



July 17, 2020

Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400051

ISIN No. INE526E01018

Company Symbol: SHRIPISTON

Sub: Annual Report 2019-20 and Notice of 56th AGM

Sir,

The 56th Annual General Meeting (AGM) of the Company is scheduled to be held on Tuesday, 11th August, 2020 at 5:00 P.M. through Video Conferencing/ Other Audio Visual Means ("VC/ OAVM").

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we are enclosing Copy of Annual Report of F.Y. 2019-20 and Notice of 56th AGM.

In terms of circular nos. Nos.14/2020, 17/2020 and 20/2020 dated 8th April 2020, 13th April 2020 and 5th May 2020, respectively, issued by the Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 issued by the Securities and Exchange Board of India, the Annual Report of 2019-20, the notice of 56th AGM and instructions for e-voting are being sent only through electronic mode to those members whose e-mail addresses are registered with the Company/Depository Participant(s).

The Annual Report and AGM Notice are available on Company's website under the following links:

Annual Report 2019-20	http://shrirampistons.com/pdf/audited-accounts-and-annual-reports/Annual%20Report%202019-20.pdf
AGM Notice	http://shrirampistons.com/pdf/AGM%20Notice%202020.pdf

Pursuant to Regulation 42 of Listing Regulations, the Register of Members and the Share Transfer Books of the Company will remain closed from 05.08.2020 to 11.08.2020 (both days inclusive).

The cut-off date for determining Shareholders who are entitled to vote is 04.08.2020.

Thanking you,

Yours faithfully,

(R. Srinivasan)

Company Secretary

Encl: as above

56th ANNUAL REPORT 2019-20



LEADERSHIP *through* PARTNERSHIP



SHRIRAM PISTONS & RINGS LTD.

Board of Directors

Shri Pradeep Dinodia	- Chairman
Shri Hari S. Bhartia	
Smt. Ferida Chopra	
Smt. Meenakshi Dass	
Dr. Peter Neu	
Shri Alok Ranjan	
Shri Inderdeep Singh	
Shri Yukio Tanemura	
Shri Kiyoto Tone	
Shri A.K. Taneja	- Managing Director & CEO
Shri Krishnakumar Srinivasan	- Managing Director
Shri R. Srinivasan	- Joint Managing Director
Shri Luv D. Shriram	- Wholetime Director
Shri Sascha Putz	- Alternate Director to Dr. Peter Neu
Shri Kaoru Ito	- Alternate Director to Shri Yukio Tanemura

Principal Executives

Shri A.K. Taneja	- Managing Director & CEO
Shri Krishnakumar Srinivasan	- Managing Director
Shri R. Srinivasan	- Joint Managing Director & Company Secretary
Shri Luv D. Shriram	- Whole Time Director
Shri Devendra Mishra	- Executive Director
Shri Jenender Anand	- Executive Director
Shri Naveen Agarwal	- Executive Director & Alternate Company Secretary
Shri Arun Kumar Shukla	- Dy. Executive Director
Shri Vinod Raheja	- Dy. Executive Director & CFO
Shri Rajan Nanda	- Dy. Executive Director
Shri Sandeep Kalia	- Dy. Executive Director
Ms. Poonam Bharti	- Dy. Executive Director & Chief HR Officer
Shri Atul K. Khanapurkar	- Dy. Executive Director

Advisors

Shri V. K. Jayaswal	- Sr. Advisor
Shri Anil Gadi	- Advisor
Shri Rakesh Anand	- Advisor
Shri P.S. Ladiwala	- Advisor
Shri Rajeev Kumar Wasan	- Advisor

Technical Collaborators

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

Statutory Auditors

Deloitte Haskins & Sells, Gurgaon, Haryana

Registered Office

3rd Floor, Himalaya House,
23, Kasturba Gandhi Marg,
New Delhi - 110 001

Bankers

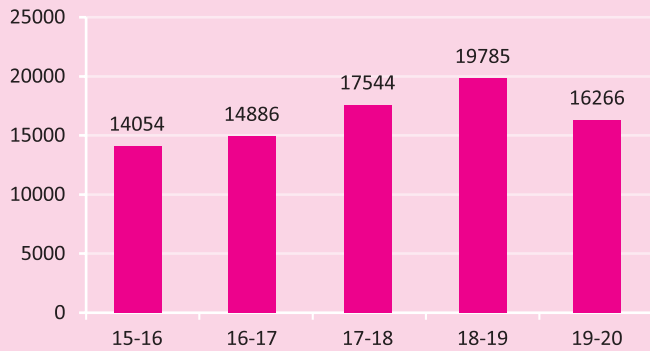
UCO Bank
State Bank of India
Corporation Bank
Axis Bank Ltd.
HDFC Bank Ltd.
IDBI Bank Ltd.
Citibank N.A.
The Hongkong and Shanghai Banking Corporation Limited
DBS Bank
Syndicate Bank

Works

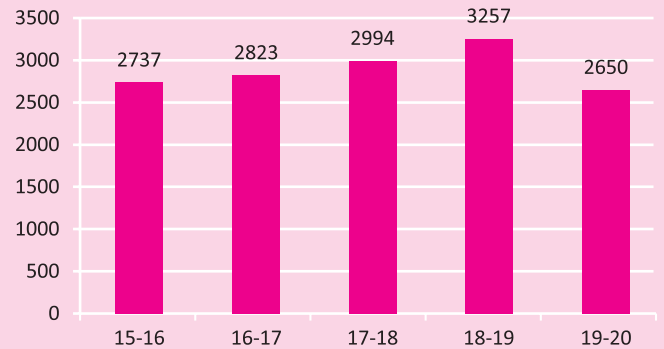
Industrial Area, Meerut Road, Ghaziabad (U.P.)
Industrial Area, Pathredi, District Alwar (Rajasthan)
Industrial Area, Bulandshahr Road, Ghaziabad (U.P.)

WORKING RESULTS AT A GLANCE

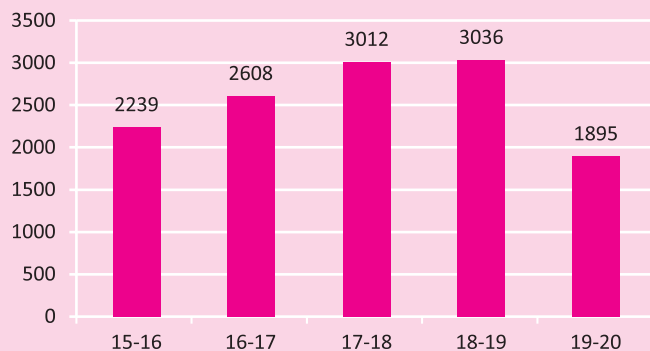
TOTAL INCOME (Mn/Rs.)



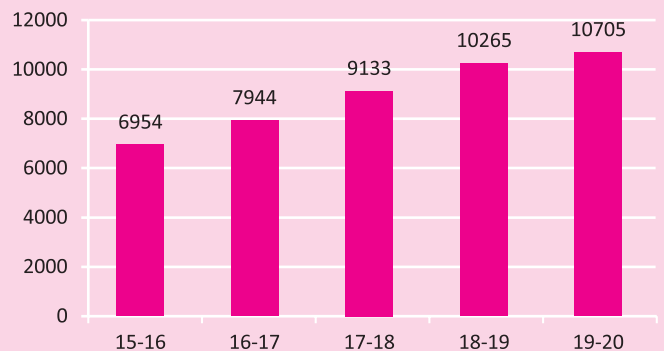
EXPORTS (Mn/Rs.)



GROSS PROFIT (Mn/Rs.)



NET WORTH (Mn/Rs.)



WORKING RESULTS AT A GLANCE

Particulars	UNIT	YEAR ENDING MARCH									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Paid-up Equity Share Capital	Mn/Rs.	224	224	224	224	224	224	224	224	224	224
Reserves & Surplus	Mn/Rs.	10481	10041	8909	7720	6730	5925	5376	4780	4404	3677
Net Worth	Mn/Rs.	10705	10265	9133	7944	6954	6149	5600	5004	4628	3901
Gross Fixed Assets	Mn/Rs.	18673	16907	15355	14803	14159	13699	13312	12770	10745	8720
Total Income - Value - Total	Mn/Rs.	16266	19785	17544	14886	14054	12567	11735	10615	10009	8400
- Export	Mn/Rs.	2650	3257	2994	2823	2737	2301	2257	1818	1846	1492
Profit before depreciation and taxes (PBDT) before OCI	Mn/Rs.	1895	3036	3012	2608	2239	1753	2012	1578	1859	1758
Profit before taxes (PBT) before OCI	Mn/Rs.	864	2092	2108	1709	1311	793	1006	699	1151	1171
Profit after tax (PAT before OCI)	Mn/Rs.	730	1384	1389	1181	916	573	697	489	839	827
Equity Dividend - Amount	Mn/Rs.	162	270	270	189	108	94	92	92	91	91
- Rate	%	60.0	100.0	100.0	70.0	40.0	35.0	35.0	35.0	35.0	35.0

Notes:

1. Reserves & Surplus includes Revaluation Reserve of Rs. 97.33 Million as on 31.3.2020.
2. Gross Fixed Assets are stated at historical cost and include prepayment land leases.
3. Equity dividend (including dividend distribution tax) represents dividend declared / proposed for the respective financial year.

DIRECTORS' REPORT

The Directors have pleasure in presenting the 56th Annual Report, along with the audited accounts of the Company, for the year ended 31st March, 2020.

Financial & Operational Performance

Company's revenues from operations decreased during the year from Rs. 19,549 Million to Rs. 16,068 Million. Gross Profit [before Other Comprehensive Income (OCI)] for the year, after all interest charges but before depreciation and taxes, were Rs. 1,895 Million compared to Rs. 3,036 Million of last year. This is primarily due to severe economic slowdown in domestic and global markets throughout the year and COVID-19 pandemic in the later part of March' 2020.

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

(Rs./Million)

Particulars	Financial Year ended			
	Standalone		Consolidated	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
Revenue from Operations	16,068	19,549	16,068	19,549
Profit/(loss) before Interest, Depreciation & Tax (EBITDA)	2,018	3,175	2,018	3,175
Gross Profit (before OCI)	1,895	3,036	1,895	3,036
Depreciation	1,030	943	1,030	943
Profit Before Tax (before OCI)	864	2,092	864	2,092
Income Tax (including for earlier years)	134	708	134	708
Net Profit After Tax (before OCI)	730	1,384	730	1,384
Dividend including Dividend Distribution Tax	325	270	325	270
Amount transferred to General Reserve	158	613	158	613

Company's exports decreased from Rs. 3,257 Million to Rs. 2,650 Million due to economic downturn and impact of COVID-19 across the globe. 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. The Company has acquired new export business from global OEMs with the active assistance of the technical collaborators, and exports are expected to grow as the COVID-19 situation normalizes. Efforts are being intensified to further expand exports, in the global After Market.

During the year, the Company took various measures for cost reduction such as low cost automation, interlinking of machines, energy conservation and productivity improvement across products which would help to remain cost competitive and improve margins on a sustainable basis.

With a well-equipped Tech Centre and strong support from our Technology Partners, the Company has acquired key business for BS-6 models, which will result in higher market share with key OEMs in India in long term. The commercial production of latest technology Pistons, Pins, Rings and Engine Valves for BS-6 engines has started and the stringent quality requirements are being closely monitored.

Redemption of Preference Shares and payment of Dividend thereon

As per the Scheme of Amalgamation of Shriram Automotive Products Ltd. ("SAPL") with the Company, the Company had, as part consideration, issued 28,85,760 Nos. 4.2% fully paid up Non Participating, Redeemable, Non- Convertible, Cumulative Preference Shares of Rs. 100/- each, redeemable at par to the equity shareholders of SAPL.

These Shares were redeemable at par on expiry of five years from the date of allotment and the Company had an option to redeem these Preference Shares at par, on expiry of six months from the date of allotment.

Accordingly, Company decided to redeem these Shares at par on 01.10.2019, after paying interim dividend on pro-rata basis, from 01.04.2019 to 30.09.2019.

Dividend

The Directors have recommended that:

- Preference Shareholders be paid dividend at the stipulated rate of 4.2% per share on the 4.2% fully paid up Non Participating, Redeemable, Non- Convertible, Cumulative Preference Shares of Rs. 100/- each, on a pro-rata basis, from 01.04.2019 to 30.09.2019. The aggregate amount of dividend works out to Rs. 2.1 per share for the year.
- These Shares were redeemed by the Company on 01.10.2019 and dividend of Rs. 2.1 per share has already been paid.
- Interim Dividend @ Rs. 6.00 per share for 2019-20, already paid to Equity shareholders, be treated as final dividend.

New projects and Capacity Expansion

Keeping in view the long term growth plans, the Company has made payment towards purchase of industrial land in Indore for its 3rd Plant.

The Company has set up a Centre of Excellence for Surface Treatment, with significant improvements in operations in line with our Collaborators' practice, in which operations had started during the year, and which will further be scaled up in coming year.

Company has also identified projects for diversification of its product portfolio, for continuous growth in sales and to minimize the impact of electric mobility in some segments.

Change in nature of business

During F.Y. 2019-20, there was no change in nature of Company's business.

Material changes and commitment

In view of COVID-19, low demand during April 1, 2020 and the date of signing of this Report has impacted sales and profitability of the Company.

Subsidiary Company and its Annual Accounts

There was no operation in the Subsidiary Company, M/s SPR International Auto Exports Limited, during the year. Annual accounts of the 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. 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.

During the year, no company has become or ceased to be Company's Subsidiary, Joint Venture or Associate Company.

Board Meetings

During the year, 6 meetings of Board of Directors were held, details of which have been provided in the Report on Corporate Governance, Annexure-I to this Report.

Audit Committee

As on 31.03.2020, members of the Audit Committee of the Company are Shri Inderdeep Singh (Chairman), Shri Pradeep Dinodia, Smt. Ferida Chopra and Shri Alok Ranjan.

During the year, the Board has accepted all recommendations made by the Audit Committee.

Whistle Blower Policy

The Company has a 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, all Whistle Blowers are granted access to Chairman of the Audit Committee in appropriate cases.

Nomination and Remuneration Policy

The Nomination and Remuneration Committee (NRC) of Board has formulated a Nomination and Remuneration Policy for remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel (SMP) and other employees of the Company.

The Nomination and Remuneration Policy covers the criteria for appointment of Directors (including Independent Directors), KMPs and SMPs. The Policy also covers the criteria for 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.

The Directors affirm that remuneration paid to all Directors, KMPs, SMPs and all other employees is as per the remuneration policy of the Company.

Nomination and Remuneration Policy of the Company is available on Company's website viz. www.shrirampistons.com under the link "Investors' Guide".

As on 31.03.2020, number of permanent employees on rolls of the Company are 4,285.

Related Party Transactions

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 Companies Act, 2013 are not applicable. During the year, the Company has not entered into any contract/ arrangement/ transaction with related parties which could be construed to be "material" in accordance with the "Policy for determining material Related Party Transactions" approved by the Board. Details of all transactions with related parties are given in Note No. 33 of Notes forming part of Financial Statements.

The Company has complied with the Accounting Standards on Related Party Transactions.

Internal Financial controls and their adequacy

The Company had appointed M/s Ernst & Young and M/s KPMG as its Internal Auditors for 2019-20, 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 the Audit Committee.

The Internal Audit teams monitor and evaluate 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.

Annexures to Directors' Report

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. "SALIENT FEATURES OF SUBSIDIARY COMPANY" – as per Annexure-VIII

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

Disclosures on Company's website

Company is committed to good corporate governance practice and corporate social responsibility. In line with the Company's principles/ commitment, the following policies/programmes/reports are in place and are available on Company's website viz. 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,
4. Nomination and Remuneration Policy,
5. Familiarization programmes for Independent Directors,
6. Policy for distribution of Dividend, and
7. Annual Return of the Company

Directors' Responsibility Statement:

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 31st March, 2020 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.

Other Disclosures:

1. During the year, no fraud has been reported by the Statutory Auditors to the Audit Committee or the Board under Section 143(12) of the Companies Act, 2013.
2. No orders were passed by the Regulators or Courts or Tribunals which could impact going concern status and Company's operations in future.
3. There are no disqualifications, reservations or adverse remarks or disclaimers in the Statutory Auditors' and Secretarial Auditors' Report.
4. No Director of the Company is receiving commission from the Company as well as from its Subsidiary Company.
5. Company has not given any loans, guarantees or made investments under section 186 of the Companies Act, 2013.
6. The Company has complied with applicable Secretarial Standards on Board Meetings and General Meetings.
7. The Company has not issued any of the following:
 - i) Equity Shares with differential rights,
 - ii) Sweat Equity Shares
 - iii) Shares issued pursuant to Employee Stock Option Scheme or Employee Stock Purchase Scheme
8. During the year, the Company has not bought back any Shares.

Fixed Deposits

Fixed deposits amounting to Rs. 238 Million were accepted during the year and deposits amounting to Rs. 21 Million pertaining to 53 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.

Investor Education and Protection Fund

The amount lying in unpaid dividend accounts of last seven years is Rs. 0.57 Million which is due to be transferred to the Investor Education and Protection Fund on 11.08.2020. Amount transferred to the Investor Education and Protection Fund during the year is Rs. 0.18 Million.

Disclosures w.r.t. shares lying in IEPF Account:

S. No.	Particulars	No. of Shareholders	No. of Shares
1	Aggregate number of Shareholders and the outstanding shares in the IEPF Authority account lying at the beginning of the year	11	14,800
2	Number of Shareholders who approached the Company for transfer of shares from IEPF Authority account during the year	NIL	NIL
3	Number of Shareholders to whom shares were transferred from IEPF Authority account during the year	NIL	NIL
4	Aggregate number of Shareholders and the outstanding shares in the IEPF Authority account lying at the end of the year	11	14,800
Note: The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.			

Maintenance of Cost Records and Cost Audit

As specified by the Central Government, the Company is required to maintain Cost Records and get these records audited by a Cost Accountant.

The Company is maintaining Cost Records. Cost Audit Report of the Company for the year ended 31st March, 2019, duly audited by M/s Chandra Wadhwa & Co., Cost Accountants, New Delhi, was submitted to the Ministry of Corporate Affairs, Government of India on 23rd August, 2019 before the due date of 24th August, 2019.

Details of CSR Activities undertaken by the Company

During the year, Company has spent Rs. 41.61 Million on various CSR activities against the requirement of Rs. 41.34 Million, as per the provisions of the Companies Act, 2013. Details of initiatives taken by the Company during the year in CSR activities and composition of CSR Committee are provided in Report on CSR Activities undertaken by the Company in 2019-20, Annexure-VI to this Report.

Risk Management Framework

The Company has developed and implemented Risk Management Policy including identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. The Company has also constituted a "Risk Management Committee". As on 31.03.2020, Members of the Committee are Shri Pradeep Dinodia (Chairman), Shri Inderdeep Singh, Shri Alok Ranjan, Shri A. K. Taneja, Shri R. Srinivasan, Shri Luv D. Shriram and Smt. Meenakshi Dass.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has complied with provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has in place a Policy on prevention of sexual harassment at workplace. The Company has also constituted Internal Complaints Committees under the Act. No complaint was received/ pending under the above Act during the year.

Changes in Directors/ KMPs during the year and Appointment/ Re-appointment of Directors in the ensuing AGM

Shri Ravinder Narain, Shri C.Y. Pal and Shri Noritada Okano (Alternate Director to Shri M. Sekimoto) have resigned from the Board due to personal reasons with effect from closing hours of 09.07.2019.

Pursuant to resignation of Shri Noritada Okano, the Board appointed Shri Kaoru Ito as Alternate Director to Shri M. Sekimoto w.e.f. 10.07.2019.

Shri M. Sekimoto has also resigned from the Board due to personal reasons w.e.f. closing hours of 26.07.2019. Consequently, Shri Kaoru Ito also ceased to a Director on the Board of the Company.

The Board appointed Shri Yukio Tanemura in casual vacancy caused due to resignation of Shri M. Sekimoto and Shri Kaoru Ito as his Alternate Director w.e.f. 27.07.2019.

The Shareholders have also given their consent through special resolution for re-appointment of Shri Inderdeep Singh and Shri Kiyoto Tone as Non-Executive Independent Directors of the Company for the second term of five consecutive years w.e.f. 29.07.2019 upto 28.07.2024 and approved appointment of Shri Alok Ranjan and Smt. Ferida Chopra as Non-Executive Independent Directors of the Company w.e.f. 30.03.2019 upto 29.03.2024 through ordinary resolution in AGM held on 09.07.2019.

The Board has, in its meeting held on 10.02.2020, appointed Shri Krishnakumar Srinivasan as Additional Director (Managing Director) of the Company for a period of five years effective from 11.02.2020. He will be appointed as Managing Director & CEO w.e.f. 01.04.2021. His appointment shall be subject to approval of Shareholders in the forthcoming AGM.

Shri Ralf Buschbeck, Alternate Director to Dr. Peter Neu, has also resigned from the Board effective from 27.03.2020 citing personal reasons. The Board had, in its meeting held on 29.05.2020, appointed Shri Sascha Putz as Alternate Director to Dr. Peter Neu, subject to allotment of Directors' Identification Number to him by Ministry of Corporate Affairs.

The Board has also re-designated Shri Hari S. Bhartia as Non-Executive Independent Director of the Company for a period of five years effective from 31.03.2020. His appointment as Non-Executive Independent Director of the Company shall be subject to Shareholders' approval in the forthcoming AGM.

Shri Luv D. Shriram and Dr. Peter Neu, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

The Board appreciated significant contribution of all Directors, who have ceased to be Directors during the year, to the Company and in Board deliberations and the services rendered.

Brief resume and other details of all Directors seeking appointment/re-appointment are given in the 'Notice of the Annual General Meeting'.

Declarations from Independent Directors

Shri Hari S. Bhartia, Smt. Ferida Chopra, Shri Alok Ranjan, Shri Inderdeep Singh and Shri Kiyoto Tone 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 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Performance evaluation of Board, its Committees and Individual Directors

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

In the opinion of the Board, Independent Directors appointed/ re-appointed during the year possess relevant integrity, expertise and experience required to perform their duties. Independent Directors are in the process of appearing in the online proficiency test being conducted by Indian Institute of Corporate Affairs.

Appreciation

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
June 25, 2020

(PRADEEP DINODIA)
CHAIRMAN
DIN: 00027995

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 31.03.2020, the Company had 4 Executive and 9 Non-Executive Directors. Out of 9 Non-Executive Directors, 5 Directors are Independent.
- 2.1) Data of Directors' attendance, Directorship in other Companies and membership in Board Committees is as under:-

Directors	See Note	Category of Directors	Attendance at		Directorship in other Indian Public Ltd. Cos. as on 31.3.2020 (Ref. Note No. 10)	Board Committee Membership in other Indian Public Ltd. Cos. as on 31.3.2020 as (Refer Note No. 11)	
			Board Meetings during Y.E. March 2020	Last AGM		Member	Chairman
Non-Executive Directors:							
Shri Pradeep Dinodia			6	Yes	3	6	5
Shri Hari S. Bhartia	1	Independent	1	No	2	-	-
Smt. Ferida Chopra	2	Independent	6	Yes	-	-	-
Smt. Meenakshi Dass	3	Promoter	6	Yes	3	-	-
Shri Ravinder Narain	4	Independent	2	Yes	-	-	-
Dr. Peter Neu			-	No	-	-	-
Shri Ralf Buschbeck (Alternate to Dr. Peter Neu)	5		1	No	-	-	-
Shri C.Y. Pal	4	Independent	1	Yes	-	-	-
Shri Alok Ranjan	2	Independent	5	Yes	1	-	-
Shri M. Sekimoto	6		2	No	-	-	-
Shri Noritada Okano (Alternate to Shri M. Sekimoto)	4		1	Yes	-	-	-
Shri Inderdeep Singh		Independent	6	Yes	1	1	1
Shri Yukio Tanemura	7		1	N.A.	-	-	-
Shri Kaoru Ito (Alternate to Shri M. Sekimoto/ Shri Yukio Tanemura)	8		-	N.A.	-	-	-
Shri Kiyoto Tone		Independent	4	No	-	-	-
Executive Directors:							
Shri A.K. Taneja (Managing Director & CEO)			6	Yes	1	-	-
Shri Krishnakumar Srinivasan (Managing Director)	9		-	N.A.	-	-	-
Shri R. Srinivasan (Jt. Managing Director)			6	Yes	-	-	-
Shri Luv D. Shriram (Wholetime Director)	3	Promoter	5	Yes	1	-	-

Notes:

1. Re-designated as Independent Director w.e.f. 31.03.2020.
2. Appointed as Independent Director for a period of five years w.e.f. 30.03.2019 by Shareholders in their meeting held on 09.07.2019.
3. Smt. Meenakshi Dass and Shri Luv D. Shriram are related to each other and are promoters of the Company.
4. Resigned w.e.f. closing hours of 09.07.2019.
5. Resigned w.e.f. closing hours of 27.03.2020.
6. Resigned w.e.f. closing hours of 26.07.2019.
7. Appointed as Director in Casual Vacancy caused consequent to resignation of Shri M. Sekimoto w.e.f. 27.07.2019.
8. Appointed as Alternate Director to Shri M. Sekimoto w.e.f. 10.07.2019 till 26.07.2019 and to Shri Yukio Tanemura w.e.f. 27.07.2019.
9. Appointed as Additional Director (Managing Director) for a period of five years w.e.f. 11.02.2020.
10. Directorships in other Companies of Directors exclude Companies formed under Section 8 of the Companies Act, 2013.
11. For calculating Board Committee membership/chairmanship, only Audit Committee and the Stakeholders' Relationship Committee membership/chairmanship of Indian Public Limited Companies has been considered.
12. As on 31.03.2020, there is no Nominee Director on the Board of the Company.

2.2) List of listed companies where Directors are also Directors and category of directorship.

Name of Director	Name of Listed Company	Category of Directorship
Shri Pradeep Dinodia	DCM Shriram Limited	Independent Director
	Hero Motocorp Limited	Non-Executive Director
Shri Hari S. Bhartia	Jubilant Life Sciences Limited	Executive Director
	Jubilant Food Works Limited	Non-Executive Director
Shri Alok Ranjan	Suraj Industries Limited	Independent Director
Shri Inderdeep Singh	Deltron Limited	Non-Executive Director

2.3) During the year, 6 meetings of Board of Directors were held as under:-

- | | |
|-------------------------------|-----------------------------------|
| - 10 th May, 2019 | - 01 st November, 2019 |
| - 09 th July, 2019 | - 28 th January, 2020 |
| - 26 th July, 2019 | - 10 th February, 2020 |

In view of nation-wide lockdown on account of COVID-19, a separate meeting of Independent Directors was held on 9th April, 2020 through video conferencing, which was attended by all the Independent Directors, except Shri Hari S. Bhartia.

2.4) Shri Luv D. Shriram and Smt. Meenakshi Dass are related to each other and are Promoters of the Company.
2.5) Shareholding of Non-Executive Director

Smt. Meenakshi Dass	-33,35,668 Equity shares held jointly as 1 st holder	} (In capacity of Trustee – Shares belong to Deepak Shriram Family Benefit Trust)
	-33,35,668 Equity shares held jointly as 2 nd holder	
	-11,46,100 Equity shares	

2.6) Details related to Familiarization Programmes imparted to Independent Directors are disclosed under the Company's website viz. www.shrirampistons.com under "Investor's Guide".
2.7) List of Core skills/ expertise/ competence in the context of Company's business and sectors for it to function effectively:

The Company operates in Automotive Components' segment.

The Board of Directors of Company is diversified and possesses all the above skills.

List of Core skills/ expertise/ competence required by the Directors in order to discharge their duties effectively and names of Directors who possess such skills are:

S. No.	Skills	Name(s) of Directors who possesses such skills
1	Technical knowledge of the Industry in which the Company operates	<ul style="list-style-type: none"> - Shri Pradeep Dinodia - Dr. Peter Neu - Shri Yukio Tanemura - Shri Kiyoto Tone - Shri A. K. Taneja - Shri Krishnakumar Srinivasan - Shri R. Srinivasan - Shri Luv D. Shriram - Shri Kaoru Ito
2	Knowledge of finance, law, management, sales, marketing, administration, research and corporate governance	<ul style="list-style-type: none"> - Shri Pradeep Dinodia - Shri Hari S. Bhartia - Smt. Ferida Chopra - Smt. Meenakshi Dass - Dr. Peter Neu - Shri Alok Ranjan - Shri Inderdeep Singh - Shri Yukio Tanemura - Shri Kaoru Ito - Shri Kiyoto Tone - Shri A. K. Taneja - Shri Krishnakumar Srinivasan - Shri R. Srinivasan - Shri Luv D. Shriram

2.8) Board is of the opinion that, the Independent Directors fulfills the conditions specified under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the Management.

During the year, Shri Ravinder Narain and Shri C. Y. Pal, Independent Directors, resigned w.e.f. closing hours of 09.07.2019 citing personal reasons.

2.9) Shri Hari S. Bhartia was re-designated as an Independent Director of the Company w.e.f. 31.03.2020.

3.0) The Company has an Audit Committee in line with provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013

3.1) The Audit Committee has the following terms of reference, inter alia:

- Oversight of financial reporting process
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors
- Reviewing, with the Management, the Annual Financial Statements and Auditor's Report
- Review and monitor the Auditor's independence & performance and effectiveness of audit process
- Review the functioning of the Whistle Blower mechanism

3.2) As on 31.03.2020, the Audit Committee comprises of four Directors – Shri Inderdeep Singh (Chairman), Smt. Ferida Chopra, Shri Alok Ranjan, all of whom are Independent Directors and Shri Pradeep Dinodia, who is a Non-Executive Director. Shri R. Srinivasan, Company Secretary is also the Secretary to the Audit Committee.

3.3) During the year, 4 Meetings of the Audit Committee were held as under :-

- 10th May, 2019
- 26th July, 2019
- 01st November, 2019
- 28th January, 2020

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

Directors	Attendance
Shri Inderdeep Singh (Chairman)	4
Smt. Ferida Chopra	3
Shri Alok Ranjan	3
Shri Pradeep Dinodia	4
Shri Ravinder Narain*	1
Shri C. Y. Pal*	-
Notes:	
1. Shri Pradeep Dinodia is a practicing Chartered Accountant and all other members of the Audit Committee also have good exposure to financial matters.	
*2. Consequent to resignation of Shri Ravinder Narain and Shri C.Y. Pal from Board of Directors, w.e.f. closing hours of 09.07.2019 they, cease to be members of the Committee.	

3.5) The last Annual General Meeting of the Company was held on 9th July, 2019 and was attended by Shri Inderdeep Singh, the Chairman of the Audit Committee.

4.0) The Company has a Nomination and Remuneration Committee and has the following terms of reference, inter alia:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- Re-appointment of the Independent Directors, on the basis of performance evaluation report;
- Recommendation to the Board, all remuneration, in whatever form payable, to the Senior Management;
- Recommend for Board's consideration, the appointment of Directors, KMPs and Senior Management Personnel and their remuneration.

4.1) As on 31.03.2020, it comprises of 3 Directors – Shri Inderdeep Singh and Shri Alok Ranjan, Independent Directors, and Shri Pradeep Dinodia, who is a Non-Executive Director. Consequent to resignation of Shri Ravinder Narain and Shri C.Y. Pal from Board of Directors, they cease to be members of the Committee.

- 4.2) During the year, 2 meetings of Nomination & Remuneration Committee were held on 09.07.2019 and 28.01.2020.

Attendance at Nomination & Remuneration Committee Meetings was as under:-

Directors	Attendance
Shri Inderdeep Singh	2
Shri Alok Ranjan	2
Shri Pradeep Dinodia	2
Shri Ravinder Narain*	1
Shri C. Y. Pal*	1
Note: *Consequent to resignation of Shri Ravinder Narain and Shri C.Y. Pal from Board of Directors, w.e.f. closing hours of 09.07.2019, they cease to be members of the Committee.	

- 4.3) Nomination and Remuneration Committee has devised a performance evaluation criteria for Independent Directors and the Director being assessed on the following basis:

- Ethical standards of integrity and probity
- Implementation of best corporate governance practices in the Company
- Attendance and participation in the meetings
- Raising of concerns to the Board
- Safeguarding of confidential information
- Rendering independent, unbiased opinion and resolution of issues
- Initiative in terms of new ideas and planning for the Company
- Safeguarding interest of whistle-blowers under vigil mechanism
- Timely inputs on the minutes of the meetings of the Board and Committees, if any

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

Non-Executive Directors were paid Sitting fees of Rs. 1,00,000 for every meeting of the Board and Audit Committee and Rs. 50,000 for other Committees.

