

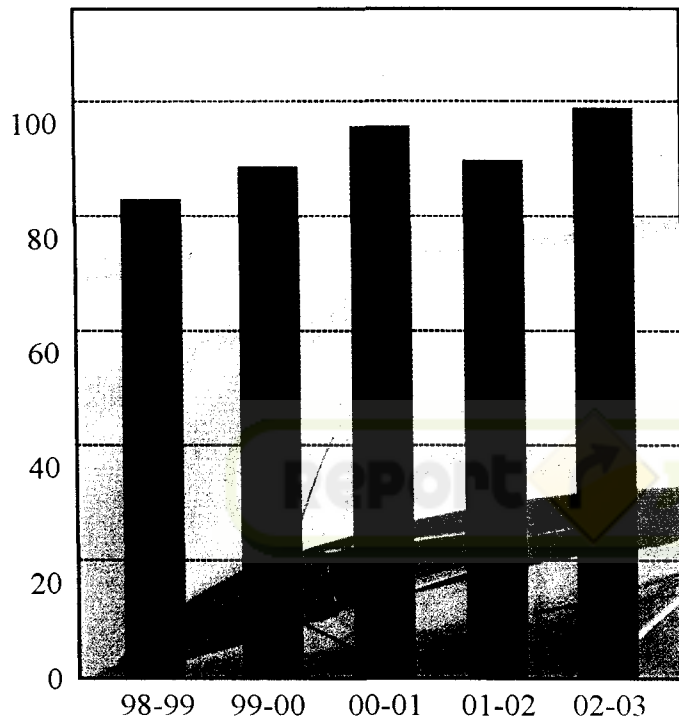
39TH ANNUAL REPORT  
2002-2003



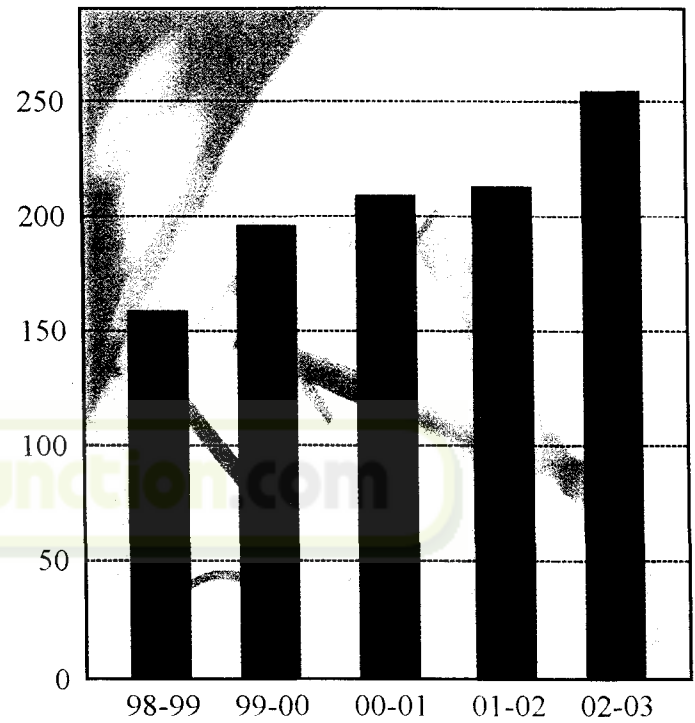
SHRIRAM PISTONS & RINGS LIMITED

# FINANCIAL HIGHLIGHTS

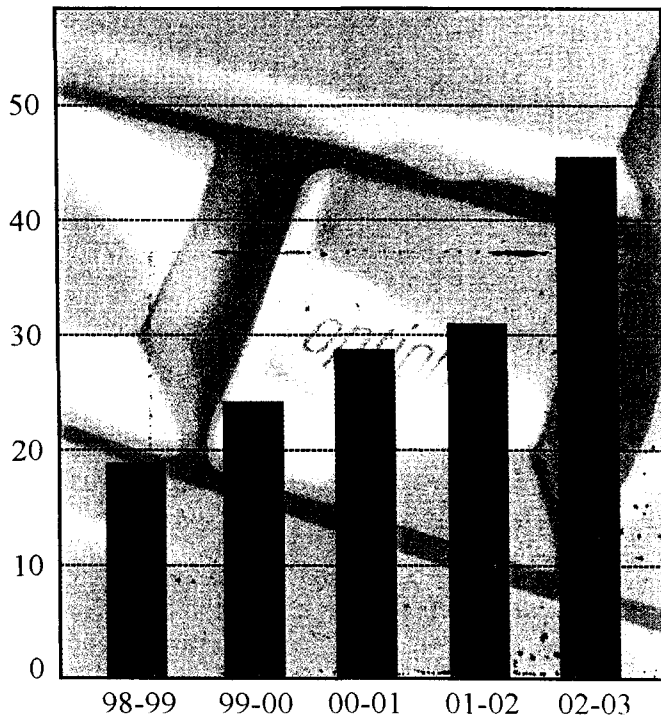
**Net Worth (Cr./Rs.)**



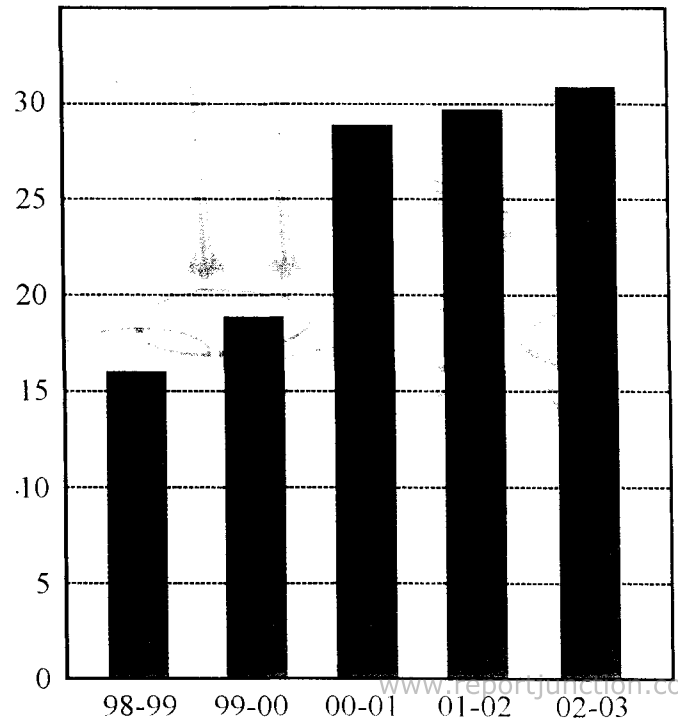
**Sales (Cr./Rs.)**



**Gross Profit (Cr./Rs.)**



**Exports (Cr./Rs.)**





**SHRIRAM**

**Board of Directors**

Dr. Charat Ram	- Chairman
Shri Prem Pandhi	- Deputy Chairman
Shri Pradeep Dinodia	
Shri L.P. Gupta	
Shri O.P. Khaitan	
Shri E.S. Kumar	
Shri N. Okano	
Shri C.Y. Pal	
Shri R.L. Saigal	
Shri Puneet Saxena	
Shri Siddharth Shriram	
Shri Deepak Shriram	- Vice Chairman & Managing Director
Shri A.K. Taneja	- Wholetime Director
Shri R. Srinivasan	- Wholetime Director

**Audit Committee**

Shri Prem Pandhi	- Chairman
Shri E.S. Kumar	
Shri R.L. Saigal	
Shri Puneet Saxena	
Shri Siddharth Shriram	

**Remuneration Committee**

Shri Prem Pandhi	- Chairman
Shri O.P. Khaitan	
Shri E.S. Kumar	
Shri R.L. Saigal	

**Shareholders & Investors**

**Grievance Committee**

Shri Prem Pandhi	- Chairman
Shri A.K. Taneja	
Shri R. Srinivasan	

**Principal Executives**

Shri A.K. Taneja	- Whole Time Director
Shri R. Srinivasan	- Whole Time Director & Company Secretary
Shri Rajiv Sethi	- Executive Director
Shri S. Kumar	- Executive Director
Shri P.S. Ladiwala	- Chief Financial Officer

**Technical Collaborators**

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

**Bankers**

UCO Bank  
State Bank of Hyderabad  
Corporation Bank

**Auditors**

T.R. Chadha & Co., New Delhi

**Registered Office**

23, Kasturba Gandhi Marg,  
New Delhi - 110 001

**Works**

Meerut Road, Ghaziabad (U.P.)



