<b>2,093.20</b>	<b>1,878.76</b>	<b>1,420.24</b>

Trade payable includes Rs. 119.07 million (previous year: Rs. 107.75 million ) due to related parties (refer note 34 ).

For valuation basis, refer note no 43.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 20. Other financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	Rs. million	Rs. million	Rs. million
Current maturities of long term borrowing (refer note 14)	710.10	934.06	1,098.76
Interest accrued but not due on borrowings	65.35	61.84	74.92
Investor education and protection fund*			
- Unclaimed dividends	0.54	0.45	0.45
- Unclaimed matured deposits and interest accrued thereon	2.38	6.48	2.31
Capital creditors	71.42	71.72	87.41
	<b>849.79</b>	<b>1,074.55</b>	<b>1,263.85</b>

\*Not due for transfer to investor education and protection fund.

For valuation basis, refer note no 43.

### 21. Revenue from operations

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. Million	Rs. Million
Sale of products including excise duty (refer note 32)	16,046.85	15,216.01
Other operating revenues		
- sale of scrap	122.08	124.07
- export benefits*	117.95	106.62
- others	0.11	8.95
	<b>16,286.99</b>	<b>15,455.65</b>

\*Export benefits are in the nature of government grants covering following:

	As at March 31, 2017	As at March 31, 2016
	Rs. million	Rs. million
Merchandise Exports from India Scheme (MEIS)	73.80	60.95
Duty draw backs	44.09	42.42
Others	0.06	3.25
	<b>117.95</b>	<b>106.62</b>

Under MEIS, the grant is received in the form of licences which can be used for payment of customs duty on import of goods & excise duty on domestic procurement of goods.

Duty Draw Back is cash incentive and is granted at the rates notified by government.

Exports benefits are allowed subject to realisation of export proceeds in convertible foreign exchange.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 22. Other income

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Interest income		
- Bank deposits	108.21	44.31
- Others	16.84	18.99
Net gain on sale of current investment	19.93	9.89
Liabilities no longer required written back	12.41	17.12
Profit on disposal of property, plant and equipment	3.14	8.78
Foreign exchange gain (net)	64.39	22.15
Provision for doubtful debts and advances written back (net)	0.02	8.10
Other non-operating income*	35.55	44.47
	<b>260.49</b>	<b>173.81</b>

\* Includes government grant of Rs. 25.34 million (previous year Rs. 30.17 million) towards subsidy under Rajasthan Investment Promotion scheme 2010. There are no unfulfilled obligation under the scheme.

### 23. Cost of material consumed

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Cost of raw material and components consumed	4,321.74	3,976.29
Cost of packing material consumed	299.15	281.43
	<b>4,620.89</b>	<b>4,257.72</b>

### 24. (Increase) / Decrease in inventories of finished goods and work-in-progress

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
<b>Inventories at the end of the year</b>		
Work-in-progress	675.93	493.50
Finished goods	909.38	878.90
	1,585.31	1,372.40
<b>Inventories at the beginning of the year</b>		
Work-in-progress	493.50	521.39
Finished goods	878.89	938.70
	1,372.39	1,460.09
Excise duty variation on finished goods	16.80	10.20
	<b>(196.12)</b>	<b>97.89</b>



## Notes to the consolidated financial statements for the year ended March 31, 2017

### 25. Employee benefits expense

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Salaries and wages	2,333.49	2,306.80
Contribution to provident and other funds	218.08	205.84
Staff welfare expenses	235.93	220.59
	<b>2,787.50</b>	<b>2,733.23</b>

### 26. Finance costs

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Interest expense	200.99	258.48
Other borrowing costs	3.13	1.82
	<b>204.12</b>	<b>260.30</b>

### 27. Depreciation and amortisation expense

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
- Depreciation on Property , Plant and Equipment (refer note 4)	878.26	912.42
- Amortisation of Intangible Assets (refer note 5)	21.17	15.11
	<b>899.43</b>	<b>927.53</b>

### 28. Other expenses

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Stores and spares consumed	1,394.17	1,319.26
Power and fuel	1,132.01	1,023.32
Job work charges	415.73	391.01
Freight expenses	206.98	180.06
Royalty	302.17	291.84
Rent	58.92	60.16
Rates and taxes	16.21	14.63
Insurance	17.80	18.75
Repair and maintenance		
- Plant and machinery	120.74	101.86
- Buildings	106.64	102.27
- Others	27.14	27.47
Auditor's remuneration (refer note 29)	4.06	2.86
Directors' fees	3.13	3.31
Bad debts and advances written off	0.73	0.52
Corporate social responsibilities expenses	31.52	18.50
Miscellaneous expenses	1,074.58	959.69
	<b>4,912.53</b>	<b>4,515.51</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 29. Payment to auditor

