

# Leaders in Auto Air-Conditioning



Annual Report  
2011-12

## From the desk of the Chairman

Dear Shareholders,



It is my privilege to communicate with you at the end of another eventful year for Subros.

While India's Growth story remains intact in the long run, currently its economy is undergoing a difficult phase when industry is also slowing down. This has led to tapering of the economic growth curve as reflected in the estimated 6.5% GDP growth for 2011-12, after having grown at 8.4 per cent in preceding two years.

After an excellent 2010-11 wherein the Passenger Vehicle industry grew by 29%, the growth rate in 2011-12 fell to 5%. The Commercial Vehicle industry registered a growth of 18% in 2011-12 as compared to 27% in 2010-11. Main reason for this slow down has been tightening of interest rates and high fuel prices.

In spite of the slowdown in the Automobile Industry, your company recorded turnover of Rs.1235 crore as against Rs.1203 crore in 2010-11. The Profit before Tax stood at Rs.58.63 crores as against Rs. 32.02 crore in 2010-11.

At Subros, we have always believed in satisfying our customers to the best of our abilities. This has resulted in winning awards & recognitions for the year 2011-12 from our customers:

### Maruti Suzuki India Ltd

- 1) Gold Trophy for overall excellence
- 2) Best in Warranty Performance
- 3) Best in Design & Development
- 4) Best in Special support by vendor
- 5) Best in Incoming Quality
- 6) Special Award for R&D set-up

### Tata Motors Limited

- 1) Cost Efficiency Award

Further your company won ACMA Gold Award for Manufacturing excellence and Silver Award for Excellence in Technology.

We have persisted with our mission of building

strengths and capabilities for the future which will help us to service long term market growth and further consolidate our leadership position. The focus continues to be on the initiatives to increase customer satisfaction, improving product mix and enhancing our manufacturing and supply chain capabilities. We feel that our stress on customer centricity will go a long way in creating a sustainable and competitive advantage for your Company.

We are constantly seeking to induct new products and technology to keep pace with the evolving trends and market demands. We are simultaneously focusing on enhancing our capacities and delivery capabilities so that we remain a reliable and dependable supplier for our esteemed customers. Great emphasis is being laid on professionalism and continuous improvement in every area.

In line with the increasing demand for its products, your Company is investing in the Automobile manufacturing hubs of Pune and Chennai. While one more plant is coming up fast at Pune just adjacent to the present location, construction work has also commenced at the Chennai plant with a view to start the operations by end of 2012. Addition of capacities closer to the customers would offer your company the logistic advantage to increase its market share.

Success of any business enterprise can only be possible because of its employees and associates who put in unrelenting efforts to rise to excellence. I would like to reiterate that your Company's employees are its greatest asset and it is due to their hard work, perseverance, commitment and dedication that your Company has been able to deliver growth and value creation with every passing year.

I take this opportunity to thank all our valued customers, employees, associates, vendors, bankers and stakeholders for their excellent support to the Company throughout the year. I thank you for your confidence in the company and look forward to your continued support.



Ramesh Suri  
Chairman

## From the desk of the Managing Director



Dear Shareholders,

2011-12 was a challenging year for the Automobile Industry. While there were significant product launches, the sector was also faced with significant challenges related to labour unrests,

high inflation, consistent fuel hikes and rising interest rates. All these jointly took a toll on the overall growth numbers. The world's fastest growing automobile market came under the analyst's scanner as the demand for cars fell for the first time in three years in July'11 and slumped by the most in over a decade in October'11. SIAM, which had projected a growth of over 20%, had to instantly lower its projections. Eventually, the passenger vehicle industry closed with a marginal growth of 5% compared to 29% in 2010-11. The commercial vehicle industry also registered a lower growth of 18% compared to 27% in 2010-11.

Amidst these challenges, your company recorded a marginally higher turnover of Rs.1235 crore in 2011-12 as against Rs.1203 crore last year. The company's Profit before Tax from operations was Rs.29.61 crores against Rs.32.02 crores in 2010-11. The company's Profit before Tax (including exceptional items) jumped to Rs.58.63 crores as against Rs.32.02 crores in 2010-11. Similarly, Profit after Tax was Rs.48.40 crores as compared to Rs.28.54 crores in the previous year.

This all was made possible by our teams who have worked hard to bring new products into the market especially in the Bus AC and Reefer segments, expand our horizons to enter newer markets as well as introduce robust customer initiatives and win new businesses.

Our customers and the Auto industry recognized our efforts as we continue our pursuit for perfection. Your company was awarded in the following categories :

- 1) Gold Trophy for 'Overall Excellence' and awards for, 'Warranty Performance', 'Design & Development', 'Special support by Vendor', certificate for 'Incoming Quality' and 'Special award for R&D set up in India' from Maruti Suzuki India Ltd.

- 2) Cost Efficiency Award from Tata Motors Ltd.
- 3) ACMA Gold Award for Manufacturing excellence and Silver Award for Excellence in Technology

While our performance and efforts have been recognized, we still have a long way to go as we continue to align to new customers, new markets and emerging customer requirements. As Subros moves to a multi plant and multi product scenario, our focus will be to make each plant self sufficient and profitable.

The coming year is going to be significant, as it will pave the way for our future. In spite of the current difficult times faced by the Indian Auto Industry, it is expected to grow in 2012-13, albeit at a slower pace. Your company too is committed to profitable growth and is investing in augmenting its manufacturing capabilities. We are building infrastructure to focus on manufacturing the Heat Exchangers for supplying to OEMs in West India (Pune). We have also set up an engineering centre in Chennai and are building manufacturing infrastructure there to service the growing needs of the OEM's and also markets in the Southern part of the Country.

On the new product & technology front, we have already started to find our feet in the Commercial Vehicle and Heat Exchanger segments and are ready with the requisite product line-ups to tap the ever expanding opportunities in this domain

The road ahead for your company is not expected to be easy. However, with support from all our stakeholders, we have only one direction to move in - profitable growth, customer satisfaction, shareholder value and becoming a powerful brand. We would continue creating value for all our stakeholders and would like to thank all of them for their continuous support extended through the years and look forward to take these valued relationships to the next level.

I would like to thank you for your faith in us over the years and for the trust you repose in us in ensuring we have a bright future together. I look forward to your continued support and wish all of us a great year ahead.

With Best Regards



Shradha Suri Marwah  
Managing Director





## About us

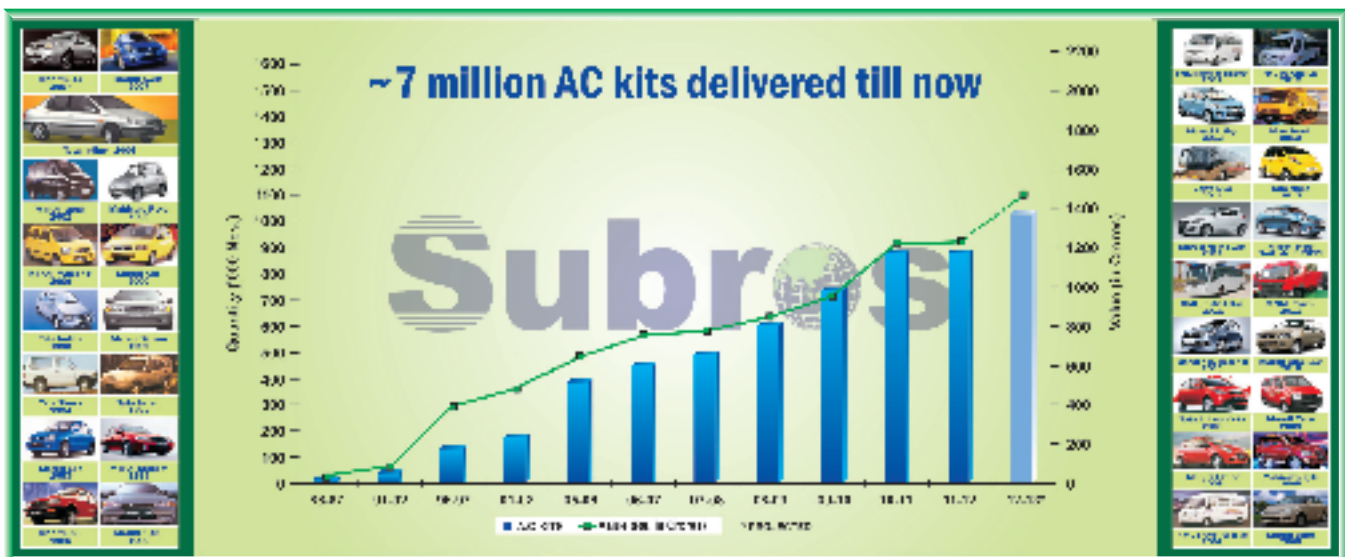


Subros Limited, founded in 1985, is a joint venture public limited company with 40% ownership by Suri family of India and 13% ownership each by Denso Corporation & Suzuki Motor Corporation of Japan, is the leading manufacturer of thermal products for automotive applications in India, in technical collaboration with Denso.

The company has grown from a capacity of 15,000 AC units in 1985 comprising of largely an assembly operation, into the largest and only integrated manufacturing unit in India for Auto Air Conditioning systems. Subros manufactures compressors, Condensers, Heat Exchangers and all connecting elements required to complete the AC loop and caters to all segments viz. Passenger Vehicles, Buses, Trucks, Refrigeration Transport, off-roaders & Railways.

Subros has manufacturing plants at Noida (2nos), Manesar, Pune and Sanand with an annual capacity of 1.5 Million AC Kits per annum beside a well equipped R&D Center and Tool Room at Noida. As part of its expansion plan, new plants are coming up at Pune & Chennai.

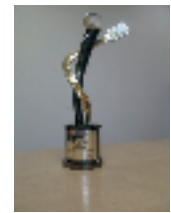
### OUR CUSTOMERS





# Performance

YEAR	MILESTONES	AWARDS/ CERTIFICATION
2011-12	<ul style="list-style-type: none"> <li>Capacity 1.5 Million AC Kits</li> <li>1 Lakh AC Kits delivered in March</li> <li>Inauguration of Chennai Plant</li> </ul>	<ul style="list-style-type: none"> <li>MSIL Gold Trophy for overall excellence and Awards for R&amp;D Set up in India, Special support by vendor to MSIL, Warranty Performance, Design &amp; Development and certificate for Incoming Quality.</li> <li>TML Award for excellence in Cost efficiency.</li> <li>ACMA Gold Award for Manufacturing Excellence (Noida Plant)</li> <li>ACMA Silver Award for Excellence in Technology</li> </ul>
2010-11	<ul style="list-style-type: none"> <li>Capacity 1.2 Million AC kits</li> <li>Start of Denso Subros Engineering Centre India Limited (A JV of Denso &amp; Subros)</li> <li>Localization of RS Evaporator</li> </ul>	<ul style="list-style-type: none"> <li>MSIL Gold Trophy for overall excellence and Awards for Warranty Improvement, Tier 2 Supplier Upgradation, VA/VE &amp; Timely Capacity Addition</li> <li>TML Award for Cost Efficiency</li> <li>Mahindra &amp; Mahindra Award for SPD Performance sustainability.</li> <li>Gold Award in Auto Ancillary Sector (Large category) from India Manufacturing Excellence Award (IMEA)</li> <li>ACMA Bronze Award for Excellence in Manufacturing</li> </ul>
2009-2010	<ul style="list-style-type: none"> <li>Completes 25 years</li> <li>Delivery of 5 Million AC Kits.</li> <li>Capacity 1 Million</li> <li>Heat Exchanger development</li> <li>Truck Cabin AC development</li> </ul>	<ul style="list-style-type: none"> <li>MSIL Awards for system audit rating, quality awareness quiz and VA-VE</li> <li>TML Award for Delivery</li> <li>India's first company by CII as TCM enabled on TCM maturity model.</li> </ul>
2008-2009	<ul style="list-style-type: none"> <li>New HVACs for MSIL, TML and M&amp;M</li> <li>Started Subros Thailand Operations</li> <li>Large Bus AC Development</li> <li>Tractor AC Development</li> </ul>	<ul style="list-style-type: none"> <li>MSIL awards for Outstanding overall performance, Design &amp; Development, System Audit rating, Tier 2 Upgradation and Incoming Quality Improvement.</li> <li>TML Award for Cost effectiveness</li> </ul>



Maruti Suzuki Gold Trophy Efficiency



Maruti Suzuki Gold Trophy Efficiency



Maruti Suzuki Award for Special Support



Maruti Suzuki Award for Warranty Improvement



Maruti Suzuki Award for Design & Development



Ms. Shradha Suri Marwah, MD, Subros Limited receiving ACMA 2011 Award from Mr. Praful Patel



ACMA award for Excellence in Technology 2010-2011



ACMA award for Manufacturing Excellence in 2010-2011

## Product Range

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

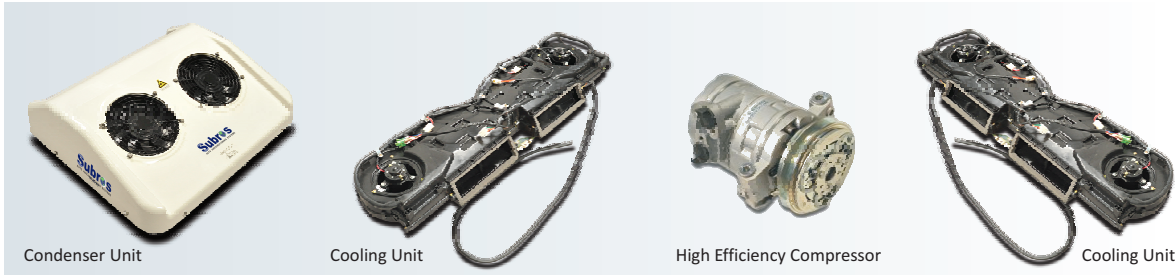
Subros products are backed by technology from its JV partner Denso who are the world leaders in their domain.



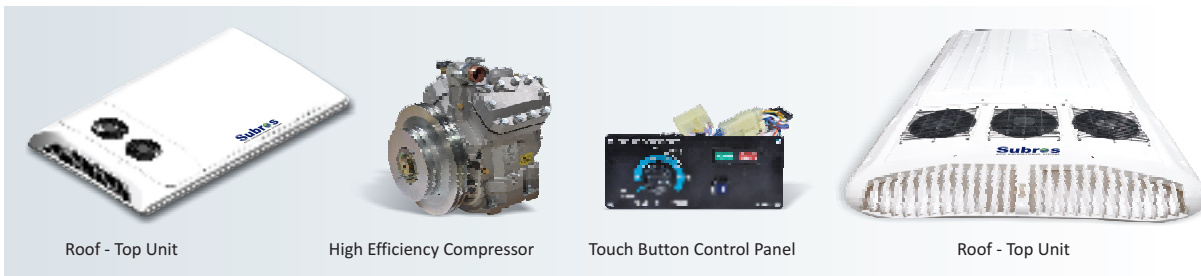
## Commercial Vehicle AC

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

### Bus AC



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



### Transport Refrigeration Solutions

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





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*Our Management Team*

## Board of Directors

1. Mr. Ramesh Suri  
Chairman
2. Ms. Shradha Suri  
Managing Director
3. Dr. Jyotsna Suri
4. Mr. D.M. Reddy  
Executive Director
5. Mr. Yasushi Nei  
(Representative of Denso Corporation, Japan)
6. Mr. S. Nakanishi  
(Representative of Suzuki Motor Corporation, Japan)
7. Mr. P. Sabanayagam  
I.A.S. (Retd.)
8. Mr. G.N. Mehra  
I.A.S. (Retd.)
9. Mr. Shailendra Swarup
10. Mr. K.R. Ramamoorthy
11. Mr. Hanuwant Singh

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

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

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

### Works

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



## Notice of Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting of the members of SUBROS LIMITED will be held at FICCI GOLDEN JUBILEE AUDITORIUM, TANSEN MARG, NEW DELHI 110 001 on Monday, the 30th July, 2012 at 11.00 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and Profit & Loss Account for the year ended on that date and the Report of the Directors' and the Auditors' thereon.
2. To declare dividend for the financial year ended 31st March, 2012.
3. To appoint a director in place of Dr. Jyotsna Suri, who retires by rotation, and being eligible, offers herself for reappointment.
4. To appoint a director in place of Mr. Yasushi Nei, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a director in place of Mr. G N Mehra, who retires by rotation, and being eligible, offers himself for reappointment.
6. To appoint Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

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 the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Reserve Bank of India, if required and of Securities & Exchange Board of India or such other authorities under relevant enactments, whether applicable, the Company hereby accords its consent to the Board of Directors of the Company including committee thereof (hereinafter referred to as “the Board”) to borrow any sum or sums of money from time to time from any one or more of the Company's Bankers and / or from any one or more, firms, bodies corporate (Indian or Overseas), financial institutions (Indian or Foreign), Non resident Indians or Foreign Nationals or other persons whether by way of Advance, Deposits, Loans, External Commercial Borrowings (ECB) including other modes of External Borrowings, Debentures or otherwise and whether unsecured or secured notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary working capital loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the



paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose but so however that the total amount upto which the moneys may be borrowed by the Board and outstanding at any point of time shall not exceed in aggregate the limit of Rs.500 Crores (Rupees Five Hundred Crores only) exclusive of interest and other charges whatsoever connected with the aforesaid loans, as against Rs.400 crores (Rupees Four Hundred Crores only) approved by the members in the 26th Annual General Meeting of the Company held on 19th September, 2011.”

Place: New Delhi  
Dated: 28th May, 2012

REGD. OFFICE:  
Lower Ground Floor,  
World Trade Centre  
Barakhamba Lane,  
New Delhi 110 001.

By Order of the Board

Vikas Sabharwal  
Dy. Company Secretary

## Notes

- 1) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item No.7 relating to Special Business to be transacted at the meeting is annexed hereto.
- 2) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the company. Proxies in order to be effective must be lodged with the Company not less than 48 hours before the time of meeting. Members / proxies should bring duly filled Attendance slips sent herewith to attend the meeting.
- 3) Members are requested to send queries, if any, on the accounts so as to reach the Registered Office atleast ten days before the meeting to enable the Company to have the relevant information ready.
- 4) The Register of Members and Share Transfer books of the Company shall remain closed from Saturday, the 21st July, 2012 to Monday, the 30th July, 2012, both days inclusive.
- 5) If resolution in respect of dividend on shares as recommended by the Directors is passed at the Annual General Meeting, the payment will be made to those shareholders whose names shall stand on the Company's Register of Members on 30th July, 2012. The dividend in respect of shares held in electronic form will be payable to the beneficial owner of the shares as on 30th July, 2012, as per details furnished by the Depositories for this purpose



- 6) Members, who hold shares in de-materialised form, are requested to bring their client ID and DP ID Numbers for easier identification of attendance at the Annual General Meeting. NO GIFTS OF ANY NATURE SHALL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.
- 7) Information u/s. 205A read with the Companies Unpaid Dividend (Transfer to Investors Education and Protection Fund set up by the Govt. of India):
  - a) Pursuant to the provisions of section 205A(5) of the Companies Act, 1956 and introduction of section 205C of the Companies Act, 1956, the Company has transferred unclaimed dividend upto the financial year ending 31st March, 2004 to Investors Education and Protection Fund set up by Govt. of India. The amount of dividend for the subsequent years i.e. from financial year ended 31.03.2005 and onwards, remaining unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims.
  - b) Members who have not yet encashed their dividend warrant(s) for the financial year ended 31.03.2005 and onwards, are requested to claim the amount forthwith from the Company.
- 8) Members holding Equity Shares in physical form are required to notify promptly change in their address / bank details, if any, to the Company's Registered Office or M/s. MCS Limited, Srivenkatesh Bhavan, F-45, Okhla Industrial Area, Phase-I, New Delhi 110 020 (The registrar and Transfer Agent), quoting Folio Number. Members holding Equity Shares in electronic form are requested to notify promptly change in their address / bank details, if any, to the respective depository participants.
- 9) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demand accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent (RTA), M/s. MCS Limited and also they are requested again to get their equity shares demated.
- 10) For security reasons, briefcases, transistors, bag, tiffin boxes, cameras, eatables etc. will not be allowed to be taken inside the Meeting Hall.

## **Explanatory statement pursuant to section 173(2) of the Companies Act, 1956:**

### Item No. 7

The members of the Company at the 26th Annual General Meeting of the Company held on 19th September, 2011 had accorded their consent to the Board of Directors of the Company under Section 293(1)(d) of the Companies Act, 1956 to borrow for the purpose of business of the Company upto Rs.400 crores (Rupees Four Hundred Crores). In view of the increased requirement of funds due to expansion plans of the Company, it is considered appropriate to seek consent of the members under Section 293(1)(d) for enhancement in its borrowing powers upto Rs.500 crores (Rupees Five Hundred Crores) to meet the requirement of funds from time to time.

None of the Directors may be deemed to be concerned or interested in this Resolution.

By Order of the Board

Place: New Delhi

Dated: 28th May, 2012

Vikas Sabharwal

Dy. Company Secretary

REGD. OFFICE:

Lower Ground Floor,  
World Trade Centre  
Barakhamba Lane,  
New Delhi 110 001.



## Directors' Report

To  
The Members

Your Directors are pleased to present the 27th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2012.

### FINANCIAL RESULTS

	Current year 2011-12 (Rs. in Lacs)		Previous year 2010-11 (Rs. in Lacs)	
Gross Profit before financial charges and depreciation	13755		8800	
Less: Financial Charges and Depreciation	2591	7892	1543	5598
	<u>5301</u>		<u>4055</u>	
Net Profit before Taxation	5863		3202	
Less: Taxation	<u>1023</u>		<u>348</u>	
Profit after Taxation	4840		2854	
Add: Profit brought forward	13496		13200	
Profit available for appropriation	<u>18336</u>		<u>16054</u>	
Less: Proposed Dividend	660		480	
Less:- Tax on Dividend	107		78	
Less:- Transfer to General Reserve	2500		2000	
Balance carried over to Balance Sheet	<u><u>15070</u></u>		<u><u>13496</u></u>	

### DIVIDEND

Your Company has earned a net profit (before tax) of Rs.5863 Lacs as against Rs.3202 Lacs in the previous year. Your directors recommend a dividend of Rs.1.10 per share i.e. (55%) on the paid-up equity share capital for the year ended 31st March, 2012 as against Rs.80 paise per share i.e. (40%) declared in the previous year. The dividend, if approved by the shareholders at the ensuing Annual General Meeting, shall absorb a sum of Rs.660 lacs.