SHRIRAM

## WORKING RESULTS AT A GLANCE

PARTICULARS	UNIT	YEAR ENDING MARCH									
		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Paid-up Share Capital - Equity	Cr./Rs.	22.4	22.4	22.4	11.2	11.2	11.2	5.6	5.6	5.6	0.9
- Pref.	Cr./Rs.	6.7	10.0	10.0	10.0	10.0	3.0	-	-	-	-
Reserves & Surplus	Cr./Rs.	68.6	56.2	61.9	66.8	61.1	57.0	54.0	45.1	14.9	16.3
Net Worth	Cr./Rs.	97.7	88.6	94.3	88.0	82.3	71.2	59.6	50.7	20.5	17.2
Gross Fixed Assets	Cr./Rs.	249.7	227.0	202.7	186.2	170.7	136.5	131.6	117.4	57.8	46.6
Gross Profit	Cr./Rs.	45.1	31.3	28.2	24.6	18.1	24.0	23.4	13.7	10.1	8.1
Net Profit	Cr./Rs.	16.7	10.3	10.3	9.6	6.7	10.5	10.1	6.9	4.0	3.0
Equity Dividend - Amount	Cr./Rs.	2.9	2.5	2.5	1.8	1.5	1.5	1.2	0.8	0.7	0.3
- Rate	%	11.5	11.0	10.0	15.0	12.0	12.0	20.0	15.0	12.5	30.0
Sales - Value - Total	Cr./Rs.	251.8	212.6	210.9	198.2	157.0	156.6	150.8	105.6	83.8	63.5
- Export	Cr./Rs.	31.1	29.8	28.3	18.6	16.9	13.0	13.2	8.7	5.2	3.2
- Qty - Pistons	Lac/Nos.	47.5	34.7	36.6	33.0	28.8	28.1	27.6	21.8	19.2	17.8
- Pins	Lac/Nos.	46.4	34.8	35.0	32.6	28.4	28.0	26.7	20.7	20.6	19.4
- Rings	Lac/Nos.	296.8	279.0	231.0	201.1	160.4	145.4	143.2	121.4	107.8	108.3
- Engine Valves	Lac/Nos.	47.2	40.8	35.4	30.1	22.5	20.8	16.8	14.1	11.6	2.4

- Notes:
1. Reserves & Surplus includes Revaluation Reserve of Rs. 26.3 Crore as on 31.3.2003.
  2. General Reserves were reduced by Rs. 12.1 crore in F.Y. 2001-02, to create accumulated deferred tax liability.
  3. Gross Fixed Assets is at cost, includes Revaluation Reserve.
  4. Gross profit is after all interest charges, but before depreciation/taxes.



SHRIRAM

## DIRECTORS' REPORT

The Directors have pleasure in presenting their 39<sup>th</sup> Annual Report alongwith the audited accounts of the Company for the year ended March 31, 2003.

The gross profit for the year, after all interest charges, but before depreciation and taxes, is Rs. 45.12 crore against Rs. 31.34 crore last year.

The Directors recommend that interim dividend paid @ 13% p.a. to preference shareholders be considered as the final dividend, and equity shareholders be paid dividend @ 11.5 % for the year. The dividends would absorb Rs. 4.18 crore against Rs. 3.76 crore last year.

An amount of Rs. 1.13 crore is being transferred to Debenture Redemption Reserve Account, Rs. 1.43 crore is being transferred to Preference Share Redemption Reserve Account, and Rs. 10.0 crore is being transferred to General Reserve Account.

Company's products are used in Cars, Commercial Vehicles, Motorcycles/Scooters, Tractors and Stationary Diesel Engines.

The OE production in all segments of Company's operations was higher than last year except in 'Tractors' where the national production declined by about 20%.