(excluding service tax)

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
<b>As auditor:</b>		
- Audit fee	2.39	1.86
- Limited review	1.00	0.60
- Other services	0.39	0.40
- Reimbursement of expenses	0.28	-
	<b>4.06</b>	<b>2.86</b>

### 30. Earnings per share (EPS)

	Year ended March 31, 2017	Year ended March 31, 2016
Profit attributable to equity shareholders (Rs. million)	1,180.99	916.33
Weighted average number of equity shares (Nos. million)	22.37	22.37
Earning per share		
- Basic (Rs.)	52.78	40.95
- Diluted (Rs.)	52.78	40.95

### 31. Research and development expenditure

The details of research and development expenditure incurred by the Company and included in the respective account heads are as under:-

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Capital expenditure	34.05	41.82
Revenue expenditure	143.35	121.08
	<b>177.40</b>	<b>162.90</b>

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

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Stores and spares consumed	36.74	38.34
Salaries and wages	61.05	56.27
Contribution to provident and other funds	5.97	6.94
Staff welfare expenses	1.70	1.13
Power and fuel	3.24	3.70
Repair and maintenance		
- Plant and Machinery	10.78	5.90
- Buildings	0.05	-
- Others	0.02	0.03
Loss on sale/retirement of fixed assets (net)	0.02	0.20
Travelling expenses	5.70	3.92
Miscellaneous expenses	18.08	4.65
	<b>143.35</b>	<b>121.08</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 32. Sale of products

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Pistons, Piston Pins, Piston Rings etc.	12,711.53	12,267.43
Engine Valves	3,335.32	2,948.58
	<b>16,046.85</b>	<b>15,216.01</b>

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

Under previous GAAP, revenue from sale of products was presented net of excise duty under revenue from operations. Whereas under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense presented separately on the face of statement of profit and loss. The change does not affect total equity as at April 01, 2015 and March 31, 2016, profit before tax or total profit for the year ended March 31, 2016.

### 33. Employee benefits

The Parent company has classified the various employee benefits as under :-

#### i) Defined contribution plans

The Parent Company has recognised the following amount in the statement of profit and loss:-

	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. million	Rs. million
Employers' contribution to Provident fund	135.11	127.97
Employers' contribution to Superannuation fund	20.89	20.82
Employers' contribution to State insurance fund	35.25	30.65
	<b>191.25</b>	<b>179.44</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### ii) Defined benefit plans - Gratuity

In accordance with Ind AS 19, actuarial valuation of defined benefit plans was done for Gratuity and details of the same are given below :

Particulars	Year ended March 31, 2017 Rs. million	Year ended March 31, 2016 Rs. million
<b>Amount recognized in statement of Profit &amp; Loss A/c</b>		
Current service cost	55.94	51.87
Net Interest cost on defined benefit/ liability	(1.87)	(2.87)
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>54.07</b>	<b>49.00</b>
<b>Actual contribution and benefit payments for the year</b>		
Actual benefit payments	(26.70)	(34.17)
Actual contributions	50.00	-
	<b>23.30</b>	<b>(34.17)</b>
<b>Net asset / (liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	764.13	616.76
Fair value of plan assets	716.58	640.43
Funded status [Surplus / (Deficit)]	(47.55)	23.67
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(47.55)</b>	<b>23.67</b>
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of defined benefit obligations at beginning of the year	616.76	570.90
Current service cost	55.94	51.87
Interest cost	48.69	43.75
Remeasurement of defined benefit obligations (Actuarial (gains)/losses)		
- Changes in Demographic assumptions	-	-
- Changes in Financial assumptions	69.66	-
- Experience Variance	(0.22)	(15.60)
Benefits paid	(26.70)	(34.16)
<b>Present value of DBO at the end of the year</b>	<b>764.13</b>	<b>616.76</b>
<b>Change in fair value of plan assets during the year</b>		
Plan assets at beginning of the year	640.43	588.90
Expected return on plan assets	50.56	46.62
Contributions	50.00	-
Actuarial gain / (loss)	-	-
Return on Plan assets excluding amount recognised in net interest expenses	2.28	4.91
Benefits paid	(26.69)	-
<b>Plan assets at the end of the year</b>	<b>716.58</b>	<b>640.43</b>
<b>Actual return on plan assets</b>	<b>52.84</b>	<b>51.53</b>
<b>Amount recognised in other comprehensive income</b>		
Actuarial (Gains)/ Losses		
- Changes in Demographic assumptions	0.00	0.00
- Changes in Financial assumptions	69.66	0.00
- Experience Variance	(0.22)	(15.60)
(Return)/loss on plan assets, excluding amount recognized in net interest expense	(2.28)	(4.90)
	<b>67.16</b>	<b>(20.50)</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

Actuarial assumptions for Gratuity	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Discount rate	6.90%	7.90%	7.90%
Expected return on plan assets	8.25%	8.75%	9.00%
Salary escalation	11.00%	11.00%	11.00%
Attrition	5 /30 %, p.a.	5 /25 %, p.a.	5 /25 %, p.a.
Mortality table used	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate
Estimate of the future salary increase is based on factors such as inflation, seniority, promotions, demand and supply in employment market.			

