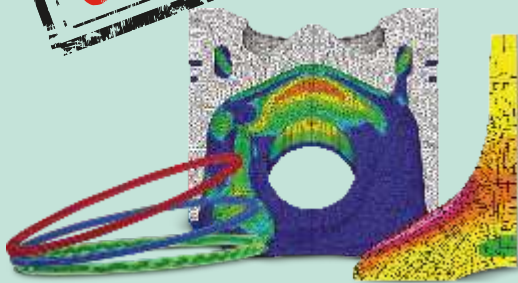


**BETTING BIG
ON TECHNOLOGY**



50th Annual Report
2013-14



SHRIRAM PISTONS & RINGS LTD.



Award for
Overall Quality Excellence from
Volvo-Eicher Commercial Vehicles



Grand Award for
QCDDM from
Honda Motorcycle &
Scooter India



Good Quality
Performance Award
from **Wabco** India



Outstanding
Performance Award
from **Mahindra & Mahindra**



Performance Award from
Honda Siel Power
Products



Vendor Performance
Award from **Suzuki** Motorcycle India



SHRIRAM

Board of Directors

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

Principal Executives

Shri A.K. Taneja	- Managing Director & CEO
Shri R. Srinivasan	- Joint Managing Director & Company Secretary
Shri Anil Gadi	- Executive Director
Shri V.K. Jayaswal	- Executive Director
Shri Devendra Mishra	- Executive Director
Shri Naveen Agarwal	- Dy. Executive Director
Shri Arun Shukla	- Dy. Executive Director
Shri Subrata Neogy	- Chief Technology Officer

Advisors

Shri Rajiv Sethi	- Sr. Advisor
Shri Rakesh Anand	- Advisor
Shri P.S. Ladiwala	- Advisor

Technical Collaborators

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

Bankers

UCO Bank
State Bank of Hyderabad
Corporation Bank
Axis Bank Ltd.
HDFC Bank Ltd.
IDBI Bank Ltd.
Citi Bank Ltd.
The Hongkong and Shanghai Bank Ltd.

Statutory Auditors

M/s Deloitte, Haskins & Sells, Gurgaon, Haryana

Registered Office

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

Works

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

DIRECTORS' REPORT

The Directors have pleasure in presenting their 50th Annual Report along with the audited accounts of the Company for the year ended 31st March, 2014.

Despite the adverse market situation, net sales of the company increased by 11% during the year from Rs. 10525 Million to Rs. 11697 Million. Gross Profit for the year, after all interest charges but before depreciation and taxes, increased by 28% over the last year from Rs. 1578 Million to Rs. 2012 Million.

Profit after tax for the year is Rs. 697 Million against Rs. 489 Million last year.

The Directors, in their meeting of 15.5.2014, have recommended that equity shareholders be paid dividend of Rs. 3.50 per share for the year, inclusive of Rs. 1.50 per share already paid; the equity dividend alongwith dividend tax would absorb Rs. 91.6 Million against Rs. 91.6 Million last year and an amount of Rs. 604.9 Million be transferred to General Reserve Account.

In view of near stagnant production of vehicles, and steep decline in production of commercial vehicles, the company focused on improving market share with selected OEMs, and increasing sales in the domestic after market and exports. This helped in increasing overall sales, despite a difficult market situation through the year.

There was major increase in power cost due to increase in electricity rates in U.P. and also diesel prices (for self generation of power). However, the company improved profits by keeping material costs under check through competitive sourcing, localisation and cost reduction measures across the company.

Technology remains the key differentiator for our products due to enforcement of stricter emission norms and customer demand for improved fuel efficiency. The Company retained its leadership in offering latest technology products to OEMs, winning new programs, with strong support from our technology partners. Company also implemented an important project of Tech Centre to substantially upgrade its capability with the active support of its technology partners. This is a major step forward which would help in maintaining technology leadership, offering cost effective solutions to our customers and reducing the lead time for development of new products, a key competitive differentiator.

The company achieved exports of Rs. 2201 Million, an increase of 21% over last year. This was contributed by both exports to OEMs and in the after market. Exports remain an important corner stone of company's strategy for sustainable growth and to pro-actively acquire deeper understanding of the technology, quality and service expectations of global OEMs operating in advanced automobile markets. We are actively working with our collaborators to jointly service OEMs in these export markets, and prospects for exports in the current year are better.