### BUSINESS OPERATIONS

Your Company has invested significantly for Technology upgradation, New product development and

Localisation to sustain its market leadership in future years. However, due to adverse Market situation, delayed Product launches and severe production disruptions at Customer end, there have been significant disruptions in supplies during first 3 quarters of the year. This also has led to non-realisation of benefits from the investments made and higher Inventory carrying costs.

The Markets for the OE customers stabilized in last quarter of the year to recover the business situation significantly. As a result, your company recorded an increase of 2.40 % in the net turnover of Rs 1115.68 crores during the year as against Rs.1089.58 crores in the previous year. During the year under review the company has sold 852,925 nos. of A.C. systems as against 895,072 nos. in the previous year. During the year under review your company was able to achieve profit after tax of Rs.48.40 cr as against Rs.28.55 cr during the last year.

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

#### EXPANSION AND FUTURE PROSPECTS

Your Company considering the growth in the Automobile sector in general, has planned its capacity expansion at its existing facilities at Noida, Manesar and Pune, to cater to the increased demand from existing as well as new Automobiles manufacturers in India.

The Company has also started the process of setting up its facility in Chennai, Tamil Nadu for targeting Southern India based OEM. The Company is also strategically diversifying into other Thermal Engineering Products for Automobiles Sector or for other industrial uses like radiators, Engine cooling modules, Bus airconditioning, Rail airconditioning etc.

The Company expects buoyant growth in coming years due to increased share of business from its existing Customers and expansion of business in new business domains like Bus Airconditioning, Truck Refrigeration and Radiators.

#### AWARDS AND RECOGNITIONS

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

- a) MSIL- Gold Trophy for Best Vendor Award for overall performance
- b) MSIL- Engineering Director Special award for local R&D setup
- c) MSIL- Warranty Improvement
- d) MSIL- Incoming Quality Improvement
- e) MSIL- Special support award
- f) MSIL- Design and Development award.
- g) ACMA- Gold Award for Manufacturing Excellence
- h) ACMA- Silver Award for Excellence in Technology
- i) Economic Times Gold Award- Manufacturing Excellence
- j) Frost and Sullivan -Ranked amongst Top 5 Companies in Customer focus and Innovation by Frost and Sullivan
- k) Excellence award in NCQC (National Quality Circle)



## SUBSIDIARY COMPANY

During the financial year under review THAI SUBROS LIMITED subsidiary Company in Thailand, achieved a turnover of THB 403.11 Lacs as against THB 667.09 Lacs during the last financial year, the sales has decreased by 40% over the last year and the company was having Loss after tax of THB 9.41 Lacs as against profit after tax of THB 21.02 Lacs during the previous year under review.

## CONSOLIDATION OF ACCOUNT

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

## CORPORATE GOVERNANCE

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

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

## LISTING

The shares of your company are listed on National Stock Exchange of India Limited, the Stock Exchange of Mumbai and The Delhi Stock Exchange Association Ltd. The company has paid annual listing fee for the year 2012-13 and also paid annual custodian fee in respect of shares held in dematerialization mode to NSDL and CDSL for the year 2012-13.

## FIXED DEPOSIT

During the year the Company has not received any deposits from the public under section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules.

## DEMATERIALISATION OF SHARES

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



## DIRECTORS

Dr. Jyotsna Suri, Mr. Y Nei and Mr. G.N. Mehra, Directors of the Company will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of annual accounts for the year 2011-12, the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to the company have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2011-12 and of the profit of the company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- the Directors had prepared the annual accounts on a going concern basis.

## AUDITORS

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

## DISCLOSURE OF INFORMATION WITH REGARD TO CONSERVATION OF ENERGY ETC.

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

## EMPLOYEES

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

However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report is being sent to all the shareholders of the Company excluding the statement of





particulars of employees under section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Dy. Company Secretary at the registered office of the Company and same will be sent.

## ACKNOWLEDGEMENT

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

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

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

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

For and on behalf of Board of Directors

Place : New Delhi  
Dated: 28th May, 2012

RAMESH SURI  
Chairman

## Annexure to Directors Report (2011-12)

### Part-1st

Particular required under the Companies / (Disclosure of particulars in the Report of Board of Directors) Rules, 1998.

#### Form A. CONSERVATION OF ENERGY

Form 'A' as prescribed by the Companies (Disclosure of Particulars In the Report of Board) Rules, 1998

-Not Applicable

#### Form B. TECHNOLOGY ABSORPTION

##### 1.0 RESEARCH & DEVELOPMENT

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

##### 1.1 Product Development :

1. Upgraded Compressor for Nano requirements ( 10SL08).
2. SUBROS New technology based Heater Core applied to various models such as X1, XYLO, Safari.
3. An ultra slim (12 mm) variant of latest step-4 condenser is developed by optimizing its parameters making it more efficient, compact and cost effective apart from achieving charge reduction compared to current technology of Step-4 (16 mm).
4. Radiator technology developed for applications in low cost micro commercial Vehicles (Ace etc.).
5. Very compact CRFM (Condenser Radiator Fan Module) designed, developed and tested for M&M Xylo which has several revolutionary features over the existing CRFM.
6. RS evaporator technology is applied in existing non - MSIL projects.
7. Tested and confirmed feasibility for charge compatibility and readiness for the environment friendly new generation low GWP refrigerant (HFC1234yf) in Subros supplied AC kits.
8. Application Engineering for :
  - HVAC and hoses and tubes development "New Alto (YG4)" model
  - Heater blower unit development is under progress for "Omni" model
  - HVAC & condenser development for new Swift

##### 1.2 Systems & Infrastructure :

- i) Expansion of Team Center applications to include more project activities.
- ii) In the year 2011-12, Pune product engineering center has started its operations and Chennai center is in final stages and will soon commence Customer faced Product Engineering activities which will lead to better and faster access to new product developments for customers based in Western & Southern part of India.



- 1.3 VA/VE, Localization efforts:  
Implementation of New VA/VE ideas & localization in the field of
- a. HVAC
  - b. Heater core
  - c. Radiator
  - d. Condenser
  - e. RS Evaporator
  - f. Receiver Drier

#### BENEFITS DERIVED

1. Development of new models for existing customers has resulted in continuity of our relationship with key customers.
2. Localization and VA/VE ideas have resulted in reduction in product weight, keeping same performance on product and vehicle level, ultimately reduction in material cost and reducing the number of part thus bringing down the cost of final product.
3. Focus on continuous upkeep and up gradation of R & D test facilities resulted in significant equipment down time and on time support for product validation.
4. With parametric design implementation development time & cycle is reducing considerably.

#### FUTURE PLAN OF ACTION

- 1) Continue development of new generation more efficient Heat Exchangers Heaters , Radiators and CRFM (Condenser Radiator Fan Module)
- 2) To develop, design and tooling development for tractor radiator
- 3) New concept of Micro Heat Exchanger is developed to better suit the future technology requirements.
- 4) Installation of testing facility for Inter cooler and engine oil cooler which can be applied to both Off Highway and Turbo Charge Diesel Engines.
- 5) Design and development feasibility study and Innovations for compressors of Cars and Bus applications.

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

In case of Indigenously Developed Technology

1. The Company has filed for 3 patents applications in the areas of heat exchanger and compressors
2. Complete indigenous technology development for heater core and ECM modules done

#### BENEFITS

- a) Indigenously developed technology will result in reduced development cost
- b) The better understanding of the exact development cycle of technology will assist in providing better solutions to the customer and will lead to its satisfaction apart from cost reduction
- c) Future new technology development time will reduce which will give better edge to the company against the competitors.



The RS Evaporator technology received from collaborators Denso Corporation, Japan has been absorbed and already productionized.

#### BENEFITS

- a) Improvement in process, productivity and quality and cost due to new techniques and localization of parts.
- b) New products development and new business opportunities.

In case of Imported Technology

1. The Company has imported technology in collaboration with Denso Corporation, Japan and Suzuki Motor Corporation, Japan since 1986. Further, the Company has also executed new Technical Assistance Agreement with Denso Corporation, Japan for transfer of technology of MF Condenser, 10P, 10S & 10SA series Compressor and HVAC for new models, RS Evaporator, Bus AC etc.
2. Year of Import: 1986 onwards
3. The technology has been absorbed substantially. For new models of AC systems, technology transfer is under implementation.

#### Form C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has made export of the value of Rs.371.56 lacs during the year (Previous year Rs.752.45 Lacs).

	<u>Rs. in Lacs</u>
A) Total Foreign Exchange earned	371.56
B) Total Foreign Exchange used	
I. CIF Value of Imports (Revenue Expenses)	43071.87
II. CIF Value of Imports (Capital Expenditure)	7831.73
III. Expenditure in Foreign Currency	2437.30



## Compliance Report on Corporate Governance (2011-12)

Company philosophy on code of

### 1. CORPORATE GOVERNANCE:

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

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

### 2. BOARD OF DIRECTORS

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

The composition of Board of Directors of Subros Ltd and director's attendance record, directorship and committee position during the financial year 2011-12 is as per table given below:

Name	Category	No. of Board Meetings held during 2011-12	No. of Board Meetings attended during 2011-12	Whether attended AGM held on 19th September 2011	No. of Directorships in Companies (other than Subros Ltd, foreign & Private Companies)	Committees @ Position held in Public Companies as	
						Chairman	Member
Mr. Ramesh Suri, Chairman	Not Independent & Executive	5	5	Yes	13	2	4
Ms. Shradha Suri Managing Director	Not Independent & Executive	5	5	Yes	4	1	1
Dr. Jyotsna Suri	Not Independent & Non-Executive	5	4	Yes	12	3	0
Mr. Shinzo Nakanishi	Not Independent & Non-Executive	5	5	Yes	4	0	1
Mr. Yasushi Nei	Not Independent & Non-Executive	5	4	Yes	1	0	0
Mr. P. Sabanayagam	Independent & Non-Executive	5	5	Yes	0	0	0
Mr. G.N. Mehra	Independent & Non-Executive	5	4	Yes	6	5	4
Mr. Shailendra Swarup	Independent & Non-Executive	5	3	No	3	0	1
Mr. K.R. Ramamoorthy	Independent & Non-Executive	5	5	Yes	6	2	5
Mr. Hanuwant Singh	Independent & Non-Executive	5	5	Yes	3	0	2

@ Represents Chairmanship / Membership of Audit Committee and Shareholders Grievance cum Share Transfer Committee only.

(b) Number of Board Meetings

During the financial year 2011-12, five Board Meetings were held on 30.4.2011, 03.08.2011, 19.09.2011, 31.10.2011 & 03.02.2012.

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

(c) Information supplied to the Board

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

(d) Remuneration Committee

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

Composition

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

Meetings:- During the financial year 2011–12 one meeting was held on 03.02.2012

Brief Description of terms of reference

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

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

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

Non-Executive Directors of the Company are not being paid any remuneration other than the sitting fees for attending the meetings of the Board or Committees thereof. The detail of sitting fee paid during the year 2011-12 is as given below:-

S.No.	Name of Director	Sitting Fee for Board Meetings (Rs.)	Sitting Fee for Committee Meetings (Rs.)	Total (Rs.)
1	Dr. Jyotsna Suri	80,000	NIL	80,000
2	Mr. P. Sabanayagam	1,00,000	1,00,000	2,00,000
3	Mr. G.N. Mehra	80,000	2,35,000	3,15,000
4	Mr. K.R. Ramamoorthy	1,00,000	80,000	1,80,000
5	Mr. Hanuwant Singh	1,00,000	NIL	1,00,000
6	Mr. Shailendera Swarup	60,000	20,000	80,000
7	Mr. S. Nakanishi	1,00,000	NIL	1,00,000
			G. TOTAL	10,55,000

Remuneration paid/payable to the Chairman and the Managing Director for the year 2011-12 is as given below:

Sl. No	Name of the Director	Period of appointment	Salary & Allowances	Contributions (*)	Commission	Other Benefits	Total
1.	Mr. Ramesh Suri	16.9.2010 - 15.9.2015	48.00	4.50	32.37	0	84.87
2.	Ms. Shradha Suri	12.5.2008 - 11.5.2013	149.54	18.35	12.31	0	180.20
		TOTAL	197.54	22.85	44.68	0	265.07

(\*) Represent contribution to Provident Fund and Superannuation Fund

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

No performance-linked incentives are allowed to the directors.

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

The company has not issued stock option to the directors.

### 3. Audit Committee

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

The terms of reference are in line with the requirement of Code of Corporate Governance. The Audit Committee has the powers as provided under section 292A of the Companies Act and Clause 49 of the Listing Agreement which include amongst others:

1. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with management the annual financial statements before submission to the Board.
4. Reviewing with management, external and internal auditors, the adequacy of internal control systems.
5. Reviewing with the management the quarterly Financial Statements before submission to Board of Directors for approval.
6. Reviewing with the management, performance of statutory & internal auditors and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing & seniority, reporting structure coverage & frequency of internal audit.

Composition & Attendance:

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

Sl.No.	Name of Members	Position held	Category	No. of Meetings	
				Held during 2011-12	Attended during 2011-12
1.	Mr. G.N. Mehra	Chairman	Independent/Non-Executive	4	4
2.	Mr. P. Sabanayagam	Member	Independent/Non-Executive	4	4
3.	Mr. K.R. Ramamoorthy	Member	Independent/Non-Executive	4	4

During the year 4 (four) Audit Committee meetings were held on 29.04.2011, 03.08.2011, 31.10.2011 & 03.02.2012

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

Dy. Company Secretary acts as Secretary of the Committee.

#### 4. Management

Management discussion and analysis

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

#### 5. Shareholders' Grievance cum Share Transfer Committee

The Shareholders' Grievance cum Share Transfer Committee specifically looks into redressing of shareholders and investors complaints such as transfer of shares, non-receipt of shares, non-receipt of declared dividend and to ensure expeditious share transfer process. During the year ended 31st March, 2012, the Shareholders' Grievances cum Share Transfer Committee held 27 meetings on 08.04.11, 22.04.11, 06.05.11, 20.05.11, 03.06.11, 17.06.11, 01.07.11, 15.07.11, 29.07.11, 12.08.11, 26.08.11, 09.09.11, 23.09.11, 30.09.11, 07.10.11, 21.10.11, 04.11.11, 18.11.11, 02.12.11, 16.12.11, 30.12.11, 13.01.12, 27.01.12, 10.02.12, 24.02.12, 09.03.12 & 23.03.12

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

Sl.No.	Names of Members	Designation	No. of Meetings held & attended during the year 2011-12
1	Sh. G.N. Mehra	Chairman	27
2	Sh. Ramesh Suri	Member	27

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



Details of complaints received during the year 2011-12 and its disposal are as follows :

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

6. Code of Conduct

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

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

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

7 Shareholders

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

Dr. Jyotsna Suri, Sh. Yasushi Nei and Sh. G.N. Mehra, Directors, retire by rotation in the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

The abbreviated resumes of these Directors are given below:

1. Dr. Jyotsna Suri

Dr. Jyotsna Suri is 60 years old and is Honours Graduate from Delhi University. At present she is Chairperson and Managing Director of Bharat Hotels Limited, She has experience of more than 22 years.

Dr. Suri holds Directorship / Membership of the Committee of the Board / other wise interested in the following other Companies.

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

11. Jyoti Limited
12. Fibcom India Ltd.
13. Special Protection Services Pvt. Ltd.
14. Jyotsna Holding Pvt. Ltd.
15. Prima Realtors Pvt. Ltd.
16. Prima Buildwell Pvt. Ltd.
17. Mercantile Capital & Financial Services Pvt. Ltd.
18. Responsible Builders Pvt. Ltd.

2. Mr. Yasushi Nei

Mr. Yasushi Nei, aged 59 years, is holding Bachelor's degree of Economics from Kanazawa University, Japan. He has experience of more than 39 years mainly in the Overseas Sales & Marketing with Denso Corporation, Japan. His working experience is as under :-

Joined Denso Corporation, Japan ( formerly Nippondenso co. Ltd.) in 1975

Transferred to Denso ( Philippines ) in 1981 later on to Denso ( Australia ) in 1986 and to Denso International Singapore in 1995.

In 1999, was promoted as Managing Director DENSO Sales India.

In 2004, was promoted as General Manager Toyota Sales Dept.

Since June 2004 he was promoted to Managing Officer, Sales Group, Denso Corporation, Japan.

Mr. Yasushi Nei holds Directorship / Membership of the Committee of the Board / otherwise interested in the following other Companies :-

1. Denso International India Pvt. Ltd.
2. Denso Haryana Pvt. Ltd.
3. Pricol Limited

3. Mr. G. N. Mehra

Mr. G.N. Mehra, IAS (Retd.) is M.A., LLB and 78 years old. He had a distinguished career as a member of the Indian Administrative Service. He held top positions in the Government of India as Secretary Ministry of Industry (Department of Heavy Industry and Company Affairs) and Ministry of Information & Broadcasting. Before this, he was also the Chief Secretary of Uttar Pradesh.

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

He holds directorships / memberships of Committees of Directors in the following public Limited Companies:

- |  |          |
|--|----------|
| 1. Action Construction Equipments Ltd. | Director |
| 2. Amrit Banaspati Company Limited     | Director |
| 3. Amrit Corp Ltd                      | Director |
| 4. Bharat Seats Ltd.                   | Director |
| 5. UP Hotels Ltd.                      | Director |
| 6. Usha Breco Limited                  | Director |

b) Communication to shareholders

Means of communication to shareholders:

In compliance with the requirement of Listing Agreements with the Stock Exchanges, your Company has been regularly publishing Un-audited Quarterly Financial Results in the vernacular newspapers and the results are intimated to the National Stock Exchange and the Stock Exchanges, Delhi & Mumbai, in time after they are taken on record by the Board.

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

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

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

c) Share Transfer

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

d) General Body Meetings

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

Sl. No.	AGM Particulars	Date	Venue	Time
1.	26 <sup>th</sup> AGM in respect of the year (2010-11)	19 <sup>th</sup> Sept.2011	Kamani Auditorium, 1,Copernicus Marg, New Delhi - 110001	11.30 a.m.
2.	25 <sup>th</sup> AGM in respect of the year (2009-10)	20 <sup>th</sup> Sept.2010	FICCI Auditorium, Tansen Marg, New Delhi -110001.	11.00 a.m.
3.	24 <sup>th</sup> AGM in respect of the year (2008-09 )	22 <sup>nd</sup> Sept.2009	FICCI Auditorium, Tansen Marg, New Delhi - 110001	11.00 a.m.

e) Postal Ballots

No resolution was passed through postal ballot during the last financial year.

8) Disclosures

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

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



(b) Compliance by the Company

The Company has duly complied with the requirement of Listing Agreements with Delhi, Mumbai & National Stock Exchange, SEBI and other statutory authority of all matters during the last 3 years. No penalty has been imposed on the Company by any of the Stock Exchange or SEBI, or any other statutory authority relating to the above.

(c) Disclosure of Accounting Treatment

There is no deviation in the treatments prescribed in any Accounting Standards in preparation of financial statements for the year 2011 2012.

(d) Risk & Management

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

(e) Certification from CEO and CFO

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

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

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

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



Market Price Data: High/Low During each Month of 2011 - 12 on B.S.E.

Month	Mumbai Stock Exchange		Volume
	High (Rs.)	Low (Rs.)	Nos. of Shares
April, 2011	37.85	31.35	148556
May, 2011	36.00	29.30	112481
June, 2011	32.70	29.00	106483
July, 2011	34.90	30.65	161588
Aug. 2011	34.80	30.35	243769
Sept. 2011	33.00	28.05	87527
Oct. 2011	28.80	26.00	98480
Nov. 2011	27.65	22.65	101714
Dec. 2011	24.65	21.00	99867
Jan. 2012	25.90	20.80	344771
Feb. 2012	28.30	24.05	173312
March, 2012	27.95	22.50	148802

Market Price Data: High/Low During each Month of 2011-12 on N.S.E.