### Sensitivity Analysis for significant actuarial assumptions

Particulars		Year ended March 31, 2017		Year ended March 31, 2016	
		Impact on Liability		Impact on Liability	
		Increase Rs. million	Decrease Rs. million	Increase Rs. million	Decrease Rs. million
Discount Rate	+100 basis points		69.57		53.51
	-100 basis points	81.34		62.27	
Salary Growth Rate	+100 basis points	77.34		60.49	
	-100 basis points		67.75		52.71
Attrition Rate	+100 basis points		41.78		26.12
	-100 basis points	58.47		36.3	
Mortality Rate	+100 basis points	0.62		0.37	
	-100 basis points		0.62		0.37

The sensitivity analysis has been determined based on possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis present above may not be representative of the actual change in the defined obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be co-related.

### Risk Factors in actuarial assumptions

**Interest Rate Risk:** The plan exposes the Parent Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

**Liquidity Risk:** This is the risk that the Parent Company is not able to meet the short term gratuity payouts. This may arise due to non availability of enough cash/ cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

**Salary escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary use to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk:** The Parent Company has used certain mortality and attrition assumption in valuation of the liability. The Parent Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

**Asset Liability Mismatching or Market Risk:** The duration of the liability is longer compared to duration of assets, exposing the Parent Company to market risk for volatilities/ fall in interest rate.

**Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

### Regulatory framework/ Governance / Benefits under the plan:

The gratuity benefit is a post employment benefit. It is calculated at the terminal salary (Basic+VDA) at the time of retirement/ resignation of the employee according to the provisions of Payment of Gratuity Act, 1972. However, there is no restriction on the

## Notes to the consolidated financial statements for the year ended March 31, 2017

maximum amount of gratuity payable. The plan assets are managed by independent Board of Trustees, appointed by the Parent Company. The trust is a separate legal entity and is recognized by the Commissioner of Income Tax, under the provisions of Schedule IV the Income Tax Act, 1961.

The Board of trustees manages the plan assets through Life Insurance Corporation of India (LIC), SBI Life Insurance, Bajaj Allianz Life Insurance Company and HDFC Standard Life Insurance Co. Under this policy, the eligible employees are entitled to receive gratuity payments upon their resignation or death in lump sum after deduction of necessary taxes. The fund managers do not disclose the composition of their portfolio investment, accordingly break-down of plan assets by investment type has not been disclosed.

### Asset Liability Matching Strategies

The Parent Company has purchased insurance policy, which is a cash accumulation plan. Interest on the fund balances during the year is accumulated at the interest rate declared by insurance Company at the end of the financial year. Gratuity claims are settled by the insurance Company out of the fund, thus mitigating any liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of the liabilities. Thus, the Parent Company is exposed to movement in interest rate.

### Effect of plan on Entity's future cash flows

The Parent Company has purchased insurance policies to provide for payment of gratuity to the employees. The contribution to the funds are made on a quarterly basis based on estimated shortfall in plan assets from liabilities. Expected contribution during the next annual reporting period is Rs 114.41 million (Rs 33.21 million) Maturity profile of the defined benefit obligation based on weighted average duration is 10 Years.

### iii) Compensated Absences

	Year ended 31 March, 2017	Year ended 31 March, 2016
Present value of DBO	377.62	401.11
Funded status [Surplus / (Deficit)]	(377.62)	(401.11)

### iv ) Provident fund

The Parent Company has an obligation to fund any shortfall in yield of the trust's investments over the rate declared by Government. The rate is determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Parent Company has been higher in earlier years.