- 5.1) 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 26th June, 2015. The fees and commission paid/provided to Non-Executive Directors for the year ended 31st March, 2020 is as under:-

Directors	Sitting Fees for Board and Committee meetings paid during the year	(Rs./Million)
		Commission
Shri Pradeep Dinodia (Chairman)	1.20	5.97
Shri Hari S. Bhartia	0.10	0.20
Smt. Ferida Chopra	0.95	0.50
Smt. Meenakshi Dass	0.65	0.50
Shri Ravinder Narain	0.35	0.20
Dr. Peter Neu	-	0.20
Shri Ralf Buschbeck (Alternate to Dr. Peter Neu)	0.10	-
Shri C.Y. Pal	0.15	0.20
Shri Alok Ranjan	0.95	0.50
Shri M. Sekimoto	0.20	0.50
Shri Noritada Okano (Alternate to Shri M. Sekimoto)	0.10	-
Shri Inderdeep Singh	1.20	0.50
Shri Yukio Tanemura	0.10	0.20
Shri Kaoru Ito (Alternate to Shri Yukio Tanemura)	-	-
Shri Kiyoto Tone	0.40	0.50

- 5.2) Remuneration paid / provided to Managing Director and Whole-time Directors for the year ended 31st March, 2020 is as under: -

(Rs./ Million)

Directors	Salary	Commission	Company's Contribution to funds*	Perquisites and allowances	Total	Contract Period
Shri A.K. Taneja (Managing Director & CEO)	6.00	19.23	1.91	4.02	31.16	1 st April, 2019 to 31 st March, 2022
Shri Krishnakumar Srinivasan [#] (Managing Director)	1.40	2.63	0.17	0.60	4.80	11 th February, 2020 to 10 th February, 2025
Shri R. Srinivasan (Jt. Managing Director)	4.80	16.35	1.52	3.52	26.19	1 st February, 2016 to 31 st January, 2021
Shri Luv D. Shriram (Whole Time Director)	5.95	16.35	0.002	3.53	25.83	5 th May, 2019 to 4 th May, 2024

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 is annual profits of the Company before depreciation, donation and taxes.
- The Company does not have a scheme of stock options.
- [#]5. Appointment is subject to approval of Shareholders in the ensuing Annual General Meeting.
- ^{*}6. Aggregate of the Company's contribution to Provident Fund, Superannuation Fund & Gratuity Fund.

- 6.0) The Company has a "Stakeholders' Relationship Committee". As on 31.03.2020, this Committee comprised of Shri Inderdeep Singh (Chairman) and Smt. Ferida Chopra, Independent Directors, Shri Pradeep Dinodia, who is a Non-Executive Director and Shri A. K. Taneja (Managing Director & CEO). Shri R. Srinivasan, Joint Managing Director and Company Secretary, is also the Compliance Officer.

- 6.1) No stakeholder's complaint was received during the year 2019-20. No stakeholder's complaint was pending at the beginning/ closing of the financial year 2019-20.

In view of lockdown due to COVID-19, meeting of Stakeholders' Relationship Committee was held on 31st March, 2020 through video conferencing, which was attended by all members of the Committee.

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

FINANCIAL YEAR	VENUE	DATE	TIME	SPECIAL RESOLUTION PASSED
2016-17	Hotel The Lalit, New Delhi	07.07.2017	4:30 p.m.	No Special Resolution was passed during the year
2017-18	PHD Chamber of Commerce and Industry, New Delhi	10.07.2018	4:30 p.m.	No Special Resolution was passed during the year
2018-19	PHD Chamber of Commerce and Industry, New Delhi	09.07.2019	4:30 p.m.	Following Special Resolutions were passed: <ul style="list-style-type: none"> - Re-appointment of Shri Inderdeep Singh and Shri Kiyoto Tone as Independent Directors for second term of five years - Re-appointment of Shri A.K. Taneja as Managing Director & CEO for three years - Payment of remuneration @0.6% to Chairman and upto 0.4% to all other Non-Executive Directors of net profits in terms of Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- 7.1) No Special Resolution was passed during the financial year 2019-20 through Postal Ballot.
- 7.2) No Special Resolution is proposed to be conducted through postal ballot.
- 7.3) As required, shareholders, in the Annual General Meeting held on 09.07.2019, had voted through remote e-voting and voting at AGM venue on resolutions given in the notice. Shri Deepak Juneja, Practicing Company Secretary, was appointed as the Scrutinizer for the poll. All the resolutions were passed with requisite majority.
- 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 under "Investor's Guide". No presentations were made to institutional investors or to the analysts.
- 9.0) General Information for Shareholders:-
- (i) **56th Annual General Meeting**
The 56th Annual General Meeting of the Company will be held on Tuesday, 11th August, 2020 at 5:00 PM. through Video Conferencing/ Other Audio Visual means ("VC/ OAVM").
 - (ii) **Financial Year of the Company**
Financial Year of the Company commences on 01st April and ends on 31st March. The four Quarters of the Company ends on 30th June, 30th September, 31st December and 31st March respectively.
 - (iii) **Date of book closure**
The Register of Members and the Share Transfer Books of the Company will remain closed from 5th August, 2020 to 11th August, 2020 (both days inclusive).
 - (iv) **Date of Dividend Payment**
Dividend declared has already been paid.
 - (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.
 - (vi) **Annual Listing Fees**
Annual Listing fees for the FY 2020-21 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 and performance in comparison to NSE Nifty 50 Index**
Share price data for 2019-20 (in Rs.)
(Equity Shares of Rs. 10 each Paid Up Value)

Month	Total Volume (No. of shares)	Company's share price		NSE Nifty 50 index	
		High	Low	High	Low
April, 2019	1,334	1,080.90	950.00	11,856.15	11,549.10
May, 2019	3,567	1,099.95	925.05	12,041.15	11,108.30
June, 2019	2,652	1,045.00	886.00	12,103.05	11,625.10
July, 2019	2,071	937.00	708.50	11,981.75	10,999.40
August, 2019	2,977	818.90	703.00	11,181.45	10,637.15
September, 2019	4,236	829.00	726.00	11,694.85	10,670.25
October, 2019	3,443	784.00	666.60	11,945.00	11,090.15
November, 2019	45,800	778.00	680.10	12,158.80	11,802.65
December, 2019	4,638	740.00	650.00	12,293.90	11,832.30
January, 2020	10,258	753.40	660.00	12,430.50	11,929.60
February, 2020	5,998	715.00	618.25	12,246.70	11,175.05
March, 2020	39,633	666.30	395.25	11,433.00	7,511.10

(ix) The Securities of the Company has not been suspended from trading.

(x) **Registrar and Transfer Agents**

M/s Alankit Assignments Ltd., having Registered office at Alankit House, 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi – 110 055, Telephone Number – 42541234 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 Shareholding as on 31.03.2020**

Class of Shares	Shares Held	Upto 500	501-1000	1001-2000	2001-3000	3001-4000	4001-5000	5001-10000	10001 and above	TOTAL
Equity	Shareholders-Nos.	2099	21	23	7	1	1	4	18	2,174
	Shareholding-%	0.34	0.07	0.14	0.08	0.01	0.02	0.14	99.20	100

Note:

During the year, the Company has redeemed 28,85,760 Nos., 4.2% Fully Paid Non-Participating, Redeemable, Non – Convertible, Cumulative Preference Shares.

(xiii) **Category-wise Distribution of Shareholding as on 31.03.2020:**

S. No.	Category of Shareholders	Equity Shares	
		Nos.	%age of Shares held
1	Indian Promoters	10,594,640	47.35
2	Financial Institution/ Banks/ NBFCs	-	-
3	Insurance Companies	2,318,758	10.36
4	Individuals/ HUFs/ Firms/ Trusts	232,943	1.04
5	Bodies Corporate:		
a.	Foreign	9,167,031	40.97
b.	Indian	46,740	0.21
6	IEPF Account	14,800	0.07
	Total	22,374,912	100

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

Electronic Holding by members comprises 59.0% (previous year – 59.0%) of the paid up equity share capital of the Company as on 31st March, 2020 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.

(xv) **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.

(xvi) **Commodity Price Risk or Foreign Exchange risk and hedging activities:**

The disclosure pertaining to exposure and Commodity risk is not applicable to the Company as no Commodity which is being dealt with is material.

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

(xvii) **Plant Locations**

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

Assembly units are located at Gurugram, Pune, Hosur, Gujarat and Sahibabad.

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

The Company Secretary,
Shriram Pistons & Rings Ltd.
3rd Floor, Himalaya House,
23, Kasturba Gandhi Marg,
New Delhi - 110 001
Ph. 23315941, Fax: 23311203
E-mail: compliance.officer@shrirampistons.com

(xix) **Credit ratings obtained by the Company:**

- Long-Term Issuer Rating : IND AA, Outlook: Stable
- Long-Term Bank Facilities : IND AA, Outlook: Stable
- Term Deposit Rating : ND tAA+, Outlook: Stable
- Short-Term Bank Facilities : IND A1+

During Year 2019-20, there was no revision in the Credit Ratings obtained by the Company.

10.0) OTHER 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. 33 of "Notes forming part of the Financial Statements" of the Annual Accounts.
"Policy for dealing with Related Party Transactions" is available on Company's website viz www.shrirampistons.com under "Investors' Guide".
- (ii) The Company complies with Corporate Governance requirements specified in Regulation Nos. 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of 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, all Whistle Blowers are granted access to Chairman of the Audit Committee in appropriate cases. Vigil Mechanism/ Whistle Blower Policy of the Company is available on Company's website viz. www.shrirampistons.com under the link "Investors' Guide".
- (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 30.03.2019 has approved revision in rent for office at residence for Chairman w.e.f. 01.04.2019.
 - b) The Internal Auditors of the Company, M/s Ernst & Young and M/s KPMG, report directly to the Audit Committee.
- (vii) The Company has Policy for determining Material Subsidiaries in place. It is available on Company's website www.shrirampistons.com under link "Investors Guide".
- (viii) The Company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (ix) 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.
- (x) None of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by SEBI/Ministry of Corporate Affairs or any such statutory authority.

- (xi) During the year, the Board has accepted all recommendations made by Committees of the Board which are mandatorily required.
- (xii) Total fees of Rs. 4.44 Million (excluding GST) was paid by the Company for all services and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part.
- (xiii) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
 - No. of complaints filed during the Financial Year: NIL
 - No. of complaints disposed off during the Financial Year: NIL
 - No. of complaints pending as on end of the Financial Year: NIL
- (xiv) The Company has complied with requirement of Corporate Governance Report as per Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Shriram Pistons & Rings Ltd.

We have examined the compliance of conditions of corporate governance by Shriram Pistons & Rings Ltd. (**CIN No. L29112DL1963PLC004084**) ("the Company") as stipulated under Regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 and Para C,D and E of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") for the financial year ended March 31, 2020.

The compliance of the conditions of corporate governance is the responsibility of the Management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring the compliance with conditions of the corporate governance. This 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 for the year ended on March 31, 2020.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: New Delhi
Date: June 16, 2020

Sd/-
(Deepak Juneja)
Company Secretaries
FCS 6895, CP No. 4371
UDIN No. F006895B000345191

CERTIFICATE

(Pursuant to clause 10 of Part C of Schedule V of LODR)

In Pursuance of sub clause (i) of clause 10 of Part C of Schedule V of The Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, (LODR) in respect of **M/s Shriram Pistons & Rings Ltd. (CIN No. L29112DL1963PLC004084)**

I hereby certify that:

On the basis of written representation / declaration received from the directors and taken on record by the Board of Directors, as on March 31, 2020, none of the director on the board of the Company has been debarred or disqualified from being appointed or continuing as director of the Company by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

Place: New Delhi
Date: June 16, 2020

Sd/-
(Deepak Juneja)
Company Secretaries
FCS 6895, CP No. 4371
UDIN No. F006895B000345191

ANNEXURE - II TO DIRECTORS' REPORT

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Development

The growth of domestic automobile market is dependent on the growth of the economy and consequent increase in income levels.

All segments of the vehicle market registered degrowth during 2019-20. This was due to a general slowdown in the economy, the uncertainty in the minds of customers caused by the transition to tighter emission norms, implementation of new loading norms for Commercial Vehicles, new safety norms for vehicles and a liquidity crisis arising from the failure of a prominent Non-Banking Finance Company. The COVID-19 pandemic also impacted customer sentiment in the last quarter, leading to postponement of sales, particularly in March 2020.

Production of Passenger Vehicles and two wheelers declined by 14% over last year. Production of Medium & Heavy Duty Commercial Vehicles declined by 47% and in case of Light Commercial/Small Commercial Vehicles, the production declined by 25%. Tractor segment also registered negative growth of 15%.

The Exports market has also been adversely impacted.

2. Opportunities

There is lot of uncertainty in Automotive Sector in the short term. In medium to long-term, growth prospects remain positive, and the automotive component industry is also expected to grow in line with the automobile production and the growth in the aftermarket segment.

The year 2020-21 has started with a national lockdown for large part of the first quarter due to the ongoing COVID-19 pandemic. This has resulted in significant loss of jobs and industrial output, and the customer sentiment has turned very cautious leading to postponement of purchase of vehicles. Furthermore, prices of all vehicles have increased with the implementation of BS-6 emission norms (equivalent to Euro 6), thus impacting the affordability.

However, the latent demand for personal mobility and public transport remains strong. Also, as the economic activity picks up, demand for trucks will revive.

Keeping in view the long term prospects, the Company has acquired major business for BS-6 models, expanded the distribution network in the aftermarket and secured presence in every segment of the auto market including CVs, Cars/SUVs, Two & Three wheelers, Tractors and Industrial Engines- for OEMs and After Market.

The global supply chains have got disrupted and this may lead to more outsourcing from India for derisking. The Company is fully prepared to benefit from this opportunity.

Notwithstanding the above, the auto demand is expected to be modest in the current year because of the ongoing global COVID-19 pandemic and consequent uncertainties.

The Company is actively pursuing projects for diversification of its product portfolio, in order to minimize the impact of electric mobility.

Exports are expected to increase, as India is gaining recognition as a dependable supply source for precision auto components. The Company is supplying its products to leading global OEMs with the active assistance of its Technology Partners and has also established effective distribution channel for sales in the aftermarket in various countries.

As in the previous year, the Company is targeting to achieve higher growth rate than industry growth in 2020-21, based on new business of BS-VI models acquired from key OEMs and increased focus on the Aftermarket both in India and Exports.

3. Threats

The Industry witnessed its worst reduction in customer demand in all segments, attributable to factors like unprecedented slowdown throughout the previous year and COVID-19 in later part of the year bringing economies to halt. Recovery of economies after COVID-19 and managing liquidity constraints are the key challenges ahead. This is likely to impact the growth of automobiles globally, and eventually impact the profitability of the Company, although, the impact of above on Company is, as of now, hard to ascertain.

The Company is taking measures to restore and sustain the operations keeping in mind the safety of its employees as paramount and considers strengthening of its liquidity position as a key challenge for growth in future.

The Company is also taking several concrete and time-bound steps to meet the changing expectations of customers, especially zero defect quality and cost reduction measures across the organisation.

Volatile Exchange Rate due to ongoing uncertainty in global economy and intense competition may also impact profits of the Company in the coming year. The Company is taking all possible steps to minimise the impact of forex fluctuation and also improve its market share by offering latest technology products that conform to BS-VI emission norms.

The Government is encouraging introduction of electric vehicles in the market. However, investment made by various OEMs for transition to BS-VI Engines, coupled with inadequate infrastructure for charging and high cost structure for electric vehicles, appears to be serious limitation for early adaptation of e-mobility. Further, COVID-19 Pandemic has impacted supply chain and there is a likelihood of postponement of e-mobility implementation.

Company is closely monitoring e-mobility trends along with the global partners and taking effective steps to minimise the impact and sustain growth.

4. Segment-wise/ Product-wise performance

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

5. Outlook

Automobile sector in India is set to witness negative to nil growth in 2020-21. It is dependent on pace of recovery of Indian Economy post slowdown and COVID-19 pandemic. However, the long-term prospects for automobile production appear to be good, due to huge latent demand for Cars and 2-wheelers, rapid urbanisation, development of road infrastructure and focus on rural development.

However, the pace of recovery will depend on the fiscal stimulus package which will be announced by the Government to revive the Economy.

Early Economic measures by the Government like reduction in GST Rate, introduction of Scrappage policy, direct incentives on Exports to stimulate demand in the Auto Sector will help to address the problem which is acute and needs immediate attention.

As stated earlier, the Company has already obtained business from OEMs in India for BS-6 models and this will lead to improvement in the market share for the Company.

With support of our Technology Partners, export sales of Company's products to global OEMs are expected to increase in the current fiscal as India is becoming a reliable source of export of Auto components.

The domestic aftermarket is growing and with increased focus, this is expected to contribute more to Company's sales and profits.

The medium to long term outlook for automotive sector in India is positive. As mentioned above, introduction of e-mobility in near future has various limitations and may not have significant impact on the operations of the Company in the next few Years.

6. Risk & Concerns

Huge economic impact of COVID-19, increase in price of automobiles due to new regulations for environment and safety are creating uncertainty in the mind of consumers and affecting demand.

Continuous demand from customers for price reduction and possibility of disruption in supply chain is also a concern for the Company. Retaining current margins is a management challenge.

The Company is taking various steps in a focussed manner to maintain liquidity (Cash positive) and to increase profitability by productivity improvement, rejection reduction, developing validation & testing capability for OEMs and digitization of Business Processes and other Cost reduction measures.

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

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.

With strong support from our technology partners, the Company is fully geared to meet customer demand for latest technology products and the increase in number of models/ variants. Company expects to realize ongoing benefits of investments in world class technology and manufacturing systems in the years to come.

The Management is of the opinion that while risk factors would impact the profitability of the Company, these do not threaten the existence of the Company.

7 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.

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

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

8 Financial/ Operational performance

Company's revenue from operations during the year ended 31st March, 2020 were Rs. 16,068 Million.

Net profit after tax (before OCI) of the Company during the year ended 31st March, 2020 was Rs. 730 Million.

Earnings per share was Rs. 32.64 in 2019-20.

9 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.

The Company is also taking steps to strengthen its Management structure to ensure Stability and Growth.

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 31.03.2020, number of permanent employees on rolls of the Company are 4,285.

10 Changes in key financial ratios are as under:

S. No.	Ratios	Unit	2018-19	2019-20	%age change
1	Debtors Turnover	Times	5.66	5.30	-6.35
2	Inventory Turnover	Times	2.19	1.83	-16.47
3	Interest Coverage Ratio	Times	16.23	8.36	-48.46
4	Current Ratio	Times	2.02	1.92	-5.22
5	Debt Equity Ratio	Times	0.09	0.06	-35.47
6	Operating Profit Margin	%	10.71	5.82	-45.66
7	Net Profit Margin	%	7.09	4.71	-33.57

Return on Net worth of the Company as on 31.03.2020 was 7.15% as compared to 13.66% as on 31.03.2019.

11 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 EARNINGS 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) Replacement of reciprocating compressors, previous generation induction motors, old technology rectifiers with latest technology, energy efficient and modern devices
- ii) Replacement of overhead HT line with new, underground HT line, leading to lower trappings and lower losses
- iii) Use of VFD on high temperature furnaces
- iv) Retrofitting of energy efficient fans in comfort cooling units

At Pathredi:

- i) Reduction in power losses by improvement in distribution losses through Transformer, line and capacitor panel losses reduction
- ii) Using thyristor control in GCF furnaces for heating control
- iii) Optimization of compressor energy with balancing of frequency drives
- iv) Elimination of conveyors in seat grinding machines with gravity chute

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

Purchase of solar power to replace 15% of consumption of conventional sources of energy. This will be implemented in 2020-21.

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. 37.46 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, development and testing.
- (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) Regular visit of key R&D personnel of Collaborators to OEMs for sharing latest technology developments, new designs etc.

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'.
- (iii) Successfully developed products for BS VI compliant engines.

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 (reckoned from the beginning of financial year):

S. No.	Details of technology imported	Year of import	Whether technology has been fully absorbed	Reason for non-absorption of technology, if any
Pistons:				
1	Piston 3D Motion Analysis	2016-17	Yes	-
2	Oval Pin Bore	2016-17	Yes	-
3	Structural analysis of new alloys for BS-VI Pistons	2016-17	Yes	-
4	Salt Core Manufacturing	2017-18	Yes	-
5	Design Algorithm and Templates for Diesel OCG & Gasoline Lite KS Pistons	2017-18	Yes	-
6	Low friction Piston Skirt Coating (OBEL)	2017-18	Yes	-
7	High Horse Power (HHP) Piston	2018-19	Under implementation	-
8	Light weight 2-W Piston	2018-19	Yes	-
9	Pattern Coating on Skirt	2018-19	Yes	-
Rings:				
1	IP-251 Coating on Rails	2017-18	Yes	-
2	Side face Chrome coating on Top ring	2017-18	Under implementation	-
3	Technology for Chrome coating time reduction	2018-19	Under implementation	-
Engine Valves:				
1	FEA Simulation	2017-18	Under implementation	-

4. Expenditure on R & D:-

- Capital/Intangible : Rs. 8.63 Million
- Recurring : Rs. 177.91 Million
- Total : Rs. 186.54 Million
- Total R&D expenditure as percentage of total income: 1.15%

C. Foreign Exchange Earnings & Outgo

1. Exports:-

- (i) Exports continue to remain focus area for the Company. The Company made exports worth Rs. 2650 Million in the year as compared to Rs. 3257 Million in the previous year. This is primarily due to uncertainty in global economies and impact of COVID-19, which will also impact our exports in the ensuing year.
- (ii) 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.
- (iii) We participated in several domestic and international auto trade fairs. Response to Company's products was very encouraging resulting in several fresh enquiries from customers.
- (iv) Company is making best efforts to achieve export levels achieved in 2019-20, inspite of COVID-19 which has adversely impacted the business globally.

2. **Foreign Exchange earned** - **Rs. 2,623.1 Million**
- Foreign Exchange utilized** - **Rs. 2,326.5 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.)	Qualifications	Experience (Years)	Commencement of Employment	Age (Years)	%age of Equity Shares held	Last Employment Held
Naveen Agarwal	Executive Director and Alternate Company Secretary	11,397,010	B. Com(H), LLB, ACMA, ACS	41	Jun-96	59	0.00002	Dy. General Manager, Jay Engineering Works Ltd.
Jenender Anand	Executive Director	11,655,421	B Sc.(PCM), PGDM (Marketing)	31	Jun-16	51	-	Vice President, Relaxo Footwears Ltd.
V.K. Jayaswal	Executive Director	12,390,738	B. Sc. (Engg.), PGDBM	42	Oct-08	65	0.0002	Director, JV Relationship, Tata Cummins Ltd.
Devendra Mishra	Executive Director	11,777,163	B.E., PGPM	32	Jul-11	55	-	VP-Manufacturing, National Engineering Industries
Vinod Raheja	Dy. Executive Director and CFO	9,456,147	B Com., CA	27	Feb-15	51	-	Vice President-JCB India Limited
Luv D. Shriram*	Wholetime Director	25,826,829	B.Com	27	May-14	48	29.8 ⁵	Managing Director, Shriram Veritech Solutions Pvt. Ltd.
Arun Kumar Shukla	Dy. Executive Director	8,908,992	B. Tech	33	Aug-09	55	-	Vice President - Operations, Uniparts India Ltd.
Krishnakumar Srinivasan*	Managing Director	4,800,001	B.E. (Mech.), MBA, Diploma in Exports	33	Feb-20	54	-	President and Director, Europe and Strategic Business, Bharat Forge Ltd.
R. Srinivasan*	Joint Managing Director & Company Secretary	26,191,560	B.Com(H), LLB, FCMA, FCS, AMP (Harvard)	47	Feb-74	68	0.01	ET, Usha Sales Pvt. Ltd
A.K. Taneja*	Managing Director & CEO	31,157,157	B.Tech	48	Apr-78	69	0.0002	Dy. Mktg. Manager, Usha Sales Pvt. Ltd.

Notes:

- (i) Year of experience include experience prior to joining the Company.
- (ii) All employees are on regular employment.
- (iii) Remuneration includes payment of salaries, allowances, expenses on perquisites and contribution to provident fund, gratuity fund, superannuation fund & other benefits on payment basis.
- (iv) * Employees on Contract.
- (v) ⁵Shri 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.
Shri Luv D. Shriram is a relative of Smt. Meenakshi Dass, who is a Non-Executive Director of the Company.
- (vi) 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	18.82
Shri Hari S. Bhartia	0.79
Smt. Ferida Chopra	3.80
Smt. Meenakshi Dass	3.01
Shri Ravinder Narain	1.44
Dr. Peter Neu	0.52
Shri C.Y. Pal	0.92
Shri Alok Ranjan	3.80
Shri M. Sekimoto	1.83
Shri Inderdeep Singh	4.45
Shri Yukio Tanemura	0.79
Shri Kiyoto Tone	2.35
Shri A. K. Taneja	81.73
Shri Krishnakumar Srinivasan	12.59
Shri R. Srinivasan	68.70
Shri Luv D. Shriram	67.75
Shri Noritada Okano (Alternate Director to Shri M. Sekimoto)	0.26
Shri Kaoru Ito (Alternate Director to Shri M. Sekimoto/ Shri Yukio Tanemura)	-
Shri Ralf Buschbeck (Alternate Director to Dr. Peter Neu)	0.26

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

Name of the Director / CFO / CEO / CS	% age increase in remuneration
Shri Pradeep Dinodia	-49.90
Shri Hari S. Bhartia	-
Smt. Ferida Chopra	382.33
Smt. Meenakshi Dass	-35.56
Shri Ravinder Narain	-71.50
Dr. Peter Neu	-84.96
Shri C.Y. Pal	-82.32
Shri Alok Ranjan	382.33
Shri M. Sekimoto	-52.91
Shri Inderdeep Singh	-14.29
Shri Yukio Tanemura	-
Shri Kiyoto Tone	-41.37
Shri A. K. Taneja	-28.34
Shri Krishnakumar Srinivasan	-
Shri R. Srinivasan	-20.33
Shri Luv D. Shriram	-26.94
Shri Noritada Okano (Alternate Director to Shri M. Sekimoto)	100.00
Shri Kaoru Ito (Alternate Director to Shri M. Sekimoto/ Shri Yukio Tanemura)	-
Shri Ralf Buschbeck (Alternate Director to Dr. Peter Neu)	-
Shri Vinod Raheja	-16.30
Shri Naveen Agarwal	-23.99

4. Percentage increase in the median remuneration of employees in the financial year: -2.76%
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:
- Average Percentile Increase in the Salaries of Employees: 0.29%
 - Average Percentile Increase in Managerial Remuneration: -23.99%

ANNEXURE - V TO DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2020

[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: 9th December, 1963
- iii) Name of the Company: Shriram Pistons and Rings Limited
- iv) Category/ Sub-Category of the Company: Company having Share Capital/ Indian Non-Government Company
- v) Address of the Registered Office and contact details:
 Mr. R. Srinivasan
 Joint Managing Director and Company Secretary
 Shriram Pistons and Rings Ltd.
 3rd 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
- 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

S. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total income of the Company
1	Pistons, Piston Pins, Piston Rings, Engine Valves and Cylinder Liners	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	U51909DL2005PLC136329	Subsidiary Company	100	2 (87) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN

i) Category-wise Shareholding of Equity Shareholders:

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters shareholding									
(1) Indian									
(a) Individual/HUF	7,818,379	-	7,818,379	34.94	7,818,381	-	7,818,381	34.94	0.00001
(b) Central Govt.	-	-	-	-	-	-	-	-	-
(c) State Govt. (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	2,775,857	-	2,775,857	12.41	2,776,258	-	2,776,258	12.41	0.002
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total A (1):-	10,594,236	-	10,594,236	47.35	10,594,639	-	10,594,639	47.35	0.002
(2) Foreign									
(a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
(b) Other-Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total A (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoters	10,594,236	-	10,594,236	47.35	10,594,639	-	10,594,639	47.35	0.002
A = A(1)+A(2)									
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / FI	-	-	-	-	-	-	-	-	-
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	2,318,758	-	2,318,758	10.36	2,318,758	-	2,318,758	10.36	-
(g) FIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others	-	-	-	-	-	-	-	-	-
Sub-total B(1):-	2,318,758	-	2,318,758	10.36	2,318,758	-	2,318,758	10.36	-
2. Non-Institutions									
(a) Bodies Corp.									
(i) Indian	47,619	-	47,619	0.21	46,740	-	46,740	0.21	-0.004
(ii) Overseas	-	9,167,031	9,167,031	40.97	-	9,167,031	9,167,031	40.97	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	146,786	11,654	158,440	0.71	148,350	7,378	155,728	0.70	-0.01
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	12,126	-	12,126	0.05	27,600	-	27,600	0.12	0.07
c) Others	76,702	-	76,702	0.3	64,416	-	64,416	0.29	-0.05
Sub-total B(2):-	283,233	9,178,685	9,461,918	42.29	287,106	9,174,409	9,461,515	42.29	-0.002
Total Public Shareholding	2,601,991	9,178,685	11,780,676	52.65	2,605,864	9,174,409	11,780,273	52.65	-0.002
B=B(1)+ B(2)									
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	13,196,227	9,178,685	22,374,912	100	13,200,503	9,174,409	22,374,912	100	-

ii) Category-wise Shareholding of Preference Shareholders:

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters shareholding									
(1) Indian									
(a) Individual/HUF	-	2,308,560	2,308,560	80	-	-	-	-	-80
(b) Central Govt.	-	-	-	-	-	-	-	-	-
(c) State Govt. (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	-	-	-	-	-	-	-	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total A (1):-	-	2,308,560	2,308,560	80	-	-	-	-	-80
(2) Foreign									
(a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
(b) Other-Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total A (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoters A = A(1)+A(2)	-	2,308,560	2,308,560	80	-	-	-	-	-80
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / FI	-	-	-	-	-	-	-	-	-
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others	-	-	-	-	-	-	-	-	-
Sub-total B(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
(a) Bodies Corp.									
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	48	48	0.002	-	-	-	-	-0.002
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	577,152	577,152	20	-	-	-	-	-20
(c) Others	-	-	-	-	-	-	-	-	-
Sub-total B(2):-	-	577,200	577,200	20	-	-	-	-	-20
Total Public Shareholding B=B(1)+ B(2)	-	577,200	577,200	20	-	-	-	-	-20
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	2,885,760	2,885,760	100.00	-	-	-	-	-

Note:

28,85,760 Nos. 4.2% fully paid up Non Participating, Redeemable, Non- Convertible, Cumulative Preference Shares of Rs. 100/-, issued to Shareholders of M/s Shriram Automotive Products Ltd. pursuant to scheme of Amalgamation, were redeemed during the year.

iii) Shareholding of Promoters: Equity Shares

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*	3,335,668	14.91	-	3,335,668	14.91	-	-
2	Shri Luv D. Shriram & Smt. Meenakshi Dass*	3,335,668	14.91	-	3,335,668	14.91	-	-
3	Smt. Meenakshi Dass	1,146,100	5.12	-	1,146,100	5.12	-	-
4	Ms. Nandishi Shriram	943	0.004	-	943	0.004	-	-
5	Shri Luv D. Shriram and Shri Kush D. Shriram#	-	-	-	2	0.00001	-	0.00001
6	Sarva Commercial Pvt. Ltd.	1,062,561	4.75	-	1,062,561	4.75	-	-
7	Sera Com Pvt. Ltd	946,040	4.23	-	946,441	4.23	-	0.002
8	Manisha Commercial Pvt. Ltd	664,936	2.97	-	664,936	2.97	-	-
9	Shabnam Commercial Pvt. Ltd	102,320	0.46	-	102,320	0.46	-	-
Total		10,594,236	47.35	-	10,594,639	47.35	-	0.002
Notes								
*1. Shares held as Trustees on behalf of Deepak Shriram Family Benefit Trust.								
#2. Shares held as Trustees on behalf of NAK Benefit Trust.								

iv) Shareholding of Promoters: Preference Shares

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	Shri Luv Deepak Shriram and Shri Kush Deepak Shriram*	2,308,488	79.996	-	-	-	-	-79.996
4	Ms. Meenakshi Dass	24	0.001	-	-	-	-	-0.001
3	Ms. Nandishi Shriram	24	0.001	-	-	-	-	-0.001
4	Shri Luv Deepak Shriram	24	0.001	-	-	-	-	-0.001
Total		2,308,560	79.99	-	-	-	-	-79.99
Notes:								
1. 28,85,760 Nos. 4.2% fully paid up Non Participating, Redeemable, Non- Convertible, Cumulative Preference Shares of Rs. 100/- out of which 23,08,560 Nos. shares were allotted to Promoters of the Company, were redeemed during the year.								
* 2. Shares held as Trustees on behalf of NAK Benefit Trust.								

v) Change in Promoters' Shareholding

S. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Reason	Increase/ Decrease in Shareholding		Cumulative Shareholding during the Year	
		No. of Equity Shares	% of Total Equity Shares of the Company			No. of Equity Shares	% of Total Equity Shares of the Company	No. of Equity Shares	% of Total Equity Shares of the Company
1	M/s. Sera Com Pvt. Ltd.	9,46,040	4.23	24.05.2019	Purchase of Shares	401	0.002	946,441	4.23
2	Shri Luv D. Shriram and Shri Kush D. Shriram*	NIL	-	15.11.2019	Purchase of Shares	2	0.00001	2	0.00001
Notes:									
*1. Shares held as Trustees of NAK Benefit Trust.									
2. In addition to the above, 28,85,760 Nos. 4.2% fully paid up Non Participating, Redeemable, Non- Convertible, Cumulative Preference Shares of Rs. 100/- out of which 23,08,560 Nos. shares were allotted to Promoters of the Company, were redeemed during the year.									

vi) 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	4,692,057	20.97	-	-	4,692,057	20.97
2	KS Kolbenschmidt GmbH	4,474,974	20.00	-	-	4,474,974	20.00
3	National Insurance Company Ltd	1,427,232	6.38	-	-	1,427,232	6.38
4	Life Insurance Corporation of India	891,526	3.98	-	-	891,526	3.98
5	M/s. Gurgaon Infospace Limited	41,540	0.19	-11,430	-0.05	30,110	0.13
6	Shri Subodh Varma and Shri Vijay Kumar Sindhwani (as Trustees of Mansarover Trust)	21,683	0.10	-1,642	-0.01	20,041	0.09
7	Shri A. Prabhakar	8,555	0.04	6,945	0.03	15,500	0.07
8	Ms. Varsha Rajnikant Sanghvi	12,131	0.05	-27	-0.0001	12,104	0.05
9	Shri Vijay Kumar Sindhwani (as Trustee of Chinar Trust)	23,409	0.10	-11,581	-0.05	11,828	0.05
10	M/s IST Limited	-	-	11,784	0.05	11,784	0.05

vii) Shareholding of Directors and Key Managerial Personnel: Equity Shares

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*	3,335,668	14.91	-	-	3,335,668	14.91
2	Shri Luv D. Shriram and Smt. Meenakshi Dass*	3,335,668	14.91	-	-	3,335,668	14.91
3	Shri Luv D. Shriram and Shri Kush D. Shriram [#]	-	-	2	0.00001	2	0.00001
4	Smt. Meenakshi Dass	1,146,100	5.12	-	-	1,146,100	5.12
5	Shri Ashok Kumar Taneja	48	0.0002	-	-	48	0.0002
6	Smt. Usha Srinivasan & Shri R. Srinivasan	3,236	0.01	-	-	3,236	0.01
7	Shri Naveen Agarwal	3	0.00002	-	-	3	0.00002
	Smt. Vandana Agarwal and Shri Naveen Agarwal	1				1	

Notes:

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

#2. Shares held as Trustees of NAK Benefit Trust.

viii) Shareholding of Directors and Key Managerial Personnel: Preference Shares

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	Shri Luv Deepak Shriram and Shri Kush Deepak Shriram*	2,308,488	79.996	-2,308,488	-79.996	-	-
2	Shri Luv Deepak Shriram	24	0.001	-24	-0.001	-	-
3	Smt. Meenakshi Dass	24	0.001	-24	-0.001	-	-

Notes:

1. 28,85,760 Nos. 4.2% fully paid up Non Participating, Redeemable, Non- Convertible, Cumulative Preference Shares of Rs. 100/- out of which 23,08,536 Nos. shares were allotted to Directors and KMPs of the Company, were redeemed during the year.