Although, the overall relations with all the employees remained cordial through the year both in Ghaziabad and Pathredi plant, unfortunately the workmen at Pathredi plant resorted to a sit- in- strike for 4 days in end of March 2014, followed by another sit-in-strike for 11 days in mid April 2014. The operations have resumed but it will take several weeks for operations to ramp up and normalize. The company is initiating various measures to restore harmony and trust, and resolve all outstanding issues through discussions. The strike and the subsequent events have impacted supplies to our customers, particularly in the domestic after market and exports, and will have adverse effect on sales and profits in the current financial year.

Annual accounts of M/s SPR International Auto Exports Limited, the subsidiary company and the related information are not enclosed in the Annual Report as per exemption granted by Ministry of Corporate Affairs and hard copy of Annual accounts would be made available to members seeking such information. Annual accounts of M/s SPR International Auto Exports Limited shall also be kept for inspection by any member in the Head office and Registered office.

In accordance with the Accounting Standard (AS - 21) on consolidated financial statements, the consolidated financial statements are attached, which form part of the Annual Report.

The Directors confirm that: -

1. in the preparation of the annual accounts, the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and requirements of Companies Act, 1956 have been followed and there are no material departures from the same.
2. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates



that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 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.

Fixed Deposits amounting to Rs. 2.47 Million pertaining to 56 depositors remained unclaimed at the close of the year.

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

1. Report on "CORPORATE GOVERNANCE" - as per annexure – I.
2. Report on "MANAGEMENT DISCUSSION AND ANALYSIS" - as per annexure – II.
3. Report on "CONSERVATION OF ENERGY", "TECHNOLOGY ABSORPTION" and "FOREIGN EXCHANGE EARNING & OUTGO" – as per annexure - III.
4. Data of "EMPLOYEES" – as per annexure – IV.

M/s Chandra Wadhwa & Co., Cost Accountants, New Delhi, were appointed as Cost Auditors of the Company for the Financial Year 2013-14 and their appointment was approved by the Central Government.

Cost Audit Report of the Company for the year ended 31st March, 2013 was submitted to the Ministry of Corporate Affairs, Government of India on 26th September 2013 before the due date of 27th September 2013.

Shri Horst Binnig resigned from the Board of Directors. The Directors express their deep appreciation for the valuable guidance and services rendered by Shri Horst Binnig. Dr. Alexander Sagel was co-opted as Director in casual vacancy caused by the resignation of Shri Horst Binnig.

Smt. Meenakshi Dass was appointed as the 'Wholetime Director' of the company for the period of five years from 5th May, 2009 to 4th May, 2014. After conclusion of her term she opted not to be re-appointed as 'Wholetime Director'. The directors expressed their deep appreciation for the valuable guidance and services rendered by Smt. Meenakshi Dass in her capacity as Wholetime Director of the company. She will continue to be associated with the company as 'Non-Executive Director'

Shri Luv D. Shriram who has been on the Board since April 2009 has been appointed as 'Wholetime Director' for a period of 5 years w.e.f. 5th May, 2014 till 4th May, 2019.

Smt. Meenakshi Dass and Shri Pradeep Dinodia, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

Pursuant to Section 149 of the Companies Act, 2013, the Board at its meeting held on 27th June, 2014 recommended appointment of Shri O.P. Khaitan, Shri C.Y. Pal, Shri Ravinder Narain, Shri Inderdeep Singh and Shri Tokuo Washio as Independent Directors of the Company, not liable to retire by rotation for a period of five years from the date of its 50th Annual General Meeting subject to approval of the Members of the Company. These Directors have given the declarations to the Board that they meet the criteria of independence as provided under Section 149(6) of the said Act and also confirmed that they will abide by the provisions as mentioned in Schedule IV of the Companies Act, 2013.

Brief resume and other details, in relation to the aforesaid Directors are given in the 'Notice of the Annual General Meeting'.