## Notes to the consolidated financial statements for the year ended March 31, 2017

### 34. Related party disclosure

As per Indian Accounting Standard – 24 the Company's related parties and transactions with them are disclosed below :

#### A. List of related parties

Subsidiary company	SPR International Auto Exports Limited
Key management personnel	Shri Pradeep Dinodia, Chairman Shri Hari S. Bhartia, Director Smt Meenakshi Dass, Director Shri Ravinder Narain, Director Shri C.Y.Pal, Director Dr. Alexander Sagel, Director Shri M.Sekimoto, Director Shri Inderdeep Singh, Director Shri Toru Suzuki, Director Shri A.K Taneja, Managing Director & CEO Shri R. Srinivasan, Jt. Managing Director & Company Secretary Shri Luv D. Shriram, Whole Time Director Dr. Peter Neu, Director Shri Noritada Okano, Director
Close members of the family of key management personnel	
Shri A.K Taneja	Smt. Anita Taneja Late Shri B.N.Taneja (till January 23, 2017)
Shri R. Srinivasan	Smt. Usha Srinivasan Smt. R. Srirangam Smt. R. Vijayalakshmi Shri. R. Ramaswamy Shri. R. Venkatesh
Shri Luv D. Shriram	Late Smt. Santosh D. Shriram (till June 22, 2016) Smt. Meenakshi Dass Shri Arjun D. Shriram Shri Kush D. Shriram Smt Nandishi Shriram Smt. Arati Shriram
Shri Ravinder Narain	Smt. Manju Narain Smt. Rasika Dayal Smt. Sarika Narain
Entity over which , Key management personnel and their Close members of the family has significant influence or control	Shriram Automotive Products Ltd. Shriram Alpine Sales Pvt. Ltd. Shriram Veritech Solutions Pvt. Ltd. Sera Com Pvt. Ltd. Manisha Commercial Pvt. Ltd Sarva Commercial Pvt. Ltd. Charat Ram Shriram Pvt. Ltd. Deepak C. Shriram & Sons HUF Shabnam Commercial Pvt. Ltd. Pradeep Dinodia HUF
Entity in which Key management personnel and their Close members of the family is Key management personnel	Shriram Automotive Products Ltd. Shriram Alpine Sales Pvt. Ltd.
Post-employment defined benefit plan entity	Shriram Pistons & Rings Ltd Gratuity Fund Trust Shriram Pistons & Rings Ltd. Officers' Provident Fund Trust

## Notes to the consolidated financial statements for the year ended March 31, 2017

### B. Related party transactions

#### (i) Transactions during the year

Rs. million

Particulars	Key management personnel (KMP)		Close members of the family of key management personnel		Entity over which, Key management personnel and their Close members of the family has significant influence or control		Post-employment defined benefit plan entity		Total	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Remuneration</b>										
Short-term employees benefit	93.52	87.13	-	-	-	-	-	-	93.52	87.13
Post- employment benefit	3.44	3.44	-	-	-	-	-	-	3.44	3.44
Other long-term employees benefit	0.33	-	-	-	-	-	-	-	0.33	-
Commission to Directors	17.06	13.03	-	-	-	-	-	-	17.06	13.03
Rent	-	-	0.48	0.48	4.06	3.38	-	-	4.54	3.86
Interest on deposits	0.41	0.54	5.72	5.52	0.57	1.00	-	-	6.70	7.06
Directors sitting fees	3.10	2.90	-	-	-	-	-	-	3.10	2.90
Dividend paid	39.56	13.34	0.02	18.32	13.89	11.11	-	-	53.47	42.77
Contribution Paid	-	-	-	-	-	-	83.42	29.76	83.42	29.76
Deposits taken during the year	12.50	-	18.82	61.68	4.20	-	-	-	35.52	61.68
Licence fee earned	-	-	-	-	-	0.01	-	-	-	0.01
Purchase of material / stores	-	-	-	-	6.94	6.94	-	-	6.94	6.94
Purchase of components	-	-	-	-	302.19	319.18	-	-	302.19	319.18
Share of expenses recovered	-	-	-	-	4.27	3.61	-	-	4.27	3.61

## Notes to the consolidated financial statements for the year ended March 31, 2017

### (ii) Balances due from/to the related parties

Rs. million

Particulars	Key management personnel (KMP)			Close members of the family of key management personnel			Entity over which, Key management personnel and their Close members of the family has significant influence or control			Post-employment defined benefit plan entity			Total		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Deposits accepted	10.57	3.90	15.20	61.86	56.55	34.78	4.90	9.10	9.10	-	-	-	77.33	69.55	59.08
Interest accrued but not due	0.36	0.54	0.46	0.55	0.49	0.41	-	-	-	-	-	-	0.91	1.03	0.87
Amount payable	82.78	71.93	53.36	-	-	-	36.29	35.82	-	50.40	2.49	2.23	169.47	110.24	55.59
Amount recoverable	-	-	-	-	-	-	-	-	0.03	-	-	-	-	-	0.03

- Notes : i) The deposit from related parties have been accepted on same rate of interest as applicable for other parties
- ii) The amount outstanding from related parties are unsecured and will be settled in cash.
- iii) No guarantees have been given or received in respect of related parties
- iv) No expense has been recognised in the current year or prior year for bad and doubtful debts in respect of the amount due from related parties.