Month	National Stock Exchange		Volume
	High (Rs.)	Low (Rs.)	Nos. of Shares
April, 2011	37.85	31.35	196534
May, 2011	35.65	29.20	218686
June, 2011	32.60	28.65	119633
July, 2011	35.30	30.20	185172
Aug. 2011	34.65	30.20	192071
Sept. 2011	32.90	28.00	89927
Oct. 2011	28.85	25.40	126591
Nov. 2011	27.50	22.60	111125
Dec. 2011	24.70	20.75	113243
Jan. 2012	25.70	20.50	220998
Feb. 2012	29.80	24.20	290930
March, 2012	27.35	22.60	207143

Distribution of Shareholding as on March 31, 2012

( Face Value Rs. 2/- per share )

Shareholdings of Nominal Value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	48949	91.56	2461175	4.10
501 - 1,000	2154	4.03	1862410	3.11
1,001 - 2,000	1291	2.42	2064233	3.44
2,001 - 3,000	356	0.66	927740	1.55
3,001 - 4,000	180	0.34	639507	1.07
4,001 - 5,000	164	0.31	799039	1.33
5,001 - 10,000	188	0.35	1443144	2.40
10,001 - 50,000	136	0.25	2871231	4.79
50,001 - 1,00,000	11	0.02	737563	1.23
100001 and Above	30	0.06	46182558	76.98
Total	53459	100.00	59988600	100.00

## General Shareholders Information

S.No.	Salient Items of Interest	Particulars
I.	AGM Date	30th July. 2012 Monday
II.	AGM Time	11.00 A M
III.	AGM Venue	FICCI AUDITORIUM, TANSEN MARG, NEW DELHI - 110001
IV.	Financial Calendar	01.04.2012 to 31.03.2013
	Quarterly Results	Board Meetings to be held on or before
	30.06.2012	14.08.2012
	30.09.2012	14.11.2012
	31.12.2012	14.02.2013
	31.03.2013	30.05.2013
V.	Date of Book Closure	21.07.2012 - 30.07.2012 (Both days inclusive)
VI.	Dividend Payment Date	29.08.2012
VII.	Listing on Stock Exchanges	<ol style="list-style-type: none"> <li>1. Delhi Stock Exchange Association Ltd DSE House, 3/1 Asaf Ali Road New Delhi 110001</li> <li>2. The Stock Exchange Mumbai Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400001</li> <li>3. National Stock Exchange of India Ltd., 'Exchange Plaza' Bandra-Kurla Complex Bandra (East), Mumbai-400 051.</li> </ol>
VIII.	Stock Code	5824 - Delhi Stock Exchange 517168 - Mumbai Stock Exchange 3324 - National Stock Exchange
	Demat ISIN No for NSDL /CDSL	INE 287B01021
IX.	Registrar & Share Transfer Agents	M/s. MCS Limited, Srivenkatesh Bhavan, F - 65, Okhla Industrial Area, Phase I, New Delhi 110 020.
X.	Share Transfer System	Shares lodged in physical form are processed and returned, duly transferred, within 14 days normally, except in the cases where litigation is involved. In respect of shares held in dematerialised mode, the transfer takes place instantaneously between the transferor, transferee and the Depository Participant through electronic debit/credit of the accounts involved.
XI.	Dematerialisation of shares & liquidity	As at March 31, 2012 Demated - 19834 Shareholders (37.10% of the total Shareholders) Demated -4,68,44,197 Shares ( 78.09 % of the total Shares ) .
XII.	Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.	Not Applicable
XIII.	Plant Location	<p>Noida Plants:- C-51 Phase II, Noida B-188 Phase II, Noida B-216 Phase II Noida</p> <p>Manaser Plant: 395/ 396, sector -8, IMT Manesar, Haryana.</p> <p>Pune Plant : B- 8 &amp; 9 , MIDC Indl. Area, Chakan Taleegaon Road, Chakan Pune - 410501.</p> <p>Sanand Plant: E-1, TML Vendor Park, Sanand Gujrat</p> <p>Chennai Plant: A-20/1, SIPCOT Industrial Growth Centre, Oragadam, Chennai, Tamil Nadu</p>
XIV.	Address for correspondence	Regd. Office: LGF, World Trade Centre, Barakhamba Lane, New Delhi 110001.

Shareholding Pattern as on March 31, 2012

Type	NSDL (Demat)	CDSL (Demat)	Physical	Total Shares
Promoters	2,40,00,000	—	—	2,40,00,000
Foreign Collaborators	78,00,000	—	78,00,000	1,56,00,000
Foreign Institutional Investors	36,500	—	6,500	43,000
Banks, Mutual Funds	2,26,076	—	—	2,26,076
Insurance Company ('s)	3,49,015	—	—	3,49,015
Non Resident Indian	4,16,748	60,999	3	4,77,750
Corporate Bodies	28,53,767	4,78,719	15,55,077	48,87,563
Indian Public	76,64,804	29,57,569	37,82,823	1,44,05,196
<b>TOTAL</b>	<b>4,33,46,910</b>	<b>34,97,287</b>	<b>1,31,44,403</b>	<b>5,99,88,600</b>

The Percentage of Total Shares ( 4,68,44,197) Dematerilised is about 78.09%

#### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR OFFICERS WITH THE COMPANY'S CODE OF CONDUCT:**

This is to confirm that the Company has adopted a Code of Conduct for its Board of Directors and Senior Management and the same is available on the Company's website.

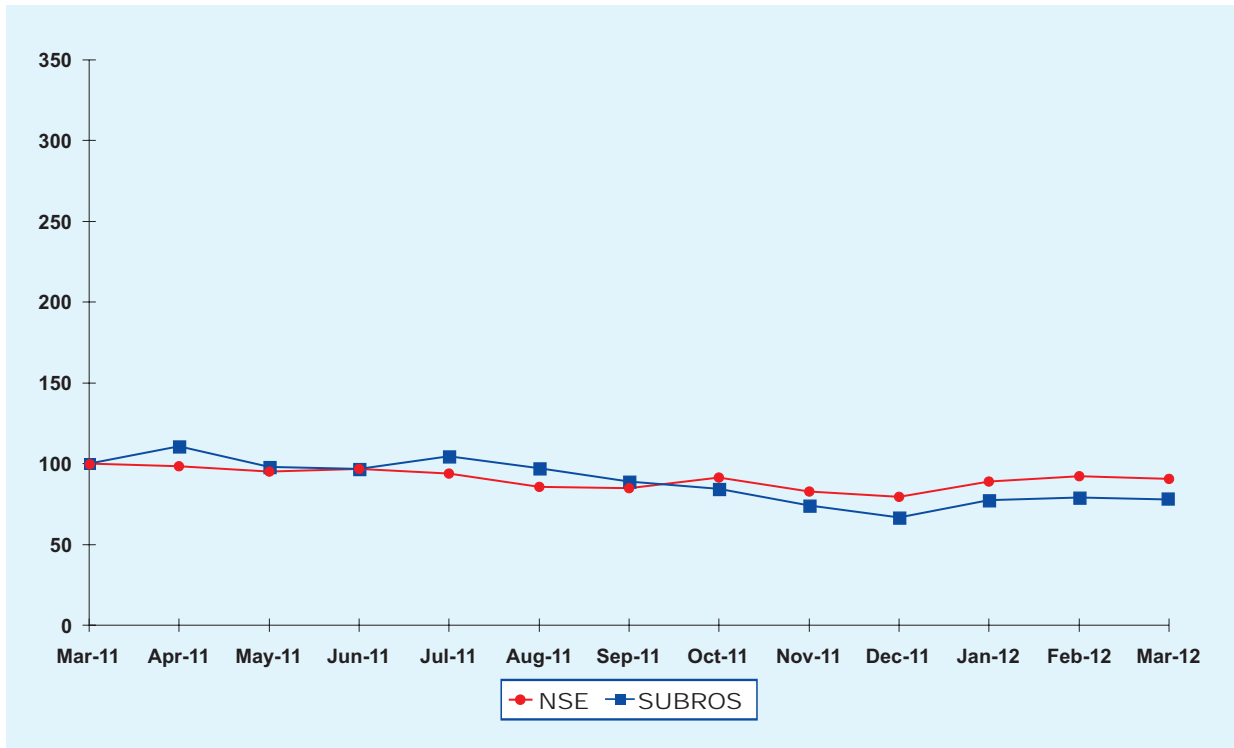
I confirm that the Company has in respect of the financial year ended 31st March, 2012, received from the Members of the Board and Senior officers of the company a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Officers mean the Dy. Company Secretary and employees of the Assistant General Managers level & above as on 31st March, 2012.

Place: New Delhi  
Dated: 28th May, 2012

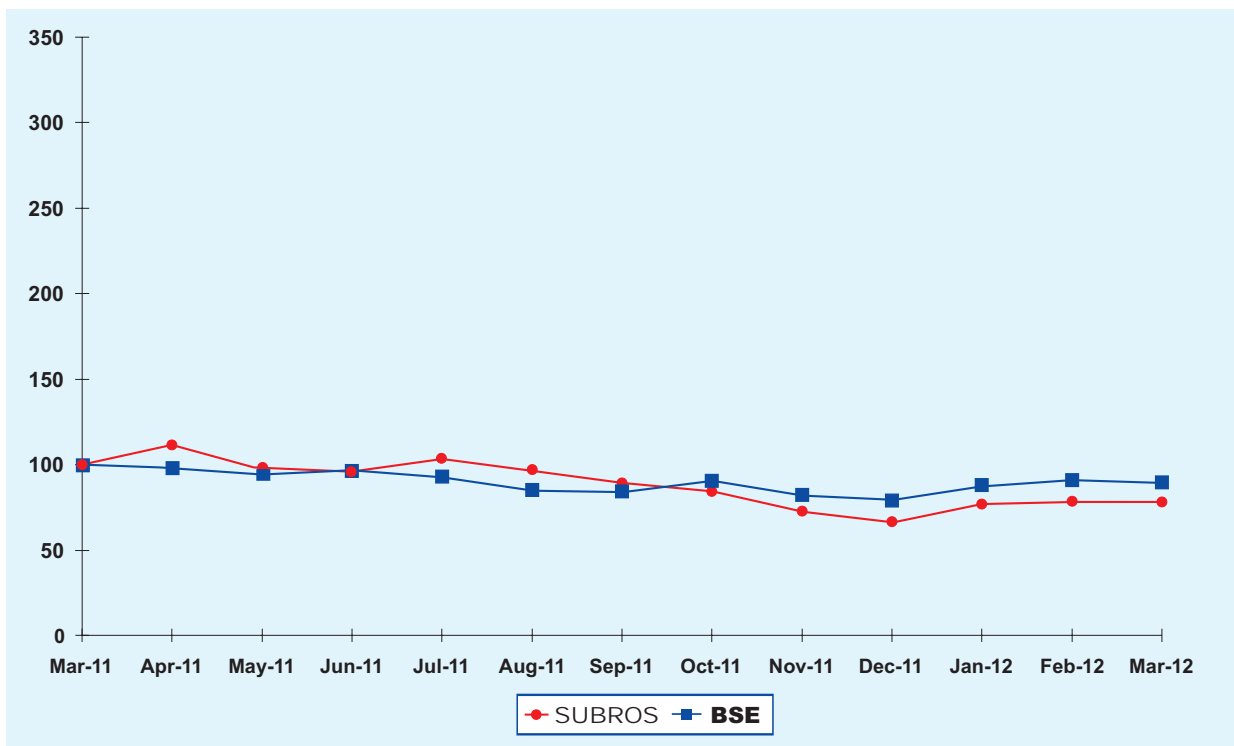
SHRADHA SURI  
MANAGING DIRECTOR

## Share Performance vis -a - vis - NSE Sensex



NOTE :- Both prices are indexed at 100 as on 31 March-2011

## Share Performance vis -a - vis - BSE Sensex



NOTE :- Both prices are indexed at 100 as on 31 March-2011



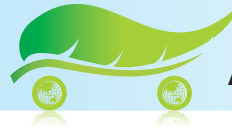
## Management Discussion & Analysis 2012

### 1. Industry Outlook

- 1.1 Despite turbulence, the Indian economy has shown a moderate growth of 6.5% in 2011-12 and projected a low growth rate even in 2012-13 on the back of weak economic indicators, even as most of the Asia-Pacific economies are likely to expand at a slower pace.
- 1.2 Last year, Indian Auto Industry has shown unusually slower trend of growth of 5% as compared to economic growth, due to many economic and industrial reasons. The 2013 outlook for the Indian auto industry is stable, driven by the expectation that the credit metrics of most companies, though may weaken, will continue to be in line with values expected during a cyclical downturn.
- 1.3 However, high inflation rates, volatile Foreign Exchange fluctuation, imbalanced fuel price scenario and fluid political economic scenario are a concern area which has impact on our industry
- 1.4 Indian automobile industry, after having recorded a strong double-digit volume growth over the last two years has faced strong headwinds in 2011-12 due to moderation in growth contributed by firming up of commodity prices, rising fuel costs and interest rates. The growth was only 5%.
- 1.5 While the industry has made big strides over the last decade towards improving internal efficiency and thereby partially offsetting input cost pressures, efficiency alone may be insufficient going forward for players to use as a lever to combat cost headwinds. In view of this, the Management believes that annual average growth in automobile industry in next 5 years would be around 10%. Auto Sector will remain stable even as competition-led pricing pressure amid muted sales will lead to a drop in operating profitability and a consequent weakening of coverage and leverage indicators. We expect Indian Auto industry shall be touching 5 million vehicle production mark by 2015-16.
- 1.6 All our top customers viz. Tata Motor Limited, Mahindra and Mahindra Limited and Force Motor Limited have recorded excellent growth during 2011-12. This is encouraging sign for the company. However, Maruti Suzuki India Limited has slipped to meet its last year production numbers due to industrial relation issues. However, MSIL has set optimistic targets for 2012-13 to catch up the shortfall of past year.
- 1.7 Regarding the commercial vehicles (CVs) segment, it is likely to register overall volume growth of 8-10% in 2013, driven largely by the sales of light commercial vehicles (LCVs). This high volume growth will come as CVs are more dependent on consumer non-discretionary activities and less on industrial activity. LCVs are expected to continue displaying strong volume growth of 18-20 per cent in 2013. However, medium and heavy CVs are likely to display muted volume growth of at 3-5 per cent, considering that they are deployed to a greater extent for industrial and mining-related transportation activities.

### 2 Financial & Operational Performance

- 2.1 Despite the turbulent time, Company's Gross Sales increased marginally from Rs.1204 cr in 2010-11 to Rs.1235 cr in 2011-12 showing an increase of 2.57% in sales over the previous year. The



operational profit of the company has been impacted due to commodity price fluctuation. Management focus during the year was towards improving operating levels and Capacity addition to take care of future needs.

- 2.2 In view of high foreign exchange exposure, the Company has continued with its efforts to improve the level of localization of various imported parts. Various VA/VE activities were initiated along with active participation with suppliers to improve efficiency of operations. During the year the company has localized RS Evaporator and Heater core with the strong technological support of our partner Ms/ Denso Corporation of Japan. Few other localization projects are in implementation stage.
- 2.3 Company is witnessing continuous improvements in operational activities and has been continuously receiving various awards and recognitions from the Customer and other external agencies. The details are mentioned herein below:-
- a) MSIL- Gold Trophy for Best Vendor Award for overall performance
  - b) MSIL- Engineering Director Special award for local R&D setup
  - c) MSIL- Warranty Improvement
  - d) MSIL- Incoming Quality Improvement
  - e) MSIL- Special support award
  - f) MSIL- Design and Development award.
  - g) ACMA- Gold Award for Manufacturing Excellence
  - h) ACMA- Silver Award for Excellence in Technology
  - i) Economic Times Gold Award- Manufacturing Excellence
  - j) Frost and Sullivan -Ranked amongst Top 5 Companies in Customer focus and Innovation by Frost and Sullivan
  - k) Excellence award in NCQC (National Quality Circle)
- 2.4 Subros continues to build and maintain sustainable relationships with its supply chain particularly in relation to long-term strategic direction of the business. Vendor management is critical to Subros, as nearly 72% of the Net Sales is currently made up of material cost.

### **3. Information Technology**

- 3.1 Core business processes of production, logistics, upstream and downstream supply chain operations of the Company are built strongly thru IT (SAP). The combination of Japanese management wisdom on shop floor management, MPS and Indian IT systems is a potent one. The Company has strong Information Technology deployment for Decision Support System such as SAP, PLM, CAD, CAE, Project Management system and Vendor extranet etc. It has helped generate process efficiencies and lean operations. It also helps in managing complexities and scale both in house and at vendors.
- 3.2 The Company's Vendor Management System using Information Technology tools enhanced its coverage across the network of Vendors throughout the country. The system enables the Company and its Vendor to have real time access to information on Vendor operations, Vendor information and feedback.





#### **4. Internal Controls and their adequacy**

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

#### **5. Risks and concerns**

- 5.1 The Company is exposed to external and internal risks associated with the business. The operations of the Company are directly dependent on the growth of Indian Automotive industry. General economic conditions impact the automotive industry and in turn, the operations of the Company. To counter these risks, the Company continues to broaden its product portfolio, increase customer profile and geographic reach.
- 5.2 The Company is expected to face strong competitive pressures both domestic and overseas. The Company is also exposed to financial risk from changes in interest rates, foreign exchange rates and commodity prices. The company also faces challenges with regard to fast changing technology, reducing life cycle of new vehicles, supply constrains from Tier II suppliers, sustaining cost efficiencies brought into the system and planning capacity expansion in the wake of changing patterns.
- 5.3 Risk management is reviewed by the Company on a regular basis in addition to monitoring for any new risks that may arise due to changes in the external business environment. While the possibility of negative impact due to one or more of such risks cannot be totally ruled out, the Company proactively takes conscious and reasonable steps, making efforts to mitigate the significant risks that may affect it.
- 5.4 Intensity of competition has increased in almost all the segments of the Indian automotive market-due to entry of new players and expansion plans of existing Competitors. The Company is aware of the increasing competition and is taking measures to remain competitive in the market place.
- 5.5 R&D Centre at Noida is fully used for product development for new model launches with assistance from the collaborator, Denso Corporation Japan. Your Company has entered into Joint Venture Agreement with Denso Corporation Japan to set up new Company in India, which will take care of application design and allied services for new models to be launched by our OEM's. This will bring expertise and experience of Denso engineers to work with Indian talent and develop high technology solution at low cost with short lead time for Indian market.



5.6 The Company is undertaking various new projects ranging from development of new models and new segments also. These projects are at various stages of planning & execution. Though the Company employs sophisticated techniques and processes to forecast the demand of new products, yet the same is subject to margin of error. Timely introduction of new products, their acceptability in the market place and managing complexity of operations across various manufacturing locations would be the key to sustain competitiveness.

## **6. Future Plan**

6.1 In view of the growth opportunities in domestic market and proactively observing the cost pressure of the market, your company has made extensive localisation plans for the key components. The objective is to develop capabilities to provide latest technology product to the customer with low cost. Further, this will help the company to sustain growth profitably and minimize the impact of fluctuation in economic indicators.

6.2 Your Company considering the growth in the Automobile sector in general, has planned its capacity expansion at its existing facilities at Noida, Manesar and Pune, to cater to the increased demand from existing as well as new Automobiles manufacturers in India.

6.3 The Company has also started the process of setting up its facility in Chennai, Tamil Nadu for targeting Southern India based OEMs. The Company is also strategically diversifying into other Thermal Engineering Products for Automobiles Sector or for other industrial uses like radiators, Engine cooling modules, Bus airconditioning and Rail airconditioning etc.

6.4 The Company expects buoyant growth in coming years due to increased share of business from its existing Customers and expansion of business in new business domains like Bus Airconditioning, Truck Refrigeration and Radiators.

6.5 The company is fully equipped with the capacity to meet the demand of its Customers for the current year and finalized plan for capacity expansion to meet future demand of the industry.

## **7. Human Resources**

7.1 The Company is taking sufficient steps for employee engagement and motivation. This has resulted in reduction of employee turnover.

7.2 Employee training activities are also well emphasized in the company, which are in line with competency matrix and training need identified through performance review of each employee. This will give focused approach for individual skill enhancement.

## **Cautionary Statement**

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



## Auditors' Certificate on Corporate Governance

To,  
The Members of  
SUBROS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by SUBROS LIMITED for the year ended 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreements.
4. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Grievance-cum-Share Transfer Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place: New Delhi  
Dated: 28th May, 2012

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

## Auditors' Report

TO  
THE MEMBERS OF  
SUBROS LIMITED

1. We have audited the attached Balance Sheet of SUBROS LIMITED, as at 31st March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above; we report that:
  - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable;
  - e) on the basis of written representations received from the directors of the Company as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the



directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
- ii) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

PLACE: NEW DELHI  
DATED: May 28, 2012

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

## Annexure to the Auditors' Report

REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF SUBROS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2012:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) As explained to us, physical verification of the major portion of fixed assets was conducted by the management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on aforesaid verification.  
  
(c) There was no substantial disposal of fixed assets during the year which may affect the going concern.
2. (a) In our opinion and according to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the management.  
  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) On the basis of our examination of the records of inventory and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies have been noticed on verification between the physical stocks and the book records.
3. The Company has neither taken any loan from nor granted any loan to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause (iii) of paragraph 4 of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system
5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.





- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposit from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of manufacture of Automotive Airconditioning Systems and parts thereof pursuant to the Order made by the Central Government, for maintenance of cost records prescribed under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Investor Education & Protection Fund, provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it during the year.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty, cess and other material statutory dues were in arrears, as at March 31, 2012 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, details of dues of income tax, sales tax, service tax, wealth tax, custom duty, excise duty and cess which have not been deposited on account of any dispute are given below :

Name of statute	Nature of Dues	Financial year to which the matter pertains	Amount (Rs. in Lacs)	Forum where dispute is pending
Sales Tax Acts	Sales Tax	1996-97	0.84	Dy. Commissioner (Appeal)
		1997-98	2.70	Dy. Commissioner (Appeal)
		1998-99	6.51	Dy. Commissioner (Appeal)
		1999-00	9.80	Maharashtra Sales Tax Tribunal Mumbai
		2000-01	17.23	Dy. Commissioner (Appeal)
		2001-02	26.50	Dy. Commissioner (Appeal)
		2002-03	5.61	Jt. Commissioner (Appeal)
		2002-03	14.80	Sales Tax Appellate Tribunal (Hydrabad)
		2003-04	19.98	Sales Tax Appellate Tribunal (Hydrabad)
		2004-05	5.09	Sales Tax Appellate Tribunal (Hydrabad)
U.P. Tax on Entry of Goods into Local Area Act, 2007	Entry Tax	2011-12	13.41	Supreme Court

10. The Company does not have accumulated losses as at 31st March, 2012. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has neither taken any loan from financial institution nor has issued debentures.
12. According to the information and explanations given to us and based on the records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.



15. In our opinion and according to the information and explanations given to us, the Company has not guaranteed any loan taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
17. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended 31st March, 2012.