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

On behalf of the Board

New Delhi
June 27, 2014

(PRADEEP DINODIA)
CHAIRMAN

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

- 1.0) The Company has been following Good Corporate Governance practices. The corporate goals of the Company are to optimize shareholders' value while ensuring operational accountability and total transparency in all its operations.
- 2.0) As on 31.03.2014, the Company had 3 Executive and 10 Non-Executive Directors. All Non-Executive Directors are Independent Directors except Shri Luv D. Shriram.
- 2.1) During the year, 6 Board of Directors' Meetings were held as under:-
- 21st May, 2013 - 29th October, 2013
 - 05th July, 2013 - 04th February, 2014
 - 12th August, 2013 - 28th March, 2014
- 2.2) Data of Directors' attendance, Directorship in other Companies and membership in Board Committees is as under:-

Directors	See Note	Attendance at		Directorship in other Indian Public Ltd. Companies as on 31.3.2014	Board Committee Membership in other Indian Public Ltd. Companies as on 31.3.2014 as	
		Board Meetings during Y.E. March 2014	Last AGM		Member	Chairman
Non-Executive Directors						
Shri Pradeep Dinodia		6	Yes	8	2	4
Shri Hari S. Bhartia		-	No	8	2	NIL
Shri Horst Binnig	1	1	No	NIL	NIL	NIL
Shri O.P. Khaitan		6	Yes	7	6	3
Shri Ravinder Narain		4	Yes	3	2	1
Shri C.Y. Pal		5	Yes	5	1	3
Shri M. Sekimoto		5	Yes	NIL	NIL	NIL
Shri Noritada Okano (Alternate to Shri M. Sekimoto)		-	No	NIL	NIL	NIL
Dr. Alexander Sagel	2	-	-	NIL	NIL	NIL
Dr. Peter Neu (Alternate to Dr. Alexander Sagel/ Shri Horst Binnig)	3	1	Yes	NIL	NIL	NIL
Shri Luv D. Shriram	4	6	Yes	1	1	NIL
Shri Inderdeep Singh		5	No	3	NIL	NIL
Shri Tokuo Washio		4	Yes	NIL	NIL	NIL
Executive Directors:						
Shri A.K. Taneja (Managing Director)		6	Yes	2	1	NIL
Shri R. Srinivasan (Jt. Managing Director)		6	Yes	NIL	NIL	NIL
Smt. Meenakshi Dass (Wholetime Director)	4	5	Yes	4	1	NIL

Notes:

1. Shri Horst Binnig resigned as Director of the Company w.e.f. 30.10.2013.
2. Dr. Alexander Sagel was appointed as Director in casual vacancy w.e.f. 30.10.2013 caused consequent to resignation of Shri Horst Binnig.
3. Dr. Peter Neu was appointed as Alternate Director to Dr. Alexander Sagel w.e.f. 30.10.2013; ceased as Alternate Director to Shri Horst Binnig due to his resignation.
4. Shri Luv D. Shriram and Smt. Meenakshi Dass are related to each other and are promoters of the Company.
5. Directorships in other Companies of Directors exclude Companies formed under Section 25 of the Companies Act, 1956.
6. For calculating Board Committee membership/chairmanship, only Audit Committee and the Shareholders and Investors' Grievance Committee membership/chairmanship of Indian Public Limited Companies has been considered.

2.3) Shareholding of Non-Executive Director

- Shri Luv D. Shriram - 33,35,668 shares held jointly as 1st holder
 - 33,35,668 shares held jointly as 2nd holder

(In capacity of Trustee – shares belong to Deepak Shriram Family Benefit Trust)

3.0) The Company has an Audit Committee comprising of three Non-Executive Directors – Shri O.P. Khaitan (Chairman), Shri Pradeep Dinodia and Shri C.Y. Pal, all of whom are 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 are substantively as per the recommendations made by SEBI and as per provisions of the Companies Act, 1956.

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

- 21st May, 2013 - 29th October, 2013
 - 12th August, 2013 - 04th February, 2014

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

Directors	Attendance
Shri O.P. Khaitan (Chairman)	4
Shri Pradeep Dinodia	4
Shri C.Y. Pal	3
Notes: 1. Shri Pradeep Dinodia is a practicing Chartered Accountant and all other members of the Audit Committee also have good exposure to financial matters.	

3.3) The last Annual General Meeting of the Company was held on 05th July, 2013 and was attended by Shri O.P. Khaitan, the Chairman of the Audit Committee.

4.0) The Company has a Remuneration Committee to recommend for Board's consideration, the remuneration of Managing Director & Whole time Directors.

It comprises of 3 Directors - Shri Pradeep Dinodia, Shri O.P. Khaitan and Shri C.Y. Pal, all being Independent Directors.

During the year, 2 meetings of Remuneration Committee were held on 04th February, 2014 and 28th March, 2014 which were attended by all members of the committee.

4.1) The Company has a Nomination Committee to identify persons who are qualified to become Directors of the Company and to recommend their appointment to the Board.

It comprises of 2 Directors - Shri Pradeep Dinodia (Chairman of the Committee) and Shri Ravinder Narain, both being Independent Directors.