## Notes to the consolidated financial statements for the year ended March 31, 2017

35. a) Information pursuant to clause 3 (vii) (b) of the Companies (Auditor's Report) order, 2016 in respect of disputed dues, not deposited as at March 31, 2017, pending with various authorities:

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount Involved* (Rs. Million)	Amount Unpaid (Rs. Million)
Income Tax Act, 1961	Income tax	Appellate authority up to Commissioners' level	2003-04, 2004-05, 2013-14 & 2014-15	11.45	-
Central Excise Act, 1944	Excise Duty	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2010-11	0.36	0.35
Central Excise Act, 1944	Excise Duty	Commissioner (Appeals)	2010-11, 2011-12, 2012-13, 2013-14 & 2014-15	4.70	4.54
Finance Act, 1994	Service Tax	Commissioner (Appeals)	2013-14	1.53	1.47
Central Sales Tax Act, 1956	Sales Tax	Appellate authority up to Commissioners' level	2006-07, 2007-08, 2009-10, 2010-11, 2012-13, 2013-14 & 2014-15	13.26	11.47
		Appellate Tribunal	2005-06, 2006-07, 2007-08, 2012-13 & 2013-14	767.13	716.94
Sales Tax Laws	Sales Tax / Value Added Tax	Appellate authority up to Commissioners' level	2006-07, 2007-08, 2009-10, 2010-11, 2012-13 & 2013-14	97.60	85.04
		Appellate Tribunal	2004-05, 2005-06 & 2007-08	0.34	0.25

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

b) The following matters, which have been excluded from the table above, have been decided in favour of the Group but the department has preferred appeals at higher levels. The details are given below:

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (Rs. Million)
Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2010-11, 2011-12 & 2012-13	11.01

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

## Notes to the consolidated financial statements for the year ended March 31, 2017

36. The Parent Company has made provision for disputed/ pending litigation based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	As at March 31, 2016 (Rs. Million)	Addition during the year (Rs. Million)	As at March 31, 2017 (Rs. Million)
Entry Tax	4.89	4.86	9.75

Particulars	As at March 31, 2015 (Rs. Million)	Addition during the year (Rs. Million)	As at March 31, 2016 (Rs. Million)
Entry Tax	7.69	(2.80)	4.89

### 37. Operating lease

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

	Year ended March 31, 2017 Rs. million	Year ended March 31, 2016 Rs. million
The total of future minimum lease payments for remaining period of non- cancellable leases are as under:		
Not later than one year	7.43	7.75
Later than one year but not later than five years	13.81	17.78
Later than five years	280.80	284.25
	<b>302.04</b>	<b>309.78</b>

### 38. Segment reporting

The Group is engaged in a single segment i.e. the business of "automotive components" from where it is earning its revenue and incurring expense. The operating results are regularly reviewed and performance is assessed by its Chief Operating Decision Maker (CODM). All the company's resources are dedicated to this single segment and all the discrete financial information is available for this segment.

Geographical information in respect of revenue from customer is given below

	Year ended March 31, 2017 Rs. million	Year ended March 31, 2016 Rs. million
Domestic Sale	13,610.38	12,833.76
Export Sale (FOB)	2,436.47	2,382.25
	<b>16,046.85</b>	<b>15,216.01</b>

Revenue from one customer amounts to Rs 1945.41 million (previous year Rs 1846.46 million). No other single customer represents 10% or more to the Group revenue for financial year ended March 31, 2017 and March 31, 2016.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 39. Micro, Small and Medium enterprises as defined under the MSMED Act

The status of vendors under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is based on certificate submitted by vendors about their coverage under the provisions of MSMED Act, 2006.

	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 01, 2015
	Rs. million	Rs. million	Rs. million
<b>Amount remaining unpaid to suppliers under MSMED as at the end of year</b>			
- Principal amount	35.72	38.29	39.12
- Interest due thereon	-	-	-
<b>Amount of payments made to suppliers beyond the appointed day during the year</b>			
- Principal amount	36.62	31.30	7.65
- Interest actually paid under section 16 of MSMED	0.16	0.01	0.02
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED	0.15	0.15	0.07
<b>Interest accrued and remaining unpaid at the end of the year</b>			
- Interest accrued during the year	0.15	0.15	0.07
- Interest remaining unpaid as at the end of the year	0.18	0.24	0.13
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961	0.15	0.15	0.07