Selling prices were reduced during the year to meet the market situation and to retain market share. However, Company's profits have been higher – consequent to higher sales and cost reduction measures adopted by the company.

Focus on Exports was maintained during the year, with exports being higher at Rs. 31.13 Crore against Rs.29.83 Crore last year.

Foreign exchange outgo was Rs. 24.96 Crore against Rs. 23.05 crore last year.

The company expanded the production capacity of its Piston Rings Works and full benefits of the expanded production capacity of the Piston Rings Works will be available during the coming years.

The Directors confirm that:-

1. in the preparation of the annual accounts, the applicable accounting standards of the Institute of Chartered Accountants of India have been followed.
2. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2003 and of the profit of the Company for the same year.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the annual accounts have been prepared on a going concern basis.



**SHIRIRAM**

The funds raised through the issue of Non Convertible debentures during the years 1995 / 1996 have been utilised for the purpose for which they were raised.

Fixed Deposits amounting to Rs. 19.81 Lacs pertaining to 100 depositors remained unclaimed at the close of the year.

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

1. Report on "CORPORATE GOVERNANCE" - as per annexure - I.
2. Data of "TECHNOLOGY ABSORPTION" - as per annexure - II
3. Data of "EMPLOYEES" - as per annexure - III.

Shri Ravinder Narain resigned from the Board on 16.5.2003. The Directors wish to place on record their appreciation of the invaluable guidance provided to the company by Shri Ravinder Narain as a Director of the company for over 23 years.

Shri C.Y. Pal was co-opted as a Director in the vacancy caused by the resignation of Shri Ravinder Narain.

Shri Pradeep Dinodia was co-opted as an 'Additional Director' and would retire in the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

Dr. Charat Ram, Shri L.P.Gupta and Shri C.Y. Pal, Directors retire by rotation and being eligible, offer themselves for re-election.

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

On behalf of the Board

New Delhi  
May 16, 2003

CHARAT RAM  
Chairman



## ANNEXURE I TO DIRECTORS' REPORT "REPORT ON CORPORATE GOVERNANCE"

- 1) The Company has been following Good Corporate Governance practices. The corporate goals of the Company are to optimise shareholder value while ensuring operational accountability and total transparency in all its operations.
- 2) As on 31.3.2003, the Company had 3 Executive and 10 Non-Executive Directors :- Non-Executive Directors being independent Directors.
- 3) During the year, 7 Board of Directors Meetings were held as under :-
  - 29th April, 2002
  - 15th May, 2002
  - 6th July, 2002
  - 29th July, 2002
  - 28th October, 2002
  - 31st January, 2003
  - 22nd March, 2003
- 4) Data of Directors' attendance, Directorships in other Companies and memberships in Board Committees for y.e. March 2003 is as under:-

Directors	Attendance at		Directorships in other Indian Public Ltd. Cos.	Board Committee Memberships in other Indian Public Ltd. Cos.	
	Board Meetings	Last AGM		Member	Chairman
<b>Non-Executive Directors</b>					
Dr. Charat Ram (Chairman)	7	Yes	2	NII	NII
Shri Prem Pandhi	7	Yes	3	2	1
Shri N. R. Dongre #	1	Yes	NA	NA	NA
Shri L. P. Gupta	7	Yes	3	NII	NII
Shri O. P. Khaitan	7	Yes	9	3	3
Shri E.S. Kumar (Nominee of IDBI)	7	No	2	2	NII
Shri Puneet Saxena (Nominee of UTI)	1	No	1	NII	NII
Shri Ravinder Narain	1	No	3	1	1
Shri N.Okano	5	Yes	NII	NII	NII
Shri R.L.Saigal	7	Yes	1	1	NII
Shri Siddharth Shriram	4	Yes	12	3	4
<b>Executive Directors</b>					
Shri Deepak Shriram (Managing Director) @	7	Yes	4	1	1
Shri A.K.Taneja (Whole-time Director)	7	Yes	1	1	NII
Shri R. Srinivasan (Whole-time Director)	7	Yes	NII	NII	NII
# Ceased to be a Director of the Company w.e.f. 6th July, 2002. NA means Not Applicable @ Shri Deepak Shriram is one of the Promoters of the Company. Shri Siddharth Shriram & Shri Deepak Shriram are sons of Dr. Charat Ram.					