*2. Shares held as Trustees of NAK 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
Indebtedness at the beginning of the financial year				
i) Principal Amount	341.24	-	624.38	965.62
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.56	-	50.42	53.98
Total (i+ii+iii)	344.80	-	674.80	1019.60
Change in Indebtedness during the financial year				
• Addition	-	250.00	25.81	275.81
• Reduction	(167.98)	-	-	(167.98)
Net Change	(167.98)	250.00	25.81	107.83
Indebtedness at the end of the financial year				
i) Principal Amount	176.83	250.00	645.92	1072.75
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	54.68	54.68
Total (i+ii+iii)	176.83	250.00	700.60	1127.43

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director and Whole-time Directors:

(Rs./Million)

S. No.	Particulars	Shri A.K. Taneja	Shri Krishnakumar Srinivasan	Shri R. Srinivasan	Shri Luv D. Shriram	Total
		Managing Director & CEO	Managing Director	Joint Managing Director & Company Secretary	Whole Time Director	
1	Gross Salary					
	a) Salary	6.00	1.41	4.80	5.95	18.16
	b) Value of Perquisites	4.02	0.60	3.52	3.53	11.66
	c) Profit in lieu of salary	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission (as %age of profit)	19.23	2.63	16.35	16.35	54.55
5	Others - Company's contribution to funds	1.91	0.17	1.53	0.002	3.60
	Total A	31.16	4.80	26.19	25.83	87.98
	Ceiling as per the Act	49.79	49.79	49.79	49.79	99.57

B. Remuneration to other Directors:

(Rs./ Million)

1.	Independent Directors:	Sitting Fees	Profit Commission	Total
	Name of Independent Directors:			
	i. Shri Hari S. Bhartia	0.10	0.20	0.30
	ii. Smt. Ferida Chopra	0.95	0.50	1.45
	iii. Shri Ravinder Narain	0.35	0.20	0.55
	iv. Shri C.Y. Pal	0.15	0.20	0.35
	v. Shri Alok Ranjan	0.95	0.50	1.45
	vi. Shri Inderdeep Singh	1.20	0.50	1.70
	vii. Shri Kiyoto Tone	0.40	0.50	0.90
	Total (B1)	4.10	2.59	6.69

2.	Other Non-Executive Directors:	Sitting Fees	Profit Commission	Total
	Name of Non-Executive Director			
i.	Shri Pradeep Dinodia	1.20	5.97	7.17
ii.	Smt. Meenakshi Dass	0.65	0.50	1.15
iii.	Dr. Peter Neu	-	0.20	0.20
iv.	Shri Ralf Buschbeck (Alternate Director to Dr. Peter Neu)	0.10	-	0.10
v.	Shri M. Sekimoto	0.20	0.50	0.70
vi.	Shri Noritada Okano (Alternate Director to Shri M. Sekimoto)	0.10	-	0.10
vii.	Shri Yukio Tanemura	0.10	0.20	0.30
	Total (B2)	2.35	7.37	9.72
	Total Remuneration paid to Independent and Other Non-Executive Directors (B1+B2)	6.45	9.96	16.41
	Total Managerial Remuneration (A+B)	-	-	104.38
	Overall ceiling as per the Act	-	9.96	-

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

(Rs./ Million)

S. No.	Particulars	Shri Naveen Agarwal	Shri Vinod Raheja	Total
		Alternate Company Secretary	Chief Financial Officer	
1	Gross Salary			
	a) Salary	2.88	2.52	5.40
	b) Value of Perquisites	1.83	2.29	4.12
	c) Profit in lieu of salary	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission (as %age of profit)	5.77	3.85	9.61
5	Others - Company's contribution to funds	0.92	0.80	1.72
	Total	11.40	9.46	20.85

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 2019-20.				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	No such penalty was imposed on the Directors during 2019-20.				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	No such penalty was imposed on other Officers during 2019-20.				
Punishment					
Compounding					

ANNEXURE - VI TO DIRECTORS' REPORT

REPORT ON CSR ACTIVITIES UNDERTAKEN BY THE COMPANY IN 2019-20

- 1. 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 areas of operation, while creating long term value for all stakeholders.

The Company's priority is to take up CSR projects in the following areas:-

- (i) Education
- (ii) Health Care
- (iii) Sanitation
- (iv) Environment preservation
- (v) Any other areas as approved by the CSR Committee/ Board

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

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

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

- 2. Composition of the CSR Committee (as on 31.03.2020):**

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

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

Average net profit: Rs. 2,064 Million

- 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

The Company is required to spend Rs. 41.34 Million towards CSR activities.

- 5. Details of CSR amount spent during the financial year:**

- (i) Total amount to be spent for the financial year : Rs. 41.34 Million
- (ii) Amount unspent, if any : NIL

(iii) Manner in which the amount spent (Rs. 41.61 Million) during the financial year is detailed below:

S. No.	CSR Projects or activities identified	Sector in which the project is covered	Projects or Programs		Amount Outlay (Budget) for 2019-20*	Amount spent on the projects or programmes		Cumulative 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 2019-20	Over-head		
					(Rs./ Million)	(Rs./ Million)	(Rs./ Million)	(Rs./ Million)	
1	School Facilities Augmentation/ Vocational Training	Education	Local area	Ghaziabad (UP), Alwar (Rajasthan) and Delhi	20.58	15.86	-	52.35	All amounts were spent directly except in case of a Charitable Dispensary, where amount was spent through implementing Agency.
2	Hospital Services Augmentation	Healthcare	Local area	Ghaziabad (UP)	5.00	-	-	20.00	
3	Charitable Dispensaries & Medical Expenses			Ghaziabad (UP), Alwar (Rajasthan)	17.52	15.01	-	53.54	
4	Building of Toilets	Sanitation	Local area	Ghaziabad (UP), Alwar (Rajasthan)	2.55	2.16	-	12.25	
5	Provision for Drinking Water	Environment Preservation	Local area	Ghaziabad (UP), Alwar (Rajasthan)	0.80	0.47	-	7.47	
6	Development of Park/Other areas			Ghaziabad (UP), Alwar (Rajasthan)	3.07	1.45	-	12.16	
7	Rain Water Harvesting			Alwar (Rajasthan)	2.40	0.67	-	4.30	
8	Rural Development Projects / Others	Rural Development	Local area	Ghaziabad (UP), Alwar (Rajasthan)	10.08	5.99	-	20.75	
Total Amount Limited to					62.00 60.00	41.61	-	182.82	
Notes: * As per Companies Act, the Company is required to spend Rs.41.34 Million. However, the amount approved by Board is Rs. 60 Million which is higher than amount required to be spent. # Cumulative Expenditure starting from 2014-15 onwards.									

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

Not applicable.

7. 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
June 25, 2020

(A.K. Taneja)
Managing Director & CEO
DIN: 00124814

(Pradeep Dinodia)
Chairman - CSR Committee
DIN: 00027995

ANNEXURE -VII TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Shriram Pistons & Rings Limited
(CIN L29112DL1963PLC004084)
Third Floor, Himalaya 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 & Rings Limited (hereinafter 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, minutes' 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 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-process 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 & Rings Limited for the financial year ended on 31st March, 2020 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulations) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; Not applicable
4. 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
5. Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') viz:-
 - (i) Disclosure Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')
 - (ii) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011;
Not applicable
 - (iii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018;
Not applicable
 - (v) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
Not applicable
 - (vi) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
Not applicable

- (vii) 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;

Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review.

- (viii) 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

- (ix) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;

Not applicable as the Company has not bought back any of its securities during the financial year under review.

The Company has identified and confirmed the following laws as being specifically applicable to the Company:

1. The Water (Prevention and Control of Pollution) Act, 1974;
2. The Air (Prevention and Control of Pollution) Act, 1981;
3. The Environment (Protection) Act, 1986

I have also examined compliance with the applicable clauses of the following:

Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

Listing Agreement entered into by the Company with National Stock Exchange and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015;

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

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

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

As per the minutes of the meetings of the Board and Committees of the Board duly signed by the Chairman, all the decisions of the Board were adequately passed and members views, if any, were captured and recorded as part of the minutes.

I further report that based on their view of the Compliance mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the Company Secretary and Managing Director & CEO based on the certificate issued by Functional heads and taken on record by the Board of Directors at their meeting(s), I am of the opinion that there are adequate systems and processes in place in the Company which is 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, there was no event which had bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards etc.

As informed, the Company has responded appropriately to notices received from various statutory/regulatory authorities.

(Richa Sharma)

ACS No. 26832

C P No.9628

Practicing Company Secretary

New Delhi

June 16, 2020

To,

The Members,

Shriram Pistons & Rings Limited

(CIN L29112DL1963PLC004084)

Third Floor, Himalaya 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

It is the Responsibility of the Management of the Company to maintain secretarial records, device proper system to ensure compliance with the provisions of all applicable Laws and Regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

My responsibility is to express an opinion on these secretarial records, system, standards and procedures based on our audit and documents made available to us.

We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

Wherever required, we have obtained the management's representation about the compliance of Laws, Rules & Regulations and happening of event etc.

The Compliance of the provisions 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

The Secretarial Audit Report is neither an 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.

(Richa Sharma)

ACS No. 26832

C P No.9628

Practicing Company Secretary

New Delhi

June 16, 2020

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 Regulation 26 of 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, 2020.

New Delhi

June 18, 2020

(A.K. TANEJA)
MANAGING DIRECTOR & CEO
DIN: 00124814

ANNEXURE - VIII 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 1st April 2019 to 31st March, 2020.
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. 17,006
8. Total assets : Rs. 5,40,028
9. Total Liabilities : Rs. 5,40,028
10. Investments : NIL
11. Total Income : Rs. 36,120
12. Profit before taxation : Rs. 15,741
13. Provision for taxation : Rs. 3,602
14. Profit after taxation : Rs. 12,139
15. Proposed Dividend : NIL
16. % of shareholding : 100%

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

Part "B": Associates and Joint Ventures

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

For and on behalf of the Board of Directors

Pradeep Dinodia
Chairman
DIN: 00027995

Inderdeep Singh
Director
DIN: 00173538

K.K. Srinivasan
Managing Director
DIN : 00692717

A.K. Taneja
Managing Director & CEO
DIN : 00124814

R. Srinivasan
Jt. Managing Director & Company Secretary
DIN : 00124760

Vinod Raheja
Dy. Executive Director & CFO

Luv D. Shriram
Whole - Time Director
DIN: 00051065

Place: New Delhi
Date: June 25, 2020

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 rd Floor, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110001	
4	Website:	www.shrirampistons.com	
5	E-mail id:	compliance.officer@shrirampistons.com	
6	Financial Year reported:	1 st April, 2019 to 31 st March, 2020	
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, Engine Valves and Cylinder Liners	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) iii) Industrial Area, Bulandshahr Road, Ghaziabad (U.P.) - Assembly units are located at Gurugram, Pune, Hosur, Gujarat 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):	16,068 Million
3	Total profit after taxes (before Other Comprehensive Income) (INR):	730 Million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	The Company spent Rs.41.61 Million in F.Y. 2019-20 which is 5.7% of profit after tax(before Other Comprehensive Income) for F.Y. 2019-20.
5	List of activities in which expenditure in 4 above has been incurred:	Education, Health Care, Sanitation and Environment preservation. 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.

3. 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/Directors responsible for implementation of the BR policy/policies

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

- (b) Details of the BR head

No.	Particulars	Details
1	DIN	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

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

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

- (a) Details of compliance (Reply in Y/N)

No.	Questions	Read with Note	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	1,2,3,4	Y ^{1,2}	Y ¹	Y ¹	Y ¹	Y ^{1,3}	Y ¹	NA	Y ^{1,4}	Y ¹
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

No.	Questions	Read with Note	P1	P2	P3	P4	P5	P6	P7	P8	P9
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: https://www.shrirampistons.com/investors-guide.html Suppliers' code of conduct is given at the weblink: https://www.shrirampistons.com/pdf/Suppliers-code-of-conduct.pdf								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	6	Y	Y	Y	Y	Y	Y	NA	Y	Y
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

Notes:

1. It forms part of Code of Conduct of the Company.
2. It forms part of the Whistle Blower policy of the Company.
3. It forms part of Suppliers' Code of Conduct, signed by the Managing Director.
4. It forms part of Corporate Social Responsibility policy.
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.
6. The policies being on Company's website are in public domain and accordingly are deemed to notify all stakeholders.
7. Being reviewed and monitored internally

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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	-	-	-	-	-	-	-	-	-

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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)	<p>For Principle 7:</p> <p>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.</p>								

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?

The Business Responsibility Report forms part of the Annual Report. It is available on Company's website viz. www.shrirampistons.com under "Investors' Guide".

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 has received one Complaint under Whistle Blower Policy during the year, which was resolved.

One complaint was received from an Investor, which, as on date, is closed by the Ministry of Corporate Affairs.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- The Company has rolled out products confirming to BS-VI emission norms, which will help in reducing CO₂ emissions.
- The Company endeavours to reduce energy consumption by efficient planning & usage of available equipment/ infrastructure and resources and by taking substantive energy conservation measures all across the Plants by using LED lights, reduction in air leakages and optimization of compressor usage.
- Company has implemented 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 CO₂ 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 Suppliers' 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. Periodic process audit of suppliers is also conducted. The Company encourages and is using returnable packaging in the form of reusable cardboard boxes and returnable plastic bins 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.

During development of these suppliers, we provide them technical support through our engineering team in establishment of process and quality systems at their end.

We have dedicated supplier up-gradation division which works with ancillaries and small suppliers for their up-gradation in line with MACE VSA system. Further, Ancillaries/small suppliers are supported through assistance in selection and finalization of equipment, impart training of their workers and supervisors and support them in 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. We are also recycling some of used tooling items by shaping/ re-melting them into other sizes.

Principle 3

1. Please indicate the Total number of employees (Other than temporary/contractual/casual employees) - 4,285
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis - 4,330
3. Please indicate the Number of permanent women employees - 61
4. Please indicate the Number of permanent employees with disabilities - 14
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?

All permanent workmen are members of the Company's recognized employees' Association.

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	80
2	Permanent Women Employees	97
3	Casual/Temporary/Contractual Employees	94
4	Employees with Disabilities	95

Principle 4

1. 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.
2. 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.
3. 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 of Directors' Report. Besides this, the Company has engaged around 26 differently abled persons (including contractual workmen) working in different departments.

Principle 5

1. 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.
2. 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 2019-20.

Principle 6

1. 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.

2. 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 which is also available on Company's website viz. www.shrirampistons.com under "Investor's Guide".

These have positive impact on environment. However, impact of these initiatives on climate change and global warming is yet to be assessed.

3. Does the Company identify and assess potential environmental risks? Y/N

Yes. The Company has team of experts who identify, assess potential environmental risk through HIRA technique (Hazard Identification and Risk Assessment). Company is an ISO 14001 (Environmental Management System Standard) and ISO 45001 (Occupational Health and Safety Management System Standard) certified by DNV-GL, Delhi. Currently, there are no potential concerns.

The Company regularly demands/audit its ancillaries to meet applicable environmental related compliances as required to avoid any potential risk to environment.

4. 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?

Yes, Zero Liquid Discharge, Scrubber in stacks, Stack monitoring, Ambient air quality check are some of the activities going on. Environmental audit is done and compliance reports are submitted on timely basis.

5. 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) PHD Chamber of Commerce & Industry
- (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 engagement covers broad areas like emissions, safety, vehicle scrappage, trade, R&D and inclusive development policies.

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 stakeholders.

The Company takes up CSR projects and programs in the following areas:- a) Education b) Health Care c) Sanitation d) Environment preservation. Projects aimed at persons from disadvantaged background or persons who are differently abled are given priority.

Details are given in CSR Report as per Annexure-VI of the Directors' Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

Such activities are being done by the Company in-house. However, few programs/ projects are taken up through external NGO.

3. Have you done any impact assessment of your initiative?

Yes. We have been getting Impact Assessment done of our various CSR projects/initiatives through professional agency. During the current year, we got Impact Assessment done for three projects/initiatives. Every year we are getting Impact Assessment done for some of our projects/initiatives. The results of these impact Assessments were encouraging. This process will continue in coming years as well. 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.

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 analyzed and various actions are prioritized.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

There are no pending complaints against the Company as on the end of financial year.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Shriram Pistons and Rings Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Shriram Pistons and Rings Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020 and 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 notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, changes in equity and its cash flows for the year then ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
<p>Revenue recognition with respect to occurrence and cut-off:</p> <p>Revenue from contracts with customers for the year ended March 31, 2020 is Rs. 16067.73 million.</p> <p>Revenue from sale of products or services is rendered upon transfer of control to customers. There is an inherent risk of occurrence and cut off due to inappropriate revenue recognition that do not relate to valid sales / shipments and if deliveries are recorded in the wrong accounting period.</p> <p>There are management estimates around appropriateness of revenue recognition and reversals for biases that could result in material misstatement, hence this is considered as a key audit matter.</p> <p>(Refer to Note 21 to the standalone financial statements)</p>	<p>Principal audit procedures performed:</p> <p>We understood and evaluated the Company's process for recognising revenue and compared that to the Company's accounting policy to ensure consistency.</p> <p>We tested the effectiveness of controls over:</p> <ul style="list-style-type: none"> Recording of revenue transactions in correct period; Recording of revenue in line with underlying contracts/ agreements and evidencing with relevant proof of delivery; <p>For a sample of transactions, we performed the following procedures:</p> <ul style="list-style-type: none"> analyzing the terms of the contract to determine that the Company had fulfilled the requirements of the contract; confirming revenue could be reliably measured by reference to underlying documentation; and confirming collectability of the revenue was reasonably assured by agreeing to collection history.

Key Audit Matter	Auditor's Response
	<p>At the year end, we have performed the cut off testing for both late and early cut off to test that the revenue is recorded in the appropriate period. We have identified the range of delivery period between 1 to 8 days in which sales is recognized and traced to proof of delivery (POD). We performed analytical procedures supported with corroborative inquiry.</p> <p>We involved our IT specialists to test IT general controls and application specific controls surrounding billing and recording, including testing of system generated reports used in our audit.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to the Board's Report and Business Responsibility Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate

to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

Due to COVID-19 related lockdown, we were not able to observe / participate in the physical verification of inventory and performed alternative procedures for two plants that was carried out by management subsequent to the year end. We have performed alternate procedures to audit the existence of inventory as per guidance provided in SA 501 "Audit Evidence – Specific Considerations for Selected Items", which includes inspection of supporting documents relating to purchases, production, sales and results of count performed by management during the year and such other third party evidences where applicable have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Financial Results.

Our report is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 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 the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) 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 financial statements. Refer Note 38 to the standalone 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 45 to the standalone financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. Refer Note 46 to the standalone 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)
(UDIN: 20094468AAAADX8203)

Place: Gurugram
Date : June 25, 2020

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, 2020 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 of the Company 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, 2020, based on the criteria for internal financial control over financial reporting 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: Gurugram
Date: June 25, 2020

Vijay Agarwal
(Partner)
(Membership No. 094468)
(UDIN: 20094468AAAADX8203)

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 program 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 “Intangible Assets” in the financial statements, whose title deeds have been pledged as security for loans, are held in the name of Company. In respect of one immovable properties of land that have been taken on lease and disclosed as “Intangible Assets” in the financial statements, the lease agreements is in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, all inventories, other than for goods in transit, were physically verified during the year by the Management. Further, subsequent to year end, the Company was able to perform physical verification of inventories for two plants during the month of May 2020 instead of year end due to COVID 19 related lockdown. For the inventories for which physical count was performed subsequent to year end, the Company has carried out the reconciliation procedures for the inventories to ascertain existence of such inventory physically verified from the date of the respective counts to the balance sheet date. The discrepancies noticed on physical verification during the year and subsequent to year end were not material and have been properly dealt with in the books of account. With respect to goods in transit, subsequent receipts of material have been examined in most of the cases.
- (iii) According to the information and explanations given to us, 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) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under Section 185 and 186 of the Companies Act, 2013 and hence reporting under clause (iv) of the Order 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 Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and 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) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended 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, Customs Duty, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities. Also, refer to the note 39 in the financial statement regarding management assessment on certain matters relating to the provident fund.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Customs Duty, Goods and Service Tax, cess other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Customs Duty, Excise duty which have not been deposited as on March 31, 2020. Details of dues of Income-tax, Sales Tax, Service Tax, Value Added Tax which have not been deposited as on March 31, 2020 on account of disputes 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 Involved* (Rs. Million)	Amount Unpaid (Rs. Million)
The Income-tax Act, 1961	Income-tax	Appellate authority up to Commissioners' level	2003-04, 2004-05, 2015-16, 2016-17 & 2017-18	15.60	0.00
The Finance Act, 1994	Service Tax	Commissioner (Appeal)	2012-13, 2013-14, 2014-15 & 2015-16	15.74	15.23
The Central Sales Tax Act, 1956	Sales Tax	Appellate authority up to Commissioners' level	2014-15, 2015-16 & 2017-18	36.19	35.60
		Appellate Tribunal	2005-06, 2006-07, 2007-08, 2012-13 & 2014-15	19.79	17.85
Sales Tax Laws	Sales Tax / Value Added Tax/ Entry Tax	Appellate authority up to Commissioners' level	2011-12, 2014-15, 2015-16 & 2016-17	506.89	442.77
		Appellate Tribunal	2009-10, 2010-11, 2011-12 & 2012-13	3.05	1.02

* 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 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)
The Income-tax Act, 1961	Income-tax	Income Tax Appellate Tribunal	2013-14 & 2014-15	10.03

* 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) and the term loans have been applied for the purposes for which those are raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material 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 also refer note 33 to the standalone financial statements.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order 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 Section 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 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 the Order 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 directors of its holding company or persons connected with them 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.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 015125N)

Place: Gurugram
Date: June 25, 2020

Vijay Agarwal
(Partner)
(Membership No. 094468)
(UDIN: 20094468AAAADX8203)

Standalone Balance Sheet as at March 31, 2020

			Rs. million
	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
a) Property, plant and equipment	3	6,440.36	5,843.14
b) Capital work-in-progress		191.63	164.76
c) Goodwill	4	14.85	14.85
d) Other Intangible assets	4	958.82	268.83
e) Intangible assets under development		-	1.77
f) Financial assets			
(i) Investments	5	0.50	0.50
(ii) Other financial assets	6	3.73	39.31
g) Other non-current assets	8	761.25	1,045.92
		8,371.14	7,379.08
Current assets			
a) Inventories	9	2,907.81	3,471.37
b) Financial assets			
(i) Investments	5	606.77	55.07
(ii) Trade receivables	10	2,393.09	3,558.38
(iii) Cash and cash equivalents	11	246.76	22.25
(iv) Other bank balances other than (iii) above	11	712.03	808.66
(v) Other financial assets	6	25.57	112.52
c) Current tax assets (net)	7	27.15	-
d) Other current assets	8	292.26	276.78
		7,211.44	8,305.03
		15,582.58	15,684.11
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	12	223.75	223.75
b) Other equity		10,481.30	10,040.85
		10,705.05	10,264.60
Liabilities			
Non-current liabilities			
a) Financial liabilities			
(i) Borrowings	13	423.03	424.42
(ii) Non convertible preference share capital	14	-	288.58
(iii) Lease liabilities	35	236.20	-
b) Provisions	15	316.75	346.83
c) Deferred tax liabilities (net)	17	201.62	319.40
d) Other non-current liabilities	16	0.68	28.25
		1,178.28	1,407.48
Current liabilities			
a) Financial liabilities			
(i) Borrowings	18	449.14	39.36
(ii) Lease liabilities	35	44.95	-
(iii) Trade payables	19		
- Total outstanding dues of micro and small enterprises		53.09	64.36
- Total outstanding dues of creditors other than micro and small enterprises		2,256.07	2,646.98
(iv) Other financial liabilities	20	435.30	686.33
b) Other Current Liabilities	16	381.75	435.80
c) Provisions	15	78.95	91.63
d) Current tax liabilities (net)	7	-	47.57
		3,699.25	4,012.03
		15,582.58	15,684.11
TOTAL EQUITY AND LIABILITIES			

See accompanying notes to the standalone financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 015125N)

Vijay Agarwal
Partner
(Membership No. 094468)

Vinod Raheja
Dy. Executive Director & CFO

For and on behalf of the Board of Directors

Pradeep Dinodia
Chairman
DIN: 00027995
K.K. Srinivasan
Managing Director
DIN : 00692717

Inderdeep Singh
Director
DIN: 00173538
A.K. Taneja
Managing Director & CEO
DIN : 00124814

R. Srinivasan
Jt. Managing Director & Company Secretary
DIN : 00124760

Luv D. Shriram
Whole - Time Director
DIN: 00051065

Place: New Delhi
Date: June 25, 2020

Place: Gurugram
Date: June 25, 2020

Standalone Statement of Profit and Loss for the year ended March 31, 2020

		Rs. million	
	Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
I Revenue from operations	21	16,067.73	19,549.03
II Other income	22	198.39	236.32
III Total income (I+II)		16,266.12	19,785.35
IV Expenses			
Cost of materials consumed	23	4,882.65	6,559.65
Purchase of stock-in-trade		558.79	704.60
(Increase) / Decrease in inventories of finished goods, work-in-progress and stock-in-trade	24	405.12	(372.00)
Employee benefit expenses	25	3,437.14	3,691.77
Finance costs	26	123.79	139.19
Depreciation and amortisation expense	27	1,030.43	943.26
Other expenses	28	4,964.05	6,026.50
Total expenses		15,401.97	17,692.97
V Profit before tax (III-IV)		864.15	2,092.38
VI Tax expense:			
i) Current tax	17	263.48	713.84
ii) Deferred tax - Current year	17	(30.88)	(5.96)
ii) Deferred tax - Previous year	17	(98.80)	-
		133.80	707.88
VII Profit for the year (V-VI)		730.35	1,384.50
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		54.41	4.75
(ii) Income tax relating to items that will not be reclassified to profit or loss		(13.70)	(1.66)
B (i) Items that will be reclassified to profit or loss			
a) Fair value change of cash flow hedge		(7.12)	22.30
(ii) Income tax relating to items that will be reclassified to profit or loss		1.79	(7.76)
Total other comprehensive income		35.38	17.63
Total Comprehensive income (VII+VIII)		765.73	1,402.13
Earnings per share (of Rs. 10/- each)	30		
Basic (Rs)		32.64	61.88
Diluted (Rs)		32.64	61.88
See accompanying notes to the standalone financial statements	1-48		

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 015125N)

Vijay Agarwal
Partner
(Membership No. 094468)

Vinod Raheja
Dy. Executive Director & CFO

For and on behalf of the Board of Directors

Pradeep Dinodia
Chairman
DIN: 00027995
K.K. Srinivasan
Managing Director
DIN : 00692717

Inderdeep Singh
Director
DIN: 00173538
A.K. Taneja
Managing Director & CEO
DIN : 00124814

R. Srinivasan
Jt. Managing Director & Company Secretary
DIN : 00124760

Luv D. Shriram
Whole - Time Director
DIN: 00051065

Place: New Delhi
Date: June 25, 2020

Place: Gurugram
Date: June 25, 2020

Standalone Cash flow statement for the year ended March 31, 2020

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from Operating Activities		
Profit for the year	730.35	1,384.50
Adjustments for :		
Tax expenses recognised in statement of profit and loss	133.80	707.88
Depreciation/amortisation	1,030.43	943.26
Finance costs	123.79	139.19
Bad debts/advances written off	1.47	1.06
Provision for doubtful debts (net)	26.44	8.76
Interest income	(60.42)	(132.41)
Net gain on sale/ fair valuation of current investment	(28.31)	(7.75)
Unrealised exchange rate variation (net)	(18.90)	(5.29)
Profit/loss on sale / retirement of property, plant and equipment	(0.19)	14.84
Fair value change in Cash flow hedges (net of tax)	(5.33)	14.54
Remeasurement of post employment defined benefit plans (net of tax)	40.71	3.09
Operating profit before working capital changes	1,973.84	3,071.67
Adjustments for:		
Inventories	563.55	(660.99)
Trade receivables	1,166.75	(366.23)
Loans and other financial assets (current and non current)	96.29	186.28
Other assets (current and non current)	(74.80)	(179.02)
Trade payables	(413.24)	98.18
Other financial liabilities (current and non current)	(2.81)	71.23
Other Liabilities and Provisions (current and non current)	(3.72)	35.85
Cash Generated from operations	3,305.86	2,256.97
Income tax paid	(338.20)	(688.60)
Net cash from operating activities	(A) 2,967.66	1,568.37
B. Cash Flow from Investing Activities		
Interest received	51.08	119.94
Sale of tangible assets	19.06	24.22
Payment for cash consideration under amalgamation	-	(111.82)
Purchase of tangible assets	(1,680.24)	(1,479.31)
Purchase of intangible assets	(45.16)	(294.56)
Purchase of Current Investment	(13,523.46)	(5,532.22)
Proceeds from sale of Current Investment	13,000.08	5,685.26
Increase/(Decrease) in margin money with banks	38.20	(29.69)
Increase / (Decrease) in Deposits more than 12 months	(2.62)	39.60
Net cash (used) in investing activities	(B) (2,143.06)	(1,578.58)

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
C. Cash Flow from Financing Activities		
Repayment of lease liability	(75.81)	-
Interest paid	(117.03)	(164.15)
Dividend on preference share	(6.06)	(0.08)
Dividend and dividend distribution tax	(324.94)	(269.74)
Issue / redemption of preference shares	(288.58)	288.58
Repayment of long term borrowings	(325.00)	(444.00)
Proceeds from deposits	238.33	277.35
Payment of deposits	(208.23)	(298.53)
Net cash from/(used) in financing activities	(C) (1,107.32)	(610.57)
Net Increase/(Decrease) in cash and cash equivalents	(A+B+C) (282.72)	(620.78)
Cash and cash equivalents at the beginning of the year	814.68	1,431.43
Add: Cash and cash equivalents acquired on amalgamation	-	4.03
Cash and cash equivalents at the end of the year	531.96	814.68
Components of cash and cash equivalents		
Cash in hand	0.85	1.96
Balances with banks		
- current accounts	42.67	17.77
- Other bank balances	915.27	811.19
Working Capital loan from banks (Secured / Unsecured)	(426.83)	(16.24)
	531.96	814.68

Note:

1. 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
(Firm's Registration No. 015125N)

Vijay Agarwal
Partner
(Membership No. 094468)

Vinod Raheja
Dy. Executive Director & CFO

Place: Gurugram
Date: June 25, 2020

For and on behalf of the Board of Directors

Pradeep Dinodia
Chairman
DIN: 00027995

Inderdeep Singh
Director
DIN: 00173538

K.K. Srinivasan
Managing Director
DIN : 00692717

A.K. Taneja
Managing Director & CEO
DIN : 00124814

R. Srinivasan
Jt. Managing Director & Company Secretary
DIN : 00124760

Luv D. Shriram
Whole - Time Director
DIN: 00051065

Place: New Delhi
Date: June 25, 2020

Notes to the standalone financial statements for the year ended March 31, 2020

Standalone Statement of Change in Equity as at March 31, 2020

a) Fully paid up equity shares

(face value of Rs 10/- each)

	Nos of shares in Million	Rs. million
Balance as at March 31, 2019	22.37	223.75
Changes during the year	-	-
Balance as at March 31, 2020 (refer note 12)	22.37	223.75

(b) Other Equity

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 as at March 31, 2018	100.00	98.16	794.92	7,924.23	8,917.31	(8.37)	8,908.94
Profit for the year		(0.48)	1,384.50		1,384.02	-	1,384.02
Dividends (including corporate dividend tax)			(269.74)		(269.74)	-	(269.74)
Other comprehensive income for the year, net of tax			3.09		3.09	14.54	17.63
Transfer to General reserve			(612.77)	612.77	-	-	-
Balance as at March 31, 2019	100.00	97.68	1,300.00	8,537.00	10,034.68	6.17	10,040.85
Profit for the year		(0.35)	730.35		730.00	-	730.00
Transfer to Preference Shares redemption reserve	288.58		(288.58)		-		-
Dividends (including corporate dividend tax)			(324.94)		(324.94)	-	(324.94)
Other comprehensive income for the year, net of tax			40.72	-	40.72	-	40.72
Transfer to General reserve			(157.55)	157.55	-	(5.33)	(5.33)
Balance as at March 31, 2020	388.58	97.33	1,300.00	8,694.55	10,480.46	0.84	10,481.30

* 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
(Firm's Registration No. 015125N)

Vijay Agarwal
Partner
(Membership No. 094468)

Vinod Raheja
Dy. Executive Director & CFO

Place: Gurugram
Date: June 25, 2020

For and on behalf of the Board of Directors

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R. Srinivasan
Jt. Managing Director & Company Secretary
DIN : 00124760

Luv D. Shriram
Whole - Time Director
DIN: 00051065

Place: New Delhi
Date: June 25, 2020

Notes to the standalone financial statements for the year ended March 31, 2020

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 is listed on National Stock Exchange of India Ltd. The registered office of the Company is located at 3rd 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 are approved for issuance by the Company’s Board of Directors on June 25, 2020.