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

PLACE: NEW DELHI  
DATED: May 28, 2012

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

## Balance Sheet as at 31st March 2012

*(₹ in Lacs)*

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
(A) SHARE CAPITAL	2	1199.77	1199.77
(B) RESERVES AND SURPLUS	3	25884.66	21811.19
<b>NON-CURRENT LIABILITIES</b>			
(A) LONG-TERM BORROWINGS	4	13609.62	7671.23
(B) DEFERRED TAX LIABILITIES (NET)	5	2463.98	1456.05
(C) OTHER LONG-TERM LIABILITIES	6	26.13	20.74
(D) LONG-TERM PROVISIONS	7	186.61	172.62
<b>CURRENT LIABILITIES</b>			
(A) SHORT-TERM BORROWINGS	8	16834.80	9181.22
(B) TRADE PAYABLES		15857.76	11345.36
(C) OTHER CURRENT LIABILITIES	9	7454.80	11908.24
(D) SHORT-TERM PROVISIONS	10	873.12	640.39
<b>TOTAL</b>		<u>84391.25</u>	<u>65406.81</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>(A) FIXED ASSETS</b>			
(I) TANGIBLE ASSETS	11	32147.83	23077.76
(II) INTANGIBLE ASSETS	11	6448.21	3619.22
(III) CAPITAL WORK-IN-PROGRESS	11	6000.35	4788.37
(IV) INTANGIBLE ASSETS UNDER DEVELOPMENT	11	3022.37	2500.30
(B) NON-CURRENT INVESTMENTS	12	250.00	217.24
(C) LONG-TERM LOANS AND ADVANCES	13	4106.79	5460.12
<b>CURRENT ASSETS</b>			
(A) INVENTORIES	14	17843.22	13354.57
(B) TRADE RECEIVABLES	15	7682.36	5384.51
(C) CASH AND BANK BALANCES	16	1166.54	1830.48
(D) SHORT-TERM LOANS AND ADVANCES	17	5697.83	5144.09
(E) OTHER CURRENT ASSETS	18	25.75	30.15
<b>TOTAL</b>		<u>84391.25</u>	<u>65406.81</u>
SIGNIFICANT ACCOUNTING POLICIES THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS	1		

As per attached report of even date

For and on behalf of the Board of Directors

 FOR V. K. DHINGRA & CO.  
Chartered Accountants

 V K DHINGRA  
Partner

 RAMESH SURI  
Chairman

 SHRADHA SURI  
Managing Director

 Place : New Delhi  
Date : 28th May, 2012

 H.K. AGARWAL  
Head (Finance)

 VIKAS SABHARWAL  
Dy. Company Secretary

## Statement of Profit and Loss for the Year Ended 31st March, 2012

(₹ in Lacs)

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED ON 31.03.2012	FOR THE YEAR ENDED ON 31.03.2011
REVENUE FROM OPERATIONS	19	111568.28	108958.57
OTHER INCOME	20	1158.51	1358.54
TOTAL REVENUE		<u>112726.79</u>	<u>110317.11</u>
EXPENSES:			
COST OF MATERIALS CONSUMED	21	80383.17	83379.22
CHANGES IN INVENTORIES OF FINISHED GOODS & WIP - (INCREASE) / DECREASE	22	133.49	(108.90)
EMPLOYEE BENEFIT EXPENSE	23	8683.97	6680.77
FINANCE COST	24	2590.73	1542.56
DEPRECIATION AND AMORTISATION EXPENSE		5300.64	4054.96
OTHER EXPENSES	25	12673.32	11566.46
TOTAL EXPENSES		<u>109765.32</u>	<u>107115.07</u>
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		2961.47	3202.04
EXCEPTIONAL ITEMS			
ADD: PROFIT ON SALE OF IMMOVABLE PROPERTY		2901.82	-
PROFIT BEFORE TAX		<u>5863.29</u>	<u>3202.04</u>
TAX EXPENSE:			
-CURRENT TAX (MAT)		1179.47	644.12
-MAT CREDIT ENTITLEMENT		<u>(1,173.65)</u>	<u>(638.17)</u>
-NET CURRENT TAX		<u>5.82</u>	<u>5.95</u>
-DEFERRED TAX EXPENSE		1007.93	338.24
-TAX IN RESPECT OF EARLIER YEARS		9.15	3.44
PROFIT FOR THE PERIOD		<u>4840.39</u>	<u>2854.41</u>
EARNING PER EQUITY SHARE OF FACE VALUE OF ₹ 2 EACH			
BASIC & DILUTED		8.07	4.76
SIGNIFICANT ACCOUNTING POLICIES THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS	1		

As per attached report of even date

For and on behalf of the Board of Directors

 FOR V. K. DHINGRA & CO.  
Chartered Accountants

 V K DHINGRA  
Partner

 RAMESH SURI  
Chairman

 SHRADHA SURI  
Managing Director

 Place : New Delhi  
Date : 28th May, 2012

 H.K. AGARWAL  
Head (Finance)

 VIKAS SABHARWAL  
Dy. Company Secretary

## Statement of Cash Flow for the year ended 31st March, 2012

*(₹ in Lacs)*

PARTICULARS	2011-2012		2010-2011	
I. CASH FLOW FROM OPERATING ACTIVITIES				
A Profit Before Taxation		5,863.29		3,202.04
B Adjustments				
Add:				
i) Depreciation	5,300.64		4,054.96	
ii) Loss on Assets Sold / Discarded	—		156.15	
iii) Interest & Financial Charges	2,590.73	7,891.37	1,542.56	5,753.67
		13,754.66		8,955.71
Less:				
i) Interest Income	104.07		115.50	
ii) Surplus on Assets sold / discarded	2,908.88		12.17	
		3,012.95		127.67
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		10,741.71		8,828.04
Adjustment for:				
i) Trade & Other receivable	(2,935.52)		(3,121.00)	
ii) Inventories	(4,488.65)		(3,537.67)	
iii) Trade & Other payables	6,350.26		1,925.91	
		(1,073.91)		(4,732.76)
CASH GENERATED FROM OPERATIONS		9,667.80		4,095.28
Less:				
Direct Taxes paid (Net)		(1,029.93)		(355.78)
Add:				
Interest received		108.47		140.50
NET CASH FLOW FROM OPERATING ACTIVITIES		8,746.34		3,880.00
II. CASH FLOW FROM INVESTING ACTIVITIES				
i) Purchase of Fixed Assets/ Capital work in Progress		(18,615.75)		(12,620.48)
ii) Sale of Fixed Assets		946.84		86.48
iii) Investment in subsidiary Company		(32.76)		(176.80)
iv) Advance received against Fixed Assets		—		4,783.00



(₹ in Lacs)

PARTICULARS	2011-2012	2010-2011
NET CASH USED IN INVESTING ACTIVITIES	<u>(17,701.67)</u>	<u>(7,927.80)</u>
III. CASH FLOW FROM FINANCING ACTIVITIES		
i) Proceeds of long term secured loans	11,252.50	9,681.34
ii) Repayment of long term loans	(6,465.81)	(3,668.03)
iii) Working Capital Loans from Banks	5,615.47	365.49
iv) Dividend and Corporate Dividend Tax paid	(557.76)	(489.66)
v) Interest Paid	(2,953.37)	(1,718.51)
vi) Buyer Credit (Capex)	2,038.11	
NET CASH FROM FINANCING ACTIVITIES	<u>8,929.14</u>	<u>4,170.63</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)	(26.19)	122.83
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	226.55	103.72
CASH AND CASH EQUIVALENTS AS AT THE CLOSING OF THE YEAR	200.36	226.55

Note: i) Figures in brackets represent cash outflows.

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

As per attached report of even date

For and on behalf of the Board of Directors

 FOR V. K. DHINGRA & CO.  
Chartered Accountants

 V K DHINGRA  
Partner

 RAMESH SURI  
Chairman

 SHRADHA SURI  
Managing Director

 Place : New Delhi  
Date : 28th May, 2012

 H.K. AGARWAL  
Head (Finance)

 VIKAS SABHARWAL  
Dy. Company Secretary

## Notes Annexed to and Forming Part of the Balance Sheet as at 31st March, 2012 and **Statement of Profit and Loss** for the year ended on that date

### Note 1 - **Significant Accounting Policies**

i) Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under section 211(3c) of the Companies Act, 1956 and the relevant provisions thereof.

ii) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. All expenses incidental to the purchase/construction/ installation and commissioning including borrowing costs are added to the cost of the fixed assets. Where any part of the cost of fixed assets is either recovered by way of grant or borne by any other person, the same is deducted from the gross value of relevant fixed assets.

iii) Investments

Investments in subsidiary and joint venture companies are considered as Long Term Investment and are stated at Cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

iv) Inventories

Inventories are valued at lower of cost or net realisable value. Cost is arrived on weighted average basis and is inclusive of taxes and duties paid/incurred (other than those recovered/recoverable from the Taxing Authorities). Adequate provision is made in respect of non-standard and obsolete items based on management's estimate.

v) Revenue Recognition

a) Sales are accounted on dispatch of products against orders of customers and stated net of trade discounts, returns and sales-tax.

b) Duty Drawback Income on eligible direct exports and exports through other parties is recognised in the year of export/sale to other parties on the basis of provisional/ estimated tariff rates informed by the appropriate authorities.

vi) Provisions, Contingent Liabilities and Contingent Assets

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

vii) Depreciation

- a) Leasehold land are amortised over the period of lease.
- b) Cost of specialised softwares is amortised in three years on straight-line method on pro-rata basis.
- c) Technical Know-how is amortised in six years on straight-line method on pro-rata basis.
- d) Product Development Cost is amortised in six years on straight line method on pro-rata basis.
- e) Individual items of fixed assets costing upto five thousand rupees are fully depreciated in the year of purchase.
- f) Depreciation on other assets is provided on written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956 on pro-rata basis.

viii) Intangible Assets

Intangible assets are recognized if they are separately identifiable and the company controls the future economic benefit arising out of them. All other expenses on intangible items are charged to the Statement of Profit & Loss Account. Intangible assets are stated at cost less accumulated amortization / impairment. Intangible assets include Software Licenses, Technical Know-how, Product Development Cost etc.

ix) Borrowing Cost

Borrowing cost directly attributable to the acquisition or construction of qualifying assets are capitalised till the date on which the asset is ready for its intended use. Qualifying assets are those which take substantial period of time to get ready for its intended use.

Other borrowing costs are recognized as an expense in the period in which these are incurred.

x) Employee Benefits

a) Defined Contribution Plan

The Company makes defined contribution to Provident Fund and Superannuation Scheme, which are recognized in the statement of Profit and Loss on accrual basis.

The Company's contribution to State Plan, viz. Employees' State Insurance scheme is recognized in the statement of Profit & Loss on accrual basis.

b) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act and compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gain and losses are recognized



immediately in the statement of Profit and Loss as income/expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds.

Gratuity obligation is funded with the Life Insurance Corporation of India through a Gratuity Trust.

c) Short Term Employee Benefits

Amounts paid under Voluntary Retirement and Separation Schemes are charged to statement of Profit and Loss in the year of payment.

Other short term employee benefit obligations are measured on an undiscounted basis and charged to the statement of Profit & Loss on accrual basis.

xi) Research & Development

Revenue expenditure on research and development are charged to statement of Profit and Loss in the year in which these are incurred except for certain cost incurred on development of new products e.g. air conditioning systems and related products which are capitalized when it is probable that a development project will be a success. Capital expenditure on research and development are considered as an addition to Fixed Assets.

xii) Foreign Currency Translation

a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

b) Assets and Liabilities receivable/payable in foreign currencies are translated at the year end exchange rates.

c) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the statement of Profit and Loss.

d) In case of forward contracts, difference between forward rates and spot rates on the date of transaction is recognised as income or expense over the life of contract. Exchange difference on such contracts. i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception / the last reporting date, is recognized as income / expenses for the period.

xiii) Taxes on Income

Provision for current tax is made on the basis of estimated taxable income under the Income Tax Act, 1961. Deferred tax on account of timing differences between taxable income and accounting income is accounted for by applying tax rates and laws enacted or substantially enacted on the balance sheet date.

xiv) Lease asset- Operating lease

Lease assets where risk and awards incidental to ownership of an assets substantially vests with the lessor are recognized as operating lease.

Lease Payments are recognized as an Expense in Statement of profit & loss on the straight line basis over the Lease term. However the lease rent pertaining to the period up to the date of the commissioning of the assets are capitalized.

**NOTE 2 - SHARE CAPITAL**
**2 (a) AUTHORISED, ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
AUTHORISED: 75,000,000 EQUITY SHARES OF RS. 2/- EACH	1500.00	1500.00
ISSUED: 5,99,94,300 EQUITY SHARES OF RS. 2/- EACH	1199.89	1199.89
SUBSCRIBED AND PAID UP 5,99,88,600 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP	1199.77	1199.77
<b>TOTAL</b>	<b>1199.77</b>	<b>1199.77</b>

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

PARTICULARS	As at 31st March 2012		As at 31st March 2011	
	(Nos.)		(Nos.)	
SHARES OUTSTANDING AT THE BEGINNING OF THE YEAR	59988600	1199.77	59988600	1199.77
SHARES ISSUED DURING THE YEAR	—	—	—	—
SHARES BOUGHT BACK DURING THE YEAR	—	—	—	—
SHARES OUTSTANDING AT THE END OF THE YEAR	59988600	1199.77	59988600	1199.77

**2 (c) LIST OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES**
*(₹ in Lacs)*

NAME OF SHAREHOLDER	As at 31st March 2012		As at 31st March 2011	
	NO. OF SHARES HELD	% OF HOLDING	NO. OF SHARES HELD	% OF HOLDING
DEEKSHA HOLDINGS LTD	10137760	16.90	10137760	16.90
JYOTSNA HOLDING PVT LTD.	3448000	5.74	3448000	5.74
R.R HOLDINGS PVT LTD	3208000	5.35	3208000	5.35
RAMESH SURI (HUF)	3040000	5.07	3040000	5.07
DENSO CORPORATION	7800000	13.00	7800000	13.00
SUZUKI MOTORS CORPORATION	7800000	13.00	7800000	13.00

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

**NOTE 3 - RESERVES & SURPLUS**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
CAPITAL RESERVE		
CAPITAL INVESTMENT SUBSIDY	3.57	3.57
PROFIT ON RE-ISSUE OF FORFEITED SHARES	0.08	0.08
	<u>3.65</u>	<u>3.65</u>
GENERAL RESERVE		
OPENING BALANCE	8,311.48	6,311.48
ADD: TRANSFERRED FROM SURPLUS	2,500.00	2,000.00
CLOSING BALANCE	<u>10,811.48</u>	<u>8,311.48</u>
SURPLUS		
OPENING BALANCE	13,496.06	13,199.41
ADD: PROFIT FOR THE YEAR	4,840.39	2,854.41
	<u>18,336.45</u>	<u>16,053.82</u>
LESS: APPROPRIATIONS		
PROPOSED DIVIDEND ON EQUITY SHARE*	659.87	479.91
PROVISION FOR TAX ON PROPOSED DIVIDEND	107.05	77.85
TRANSFERRED TO GENERAL RESERVE	2,500.00	2,000.00
CLOSING BALANCE	<u>15,069.53</u>	<u>13,496.06</u>
TOTAL	<u>25,884.66</u>	<u>21,811.19</u>

\*₹1.10 Per Equity Share(Previous Year ₹ 0.80 per Equity Share)

**NOTE 4 - LONG -TERM BORROWINGS**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
SECURED LOANS		
TERMS LOANS:		
FROM BANKS	10168.53	4892.95
FROM OTHERS	3388.88	2661.75
	<u>13557.41</u>	<u>7554.70</u>
VEHICLES LOAN	52.21	116.53
TOTAL	<u>13609.62</u>	<u>7671.23</u>



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

NATURE OF SECURITY	TERMS OF REPAYMENT
Term loan amounting to Rs. NIL (March 31, 2011: Rs. 1406.25 lacs) is secured by Exclusive first charge on specific equipment.	Repayment in 16 quarterly instalments (@ 140.62 lacs each) commencing from December 2010. Last instalment in September 2014. Rate of interest 12.07% P.A. as at year end. (Previous year 8.75% P.A.)
Term loan amounting to Rs. 260.00 lacs (March 31, 2011: Rs. 390.00 lacs) is secured by Exclusive first charge on specific equipment.	Repayment in 20 quarterly instalments (@ 32.50 lacs each) commencing from June 2010. Last instalment in September 2014. Rate of interest 11.90% P.A. as at year end. (Previous year 9.00% P.A.)
Term loan amounting to Rs. 2175.00 lacs (March 31, 2011: Rs. NIL) is secured by Exclusive first charge on specific equipment.	Repayment in 16 quarterly instalments (@ 181.25 lacs each) commencing from June 2012. Last instalment in March 2016. Rate of interest 11.90% P.A. as at year end. (Previous year NA % P.A.)
Term loan amounting to Rs. NIL (March 2011: Rs. 290.90 lacs) is secured by Equitable Mortgage on Manesar Land & Bldg., Personal Gurarantee of Mr Ramesh Suri & specific assets.	Repayment in 11 quarterly instalments (@ 290.91 lacs each) commencing from December 2009. Last instalment in June 2012. Rate of interest 9.00% P.A. as at year end. (Previous year 9.00% P.A.)
Term loan amounting to Rs. 3186.03 lacs (March 2011: Rs. 4602.05 Lacs) is secured by Equitable Mortgage on Manesar Land & Bldg., Personal Gurarantee of Mr Ramesh Suri & specific assets.	Repayment in 16 quarterly instalments (@ 354.00 lacs each) commencing from Aug 2010. Last instalment in May 2015. Rate of interest KBR + 0.075% P.A. as at year end. (Previous year KBR + 0.075% P.A.)
Term loan amounting to Rs. 1400.00 lacs (March 2011: Rs. Nil) is secured by is secured by Equitable Mortgage on Manesar Land & Bldg., Personal Gurarantee of Mr Ramesh Suri & specific assets.	Repayment in 36 monthly instalments (@ 58.33 lacs each) commencing from April 2012. Last instalment in March 2015. Rate of interest KBR+1% P.A. as at year end. (Previous year N.A.)
Term loan amounting to Rs. 577.00 lacs (March 31, 2011: Rs. 865.50 Lacs) is secured by Exclusive first charge on specific equipment	Repayment in 16 quarterly instalments (@ 72.13 lacs each) commencing from June 2011. Last instalment in March 2015. Rate of interest 11.77% P.A. as at year end. (Previous year 11.77% P.A.)
Term loan amounting to Rs. 376.87 lacs (March 31, 2011: Rs. Nil) is secured by Exclusive first charge on specific equipment	Repayment in 16 quarterly instalments (@ 41.87 lacs each) commencing from Aug 2011. Last instalment in February 2015. Rate of interest 11.77% P.A. as at year end. (Previous year N.A.)
Term loan amounting to Rs. 5582.50 lacs (March 31, 2011: Rs. Nil) is secured by Exclusive first charge on specific equipment	Repayment in 16 quarterly instalments (@ 348.91 lacs each) commencing from June 2013. Last instalment in March 2017. Rate of interest 9.70% P.A. as at year end. (Previous year N.A.)
Vehicle loan amounting to Rs. 52.21 lacs (March 31, 2011: Rs 116.53 lacs) is secured by Hypothecation on specific vehicles	Repayment in 84 equated Monthly commencing from October, 2007. Rate of interest 8.50% P.A.

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

PARTICULARS	As at 31st March 2012	As at 31st March 2011
DEFERRED TAX LIABILITY		
DEPRECIATION	2580.45	1585.99
TOTAL DEFERRED TAX LIABILITY(A)	<u>2580.45</u>	<u>1585.99</u>
DEFERRED TAX ASSETS		
EXPENSES ALLOWABLE ON PAYMENT BASIS (NET)	116.47	129.94
TOTAL DEFERRED TAX ASSETS( B)	<u>116.47</u>	<u>129.94</u>
TOTAL (A-B)	<u><u>2463.98</u></u>	<u><u>1456.05</u></u>

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

PARTICULARS	As at 31st March 2012	As at 31st March 2011
OTHER THAN TRADE PAYABLE		
SECURITY DEPOSITS RECEIVED	26.13	20.74
TOTAL	<u><u>26.13</u></u>	<u><u>20.74</u></u>

**NOTE 7 - LONG TERM PROVISIONS**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	143.84	133.85
PROVISION FOR WARRANTY	42.77	38.77
TOTAL	<u><u>186.61</u></u>	<u><u>172.62</u></u>

**NOTE 8 - SHORT-TERM BORROWINGS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
SECURED		
FROM BANKS:		
CASH CREDIT ACCOUNT (Secured by First Charge by way of Hypothecation of stocks, receivables, existing Plant & Machinery and Miscellaneous Fixed Assets and equitable mortgage of two factory premises and also by way of personal guarantee of the Chairman of the company.)	6408.44	5230.43
	<u>6408.44</u>	<u>5230.43</u>
UNSECURED		
WORKING CAPITAL LOAN FROM BANKS	6100.00	3829.49
BUYERS CREDIT ARRANGEMENTS FROM BANKS [Against personal guarantee of the Chairman of the Company Rs. 3708.08 lacs (Previous year: Rs. Nil)]	4326.36	121.30
	<u>10426.36</u>	<u>3950.79</u>
TOTAL	<u>16834.80</u>	<u>9181.22</u>

**NOTE 9 - OTHER CURRENT LIABILITIES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
CURRENT MATURITIES OF LONG-TERM DEBT	3782.25	4933.94
INTEREST ACCRUED BUT NOT DUE ON LOANS	108.21	81.61
UNCLAIMED DIVIDEND	32.76	30.11
DUE TO DIRECTORS	44.68	69.73
STATUTARY DUES	794.97	473.71
ADVANCE FROM CUSTOMERS	145.81	145.67
ADVANCE AGAINST SALE OF ASSETS	—	4783.00
CREDITOR FOR CAPITAL EXPENDITURE	536.79	262.68
OTHER PAYABLES	2009.33	1127.79
TOTAL	<u>7454.80</u>	<u>11908.24</u>

**NOTE 10 - SHORT TERM PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	18.26	14.59
PROVISION FOR GRATUITY	—	9.88
OTHER PROVISIONS		
PROPOSED DIVIDEND	659.87	479.91
CORPORATE DIVIDEND TAX	107.05	77.85
PROVISION FOR WARRANTY	64.16	58.16
PROVISION FOR TAX	23.78	—
<b>TOTAL</b>	<b><u>873.12</u></b>	<b><u>640.39</u></b>