- 5.0) The Company has an Audit Committee comprising of five Non-Executive Independent Directors.  
Shri R. Srinivasan, the Company Secretary is also the Secretary to the Audit Committee.  
Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee meetings.  
The role and powers of Company's Audit Committee is substantively as per the recommendations made by SEBI and as per provisions of the Companies Act, 1956.



SHRIRAM

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

- 29th April, 2002
- 15th May, 2002
- 29th July, 2002
- 28th October, 2002
- 1st February, 2003

5.2) Attendance at Audit Committee Meetings was as under -

Directors	Attendance
Shri Prem Pandhi (Chairman)	5
Shri E.S. Kumar	5
Shri Puneet Saxena	1
Shri R.L. Saigal	5
Shri Siddharth Shriram	1

6) The Company has a Remuneration Committee to recommend for Board's consideration the remuneration of Managing Director & Whole-time Directors. This Committee comprises of Shri Prem Pandhi (Chairman), Shri O.P. Khaitan, Shri E.S. Kumar and Shri R.L. Saigal-Independent Directors. Remuneration of Directors is approved by the Board of Directors. During the year a Meeting of the Remuneration Committee was held on 24th February, 2003 which was attended by all four directors.

7) The Company has a "Shareholders and Investors Grievance Committee". This Committee comprises of Shri Prem Pandhi (Chairman), Shri A.K. Taneja and Shri R. Srinivasan.

There are no requests pending for share transfers as on the date of Directors' report and no shareholder complaints were received during the year.

8) Non-Executive Directors are paid a sitting fee of Rs. 5,000 for every meeting of the Board and Board Committee attended. Commission of 1% of the Net Profits of the Company is paid to the Non-Executive Directors as may be determined by the Board. The fees and commission paid / provided to Non-Executive Directors for the year ended 31st March, 2003 is as under:-

Directors	Sitting Fees for Board and Committee meetings paid during the year	Commission
	Lac/Rs.	Lac/Rs.
Dr. Charat Ram	-	13.93
Shri Prem Pandhi	0.65	6.96
Shri N.R. Dongre #	-	-
Shri L.P. Gupta	0.35	1.16
Shri O.P. Khaitan	0.40	1.16
Shri E.S. Kumar (Nominee of IDBI)	0.75	1.16
Shri Puneet Saxena (Nominee of UTI)	0.10	-
Shri Ravinder Narain	0.05	-
Shri N. Okano	0.25	1.16
Shri R.L. Saigal	0.75	1.16
Shri Siddharth Shriram	0.25	1.16
<b>TOTAL</b>	<b>3.55</b>	<b>27.86</b>

# Ceased to be a Director of the Company w.e.f. 6th July, 2002; did not avail sitting fees for Board Meeting of 6th July, 2002.

Retainership fee of Rs. 0.24 lacs has been paid to Shri Prem Pandhi, Director and Rs. 1.44 lacs to Shri R.L. Saigal, Director, during the year for professional services rendered by them. The Board considers this as not being material pecuniary relationship.





- 9) Remuneration paid / provided to Managing Director and Whole-time Directors for the year ended 31st March, 2003 is as under :-

Directors	Salary	Commissions	Company's Contribution to funds*	Perquisites and allowances	Total	Contract Period
	Lac/Rs.	Lac/Rs.	Lac/Rs.	Lac/Rs.	Lac/Rs.	
Shri Deepak Shriram (Mg Director)	7.20	22.55	2.49	5.34	37.58	2nd April, 1998 to 1st April, 2003
Shri A.K. Taneja (Whole-time Director)	19.99	45.11	6.85	15.17	87.12	21st April, 1999 to 20th April, 2004
Shri R. Srinivasan (Whole-time Director)	14.85	22.55	5.05	11.58	54.03	1st February, 2001 to 31st January, 2006

\* Aggregate of the Company's contribution to Superannuation Fund, Provident Fund & Gratuity Fund.