2. Significant accounting policies

2.1.1 Basis of accounting and preparation of financial statements

The Standalone financial statements (“financial statements”) have been prepared to comply with the Indian Accounting Standard (Ind AS) notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016 and Companies (Indian Accounting Standards) Amendment Rules, 2017 issued by the Ministry of Corporate Affairs (‘MCA’).

The financial statements have been prepared under historical cost convention on accrual and going concern basis, except for the certain financial instruments which have been measured at fair value as required by relevant Ind ASs.

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.

2.1.2 Fair Value measurement

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 116, 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: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: This level includes financial assets and liabilities, measured using 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: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2.1.3 Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and

Notes to the standalone financial statements for the year ended March 31, 2020

their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.2. Use of estimates

The preparation of the financial statements is in conformity with Indian Accounting Standards (Ind AS) and 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

Ind AS 115, 'Revenue from Contracts with Customers' is applicable with effect from April 1, 2018. Based on the evaluation of existing contracts, the effect on transition to Ind AS 115 is insignificant.

Revenue from the sale of products or services is recognized upon transfer of control to customers. Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example, taxes and duties collected on behalf of the government). A receivable is recognized upon satisfaction of performance obligations as per the Contracts.

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 cost (net of cenvat /Input Tax Credits 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.

2.5.2. Intangible assets

Intangible assets are recognised when it is probable that future economic benefits attributed to the asset will flow to the entity and the cost of the asset can be reliably measured.

Intangible assets held for use in production or supply of goods and services, or for administrative purpose, are stated at cost (net of cenvat /Input Tax Credits 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.

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.

Notes to the standalone financial statements for the year ended March 31, 2020

2.5.4. Leases

Lessee Accounting

Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid.

Right of use asset is recognised and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of the restoration costs and any initial direct costs incurred by the lessee. Right of use asset is amortised over the lease term.

The lease liability is measured in subsequent periods using the effective interest rate method. The right-of-use asset is depreciated in accordance with the requirements in Ind AS 16, Property, Plant and equipment.

Recognition and measurement exemption is available for low-value assets and short term leases. Assets of low value include IT equipment or office furniture. No monetary threshold has been defined for low-value assets. Short-term leases are defined as leases with a lease term of 12 months or less.

The Company chooses to apply any one of the exemptions, payments are recognised on a straight-line basis or another systematic basis that is more representative of the pattern of the lessee's benefit.

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
Road	- twenty years
Bore well	- fifteen years
Vehicle	- five years
Furniture and Fixture / Office Equipment	- five years

All intangible assets are amortised on straight-line method over their estimated useful life as under.

Computer Software	- three years
Product Design	- three years
Right of Use Assets	- fifteen years
Trademarks acquired on acquisition	- ten years
Customer Contracts acquired on acquisition	- ten years

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

Depreciation on assets acquired/sold/discarded during the year is charged on pro-rata basis except for Furniture, Fixtures and Equipments where full year's depreciation is computed in the year of acquisition and no depreciation is provided in the year of sale.

Notes to the standalone financial statements for the year ended March 31, 2020

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 purchases or sales of financial assets are accounted for at trade date basis. Regular way purchases or sales are purchase or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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 permanent 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.

Notes to the standalone financial statements for the year ended March 31, 2020

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 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 related forward contract related as the hedging instruments.

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 44.

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.

Notes to the standalone financial statements for the year ended March 31, 2020

- ii) Stock in process – at lower of cost or net realisable value.
- iii) Finished goods stock/Stock-in-trade - at lower of cost 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.

2.10. 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.

Advance received or paid in foreign currency are recognised at the exchange rate on the date of transaction and 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's 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 post employment employee 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.

Notes to the standalone financial statements for the year ended March 31, 2020

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's scheme. Employees are entitled to accumulate leaves subject to certain limit as per Company's 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.

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. Taxes on income

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized..

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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.

2.14. 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.

Notes to the standalone financial statements for the year ended March 31, 2020

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.

2.15. 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.

2.16. Impairment of assets

The carrying values of Property, plant and equipments and Intangible assets or cash generating units are reviewed at each Balance sheet date 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.

2.17. 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.

2.18. 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.

Notes to the standalone financial statements for the year ended March 31, 2020

3. Property, plant & equipment

							Rs. million
Particulars	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Dies	Total
Year ended 31 March 2019							
Gross carrying amount							
Opening gross carrying amount	1,318.31	6,300.10	32.92	114.58	111.94	83.50	7,961.35
Additions	123.57	985.68	12.46	48.61	31.30	37.26	1,238.88
Acquired on amalgamation	5.81	1.56	3.72	11.10	3.71	0.86	26.76
Disposals	28.34	18.27	1.79	31.15	5.53	10.17	95.25
Closing gross carrying amount as at March 31, 2019	1,419.35	7,269.07	47.31	143.14	141.42	111.45	9,131.74
Accumulated depreciation and impairment							
Opening accumulated depreciation and impairment	170.19	2,138.08	19.01	27.96	65.65	28.51	2,449.40
Depreciation charged during the year	58.73	719.90	13.24	36.78	32.48	29.29	890.42
Impairment Loss	-	-	-	-	-	-	-
Disposals	0.13	11.12	1.08	25.92	3.97	9.00	51.22
Closing accumulated depreciation and impairment as at March 31, 2019	228.79	2,846.86	31.17	38.82	94.16	48.80	3,288.60
Net carrying amount as at March 31, 2019	1,190.56	4,422.21	16.14	104.32	47.26	62.65	5,843.14
Year ended 31 March 2020							
Gross carrying amount							
Opening gross carrying amount	1,419.35	7,269.07	47.31	143.14	141.42	111.45	9,131.74
Additions	174.73	1,280.04	8.65	25.37	28.28	23.69	1,540.76
Acquired on amalgamation	-	-	-	-	-	-	-
Disposals	-	18.88	1.75	27.84	9.77	3.84	62.08
Closing gross carrying amount as at March 31, 2020	1,594.08	8,530.23	54.21	140.67	159.93	131.30	10,610.42
Accumulated depreciation and impairment							
Opening accumulated depreciation and impairment	228.79	2,846.86	31.17	38.82	94.16	48.80	3,288.60
Depreciation charged during the year	62.45	763.54	9.99	32.43	28.72	29.98	927.11
Impairment Loss	-	-	-	-	-	-	-
Disposals	-	12.73	0.86	21.55	7.08	3.43	45.65
Closing accumulated depreciation and impairment as at March 31, 2020	291.24	3,597.67	40.30	49.70	115.80	75.35	4,170.06
Net carrying amount as at March 31, 2020	1,302.84	4,932.56	13.91	90.97	44.13	55.95	6,440.36

The above assets are pledged as security against borrowings, refer note no 13 (i) and (ii) and note no. 18.

Notes to the standalone financial statements for the year ended March 31, 2020

4. Intangible assets

								Rs. million
Particulars	Computer software	Product design and development	Right of use assets - other than leases	Right of use assets - leases	Good-will	Customer contracts	Trademarks	Total
Year ended 31 March 2019								
Gross carrying amount								
Opening gross carrying amount	54.87	58.38	-	-	-	-	-	113.25
Additions	9.20	4.21	48.16	-	-	-	-	61.57
Acquired on amalgamation	-	-	-	-	14.85	114.36	103.78	232.99
Disposals	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2019	64.07	62.59	48.16	-	14.85	114.36	103.78	407.81
Accumulated amortization and impairment								
Opening accumulated depreciation and impairment	34.70	36.59	-	-	-	-	-	71.29
Depreciation charged during the year	14.51	15.69	0.83	-	-	11.43	10.38	52.84
Impairment Loss	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing accumulated depreciation and impairment as at March 31, 2019	49.21	52.28	0.83	-	-	11.43	10.38	124.13
Net carrying amount as at March 31, 2019	14.86	10.31	47.33	-	14.85	102.93	93.40	283.68
Year ended 31 March 2020								
Gross carrying amount								
Opening gross carrying amount	64.07	62.59	48.16	-	14.85	114.36	103.78	407.81
Additions	7.73	-	37.43	-	-	-	-	45.16
Recognition of Right of use on adoption of Ind AS 116 (refer note 35)	-	-	-	319.11	-	-	-	319.11
Reclassification to Right of use on adoption of Ind AS 116 (refer note 35)	-	-	-	429.04	-	-	-	429.04
Acquired on amalgamation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2020	71.80	62.59	85.59	748.15	14.85	114.36	103.78	1,201.12
Accumulated amortization and impairment								
Opening accumulated depreciation and impairment	49.21	52.28	0.83	-	-	11.43	10.38	124.13
Depreciation charged during the year	15.77	8.91	0.86	55.96	-	11.44	10.38	103.32
Impairment Loss	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing accumulated depreciation and Impairment as at March 31, 2020	64.98	61.19	1.69	55.96	-	22.87	20.76	227.45
Net carrying amount as at March 31, 2020	6.82	1.40	83.90	692.19	14.85	91.49	83.02	973.67

Notes to the standalone financial statements for the year ended March 31, 2020

Net Book Value		Rs. million
Particulars	As at 31.03.2020	As at 31.03.2019
Goodwill	14.85	14.85
Intangible Assets	958.82	268.83
Total	973.67	283.68

Goodwill represents goodwill arising on amalgamation of Shriram Automotive Product Limited. Goodwill is tested for impairment on annual basis and wherever there is an indication that the recoverable amount is less than its carrying amount based on a number of factors including in business plan, operating results, future cash flows and economic conditions. The recoverable amount is determined based on higher of value in use and fair value less cost to sell. The Company generally uses discounted cash flows method to determine the recoverable amount. These discounted cash flow Calculation are based on financial forecasts. Cash flow projections take into account past experience and represent management's best estimate about future developments.

5. Investments

	As at March 31, 2020	As at March 31, 2019
Non Current Investment (Unquoted)		
(At amortised cost)		
Investment in equity instrument of subsidiary company		
50,000 Equity shares (previous year 50,000) (fully paid up of Rs 10 each) of SPR International Auto Exports Limited	0.50	0.50
	0.50	0.50
Current Investment (Unquoted)		
Carried at fair value through Statement of Profit and loss		
Investment in Mutual fund (Liquid fund) Units of Face value of Rs 1000 each		
- Nil units (Previous year: 54909) of Axis overnight Fund direct Growth	-	55.07
- 96496 units (Previous year: Nil) of HDFC overnight fund direct Growth	286.52	-
- 117130 units (Previous year: Nil) of UTI overnight fund direct Growth	320.25	-
	606.77	55.07
Aggregate value of unquoted investments	607.27	55.57

6. Other Financial Assets

(At amortised cost excluding derivative instrument)

	As at March 31, 2020		As at March 31, 2019	
	Current	Non current	Current	Non current
Bank Deposit more than 12 months	-	2.62	-	-
Interest accrued on deposits	23.20	-	32.29	-
Derivative instrument (refer note 41)	2.37	-	80.23	-
Margin money	-	1.11	-	39.31
	25.57	3.73	112.52	39.31

Notes to the standalone financial statements for the year ended March 31, 2020

7. Tax assets/ (liabilities) net

	Rs. million	Rs. million
	As at March 31, 2020	As at March 31, 2019
Advance income tax	290.63	666.27
less: Provision for income tax	(263.48)	(713.84)
Net	27.15	(47.57)

8. Other assets

(Unsecured, considered good unless stated otherwise)

	Rs. million		Rs. million	
	As at March 31, 2020		As at March 31, 2019	
	Current	Non current	Current	Non current
Capital advances	-	344.43	-	232.82
Advances other than capital advances				
Advances recoverable in cash or in kind or for value to be received	82.33	-	119.97	-
Unsecured, considered good				
Doubtful	10.52	-	11.11	-
	92.85	-	131.08	-
Provision for doubtful advances	(10.52)	-	(11.11)	-
	82.33	-	119.97	-
Export incentive receivable	75.42	50.85	38.59	57.99
Unsecured, considered good				
Provision for doubtful	(2.69)	-	(1.04)	-
	72.73	50.85	37.55	57.99
Balance with government authorities				
- Goods and service tax	54.87	-	32.56	-
Prepaid expenses	66.16	-	49.45	-
Security deposits	3.16	188.09	0.29	150.60
Prepayment land leases* (refer note 35)	-	-	4.01	425.04
Other assets	16.84	177.88	36.78	179.47
Unsecured, considered good				
Provision for doubtful	(3.83)	-	(3.83)	-
	137.20	365.97	119.26	755.11
	292.26	761.25	276.78	1,045.92

* Prepayment of land leases represents net value of leasehold land

Notes to the standalone financial statements for the year ended March 31, 2020

9. Inventories

(valued at lower of cost or net realisable value)

	Rs. million
	As at
	March 31, 2020
	As at
	March 31, 2019
Raw material and components	663.92
(includes in transit Rs. 17.87 million (previous year: Rs. 2.52 million))	748.16
Work-in-progress	854.28
(includes in transit Rs. 2.32 million (previous year: Rs. 0.68 million))	1,001.70
Finished goods	912.88
(includes in transit Rs. 48.00 million (previous year: Rs.61.94 million))	1,156.51
Stock- in - trade	65.32
(includes in transit Rs. 5.13 million (previous year: Rs.Nil))	79.40
Stores and spares	345.84
(includes in transit Rs. 1.34 million (previous year: Rs Nil))	385.54
Loose tools	65.57
	100.06
	2,907.81
	3,471.37

The inventories are hypothecated as security against borrowings, refer note no 13 (i) and (ii) and note no 18

10. Trade receivables

(Unsecured, considered good unless stated otherwise)

(At amortised cost)

	Rs. million
	As at
	March 31, 2020
	As at
	March 31, 2019
Current	
Considered good*	2,393.09
Credit impaired	51.17
	2,444.26
Impairment of trade receivables	(51.17)
	(25.78)
	2,393.09
	3,558.38

* There is no trade receivable which have significant increase in credit risk.

Notes to the standalone financial statements for the year ended March 31, 2020

11. Cash and cash equivalents and other bank balances

(At amortised cost)

		Rs. million	
	As at March 31, 2020		As at March 31, 2019
	Current	Non current	Current Non current
i) Cash and cash equivalents			
Cash on hand	0.85	-	1.96 -
Balances with banks			
- Deposits with banks , with original maturity less than 3 months	203.24	-	2.52 -
- current accounts	42.67	-	17.77 -
	246.76	-	22.25 -
ii) Other bank balances			
- Unclaimed dividend account	0.57	-	0.53 -
- Deposits with banks , with original maturity more than 3 months	595.54	2.62	700.16 -
- Deposits with banks held as margin money	115.92	1.11	107.97 39.31
	712.03	3.73	808.66 39.31
	958.79	3.73	830.91 39.31
Less : Amounts disclosed under other financial assets (refer note 6)	-	(3.73)	- (39.31)
	958.79	-	830.91 -

12. Equity share capital

		Rs. million	
		As at March 31, 2020	As at March 31, 2019
Authorised Shares*			
52,500,000 (previous year 52,500,000) equity shares of Rs. 10 each		525.00	525.00
		525.00	525.00
a. Issued , subscribed and fully paid up shares			
22,374,912 (previous year 22,374,912) equity shares of Rs. 10 each		223.75	223.75
		223.75	223.75

* Represents authorised share capital as per scheme of amalgamation approved by Hon'ble National Company Law Tribunal ("NCLT"), Delhi Bench dated 05.03.2019. The Company has made requisite filing with Ministry of Corporate affairs on 29.03.2019.

b. 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. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

Notes to the standalone financial statements for the year ended March 31, 2020

c. Reconciliation of numbers of share outstanding at the beginning and at the end of reporting year

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs. million	No. of shares	Rs. million
Opening balance	22,374,912	223.75	22,374,912	223.75
Issued during the year	-	-	-	-
Closing balance	22,374,912	223.75	22,374,912	223.75

d. Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2020		As at March 31, 2019	
	No. in million	% shareholding	No. in million	% shareholding
<u>Equity shares of Rs. 10 each fully paid</u>				
Riken Corporation	4.69	20.97	4.69	20.97
KS Kolbenschmidt GmbH	4.47	20.00	4.47	20.00
Luv D. Shriram and Meenakshi Dass*	3.33	14.91	3.33	14.91
Meenakshi Dass and Luv D. Shriram *	3.33	14.91	3.33	14.91
National Insurance Company Limited	1.43	6.38	1.43	6.38
Meenakshi Dass	1.15	5.12	1.15	5.12

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

13. Borrowings

(At amortised cost)

	As at March 31, 2020		As at March 31, 2019	
	Current	Non current	Current	Non current
Secured				
Term loans from banks	-	-	325.01	-
Unsecured				
Deposits	175.37	339.09	165.91	374.40
Deposits from related parties (refer note 33)	25.21	83.94	10.93	50.02
	200.58	423.03	501.85	424.42
Less : Current maturities of long term debt (refer note 20)	(200.58)	-	(501.85)	-
	-	423.03	-	424.42

- (i) Term loans from banks of Rs. nil (previous year: Rs. 325.01 million) are secured by way of first pari passu charge and mortgage on all present and future immovable & movable fixed assets and hypothecation of all movable current 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.

Amount outstanding		Repayment period from origination (years)	Installments outstanding		Effective rate of Interest per annum %	
As at March 31, 2020 (Rs. million)	As at March 31, 2019 (Rs. million)		As at March 31, 2020 No.	Periodicity	As at March 31, 2020	As at March 31, 2019
-	325.01	7	-	-	-	8.77
-	325.01					

Notes to the standalone financial statements for the year ended March 31, 2020

- (ii) 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.

Amount outstanding		Repayment period from origination (years)	Rate of Interest per annum %	
As at March 31, 2020 (Rs. million)	As at March 31, 2019 (Rs. million)		As at March 31, 2020	As at March 31, 2019
46.36	49.65	2	8.50-10.00	8.50 - 11.00
577.25	551.61	3		
623.61	601.26			

14. Preference share capital

	Rs. million	
	As at March 31, 2020	As at March 31, 2019
Authorised Shares		
3,000,000 (previous year 3,000,000) preference shares of Rs. 100 each	300.00	300.00
	300.00	300.00

	Rs. million			
	As at March 31, 2020		As at March 31, 2019	
	Current	Non current	Current	Non current
a. Issued, subscribed and fully paid up shares				
28,85,760, 4.2% fully paid up non-participating, redeemable, non-convertible cumulative preference shares of Rs 100 each	-	-	-	288.58
	-	-	-	288.58

b. Terms & Right attached to Preference Share Capital

The Company has issued 28,85,760, 4.2% fully paid up non-participating, redeemable, non-convertible cumulative Preference Shares, having a par value of Rs. 100 per Preference Share to shareholders of Shriram Automotive Products limited pursuant to the scheme of amalgamation.

The Preference Share are redeemable at par on expiry of 5 years from the date of allotment i.e 30th March 2019. The Company has option to redeem these preference shares at par on expiry of 6 months from the date of allotment or 30.06.2019 whichever is later. The Preference Shareholder are not entitled to any right or privilege available to Equity Shareholder other than those available to them under Statutory Laws. The Company has exercised the option and redeemed the above preference shares on October 01, 2019 in cash. The Company has paid a dividend @ 2.1% i.e. Rs. 2.1 on each preference share of the nominal value of Rs. 100 on October 01, 2019.

15. Provisions

	Rs. million			
	As at March 31, 2020		As at March 31, 2019	
	Current	Non current	Current	Non current
Provision for employee benefits	78.95	316.75	91.63	346.83
	78.95	316.75	91.63	346.83

Notes to the standalone financial statements for the year ended March 31, 2020

16. Other liabilities

	As at		As at	
	March 31, 2020		March 31, 2019	
	Current	Non current	Current	Non current
Security deposits	124.34	0.68	88.46	28.25
Advances from customers	121.38	-	30.19	-
Statutory dues	108.70	-	230.79	-
Others	27.33	-	86.36	-
	381.75	0.68	435.80	28.25

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

17. a) Deferred tax liability (net)

	As at	As at
	March 31, 2020	March 31, 2019
Deferred tax liability		
Impact of difference between tax depreciation and depreciation/ amortisation charged in books	375.19	553.22
Unrealised Income on Mutual Fund	0.22	-
	375.41	553.22
Deferred tax assets		
Expenses deductible on payment basis	159.61	210.32
Provision for doubtful debts/advances	17.17	14.59
Deferred tax assets on other comprehensive income		
Fair value change in Cash flow hedges	4.56	2.77
Remeasurment of post employment defined benefit plans	(7.55)	6.14
	173.79	233.82
Net deferred tax liability	201.62	319.40

b) Reconciliation of tax expenses and accounting profit

	As at	As at
	March 31, 2020	March 31, 2019
Profit before tax from continuing operation	864.15	2092.38
Income tax expenses calculated at current tax rate	217.49	731.17
Less : Effect of Concession		
(i) Weighted Deduction under section 35 (2AB)	-	41.64
(ii) Donation under section 80G covered under CSR	-	1.55
(iii) Deduction under section 80JJAA	-	0.25
Add : Effect of expenses that are not deductible in determining taxable profit.		
(i) Corporate Social Responsibility Expenditure	10.47	16.81
(ii) Donation under section 80G	1.51	0.44
(iii) Interest to MSMED parties	0.06	0.06
(iv) Interest on Income Tax	-	0.30
(v) Amortisation of land	1.54	1.40
(vi) Preference Dividend	1.53	-
(vi) Effect of change in income tax rate	(98.80)	1.14
Income tax expenses recognised in statement of profit & loss	133.80	707.88

Note: The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act 1961 as introduced by the Taxation Laws (amendment) Bill, 2019. Accordingly, the Company has recognized the tax provision for the year ended March 31, 2020 and re-measured the deferred tax assets/liabilities on the basis of the rates

Notes to the standalone financial statements for the year ended March 31, 2020

prescribed in that section. The full impact of this change has been recognized in the Statement of Profit and Loss. Tax expense for the year ended March 31, 2020 is based on effective revised tax rate which includes onetime net credit of Rs. 98.80 millions on account of re-measurement of deferred tax assets/ liabilities pertaining to previous year.

18. Short term borrowings

(At amortised cost)

	Rs. million	
	As at March 31, 2020	As at March 31, 2019
<u>Secured</u>		
Working capital loans from banks repayable on demand#	176.83	16.24
<u>Unsecured</u>		
Working capital loans from banks	250.00	-
Deposits*	20.94	23.12
Deposits from related parties (refer note 33)*	1.37	-
	449.14	39.36

Working capital loans are secured by way of first pari passu charge on stocks and book debts of the Company and second pari passu charge on all fixed assets of the 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 for maturity period of 1 year.

19. Trade payables

(At amortised cost)

	Rs. million	
	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of micro and small enterprises (refer note 37)	53.09	64.36
- Total outstanding dues of creditors other than micro and small enterprises	2,256.07	2,646.98
	2,309.16	2,711.34

Trade payable includes Rs. 65.61 million (previous year: Rs. 390.88 million) due to related parties (refer note 33)

20. Other financial liabilities

(At amortised cost)

	Rs. million	
	As at March 31, 2020	As at March 31, 2019
Current maturities of long term borrowing (refer note 13)	200.58	501.85
Interest accrued but not due on borrowings	54.68	53.98
Unclaimed dividends*	0.57	0.53
Unclaimed matured deposits and interest accrued thereon*	26.43	16.82
Capital creditors	153.04	113.15
	435.30	686.33

*Not due for transfer to investor education and protection fund

Notes to the standalone financial statements for the year ended March 31, 2020

21. Revenue from operations

	Rs. million	Rs. million
	Year ended March 31, 2020	Year ended March 31, 2019
Sale of products	15,777.93	19,163.02
Other operating revenues		
- sale of scrap	163.81	239.53
- export benefits*	117.41	142.11
- others	8.58	4.37
	16,067.73	19,549.03

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

	Rs. million	Rs. million
	As at March 31, 2020	As at March 31, 2019
Merchandise Exports from India Scheme (MEIS)	73.60	86.20
Duty draw backs	43.81	55.92
	117.41	142.11

22. Other income

	Rs. million	Rs. million
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income		
- Bank deposits	41.99	110.97
- Others	18.44	21.44
Net gain on sale/fair valuation of current investment	28.31	7.75
Liabilities no longer required written back	1.19	-
Profit on disposal of property, plant and equipment	0.19	-
Foreign exchange gain (net)	93.88	40.76
Other non-operating income*	14.39	55.40
	198.39	236.32

* Includes government grant of Rs. nil (previous year Rs. 28.24 million) towards subsidy under Rajasthan Investment Promotion scheme 2010. There are no unfulfilled obligation under the scheme.

23. Cost of material consumed

	Rs. million	Rs. million
	Year ended March 31, 2020	Year ended March 31, 2019
Cost of raw material and components consumed	4,574.94	6,177.75
Cost of packing material consumed	307.71	381.90
	4,882.65	6,559.65

Notes to the standalone financial statements for the year ended March 31, 2020

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

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the end of the year		
Work-in-progress	854.28	1,001.70
Finished goods	912.88	1,156.51
Stock-in-trade	65.33	79.40
	1,832.49	2,237.61
Inventories at the beginning of the year		
Work-in-progress	1,001.70	874.64
Finished goods	1,156.51	915.13
Stock-in-trade	79.40	-
Stock-in-trade acquired under amalgamation	-	75.84
	2,237.61	1,865.61
	405.12	(372.00)

25. Employee benefits expense

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	2,919.11	3,148.85
Contribution to provident and other funds	279.63	264.91
Staff welfare expenses	238.40	278.01
	3,437.14	3,691.77

26. Finance costs

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense	97.29	138.61
Interest expense on lease liabilities (refer note 35)	18.93	-
Dividend on preference shares*	6.06	0.08
Other borrowing costs	1.51	0.50
	123.79	139.19

* Dividend of Rs 2.1/- per share (previous year : Rs 0.0230137 /- per share) on pro-rata basis from the date of allotment. The amount of Rs 6.06 million (previous year: Rs 0.08 million) includes dividend distribution tax of Rs 1.24 millions (previous year: Rs 0.014 million) .

27. Depreciation and amortisation expense

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
- Depreciation on Property , Plant and Equipment (refer note 3)	927.11	890.42
- Amortisation of Intangible Assets (refer note 4)	103.32	52.84
	1,030.43	943.26

Notes to the standalone financial statements for the year ended March 31, 2020

28. Other expenses

	Rs. million	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Stores and spares consumed	1,431.05	1,748.60
Power and fuel	1,156.85	1,362.27
Job work charges	394.48	528.49
Freight expenses	250.16	295.51
Royalty	278.11	341.98
Rent (refer note 35)	33.18	89.00
Rates and taxes	6.56	23.69
Insurance	21.33	18.77
Repair and maintenance		
-Plant and machinery	123.42	146.43
-Buildings	91.87	104.60
-Others	27.81	31.99
Auditor's remuneration (refer note 29)	4.43	4.95
Directors' fees	6.45	5.34
Provision for doubtful debts and advances (net)	26.44	8.76
Loss on sale / retirement of fixed assets (net)	-	14.84
Bad debts and advances written off	1.47	1.06
Corporate social responsibilities expenses	41.61	48.10
Travelling expenses	103.60	133.41
Legal and professional expenses	57.93	64.48
Miscellaneous expenses*	907.30	1,054.23
	4,964.05	6,026.50

*Miscellaneous expense includes political contribution amounting to Rs 5.0 million (previous year : nil) through purchase of Electoral Bond.

29. Payment to auditor

(excluding goods and service tax, as applicable)

	Rs. million	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
As auditor:		
- Audit fee	2.46	2.76
- Limited review	1.20	1.20
- Other services	0.47	0.85
- Reimbursement of expenses	0.30	0.14
	4.43	4.95

30. Earnings per share (EPS)

	Rs. million	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Profit attributable to equity shareholders (Rs. million)	730.35	1,384.50
Weighted average number of equity shares (Nos. million)	22.37	22.37
Earning per share		
- Basic (Rs.)	32.64	61.88
- Diluted (Rs.)	32.64	61.88

Notes to the standalone financial statements for the year ended March 31, 2020

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:-

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Capital expenditure	8.63	78.07
Revenue expenditure	177.90	185.87
	186.53	263.94

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

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Stores and spares consumed	56.55	59.84
Salaries and wages	77.44	75.57
Contribution to provident and other funds	6.41	7.67
Staff welfare expenses	1.27	0.88
Power and fuel	7.62	10.42
Repair and maintenance		
- Plant and Machinery	9.87	11.98
- Buildings	0.59	0.02
Loss on sale/retirement of fixed assets (net)	0.43	0.10
Travelling expenses	2.60	4.84
Miscellaneous expenses	15.12	14.56
	177.90	185.88

32. Employee benefits

The Company has classified the various employee benefits as under :-

i) Defined contribution plans

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

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Employers' contribution to Provident fund	165.22	158.47
Employers' contribution to Superannuation fund	24.36	25.14
Employers' contribution to State insurance fund	30.21	44.52
	219.79	228.13

Notes to the standalone financial statements for the year ended March 31, 2020

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 :

	Year ended March 31, 2020	Rs. million Year ended March 31, 2019
Amount recognized in statement of Profit & Loss A/c		
Current service cost	75.60	73.81
Net Interest cost on defined benefit/ liability	5.35	3.31
Total expense recognised in the Statement of Profit and Loss	80.95	77.12
Actual contribution and benefit payments for the year		
Actual benefit payments	(48.41)	(36.69)
Actual contributions	70.00	45.50
	21.59	8.81
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	1,008.65	961.90
Fair value of plan assets	981.36	891.16
Funded status [Surplus / (Deficit)]	(27.29)	(70.74)
Net asset / (liability) recognised in the Balance Sheet	(27.29)	(70.74)
Change in defined benefit obligations (DBO) during the year		
Present value of defined benefit obligations at beginning of the year	961.90	842.52
Current service cost	75.60	73.81
Interest cost	72.78	64.92
Remeasurement of defined benefit obligations (Actuarial (gains)/ losses)	-	-
- Changes in Demographic assumptions	0.53	-
- Changes in Financial assumptions	2.91	-
- Acquisition adjustment	-	18.01
- Experience Variance	(56.66)	(0.68)
Benefits paid	(48.41)	(36.69)
Present value of DBO at the end of the year	1008.65	961.90
Change in fair value of plan assets during the year		
Plan assets at beginning of the year	891.16	796.96
Expected return on plan assets	67.42	61.61
Contributions	70.00	45.50
- Acquisition adjustment	-	19.69
Actuarial gain / (loss)	-	-
Return on Plan assets excluding amount recognised in net interest expenses	1.19	4.07
Benefits paid	(48.41)	(36.69)
Plan assets at the end of the year	981.36	891.16
Actual return on plan assets	68.62	65.69
Amount recognised in other comprehensive income		
Actuarial (Gains)/ Losses		
- Changes in Demographic assumptions	0.53	0.00
- Changes in Financial assumptions	2.91	0.00
- Experience Variance	(56.66)	(0.68)
(Return)/loss on plan assets, excluding amount recognized in net interest expense	(1.19)	(4.07)
	(54.41)	(4.75)

Notes to the standalone financial statements for the year ended March 31, 2020

Actuarial assumptions for Gratuity	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	6.55%	7.55%
Expected return on plan assets	7.70%	8.00%
Salary escalation	10.00%	11.00%
Attrition	5 /30 %, p.a.	5 /30 %, p.a.
Mortality table used	IAL 2012-14	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.