**NOTE 11 - FIXED ASSETS**

(₹ in Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	COST AS ON 01.04.11	ADDITIONS	SALE/ ADJUSTMENTS	COST AS ON 31.03.2012	DEPRECIATION AS ON 01.04.11	DEPRECIATION FOR THE PERIOD	SALE/ ADJUSTMENTS	TOTAL DEPRECIATION upto 31.03.2012	AS ON 31.03.2012	AS ON 31.03.2011
<b>TANGIBLE ASSETS</b>										
LAND										
LEASEHOLD	1,471.23	—	—	1,471.23	73.45	14.86	—	88.31	1,382.92	1,397.78
FREEHOLD	922.98	—	204.67	718.31	—	—	—	—	718.31	922.98
BUILDINGS	6,576.97	964.73	—	7,541.70	2,745.62	384.02	—	3,129.64	4,412.06	3,831.35
PLANT AND MACHINERY	37,346.07	12,265.10	37.77	49,573.40	21,709.14	3,655.96	34.48	25,330.62	24,242.78	15,636.92
FURNITURE AND FIXTURE	764.76	63.96	—	828.72	469.75	64.29	—	534.04	294.68	295.02
VEHICLES	900.49	236.23	77.30	1,059.42	408.14	154.46	48.87	513.73	545.69	492.35
OFFICE EQUIPMENTS	1,419.28	223.32	—	1,642.60	917.92	173.29	—	1,091.21	551.39	501.36
<b>TOTAL</b>	<b>49,401.78</b>	<b>13,753.34</b>	<b>319.74</b>	<b>62,835.38</b>	<b>26,324.02</b>	<b>4,446.88</b>	<b>83.35</b>	<b>30,687.55</b>	<b>32,147.83</b>	<b>23,077.76</b>
PREVIOUS YEAR	44,464.78	6,805.27	1,868.28	49,401.78	24,394.81	3,596.64	1,667.43	26,324.02	23,077.76	20,069.96
<b>INTANGIBLE ASSETS</b>										
SPECIALISED SOFTWARES	1,020.62	290.64	—	1,311.26	887.37	88.90	—	976.27	334.99	133.25
TECHNICAL KNOW HOW	2,739.94	627.84	—	3,367.78	554.54	496.67	—	1,051.21	2,316.57	2,171.26
DEVELOPMENT COST	1,620.66	2,825.53	—	4,446.19	320.09	329.45	—	649.54	3,796.65	1,314.71
<b>TOTAL</b>	<b>5,381.22</b>	<b>3,744.01</b>	<b>—</b>	<b>9,125.23</b>	<b>1,762.00</b>	<b>915.02</b>	<b>—</b>	<b>2,677.02</b>	<b>6,448.21</b>	<b>3,619.22</b>
PREVIOUS YEAR	3,816.79	1,628.75	64.31	5,381.22	1,233.43	592.46	63.89	1,762.00	3,619.22	2,583.36
<b>GRAND TOTAL</b>	<b>54,783.00</b>	<b>17,497.35</b>	<b>319.74</b>	<b>71,960.61</b>	<b>28,086.02</b>	<b>5,361.90</b>	<b>83.35</b>	<b>33,364.57</b>	<b>38,596.04</b>	<b>26,696.97</b>
PREVIOUS YEAR	48,281.57	8,434.02	1,932.59	54,783.00	25,628.24	4,189.10	1,731.32	28,086.02	26,696.97	22,653.33
CAPITAL WORK IN PROGRESS									6,000.35	4,788.37
INTANGIBLE ASSETS UNDER DEVELOPMENT									3,022.37	2,500.30

\*Note:- Includes depreciation capitalised on Tool Developed in house Rs.56.27 Lac (Previous Year Rs. 134.14 Lacs) and Building under construction Rs. 4.99 Lacs (Previous Year Nil)

**NOTE 12 - NON CURRENT INVESTMENTS**

(₹ in Lacs)

LONG TERM INVESTMENT	As at 31st March 2012		As at 31st March 2011	
	No. of Shares		No. of Shares	
UNQUOTED TRADE INVESTMENTS (VALUED AT COST)				
INVESTMENT IN SUBSIDIARIES				
THAI SUBROS LTD. FULLY PAID UP EQUITY SHARES OF BAHT 5 EACH	999300	73.20	599300	40.44
INVESTMENT IN JOINT VENTURE				
DENSO SUBROS THERMAL ENGINEERING CENTRE INDIA LTD FULLY PAID UP EQUITY SHARES OF ₹ 10 EACH	1767999	176.80	1767999	176.80
GRAND TOTAL		<u>250.00</u>		<u>217.24</u>

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
CAPITAL ADVANCES		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 40)	208.94	—
TO OTHERS	1491.84	4176.79
SECURITY DEPOSITS		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:-40)	32.32	31.74
TO OTHERS	448.57	302.57
ADVANCE TAX (NET)		
UNSECURED, CONSIDERED GOOD	—	134.90
MAT CREDIT RECOVERABLE		
UNSECURED, CONSIDERED GOOD	1811.82	638.17
LOANS AND ADVANCES TO EMPLOYEE		
SECURED, CONSIDERED GOOD	69.42	92.74
UNSECURED, CONSIDERED GOOD	43.88	83.21
TOTAL	<u>4106.79</u>	<u>5460.12</u>

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
RAW MATERIAL & SPARES		
- IN HAND	13529.42	9966.66
- IN TRANSIT	<u>1122.92</u>	<u>525.80</u>
	14652.34	10492.46
WORK IN PROGRESS	1312.38	1325.92
FINISHED GOODS	291.80	418.76
STORES	1586.70	1117.43
TOTAL	<u>17843.22</u>	<u>13354.57</u>

**NOTE 15 - TRADE RECEIVABLES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
UNSECURED, CONSIDERED GOOD OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT	79.38	63.05
OTHERS	7602.98	5321.46
TOTAL	<u>7682.36</u>	<u>5384.51</u>

Trade Receivable stated above include Debts due from related parties ₹122.34 Lacs (Previous year ₹355.21 Lacs)  
(Refer Note No. -40)

**NOTE 16 - CASH AND BANK BALANCES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
CASH AND CASH EQUIVALENTS		
BALANCE WITH BANKS - IN CURRENT A/C	191.04	215.04
CASH IN HAND	<u>9.32</u>	<u>11.51</u>
	200.36	226.55
OTHER BANK BALANCES		
- IN MARGIN MONEY A/C*	933.42	1573.82
- IN UNPAID DIVIDEND A/C	<u>32.76</u>	<u>30.11</u>
	966.18	1603.93
TOTAL	<u>1166.54</u>	<u>1830.48</u>

\* Margin Money include Fixed Deposits of ₹ 63.99 Lac (Previous year ₹ 53.99 Lac) with maturity of more than 12 month

**NOTE 17 - SHORT TERM LOANS AND ADVANCES**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
ADVANCES TO RELATED PARTIES		
UNSECURED, CONSIDERED GOOD (Refer Note No-40)	51.42	0.80
ADVANCES TO OTHER PARTIES		
UNSECURED, CONSIDERED GOOD	5583.75	5060.08
LOAN TO EMPLOYEES		
SECURED, CONSIDERED GOOD	6.97	34.48
UNSECURED, CONSIDERED GOOD	55.69	48.73
TOTAL	<u>5697.83</u>	<u>5144.09</u>

**NOTE 18 - OTHER CURRENT ASSETS**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
INTEREST ACCRUED ON BANK DEPOSITS WITH BANK	25.75	30.15
TOTAL	<u>25.75</u>	<u>30.15</u>

**NOTE 19 - REVENUE FROM OPERATIONS**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2012	For the year ended 31st March 2011
SALE OF PRODUCTS	123,479.19	120,311.78
SALE OF SERVICES	1.03	2.03
SALE OF SCRAP	29.97	46.41
	<u>123,510.19</u>	<u>120,360.22</u>
LESS: EXCISE DUTY	11,941.91	11,401.65
TOTAL	<u>111,568.28</u>	<u>108,958.57</u>



**NOTE 20 - OTHER INCOME**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2012	For the year ended 31st March 2011
INTEREST ON :		
A) FIXED DEPOSITS WITH BANKS	104.07	88.12
B) OTHERS	—	27.38
PROFIT ON SALE OF FIXED ASSETS	7.06	12.17
GAIN FROM EXCHANGE RATE DIFFERENCE(NET)	945.70	1,193.75
MISCELLANEOUS INCOME	101.68	37.12
TOTAL	<u>1,158.51</u>	<u>1,358.54</u>

**NOTE 21 - COST OF MATERIAL CONSUMED**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2012		For the year ended 31st March 2011	
RAW MATERIAL & COMPONENTS				
OPENING STOCK	10492.46		7285.50	
PURCHASE	<u>84543.05</u>	95035.51	<u>86586.18</u>	93871.68
LESS:- CLOSING STOCK		14652.34		10492.46
TOTAL		<u>80383.17</u>		<u>83379.22</u>

Additional informations are given in Notes:- 30 and 31

**NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRES**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2012	For the year ended 31st March 2011
FINISHED GOODS		
CLOSING STOCK	291.80	418.76
LESS:- OPENING STOCK	<u>418.76</u>	<u>327.39</u>
	<u>(126.96)</u>	<u>91.37</u>
WORK-IN-PROGRESS		
CLOSING STOCK	1312.38	1325.92
LESS:- OPENING STOCK	<u>1325.92</u>	<u>1299.86</u>
	<u>(13.54)</u>	<u>26.06</u>
DECREASE (INCREASE) IN EXCISE DUTY ON FINISHED GOODS	7.01	(8.53)
TOTAL	<u>(133.49)</u>	<u>108.90</u>

**NOTE 23 - EMPLOYEE BENEFIT EXPENSES**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2012	For the year ended 31st March 2011
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :		
- SALARIES, WAGES, BONUS ETC	7,122.08	5,276.15
- CONTRIBUTION TO PROVIDENT & OTHER FUNDS	421.22	361.41
- STAFF WELFARE EXPENSES	898.44	789.53
- DIRECTOR REMUNARATION	242.23	253.68
TOTAL	<u>8,683.97</u>	<u>6,680.77</u>

**NOTE 24 - FINANCE COST**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2012	For the year ended 31st March 2011
INTEREST PAID TO BANK	1,495.74	870.94
INTEREST PAID TO OTHERS	1,094.99	671.62
TOTAL	<u>2,590.73</u>	<u>1,542.56</u>

**NOTE 25 - OTHER EXPENSES**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2012	For the year ended 31st March 2011
STORE CONSUMED (Refer Note No-31)	2,822.51	2,436.00
POWER & FUEL	1,457.99	1,316.05
REPAIRS AND MAINTENANCE		
-BUILDING	158.07	35.39
-PLANT & MACHINERY	1,325.95	1,395.32
-OTHERS	253.26	176.63
RENT	272.56	247.18
INSURANCE	69.77	49.05
RATES AND TAXES	82.16	77.05
VEHICLE RUNNING AND MAINTENANCE	232.74	200.75
TRAVELLING AND CONVEYANCE	474.76	400.73
LEGAL AND PROFESSIONAL CHARGES	236.63	198.41
AUDIT FEES	13.50	11.75
LOSS ON SALE OF FIXED ASSETS	—	156.15
ROYALTY	1,080.64	924.08
SELLING & DISTRIBUTION EXPENSES	1,849.39	1,789.57
REBATE & DISCOUNT	786.03	689.29
DIRECTOR'S SITTING FEES	10.55	9.90
MISCELLANEOUS EXPENSES	1,546.81	1,453.16
TOTAL	<u>12,673.32</u>	<u>11,566.46</u>

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

- a) Net Outstanding commitments against Letter of Credits established by the Company:  
Rs.8956.50 lacs (Previous Year Rs.6,537.80 lacs)
- b) Guarantees given by banks on behalf of the Company: Rs 355.66 lacs (Previous Year:  
Rs. 458.08 lacs)
- c) Claims against the company not acknowledged as debt :-

(₹ in Lacs)

Nature of Claim	As at 31.03.12	As at 31.03.11
Disputed Sales Tax Demands	138.13	138.13
Other claims	64.48	49.61

27. Estimated value of contracts on capital account remaining to be executed and not provided for (net of advances): Rs.5051.64 lacs (Previous Year: Rs.6,382.66 lacs).

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

**29. Sales and Stocks**

	Current Year		Previous Year	
	Qty. (Nos.)	Value (Rs./lacs)	Qty. (Nos.)	Value (Rs./lacs)
Opening Stock				
- Automotive Airconditioning Systems	1648	184.9	204	23.80
- Fan Motor Assembly (Ventilators)	137	2.99	533	10.30
- Others Components of A.C. System	—	230.87	—	293.29
Sales (including samples)				
- Automotive Airconditioning Systems	852925	116457.20	895072	114,219.60
- Fan Motor Assembly (Ventilators)	109186	1857.64	72925	1,765.94
- Others Components of A.C. System	—	5164.35	—	4,326.24
Closing Stock (Inclusive of Excise Duty)				
- Automotive Airconditioning Systems	—	—	1648	184.90
- Fan Motor Assembly (Ventilators)	133	2.09	137	2.99
- Others Components of A.C. System	—	289.71	—	230.87

**30. Raw Materials/Components consumed during Production:**

	Current Year		Previous Year	
	Qty. (Nos.)	Value (Rs./lacs)	Qty. (Nos.)	Value (Rs./lacs)
Components of Automotive Airconditioning Systems (CKD)**	851277	80,383.17*	896516	83379.22*
Components of Fan Motor Assembly (Ventilators)**	109182		72529	

\* Including Raw Materials/Components consumed for production of Fan Motor Assembly.

\*\* It is not practical to furnish quantitative information of individual component consumed in view of the considerable number of items.

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

	Current Year		Previous Year	
	%	Value (Rs./lacs)	%	Value (Rs./lacs)
Raw Materials/Components Imported	55	44210.74	60	50027.54
Indigenous	45	36172.43	40	33351.68
Total	100	80383.17	100	83379.22
Stores and Spares Imported	18	496.97	18	449.09
Indigenous	82	2325.54	82	1986.91
Total	100	2822.51	100	2436.00

**32. CIF Value of Imports**

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Raw Materials/Components	42187.44	45611.91
Stores & Consumables	884.43	1119.17
Plant & Machinery	7831.73	846.12

### 33. Expenditure in Foreign Currency

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
a) Fees for Technical Services/Technical Know How	422.72	1,156.03
b) Traveling	116.52	108.75
c) Royalty	1080.64	924.08
d) Salary	184.43	251.16
e) Repair of Plant & Machinery (CIF Value)	490.90	535.19
f) Dividend		
i) No. of Non-Resident Shareholders	2	2
ii) No. of Shares of Rs.2/- each	15,600,000	15,600,000
iii) Amount Remitted	124.80	109.20
g) Others	17.29	3.22

### 34. Earnings in Foreign Currency

FOB Value of Exports	371.56	752.45
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### 35. Operating Lease

Land taken on operating lease for 35 years:

The total future minimum lease rentals payable at the Balance Sheet date is as under:

Description	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
a) For a period not later than one year	12.76	—
b) For a period later than one year and not later than five years	133.00	—
c) For a period later than five years	1216.14	—

Total operating lease expenses debited to Statement of Profit & Loss Account Rs 7.87 lacs  
Previous year Rs. Nil)

### 36. Amount paid/payable to Auditors

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
a) Audit Fee	13.50	11.75
b) Tax Audit Fee	1.38	1.25
c) Income Tax Matters	1.90	1.65
d) Fee for Limited Review	3.70	3.32
e) Other Services	8.44	8.05
f) Reimbursement of expenses	1.49	0.89

37. Disclosure of provisions in terms of Accounting Standard-29 issued by the Institute of Chartered Accountants of India

Provision for warranty expenses

Description	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Provision at the beginning of the year	96.93	81.93
Add: Provisions made during the year	213.57	148.09
	310.50	230.02
Less: Amount utilised during the year	203.57	133.09
Balance at the end of the year	106.93	96.93

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

38. The company has identified that there is no material impairment of assets and as such no provision is required in terms of Accounting Standard-28 issued by the Institute of Chartered Accountants of India.

39. **Segment Reporting**

The Company's business activity falls within a single primary business segment i.e, Automotive Air conditioning Systems (with or without Fan Motor Assembly) and parts thereof. Export sales constitute an insignificant portion of the total business of the company. Hence, there is no geographical segment as well. Therefore, the disclosure requirements of Accounting Standard – 17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India are not applicable.

40. **Related Party Disclosures**

In terms of Accounting Standard – 18 issued by the Institute of Chartered Accountants of India, the particulars of transactions with related parties are given as under:

- a) Name of related parties and description of relationship (as certified by the management & relied upon by the auditors):-
  - i) Key Management Personnel
    - Mr. Ramesh Suri, Chairman
    - Ms. Shradha Suri, Managing Director  
(Daughter of Mr. Ramesh Suri)
  - ii) Relatives of Key Management Personnel
    - Mrs. Ritu Suri (Wife of Mr. Ramesh Suri)
  - iii) Subsidiary Company
    - Thai Subros Ltd., Thailand
  - iv) Joint Venture Company
    - Denso Subros Thermal Engineering Centre India Ltd. (DSEC)
  - v) Entities over which Key Management Personnel or their relatives are able to exercise significant influence:

- SHS Transport (P) Ltd.
- Rohan Motors Limited
- Hemkunt Service Station (P) Ltd.
- Tempo Automobiles (P) Ltd.
- M/s. Ramesh Suri (HUF)
- Prima Telecom Ltd.
- Fibcom India Ltd.

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

Rs. in Lacs

Particulars	Subsidiary Company Thai Subros Ltd		Joint Venture Company DSEC		Key Management Personnel		Relatives of Key Management Personnel Mrs. Ritu Suri		Entities over which Key Management Personnel or their relatives are able to exercise significant influence	
Detail of Transaction										
- Purchase of materials	-	(-)	-	(-)	-	(-)	-	(-)	0.97	(17.42)
- Sale of goods	354.29	(727.84)	-	(-)	-	(-)	-	(-)	46.63	(181.76)
- Purchase of fixed assets	-	(-)	14.11	(-)	-	(-)	-	(-)	201.17	(84.18)
- Sale of Fixed Assets	-	(-)	-	(26.55)	-	(-)	-	(-)	4.40	(-)
- Receiving of Service	-	(-)	816.03	(85.73)	-	(-)	-	(-)	939.17	(546.66)
- Rendering of Services	-	(-)	10.38	(-)	-	(-)	-	(-)	2.89	(4.40)
- Rent/Licence Agreements	-	(-)	-	(-)	24.00	(-)	23.76	(22.83)	34.24	(34.44)
- Directors' Remuneration*	-	(-)	-	(-)	242.22	(253.69)	-	(-)	-	(-)
- Rental Income	-	-	18.58	(4.85)	-	(-)	-	(-)	-	(-)
- Contribution toward share capital	32.76	(-)	-	(176.8)	-	(-)	-	(-)	-	(-)
- Reimbursement of expenses received	-	(52.19)	-	(-)	-	(-)	-	(-)	-	(-)
Closing Balances										
- Amounts Payable	-	(-)	63.49	-	44.68	(69.74)	-	(-)	17.20	(1.54)
- Amounts Receivable	116.71	(356.01)	-	(2.65)	-	(-)	-	(-)	266.00	(40.62)
- Security Deposits (Rent)	-	(-)	-	(-)	7.57	(7.57)	10.80	(10.80)	13.95	(13.36)

(Figures in brackets represent previous year's figures)

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



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

Rs. in Lacs

	Current year	Previous year
Purchase of Materials		
- Prima Telecom Ltd.	—	16.59
- Rohan Motors Ltd.	0.97	0.44
Sale of Goods		
- Rohan Motors Ltd.	46.63	181.76
Purchase of Fixed Assets		
- Rohan Motors Ltd.	40.07	69.19
- Tempo Automobiles (P) Ltd.	—	8.65
- Prima Telecom Ltd.	143.46	—
Sale of Fixed Assets		
- Prima Telecom Ltd.	4.40	—
Receiving of Services		
- SHS Transport (P) Ltd.	543.22	518.83
- Prima Telecom Ltd.	352.07	—
Rendering of Services		
- Prima Telecom Ltd.	2.89	4.40
Rent/Licence Agreement		
- Rohan Motors Ltd.	13.62	15.03
- M/s Ramesh Suri (HUF)	17.11	16.01
- Ms. Shradha Suri	24.00	—
Directors Remuneration		
- Mr. Ramesh Suri	80.37	82.87
- Ms. Shradha Suri	161.85	170.82

**41. Earning per Share**

In accordance with Accounting Standard - 20 on 'Earning Per Share' issued by the Institute of Chartered Accountants of India, the Earning per Share has been computed as under :

	2011-2012	2010-2011
a) Net profit after Tax(Rs. In lacs)	Rs.4840.39	Rs.2,854.41
b) Number of Equity shares*(Nos)	59,988,600	59,988,600
c) Nominal value per Equity share	Rs.2	Rs.2
d) Earning per Share (Basic & Diluted)	Rs.8.07	Rs.4.76

\* There were no potential equity shares.

#### 42. Foreign Exchange Differences

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

	Current Year		Previous Year	
	No. of Contracts	Amount	No. of Contracts	Amount
Forward Contracts against Imports				
- In US Dollar (Millions)	2	2.00	16	19.60
- In Japanese Yen (Millions)	5	866.39	26	2,003.24
- Equivalent Rs. (In Lacs)	—	6516.85	—	18,655.69

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

	Rupees in Lacs		Foreign currency in Million	
	31.03.2012	31.03.2011	31.03.12	31.03.11
Creditors & Buyer's Credit (net)	6033.31 2069.07 86.48	123.29	JPY 953.13 USD 4.01 Euro 0.125	JPY 22.07
Debtors	120.51	360.14	USD 0.233	USD 0.807

- d) Difference between forward rates and spot rates to be recognised in subsequent years
- Rs.8.05 Lacs  
(Previous Year Rs.106.22 Lacs)

**43. Research & Development Expenses**

- a) The company has an In house R & D Centre, approved by the Department of Scientific and Industrial Research, Ministry of Science & Technology, Govt. of India. The detail of revenue expenditure /income incurred/earned during the year by the said R & D Centre and charged to Statement of Profit & Loss Account or capitalized/ to be capitalized is as under:-

	Current Year Rs. In lacs		Previous Year Rs. In lacs	
	Charge to Statement of Profit & Loss	Capitalized/ to be capitalized	Charge to Statement of Profit & Loss	Capitalized/ to be capitalized
Salary and other benefits	87.55	1102.42	207.75	983.72
Raw Material & Stores	71.38	210.52	41.23	263.23
Power & Fuel	48.59	145.82	34.10	149.07
Others	92.45	281.20	124.87	254.28
Total	299.97	1739.96	407.95	1,650.30
Other Capital Expenditure incurred on said inhouse R&D Centre (stated as additions to fixed assets)	—	224.36	—	35.33

- b) Other expenditure on Research & Development activities charged to statement of Profit & loss :- Rs : Nil ( Previous Year: Rs. 1.92 lacs)
- c) Provision for taxation has been made after taking into account the benefit available on expenditure incurred on R & D Centre. Such expenditure are subject to approval of appropriate authorities.
44. Following construction period expenses (other than borrowing cost) incurred of making dies & tools and building have capitalised or clubbed with Capital Work-in-Progress, as the case may be:-

Particulars	Rs. in Lacs	
	Current Year	Previous Year
Raw Material & Stores	935.93	1020.09
Salaries, wages and other amenities to staff	550.95	308.20
Depreciation	61.26	134.14
Power & Fuel	78.73	61.50
Other Expenses	285.69	77.56
Total	1912.56	1601.49

45. Borrowing cost amounting to Rs. 389.25 lacs (Previous Year : 257.56 lacs) has been capitalised with the cost of fixed assets as per Accounting Standard 16 issued by Institute of Chartered Accountant of India.