### 40. Contingent liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	Rs. million	Rs. million	Rs. million
i) Disputed			
- Excise duty	5.07	0.35	94.45
- Sales tax	878.33	63.71	62.49
- Service tax	1.53	50.37	42.41
- Income tax	1.43	1.43	1.43
- Employees' State Insurance	28.83	28.83	-
- Others	8.65	4.60	-
All the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of the management, the legal proceedings, when ultimately concluded, will not have a material effect on operations or the financial position of the Parent Company.			
ii) Bank guarantees	25.00	25.00	25.00
iii) Claims not acknowledged as debts	89.70	54.99	37.77



## Notes to the consolidated financial statements for the year ended March 31, 2017

### 41. Commitments

	As at March 31, 2017 Rs. million	As at March 31, 2016 Rs. million	As at April 01, 2015 Rs. million
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	366.69	396.50	219.93

Outstanding export obligation to be fulfilled over a period of maximum up to 5 years under the EPCG scheme against import of some machines is Rs. 2982.71 Millions (previous year Rs. 3465.22 Millions). Customs duty saved against outstanding export obligations is Rs. 10.73 million (previous year Rs. 66.35 million).

The Parent Company has other commitments, for purchase / sales orders which are issued after considering requirements as per operating cycle for purchase / sale of goods, employee benefits including union agreements in normal course of business. The Parent Company does not have any other long term commitments or material non-cancellable contractual commitments, which may have a material impact on the financial statements.

### 42. Details of Specified Bank Notes (SBN) transacted during demonetisation period

	SBNs Rs	Other denomination notes Rs	Total Rs
Closing cash in hand as on 08.11.2016	13,21,000	1,22,269	14,43,269
(+) Permitted receipts	-	15,20,550	1,5,20,550
(-) Permitted payments	-	8,50,773	8,50,773
(-) Amount deposited in Banks	13,21,000	50,000	13,71,000
Closing cash in hand as on 30.12.2016	-	7,42,046	7,42,046

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 43. Fair Value Measurement

i) The carrying value and fair value of financial instruments by categories as of March 31, 2017 are as under:

(Rs. million)

Particulars	Financial assets/ (Financial liabilities) at fair value through profit or loss (FVTPL)	Total carrying value	Total fair value
<b>Financial assets/(Financial liabilities)</b>			
Investment in Mutual Fund	80.05	80.05	80.05
Derivatives Instruments*			
- Forward contracts	(4.37)	(4.37)	(4.37)
- Cross currency Interest rate swaps	249.58	249.58	249.58
<b>Total</b>	<b>325.26</b>	<b>325.26</b>	<b>325.26</b>

The carrying value and fair value of financial instruments by categories as of March 31, 2016 are as under:

(Rs. million)

Particulars	Financial assets/ (Financial liabilities) at fair value through profit or loss (FVTPL)	Total carrying value	Total fair value
<b>Financial assets/(Financial liabilities)</b>			
Investment in Mutual Fund	175.21	175.21	175.21
Derivatives Instruments*			
- Forward contracts	(2.57)	(2.57)	(2.57)
- Cross currency Interest rate swaps	481.97	481.97	481.97
<b>Total</b>	<b>654.61</b>	<b>654.61</b>	<b>654.61</b>

The carrying value and fair value of financial instruments by categories as of April 1, 2015 are as under:

(Rs. million)

Particulars	Financial assets/ (Financial Liabilities) at fair value through profit or loss (FVTPL)	Total carrying value	Total fair value
<b>Financial assets/(Financial liabilities)</b>			
Derivatives Instruments*			
- Forward contracts	3.09	3.09	3.09
- Cross currency Interest rate swaps	564.95	564.95	564.95
<b>Total</b>	<b>568.04</b>	<b>568.04</b>	<b>568.04</b>

\*Change in fair value is recognised in other comprehensive income.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### ii) Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017

(Rs. million)

Particulars	As at March 31, 2017	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Investment in Mutual Fund	80.05	-	80.05	-
Derivatives Instrument	249.58	-	249.58	-
<b>Total Financial Assets</b>	<b>329.63</b>		<b>329.63</b>	
<b>Financial Liabilities</b>				
Foreign currency forward contracts	(4.37)	-	(4.37)	-
<b>Total Financial Liabilities</b>	<b>(4.37)</b>		<b>(4.37)</b>	

There is no transfer between the fair value measurement hierarchy amongst level 1, level 2 and level 3 during the year.

Fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2016

(Rs. million)

Particulars	As at March 31, 2016	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Investment in Mutual Fund	175.21	-	175.21	-
Derivatives Instrument	481.96	-	481.96	-
<b>Total Financial Assets</b>	<b>657.17</b>		<b>657.17</b>	
<b>Financial Liabilities</b>				
Foreign currency forward contracts	(2.57)	-	(2.57)	-
<b>Total Financial Liabilities</b>	<b>(2.57)</b>		<b>(2.57)</b>	

There is no transfer between the fair value measurement hierarchy amongst level 1, level 2 and level 3 during the year.

Fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of April 1, 2015

(Rs. million)

Particulars	As at April 01, 2015	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Derivatives Instrument	564.95	-	564.95	-
<b>Total Financial Assets</b>	<b>564.95</b>		<b>564.95</b>	
<b>Financial Liabilities</b>				
Foreign currency forward contracts	3.09	-	3.09	-
<b>Total Financial Liabilities</b>	<b>3.09</b>		<b>3.09</b>	

## Notes to the consolidated financial statements for the year ended March 31, 2017

iii) Financial assets and financial liabilities that are not measured at fair value are as under:

(Rs. million)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>						
Investments in subsidiary	0.50	0.50	0.50	0.50	0.50	0.50
Trade and other receivables	2,378.09	2,378.09	2,225.23	2,225.23	2,163.99	2,163.99
Cash and cash equivalent	1,550.90	1,550.90	1,003.89	1,003.89	290.24	290.24
Loans	-	-	0.03	0.03	0.16	0.16
Bank Deposit	0.06	0.06	-	-	-	-
Interest accrued on bank deposit	56.27	56.27	35.90	35.90	14.06	14.06
Margin Money	6.54	6.54	6.63	6.63	6.54	6.54
<b>Financial Liabilities</b>						
Borrowings	2,329.28	2,329.28	2,947.13	2,947.13	3,708.97	3,708.97
Trade payables	2,093.20	2,093.20	1,878.76	1,878.76	1,420.24	1,420.24
Unclaimed dividends	0.54	0.54	0.45	0.45	0.45	0.45
Unclaimed matured deposits and interest accrued thereon	2.38	2.38	6.48	6.48	2.31	2.31
Capital creditors	71.42	71.42	71.71	71.71	87.41	87.41

The carrying value of above financial assets and financial liabilities approximate its fair value.

### 44. Capital management

The Group's objective for managing capital is to ensure as under:

- To ensure the Group's ability to continue as a going concern.
- Maintaining a strong credit rating and healthy debt equity ratio in order to support business and maximize the shareholders' value.
- Maintain an optimal capital structure.
- Compliance financial covenants under the borrowing facilities.

For the purpose of capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the Company.

The Company manages its capital structure keeping in view of:

- Compliance of financial covenants of borrowing facilities.
- Changes in economic conditions.

In order to achieve this overall objective of capital management, amongst other things, the Company aims to ensure that it meets financial covenants attached to the borrowings facilities defining capital structure requirements, where breach in meeting the financial covenants may permit the lender to call the borrowings.

There have been no breach in the financial covenants of any borrowing facilities in the current period. There is no change in the objectives, policies or processes for managing capital over previous year. To maintain the capital structure, the Company may vary the dividend payment to shareholders.

### 45. Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTPL current investments and enters into derivative transactions.

## Notes to the consolidated financial statements for the year ended March 31, 2017

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks under appropriate policies and procedures.

### i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL current investments and derivative financial instruments.

#### a) Foreign exchange risk

The Group is exposed to foreign exchange risk through its sales and purchases from overseas in foreign currencies mainly in USD, EURO and JPY. The Group holds derivative financial instruments such as foreign exchange forward and contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Each percentage point change in the foreign exchange rates has an impact of 0.59% on Group's operating margins.

The Parent Company's foreign currency risk from financial instruments are as under :

(Foreign currency million)

Particulars	Currency	31-Mar-17	31-Mar-16	1-Apr-15
Trade Receivables	USD	2.31	2.18	4.16
	EUR	5.29	5.99	3.93
	JPY	6.26	4.14	3.64
	GBP	0.12	0.09	0.18
Trade Payables	USD	0.28	0.72	3.29
	EUR	0.19	0.16	0.05
	JPY	441.39	366.27	439.21
	GBP	-	0.00	0.02
	CNY	0.16	-	-
Secured Bank Loans	USD	20.10	30.90	44.70
	SGD	-	0.49	2.45

Out of the above foreign currency exposures, the following exposures are not hedged by a derivative:

(Foreign currency million)

Particulars	Currency	31-Mar-17	31-Mar-16	1-Apr-15
Trade Receivables	USD	1.31	1.18	1.89
	EUR	1.98	3.62	1.52
	JPY	6.26	4.14	3.64
	GBP	0.12	0.09	0.18
Trade Payables	USD	0.28	0.72	2.40
	EUR	0.09	0.16	0.05
	JPY	105.02	366.27	145.15
	GBP	-	0.00	0.02
	CNY	0.16	-	-

## Notes to the consolidated financial statements for the year ended March 31, 2017

### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Parent Company's exposure to the risk of changes in market interest rates relates primarily to the Parent Company's long-term debt obligations with floating interest rates. The Parent Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Parent Company enters into cross currency interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The Group is not exposed to any significant /material interest rate risk.