		Rs. million			
Sensitivity Analysis for significant actuarial assumptions		Year ended March 31, 2020		Year ended March 31, 2019	
Particulars		Impact on Liability		Impact on Liability	
		Increase	Decrease	Increase	Decrease
Discount Rate	+100 basis points		84.99		82.67
	'-100 basis points	98.32		96.11	
Salary Growth Rate	+100 basis points	94.09		92.00	
	'-100 basis points		83.21		80.95
Attrition Rate	+100 basis points		42.69		42.11
	'-100 basis points	58.49		58.01	
Mortality Rate	+100 basis points	0.60		0.64	
	'-100 basis points		0.59		0.63

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 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 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 Company has used certain mortality and attrition assumption in valuation of the liability. The 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 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.

Notes to the standalone financial statements for the year ended March 31, 2020

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 Company. The trust is a separate legal entity and is recognized by the Commissioner of Income Tax, under the provisions of Schedule IV of 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 Life Insurance Co. Under this policy, the eligible employees are entitled to receive gratuity payments upon their resignation or death in lumpsum 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 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 Company is exposed to movement in interest rate.

Effect of plan on Entity's future cash flows

The 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 103.77 million (Rs 147.08 million) Maturity profile of the defined benefit obligation based on weighted average duration is 10 Years.

iii) Compensated Absences

	Rs. million
	Year ended March 31, 2020
	Year ended March 31, 2019
Present value of DBO	387.39
Funded status [Surplus / (Deficit)]	(387.39)
	427.12
	(427.12)

iv) Provident fund

The 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 Company has been higher in earlier years.

Notes to the standalone financial statements for the year ended March 31, 2020

33. 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 Key management personnel

SPR International Auto Exports Limited

Shri Pradeep Dinodia, Chairman
Shri Hari S. Bhartia, Director
Smt Meenakshi Dass, Director
Shri Ravinder Narain, Director upto 09.07.2019
Shri C.Y.Pal, Director upto 09.07.2019
Shri M.Sekimoto, Director upto 26.07.2019
Shri Inderdeep Singh, Director
Shri A.K Taneja, Managing Director & CEO
Shri K.K Srinivasan, Managing Director from 11.02.2020
Shri R. Srinivasan, Jt. Managing Director & Company Secretary
Shri Luv D. Shriram, Whole Time Director

Shri Noritada Okano, Alternate Director to Shri M.Sekimoto upto 09.07.2019
Dr. Peter Neu, Director
Smt. Ferida Chopra, Director
Shri Alok Ranjan, Director

Shri Yukio Tanemura (Director appointed in Casual Vacancy) from 27.07.2019
Shri Kaoru Ito (Alternate Director to Shri Yukio Tanemura) w.e.f 27.07.2019 and (Alternate Director to Shri M. Sekimoto) from 10.07.2019 to 26.07.2019
Shri Kiyoto Tone, Director
Shri Ralf Buschbeck, Alternate Director to Dr. Peter Neu upto 27.03.2020
Shri Sascha Putz has been appointed as Alternate Director to Dr. Peter Neu w.e.f. 29.05.2020

Close members of the family of key management personnel

Shri A.K Taneja

Smt. Anita Taneja
Smt. Anjali Taneja Kothari

Shri Krishnakumar Srinivasan

Smt. Sumati Krishnakumar

Shri R. Srinivasan

Smt. Usha Srinivasan
Smt. R. Vijayalakshmi
Shri. R. Ramaswamy

Shri Luv D. Shriram

Smt. Meenakshi Dass
Shri Arjun D. Shriram
Shri Kush D. Shriram
Smt Nandishi Shriram
Smt. Arati Shriram

Shri Ravinder Narain

Smt. Manju Narain
Smt. Sarika Narain
Smt. Rasika Dayal

Notes to the standalone financial statements for the year ended March 31, 2020

Entity over which , Key management personnel and their Close members of the family has significant influence or control

Shriram Veritech Solutions Pvt. Ltd.
S.R. Dinodia & Co. LLP
Manisha Commercial Pvt. Ltd
Deepak C. Shriram & Sons HUF
Sera Com Pvt. Ltd.
Sarva Commercial Pvt. Ltd.
Charat Ram Shriram Pvt. Ltd.
Shabnam Commercial Pvt. Ltd.
Pradeep Dinodia HUF
NAK Benefit Trust

Post-employment defined benefit plan entity

Shriram Pistons & Rings Ltd Gratuity Fund Trust
Shriram Pistons & Rings Ltd Superannuation Fund Trust
Shriram Pistons & Rings Ltd. Officers' Provident Fund Trust
Shriram Automotive Products Ltd Group Gratuity Scheme

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, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Remuneration										
Short-term employees benefit	84.37*	107.56	-	1.29	-	-	-	-	84.37	108.85
Post- employment benefit	3.60**	3.44	-	0.08	-	-	-	-	3.60	3.52
Other long-term employees benefit	-	0.71	-	0.29	-	-	-	-	-	1.00
Commission to Directors	9.96	22.28	-	-	-	-	-	-	9.96	22.28
Legal Expenses	-	-	-	-	0.90	0.68	-	-	0.90	0.68
Rent	0.20	-	1.09	0.48	6.96	5.95	-	-	8.25	6.43
Interest on deposits	2.37	2.05	3.49	4.66	1.74	-	-	-	7.60	6.71
Directors sitting fees	6.45	5.24	-	-	-	-	-	-	6.45	5.24
Dividend paid	13.75	78.50	1.25	0.04	190.03	27.76	-	-	205.03	106.30
Contribution Paid	-	-	-	-	-	-	124.46	97.24	124.46	97.24
Deposits taken during the year	-	24.18	10.50	28.08	50.00	-	-	-	60.50	52.26
Deposits paid during the year	-	22.50	10.93	45.12	-	-	-	-	10.93	67.62
Purchase of material / stores	-	-	-	-	8.38	8.78	-	-	8.38	8.78
Purchase of components	-	-	-	-	-	-	-	-	-	-
Preference share issued on amalgamation	-	0.00 [#]	-	57.72	-	230.85	-	-	-	288.58
Redemption of Preference Share	0.00 [#]	-	57.72	-	230.85	-	-	-	288.57	-
Cash consideration paid for acquisition on amalgamation	-	0.00 ^{##}	-	22.37	-	89.45	-	-	-	111.82

Notes to the standalone financial statements for the year ended March 31, 2020

* Includes Rs. 4.63 millions pertaining to Mr K.K Srinivasan subject to approval of shareholders.

** Includes Rs. 0.17 millions pertaining to Mr K.K Srinivasan subject to approval of shareholders.

Rs 0.0048 million

Rs 0.0019 million

(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, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Deposits accepted	24.18	24.18	36.34	36.77	50.00	-	-	-	110.52	60.95
Interest accrued but not due	-	1.04	3.69	0.12	-	-	-	-	3.69	1.16
Amount payable	64.99	102.11	0.31	57.78	0.30	230.99	40.59	83.11	106.19	473.99

Note : 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.

34. 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, 2019, 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)	Amount Paid (Rs. Million)
Income Tax Act, 1961	Income tax	Appellate authority up to Commissioners' level	2003-04, 2004-05, 2015-16, 2016-17 & 2017-18	15.60	0.00	15.60
Finance Act, 1994	Service Tax	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2012-13, 2013-14, 2014-15, & 2015-16	15.74	15.23	0.51
Central Sales Tax Act, 1956	Sales Tax	Appellate authority up to Commissioners' level	2014-15, 2015-16 & 2017-18	36.19	35.60	0.59
		Appellate Tribunal	2005-06, 2006-07, 2007-08, 2012-13 & 2014-15	19.79	17.85	1.94
Sales Tax Laws	Sales Tax / Value Added Tax/ Entry Tax	Appellate authority up to Commissioners' level	2011-12, 2014-15, 2015-16 & 2016-17	506.89	442.77	64.12
		Appellate Tribunal	2009-10, 2010-11, 2011-12 & 2012-13	3.05	1.02	2.03

* 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, 2020

- b) 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 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	2013-14 & 2014-15	10.03

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

35. Leases :

Effective April 1, 2019, the Company adopted Ind AS 116, Leases, and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the Right of Use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard has resulted in recognition of 'Right of Use' asset of Rs 319.11 million, and corresponding "lease liability" in respect of Building and reclassification of Land to 'Right of Use' asset of Rs. 429.04 millions.

The changes in the carrying value of right of use assets for the year ended March 31, 2020 are as follows:

Particulars	Rs. In millions	
	Right of Use Asset	
	Land	Buildings
Balance as of April 1, 2019	-	-
Reclassified on account of adoption of Ind AS 116	429.04	-
Additions	-	319.11
Amortisation of Right of use Asset	6.11	49.85
Balance as of March 31, 2020	422.93	269.26

The break-up of current and non-current lease liabilities as of March 31, 2020 is as follows:

Particulars	Rs. In millions	
	Amounts	
Current		44.95
Non-current		236.20
Total		281.15

The movement in lease liabilities during the year ended March 31, 2020 is as follows:

Particulars	Rs. In millions	
	Year ended	
	March 31, 2020	
	Amounts	
Balance at the beginning		-
Additions		319.11
Finance cost accrued during the period		18.93
Payment of lease liabilities		(56.89)
Balance at the end		281.15

Notes to the standalone financial statements for the year ended March 31, 2020

36. Segment reporting

The company 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 customers is given below

	Rs. million	Rs. million
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Domestic Sale	13,128.32	15,905.65
Export Sale	2,649.61	3,257.37
	15,777.93	19,163.02

Revenue from one customer amounts to Rs 1748.73 million (previous year Rs 2207.82 million). No other single customer represents 10% or more to the Company revenue for financial year ended March 31, 2020 and March 31, 2019.

37. 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.

	Rs. million	Rs. million
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Amount remaining unpaid to suppliers under MSMED as at the end of year		
- Principal amount	53.09	64.36
- Interest due thereon	-	-
Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	8.15	40.64
- Interest actually paid under section 16 of MSMED	-	-
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	-	-
Interest accrued and remaining unpaid at the end of the year		
- Interest accrued during the year	0.02	0.17
- Interest remaining unpaid as at the end of the year	0.02	0.17
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961	0.02	0.17

38. Contingent liabilities

	Rs. million	Rs. million
	As at	As at
	March 31, 2020	March 31, 2019
i) Disputed		
- Excise duty	0.00	0.40
- Sales tax	565.92	503.91
- Service tax	15.74	15.28
- Income tax	1.43	1.43

Notes to the standalone financial statements for the year ended March 31, 2020

Rs. million

	As at March 31, 2020	As at March 31, 2019
- Employees' State Insurance	28.83	28.83
- Interim Relief to Workers at Ghaziabad	8.65	8.65

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
iii) Bills discounted from banks	19.23	49.55
iv) Claims not acknowledged as debts	173.93	136.05

39. In view of Supreme Court Judgement in the case of "Regional Provident Fund Commissioner (II) Vs Vivekananda Vidyamandir, West Bengal in relation to non-exclusion of certain allowance from the definition of "Wages" of the relevant employees for the purpose of determining contribution to provident fund under the Employees Provident Fund & Miscellaneous Provisions Act, 1952, the company has obtained legal opinion in the matter which opined that company is required to add the fixed allowances in nature of basic wage for PF contribution. Pending lack of clarity on retrospective implementation of the judgement, the compliance based on the opinion obtained has been made w.e.f from March, 2019 onwards i.e. prospective from the month of Judgement.

40. Commitments

Rs. million

	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	265.55	803.65

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. 9276.75 Millions (previous year Rs. 6804.22 Millions). Customs duty saved against outstanding export obligations is Rs. 134.77 million (previous year Rs. 171.48 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.

41. Fair Value Measurement

- i) The carrying value and fair value of financial instruments by categories as of March 31, 2020 are as under:

(Rs. million)

Particulars	Financial assets/ (financial liabilities) at fair value through profit or loss (FVTPL)	Total carrying value	Total fair value
Financial assets/(financial liabilities)			
Investment in mutual fund	606.76	606.76	606.76
Derivatives instruments*			
- Forward contracts	2.37	2.37	2.37
Total	609.13	609.13	609.13

Notes to the standalone financial statements for the year ended March 31, 2020

The carrying value and fair value of financial instruments by categories as of March 31, 2019 are as under:

(Rs. million)

Particulars	Financial assets/ (financial liabilities) at fair value through profit or loss (FVTPL)	Total carrying value	Total fair value
Financial assets/(financial liabilities)			
Investment in mutual fund	55.07	55.07	55.07
Derivatives instruments*			
- Forward contracts	8.88	8.88	8.88
- Cross currency interest rate swaps	71.35	71.35	71.35
Total	135.30	135.30	135.30

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

ii) Fair value hierarchy

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3.

Level 1 - This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - This level includes financial assets and liabilities, measured using 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 - This level includes financial assets and liabilities, measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2020

(Rs. million)

Particulars	As at March 31, 2019	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Financial assets				
Investment in mutual fund	606.76		606.76	
Foreign currency forward contracts	2.37		2.37	
Total financial assets	609.13	-	609.13	-

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

Notes to the standalone financial statements for the year ended March 31, 2020

Fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2019

(Rs. million)

Particulars	As at March 31, 2019	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Financial assets				
Investment in mutual fund	55.07		55.07	
Foreign currency forward contracts	8.88		8.88	
Derivatives instrument	71.35		71.35	
Total financial assets	135.30	-	135.30	-

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

iii) Financial assets and financial liabilities that are measured at amortised cost are :

(Rs. million)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments in subsidiary	0.50	0.50	0.50	0.50
Trade and other receivables	2,393.09	2,393.09	3558.38	3,558.38
Cash and cash equivalent	959.31	959.31	831.43	831.43
Bank deposit	2.62	2.62	-	-
Interest accrued on bank deposit	23.20	23.20	32.29	32.29
Margin money	1.11	1.11	39.31	39.31
Financial liabilities				
Borrowings*	1,127.43	1,127.43	1,019.61	1,019.61
Preference share capital	-	-	288.58	288.58
Trade payables	2,309.16	2,309.16	2,711.34	2,711.34
Lease Liabilities	281.15	281.15	-	-
Unclaimed dividends	0.57	0.57	0.53	0.53
Unclaimed matured deposits and interest accrued thereon	26.43	26.43	16.82	16.82
Capital creditors	153.04	153.04	113.15	113.15

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

*Includes foreign currency loan where change in fair value is recognised in other comprehensive income.

42. 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 debt equity ratio in order to support business and maximize the shareholders' value.
- Maintain an optimal capital structure.
- Compliance of 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.

Notes to the standalone financial statements for the year ended March 31, 2020

The Company manages its capital structure keeping in view of:

- i) Compliance of financial covenants under the borrowing facilities.
- ii) 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 facility 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.

43. Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise of 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 it derives 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.

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 may be adversely affected as the rupee appreciates/ depreciates against these currencies.

Each percentage point change in the foreign exchange rates has an impact of 0.69% (previous year : 0.46%) on Company's operating margins.

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

(Foreign currency million)

Particulars	Currency	As at March 31, 2020			As at March 31, 2019		
		Total	Hedged	Net	Total	Hedged	Net
Trade Receivables	USD	2.88	0.18	2.70	4.48	0.00	4.48
	EUR	3.28	1.00	2.28	4.80	2.00	2.80
	JPY	2.92	0.00	2.92	5.49		5.49
	GBP	0.09	0.10	-	0.23		0.23
Trade Payables	USD	0.61		0.61	0.10		0.10
	EUR	0.20		0.20	0.40		0.40
	JPY	373.68	142.69	230.99	505.46	70.00	435.46
	GBP	0.00		0.00			0.00
	CNY	0.30		0.30	1.28		1.28
Secured Bank Loans	USD			0.00	4.70	4.70	0.00

Notes to the standalone financial statements for the year ended March 31, 2020

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. The Company uses expected credit loss model to assess the impairment loss and makes an allowance for doubtful debts using expected credit loss model on case to case basis.

Movement in the expected credit loss allowance of financial assets

Particulars	(Rs. million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at beginning of the year	41.76	29.12
Add: Acquisition adjustment	0.00	3.89
Add: Provided during the year	29.68	9.85
Less: Reversal of provision	(1.78)	(0.04)
Less: Amount written off	(1.47)	(1.06)
Balance at the end of the year	68.19	41.76

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.

44. 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 inputs that are directly or indirectly observable in the market place.

Notes to the standalone financial statements for the year ended March 31, 2020

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

(Foreign currency million)

Outstanding Contracts	Currency	As at March 31, 2020	As at March 31, 2019
Not later than one month	USD	0.18	
	EUR	1.00	1.00
	JPY	100.00	70.00
	GBP	0.10	
Later than one month and not later than three months	EUR		1.00
	JPY	42.69	

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 lying in cash flow hedging reserve are expected to occur and reclassified 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.

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:

(Rs. million)

Particulars	As at March 31, 2020	As at March 31, 2019
Assets /(liability)		
Balance at the beginning of the year	6.17	(8.37)
Gain / (Loss) recognised in other comprehensive income during the year	(7.12)	22.30
Tax impact on above	1.79	(7.76)
Balance at the end of the year	0.84	6.17

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

46. 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.

Notes to the standalone financial statements for the year ended March 31, 2020

47. Estimation of Uncertainties relating to the pandemic from COVID 19:

The Company has considered the possible effects that may result from the pandemic relating to COVID 19 on the carrying amount of all assets and liabilities as at March 31' 2020. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the company as at the date of approval of these Financial Statements has used internal and external sources on the expected future performance of the company. The company has performed sensitivity analysis on the assumptions used and based on the estimates, expects the carrying amount of these asset/liabilities will be recovered/ settled and subsequent liquidity is available to fund the business operation for atleast another 12 months. The impact of COVID 19 on the Company's Financial Statements may differ from that estimated at the date of approval of these Financial Statements and would be recognized prospectively.

48. 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
DIN: 00027995

Inderdeep Singh
Director
DIN: 00173538

K.K. Srinivasan
Managing Director
DIN : 00692717

A.K. Taneja
Managing Director & CEO
DIN : 00124814

R. Srinivasan
Jt. Managing Director & Company Secretary
DIN : 00124760

Vinod Raheja
Dy. Executive Director & CFO

Place: New Delhi
Date: June 25, 2020

Luv D. Shriram
Whole - Time Director
DIN: 00051065

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHRIRAM PISTONS & RINGS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of **Shriram Pistons & Rings Limited** ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2020, 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 ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, consolidated profit/loss, consolidated total comprehensive income/loss, consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibility for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
<p>Revenue recognition with respect to occurrence and cut-off:</p> <p>Revenue from contracts with customers for the year ended March 31, 2020 is Rs. 16067.73 million.</p> <p>Revenue from sale of products or services is rendered upon transfer of control to customers. There is an inherent risk of occurrence and cut off due to inappropriate revenue recognition that do not relate to valid sales / shipments and if deliveries are recorded in the wrong accounting period.</p> <p>There are management estimates around appropriateness of revenue recognition and reversals for biases that could result in material misstatement, hence this is considered as a key audit matter.</p> <p>(Refer to Note 21 to the consolidated financial statements)</p>	<p>Principal audit procedures performed:</p> <p>We understood and evaluated the Company's process for recognising revenue and compared that to the Company's accounting policy to ensure consistency.</p> <p>We tested the effectiveness of controls over:</p> <ul style="list-style-type: none"> Recording of revenue transactions in correct period; Recording of revenue in line with underlying contracts/agreements and evidencing with relevant proof of delivery; <p>For a sample of transactions, we performed the following procedures:</p> <ul style="list-style-type: none"> analyzing the terms of the contract to determine that the Company had fulfilled the requirements of the contract; confirming revenue could be reliably measured by reference to underlying documentation; and confirming collectability of the revenue was reasonably assured by agreeing to collection history.

	<p>At the year end, we have performed the cut off testing for both late and early cut off to test that the revenue is recorded in the appropriate period. We have identified the range of delivery period between 1 to 8 days in which sales is recognized and traced to proof of delivery (POD). We performed analytical procedures supported with corroborative inquiry.</p> <p>We involved our IT specialists to test IT general controls and application specific controls surrounding billing and recording, including testing of system generated reports used in our audit.</p>
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Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to the Board's Report and Business Responsibility Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. 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; 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Holding Company, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

Due to COVID-19 related lockdown, we were not able to observe / participate in the physical verification of inventory and performed alternative procedures for two plants that was carried out by management subsequent to the year end. We have performed alternate procedures to audit the existence of inventory as per guidance provided in SA 501 "Audit Evidence – Specific Considerations for Selected Items", which includes inspection of supporting documents relating to purchases, production, sales and results of count performed by management during the year and such other third party evidences where applicable have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Financial Results.

Our report is not modified in respect of this matter.

We did not audit the financial statements of viz., SPR International Auto Exports Limited whose financial statements reflect total assets of Rs. 5.40 Lacs as at 31st March 2020 and total revenue of Rs. 0.36 Lacs and net cash inflows amounting to Rs. 0.23 Lacs

for the year ended on that date, in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management, and our opinion in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors

Our opinion on the consolidated 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 report of the other auditor.

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 the subsidiary company, 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 financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- (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 financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditor of its subsidiary company, none of the directors of the Group companies is disqualified as on 31st March 2020 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 subsidiary company, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent/ Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 38 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts. Refer Note 45 to the consolidated financial statements.
 - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company. Refer Note 46 to the consolidated financial statements.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 015125N)
Vijay Agarwal
(Partner)
(Membership No. 094468)
(UDIN: 20094468AAAADY9994)

Place: Gurugram

Date: June 25, 2020

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, 2020, we have audited the internal financial controls over financial reporting of **Shriram Pistons & Rings Limited** (hereinafter referred to as “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 the internal control over financial reporting criteria established by the respective Companies 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 of the Holding Company and its subsidiary company, which is a company incorporated in India, 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 auditor of the subsidiary company, which is a company incorporated in India, in terms of their report 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 of the Holding Company and its subsidiary company, which is a company incorporated in India.

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 and based on the consideration of the report of the other auditor referred to in the Other Matters paragraph below, the Holding Company and its subsidiary company, which is 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, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies 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 company incorporated in India, is based solely on the corresponding reports of the auditors 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)

Place: Gurugram
Date: June 25, 2020

Vijay Agarwal
(Partner)
(Membership No. 094468)
(UDIN: 20094468AAAADY9994)

Consolidated Balance Sheet as at March 31, 2020

		Rs. million	
	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
a) Property, plant and equipment	3	6,440.36	5,843.14
b) Capital work-in-progress		191.63	164.76
c) Goodwill	4	14.85	14.85
d) Other Intangible assets	4	958.82	268.83
e) Intangible assets under development		-	1.77
f) Financial assets			
(i) Other financial assets	6	3.73	39.31
g) Other non-current assets	8	761.25	1,045.92
		8,370.64	7,378.58
Current assets			
a) Inventories	9	2,907.81	3,471.37
b) Financial assets			
(i) Investments	5	606.77	55.07
(ii) Trade receivables	10	2,393.09	3,558.38
(iii) Cash and cash equivalents	11	246.77	22.28
(iv) Other bank balances other than (iii) above	11	712.54	809.15
(v) Other financial assets	6	25.59	112.52
c) Current tax assets (net)	7	27.15	-
d) Other current assets	8	292.26	276.78
		7,211.98	8,305.55
TOTAL ASSETS		15,582.62	15,684.13
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	12	223.75	223.75
b) Other equity		10,481.32	10,040.85
		10,705.07	10,264.60
Liabilities			
Non-current liabilities			
a) Financial liabilities			
(i) Borrowings	13	423.03	424.42
(ii) Non convertible preference share capital	14	-	288.58
(iii) Lease liabilities	35	236.20	-
b) Provisions	15	316.75	346.83
c) Deferred tax liabilities (net)	17	201.62	319.40
d) Other non-current liabilities	16	0.68	28.26
		1,178.28	1,407.49
Current liabilities			
a) Financial liabilities			
(i) Borrowings	18	449.14	39.36
(ii) Lease liabilities	35	44.95	-
(iii) Trade payables	19		
- Total outstanding dues of micro and small enterprises		53.09	64.36
- Total outstanding dues of creditors other than micro and small enterprises		2,256.07	2,646.98
(iv) Other financial liabilities	20	435.30	686.33
b) Other Current Liabilities	16	381.77	435.81
c) Provisions	15	78.95	91.63
d) Current tax liabilities (net)	7	-	47.57
		3,699.27	4,012.04
TOTAL EQUITY AND LIABILITIES		15,582.62	15,684.13

See accompanying notes to the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

(Firm's Registration No. 015125N)

Vijay Agarwal

Partner

(Membership No. 094468)

Vinod Raheja
Dy. Executive Director & CFO

For and on behalf of the Board of Directors

Pradeep Dinodia

Chairman

DIN: 00027995

K.K. Srinivasan

Managing Director

DIN : 00692717

Inderdeep Singh

Director

DIN: 00173538

A.K. Taneja

Managing Director & CEO

DIN : 00124814

R. Srinivasan

Jt. Managing Director & Company Secretary

DIN : 00124760

Luv D. Shriram

Whole - Time Director

DIN: 00051065

Place: New Delhi

Date: June 25, 2020

Place: Gurugram

Date: June 25, 2020

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

		Rs. million	
	Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
I Revenue from operations	21	16,067.73	19,549.03
II Other income	22	198.43	236.35
III Total income (I+II)		16,266.16	19,785.38
IV Expenses			
Cost of materials consumed	23	4,882.65	6,559.65
Purchase of stock-in-trade		558.79	704.60
(Increase) / Decrease in inventories of finished goods, work-in-progress and stock-in-trade	24	405.12	(372.00)
Employee benefit expenses	25	3,437.14	3,691.77
Finance costs	26	123.79	139.19
Depreciation and amortisation expense	27	1,030.43	943.26
Other expenses	28	4,964.07	6,026.52
Total expenses		15,401.99	17,692.99
V Profit before tax (III-IV)		864.17	2,092.39
VI Tax expense:			
i) Current tax	17	263.48	713.84
ii) Deferred tax - Current year	17	(30.88)	(5.96)
ii) Deferred tax - Previous year	17	(98.80)	-
		133.80	707.88
VII Profit for the year (V-VI)		730.37	1,384.51
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		54.41	4.75
(ii) Income tax relating to items that will not be reclassified to profit or loss		(13.70)	(1.66)
B (i) Items that will be reclassified to profit or loss			
a) Fair value change of cash flow hedge		(7.12)	22.30
(ii) Income tax relating to items that will be reclassified to profit or loss		1.79	(7.76)
Total other comprehensive income		35.38	17.63
Total Comprehensive income (VII+VIII)		765.75	1,402.14
Earnings per share (of Rs. 10/- each)	30		
Basic (Rs)		32.64	61.88
Diluted (Rs)		32.64	61.88
See accompanying notes to the consolidated financial statements	1-49		

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 015125N)

Vijay Agarwal
Partner
(Membership No. 094468)

Place: Gurugram
Date: June 25, 2020

For and on behalf of the Board of Directors

Pradeep Dinodia
Chairman
DIN: 00027995

K.K. Srinivasan
Managing Director
DIN : 00692717

Inderdeep Singh
Director
DIN: 00173538

A.K. Taneja
Managing Director & CEO
DIN : 00124814

R. Srinivasan
Jt. Managing Director & Company Secretary
DIN : 00124760

Luv D. Shriram
Whole - Time Director
DIN: 00051065

Place: New Delhi
Date: June 25, 2020

Vinod Raheja
Dy. Executive Director & CFO

Consolidated Cash flow statement for the year ended March 31, 2020

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from Operating Activities		
Profit for the year	730.37	1,384.51
Adjustments for :		
Tax expenses recognised in statement of profit and loss	133.802	707.88
Depreciation/amortisation	1,030.431	943.26
Finance costs	123.790	139.19
Bad debts/advances written off	1.469	1.06
Provision for doubtful debts (net)	26.435	8.76
Interest income	(60.463)	(132.44)
Net gain on sale/ fair valuation of current investment	(28.314)	(7.75)
Unrealised exchange rate variation (net)	(18.902)	(5.29)
Profit/loss on sale / retirement of property, plant and equipment	(0.194)	14.84
Fair value change in Cash flow hedges (net of tax)	(5.331)	14.54
Remeasurement of post employment defined benefit plans (net of tax)	40.714	3.09
Operating profit before working capital changes	1,973.82	3,071.65
Adjustments for:		
Inventories	563.55	(660.99)
Trade receivables	1,166.75	(366.23)
Loans and other financial assets (current and non current)	96.29	186.28
Other assets (current and non current)	(74.80)	(179.02)
Trade payables	(413.24)	98.18
Other financial liabilities (current and non current)	(2.78)	71.23
Other Liabilities and Provisions (current and non current)	(3.72)	35.85
Cash Generated from operations	3,305.87	2,256.95
Income tax paid	(338.20)	(688.60)
Net cash from operating activities	(A) 2,967.67	1,568.35
B. Cash Flow from Investing Activities		
Interest received	51.08	119.97
Sale of tangible assets	19.06	24.22
Payment for cash consideration under amalgamation	-	(111.82)
Purchase of tangible assets	(1,680.24)	(1,479.31)
Purchase of intangible assets	(45.16)	(294.56)
Purchase of Current Investment	(13,523.46)	(5,532.22)
Proceeds from sale of Current Investment	13,000.08	5,685.26
Increase/(Decrease) in margin money with banks	38.20	(29.69)
Increase / (Decrease) in Deposits more than 12 months	(2.62)	39.60
Net cash (used) in investing activities	(B) (2,143.06)	(1,578.55)

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
C. Cash Flow from Financing Activities		
Repayment of lease liability	(75.81)	-
Interest paid	(117.03)	(164.15)
Dividend on preference share	(6.06)	(0.08)
Dividend and dividend distribution tax	(324.94)	(269.74)
Issue of preference shares	(288.58)	288.58
Repayment of long term borrowings	(325.00)	(444.00)
Proceeds from deposits	238.33	277.35
Payment of deposits	(208.23)	(298.53)
Net cash from/(used) in financing activities	(C) (1,107.32)	(610.57)
Net Increase/(Decrease) in cash and cash equivalents	(A+B+C) (282.71)	(620.77)
Cash and cash equivalents at the beginning of the year	815.19	1,431.93
Add: Cash and cash equivalents acquired on amalgamation	-	4.03
Cash and cash equivalents at the end of the year	532.48	815.19
Components of cash and cash equivalents		
Cash in hand	0.85	1.96
Balances with banks		
- current accounts	42.68	17.80
- Other bank balances	915.78	811.68
Working Capital loan from banks (Secured / Unsecured)	(426.83)	(16.25)
	532.48	815.19

Note:

1. 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
(Firm's Registration No. 015125N)

Vijay Agarwal
Partner
(Membership No. 094468)

Vinod Raheja
Dy. Executive Director & CFO

For and on behalf of the Board of Directors

Pradeep Dinodia
Chairman
DIN: 00027995

Inderdeep Singh
Director
DIN: 00173538

K.K. Srinivasan
Managing Director
DIN : 00692717

A.K. Taneja
Managing Director & CEO
DIN : 00124814

R. Srinivasan
Jt. Managing Director & Company Secretary
DIN : 00124760

Luv D. Shriram
Whole - Time Director
DIN: 00051065

Place: Gurugram
Date: June 25, 2020

Place: New Delhi
Date: June 25, 2020

Consolidated Statement of Change in Equity as at March 31, 2020

(a) Fully paid up equity shares

(face value of Rs 10/- each)

	Nos of shares in Million	Rs. million
Balance as at March 31, 2019	22.37	223.75
Changes during the year	-	-
Balance as at March 31, 2020 (refer note 12)	22.37	223.75

(b) Other Equity

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 as at March 31, 2018	100.00	98.16	794.91	7,924.23	8,917.30	(8.37)	8,908.93
Profit for the year		(0.48)	1,384.51		1,384.03	-	1,384.03
Dividends (including corporate dividend tax)			(269.74)		(269.74)	-	(269.74)
Other comprehensive income for the year, net of tax			3.09		3.09	14.54	17.63
Transfer to General reserve			(612.77)	612.77	-	-	-
Balance as at March 31, 2019	100.00	97.68	1,300.00	8,537.00	10,034.68	6.17	10,040.85
Profit for the year		(0.35)	730.37		730.02	-	730.02
Transfer to Preference Shares redemption reserve	288.58		(288.58)		-		-
Dividends (including corporate dividend tax)			(324.94)		(324.94)	-	(324.94)
Other comprehensive income for the year, net of tax			40.72	-	40.72	-	40.72
Transfer to General reserve			(157.57)	157.57	-	(5.33)	(5.33)
Balance as at March 31, 2020	388.58	97.33	1,300.00	8,694.57	10,480.48	0.84	10,481.32

* 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
(Firm's Registration No. 015125N)

Vijay Agarwal
Partner
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Vinod Raheja
Dy. Executive Director & CFO

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Whole - Time Director
DIN: 00051065

Place: New Delhi
Date: June 25, 2020

Notes to the consolidated financial statements for the year ended March 31, 2020

1. Corporate information

Shriram Pistons and Rings Limited., 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 issuance by the Company's Board of Directors on June 25, 2020.