#### 46. Employees Benefits

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

##### Defined Contribution Plan

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

	Amount (Rs. in Lacs)	
	31.03.12	31.03.11
Employer’s Contribution to Provident Fund	267.85	208.60
Employer’s Contribution to Superannuation Fund	108.57	86.51
Employer’s Contribution to Employees State Insurance Scheme	59.40	35.69

##### Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

##### I. Reconciliation of opening and closing balances of Defined Benefit obligation

(Rs. in Lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.12	31.03.11	31.03.12	31.03.11
Defined Benefit obligation at beginning of the year	509.57	471.96	148.45	124.91
Current Service Cost	57.45	52.90	37.34	32.17
Interest Cost	43.31	37.76	12.62	9.99
Actuarial (gain)/loss	(62.85)	(20.53)	22.12	8.51
Benefits paid	(37.44)	(32.52)	(58.42)	(27.13)
Defined Benefit obligation at year end	510.05	509.57	162.10	148.45

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

(Rs. in Lacs)

	Gratuity (Funded)	
	31.03.12	31.03.11
Fair value of plan assets at beginning of the year	499.69	425.66
Expected return on plan assets	46.47	39.58
Actuarial (Loss)/gain	—	(0.06)
Employer contribution	70.30	36.33
Benefits paid/Withdrawn	—	(1.82)
Fair value of plan assets at year end	616.47	499.69

III. Reconciliation of fair value of assets and obligations

(Rs. in Lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.12	31.03.11	31.03.12	31.03.11
Fair value of plan assets	616.47	499.69	Nil	Nil
Present value of obligation	510.05	509.57	162.10	148.45
Amount recognized in Balance Sheet	(106.42)	9.88	162.10	148.45

IV. Expense recognized during the year

(Under the head, "Employee benefit expenses" – Refer Note 23)

(Rs. in Lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.12	31.03.11	31.03.12	31.03.11
Current Service Cost	57.45	52.90	37.34	32.17
Interest Cost	43.31	37.76	12.62	9.99
Expected return on plan assets	(46.47)	(39.59)	—	—
Actuarial (Gain)/Loss	(62.85)	(20.46)	22.12	8.51
Net Cost	(8.56)	30.61	72.07	50.67

V. Investment Details

	% Invested
Insurer Managed Fund	100%

## VI. Actuarial assumptions

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.12	31.03.11	31.03.12	31.03.11
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	8.50%	8.00%	8.50%	8.00%
Expected rate of return on plan assets (per annum)	9.30%	9.30%	NA	NA
Rate of escalation in salary (per annum)	6%	6%	6%	6%

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

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

47. As informed there was no supplier who was registered under "The Micro, Small and Medium Enterprises (Development) Act, 2006".
48. Balance confirmations have not been received from some of the parties showing debit/credit balances.
49. The Financial statements for the year ended March 31, 2011 had been prepared as per the then applicable pre revised Schedule VI of the Companies Act, 1956, The financial statements for the year ended on March 31, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

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

For and on behalf of Board of Directors

V.K. DHINGRA  
Partner

RAMESH SURI  
Chairman

SHRADHA SURI  
Managing Director

H.K AGARWAL  
Head (Finance)

VIKAS SABHARWAL  
Dy. Company Secretary

Place: New Delhi

Dated: 28th May, 2012



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

1. Name of the subsidiary : THAI SUBROS LIMITED
2. Financial Year of the subsidiary ended on : 31st March, 2012
3. No. of shares held in Subsidiary Company on the above date : 999300 Common Shares of THB 5/- Each and 700 Common Shares of THB 5/- Each held through Seven Individuals
4. Extent of Holding (%) : 99.93% as on 31/03/2012 and balance 0.07% held through seven individuals
5. Net aggregate amount of profit/(loss) of the subsidiary so far as they concern members of the Company:
  - A) dealt with in the Accounts of Subros Limited amounted to:-
    - 1) for subsidiary's Financial year ended on 31st March, 2012 (Rs in lacs) : NIL
    - 2) for previous Financial Years of the subsidiary since it became subsidiary of Subros Ltd (Rs in lacs) : NIL
  - B) not dealt with in the Accounts of Subros Ltd amounted to:-
    - 1) for subsidiary's Financial year ended on 31st March, 2012 (Rs in lacs) : (14.69)
    - 2) for previous Financial Years of the subsidiary since it became subsidiary of Subros Ltd (Rs in lacs) : 40.63

For and on behalf of the Board

Ramesh Suri  
Chairman

Shradha Suri  
Managing Director

H.K. Agarwal  
Head (Finance)

Vikas Sabharwal  
Dy. Company Secretary

Place:- New Delhi

Date:- 28th May, 2012



## Directors' Report - Thai Subros Limited

To  
The Members

Your Directors are pleased to present the Fourth annual report of the company together with the audited accounts for the year ended 31st March, 2012.

### FINANCIAL RESULTS

During the year, the company has made sale of THB 403.11 Lac as against sale of THB 667.09 lac during the previous year. The company has earned loss after tax of THB 9.41 Lac as against profit after tax of THB 21.02 Lac during the previous year.

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

### FUTURE PROSPECTS

The company is expected to increase the sales volume during the next financial year 2012-13. The company is further working to increase the number of products being sold to Tata Motors (Thailand) Ltd.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

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

### AUDITORS

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

### ACKNOWLEDGEMENT

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

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

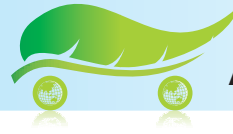
Your Directors also take this opportunity to convey their thanks to the Company's valued customer, particularly Tata Motors (Thailand) Limited for the trust and confidence reposed by them in the Company.

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

For and on behalf of Board of Directors

May 12, 2012

( Ramesh Suri )  
CHAIRMAN



## Independent Auditor's Report - Thai Subros Limited

To The Shareholders and the Board of Directors of Thai Subros Limited.

We have audited the accompanying balance sheet of Thai Subros Limited as at March 31, 2012 and 2011, the related statements of income and changes in shareholders' equity for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion the aforementioned financial statements present fairly, in all material respects, the financial position of Thai Subros Limited as at March 31, 2012 and 2011 and the results of its operations for the years then ended in accordance with generally accepted accounting principles.

(Mr. Chatchawat Setthee)  
C.P.A. Registration No. 5535  
CHATCHAWAT AUDITING & TAX COMPANY LTD.  
240/4, Ayodhya Tower, 11th Floor, Ratchapisek 18 Road  
Huayahwang, Bangkok 10320,  
Thailand

May 12, 2012

## Thai Subros Limited – Balance Sheet

as at March 31, 2012 and 2011

### ASSETS

	(Bht)	
	2012	2011
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 6)	319,533.38	7,522,924.62
Trade and other receivables	2,293,919.96	7,993,896.22
Inventories (Note 7)	4,774,762.45	10,641,508.56
Other current assets	3,045,884.46	1,727,198.55
<b>Total Current Assets</b>	<u>10,434,100.25</u>	<u>27,885,527.95</u>
<b>NON-CURRENT ASSETS</b>		
Machinery and equipment - net (Note 8)	3,489,092.76	2,397,056.26
Intangible assets	34,751.37	–
Other non-current assets	932,388.60	493,638.60
<b>Total Non-Current Assets</b>	<u>4,456,232.73</u>	<u>2,890,694.86</u>
<b>TOTAL ASSETS</b>	<u>14,890,332.98</u>	<u>30,776,222.81</u>

### LIABILITIES AND SHAREHOLDERS' EQUITY

	(Bht)	
	2012	2011
<b>CURRENT LIABILITIES</b>		
Accounts payable-trade	7,354,000.17	24,691,921.24
Accrued expenses	613,992.73	259,974.58
Other current liabilities	107,698.79	19,227.54
<b>Total Current Liabilities</b>	<u>8,075,691.69</u>	<u>24,971,123.36</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term loans from directors and related companies (Note 9)	–	66,268.65
Employee benefits obligations (Note 10)	16,527.91	–
<b>Total Non-Current Liabilities</b>	<u>16,527.91</u>	<u>66,268.65</u>
<b>Total Liabilities</b>	<u>8,092,219.60</u>	<u>25,037,392.01</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital Stock		
Authorized (Note 11)		
Common share-Baht 5 par value, 1,000,000 shares (Year 2012), and 600,000 shares (Year 2011)	5,000,000.00	3,000,000.00
Issued and fully paid-up		
Common share-Baht 5 par value, 1,000,000 shares (Year 2012), and 600,000 shares (Year 2011)	5,000,000.00	3,000,000.00
Retained Earnings	1,798,113.38	2,738,830.80
<b>Total Shareholders' Equity</b>	<u>6,798,113.38</u>	<u>5,738,830.80</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>14,890,332.98</u>	<u>30,776,222.81</u>

## Thai Subros Limited – Statement of Income

For the year ended March 31, 2012 and 2011

	(Bht)	
	2012	2011
<b>REVENUES</b>		
Sales	40,310,762.98	66,709,704.23
Gain on exchange rate	—	1,400,398.92
Other income	53,463.81	44,872.60
<b>Total Revenues</b>	<u>40,364,226.79</u>	<u>68,154,975.75</u>
<b>EXPENSES</b>		
Cost of goods sold	38,885,697.48	63,793,310.03
Selling expenses	544,698.00	617,450.00
Administrative expenses	1,451,072.01	1,097,423.52
Loss on exchange rate	423,476.72	—
<b>Total Expenses</b>	<u>41,304,944.21</u>	<u>65,508,183.55</u>
Profit (Loss) before corporate income tax	(940,717.42)	2,646,792.20
Corporate income tax	—	(544,861.40)
<b>Net Profit (Loss)</b>	<u>(940,717.42)</u>	<u>2,101,930.80</u>

## Thai Subros Limited – Statement of Changes in Shareholders' Equity

For the year ended March 31, 2012 and 2011

(Unit : Baht)

	Paid-up Capital Stock	Retained Earnings (Deficits)	Total
Balance as at April 1, 2010	3,000,000.00	636,900.00	3,636,900.00
Net profit for the period ended 2011	—	2,101,930.80	2,101,930.80
Balance as at March 31, 2011	<u>3,000,000.00</u>	<u>2,738,830.80</u>	<u>5,738,830.80</u>
Add: Increased Capital (Note 11)	2,000,000.00	—	2,000,000.00
Net loss for the period ended 2012	—	(940,717.42)	(940,717.42)
Balance as at March 31, 2012	<u>5,000,000.00</u>	<u>1,798,113.38</u>	<u>6,798,113.38</u>

See accompanying Notes to Financial Statements

## Thai Subros Limited – Statement of Cash Flows

For the year ended March 31, 2012 and 2011

	(Bht)	
	2012	2011
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit (Loss) before corporate income tax	(940,717.42)	2,101,930.80
Adjustment to reconcile net profit (loss) to net cash:		
Depreciation	346,286.94	329,477.89
Amortization	248.63	–
Unrealized (gain) loss on exchange rate	27,396.71	(48,557.55)
Operating assets decrease (increase)		
Accounts receivable - net	5,699,976.26	(3,812,119.55)
Inventories	5,866,746.11	(3,268,835.40)
Other current assets	(1,318,685.91)	(1,002,750.48)
Other non-current assets	(438,750.00)	(382,638.60)
Operating liabilities increase (decrease)		
Accounts payable-trade	(17,365,317.78)	12,851,131.81
Accrued expenses	354,018.15	(65,362.40)
Other current liabilities	88,471.25	(88,918.92)
Employee benefits obligations	16,527.91	–
Net cash from (used in) operating activities	<u>(7,663,799.15)</u>	<u>6,613,357.60</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Intangible assets	(35,000.00)	–
Machinery and equipment	(1,438,323.44)	(12,256.99)
Net cash from (used in) investing activities	<u>(1,473,323.44)</u>	<u>(12,256.99)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of long-term loans from directors and related companies	(66,268.65)	–
Cash received from increased share capital	2,000,000.00	–
Net cash from (used in) investing activities	<u>1,933,731.35</u>	<u>–</u>
NET INCREASED (DECREASED) IN CASH AND CASH EQUIVALENTS	(7,203,391.24)	6,601,100.61
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	7,522,924.62	921,824.01
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>319,533.38</u></u>	<u><u>7,522,924.62</u></u>

## Thai Subros Limited – Notes to Financial Statements as 31st March, 2012 and 2011

### 1. GENERAL INFORMATION

Thai Subros Limited was incorporated and registered as a limited company under the Civil and Commercial Code on July 21, 2008. The principal activities of the Company are importing and exporting of parts and equipment to be used for car air conditioner, and all types of vehicles spareparts and equipment. The Company registered address is as follows :

Head office : No. 55/1, Moo 15, Tambol Bangsaothong, Amphur Bangsaothong, Samutprakarn.

### 2. BASIS FOR FINANCIAL STATEMENTS PREPARATION

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The financial statements is Thai Language are the official statutory financial statements of the Company. The financial statements is English Language have been traslated from the Thai language financial statements.

### 3. ADOPTION OF NEW ACCOUNTING STANDARDS DURING THE YEAR

In May 2011, the Federation of Accounting Professions issued the financial reporting standard for non - publicly accountable entities ("TFRS for NPAs"). The Company's management has assessed that use of TFRS for NPAs does not have any significant impact on the financial statements for the current year.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Revenue recognition

##### Sales

Sales of goods are recognized when significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discount and allowances.

##### Service income

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

##### Interest income

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

#### 4.2 Cash and cash equivalents

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

#### 4.3 Account receivable

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

#### 4.4 Inventories

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

#### 4.5 Machinery and Equipment

Machinery and equipment are stated at cost less accumulated depreciation and allowance for loss

on impairment of assets (if any). Depreciation for all assets are calculated on the straight-line basis over the estimated useful lives as follows:

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

#### 4.6 Operating Leases

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

#### 4.7 Foreign Currency Transactions

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

#### 4.8 Intangible assets

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

#### 4.9 Provisions

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

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

### 5. USE OF ACCOUNTING ESTIMATES

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

### 6. CASH AND CASH EQUIVALENTS

Consist of :	(BAHT)	
	2012	2011
Cash on hand	8,702.54	21,772.11
Cash in Banks - Current Account	310,830.84	7,501,152.51
<b>Total</b>	<b>319,533.38</b>	<b>7,522,924.62</b>

### 7. INVENTORIES

Consist of :	(BAHT)	
	2012	2011
Inventory in transit	187,609.71	7,775,377.38
Raw materials	4,051,041.71	1,767,055.38
Finished Goods	536,111.03	1,099,075.80
<b>Total</b>	<b>4,774,762.45</b>	<b>10,641,508.56</b>



## 8. MACHINERY AND EQUIPMENT - NET

Consist of :

	<u>BAHT</u>			
	Balance as at April 1, 2011	Increase	Decrease	
At cost				
Leasehold improvement	—	282,840.00	—	282,840.00
Machinery and equipment	3,102,384.13	186,160.00	—	3,288,544.13
Office furniture	16,647.66	56,600.19	—	73,247.85
Office equipment	77,818.86	37,840.00	—	115,658.86
Electric system	14,496.64	28,000.00	—	42,496.64
Work in progress	—	846,883.25	—	846,883.25
<b>Total</b>	<b>3,211,347.29</b>	<b>1,438,323.44</b>	<b>—</b>	<b>4,649,670.73</b>
Accumulated depreciation				
Leasehold improvement	—	2,671.52	—	2,671.52
Machinery and equipment	769,518.50	313,736.40	—	1,083,254.90
Office furniture	6,433.99	7,168.86	—	13,602.85
Office equipment	34,879.31	19,768.69	—	54,648.00
Electric system	3,459.23	2,941.47	—	6,400.70
<b>Total</b>	<b>814,291.03</b>	<b>346,286.94</b>	<b>—</b>	<b>1,160,577.97</b>
<b>Machinery and equipment-net</b>	<b>2,397,056.26</b>			<b>3,489,092.76</b>
Depreciation charged for the period	<u>329,477.89</u>			<u>346,286.94</u>

## 9. LONG - TERM LOANS FROM DIRECTORS AND RELATED COMPANIES

This account is consisted of loans from directors and related company (with no interest charged) for the Company's operation. The loans have neither fixed repayment term nor security guaranteed.

## 10. EMPLOYEE BENEFITS OBLIGATIONS

The Company is obliged to make severance payment to employee when they retire. It is calculated by consideration of age, salary rate and turnover of employees. The Provision amount recognized in the report period is 8,514.70 Baht. The provision unrealized before the used of TFRS for NPAs amount of 8,013.21 Baht is also recognized in the same period.

## 11. SHARE CAPITAL

In the Extraordinary Shareholders' Meetings No.1/2012 on January 25, 2012. The Boards had a special resolution to increase the registered capital of the Company from Baht 3 Million (Divided into 600,000 shares of Baht 5 par value) to Baht 5 Million (Divided into 1,000,000 shares of the same par value). The Company had already registered the increase in capital on February 14, 2012.

## 12. OPERATING LEASES

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

## 13. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the financial statements for the year ended March 31, 2012 have been reclassified to conform with the presentation of accounts in the financial statements for the present year by without impact on profit (loss) or shareholders' equity as previously reported.

## 14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on May 12, 2012.

## Auditors' Report - Consolidated

AUDITORS REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SUBROS LIMITED AND ITS SUBSIDIARY & JOINT VENTURE

1. We have audited the attached Consolidated Balance Sheet of Subros Limited (the Company) and its subsidiary and joint venture (collectively referred to as 'the Group') as at 31st March 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (a) We did not audit the financial statements of the subsidiary company which have been audited by other auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditor. The financial statements of subsidiary reflect total assets of Rs.246.06 lacs as at 31st March, 2012 and total revenues of Rs.630.53 lacs and net cash outflow amounting to Rs.112.52 lacs for the year ended 31st March, 2012.  
  
(b) The financial statements of the Joint Venture are not audited and our opinion, insofar as it relates to the amounts included in respect of the joint venture is based solely on the provisional financial statements prepared by the management of the joint venture and reflects total assets of Rs.160.67 lacs as at 31st March, 2012 and total revenues of Rs.212.41 lacs and net cash outflows amounting to Rs.78.83 lacs for the year ended 31st March, 2012 as considered in these consolidated financial statements.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS-21) on 'Consolidated Financial Statements' and Accounting Standard (AS-27) on 'Financial Reporting of Interest in Joint Ventures' notified by the Companies Accounting Standard Rules, 2006 and on the basis of separate financial statements of Subros Limited and its subsidiary and joint venture included in these financial statements.