### ii) Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Parent Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk is managed by Parent company's established policy, procedures and control relating to customer credit risk management. Credit risk has always been managed by the Parent Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Parent Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Parent Company uses expected credit loss model to assess the impairment loss.

### iii) Liquidity risk

The Parent Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans. Liquidity risk is managed by Parent company's established policy & procedures made under liquidity risk management framework. The Parent Company manages liquidity risk by maintaining adequate reserves, banking facilities, and reserve borrowing facilities, by continuously forecast and actual cash flows, and by matching the maturity profile of financial assets and liabilities.

The financial assets and liabilities have been appropriately disclosed in financial statements as current and non current portion. The maturity period of non current financial assets and financial liabilities ranges between 1 to 5 years.

## 46. Hedge Accounting

### i) Forwards Contracts

The Parent Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or in puts that are directly or indirectly observable in the market place.

Details of Forward Foreign Currency Contracts outstanding at the end of reporting period are as under :

(Foreign currency million)				
Outstanding Contracts	Currency	31-Mar-17	31-Mar-16	1-Apr-15
Not later than one month	USD	1.00	0.50	3.90
	EUR	0.80	1.54	1.00
	JPY	81.07	-	85.20
Later than one month and not later than three months	USD	-	0.50	-
	EUR	2.60	0.82	0.50
	JPY	180.30	-	215.24
Later than three months and not later than one year	USD	-	-	2.00
	EUR	-	-	-
	JPY	75.00	-	-



## Notes to the consolidated financial statements for the year ended March 31, 2017

The Parent Company has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to revenue in the statement of profit or loss within 6 months.

Hedge effectiveness is determined at the inception of the hedge relationship. To ensure that an economic relationship exists between the hedged item and hedging instrument, the Parent Company matches the critical terms of the hedged items and hedging instruments.

### ii) Cross currency Interest Rate Swaps

Under cross currency interest rate swap contracts, the Parent Company agrees to exchange the principal and interest payment of its loans liabilities in foreign currency for equivalent amount in net present value terms Indian rupees. Such contracts enable the Parent Company to mitigate the risk of exchange rate and cash flow exposures on the issued variable rate debt in foreign currency. Hedge effectiveness is determined at the inception of the hedge relationship. To ensure that an economic relationship exists between the hedged item and hedging instrument, the Company matches the critical terms of the hedged items and hedging instruments.

### iii) Reconciliation of cash flow hedge reserve are as under:

(Rs million)			
Particulars	31-Mar-17	31-Mar-16	1-Apr-15
<b>Assets /(Liability)</b>			
Balance at the beginning of the year	5.50	22.35	34.18
Gain / (Loss) recognised in other comprehensive income during the year	(18.37)	(25.78)	-
Tax impact on above	6.35	8.92	(11.83)
<b>Balance at the end of the year</b>	<b>(6.52)</b>	<b>5.50</b>	<b>22.35</b>

**47.** The Group does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.

**48.** There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund (IEPF) by the Group during the year.

## Notes to the consolidated financial statements for the year ended March 31, 2017

49. Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 is given below:

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Rs. (Million)	As % of consolidated profit or loss	Rs. (Million)
<b>Parent</b>				
Shriram Pistons & Rings Limited	100.00	7,943.84	100.00	1,125.05
<b>Subsidiary</b>				
SPR International Auto Exports Ltd.	0.00	0.48	0.00	0.01

50. Previous year figures have been re-grouped / reclassified, wherever necessary to confirm to current year's classification. Figures in brackets denote previous year figures.

**For and on behalf of the Board of Directors**

**Pradeep Dinodia**  
Chairman

**Inderdeep Singh**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

**Place** : New Delhi  
**Date** : May 12, 2017

**Vinod Raheja**  
Dy. Executive Director & CFO

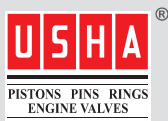
**Luv D. Shriram**  
Whole - Time Director



## British Safety Award

Shriram Pistons and Rings Limited, after an extensive evaluation by a British Safety Council auditor, has been awarded a rating of Five Stars.

The SPR Plants, at Ghaziabad and Pathredi, have been awarded the British Safety Council Sword of Honour for 2016. In winning this award the company has demonstrated its continued commitment to health and safety of its employees.



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