1.1 Statement of Compliance

The consolidated financial statements include the financial statements of Shriram Pistons & Rings Ltd. ("the Parent Company"), and SPR International Auto Exports Ltd. ("the subsidiary Company"), 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 to comply with the Indian Accounting Standard (Ind AS) notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016 and Companies (Indian Accounting Standards) Amendment Rules, 2017 issued by the Ministry of Corporate Affairs ('MCA').

2. Significant accounting policies

2.1.1 Basis of accounting and preparation of financial statements

The Consolidated financial statements ("financial statements") have been prepared to comply with the Indian Accounting Standard (Ind AS) notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016 and Companies (Indian Accounting Standards) Amendment Rules, 2017 issued by the Ministry of Corporate Affairs ('MCA').

The financial statements have been prepared under historical cost convention on accrual and going concern basis, except for the certain financial instruments which have been measured at fair value as required by relevant Ind ASs.

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.

2.1.2 Fair Value measurement

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 is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, 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 : This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : This level includes financial assets and liabilities, measured using 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 : This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes to the consolidated financial statements for the year ended March 31, 2020

2.1.3 Basis of consolidation

The consolidated financial statements of the Parent Company and its wholly owned subsidiary, M/s SPR International Auto Exports Limited., have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and 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 Parent Company's separate financial statements.

The consolidated financial statements incorporate the financial statements of the Parent Company and entities (including structured entities) controlled by the Parent Company and its subsidiaries. Control is achieved when the Parent 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 Parent 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 Parent 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 Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Parent 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 Parent Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Parent 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 Parent Company obtains control over the subsidiary and ceases when the Parent 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 Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent 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 subsidiary 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.

2.1.4 Operating Cycle

Based on the nature of products/ activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes to the consolidated financial statements for the year ended March 31, 2020

2.2. Use of estimates

The preparation of the financial statements is in conformity with Indian Accounting Standards (Ind AS) and 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

Ind AS 115, 'Revenue from Contracts with Customers' is applicable with effect from April 1, 2018. Based on the evaluation of existing contracts, the effect on transition to Ind AS 115 is insignificant.

Revenue from the sale of products or services is recognized upon transfer of control to customers. Revenue is measured at the amount of consideration which the Group expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example, taxes and duties collected on behalf of the government). A receivable is recognized upon satisfaction of performance obligations as per the Contracts.

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.

2.4. 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 cost (net of cenvat /Input Tax Credits 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.

2.5.2. Intangible assets

Intangible assets are recognised when it is probable that future economic benefits attributed to the asset will flow to the entity and the cost of the asset can be reliably measured.

Intangible assets held for use in production or supply of goods and services, or for administrative purpose, are stated at cost (net of cenvat /Input Tax Credits 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.

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.

2.5.4. Leases

Lessee Accounting

Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid.

Notes to the consolidated financial statements for the year ended March 31, 2020

Right of use asset is recognised and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of the restoration costs and any initial direct costs incurred by the lessee. Right of use asset is amortised over the lease term.

The lease liability is measured in subsequent periods using the effective interest rate method. The right-of-use asset is depreciated in accordance with the requirements in Ind AS 16, Property, Plant and equipment.

Recognition and measurement exemption is available for low-value assets and short term leases. Assets of low value include IT equipment or office furniture. No monetary threshold has been defined for low-value assets. Short-term leases are defined as leases with a lease term of 12 months or less.

The Group chooses to apply any one of the exemptions, payments are recognised on a straight-line basis or another systematic basis that is more representative of the pattern of the lessee's benefit.

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 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
Road	- twenty years
Bore well	- fifteen years
Vehicle	- five years
Furniture and Fixture / Office Equipment	- five years

All intangible assets are amortised on straight-line method over their estimated useful life as under.

Computer Software	- three years
Product Design	- three years
Right of Use Assets	- fifteen years
Trademarks acquired on acquisition	- ten years
Customer Contracts acquired on acquisition	- ten years

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

Depreciation on assets acquired/sold/discarded during the year is charged on pro-rata basis except for Furniture, Fixtures and Equipments where full year's depreciation is computed in the year of acquisition and no depreciation is provided in the year of sale.

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.

Notes to the consolidated financial statements for the year ended March 31, 2020

2.7. 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 purchases or sales of financial assets are accounted for at trade date basis. Regular way purchases or sales are purchase or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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 permanent 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 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, 2020

(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 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 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 related forward contract related as the hedging instruments.

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 44.

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/Stock-in-trade - at lower of cost 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 consolidated financial statements for the year ended March 31, 2020

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.

Advance received or paid in foreign currency are recognised at the exchange rate on the date of transaction and 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/Group's 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 post employment employee 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's scheme. Employees are entitled to accumulate leaves subject to certain limit as per Group's 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.

Notes to the consolidated financial statements for the year ended March 31, 2020

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.

2.12. 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. Taxes on income

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized:

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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.

2.14. 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.

2.15. 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, 2020

2.16. Impairment of assets

The carrying values of Property, plant and equipments and Intangible assets or cash generating units are reviewed at each Balance sheet date 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.

2.17. 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.

2.18. 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.

Notes to the consolidated financial statements for the year ended March 31, 2020

3. Property, plant & equipment

	Rs. million						
Particulars	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Dies	Total
Year ended 31 March 2019							
Gross carrying amount							
Opening gross carrying amount	1,318.31	6,300.10	32.92	114.58	111.94	83.50	7,961.35
Additions	123.57	985.68	12.46	48.61	31.30	37.26	1,238.88
Acquired on amalgamation	5.81	1.56	3.72	11.10	3.71	0.86	26.76
Disposals	28.34	18.27	1.79	31.15	5.53	10.17	95.25
Closing gross carrying amount as at March 31, 2019	1,419.35	7,269.07	47.31	143.14	141.42	111.45	9,131.74
Accumulated depreciation and impairment							
Opening accumulated depreciation and impairment	170.19	2,138.08	19.01	27.96	65.65	28.51	2,449.40
Depreciation charged during the year	58.73	719.90	13.24	36.78	32.48	29.29	890.42
Impairment Loss	-	-	-	-	-	-	-
Disposals	0.13	11.12	1.08	25.92	3.97	9.00	51.22
Closing accumulated depreciation and impairment as at March 31, 2019	228.79	2,846.86	31.17	38.82	94.16	48.80	3,288.60
Net carrying amount as at March 31, 2019	1,190.56	4,422.21	16.14	104.32	47.26	62.65	5,843.14
Year ended 31 March 2020							
Gross carrying amount							
Opening gross carrying amount	1,419.35	7,269.07	47.31	143.14	141.42	111.45	9,131.74
Additions	174.73	1,280.04	8.65	25.37	28.28	23.69	1,540.76
Acquired on amalgamation	-	-	-	-	-	-	-
Disposals	-	18.88	1.75	27.84	9.77	3.84	62.08
Closing gross carrying amount as at March 31, 2020	1,594.08	8,530.23	54.21	140.67	159.93	131.30	10,610.42
Accumulated depreciation and impairment							
Opening accumulated depreciation and impairment	228.79	2,846.86	31.17	38.82	94.16	48.80	3,288.60
Depreciation charged during the year	62.45	763.54	9.99	32.43	28.72	29.98	927.11
Impairment Loss	-	-	-	-	-	-	-
Disposals	-	12.73	0.86	21.55	7.08	3.43	45.65
Closing accumulated depreciation and impairment as at March 31, 2020	291.24	3,597.67	40.30	49.70	115.80	75.35	4,170.06
Net carrying amount as at March 31, 2020	1,302.84	4,932.56	13.91	90.97	44.13	55.95	6,440.36

The above assets are pledged as security against borrowings, refer note no 13 (i) and (ii) and note no. 18.

Notes to the consolidated financial statements for the year ended March 31, 2020

4. Intangible assets

								Rs. million
Particulars	Computer software	Product design and development	Right of use assets - other than leases	Right of use assets - Leases	Good -will	Customer contracts	Trademarks	Total
Year ended 31 March 2019								
Gross carrying amount								
Opening gross carrying amount	54.87	58.38	-	-	-	-	-	113.25
Additions	9.20	4.21	48.16	-	-	-	-	61.57
Acquired on amalgamation	-	-	-	-	14.85	114.36	103.78	232.99
Disposals	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2019	64.07	62.59	48.16	-	14.85	114.36	103.78	407.81
Accumulated amortization and impairment								
Opening accumulated depreciation and impairment	34.70	36.59	-	-	-	-	-	71.29
Depreciation charged during the year	14.51	15.69	0.83	-	-	11.43	10.38	52.84
Impairment Loss	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing accumulated depreciation and impairment as at March 31, 2019	49.21	52.28	0.83	-	-	11.43	10.38	124.13
Net carrying amount as at March 31, 2019	14.86	10.31	47.33	-	14.85	102.93	93.40	283.68
Year ended 31 March 2020								
Gross carrying amount								
Opening gross carrying amount	64.07	62.59	48.16	-	14.85	114.36	103.78	407.81
Additions	7.73	-	37.43	-	-	-	-	45.16
Recognition of Right of use on adoption of Ind AS 116 (refer note 35)	-	-	-	319.11	-	-	-	319.11
Reclassification to Right of use on adoption of Ind AS 116 (refer note 35)	-	-	-	429.04	-	-	-	429.04
Acquired on amalgamation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2020	71.80	62.59	85.59	748.15	14.85	114.36	103.78	1,201.12
Accumulated amortization and impairment								
Opening accumulated depreciation and impairment	49.21	52.28	0.83	-	-	11.43	10.38	124.13
Depreciation charged during the year	15.77	8.91	0.86	55.96	-	11.44	10.38	103.32
Impairment Loss	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing accumulated depreciation and Impairment as at March 31, 2020	64.98	61.19	1.69	55.96	-	22.87	20.76	227.45
Net carrying amount as at March 31, 2020	6.82	1.40	83.90	692.19	14.85	91.49	83.02	973.67

Notes to the consolidated financial statements for the year ended March 31, 2020

Net Book Value	Rs. million	
Particulars	As at 31.03.2020	As at 31.03.2019
Goodwill	14.85	14.85
Intangible Assets	958.82	268.83
Total	973.67	283.68

Goodwill represents goodwill arising on amalgamation of Shriram Automotive Product Limited. Goodwill is tested for impairment on annual basis and wherever there is an indication that the recoverable amount is less than its carrying amount based on a number of factors including in business plan, operating results, future cash flows and economic conditions. The recoverable amount is determined based on higher of value in use and fair value less cost to sell. The Group generally uses discounted cash flows method to determine the recoverable amount. These discounted cash flow Calculation are based on financial forecasts. Cash flow projections take into account past experience and represent management's best estimate about future developments.

5. Investments

	As at March 31, 2020	As at March 31, 2019
Current Investment (Unquoted)		
Carried at fair value through Statement of Profit and loss		
Investment in Mutual fund (Liquid fund) Units of Face value of Rs 1000 each		
- Nil units (Previous year: 54909) of Axis overnight Fund direct Growth	-	55.07
- 96496 units (Previous year: Nil) of HDFC overnight fund direct Growth	286.52	-
- 117130 units (Previous year: Nil) of UTI overnight fund direct Growth	320.25	-
	606.77	55.07
Aggregate value of unquoted investments	606.77	55.07

6. Other Financial Assets

(At amortised cost excluding derivative instrument)

	As at March 31, 2020		As at March 31, 2019	
	Current	Non current	Current	Non current
Bank Deposit more than 12 months	-	2.62	-	-
Interest accrued on deposits	23.22	-	32.29	-
Derivative instrument (refer note 41)	2.37	-	80.23	-
Margin money	-	1.11	-	39.31
	25.59	3.73	112.52	39.31

7. Tax assets/ (liabilities) net

	As at March 31, 2020	As at March 31, 2019
Advance income tax	290.63	666.27
less: Provision for income tax	(263.48)	(713.84)
Net	27.15	(47.57)

Notes to the consolidated financial statements for the year ended March 31, 2020

8. Other assets

(Unsecured, considered good unless stated otherwise)

	Rs. million	
	As at March 31, 2020	As at March 31, 2019
	Current	Non current
Capital advances	-	344.43
Advances other than capital advances		
Advances recoverable in cash or in kind or for value to be received Unsecured, considered good	82.33	-
Doubtful	10.52	11.11
	92.85	131.08
Provision for doubtful advances	(10.52)	(11.11)
	82.33	119.97
Export incentive receivable	75.42	50.85
Unsecured, considered good		
Provision for doubtful	(2.69)	(1.04)
	72.73	57.99
Balance with government authorities		
- Goods and service tax	54.87	-
Prepaid expenses	66.16	-
Security deposits	3.16	188.09
Prepayment land leases* (refer note 35)	-	-
Other assets	16.84	177.88
Unsecured, considered good		
Provision for doubtful	(3.83)	(3.83)
	137.20	755.11
	292.26	1,045.92

* Prepayment of land leases represents net value of leasehold land

9. Inventories

(valued at lower of cost or net realisable value)

	Rs. million	
	As at March 31, 2020	As at March 31, 2019
Raw material and components	663.92	748.16
(includes in transit Rs. 17.87 million (previous year: Rs. 2.52 million))		
Work-in-progress	854.28	1,001.70
(includes in transit Rs. 2.32 million (previous year: Rs. 0.68 million))		
Finished goods	912.88	1,156.51
(includes in transit Rs. 48.00 million (previous year: Rs.61.94 million))		
Stock- in - trade	65.32	79.40
(includes in transit Rs. 5.13 million (previous year: Rs.Nil))		
Stores and spares	345.84	385.54
(includes in transit Rs. 1.34 million (previous year: Rs Nil))		
Loose tools	65.57	100.06
	2,907.81	3,471.37

The inventories are hypothecated as security against borrowings, refer note no 13 (i) and (ii) and note no 18

Notes to the consolidated financial statements for the year ended March 31, 2020

10. Trade receivables

(Unsecured, considered good unless stated otherwise)

(At amortised cost)

	As at March 31, 2020	Rs. million As at March 31, 2019
Current		
Considered good*	2,393.09	3,558.38
Credit impaired	51.17	25.78
	<u>2,444.26</u>	<u>3,584.16</u>
Impairment of trade receivables	(51.17)	(25.78)
	<u>2,393.09</u>	<u>3,558.38</u>

* There is no trade receivable which have significant increase in credit risk.

11. Cash and cash equivalents and other bank balances

(At amortised cost)

	As at March 31, 2020		As at March 31, 2019	
	Current	Non current	Current	Non current
i) Cash and cash equivalents				
Cash on hand	0.85	-	1.96	-
Balances with banks				
- Deposits with banks , with original maturity less than 3 months	203.24		2.52	
- current accounts	42.68	-	17.80	-
	<u>246.77</u>	<u>-</u>	<u>22.28</u>	<u>-</u>
ii) Other bank balances				
- Unclaimed dividend account	0.57	-	0.53	-
- Deposits with banks , with original maturity more than 3 months	596.05	2.63	700.65	-
- Deposits with banks held as margin money	115.92	1.11	107.97	39.31
	<u>712.54</u>	<u>3.74</u>	<u>809.15</u>	<u>39.31</u>
	<u>959.31</u>	<u>3.74</u>	<u>831.43</u>	<u>39.31</u>
Less : Amounts disclosed under other financial assets (refer note 6)	-	(3.74)	-	(39.31)
	<u>959.31</u>	<u>-</u>	<u>831.43</u>	<u>-</u>

Notes to the consolidated financial statements for the year ended March 31, 2020

12. Equity share capital

	Rs. million	
	As at March 31, 2020	As at March 31, 2019
Authorised Shares*		
52,500,000 (previous year 52,500,000) equity shares of Rs. 10 each	525.00	525.00
	525.00	525.00
a. Issued, subscribed and fully paid up shares		
22,374,912 (previous year 22,374,912) equity shares of Rs. 10 each	223.75	223.75
	223.75	223.75

* Represents authorised share capital as per scheme of amalgamation approved by Hon'ble National Company Law Tribunal ("NCLT"), Delhi Bench dated 05.03.2019. The Parent Company has made requisite filing with Ministry of Corporate affairs on 29.03.2019.

b. 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. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Parent Company after distribution of all preferential amount, in proportion to their shareholding.

c. Reconciliation of numbers of share outstanding at the beginning and at the end of reporting year

	As at March 31, 2020		As at March 31, 2018	
	No. of shares	Rs. million	No. of shares	Rs. million
Opening balance	22,374,912	223.75	22,374,912	223.75
Issued during the year	-	-	-	-
Closing balance	22,374,912	223.75	22,374,912	223.75

d. Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2019		As at March 31, 2018	
	No. in million	% shareholding	No. in million	% shareholding
Equity shares of Rs. 10 each fully paid				
Riken Corporation	4.69	20.97	4.69	20.97
KS Kolbenschmidt GmbH	4.47	20.00	4.47	20.00
Luv D. Shriram and Meenakshi Dass*	3.33	14.91	3.33	14.91
Meenakshi Dass and Luv D. Shriram *	3.33	14.91	3.33	14.91
National Insurance Company Limited	1.43	6.38	1.43	6.38
Meenakshi Dass	1.15	5.12	1.15	5.12

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

Notes to the consolidated financial statements for the year ended March 31, 2020

13. Borrowings

(At amortised cost)

	As at March 31, 2020		As at March 31, 2019	
	Current	Non current	Current	Non current
Secured				
Term loans from banks	-	-	325.01	-
Unsecured				
Deposits	175.37	339.09	165.91	374.40
Deposits from related parties (refer note 33)	25.21	83.94	10.93	50.02
	200.58	423.03	501.85	424.42
Less : Current maturities of long term debt (refer note 20)	(200.58)	-	(501.85)	-
	-	423.03	-	424.42

- (i) Term loans from banks of Rs. nil (previous year: Rs. 325.01 million) are secured by way of first pari passu charge and mortgage on all present and future immovable & movable fixed assets and hypothecation of all movable current assets of the Group, present and future subject to prior charge created and/or to be created in favour of the Group's working capital bankers on the Group's stocks and book debts.

Amount outstanding		Repayment period from origination (years)	Installments outstanding		Effective rate of Interest per annum %	
As at March 31, 2020 (Rs. million)	As at March 31, 2019 (Rs. million)		As at March 31, 2020 No.	As at March 31, 2020 Periodicity	As at March 31, 2020	As at March 31, 2019
-	325.01	7	-	-	-	8.77
-	325.01					

- (ii) 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.

Amount outstanding		Repayment period from origination (years)	Rate of Interest per annum %	
As at March 31, 2020 (Rs. million)	As at March 31, 2019 (Rs. million)		As at March 31, 2020	As at March 31, 2019
46.36	49.65	2	8.50-10.00	8.50 - 11.00
577.25	551.61	3		
623.61	601.26			

14. Preference share capital

	As at March 31, 2019	As at March 31, 2018
Authorised Shares		
3,000,000 (previous year 3,000,000) preference shares of Rs. 100 each	300.00	300.00
	300.00	300.00

Notes to the consolidated financial statements for the year ended March 31, 2020

		Rs. million	
		As at March 31, 2020	As at March 31, 2019
		Current	Non current
a. Issued, subscribed and fully paid up shares			
28,85,760, 4.2% fully paid up non-participating, redeemable, non-convertible cumulative preference shares of Rs 100 each		-	-
		-	288.58
		-	288.58

b. Terms & Right attached to Preference Share Capital

The Parent Company has issued 28,85,760, 4.2% fully paid up non-participating, redeemable, non-convertible cumulative Preference Shares, having a par value of Rs. 100 per Preference Share to shareholders of Shriram Automotive Products limited pursuant to the scheme of amalgamation.

The Preference Share are redeemable at par on expiry of 5 years from the date of allotment i.e 30th March 2019. The Company has option to redeem these preference shares at par on expiry of 6 months from the date of allotment or 30.06.2019 whichever is later. The Preference Shareholder are not entitled to any right or privilege available to Equity Shareholder other than those available to them under Statutory Laws.

The Parent Company has exercised the option and redeemed the above preference shares on October 01, 2019 in cash. The Company has paid a dividend @ 2.1% i.e. Rs. 2.1 on each preference share of the nominal value of Rs. 100 on October 01, 2019.

15. Provisions

		Rs. million	
		As at March 31, 2020	As at March 31, 2019
		Current	Non current
Provision for employee benefits		78.95	316.75
		78.95	316.75

16. Other liabilities

		Rs. million	
		As at March 31, 2020	As at March 31, 2019
		Current	Non current
Security deposits		124.34	0.68
Advances from customers		121.38	-
Statutory dues		108.70	-
Others		27.35	-
		381.77	0.68

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

Notes to the consolidated financial statements for the year ended March 31, 2020

17. a) Deferred tax liability (net)

	Rs. million	
	As at	As at
	March 31, 2020	March 31, 2019
Deferred tax liability		
Deferred tax liability		
Impact of difference between tax depreciation and depreciation/ amortisation charged in books	375.19	553.22
Unrealised Income on Mutual Fund	0.22	-
	375.41	553.22
Deferred tax assets		
Expenses deductible on payment basis	159.61	210.32
Provision for doubtful debts/advances	17.17	14.59
Deferred tax assets on other comprehensive income		
Fair value change in Cash flow hedges	4.56	2.77
Remeasurment of post employment defined benefit plans	(7.55)	6.14
	173.79	233.82
Net deferred tax liability	201.62	319.40

b) Reconciliation of tax expenses and accounting profit

	Rs. million	
	As at	As at
	March 31, 2020	March 31, 2019
Profit before tax from continuing operation	864.17	2092.38
Income tax expenses calculated at current tax rate	217.49	731.17
Less : Effect of Concession		
(i) Weighted Deduction under section 35 (2AB)	-	41.64
(ii) Donation under section 80G covered under CSR	-	1.55
(iii) Deduction under section 80JJAA	-	0.25
Add : Effect of expenses that are not deductible in determining taxable profit.		
(i) Corporate Social Responsibility Expenditure	10.47	16.81
(ii) Donation under section 80G	1.51	0.44
(iii) Interest to MSMED parties	0.06	0.06
(iv) Interest on Income Tax	0.00	0.30
(v) Amortisation of land	1.54	1.40
(vi) Dividend on preference share	1.53	-
(vii) Effect of change in income tax rate	(98.80)	1.14
Income tax expenses recognised in statement of profit & loss	133.80	707.88

Note: The Group elected to exercise the option permitted under section 115BAA of the Income Tax Act 1961 as introduced by the Taxation Laws (amendment) Bill, 2019. Accordingly, the Parent Company has recognized the tax provision for the year ended March 31, 2020 and re-measured the deferred tax assets/liabilities on the basis of the rates prescribed in that section. The full impact of this change has been recognized in the Statement of Profit and Loss. Tax expense for the year ended March 31, 2020 is based on effective revised tax rate which includes onetime net credit of Rs. 98.80 millions on account of re-measurement of deferred tax assets/ liabilities pertaining to previous year.

Notes to the consolidated financial statements for the year ended March 31, 2020

18. Short term borrowings

(At amortised cost)

	Rs. million
	As at
	As at
	March 31, 2020
	March 31, 2019
Secured	
Working capital loans from banks repayable on demand#	176.83
Unsecured	
Working capital loans from banks	250.00
Deposits*	20.94
Deposits from related parties (refer note 33)*	1.37
	449.14
	39.36

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 for maturity period of 1 year.

19. Trade payables

(At amortised cost)

	Rs. million
	As at
	As at
	March 31, 2020
	March 31, 2019
- Total outstanding dues of micro and small enterprises (refer note 37)	53.09
- Total outstanding dues of creditors other than micro and small enterprises	2,256.07
	2,309.16
	2,711.34

Trade payable includes Rs. 65.61 million (previous year: Rs. 390.88 million) due to related parties (refer note 33)

20. Other financial liabilities

(At amortised cost excluding derivative instrument)

	Rs. million
	As at
	As at
	March 31, 2020
	March 31, 2019
Current maturities of long term borrowing (refer note 13)	200.58
Interest accrued but not due on borrowings	54.68
Unclaimed dividends*	0.57
Unclaimed matured deposits and interest accrued thereon*	26.43
Capital creditors	153.04
	435.30
	686.33

*Not due for transfer to investor education and protection fund

Notes to the consolidated financial statements for the year ended March 31, 2020

21. Revenue from operations

	Rs. million	Rs. million
	Year ended March 31, 2020	Year ended March 31, 2019
Sale of products	15,777.93	19,163.02
Other operating revenues		
- sale of scrap	163.81	239.53
- export benefits*	117.41	142.11
- others	8.58	4.37
	16,067.73	19,549.03

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

	Rs. million	Rs. million
	As at March 31, 2020	As at March 31, 2019
Merchandise Exports from India Scheme (MEIS)	73.60	86.20
Duty draw backs	43.81	55.92
	117.41	142.11

22. Other income

	Rs. million	Rs. million
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income		
- Bank deposits	42.03	111.00
- Others	18.44	21.44
Net gain on sale/fair valuation of current investment	28.31	7.75
Liabilities no longer required written back	1.19	-
Profit on disposal of property, plant and equipment	0.19	-
Foreign exchange gain (net)	93.88	40.76
Other non-operating income*	14.39	55.40
	198.43	236.35

* Includes government grant of Rs. nil (previous year Rs. 28.24 million) towards subsidy under Rajasthan Investment Promotion scheme 2010. There are no unfulfilled obligation under the scheme.

23. Cost of material consumed

	Rs. million	Rs. million
	Year ended March 31, 2020	Year ended March 31, 2019
Cost of raw material and components consumed	4,574.94	6,177.75
Cost of packing material consumed	307.71	381.90
	4,882.65	6,559.65

Notes to the consolidated financial statements for the year ended March 31, 2020

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

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the end of the year		
Work-in-progress	854.28	1,001.70
Finished goods	912.88	1,156.51
Stock-in-trade	65.33	79.40
	1,832.49	2,237.61
Inventories at the beginning of the year		
Work-in-progress	1,001.70	874.64
Finished goods	1,156.51	915.13
Stock-in-trade	79.40	-
Stock-in-trade acquired under amalgamation	-	75.84
	2,237.61	1,865.61
	405.12	(372.00)

25. Employee benefits expense

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	2,919.11	3,148.85
Contribution to provident and other funds	279.63	264.91
Staff welfare expenses	238.40	278.01
	3,437.14	3,691.77

26. Finance costs

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense	97.29	138.61
Interest expense on lease liabilities (refer note 35)	18.93	-
Dividend on preference shares*	6.06	0.08
Other borrowing costs	1.51	0.50
	123.79	139.19

* Dividend of Rs 2.1/- per share (previous year : Rs 0.0230137 /- per share) on pro-rata basis from the date of allotment. The amount of Rs 6.06 million (previous year: Rs 0.08 million) includes dividend distribution tax of Rs 1.24 millions (previous year: Rs 0.014 million) .

27. Depreciation and amortisation expense

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
- Depreciation on Property , Plant and Equipment (refer note 3)	927.11	890.42
- Amortisation of Intangible Assets (refer note 4)	103.32	52.84
	1,030.43	943.26

Notes to the consolidated financial statements for the year ended March 31, 2020

28. Other expenses

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Stores and spares consumed	1,431.05	1,748.60
Power and fuel	1,156.85	1,362.27
Job work charges	394.48	528.49
Freight expenses	250.16	295.51
Royalty	278.11	341.98
Rent (refer note 35)	33.18	89.00
Rates and taxes	6.56	23.69
Insurance	21.33	18.77
Repair and maintenance		
- Plant and machinery	123.42	146.43
- Buildings	91.87	104.60
- Others	27.81	31.99
Auditor's remuneration (refer note 29)	4.44	4.95
Directors' fees	6.45	5.34
Provision for doubtful debts and advances (net)	26.44	8.76
Loss on sale / retirement of fixed assets (net)	-	14.84
Bad debts and advances written off	1.47	1.06
Corporate social responsibilities expenses	41.61	48.10
Travelling expenses	103.60	133.41
Legal and professional expenses	57.94	64.48
Miscellaneous expenses*	907.30	1,054.25
	4,964.07	6,026.52

*Miscellaneous expense includes political contribution amounting to Rs 5.0 million (previous year : nil) through purchase of Electoral Bond.

29. Payment to auditor

(excluding goods and service tax, as applicable)

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
As auditor:		
- Audit fee	2.47	2.76
- Limited review	1.20	1.20
- Other services	0.47	0.85
- Reimbursement of expenses	0.30	0.14
	4.44	4.95

Notes to the consolidated financial statements for the year ended March 31, 2020

30. Earnings per share (EPS)

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Profit attributable to equity shareholders (Rs. million)	730.37	1,384.51
Weighted average number of equity shares (Nos. million)	22.37	22.37
Earning per share		
- Basic (Rs.)	32.64	61.88
- Diluted (Rs.)	32.64	61.88

31. Research and development expenditure

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

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Capital expenditure	8.63	78.07
Revenue expenditure	177.90	185.87
	186.53	263.94

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

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Stores and spares consumed	56.55	59.84
Salaries and wages	77.44	75.57
Contribution to provident and other funds	6.41	7.67
Staff welfare expenses	1.27	0.88
Power and fuel	7.62	10.42
Repair and maintenance		
- Plant and Machinery	9.87	11.98
- Buildings	0.59	0.02
Loss on sale/retirement of fixed assets (net)	0.43	0.10
Travelling expenses	2.60	4.84
Miscellaneous expenses	15.12	14.56
	177.90	185.88

32. Employee benefits

The Group has classified the various employee benefits as under :-

i) Defined contribution plans

The Group has recognised the following amount in the statement of profit and loss:-

	Rs. million	
	Year ended March 31, 2020	Year ended March 31, 2019
Employers' contribution to Provident fund	165.22	158.47
Employers' contribution to Superannuation fund	24.36	25.14
Employers' contribution to State insurance fund	30.21	44.52
	219.79	228.13

Notes to the consolidated financial statements for the year ended March 31, 2020

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, 2020	Rs. million Year ended March 31, 2019
Amount recognized in statement of Profit & Loss A/c		
Current service cost	75.60	73.81
Net Interest cost on defined benefit/ liability	5.35	3.31
Total expense recognised in the Statement of Profit and Loss	80.95	77.12
Actual contribution and benefit payments for the year		
Actual benefit payments	(48.41)	(36.69)
Actual contributions	70.00	45.50
	21.59	8.81
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	1,008.65	961.90
Fair value of plan assets	981.36	891.16
Funded status [Surplus / (Deficit)]	(27.29)	(70.74)
Net asset / (liability) recognised in the Balance Sheet	(27.29)	(70.74)
Change in defined benefit obligations (DBO) during the year		
Present value of defined benefit obligations at beginning of the year	961.90	842.52
Current service cost	75.60	73.81
Interest cost	72.78	64.92
Remeasurement of defined benefit obligations (Actuarial (gains)/losses)		
- Changes in Demographic assumptions	0.53	-
- Changes in Financial assumptions	2.91	-
- Acquisition adjustment	-	18.01
- Experience Variance	(56.66)	(0.68)
Benefits paid	(48.41)	(36.69)
Present value of DBO at the end of the year	1008.65	961.90
Change in fair value of plan assets during the year		
Plan assets at beginning of the year	891.16	796.96
Expected return on plan assets	67.42	61.61
Contributions	70.00	45.50
- Acquisition adjustment	-	19.69
Actuarial gain / (loss)	-	-
Return on Plan assets excluding amount recognised in net interest expenses	1.19	4.07
Benefits paid	(48.41)	(36.69)
Plan assets at the end of the year	981.36	891.16
Actual return on plan assets	68.62	65.69
Amount recognised in other comprehensive income		
Actuarial (Gains)/ Losses		
- Changes in Demographic assumptions	0.53	0.00
- Changes in Financial assumptions	2.91	0.00
- Experience Variance	(56.66)	(0.68)
(Return)/loss on plan assets, excluding amount recognized in net interest expense	(1.19)	(4.07)
	(54.41)	(4.75)

Notes to the consolidated financial statements for the year ended March 31, 2020

	Rs. million
	Year ended
	March 31, 2020
Actuarial assumptions for Gratuity	Year ended
	March 31, 2019
Discount rate	6.55%
Expected return on plan assets	7.70%
Salary escalation	10.00%
Attrition	5 /30 %, p.a.
Mortality table used	IAL 2012-14
	Ultimate

Estimate of the future salary increase is based on factors such as inflation, seniority, promotions, demand and supply in employment market.