5. We report that on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiary, we are of the opinion that the said consolidated financial statements and read with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
  - ii) in case of Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
  - iii) in case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

PLACE: NEW DELHI  
DATED: May 28, 2012

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

## Consolidated Balance Sheet as at 31st March 2012

*(₹ in Lacs)*

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
(A) SHARE CAPITAL	2	1199.77	1199.77
(B) RESERVES AND SURPLUS	3	25850.50	21834.05
<b>NON-CURRENT LIABILITIES</b>			
(A) LONG-TERM BORROWINGS	4	13609.62	7671.23
(B) DEFERRED TAX LIABILITIES (NET)	5	2463.98	1456.05
(C) OTHER LONG-TERM LIABILITIES	6	26.13	20.74
(D) LONG-TERM PROVISIONS	7	190.47	173.24
<b>CURRENT LIABILITIES</b>			
(A) SHORT-TERM BORROWINGS	8	16834.80	9181.22
(B) TRADE PAYABLES		15872.20	11383.46
(C) OTHER CURRENT LIABILITIES	9	7511.98	11958.73
(D) SHORT-TERM PROVISIONS	10	849.34	640.39
<b>TOTAL</b>		<u>84408.79</u>	<u>65518.88</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>(A) FIXED ASSETS</b>			
(I) TANGIBLE ASSETS	11	32220.93	23169.82
(II) INTANGIBLE ASSETS	11	6473.58	3619.22
(III) CAPITAL WORK-IN-PROGRESS	11	6014.34	4788.38
(IV) INTANGIBLE ASSETS UNDER DEVELOPMENT	11	3022.37	2500.30
(B) LONG-TERM LOANS AND ADVANCES	12	4124.78	5471.36
<b>CURRENT ASSETS</b>			
(A) INVENTORIES	13	17922.13	13511.09
(B) TRADE RECEIVABLES	14	7639.35	5170.08
(C) CASH AND BANK BALANCES	15	1201.02	2049.15
(D) SHORT-TERM LOANS AND ADVANCES	16	5764.53	5209.33
(E) OTHER CURRENT ASSETS	17	25.76	30.15
<b>TOTAL</b>		<u>84408.79</u>	<u>65518.88</u>
SIGNIFICANT ACCOUNTING POLICIES THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS	1		

As per attached report of even date

For and on behalf of the Board of Directors

 FOR V. K. DHINGRA & CO.  
Chartered Accountants

 V K DHINGRA  
Partner

 RAMESH SURI  
Chairman

 SHRADHA SURI  
Managing Director

 Place : New Delhi  
Date : 28th May, 2012

 H.K. AGARWAL  
Head (Finance)

 VIKAS SABHARWAL  
Dy. Company Secretary

## Consolidated Statement of Profit and Loss for the Year Ended 31st March, 2012

(₹ in Lacs)

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED ON 31.03.2012	FOR THE YEAR ENDED ON 31.03.2011
REVENUE FROM OPERATIONS	18	112053.42	109246.61
OTHER INCOME	19	1156.48	1379.96
TOTAL REVENUE		<u>113209.90</u>	<u>110626.57</u>
EXPENSES:			
COST OF MATERIALS CONSUMED	20	80614.17	83568.65
CHANGES IN INVENTORIES OF FINISHED GOODS & WIP - (INCREASE) / DECREASE	21	140.80	(113.95)
EMPLOYEE BENEFIT EXPENSE	22	8887.73	6729.58
FINANCE COST	23	2590.85	1542.56
DEPRECIATION AND AMORTISATION EXPENSE			
OTHER EXPENSES	24	5319.20	4061.23
		<u>12761.13</u>	<u>11618.75</u>
TOTAL EXPENSES		<u>110313.88</u>	<u>107406.82</u>
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		2896.02	3219.75
EXCEPTIONAL ITEMS			
ADD: PROFIT ON SALE OF IMMOVABLE PROPERTY		2901.82	—
PROFIT BEFORE TAX		<u>5797.84</u>	<u>3219.75</u>
TAX EXPENSE:			
-CURRENT TAX (MAT)		1179.47	652.09
-MAT CREDIT ENTITLEMENT		<u>(1,173.65)</u>	<u>(638.17)</u>
-NET CURRENT TAX		<u>5.82</u>	<u>13.92</u>
-DEFERRED TAX EXPENSE		1007.93	338.24
-TAX IN RESPECT OF EARLIER YEARS		9.15	3.44
PROFIT FOR THE PERIOD		<u>4774.94</u>	<u>2864.15</u>
EARNING PER EQUITY SHARE OF FACE VALUE OF ₹ 2 EACH			
BASIC & DILUTED		7.96	4.77
SIGNIFICANT ACCOUNTING POLICIES	1		
THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS			

As per attached report of even date

For and on behalf of the Board of Directors

 FOR V. K. DHINGRA & CO.  
Chartered Accountants

 V K DHINGRA  
Partner

 RAMESH SURI  
Chairman

 SHRADHA SURI  
Managing Director

 Place : New Delhi  
Date : 28th May, 2012

 H.K. AGARWAL  
Head (Finance)

 VIKAS SABHARWAL  
Dy. Company Secretary

## Consolidated Statement of Cash Flow for the Year Ended 31st March, 2012

(₹ in Lacs)

PARTICULARS	2011-2012		2010-2011	
I. CASH FLOW FROM OPERATING ACTIVITIES				
A Profit Before Taxation		5,797.84		3,219.75
B Adjustments		—		—
Add:				
i) Depreciation	5,319.20		4,061.23	
ii) Loss on Assets Sold / Discarded	—		156.15	
iii) Effect of Exchange Fluctuation on consolidation	8.41		(2.19)	
iv) Interest & Financial Charges	<u>2,590.85</u>	<u>7,918.46</u>	<u>1,542.56</u>	<u>5,757.75</u>
		13,716.30		8,977.50
Less:				
i) Interest Income	109.47		116.45	
ii) Surplus on Assets sold / discarded	<u>2,908.88</u>		<u>12.17</u>	
		3,018.35		128.62
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		10,697.95		8,848.88
Adjustment for:				
i) Trade & Other receivable	(3,117.79)		(3,056.99)	
ii) Inventories	(4,411.04)		(3,591.91)	
iii) Trade & Other payables	<u>6,336.14</u>		<u>2,001.50</u>	
		(1,192.69)		(4,647.40)
CASH GENERATED FROM OPERATIONS		<u>9,505.26</u>		<u>4,201.48</u>
Less:				
Direct Taxes paid (Net)		(1,051.06)		(373.14)
Add:				
Interest received		113.85		141.46
NET CASH FLOW FROM OPERATING ACTIVITIES		<u>8,568.05</u>		<u>3,969.80</u>
II. CASH FLOW FROM INVESTING ACTIVITIES				
i) Purchase of Fixed Assets/ Capital work in Progress		(18,654.30)		(12,681.20)
ii) Sale of Fixed Assets		946.84		86.48
iii) Advance received against Fixed Assets		—		4,783.00
NET CASH USED IN INVESTING ACTIVITIES		<u>(17,707.46)</u>		<u>(7,811.72)</u>

(₹ in Lacs)

PARTICULARS	2011-2012		2010-2011	
III. CASH FLOW FROM FINANCING ACTIVITIES				
i) Proceeds of long term secured loans		11,252.50		9,681.34
ii) Repayment of long term loans		(6,465.81)		(3,668.03)
iii) Working Capital Loans from Banks		5,615.47		365.49
iv) Dividend and Corporate Dividend Tax paid		(557.76)		(489.66)
v) Interest Paid		(2,953.49)		(1,718.51)
vi) Buyer credit (capex)		2,038.11		—
NET CASH FROM FINANCING ACTIVITIES		<u>8,929.02</u>		<u>4,170.63</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)		(210.39)		328.72
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		445.23		116.51
CASH AND CASH EQUIVALENTS AS AT THE CLOSING OF THE YEAR		234.84		445.23

Note: i) Figures in brackets represent cash outflows.

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

As per attached report of even date

For and on behalf of the Board of Directors

 FOR V. K. DHINGRA & CO.  
 Chartered Accountants

 V K DHINGRA  
 Partner

 RAMESH SURI  
 Chairman

 SHRADHA SURI  
 Managing Director

 Place : New Delhi  
 Date : 28th May, 2012

 H.K. AGARWAL  
 Head (Finance)

 VIKAS SABHARWAL  
 Dy. Company Secretary

## Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March, 2012 and Consolidated **Statement of Profit and Loss** for the year ended on that date

### NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Preparation of Financial Statements

The consolidated financial statements of Subros Limited, its subsidiary and its joint venture (“the Group”) are prepared under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under section 211(3c) of the Companies Act, 1956 and the relevant provisions thereof.

ii) Principles of Consolidation

The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company.

The financial statement subsidiary company has been combined on a line-by-line basis by adding together like items of Assets, liabilities, income and expenses. Inter-company balances and transactions and unrealized profits or losses have been fully eliminated, as per Accounting Standard 21 on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

The financial statement of Joint Venture company has been consolidated on proportionate consolidation method as prescribed in Accounting Standard – 27 on 'Financial Reporting of Interest in Joint Ventures' on a line-by-line basis by adding together like items of Assets, liabilities, income and expenses to the extent of company's holding (26%) in Joint Venture Company.

Accounting policies between Group companies are generally consistent and in case of inconsistency, the same has been adequately disclosed.

iii) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. All expenses incidental to the purchase/construction/ installation and commissioning including borrowing costs are added to the cost of the fixed assets. Where any part of the cost of fixed assets is either recovered by way of grant or borne by any other person, the same is deducted from the gross value of relevant fixed assets.

iv) Inventories

Inventories are valued at lower of cost or net realisable value. Cost is arrived on weighted average basis, except in case of inventory of subsidiary company which is arrived at on FIFO basis, and is inclusive of taxes and duties paid/incurred (other than those recovered/recoverable from the Taxing Authorities). Adequate provision is made in respect of non-standard and obsolete items based on management's estimate.





- v) Revenue Recognition
- a) Sales are accounted on dispatch of products against orders of customers and stated net of trade discounts, returns and sales-tax.
  - b) Duty Drawback Income on eligible direct exports and exports through other parties is recognised in the year of export/sale to other parties on the basis of provisional/estimated tariff rates informed by the appropriate authorities.

vi) Provisions, Contingent Liabilities and Contingent Assets

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

vii) Depreciation

- a) Leasehold land are amortised over the period of lease.
- b) Cost of specialised softwares is amortised in three years on straight-line method on pro-rata basis.
- c) Technical Know-how is amortised in six years on straight-line method on pro-rata basis.
- d) Product Development Cost is amortised in six years on straight line method on pro-rata basis.
- e) Individual items of fixed assets costing upto five thousand rupees are fully depreciated in the year of purchase.
- f) Depreciation on other assets is provided on written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956 on pro-rata basis.
- g) In respect of fixed assets owned by the subsidiary company and Joint Venture, depreciation is charged on straight line basis over the estimated useful life as follows:

Assets	Number of years	
	Subsidiary Co.	Joint Venture
Machinery & Equipments	10	5
Office Furniture	5	5
Office Equipments	5	5
Electric Systems	10	5
Lease Hold Improvement	3	—

viii) Intangible Assets

Intangible assets are recognized if they are separately identifiable and the company controls the future economic benefit arising out of them. All other expenses on intangible items are charged to the Statement of Profit & Loss. Intangible assets are stated at cost less accumulated amortization / impairment. Intangible assets include Software Licenses', Technical Know-how, Product Development Cost etc.

ix) Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized till the date on which the asset is ready for its intended use. Qualifying assets are those which take substantial period of time to get ready for its intended use.

Other borrowing costs are recognized as an expense in the period in which these are incurred.

x) Employee Benefits

a) Defined Contribution Plan

The Company makes defined contribution to Provident Fund and Superannuation Scheme, which are recognized in the Statement of Profit and Loss on accrual basis.

The Company's contribution to State Plan, viz. Employees' State Insurance scheme is recognised in the Statement of Profit and Loss on accrual basis.

b) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act and compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gain and losses are recognized immediately in the Statement of Profit and Loss as income/expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds.

Gratuity obligation is funded with the Life Insurance Corporation of India through a Gratuity Trust.

c) Short Term Employee Benefits

Amounts paid under Voluntary Retirement and Separation Schemes are charged to the Statement of Profit and Loss in the year of payment.

Other short term employee benefit obligations are measured on an undiscounted basis and charged to the Statement of Profit and Loss on accrual basis.

xi) Research & Development

Revenue expenditure on research and development are charged to the Statement of Profit and Loss in the year in which these are incurred except for certain cost incurred on



development of new products e.g. air conditioning systems and related products which are capitalized when it is probable that a development project will be a success. Capital expenditure on research and development are considered as an addition to Fixed Assets.

xii) Foreign Currency Translation

- a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.
- b) Assets and Liabilities receivable/payable in foreign currencies are translated at the year end exchange rates.
- c) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.
- d) In case of forward contracts, difference between forward rates and spot rates on the date of transaction is recognised as income or expense over the life of contract. Exchange difference on such contracts. i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception / the last reporting date, is recognized as income / expenses for the period.
- e) For the purpose of consolidation, income and expenses are translated at average rate and the assets and liabilities are stated at closing rate. The net impact of such changes is accumulated under Foreign Currency Translation Reserve..

xiii) Taxes on Income

Provision for current tax is made on the basis of estimated taxable income under the relevant laws of respective countries. Deferred tax on account of timing differences between taxable income and accounting income is accounted for by applying tax rates and laws enacted or substantially enacted on the balance sheet date.

xiv) Lease asset- Operating lease

Lease assets where risk and awards incidental to ownership of an assets substantially vests with the lessor are recognized as operating lease.

Lease Payments are recognized as an expense in Statement of Profit & Loss on the straight line basis over the lease term. However the lease rent pertaining to the period up to the date of the commissioning of the assets are capitalized.

**NOTE 2 - SHARE CAPITAL**
**2 (a) AUTHORISED, ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
AUTHORISED: 75,000,000 EQUITY SHARES OF RS. 2/- EACH	1500.00	1500.00
ISSUED: 5,99,94,300 EQUITY SHARES OF RS. 2/- EACH	1199.89	1199.89
SUBSCRIBED AND PAID UP 5,99,88,600 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP	1199.77	1199.77
<b>TOTAL</b>	<b>1199.77</b>	<b>1199.77</b>

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

PARTICULARS	As at 31st March 2012		As at 31st March 2011	
	Nos.		Nos.	
SHARES OUTSTANDING AT THE BEGINNING OF THE YEAR	59988600	1,199.77	59988600	1,199.77
SHARES ISSUED DURING THE YEAR	—	—	—	—
SHARES BOUGHT BACK DURING THE YEAR	—	—	—	—
SHARES OUTSTANDING AT THE END OF THE YEAR	59988600	1,199.77	59988600	1,199.77

**2 (c) LIST OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES**
*(₹ in Lacs)*

NAME OF SHAREHOLDER	As at 31st March 2012		As at 31st March 2011	
	NO. OF SHARES HELD	% OF HOLDING	NO. OF SHARES HELD	% OF HOLDING
DEEKSHA HOLDINGS LTD	10137760	16.90	10137760	16.90
JYOTSNA HOLDING PVT LTD.	3448000	5.74	3448000	5.74
R.R HOLDINGS PVT LTD	3208000	5.35	3208000	5.35
RAMESH SURI (HUF)	3040000	5.07	3040000	5.07
DENSO CORPORATION	7800000	13.00	7800000	13.00
SUZUKI MOTORS CORPORATION	7800000	13.00	7800000	13.00

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

**NOTE 3 - RESERVES & SURPLUS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
CAPITAL RESERVE		
CAPITAL INVESTMENT SUBSIDY	3.57	3.57
PROFIT ON RE-ISSUE OF FORFEITED SHARES	0.08	0.08
	<u>3.65</u>	<u>3.65</u>
GENERAL RESERVE		
OPENING BALANCE	8311.48	6311.48
ADD: TRANSFERRED FROM SURPLUS	2500.00	2000.00
CLOSING BALANCE	<u>10811.48</u>	<u>8311.48</u>
SURPLUS		
OPENING BALANCE	13515.02	13208.63
ADD: PROFIT FOR THE YEAR	4774.94	2864.15
	<u>18289.96</u>	<u>16072.78</u>
LESS: APPROPRIATIONS		
PROPOSED DIVIDEND ON EQUITY SHARE*	659.87	479.91
PROVISION FOR TAX ON PROPOSED DIVIDEND	107.05	77.85
TRANSFERRED TO GENERAL RESERVE	2500.00	2000.00
CLOSING BALANCE	<u>15023.04</u>	<u>13515.02</u>
FOREIGN CURRENCY TRANSLATION RESERVE		
OPENING BALANCE	3.92	6.11
ADD/(LESS)- DURING THE YEAR	8.41	(2.19)
CLOSING BALANCE	<u>12.33</u>	<u>3.92</u>
<b>TOTAL</b>	<u><u>25850.50</u></u>	<u><u>21834.05</u></u>

\*₹ 1.10 Per Equity Share(Previous Year ₹ 0.80 per Equity Share)

**NOTE 4 - LONG -TERM BORROWINGS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
SECURED LOANS		
TERMS LOANS:		
FROM BANKS	10168.53	4892.95
FROM OTHERS	3388.88	2661.75
	<u>13557.41</u>	<u>7554.70</u>
VEHICLES LOAN	52.21	116.53
<b>TOTAL</b>	<u><u>13609.62</u></u>	<u><u>7671.23</u></u>

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

NATURE OF SECURITY	TERMS OF REPAYMENT
Term loan amounting to Rs. NIL (March 31, 2011: Rs. 1406.25 lacs) is secured by Exclusive first charge on specific equipment.	Repayment in 16 quarterly instalments (@ 140.62 lacs each) commencing from December 2010. Last instalment in September 2014. Rate of interest 12.07% P.A. as at year end. (Previous year 8.75% P.A.)
Term loan amounting to Rs. 260.00 lacs (March 31, 2011: Rs. 390.00 lacs) is secured by Exclusive first charge on specific equipment.	Repayment in 20 quarterly instalments (@ 32.50 lacs each) commencing from June 2010. Last instalment in September 2014. Rate of interest 11.90% P.A. as at year end. (Previous year 9.00% P.A.)
Term loan amounting to Rs. 2175.00 lacs (March 31, 2011: Rs. NIL) is secured by Exclusive first charge on specific equipment.	Repayment in 16 quarterly instalments (@ 181.25 lacs each) commencing from June 2012. Last instalment in March 2016. Rate of interest 11.90% P.A. as at year end. (Previous year NA % P.A.)
Term loan amounting to Rs. NIL (March 2011: Rs. 290.90 lacs) is secured by Equitable Mortgage on Manesar Land & Bldg., Personal Gurarantee of Mr Ramesh Suri & specific assets.	Repayment in 11 quarterly instalments (@ 290.91 lacs each) commencing from December 2009. Last instalment in June 2012. Rate of interest 9.00% P.A. as at year end. (Previous year 9.00% P.A.)
Term loan amounting to Rs. 3186.03 lacs (March 2011: Rs. 4602.05 Lacs) is secured by Equitable Mortgage on Manesar Land & Bldg., Personal Gurarantee of Mr Ramesh Suri & specific assets.	Repayment in 16 quarterly instalments (@ 354.00 lacs each) commencing from Aug 2010. Last instalment in May 2015. Rate of interest KBR + 0.075% P.A. as at year end. (Previous year KBR + 0.075% P.A.)
Term loan amounting to Rs. 1400.00 lacs (March 2011: Rs. Nil) is secured by is secured by Equitable Mortgage on Manesar Land & Bldg., Personal Gurarantee of Mr Ramesh Suri & specific assets.	Repayment in 36 monthly instalments (@ 58.33 lacs each) commencing from April 2012. Last instalment in March 2015. Rate of interest KBR+1% P.A. as at year end. (Previous year N.A.)
Term loan amounting to Rs. 577.00 lacs (March 31, 2011: Rs. 865.50 Lacs) is secured by Exclusive first charge on specific equipment	Repayment in 16 quarterly instalments (@ 72.13 lacs each) commencing from June 2011. Last instalment in March 2015. Rate of interest 11.77% P.A. as at year end. (Previous year 11.77% P.A.)
Term loan amounting to Rs. 376.87 lacs (March 31, 2011: Rs. Nil) is secured by Exclusive first charge on specific equipment	Repayment in 16 quarterly instalments (@ 41.87 lacs each) commencing from Aug 2011. Last instalment in February 2015. Rate of interest 11.77% P.A. as at year end. (Previous year N.A.)
Term loan amounting to Rs. 5582.50 lacs (March 31, 2011: Rs. Nil) is secured by Exclusive first charge on specific equipment	Repayment in 16 quarterly instalments (@ 348.91 lacs each) commencing from June 2013. Last instalment in March 2017. Rate of interest 9.70% P.A. as at year end. (Previous year N.A.)
Vehicle loan amounting to Rs. 52.21 lacs (March 31, 2011: Rs 116.53 lacs) is secured by Hypothecation on specific vehicles	Repayment in 84 equated Monthly commencing from October, 2007. Rate of interest 8.50% P.A.

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

PARTICULARS	As at 31st March 2012	As at 31st March 2011
DEFERRED TAX LIABILITY		
DEPRECIATION	2580.45	1585.99
TOTAL DEFERRED TAX LIABILITY(A)	<u>2580.45</u>	<u>1585.99</u>
DEFERRED TAX ASSETS		
EXPENSES ALLOWABLE ON PAYMENT BASIS (NET)	116.47	129.94
TOTAL DEFERRED TAX ASSETS(B)	<u>116.47</u>	<u>129.94</u>
TOTAL (A-B)	<u><u>2463.98</u></u>	<u><u>1456.05</u></u>

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

PARTICULARS	As at 31st March 2012	As at 31st March 2011
OTHER THAN TRADE PAYABLE		
SECURITY DEPOSITS RECEIVED	26.13	21.74
TOTAL	<u><u>26.13</u></u>	<u><u>21.74</u></u>

**NOTE 7 - LONG TERM PROVISIONS**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	147.70	134.47
PROVISION FOR WARRANTY	42.77	38.77
TOTAL	<u><u>190.47</u></u>	<u><u>173.24</u></u>

**NOTE 8 - SHORT-TERM BORROWINGS**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
SECURED		
FROM BANKS:		
CASH CREDIT ACCOUNT (Secured by First Charge by way of Hypothecation of stocks, receivables, existing Plant & Machinery and Miscellaneous Fixed Assets and equitable mortgage of two factory premises and also by way of personal guarantee of the Chairman of the company.)	6408.44	5230.43
	<u>6408.44</u>	<u>5230.43</u>
UNSECURED		
WORKING CAPITAL LOAN FROM BANKS	6100.00	3829.49
BUYERS CREDIT ARRANGEMENTS FROM BANKS [Against personal guarantee of the Chairman of the Company Rs. 3708.08 lacs (Previous year: Rs. Nil)]	4326.36	121.30
	<u>10426.36</u>	<u>3950.79</u>
TOTAL	<u>16834.80</u>	<u>9181.22</u>

**NOTE 9 - OTHER CURRENT LIABILITIES**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
CURRENT MATURITIES OF LONG-TERM DEBT	3782.25	4933.94
INTEREST ACCRUED BUT NOT DUE ON LOANS	108.21	81.61
UNCLAIMED DIVIDEND	32.76	30.11
DUE TO DIRECTORS	44.68	69.72
STATUTORY DUES	800.08	483.50
ADVANCE FROM CUSTOMERS	145.81	145.67
ADVANCE AGAINST SALE OF ASSETS	—	4783.00
CREDITOR FOR CAPITAL EXPENDITURE	536.79	262.68
OTHER PAYABLES	2061.40	1168.50
TOTAL	<u>7511.98</u>	<u>11958.73</u>



**NOTE 10 - SHORT TERM PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	18.26	14.59
PROVISION FOR GRATUITY	—	9.88
OTHER PROVISIONS		
PROPOSED DIVIDEND	659.87	479.91
CORPORATE DIVIDEND TAX	107.05	77.85
PROVISION FOR WARRANTY	64.16	58.16
TOTAL	<u>849.34</u>	<u>640.39</u>