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

AGM	YEAR	VENUE	DATE	TIME
36th	1999-00	Hotel Inter Continental, Delhi	31.07.2000	4.45 p.m.
37th	2000-01	Hotel Inter Continental, Delhi	9.07.2001	5.00 p.m.
38th	2001-02	Hotel Inter Continental, Delhi	6.07.2002	11.30 a.m.

No Special Resolutions were passed through postal ballot during the last AGM.

- 11) There were no transactions of material nature of the company with - its promoters, the directors or key management personnel or relatives, which could be construed to have potential conflict of interest with the company.
- Disclosure on Related party transactions as per the Accounting Standard 18 have been made at Item 13 to Schedule 13 on the "Notes to Accounts" forming part of the Annual Accounts.
- There were no penalties or strictures imposed on the Company for non-compliance of any statutory requirement relating to capital market matters during the last 3 years.
- 12) Quarterly results are published in "The Statesman" and "Vir Arjun". The Management Discussion and Analysis Report is provided as a part of Directors' Report.
- 13) General Information for Shareholders
- (i) **39th Annual General Meeting**  
The 39th Annual General Meeting of the Company will be held on Monday, June 30, 2003 at 12.00 Noon at Hotel Taj Palace, Sardar Patel Marg, Diplomatic Enclave, New Delhi-110 021.
  - (ii) **Financial Calendar of the Company**  
The Financial Year of the Company is April 1 to March 31.
  - (iii) **Date of book closure**  
The Register of Members and the Share Transfer Books of the Company will remain closed for three days, from June 28, 2003 to June 30, 2003.
  - (iv) **Date of Dividend Payment**  
Dividend will be paid within 7 days of the Shareholders' Meeting.
  - (v) **Listing of Shares on Stock Exchange**  
The shares of the Company are listed at the Delhi Stock Exchange Association Ltd. The listing fees for 2003-2004 has been paid.
  - (vi) **Stock Code**  
The Stock Code is **19149**.
  - (vii) **Market Price Data**  
The last transaction was undertaken at Rs. 31.55 on 3rd July 1997.
  - (viii) **Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc.**  
This is not applicable as the Company's shares are not actively traded on the Stock Exchange.
  - (ix) **Registrar and Transfer agents**  
The Company has no share transfer agents. Shares are transferred in-house by the Secretarial department of the company.

(x) **Share Transfer System**

The share transfer work is handled within the Company to ensure prompt and efficient service to the shareholders. Valid share transfers are registered and duly transferred share certificates are despatched within 30 days from the date of receipt.

(xi) **Distribution of Equity Shareholding as on 31.03.2003**

Equity Shares Held	Upto 500	501-1000	1001-2000	2001-3000	3001-4000	4001-5000	5001-10000	10001 and above	TOTAL
Shareholders-Nos.	127	2	14	9	1	2	5	15	175
Shareholding-%	0.03	0.01	0.08	0.10	0.02	0.04	0.20	99.53	100

(xii) **Categories of Shareholders as on 31.03.2003**

CATEGORY	NO. OF SHARES HELD	% SHAREHOLDING
Promoters	11795656	52.72
Banks, Financial Institutions, Insurance Cos.	6227232	27.83
Resident Individuals	212312	0.95
Non Resident Companies	4139712	18.50
<b>TOTAL</b>	<b>22374912</b>	<b>100.00</b>

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

The shares of the Company have not been dematerialized.

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

There are no outstanding warrants or other instruments.

(xv) **Plant Location**

The company's plant is located at Meerut Road, Ghaziabad (U.P.)

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

The Company Secretary,  
Shriram Pistons & Rings Ltd., 23, Kasturba Gandhi Marg, New Delhi-110001 Ph. 23315941, Fax : 23311203

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Shriram Pistons & Rings Ltd., New Delhi

We have examined the compliance of conditions of corporate governance by Shriram Pistons & Rings Ltd. for the year ended on 31st March, 2003 as stipulated in clause 49 of the Listing Agreement of the said Company with the Delhi Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders and Investors' Grievance Committee.

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 T.R. Chadha & Co.  
Chartered Accountants