		Rs. million
		Year ended
		March 31, 2020
Sensitivity Analysis for significant actuarial assumptions		Year ended
		March 31, 2019
Particulars		Impact on Liability
		Increase Decrease
Discount Rate	+100 basis points	84.99
	-100 basis points	98.32
Salary Growth Rate	+100 basis points	94.09
	-100 basis points	83.21
Attrition Rate	+100 basis points	42.69
	-100 basis points	58.49
Mortality Rate	+100 basis points	0.60
	-100 basis points	0.59

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 Group 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 Group 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 Group has used certain mortality and attrition assumption in valuation of the liability. The Group 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 Group 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

Notes to the consolidated financial statements for the year ended March 31, 2020

by the Group. The trust is a separate legal entity and is recognized by the Commissioner of Income Tax, under the provisions of Schedule IV of 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 Life Insurance Co. Under this policy, the eligible employees are entitled to receive gratuity payments upon their resignation or death in lumpsum 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 Group 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 Group is exposed to movement in interest rate.

Effect of plan on Entity's future cash flows

The Group 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 103.77 million (Rs 147.08 million) Maturity profile of the defined benefit obligation based on weighted average duration is 10 Years.

The plan assets are managed by independent Board of Trustees 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 lumpsum 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. Estimate of the future salary increase is based on factors such as inflation, seniority, promotions, demand and supply in employment market.

iii) Compensated Absences

	Rs. million
	Year ended March 31, 2020
	Year ended March 31, 2019
Present value of DBO	387.39
Funded status [Surplus / (Deficit)]	(387.39)

iv) Provident fund

The Group 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 Group has been higher in earlier years.

Notes to the consolidated financial statements for the year ended March 31, 2020

33. Related party disclosure

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

A. List of related parties:

Key management personnel

Shri Pradeep Dinodia, Chairman
 Shri Hari S. Bhartia, Director
 Smt Meenakshi Dass, Director
 Shri Ravinder Narain, Director upto 09.07.2019
 Shri C.Y.Pal, Director upto 09.07.2019
 Shri M.Sekimoto, Director upto 26.07.2019
 Shri Inderdeep Singh, Director
 Shri A.K Taneja, Managing Director & CEO
 Shri K.K Srinivasan, Managing Director from 11.02.2020
 Shri R. Srinivasan, Jt. Managing Director & Company Secretary
 Shri Luv D. Shriram, Whole Time Director

Shri Noritada Okano, Alternate Director to Shri M.Sekimoto upto 09.07.2019
 Dr. Peter Neu, Director
 Smt. Ferida Chopra, Director
 Shri Alok Ranjan, Director

Shri Yukio Tanemura (Director appointed in Casual Vacancy) from 27.07.2019
 Shri Kaoru Ito (Alternate Director to Shri Yukio Tanemura) w.e.f 27.07.2019 and (Alternate Director to Shri M. Sekimoto) from 10.07.2019 to 26.07.2019
 Shri Kiyoto Tone, Director
 Shri Ralf Buschbeck, Alternate Director to Dr. Peter Neu upto 27.03.2020
 Shri Sascha Putz has been appointed as Alternate Director to Dr. Peter Neu w.e.f. 29.05.2020

Close members of the family of key management personnel

Shri A.K Taneja

Smt. Anita Taneja
 Smt. Anjali Taneja Kothari

Shri Krishnakumar Srinivasan

Smt. Sumati Krishnakumar

Shri R. Srinivasan

Smt. Usha Srinivasan
 Smt. R. Vijayalakshmi
 Shri. R. Ramaswamy

Shri Luv D. Shriram

Smt. Meenakshi Dass
 Shri Arjun D. Shriram
 Shri Kush D. Shriram
 Smt Nandishi Shriram
 Smt. Arati Shriram

Shri Ravinder Narain

Smt. Manju Narain
 Smt. Sarika Narain
 Smt. Rasika Dayal

Notes to the consolidated financial statements for the year ended March 31, 2020

Entity over which , Key management personnel and their Close members of the family has significant influence or control

Shriram Veritech Solutions Pvt. Ltd.
S.R. Dinodia & Co. LLP
Manisha Commercial Pvt. Ltd
Deepak C. Shriram & Sons HUF
Sera Com Pvt. Ltd.
Sarva Commercial Pvt. Ltd.
Charat Ram Shriram Pvt. Ltd.
Shabnam Commercial Pvt. Ltd.
Pradeep Dinodia HUF
NAK Benefit Trust

Post-employment defined benefit plan entity

Shriram Pistons & Rings Ltd Gratuity Fund Trust
Shriram Pistons & Rings Ltd Superannuation Fund Trust
Shriram Pistons & Rings Ltd. Officers' Provident Fund Trust
Shriram Automotive Products Ltd Group Gratuity Scheme

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, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Remuneration										
Short-term employees benefit	84.37*	107.56	-	1.29	-	-	-	-	84.37	108.85
Post- employment benefit	3.60**	3.44	-	0.08	-	-	-	-	3.60	3.52
Other long-term employees benefit	-	0.71	-	0.29	-	-	-	-	-	1.00
Commission to Directors	9.96	22.28	-	-	-	-	-	-	9.96	22.28
Legal Expenses	-	-	-	-	0.90	0.68	-	-	0.90	0.68
Rent	0.20	-	1.09	0.48	6.96	5.95	-	-	8.25	6.43
Interest on deposits	2.37	2.05	3.49	4.66	1.74	-	-	-	7.60	6.71
Directors sitting fees	6.45	5.24	-	-	-	-	-	-	6.45	5.24
Dividend paid	13.75	78.50	1.25	0.04	190.03	27.76	-	-	205.03	106.30
Contribution Paid	-	-	-	-	-	-	124.46	97.24	124.46	97.24
Deposits taken during the year	-	24.18	10.50	28.08	50.00	-	-	-	60.50	52.26
Deposits paid during the year	-	22.50	10.93	45.12	-	-	-	-	10.93	67.62
Purchase of material / stores	-	-	-	-	8.38	8.78	-	-	8.38	8.78
Preference share issued on amalgamation	-	0.00 [#]	-	57.72	-	230.85	-	-	-	288.58
Redemption of Preference Share	0.00 [#]	-	57.72	-	230.85	-	-	-	288.57	-
Cash consideration paid for acquisition on amalgamation	-	0.00 ^{##}	-	22.37	-	89.45	-	-	-	111.82

* Includes Rs. 4.63 millions pertaining to Mr K.K Srinivasan subject to approval of shareholders.

** Includes Rs. 0.17 millions pertaining to Mr K.K Srinivasan subject to approval of shareholders.

[#] Rs 0.0048 million

^{##} Rs 0.0019 million

Notes to the consolidated financial statements for the year ended March 31, 2020

(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, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Deposits accepted	24.18	24.18	36.34	36.77	50.00	-	-	-	110.52	60.95
Interest accrued but not due	-	1.04	3.69	0.12	-	-	-	-	3.69	1.16
Amount payable	64.99	102.11	0.31	57.78	0.30	230.99	40.59	83.11	106.19	473.99

- Note : 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.

34. 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, 2020, 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)	Amount Paid (Rs. Million)
Income Tax Act, 1961	Income tax	Appellate authority up to Commissioners' level	2003-04, 2004-05, 2015-16, 2016-17 & 2017-18	15.60	0.00	15.60
Finance Act, 1994	Service Tax	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2012-13, 2013-14, 2014-15, & 2015-16	15.74	15.23	0.51
Central Sales Tax Act, 1956	Sales Tax	Appellate authority up to Commissioners' level	2014-15, 2015-16 & 2017-18	36.19	35.60	0.59
		Appellate Tribunal	2005-06, 2006-07, 2007-08, 2012-13 & 2014-15	19.79	17.85	1.94
Sales Tax Laws	Sales Tax / Value Added Tax/ Entry Tax	Appellate authority up to Commissioners' level	2011-12, 2014-15, 2015-16 & 2016-17	506.89	442.77	64.12
		Appellate Tribunal	2009-10, 2010-11, 2011-12 & 2012-13	3.05	1.02	2.03

*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, 2020

- 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	2013-14 & 2014-15	10.03

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

35. Leases :

Effective April 1, 2019, the Group adopted Ind AS 116, Leases, and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the Right of Use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard has resulted in recognition of 'Right of Use' asset of Rs 319.11 million, and corresponding "lease liability" in respect of Building and reclassification of Land to 'Right of Use' asset of Rs. 429.04 millions.

The changes in the carrying value of right of use assets for the year ended March 31, 2020 are as follows:

Particulars	Rs. In millions	
	Right of Use Asset	
	Land	Buildings
Balance as of April 1, 2019	-	-
Reclassified on account of adoption of Ind AS 116	429.04	-
Additions	-	319.11
Amortisation of Right of use Asset	6.11	49.85
Balance as of March 31, 2020	422.93	269.26

The break-up of current and non-current lease liabilities as of March 31, 2020 is as follows:

Particulars	Rs. In millions	
	Amounts	
Current		44.95
Non-current		236.20
Total		281.15

The movement in lease liabilities during the year ended March 31, 2020 is as follows:

Particulars	Rs. In millions	
	Year ended March 31, 2020	
	Amounts	
Balance at the beginning		-
Additions		319.11
Finance cost accrued during the period		18.93
Payment of lease liabilities		(56.89)
Balance at the end		281.15

36. 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 Group's resources are dedicated to this single segment and all the discrete financial information is available for this segment.

Notes to the consolidated financial statements for the year ended March 31, 2020

Geographical information in respect of revenue from customers is given below:

	Year ended March 31, 2020	Rs. million Year ended March 31, 2019
Domestic Sale	13,128.32	15,905.65
Export Sale	2,649.61	3,257.37
	15,777.93	19,163.02

Revenue from one customer amounts to Rs 1748.73 million (previous year Rs 2207.82 million). No other single customer represents 10% or more to the Group revenue for financial year ended March 31, 2020 and March 31, 2019.

37. 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, 2020	Year ended March 31, 2019
Amount remaining unpaid to suppliers under MSMED as at the end of year		
- Principal amount	53.09	64.36
- Interest due thereon	-	-
Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	8.15	40.64
- Interest actually paid under section 16 of MSMED	-	-
 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	-	-
Interest accrued and remaining unpaid at the end of the year		
- Interest accrued during the year	0.02	0.17
- Interest remaining unpaid as at the end of the year	0.02	0.17
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961	0.02	0.17

38. Contingent liabilities

	As at March 31, 2020	Rs. million As at March 31, 2019
i) Disputed		
- Excise duty	0.00	0.40
- Sales tax	565.92	503.91
- Service tax	15.74	15.28
- Income tax	1.43	1.43
- Employees' State Insurance	28.83	28.83
- Interim Relief to Workers at Ghaziabad	8.65	8.65

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 Group.

Notes to the consolidated financial statements for the year ended March 31, 2020

ii) Bank guarantees	25.00	25.00
iii) Bills discounted from banks	19.23	49.55
iv) Claims not acknowledged as debts	173.93	136.05

39. In view of recent Supreme Court Judgement in the case of “Regional Provident Fund Commissioner (II) Vs Vivekananda Vidyamandir, West Bengal in relation to non-exclusion of certain allowance from the definition of “Wages” of the relevant employees for the purpose of determining contribution to provident fund under the Employees Provident Fund & Miscellaneous Provisions Act, 1952, the Group has obtained legal opinion in the matter which opined that Group is required to add the fixed allowances in nature of basic wage for PF contribution. The compliance based on the opinion obtained may be made w.e.f from March, 2019 onwards i.e. prospective from the month of Judgement. However, review petition has been filed seeking clarification on the effective date of the Supreme Court Judgement, the view may be taken after disposal of review petition.

40. Commitments

	As at March 31, 2020	Rs. million As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	265.55	803.65

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. 9276.75 Millions (previous year Rs. 6804.22 Millions). Customs duty saved against outstanding export obligations is Rs. 134.77 million (previous year Rs. 171.48 million)

The Group 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 Group does not have any other long term commitments or material non-cancellable contractual commitments, which may have a material impact on the financial statements.

41. Fair Value Measurement

- i) The carrying value and fair value of financial instruments by categories as of March 31, 2020 are as under:

(Rs. million)			
Particulars	Financial assets/ (financial liabilities) at fair value through profit or loss (FVTPL)	Total carrying value	Total fair value
Financial assets/(financial liabilities)			
Investment in mutual fund	606.76	606.76	606.76
Derivatives instruments*			
- Forward contracts	2.37	2.37	2.37
Total	609.13	609.13	609.13

Notes to the consolidated financial statements for the year ended March 31, 2020

The carrying value and fair value of financial instruments by categories as of March 31, 2019 are as under:

(Rs. million)

Particulars	Financial assets/ (financial liabilities) at fair value through profit or loss (FVTPL)	Total carrying value	Total fair value
Financial assets/(financial liabilities)			
Investment in mutual fund	55.07	55.07	55.07
Derivatives instruments*			
- Forward contracts	8.88	8.88	8.88
- Cross currency interest rate swaps	71.35	71.35	71.35
Total	135.30	135.30	135.30

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

ii) Fair value hierarchy

The Group uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3.

Level 1 - This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – This level includes financial assets and liabilities, measured using 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 - This level includes financial assets and liabilities, measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2020

(Rs. million)

Particulars	As at March 31, 2020	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Financial assets				
Investment in mutual fund	606.76		606.76	
Foreign currency forward contracts	2.37		2.37	
Total financial assets	609.13	-	609.13	-

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

Notes to the consolidated financial statements for the year ended March 31, 2020

Fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2019

(Rs. million)

Particulars	As at March 31, 2019	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Financial assets				
Investment in mutual fund	55.07		55.07	
Foreign currency forward contracts	8.88		8.88	
Derivatives instrument	71.35		71.35	
Total financial liabilities	135.30	-	135.30	-

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

iii) Financial assets and financial liabilities that are measured at amortised cost are :

(Rs. million)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Trade and other receivables	2,393.09	2,393.09	3558.38	3,558.38
Cash and cash equivalent	959.31	959.31	831.43	831.43
Bank deposit	2.62	2.62	-	-
Interest accrued on bank deposit	23.20	23.20	32.29	32.29
Margin money	1.11	1.11	39.31	39.31
Financial liabilities				
Borrowings*	1,127.43	1,127.43	1,019.61	1,019.61
Preference share capital	-	-	288.58	288.58
Trade payables	2,309.16	2,309.16	2,711.34	2,711.34
Lease Liabilities	281.15	281.15	-	-
Unclaimed dividends	0.57	0.57	0.53	0.53
Unclaimed matured deposits and interest accrued thereon	26.43	26.43	16.82	16.82
Capital creditors	153.04	153.04	113.15	113.15

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

*Includes foreign currency loan where change in fair value is recognised in other comprehensive income.

42. 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 debt equity ratio in order to support business and maximize the shareholders' value.
- Maintain an optimal capital structure.
- Compliance of financial covenants under the borrowing facilities.

Notes to the consolidated financial statements for the year ended March 31, 2020

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

The Group manages its capital structure keeping in view of:

- i) Compliance of financial covenants under the borrowing facilities.
- ii) Changes in economic conditions

In order to achieve this overall objective of capital management, amongst other things, the Group 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 facility 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 Group may vary the dividend payment to shareholders.

43. Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise of 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 it derives directly from its operations. The Group also holds FVTPL current investments and enters into derivative transactions. 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 may be adversely affected as the rupee appreciates/ depreciates against these currencies.

Each percentage point change in the foreign exchange rates has an impact of 0.69% (previous year : 0.46%) on Group's operating margins.

The Group's foreign currency risk from financial instruments are as under

(Foreign currency million)

Particulars	Currency	As at March 31, 2020			As at March 31, 2019		
		Total	Hedged	Net	Total	Hedged	Net
Trade Receivables	USD	2.88	0.18	2.70	4.48	0.00	4.48
	EUR	3.28	1.00	2.28	4.80	2.00	2.80
	JPY	2.92	0.00	2.92	5.49		5.49
	GBP	0.09	0.10	-	0.23		0.23
Trade Payables	USD	0.61		0.61	0.10		0.10
	EUR	0.20		0.20	0.40		0.40
	JPY	373.68	142.69	230.99	505.46	70.00	435.46
	GBP	0.00		0.00			0.00
	CNY	0.30		0.30	1.28		1.28
Secured Bank Loans	USD			0.00	4.70	4.70	0.00

Notes to the consolidated financial statements for the year ended March 31, 2020

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group 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 counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group 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 Group's established policy, procedures and control relating to customer credit risk management.

Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. The Group uses expected credit loss model to assess the impairment loss and makes an allowance for doubtful debts using expected credit loss model on case to case basis.

Movement in the expected credit loss allowance of financial assets

(Rs. million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at beginning of the year	41.76	29.12
Add: Acquisition adjustment	0.00	3.89
Add: Provided during the year	29.68	9.85
Less: Reversal of provision	(1.78)	(0.04)
Less: Amount written off	(1.47)	(1.06)
Balance at the end of the year	68.19	41.76

iii) Liquidity risk

The Group'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 Group's established policy & procedures made under liquidity risk management framework. The Group 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.

44. Hedge Accounting

i) Forwards Contracts

The Group 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 inputs that are directly or indirectly observable in the market place.

Notes to the consolidated financial statements for the year ended March 31, 2020

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

(Foreign currency million)

Outstanding Contracts	Currency	As at March 31, 2019	As at March 31, 2018
Not later than one month	USD	0.18	
	EUR	1.00	1.00
	JPY	100.00	70.00
	GBP	0.10	
Later than one month and not later than three months	EUR		1.00
Later than three months and not later than one year	JPY	42.69	

The Group 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 lying in cash flow hedging reserve are expected to occur and reclassified 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 Group 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 Group 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 Group 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 Group matches the critical terms of the hedged items and hedging instruments.

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

(Rs. million)

Particulars	As at March 31, 2019	As at March 31, 2018
Assets /(liability)		
Balance at the beginning of the year	6.17	(8.37)
Gain / (Loss) recognised in other comprehensive income during the year	(7.12)	22.30
Tax impact on above	1.79	(7.76)
Balance at the end of the year	0.84	6.17

45. The Group does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.
46. 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, 2020

47. Estimation of Uncertainties relating to the pandemic from COVID 19:

The Group has considered the possible effects that may result from the pandemic relating to COVID 19 on the carrying amount of all assets and liabilities as at March 31' 2020. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group as at the date of approval of these Financial Statements has used internal and external sources on the expected future performance of the Group. The Group has performed sensitivity analysis on the assumptions used and based on the estimates, expects the carrying amount of these asset/liabilities will be recovered/ settled and subsequent liquidity is available to fund the business operation for atleast another 12 months. The impact of COVID 19 on the Group's Financial Statements may differ from that estimated at the date of approval of these Financial Statements and would be recognized prospectively.

48. 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		Share of profit or loss	
	As % of consolidated net assets	Rs. (Million)	As % of consolidated profit or loss	Rs. (Million)
Parent				
Shriram Pistons & Rings Limited	100.00	10,705.07	100.00	765.75
Subsidiary				
SPR International Auto Exports Ltd	0.00	0.52	0.00	0.01

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
DIN: 00027995

Inderdeep Singh
Director
DIN: 00173538

K.K. Srinivasan
Managing Director
DIN : 00692717

A.K. Taneja
Managing Director & CEO
DIN : 00124814

R. Srinivasan
Jt. Managing Director & Company Secretary
DIN : 00124760

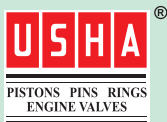
Place: New Delhi
Date: June 25, 2020

Vinod Raheja
Dy. Executive Director & CFO

Luv D. Shriram
Whole - Time Director
DIN: 00051065



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SHRIRAM PISTONS & RINGS LTD.

Regd. Office: 3rd Floor, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110001 (India)
Tel.: +91 11 2331 5941 Fax: +91 11 2331 1203 E-mail: compliance.officer@shrirampistons.com Website: www.shrirampistons.com
CIN: L29112DL1963PLC004084 PAN: AAACS0229G

SHRIRAM PISTONS & RINGS LTD.

Regd. Office: 3rd Floor, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi -110 001
Tel.: +91 11 2331 5941 Fax: +91 11 2331 1203, Website: www.shrirampistons.com
E-mail: compliance.officer@shrirampistons.com
CIN: L29112DL1963PLC004084, PAN: AAACS0229G



SHRIRAM

NOTICE

The 56th Annual General Meeting of the Company will be held on Tuesday, 11th August, 2020 at 5:00 P.M. Indian Standard Time ("IST") through Video Conferencing/ Other Audio-Visual Means ("VC/ OAVM") facility to transact the following business: -

1. To consider and adopt the annual financial statements (standalone and consolidated) of the Company for the financial year ended March 31, 2020 and the Report of Directors' and Auditors' thereon.
2. To declare dividend on Preference Shares.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Shri Luv D. Shriram (DIN 00051065), who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. Peter Neu (DIN 00324469), who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as an **Ordinary Resolution**: -
"RESOLVED THAT M/s Chandra Wadhwa & Co., Cost Accountants, (Firm Registration No. 00239) appointed by the Board of Directors as Cost Auditors of the Company for the financial year ending March 31, 2021 be paid remuneration of Rs. 2.9 lacs plus applicable taxes."
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as an **Ordinary Resolution**: -
"RESOLVED THAT pursuant to provisions of Section 161 and other applicable provisions of the Companies Act, 2013 ("Act") and the rules made there under, as amended from time to time, Shri Yukio Tanemura (DIN: 08531888) who was appointed as Director of the Company in casual vacancy caused consequent to resignation of Shri Masahiro Sekimoto w.e.f. 27th July, 2019 by the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of Section 161 and other applicable provisions of the Companies Act, 2013 ("the Act") and the rules made there under, as amended from time to time and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, and being eligible, offer himself for appointment, and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member signifying his intention to propose Shri Yukio Tanemura's candidature for the office of the Director, be and is hereby appointed as a Non-Executive Non Independent Director of the Company, whose office is liable to retire by rotation".
8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as a **Special Resolution**: -
"RESOLVED THAT pursuant to provisions of Section 196, 197 and other applicable provisions of the Companies Act, 2013 ("Act") and the rules made there under, as amended from time to time, read with Schedule V to the Act, consent of Members of the Company be and is hereby accorded to appoint Shri Krishnakumar Srinivasan (DIN 00692717) as Managing Director of the Company for a period of 5 Years with effect from 11th February, 2020 up to 10th February, 2025 in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member signifying her intention to propose Shri Krishnakumar Srinivasan's candidature for the office of Managing Director, on the terms and remuneration, as set out in the Explanatory Statement attached to this Notice be and is hereby approved. RESOLVED FURTHER THAT he will take the position of Managing Director & Chief Executive Officer w.e.f. April 1, 2021".
9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as an **Ordinary Resolution**: -
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 ("Act") and the rules made thereunder, read with Schedule IV to the Companies Act, 2013 and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the

time being in force), Shri Hari S. Bhartia (DIN 00010499), who was re-designated as an Independent Director of the Company by the Board of Directors w.e.f. March 31st, 2020 and who holds his office as such upto the date of this Annual General Meeting, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act & Regulation 16 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member signifying his intention to propose Shri Hari S. Bhartia's candidature for the office of Independent Director be and is hereby appointed as an Independent Director of the Company, for a period of five consecutive years commencing from 31st March, 2020 upto 30th March, 2025".

10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as a **Special Resolution**: -

"RESOLVED THAT pursuant to Section 197, 198 and rules made thereunder and other applicable provisions, if any, of the Companies Act, 2013, ("Act") and Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, approval be and is hereby accorded to payment of a sum not exceeding 1% of annual net profits of the Company calculated in accordance with the provisions of Section 198 of the Act to some or any of the Directors of the Company, other than the Managing Directors, Joint Managing Director and Whole time Director in respect of profits of the Company for whole or proportionately for a part of each of its financial years during a period of five years commencing from 1st April 2020.

RESOLVED FURTHER THAT out of the above 1% profit Commission, 0.6% of the profit commission be paid to Chairman and upto 0.4% of the commission be paid to all other Non-Executive Directors of the Company, in such manner as may be determined by the Board."

11. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as a **Special Resolution**: -

"RESOLVED that pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Schedule V thereto and the Rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force and recommendations of Nomination & Remuneration Committee and the Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded, by way of special resolution, to revise the terms of remuneration of Shri A. K. Taneja (DIN: 00124814), Managing Director & CEO of the Company, as approved by members by way of Special Resolution in the Annual General Meeting held on 9th July, 2019, as under: -

- i) Additional payment of Special Allowance of Rs. 12,50,000 (Rupees Twelve Lakhs Fifty Thousand Only) per month, which will be set off as a prior charge on the annual profit commission of 1% of annual profits of the Company before depreciation, donation and taxes, payable to him. In case the eligible profit commission is lower than the Special Allowance paid on monthly basis, then the Special Allowance so paid during the year shall be treated as the profit commission for the year.
- ii) Further notwithstanding the limits specified under Section 197 of the Companies Act read with Schedule V, in the event of absence or inadequacy of profits in any year during tenure of his appointment, he will be entitled to the salary and perquisites, as already approved by the members in their meeting held on 9th July, 2019 and the **Special Allowance** as given above, as minimum remuneration in that year, subject to statutory approvals, if any.

RESOLVED FURTHER THAT the above revision in remuneration shall be for such period as may be decided by the Board.

RESOLVED FURTHER THAT except for the aforesaid revision in terms of remuneration, all other terms and conditions of his appointment as Managing Director & CEO of the Company, as approved by the resolution passed at the AGM held on 9th July, 2019 of the Company shall remain unchanged".

12. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as a **Special Resolution**:-

"RESOLVED that pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Schedule V thereto and the Rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force and recommendations of Nomination & Remuneration Committee and the Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded, by way of special resolution, to revise the terms of remuneration of Shri R. Srinivasan (DIN: 00124760), Joint Managing Director of the Company, as approved by members by way of Ordinary Resolutions in the Annual General Meetings held on 25th June, 2016 and 9th July, 2019, as under: -

- i) Additional payment of Special Allowance of Rs. 10,62,500 (Rupees Ten Lakhs Sixty Two Thousand Five Hundred Only) per month, which will be set off as a prior charge on the annual profit commission of 0.85% of annual profits of the Company before depreciation, donation and taxes, payable to him. In case the eligible profit commission is lower than the Special Allowance paid on monthly basis, then the Special Allowance so paid during the year shall be treated as the profit commission for the year.
- ii) Further notwithstanding the limits specified under Section 197 of the Companies Act read with Schedule V, in the event of absence or inadequacy of profits in any year during tenure of his appointment, he will be entitled to the salary and perquisites, as already approved by the members in their meetings held on 25th June, 2016 and 9th July, 2019 and the **Special Allowance** as given above, as minimum remuneration in that year, subject to statutory approvals, if any.

RESOLVED FURTHER THAT the above revision in remuneration shall be for such period as may be decided by the Board.

RESOLVED FURTHER THAT except for the aforesaid revision in terms of remuneration, all other terms and conditions of his appointment as Joint Managing Director of the Company, as approved by the resolution passed at the AGMs held on 25th June, 2016 and 9th July, 2019 of the Company shall remain unchanged”.

13. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as a **Special Resolution**: -

“RESOLVED that pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Schedule V thereto and the Rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force and recommendations of Nomination & Remuneration Committee and the Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded, by way of special resolution, to revise the terms of remuneration of Shri Luv D. Shriram (DIN: 00051065), Whole-time Director of the Company, as approved by members by way of Ordinary Resolution in the Annual General Meeting held on 9th July, 2019, as under: -

- i) Additional payment of Special Allowance of Rs. 10,62,500 (Rupees Ten Lakhs Sixty Two Thousand Five Hundred Only) per month, which will be set off as a prior charge on the annual profit commission of 0.85% of annual profits of the Company before depreciation, donation and taxes, payable to him. In case the eligible profit commission is lower than the Special Allowance paid on monthly basis, then the Special Allowance so paid during the year shall be treated as the profit commission for the year.
- ii) Further notwithstanding the limits specified under Section 197 of the Companies Act read with Schedule V, in the event of absence or inadequacy of profits in any year during tenure of his appointment, he will be entitled to the salary and perquisites, as already approved by the members in their meeting held on 9th July, 2019 and the **Special Allowance** as given above, as minimum remuneration in that year, subject to statutory approvals, if any.

RESOLVED FURTHER THAT the above revision in remuneration shall be for such period as may be decided by the Board.

RESOLVED FURTHER THAT except for the aforesaid revision in terms of remuneration, all other terms and conditions of his appointment as Whole-time Director of the Company, as approved by the resolution passed at the AGM held on 9th July, 2019 of the Company shall remain unchanged”.

By the Order of the Board,
For Shriram Pistons & Rings Ltd.

Sd/-

(R. Srinivasan)

Company Secretary

Membership No.: F-4034

3rd Floor, Himalaya House,

23, K.G. Marg, New Delhi-110001

New Delhi
June 25, 2020

NOTES TO NOTICE OF MEETING

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") setting out material facts concerning the business under Item Nos. 6 to 13 of the accompanying Notice, is annexed hereto. The Board of Directors of the Company at its meeting held on 25.06.2020 considered that the special business under Item Nos. 6 to 13, being considered unavoidable, be transacted at the 56th AGM of the Company.
2. The relevant details of persons seeking appointment/re-appointment/ revision in remuneration relating to item Nos. 4, 5, 7, 8, 9, 11, 12 and 13 of the Notice are annexed.
3. General Instructions for accessing and participating in the **56th AGM through VC/OAVM Facility and voting through electronic means including remote e-Voting**:-
 - i) In view of the outbreak of the COVID-19 pandemic, social distancing norms to be followed and continuing restriction on movement of persons at several places in the Country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated 8th April 2020, 13th April 2020 and 5th May 2020, respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 56th AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of members at a common venue. The deemed venue for the 56th AGM shall be the Registered Office of the Company (i.e. 3rd Floor, Himalaya House, 23 Kasturba Gandhi Marg, New Delhi-110001).
 - ii) Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.
 - iii) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing facility of remote e-voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting on the date of the AGM will be provided by CDSL.
 - iv) Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
 - v) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
 - vi) A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. Since the AGM is being held in accordance with the above circulars through VC/OAVM, the facility for appointment of proxies by the members will not be available. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members may be appointed for the purpose of voting through remote e-voting or for participation and voting in the meeting held through VC/OAVM.
 - vii) In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.shrirampistons.com under Investors' Guide. The Notice can also be accessed from the website of National Stock Exchange of India Limited at www.nseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the facility for Remote e-Voting and e-voting during the AGM) i.e. www.evotingindia.com.
 - viii) The AGM is being convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020, MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

4. INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- i) Log on to the E-Voting website www.evotingindia.com.
- ii) Click on “Shareholders” tab.
- iii) Select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”
- iv) Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter their Folio Number registered with the Company
- v) Enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- vii) If you are a first time user (holding shares in Demat Form or Physical Form), please follow the steps given below to complete the login process:
 - a) Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as physical Shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and 8 digits of the sequence number (given with this notice) in the PAN Field. In case the sequence number is less than 8 digits, please enter the applicable number of zero's before the number after the first two characters of the name in CAPITAL letters. Eg: If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
 - b) Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format, OR
Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio, OR
In case the DOB or Dividend Bank Details are not recorded with the Depository or Company, please enter the Folio number/ DP id and Client id in the Dividend Bank details field.
- viii) If Demat account holder has forgotten the password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- ix) After entering these details appropriately, click on “SUBMIT” tab.
- x) Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form (who do not have existing password) will now reach ‘Password Creation’ menu wherein they are required to mandatorily create their password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, and that Company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi) For Members holding shares in physical form, the individual details given in the notice can be used only for E-Voting on the resolutions contained in this Notice.
- xii) Click on the Electronic Voting Sequence Number (EVSN) (given with this notice) for Shriram Pistons and Rings Limited.
- xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution. Members may cast their vote separately for each business to be transacted in the Annual General Meeting. They may also elect not to vote on some resolution(s).
- xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

- xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xviii) Additional instructions for Institutional Shareholders (i.e. other than Individuals, HUF, NRI):
 - a) Institutional Shareholders are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - b) They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com and deepakjuneja111@gmail.com.
 - c) After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - d) The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - e) They should upload a scanned copy of the Board Resolution and/ or Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the Scrutinizer to verify the same.
 - f) Alternatively, Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; compliance.officer@shrirampistons.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

5. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

In compliance with the circulars issued by MCA and SEBI, the Annual Report of 2019-20, the notice of 56th AGM and instructions for e-voting are being sent only through electronic mode to those members whose e-mail addresses are registered with the Company/Depository Participant(s).