**NOTE 11 - FIXED ASSETS**

(₹ in Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	COST AS ON 01.04.11	ADDITIONS	SALE/ ADJUSTMENTS	COST AS ON 31.03.2012	DEPRECIATION AS ON 01.04.11	DEPRECIATION FOR THE PERIOD	SALE/ ADJUSTMENTS	TOTAL DEPRECIATION upto 31.03.2012	AS ON 31.03.2012	AS ON 31.03.2011
<b>TANGIBLE ASSETS</b>										
LAND										
LEASEHOLD	1,471.23	4.67	—	1,475.90	73.45	14.90	—	88.35	1,387.55	1,397.78
FREEHOLD	922.98	—	204.67	718.31	—	—	—	—	718.31	922.98
BUILDINGS	6,576.97	964.73	—	7,541.70	2,745.62	384.02	—	3,129.64	4,412.06	3,831.35
PLANT AND MACHINERY	37,451.33	12,275.07	73.76	49,652.64	21,722.48	3,664.63	34.76	25,352.35	24,300.29	15,728.85
FURNITURE AND FIXTURE	765.00	66.48	—	831.48	469.84	64.98	—	534.82	296.66	295.16
VEHICLES	900.49	247.80	77.30	1,070.99	408.14	157.04	48.87	516.31	554.68	492.35
OFFICE EQUIPMENTS	1,419.28	223.32	—	1,642.60	917.92	173.29	—	1,091.21	551.39	501.36
TOTAL	49,507.28	13,782.07	355.73	62,933.62	26,337.45	4,458.86	83.63	30,712.68	32,220.94	23,169.83
PREVIOUS YEAR	44,509.15	6,866.40	1,868.28	49,507.28	24,401.54	3,603.34	1,667.43	26,337.45	23,169.83	20,107.62
<b>INTANGIBLE ASSETS</b>										
SPECIALISED SOFTWARES	1,020.62	322.59	—	1,343.21	887.36	95.48	—	982.85	360.36	133.25
TECHNICAL KNOW HOW	2,739.94	627.84	—	3,367.78	554.55	496.67	—	1,051.21	2,316.57	1,547.98
DEVELOPMENT COST	1,620.66	2,825.53	—	4,446.19	320.09	329.45	—	649.54	3,796.65	1,937.99
TOTAL	5,381.22	3,775.96	—	9,157.18	1,762.00	921.60	—	2,683.60	6,473.58	3,619.22
PREVIOUS YEAR	3816.79	1628.75	64.31	5381.22	1233.43	592.46	63.89	1,762.00	3,619.22	2583.36
GRAND TOTAL	54,888.50	17,558.03	355.73	72,090.80	28,099.45	5,380.46	83.63	33,396.28	38,694.52	26,789.04
PREVIOUS YEAR	48,325.94	8,495.15	1,932.59	54,888.50	25,634.97	4,195.81	1,731.32	28,099.46	26,789.05	22,690.98
CAPITAL WORK IN PROGRESS									6,014.34	4,788.38
INTANGIBLE ASSETS UNDER DEVELOPMENT									3,022.37	2,500.30

\*Note:- Includes depreciation capitalised on Tool Developed in house Rs.56.27 Lacs(Previous Year Rs.134.14 Lacs) and Building under construction Rs.4.99 Lacs (Previous Year ₹ Nil)

**NOTE 12 - LONG TERM LOANS AND ADVANCES**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
CAPITAL ADVANCES		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 32)	208.94	—
TO OTHERS	1491.84	4176.79
SECURITY DEPOSITS		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 32)	32.32	31.74
TO OTHERS	461.01	305.61
ADVANCE TAX (NET)		
UNSECURED, CONSIDERED GOOD	5.55	143.10
MAT CREDIT RECOVERABLE		
UNSECURED, CONSIDERED GOOD	1811.82	638.17
LOANS AND ADVANCES TO EMPLOYEE		
SECURED, CONSIDERED GOOD	69.43	173.22
UNSECURED, CONSIDERED GOOD	43.88	2.73
TOTAL	<u>4124.78</u>	<u>5471.36</u>

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

*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
RAW MATERIAL & SPARES		
- IN HAND	13596.37	9992.65
- IN TRANSIT	1126.02	640.16
	<u>14722.39</u>	<u>10632.81</u>
WORK IN PROGRESS	1312.38	1325.92
FINISHED GOODS	300.66	434.93
STORES	1586.70	1117.43
TOTAL	<u>17922.13</u>	<u>13511.09</u>

**NOTE 14 - TRADE RECEIVABLES**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
UNSECURED, CONSIDERED GOOD OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT	79.38	63.05
OTHERS	7559.97	5107.03
TOTAL	<u>7639.35</u>	<u>5170.08</u>

Trade Receivable stated above include Debts due from related parties Rs.5.63 Lacs (Previous year ₹ Nil) (Ref Note No.32)

**NOTE 15 - CASH AND BANK BALANCES**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
CASH AND CASH EQUIVALENTS		
BALANCE WITH BANKS - IN CURRENT A/C	198.30	326.73
CASH IN HAND	9.50	11.90
FIXED DEPOSIT ACCOUNT	27.04	106.60
	<u>234.84</u>	<u>445.23</u>
OTHER BANK BALANCES		
- IN MARGIN MONEY A/C*	933.42	1573.82
- IN UNPAID DIVIDEND A/C	32.76	30.10
	<u>966.18</u>	<u>1603.92</u>
TOTAL	<u>1201.02</u>	<u>2049.15</u>

\* Margin Money include Fixed Deposits of ₹ 63.99 Lacs (Previous year ₹ 53.99 Lac with maturity of more than 12 months)

**NOTE 16 - SHORT TERM LOANS AND ADVANCES**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
ADVANCES TO RELATED PARTIES		
UNSECURED, CONSIDERED GOOD (Refer Note No. 32)	51.42	—
ADVANCES TO OTHER PARTIES		
UNSECURED, CONSIDERED GOOD	5650.46	5125.41
LOAN TO EMPLOYEES		
SECURED, CONSIDERED GOOD	6.97	34.48
UNSECURED, CONSIDERED GOOD	55.68	49.44
TOTAL	<u>5764.53</u>	<u>5209.33</u>

**NOTE 17 - OTHER CURRENT ASSETS**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2012	As at 31st March 2011
INTEREST ACCRUED ON BANK DEPOSITS WITH BANK	25.76	30.15
TOTAL	<u>25.76</u>	<u>30.15</u>

**NOTE 18 - REVENUE FROM OPERATIONS**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2012	For the year ended 31st March 2011
SALE OF PRODUCTS	123,754.60	120,559.55
SALE OF SERVICES	210.76	42.30
SALE OF SCRAP	29.97	46.41
	<u>123,995.33</u>	<u>120,648.26</u>
LESS: EXCISE DUTY	11,941.91	11,401.65
TOTAL	<u>112,053.42</u>	<u>109,246.61</u>

**NOTE 19 - OTHER INCOME**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2012	For the year ended 31st March 2011
INTEREST ON :		
A) FIXED DEPOSITS WITH BANKS	109.47	89.07
B) OTHERS	—	27.38
PROFIT ON SALE OF FIXED ASSETS	7.06	12.17
GAIN FROM EXCHANGE RATE DIFFERENCE(NET)	937.43	1,214.21
MISCELLANEOUS INCOME	102.52	37.13
TOTAL	<u>1,156.48</u>	<u>1,379.96</u>

**NOTE 20 - COST OF MATERIAL CONSUMED**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2012		For the year ended 31st March 2011	
RAW MATERIAL & COMPONENTS				
OPENING STOCK	10632.81		7376.65	
PURCHASE	84703.74	95336.55	86824.81	94201.46
LESS:- CLOSING STOCK		14722.38		10632.81
TOTAL		<u>80614.17</u>		<u>83568.65</u>

**NOTE 21 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRES**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2012	For the year ended 31st March 2011
FINISHED GOODS		
CLOSING STOCK	300.66	434.93
LESS:- OPENING STOCK	434.93	338.51
	<u>(134.27)</u>	<u>96.42</u>
WORK-IN-PROGRESS		
CLOSING STOCK	1312.38	1325.92
LESS:- OPENING STOCK	1325.92	1299.86
	<u>(13.54)</u>	<u>26.06</u>
DECREASE (INCREASE) IN EXCISE DUTY ON FINISHED GOODS	7.01	(8.53)
TOTAL	<u>(140.80)</u>	<u>113.95</u>

**NOTE 22 - EMPLOYEE BENEFIT EXPENSES**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2012	For the year ended 31st March 2011
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :		
- SALARIES, WAGES, BONUS ETC	7,311.40	5,321.99
- CONTRIBUTION TO PROVIDENT & OTHER FUNDS	428.78	362.10
- STAFF WELFARE EXPENSES	900.00	790.41
- DIRECTOR REMUNERATION	247.55	255.08
TOTAL	<u>8,887.73</u>	<u>6,729.58</u>

**NOTE 23 - FINANCE COST**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2012	For the year ended 31st March 2011
INTEREST PAID TO BANK	1,495.74	870.94
INTEREST PAID TO OTHERS	1,095.11	671.62
TOTAL	<u>2,590.85</u>	<u>1,542.56</u>

**NOTE 24 - OTHER EXPENSES**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2012	For the year ended 31st March 2011
STORE CONSUMED	2,822.51	2,436.00
POWER & FUEL	1,463.74	1,318.33
REPAIRS AND MAINTENANCE		
-BUILDING	158.07	35.39
-PLANT & MACHINERY	1,325.95	1,395.32
-OTHERS	253.63	176.89
RENT	291.50	256.54
INSURANCE	71.95	49.31
RATES AND TAXES	82.24	77.57
VEHICLE RUNNING AND MAINTENANCE	238.00	201.15
TRAVELLING AND CONVEYANCE	479.32	401.55
LEGAL AND PROFESSIONAL CHARGES	254.52	208.70
AUDIT FEES	14.85	12.41
LOSS ON SALE OF FIXED ASSETS	—	156.15
ROYALTY	1,080.64	924.08
SELLING & DISTRIBUTION EXPENSES	1,851.98	1,798.59
REBATE & DISCOUNT	786.03	689.29
DIRECTOR'S SITTING FEES	10.55	9.90
MISCELLANEOUS EXPENSES	1,575.65	1,467.87
PRELIMINARY EXPENSES	—	3.71
TOTAL	<u>12,761.13</u>	<u>11,618.75</u>

## 25. Particulars of subsidiary/Joint Venture Company

## (a) Subsidiary company

Name of the Company	Country of Incorporation	Percentage of voting power as at March 31, 2012	Percentage of voting power as at March 31, 2011
Thai Subros Limited	Thailand	100%	100%

## 2(b) Joint venture company

Name of the Company	Country of Incorporation	Percentage of voting power as at March 31, 2012	Percentage of voting power as at March 31, 2011
Denso Subros Thermal Engineering Centre India Ltd (w.e.f 1st February, 2011)	India	<b>26%</b>	26%

26. Contingent Liabilities Not Provided For in respect of :

- a) Net Outstanding commitments against Letter of Credits established by the Company: Rs.8956.50 lacs (Previous Year Rs.6,537.80 lacs)
- b) Guarantees given by banks on behalf of the Company: Rs 355.66 lacs (Previous Year: Rs. 458.08 lacs)
- c) Claims against the company not acknowledged as debt :-

(Rupees in Lacs)

Nature of claim	As at	As at
	31.03.12	31.03.11
Disputed Sales Tax Demands	138.13	138.13
Other claims	64.48	49.61

27. Estimated value of contracts on capital account remaining to be executed and not provided for (net of advances): Rs.5051.64 lacs (Previous Year: Rs.6,382.66 lacs).

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

29. Disclosure of provisions in terms of Accounting Standard-29 issued by the Institute of Chartered Accountants of India

	Current year <u>Rs. In Lacs</u>	Previous year <u>Rs. In Lacs</u>
Provision at the beginning of the year	96.93	81.93
Add: Provisions made during the year	<u>213.57</u>	<u>148.09</u>
	310.50	230.02
Less: Amount utilised during the year	203.57	133.09
Balance at the end of the year	<u><u>106.93</u></u>	<u><u>96.93</u></u>

This provision is expected to be utilised for settlement of warranty claims within a period of 1 to 2 years.

30. The Group has identified that there is no material impairment of assets and as such no provision is required in terms of Accounting Standard-28 issued by the Institute of Chartered Accountants of India.

31. Segment Reporting

The Group's business activity falls within a single primary business segment i.e, Automotive Airconditioning Systems (with or without Fan Motor Assembly) and parts thereof. Export sales constitute an insignificant portion of the total business of the Group. Hence, there is no

geographical segment as well. Therefore, the disclosure requirements of Accounting Standard – 17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India are not applicable.

### 32 Related Party Disclosures

In terms of Accounting Standard – 18 issued by the Institute of Chartered Accountants of India, the particulars of transactions with related parties are given as under:

a) Name of related parties and description of relationship (as certified by the management & relied upon by the auditors):-

i) Key Management Personnel

- Mr. Ramesh Suri, Chairman
- Ms. Shradha Suri, Managing Director  
(Daughter of Mr. Ramesh Suri)

ii) Relatives of Key Management Personnel

- Mrs. Ritu Suri (Wife of Mr. Ramesh Suri)

iii) Entities over which Key Management Personnel or their relatives are able to exercise significant influence:

- SHS Transport (P) Ltd.
- Rohan Motors Limited
- Hemkunt Service Station (P) Ltd.
- Tempo Automobiles (P) Ltd.
- M/s. Ramesh Suri (HUF)
- Prima Telecom Ltd.
- Fibcom India Ltd.

iv) Joint Venture Company

- Denso Subros Thermal Engineering Centre India Ltd. (DSEC)

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

Rs. in Lacs

Particulars	Joint Venture Company DSEC		Key Management Personnel		Relatives of Key Management Personnel Mrs. Ritu Suri		Entities over which Key Management Personnel or their relatives are able to exercise significant influence	
Detail of Transaction								
- Purchase of materials	-	(-)	-	(-)	-	(-)	0.97	(17.42)
- Sale of goods	-	(-)	-	(-)	-	(-)	46.63	(181.76)
- Purchase of fixed assets	14.11	(-)	-	(-)	-	(-)	201.17	(84.18)
- Sale of Fixed Assets	-	(26.55)	-	(-)	-	(-)	4.40	(-)
- Receiving of Service	816.03	(85.73)	-	(-)	-	(-)	939.17	(546.66)
- Rendering of Services	10.38	(-)	-	(-)	-	(-)	2.89	(4.40)
- Rent/Licence Agreements	-	(-)	24.00	(-)	23.76	(22.83)	34.24	(34.44)
- Directors' Remuneration*	-	(-)	242.22	(253.69)	-	(-)	-	(-)
- Rental Income	18.58	(4.85)	-	(-)	-	(-)	-	(-)
- Contribution toward share capital	-	(176.8)	-	(-)	-	(-)	-	(-)
- Reimbursement of expenses received	-	(-)	-	(-)	-	(-)	-	(-)
Closing Balances								
- Amounts Payable	63.49	-	44.68	(69.74)	-	(-)	17.20	(1.54)
- Amounts Receivable	-	(2.65)	-	(-)	-	(-)	266.00	(40.62)
- Security Deposits (Rent)	-	(-)	7.57	(7.57)	10.80	(10.80)	13.95	(13.36)

*(Figures in brackets represent previous year's figures)*



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

	Rs. in Lacs	
	Current year	Previous year
Purchase of Materials		
- Prima Telecom Ltd.	—	16.59
- Rohan Motors Ltd.	0.97	0.44
Sale of Goods		
- Rohan Motors Ltd.	46.63	181.76
Purchase of Fixed Assets		
- Rohan Motors Ltd.	40.07	69.19
- Tempo Automobiles (P) Ltd.	—	8.65
- Prima Telecom Ltd.	143.46	—
Sale of Fixed Assets		
- Prima Telecom Ltd.	4.40	—
Receiving of Services		
- SHS Transport (P) Ltd.	543.22	518.83
- Prima Telecom Ltd.	352.07	—
Rendering of Services		
- Prima Telecom Ltd.	2.89	4.40
Rent/Licence Agreement		
- Rohan Motors Ltd.	13.62	15.03
- M/s. Ramesh Suri (HUF)	17.11	16.08
- Ms. Shradha Suri	24.00	—
Directors Remuneration		
- Mr. Ramesh Suri	80.37	82.87
- Ms. Shradha Suri	161.85	170.82

**33. Earning per Share**

In accordance with Accounting Standard – 20 on 'Earning Per Share' issued by the Institute of Chartered Accountants of India, the Earning per Share has been computed as under :

	2011-12	2010-11
a) Net profit after Tax (Rs. In Lacs)	4774.94	2864.15
b) Number of Equity shares*(Nos)	59988600	59988600
c) Nominal value per Equity share	Rs.2	Rs.2
d) Earning per Share (Basic & Diluted)	Rs.7.96	Rs.4.77

\* There were no potential equity shares.

**34. Foreign Exchange Differences**

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

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

	Current Year		Previous Year	
	No. of Contracts	Amount	No. of Contracts	Amount
Forward Contracts against Imports				
-In US Dollar (Millions)	2	2.00	16	19.60
-In Japanese Yen (Millions)	5	866.39	26	2003.24
-Equivalent Rs. (In Lacs)	—	6516.85	—	18655.69

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

	Rupees in Lacs		Foreign currency in Million	
	31.03.12	31.03.11	31.03.12	31.03.11
Creditors & Buyer's Credit (net)	<b>6033.31</b> <b>2069.07</b> <b>86.48</b>	123.29	<b>JPY 953.13</b> <b>USD 4.01</b> <b>Euro 0.125</b>	JPY 22.07
Debtors	<b>3.80</b>	4.13	<b>USD 0.008</b>	USD 0.009

d) Difference between forward rates and spot rates to be recognised in Subsequent years Rs.8.05 Lacs  
(Previous Year Rs.106.22 Lacs)

**35. Employees Benefits**

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

**Defined Contribution Plan**

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

	Amount (Rs. in Lacs)	
	31.03.12	31.03.11
Employer's Contribution to Provident Fund	275.41	208.60
Employer's Contribution to Superannuation Fund	108.57	86.51
Employer's Contribution to Employees State Insurance Scheme	59.40	35.69

**Defined Benefit Plan**

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

**I. Reconciliation of opening and closing balances of Defined Benefit obligation**

(Rs. in lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.12	31.03.11	31.03.12	31.03.11
Defined Benefit obligation at beginning of the year	509.57	471.96	148.45	124.91
Current Service Cost	57.45	52.90	37.34	32.17
Interest Cost	43.31	37.76	12.62	9.99
Actuarial (gain)/loss	(62.85)	(20.53)	22.12	8.51
Benefits paid	(37.44)	(32.52)	(58.42)	(27.13)
Defined Benefit obligation at year end	510.05	509.57	162.10	148.45

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

(Rs. in lacs)

	Gratuity (Funded)	
	31.03.12	31.03.11
Fair value of plan assets at beginning of the year	499.69	425.66
Expected return on plan assets	46.47	39.58
Actuarial (Loss)/gain	—	(0.06)
Employer contribution	70.30	36.33
Benefits paid/Withdrawn	—	(1.82)
Fair value of plan assets at year end	616.47	499.69

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

(Rs. in lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.12	31.03.11	31.03.12	31.03.11
Fair value of plan assets	616.47	499.69	—	—
Present value of obligation	510.05	509.57	162.10	148.45
Amount recognized in Balance Sheet	(106.42)	9.88	162.10	148.45

**IV. Expense recognized during the year (Under the head, "Employee benefits expenses" Refer Note 22)**

(Rs. in lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.12	31.03.11	31.03.12	31.03.11
Current Service Cost	57.45	52.90	37.34	32.17
Interest Cost	43.31	37.76	12.62	9.99
Expected return on plan assets	(46.47)	(39.59)	—	—
Actuarial (Gain)/Loss	(62.85)	(20.46)	22.12	8.51
Net Cost	(8.56)	30.61	72.07	50.67

**V. Investment Details**

	% Invested
Insurer Managed Fund	100%

**VI. Actuarial assumptions**

(Rs. in lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.12	31.03.11	31.03.12	31.03.11
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	8.50%	8.00%	8.50%	8.00%
Expected rate of return on plan assets (per annum)	9.30%	9.30%	NA	NA
Rate of escalation in salary (per annum)	6%	6%	6%	6%

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

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

36. Borrowing cost amounting to Rs. 389.25 lacs (Previous Year: Rs. 257.56 lacs) has been capitalised with the cost of fixed assets as per Accounting Standard 16 issued by Institute of Chartered Accountant of India.



37. As informed there was no supplier who was registered under “ The Micro, Small and Medium Enterprises (Development) Act, 2006”.
38. Balance confirmations have not been received from some of the parties showing debit/credit balances.
39. The Financial statements for the year ended March 31, 2011 had been prepared as per the then applicable pre revised Schedule VI of the Companies Act, 1956, The financial statements for the year ended on March 31, 2012 are prepared under revised Schedule VI. Accordingly , the previous year figures have also been reclassified to conform to this year's classification.

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

For and on behalf of the Board of Directors

V.K. DHINGRA  
Partner

RAMESH SURI  
Chairman

SHRADHA SURI  
Managing Director

H.K. AGARWAL  
Head (Finance)

VIKAS SABHARWAL  
Dy. Company Secretary

Place: New Delhi  
Dated: 28th May, 2012





## Subros Limited

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

### PROXY FORM

DPID/CLIENT ID\*:

No. of Shares:

Regd. Folio No. \_\_\_\_\_  
I/We \_\_\_\_\_ of \_\_\_\_\_

being a member of above named company hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to  
attend and vote for me/us, and on my/our behalf at the 27th ANNUAL GENERAL MEETING of the Company to  
be held at FICCI GOLDEN JUBILEE AUDITORIUM, TANSEN MARG, NEW DELHI 110 001 on Monday, the 30th  
July, 2012 at 11.00 A.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

\*Applicable for Members holding shares in Dematerialised form.

Affix a  
RS. 1/-  
Revenue  
Stamp

Signature: \_\_\_\_\_

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

## Subros Limited

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

### ATTENDANCE SLIP

27th ANNUAL GENERAL MEETING — 30th JULY, 2012

DPID/CLIENT ID\*:

No. of Shares:

Regd. Folio No. \_\_\_\_\_

I certify that I am registered shareholder/Proxy for the registered shareholder of the Company. I hereby record my presence at the 27th Annual General Meeting of the Company to be held at FICCI GOLDEN JUBILEE AUDITORIUM, TANSEN MARG, NEW DELHI 110 001 on Monday, the 30th July, 2012 at 11.00 A.M.

Member's/Proxy name in Block Letters \_\_\_\_\_ Member's/Proxy signature \_\_\_\_\_

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

\*Applicable for Members holding shares in Dematerialised form.







**Corporate Office:**

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

**Central plant:**

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

**Noida Plant (R&D Center)**

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

**Noida Plant (Tool Room)**

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

**Sanand Plant**

Sanand-E-1, TML Vendor Park,  
Sanand

**Pune Plant**

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

**Manesar Plant**

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

**Chennai Plant**

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

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