Shareholders, who have not registered their e-mail id with the Company are requested to update it at the earliest enabling the Company to dispatch Notice of AGM and Annual Report. The Company has already informed the above to Shareholders by way of newspaper advertisement. Process for updation of e-mail id is given as under: -

- i) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to compliance.officer@shrirampistons.com.
- ii) For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to compliance.officer@shrirampistons.com.
- iii) The Company shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

6. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING AGM THROUGH VC/OAVM ARE AS UNDER:

- i) Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- ii) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- iii) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- iv) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v) Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **2 days prior to meeting mentioning** their name, demat account number/folio number, email id, mobile number at compliance.officer@shrirampistons.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance

2 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at compliance.officer@shrirampistons.com. These queries will be replied to by the Company suitably.

The Company reserves the right to limit the number of Members asking questions depending on the availability of time at the AGM.

- vi) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

7. INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

- i) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- ii) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during AGM.
- iii) If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- iv) Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- v) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
- vi) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

8. GENERAL GUIDELINES:

- i) Remote e-Voting facility shall remain open from Saturday, 08.08.2020 (10:00 AM) to Monday, 10.08.2020 (5:00 PM) during which the Members holding shares as on record date (either in demat or in physical form) may cast their vote(s). No voting will be allowed beyond 5:00 PM on Monday, 10.08.2020. The E-Voting module shall be disabled by CDSL for voting thereafter. A member will not be allowed to vote again on any resolution on which vote has already been cast. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e. as on 04.08.2020.
- ii) Right of voting shall be given to Members holding shares as on cut-off date (i.e. 04.08.2020). Any person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
- iii) Any person who acquires shares of the Company and becomes member of the Company after dispatch of the Notice and holding shares as on the cut -off date i.e. 04.08.2020 may obtain the login Id and password by sending a request at helpdesk.evoting@cdslindia.com and deepakjuneja111@gmail.com.
- iv) Members may cast their vote separately for each business to be transacted in the Annual General Meeting. They may also elect not to vote on some resolution(s).
- v) In case of joint holders, Login id and password shall be sent to the first holder of the shares. Accordingly, the vote cast using the Login id and password sent to first holder is recognized on behalf of all the joint holders.
- vi) Mr. Deepak Juneja, Practicing Company Secretary (Membership No. F 6895) has been appointed as the Scrutinizer to the remote e-voting process and voting to be conducted at the meeting. He shall, within 2 days of conclusion of the AGM, submit a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized who shall countersign the same and declare the results of voting forthwith.
- vii) The results declared along with Scrutinizer's report shall be placed on the website of Company viz. www.shrirampistons.com under "Investor's Guide" and CDSL viz. www.cdslindia.com and shall also be displayed at Company's Registered office immediately after the result is declared by the Chairman, or in his absence, any other person authorized by him, on 13.08.2020 by 5:30 PM.

- viii) Subject to receipt of sufficient votes, the resolution shall be deemed to be passed on the date of Annual General Meeting.
- ix) User manual for electronic voting is available at www.cdslindia.com.
- x) Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. 1st April 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address at compliance.officer@shrirampistons.com.
- xi) Members who have not updated their Bank Account details with the Company/ Depository Participant are requested to do so at the earliest, enabling Company to remit the future dividends directly in their Bank Account. Members holding shares in demat form may get their Bank Account details updated with the Depository Participant with whom they are maintaining demat account and Shareholders holding Shares in physical form may download ECS Mandate form from Company's website viz. www.shrirampistons.com under "Investors' Guide" or may write to Company at compliance.officer@shrirampistons.com for getting ECS mandate form on their e-mail.

9. CLOSURE OF REGISTER OF MEMBERS & DIVIDEND

The Board has recommended Preference Shareholders be paid dividend at the stipulated rate of 4.2% per share on the 4.2% fully paid up Non Participating, Redeemable, Non- Convertible, Cumulative Preference Shares of Rs. 100/- each, on a pro-rata basis, from 01.04.2019 till 30.09.2019. The aggregate amount of dividend worked out to Rs. 2.1 per Preference share for the year ended March' 2020, which has been paid. These shares were redeemed on 01.10.2019.

The Board has recommended that interim dividend of Rs. 6 per equity share, already paid to Equity Shareholders, be treated as final dividend for the year ended March 2020.

The Register of Members and the Share Transfer Books of the Company will remain closed from 05.08.2020 to 11.08.2020 (both days inclusive).

10. UNPAID/UNCLAIMED DIVIDEND

Pursuant to the provisions of Section 124 of the Companies Act, 2013, the Company is required to transfer any amount lying in the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer to the unpaid account to the credit of Investor Education and Protection Fund (the Fund). The Company has already transferred the unpaid dividend up to the financial year 2011-12 to the Fund. Unclaimed final dividend for the financial year 2012-13 is becoming due to be transferred to the Fund on 11.08.2020.

Please note that no claim shall lie against the Company in respect of individual amounts of dividend, once the same is transferred to the Fund. In view of this, the Members who have not yet encashed their final dividend warrant(s) for the financial year 2012-13 and thereafter may write to the Company immediately.

Till date, the Company has also transferred 14,800 Nos. Equity Shares, pertaining to 11 Members, in respect of which dividends have not been paid or claimed by the Shareholders for a period of seven consecutive years to the Demat Account of the Investor Education and Protection Fund (IEPF) Authority.

11. RE- APPOINTMENT OF DIRECTORS:

At the ensuing Annual General Meeting, Shri Luv D. Shriram and Dr. Peter Neu, Directors, retire by rotation and being eligible offer themselves for re-appointment.

EXPLANATORY STATEMENT U/S 102 OF THE COMPANIES ACT, 2013

ITEM NO. 6

The Board, on the recommendation of the Audit Committee, has approved appointment of M/s Chandra Wadhwa & Co., Cost Accountants, New Delhi, as Cost Auditors of the Company at a remuneration of Rs. 2.9 lacs plus applicable taxes for the Financial Year 2020-21.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2021.

None of the Directors or Key Managerial Personnel (KMP) or their relatives are interested in the Resolution at Item No. 6 of the Notice.

The Board recommends to the Shareholders, the payment of remuneration of Rs. 2.9 lacs plus applicable taxes to Cost Auditors for the Financial Year 2020-21.

The remuneration of the Cost Auditors is for Shareholders' approval.

ITEM NO. 7

Based on the recommendation of the Nomination & Remuneration Committee, the Board, in its meeting of 26.07.2019, has appointed Shri Yukio Tanemura as Director in casual vacancy w.e.f. 27.07.2019, caused pursuant to resignation of Shri Masahiro Sekimoto.

Shri Yukio Tanemura has long and varied experience. In addition, he has considerable exposure to international operations and has proven record in general management.

Shri Yukio Tanemura has given (i) his consent in writing to act as a Director in Form DIR-2, pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014, and (ii) intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013.

A notice under Section 160(1) of Companies Act, 2013 has been received from a Member signifying his intention to propose Shri Yukio Tanemura's appointment as a Non-Executive Non- Independent Director.

The Board recommends to the Shareholders, the appointment of Shri Yukio Tanemura as a Non-Executive Non- Independent Director w.e.f. 27.07.2019.

In compliance with the provisions of Section 161 of the Companies Act, the appointment of Shri Yukio Tanemura as Non-Executive Non- Independent Director is now being placed before the members in Annual General Meeting for their approval.

None of the Directors or Key Managerial Personnel (KMP) or their relatives, except Shri Yukio Tanemura and his relatives, are concerned or interested in the Resolution at Item No. 7 of the Notice.

The appointment of Shri Yukio Tanemura as Non-Executive Non- Independent Director of the Company, whose office is liable to retire by rotation, is for Shareholders' approval.

ITEM NO. 8

Based on the recommendation of the Nomination & Remuneration Committee, the Board, in its meeting of 10.02.2020, has resolved to appoint Shri Krishnakumar Srinivasan as Additional Director (Managing Director) of the Company for a period of five years effective from 11.02.2020.

Shri Krishnakumar Srinivasan holds Bachelor's degree in Mechanical Engineering and Masters in Business Administration. He has also done Post Graduate Diploma in Export Management from Indian Institute of Export Management and has wide & varied experience in Domestic and Export Business in the Automotive Sector.

His appointment as Managing Director w.e.f. 11.02.2020 and Managing Director & CEO w.e.f. 01.04.2021 on the following terms and conditions is subject to approval of Shareholders:-

I	PERIOD	w.e.f 11.02.2020 up to 10.02.2025
II	REMUNERATION	
	A.1 Salary/Personal Pay	1. Rs. 6,00,000/- per month in the Pay Scale of Rs. 5,00,000/- to Rs. 8,00,000/- p.m. Revision in salary, within the pay scale be decided by the Nomination & Remuneration Committee. 2. Personal Pay of Rs. 2,50,000/- per month.
	2 Commission	1% of the annual profits of the Company before depreciation, donation and taxes. Company shall pay Special Allowance of Rs. 12,50,000/- (Rupees twelve lac fifty thousand) per month, and the payment shall be set off as prior charge from commission on the profits of the Company payable at the end of the year, after approval of Annual Accounts. In case the eligible profit commission is lower than the Special Allowance paid on monthly basis, then the Special Allowance so paid during the year shall be treated as the profit commission for the year.
	3 Housing Accommodation/ House Rent Allowance	60% of Salary
	4 Gas, Electricity & Water	Up to Rs. 15,000/- per month.

	5	House Furnishings	Up to Rs. 7 Lacs.
	6	Medical Reimbursement	Up to Rs. 1,80,000/- p.a. for self and family and Mediclaim Insurance for self & family.
	7	Leave Travel Concession	Once in a year for self and family incurred in accordance with the rules of the Company
	8	Club Membership Fees	Maximum of 2 clubs (excluding Admission and Life membership fees)
	9	Personal Accident Insurance	Cover of Rs. 10 Lacs and payment of premium for the same not exceeding Rs. 4,000/- p.a.
	B.1	Employer's Contribution to PF & Superannuation Fund	PF @ 12% of the Salary. PF and Superannuation or annuity fund shall not exceed 27% of the salary.
	2	Gratuity	Not exceeding half month's salary for each completed year of service.
	3	Leave	Earned/ privilege leave on full pay and allowances as per Company's Rules, but not more than 1 month's leave for every 11 months of service. Leave Encashment at the end of the tenure will not be treated as a perquisite.
	C.1	Company Car with Driver	For official use; private usage will be billed by the Company.
	2	Telephone	Two telephones at residence. A mobile phone for official use.
III	Commission will be restricted to an amount which together with salary, personal pay and all perquisites listed above shall not exceed 5% of net profits computed under Section 198 of the Companies Act, 2013. It will further be restricted to 10% of net profits for all Whole time Directors of the Company put together.		
IV	In the event of absence or inadequacy of profits in any year during tenure of his appointment, notwithstanding the limits specified under Section 197 of the Companies Act read with Schedule V, he will be entitled to the salary, personal pay, special allowance and perquisites as given above, as minimum remuneration in that year, subject to statutory approvals, if any.		

OTHER TERMS:

1. He will devote wholetime and attention to the affairs of the Company and shall conduct the day to day management of the Company subject to the directions and control of the Board of Directors and shall also perform such duties and services and exercise such powers as shall, from time to time, be entrusted to him by the Board.
2. He will undertake travel for Company's official work, in India/abroad as per Company's Rules, as applicable from time to time. The Company may require his wife to also accompany him wherever it is necessary for furtherance of the Company's business interest. In such case his wife will travel as per Company's Rules as applicable from time to time. This would not be treated as an item of remuneration.
3. No sitting fees shall be payable to him for attending meetings of the Board of Directors or any Committee thereof.
4. The Company shall reimburse all entertainment expenses actually and properly incurred for the business of the Company, subject to a ceiling on such expenses as may be fixed by the Board from time to time. This would not be treated as an item of remuneration for the purpose of Income Tax/ Companies Act, 2013.
5. He will not, so long as he function as such, become interested or otherwise concerned directly or through his wife and/ or minor children in any selling agency of the Company in future without prior approval as per Companies Act, 2013.
6. This appointment may, notwithstanding the period of five years mentioned above, be terminated by either party giving to the other six months' notice in writing.

In the event of termination of the appointment, he will be entitled to receive compensation in accordance with the provisions of the Companies Act, 2013.

The Board recommends to the Shareholders, the appointment of Shri Krishnakumar Srinivasan as Managing Director w.e.f. 11.02.2020. He will take the position of Managing Director & Chief Executive Officer, effective from April 1, 2021.

A notice under Section 160(1) of Companies Act, 2013 has been received from a Member signifying her intention to propose Shri Krishnakumar Srinivasan's appointment as Managing Director w.e.f. 11.02.2020.

A copy of the letter for the appointment of Shri Krishnakumar Srinivasan setting out the terms and conditions would be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 11.08.2020. Members seeking to inspect such documents can send an email to compliance.officer@shrirampistons.com.

None of the Directors or Key Managerial Personnel (KMP) or their relatives, except Shri Krishnakumar Srinivasan and his relatives, are concerned or interested in the Resolution at Item No. 8 of the Notice.

The appointment of Shri Krishnakumar Srinivasan as Managing Director w.e.f. 11.02.2020 and Managing Director & CEO w.e.f. 01.04.2021 and his remuneration is for Shareholders' approval.

ITEM NO. 9

Shri Hari S. Bhartia joined the Board of Directors of the Company on 27.01.2009.

Based on the recommendation of the Nomination & Remuneration Committee, the Board resolved to re-designate him as Independent Director of the Company for a period of five years effective from 31.03.2020 i.e. up to 30.03.2025.

Shri Hari S. Bhartia holds Bachelor's degree in Chemical Engineering from Indian Institute of Technology, Delhi. He has long and varied experience of working in sectors of pharmaceuticals, specialty chemicals, biotechnology, foods, oil and gas (exploration and production), aerospace and information technology sectors and has been instrumental in developing strategic alliances and affiliations with leading global companies.

He is considered as an Independent Director as defined under Section 149(6) of the Companies Act, 2013 ("Act") & Rules framed thereunder and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Shri Hari S. Bhartia has given (i) a declaration to the effect that he meets the criteria of independence as required under Section 149(6) of the Act and Listing Regulations, 2015, (ii) his consent in writing to act as a Director in Form DIR-2, pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014, and (iii) intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013.

In the opinion of the Board, Shri Hari S. Bhartia fulfils the conditions specified in the Act & the Rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, for appointment as Independent Director and he is independent of the Management.

A notice under Section 160(1) of Companies Act, 2013 has been received from a Member signifying his intention to propose Shri Hari S. Bhartia's re-designation as a Non-Executive Independent Director.

The Board recommends to the Shareholders, re-designation of Shri Hari S. Bhartia as a Non-Executive Independent Director w.e.f. 31.03.2020 upto 30.03.2025.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Shri Hari S. Bhartia as Non-Executive Independent Director is now being placed before the members in Annual General Meeting for their approval.

A copy of the draft letter for the appointment of Shri Hari S. Bhartia setting out the terms and conditions would be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 11.08. 2020. Members seeking to inspect such documents can send an email to compliance.officer@shrirampistons.com.

None of the Directors or Key Managerial Personnel (KMP) or their relatives, except Shri Hari S. Bhartia and his relatives, are concerned or interested in the Resolution at Item No. 9 of the Notice.

The re-designation of Shri Hari S. Bhartia as Non-Executive Independent Director of the Company for a period of five years (i.e. from 31.03.2020 upto 30.03.2025) is for Shareholders' approval.

ITEM NO. 10

The shareholders, in their meeting held on 26.06.2015, had approved payment of a sum not exceeding 1% of annual net profits of the Company to some or any of the Non- Executive Directors of the Company in such amounts or proportions and in such manner and in all respects as the Board may determine for a period of five years from 1st April 2015 to 31st March 2020.

The Board, in its meeting held on 25.06.2020, have approved payment of a sum not exceeding 1% of annual net profits of the Company, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, to some or any of the Directors of the Company, other than the Managing Directors, Joint Managing Director and Whole time Director, in such amounts or proportions and in such manner and in all respects as the Board may determine and that such payment be made in the following manner: -

- i) 0.6% to Chairman and
- ii) upto 0.4% to all other Non-Executive Directors

In accordance with provisions of section 197, 198 and rules made thereunder and other applicable provisions, if any, of the Companies Act, 2013 and Articles of Association of the Company, the shareholders are requested to approve payment of a sum not exceeding 1% of annual net profits of the Company, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, to some or any of the Directors of the Company, other than the Managing Directors, Joint Managing Director and Whole time Director, for a period of five years commencing from 1st April 2020.

Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, which has come into effect from 01.04.2019, requires every listed Company to seek approval from Shareholders if the

remuneration payable to a single Non-Executive Director exceeds fifty percent of total annual remuneration payable to all Non-Executive Directors.

The Board recommends to the Shareholders, payment of remuneration of upto 1% of net profits calculated under Section 198 of Companies Act, 2013 for F.Y. 2020-21 in the following manner: -

- i) 0.6% to Chairman and
- ii) upto 0.4% to all other Non-Executive Directors

All Non-Executive Directors and their relatives, are concerned or interested in the Resolution at Item No. 10 of the Notice. None of the Executive Directors or their relatives, except Shri Luv D. Shriram and his relatives, or Key Managerial Personnel (KMP) or their relatives, are concerned or interested in the Resolution at Item No. 10 of the Notice.

Remuneration of Non-Executive Directors as given above is for Shareholders' approval.

ITEM NO. 11

Shareholders, in their meeting held on 9th July, 2019, had approved re-appointment of Shri A.K. Taneja as Managing Director & CEO of the Company for a period of three years from 1st April, 2019 upto 31st March, 2022 at remuneration given in the explanatory statement of the Notice of said AGM.

Pursuant to provisions of Section 197 (3) of the Act read with Schedule V thereto, if in any Financial Year, the Company has no profits or its profits are inadequate, it can pay remuneration to its Whole-time Directors, in excess of limits specified under Item (A) of Section II of Part II of the said Schedule, by passing Special Resolution.

Due to economic slowdown and the impact of COVID-19, Company may not have profits as envisaged at the time of his re-appointment in the Shareholders' meeting of 9th July, 2019. It is therefore considered desirable to obtain approval of Members, by way of Special Resolution, for revision in his terms of remuneration as under: -

- i) Additional payment of Special Allowance of Rs. 12,50,000 (Rupees Twelve Lakhs Fifty Thousand Only) per month, which will be set off as a prior charge on the annual profit commission of 1% of annual profits of the Company before depreciation, donation and taxes, payable to him. In case the eligible profit commission is lower than the Special Allowance paid on monthly basis, then the Special Allowance so paid during the year shall be treated as the profit commission for the year.
- ii) Further notwithstanding the limits specified under Section 197 of the Companies Act read with Schedule V, in the event of absence or inadequacy of profits in any year during tenure of his appointment, he will be entitled to the salary and perquisites, as already approved by the members in their meeting held on 9th July, 2019 and the **Special Allowance** as given above, as minimum remuneration in that year, subject to statutory approvals, if any.

The Board recommends to the Shareholders, revision in terms of remuneration of Shri A.K. Taneja for such period as it may deem fit.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP, except Shri A.K. Taneja and his relatives, are concerned or interested in the Resolution at Item No. 11 of the Notice.

Revision in terms of remuneration of Shri A. K. Taneja for such period as may be decided by the Board is for Shareholders' approval.

ITEM NO. 12

Shareholders, in their meeting held on 25th June 2016, had approved re-appointment of Shri R. Srinivasan as Joint Managing Director of the Company for a period of five years from 1st February, 2016 upto 31st January, 2021 at remuneration given in the explanatory statement of the said AGM Notice.

The said remuneration was revised by Shareholders in their meeting held on 9th July, 2019.

Pursuant to provisions of Section 197 (3) of the Act read with Schedule V thereto, if in any Financial Year, the Company has no profits or its profits are inadequate, it can pay remuneration to its Whole-time Directors, in excess of limits specified under Item (A) of Section II of Part II of the said Schedule, by passing Special Resolution.

Due to economic slowdown and the impact of COVID-19, Company may not have profits as envisaged at the time of his re-appointment/ revision in remuneration in the Shareholders' meeting of 25th June, 2016 and 9th July, 2019. It is therefore considered desirable to obtain approval of Members, by way of Special Resolution, for revision in his terms of remuneration as under: -

- i) Additional payment of Special Allowance of Rs. 10,62,500 (Rupees Ten Lakhs Sixty Two Thousand Five Hundred Only) per month, which will be set off as a prior charge on the annual profit commission of 0.85% of annual profits of the Company before depreciation, donation and taxes, payable to him. In case the eligible profit commission is

lower than the Special Allowance paid on monthly basis, then the Special Allowance so paid during the year shall be treated as the profit commission for the year.

- ii) Further notwithstanding the limits specified under Section 197 of the Companies Act read with Schedule V, in the event of absence or inadequacy of profits in any year during tenure of his appointment, he will be entitled to the salary and perquisites, as already approved by the members in their meetings held on 25th June, 2016 and 9th July, 2019 and the **Special Allowance** as given above, as minimum remuneration in that year, subject to statutory approvals, if any.

The Board recommends to the Shareholders, revision in terms of remuneration of Shri R. Srinivasan as Joint Managing Director for such period as it may deem fit.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP, except Shri R. Srinivasan and his relatives, are concerned or interested in the Resolution at Item No. 12 of the Notice.

Revision in terms of remuneration of Shri R. Srinivasan as Joint Managing Director for such period as may be decided by the Board is for Shareholders' approval.

ITEM NO. 13

Shareholders, in their meeting held on 9th July, 2019, had approved re-appointment of Shri Luv D. Shriram as Whole-time Director of the Company for a period of five years from 5th May, 2019 upto 4th May, 2024 at remuneration given in the explanatory statement of the said AGM Notice.

Pursuant to provisions of Section 197 (3) of the Act read with Schedule V thereto, if in any Financial Year, the Company has no profits or its profits are inadequate, it can pay remuneration to its Whole-time Directors, in excess of limits specified under Item (A) of Section II of Part II of the said Schedule, by passing Special Resolution.

Due to economic slowdown and the impact of COVID-19, Company may not have profits as envisaged at the time of his re-appointment in the Shareholders' meeting of 9th July, 2019. It is therefore considered desirable to obtain approval of Members, by way of Special Resolution, for revision in his terms of remuneration as under:

- i) Additional payment of Special Allowance of Rs. 10,62,500 (Rupees Ten Lakhs Sixty Two Thousand Five Hundred Only) per month, which will be set off as a prior charge on the annual profit commission of 0.85% of annual profits of the Company before depreciation, donation and taxes, payable to him. In case the eligible profit commission is lower than the Special Allowance paid on monthly basis, then the Special Allowance so paid during the year shall be treated as the profit commission for the year.
- ii) Further notwithstanding the limits specified under Section 197 of the Companies Act read with Schedule V, in the event of absence or inadequacy of profits in any year during tenure of his appointment, he will be entitled to the salary and perquisites, as already approved by the members in their meeting held on 9th July, 2019 and the **Special Allowance** as given above, as minimum remuneration in that year, subject to statutory approvals, if any.

The Board recommends to the Shareholders, revision in terms of remuneration of Shri Luv D. Shriram for such period as it may deem fit.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP, except Shri Luv D. Shriram, Smt. Meenakshi Dass and their relatives, are concerned or interested in the Resolution at Item No. 13 of the Notice.

Revision in terms of remuneration of Shri Luv D. Shriram for such period as may be decided by the Board is for Shareholders' approval.

INSPECTION

The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 11.08. 2020. Members seeking to inspect such documents can send an email to compliance.officer@shrampistons.com.

By the Order of the Board,
For Shriram Pistons & Rings Ltd.

Sd/-
(R. Srinivasan)
Company Secretary
Membership No.: F-4034
3rd Floor, Himalaya House,
23, K.G. Marg, New Delhi-110001

New Delhi
June 25, 2020

DETAILS OF PERSONS SEEKING APPOINTMENT/ RE-APPOINTMENTAS DIRECTORS OR DIRECTORS SEEKING REVISION IN REMUNERATIONAT THE ANNUAL GENERAL MEETING

Name of the Director	Shri Luv D. Shriram	Dr. Peter Neu	Shri Yukio Tanemura	Shri Krishnakumar Srinivasan	Shri Hari S. Bhartia
Date of Birth/ Age	02-08-1972/ 47 Years	31-10-1959/ 60 Years	02-11-1956/ 63 Years	14-03-1966/ 54 Years	12-12-1956/ 63 Years
Nationality	Indian	German	Japanese	Indian	Indian
Date of appointment in the Board of the Company	01-04-2009	22-05-2018	27-07-2019	11-02-2020	27.01.2009; 31.03.2020 (Re-designated as Independent Director)
Number of Board Meetings attended during last year	5	1 (through Alternate Director)	1	-	1
Qualifications/ Experience	B. Com from University of Delhi	<ul style="list-style-type: none"> - Business Administration from University of Saarbrücken and Kohn - Doctorate from University of Saarbrücken in Business Administration 	Bachelor's and Master's Degree in Mechanical Engineering for Production	<ul style="list-style-type: none"> - Bachelor's degree in Mechanical Engineering - Master's in Business Administration - PG Diploma in Export Management 	Bachelor's degree in chemical engineering from the Indian Institute of Technology, Delhi
Occupation/ Expertise in Functional Area	Associated with the Company since 2009	He has more than 25 years of experience in Automotive Industry	He has more than 38 years of experience in Automotive Industry	He has long and varied experience of working in Automotive Industry.	<ul style="list-style-type: none"> - Conferred "Distinguished Alumni" award by IIT, Delhi in year 2000 - Co Chairman and Managing Director of Jubilant Life Sciences Ltd. - He has over 35 years of experience in the pharmaceuticals, specialty chemicals, biotechnology, foods, oil and gas (exploration and production), aerospace and information technology sectors and has been instrumental in developing strategic alliances and affiliations with leading global companies - He has been associated with IIT System and with the Ministry of Human Resource Development , Government of India - Former President of the Confederation of Indian Industry (CII) - Former Chairman of the Board of Governors of the Indian Institute of Management (IIM), Raipur and IIT, Kanpur - Chairman of Board of Governors of IIM, Visakhapatnam and Chairman of CII-Jubilant Bhartia Food & Agriculture Centre of Excellence - Member of the International Advisory Board of McGill University, Canada - He is also a member of India-USA CEO forum and India-France CEO forum - He, along with Shri Shyam S. Bhartia was facilitated with the Entrepreneur of the Year Award at AIMA Managing India Awards, 2013 - He has also shared Ernst & Young Entrepreneur of the year Award with Shri Shyam S. Bhartia
Details of remuneration sought	Details are provided in Corporate Governance Report annexed with the Board Report as Annexure-I	All Non-Executive Directors are entitled to receive Sitting Fees and Profit Commission		Details are provided in Explanatory Statement	All Non-Executive Directors are entitled to receive Sitting Fees and Profit Commission
Remuneration last drawn	Details are provided in Corporate Governance Report annexed with the Board Report as Annexure-I				

Name of the Director	Shri Luv D. Shriram	Dr. Peter Neu	Shri Yukio Tanemura	Shri Krishnakumar Srinivasan	Shri Hari S. Bhartia
Directorships held in other companies	<ul style="list-style-type: none"> - SPR International Auto Exports Ltd. - Shriram Veritech Solutions Pvt. Ltd. - Sera Com Pvt. Ltd. - Manisha Commercial Pvt. Ltd. - Shriram Marketing Pvt. Ltd. - Itara Prints Pvt. Ltd. - Sarva Commercial Pvt. Ltd. - Kiki Farms Pvt. Ltd. - Shabnam Commercial Pvt. Ltd. 	NIL	NIL	NIL	<ul style="list-style-type: none"> - Jubilant Life Sciences Ltd. - Jubilant Food Works Ltd. - Jubilant Bhartia Foundation - Jubilant Pharma Ltd, Singapore - Jaytee Pvt. Ltd. - Jubilant Securities Pvt. Ltd. - BT Telecom India Pvt. Ltd. - HSB Trustee Company Pvt. Ltd. - HKB Trustee Company Pvt. Ltd. - HS Trustee Company Pvt. Ltd. - KHB Trustee Company Pvt. Ltd. - Jubilant Enpro Pvt. Ltd. - Jubilant Stock Holding Pvt. Ltd.
Chairman/ Member of the Committee(s) of the Board of Directors of the Company	Member: <ul style="list-style-type: none"> - CSR Committee - Risk Management Committee 	NIL	NIL	NIL	NIL
Chairman/ Member of the Committee(s) of the Board of Directors of other Companies in which he is a Director	Member: Shriram Veritech Solutions Pvt. Ltd. <ul style="list-style-type: none"> - Corporate Social Responsibility Committee 	NIL	NIL	NIL	Member: 1. Jubilant Life Sciences Ltd. <ul style="list-style-type: none"> - Risk Management Committee - Sustainability and CSR Committee - Finance Committee - Capital Issue Committee - Restructuring Committee - Fund Raising Committee 2. Jubilant FoodWorks Ltd.: <ul style="list-style-type: none"> - Nomination, Remuneration & Compensation Committee - Regulatory and Finance Committee - Investment Committee Chairman: Jubilant FoodWorks Ltd.: <ul style="list-style-type: none"> - Sustainability and CSR Committee - Risk Management Committee
No. of Shares held by the Director of the Company	<ul style="list-style-type: none"> - 33,35,668 nos. Equity Shares (shares held in the capacity of Trustee (First named shareholder) of Deepak Shriram Family Benefit Trust) - 33,35,668 nos. Equity Shares (shares held in the capacity of Trustee (Second named shareholder) of Deepak Shriram Family Benefit Trust) - 2 Nos. Equity Shares (shares held in the capacity of Trustee (First named shareholder) of NAK Benefit Trust) 	NIL	NIL	NIL	NIL
Relationship with other Directors/ KMPs	Shri Luv D. Shriram and Smt. Meenakshi Dass are related to each other and are Promoters of the Company	NIL	NIL	NIL	NIL

DETAILS OF PERSONS SEEKING APPOINTMENT/ RE-APPOINTMENT AS DIRECTORS OR DIRECTORS SEEKING REVISION IN REMUNERATION AT THE ANNUAL GENERAL MEETING

Name of the Director	Shri A. K. Taneja	Shri R. Srinivasan
Date of Birth/ Age	18-08-1951/ 68 Years	17-09-1952/ 67 Years
Nationality	Indian	Indian
Date of appointment in the Board of the Company	21-04-1999	01-02-2001
Number of Board Meetings attended during last year	6	6
Qualifications/ Experience	<ul style="list-style-type: none"> - B. Tech from IIT, Kanpur 	<ul style="list-style-type: none"> - B. Com (Hons.) from Shriram College of Commerce, University of Delhi - Fellow member of the Institute of Company Secretaries of India (ICSI) - Fellow member of The Institute of Cost Accountants of India (ICMAI) - LLB from Delhi University - AMP from Harvard University
Occupation/ Expertise in Functional Area	Over 48 years of experience in various management functions	Over 47 years of experience in various management functions
Details of remuneration sought	Details are provided in Explanatory Statement	
Remuneration last drawn	Details are provided in Corporate Governance Report annexed with the Board Report as Annexure-I	
Directorships held in other companies	<ul style="list-style-type: none"> - T. K. Precision Pvt. Ltd. - SPR International Auto Exports Limited 	NIL
Chairman/ Member of the Committee(s) of the Board of Directors of the Company	Member: <ul style="list-style-type: none"> - Corporate Social Responsibility (CSR) Committee - Risk Management Committee - Stakeholders' Relationship Committee 	Member: <ul style="list-style-type: none"> - Risk Management Committee
Chairman/ Member of the Committee(s) of the Board of Directors of other Companies in which he is a Director	NIL	NIL
No. of Shares held by the Director of the Company	48 nos. Equity Shares	3,236 nos. Equity Shares held jointly with Mrs. Usha Srinivasan
Relationship with other Directors/ KMPs	NIL	NIL