During the year, the meeting of the Nomination Committee was held on 28th March, 2014 which was attended by all members of the committee.

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

Non-Executive Directors were paid sitting fee of Rs. 20,000 for every meeting of the Board and Rs. 15,000 for every meeting of the Board Committee attended during the year.

Commission of up to 1% of the Net Profits of the Company is paid to the Non-Executive Directors as determined by the Board. This is as approved by the shareholders in Annual General Meeting of 26th June, 2010. The fees and commission paid/provided to Non-Executive Directors for the year ended 31st March, 2014 is as under:-

Directors	Sitting Fees for Board and Committee meetings paid during the year	Commission
	Million/Rs.	Million/Rs.
Shri Pradeep Dinodia (Chairman)	0.21	6.56
Shri Hari S. Bhartia	-	-
Shri Horst Binnig	0.02	-
Dr. Peter Neu (Alternate Director to Shri Horst Binnig/ Dr. Alexander Sagel)	0.02	-
Shri O.P. Khaitan	0.21	0.50
Shri Ravinder Narain	0.10	0.45
Shri C.Y. Pal	0.18	0.50
Dr. Alexander Sagel	-	-
Shri M. Sekimoto	0.10	0.45
Shri Noritada Okano (Alternate Director to Shri M. Sekimoto)	-	-
Shri Luv D. Shriram	0.12	0.45
Shri Inderdeep Singh	0.10	0.45
Shri Tokuo Washio	0.08	0.45

4.3) Remuneration paid / provided to Managing Director and Whole-time Directors for the year ended 31st March, 2014 is as under: -

Directors	Salary	Commission	Company's Contribution to funds*	Perquisites and allowances	Total	Contract Period
	Mn/Rs.	Mn/Rs.	Mn/Rs.	Mn/Rs.	Mn/Rs.	
Shri A.K. Taneja (Managing Director)	4.80	20.12	1.53	3.45	29.90	1 st April, 2009 to 31 st March, 2014
Shri R. Srinivasan (Jt. Managing Director)	3.60	15.09	1.15	2.62	22.46	1 st February, 2011 to 31 st January, 2016
Smt. Meenakshi Dass (Whole Time Director)	5.08	17.10	0.18	2.17	24.53	5 th May, 2009 to 4 th May, 2014

Notes:

- The notice period is six months, on either side.
- In the event of termination of appointment, compensation will be paid in accordance with the provisions of the Companies Act, 1956.
- The Company does not have a scheme of stock options.
- *4. Aggregate of the Company's contribution to Provident Fund, Superannuation Fund & Gratuity Fund.

- 5.0) The Company has a "Shareholders and Investors' Grievance Committee". This Committee comprises of Shri Inderdeep Singh (Chairman) and Shri Pradeep Dinodia, both being Independent Directors. Shri A.K. Taneja and Shri R. Srinivasan are permanent invitees. Shri R. Srinivasan is also the Compliance Officer.

There were no requests pending for share transfers as on 31st March, 2014. No shareholder's complaint was received during the year. No shareholder's complaint was pending at the beginning / close of the year.

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

FINANCIAL YEAR	VENUE	DATE	TIME	SPECIAL RESOLUTION PASSED
2010-11	Hotel The Lalit, New Delhi	21.06.2011	4:30 p.m.	No Special Resolution was passed during the year.
2011-12	Hotel The Lalit, New Delhi	12.06.2012	4:30 p.m.	No Special Resolution was passed during the year.
2012-13	Hotel The Lalit, New Delhi	05.07.2013	4:00 p.m.	No Special Resolution was passed during the year.

- 6.1) No special resolution was passed last year through postal ballot.
 6.2) No Special Resolution is proposed to be conducted through postal ballot.

7.0) DISCLOSURES

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

Disclosures on related party transactions as per the Accounting Standard 18 have been made at Note No. 32 of "Notes forming part of the Financial Statements" of the Annual Accounts.

- (ii) There were no penalties or restrictions imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital market during the last 3 years.
 (iii) Mandatory Requirements – All requirements have been complied with.
 (iv) Adoption of Non Mandatory Requirements – The Company has set up Remuneration Committee and Nomination Committee of the Board. The details of the same are given at Para 4.0 and 4.1 of this report.

- 8.0) Quarterly results are published in "Financial Express" and "Jansatta". The Quarterly results are also displayed on Company's website viz. www.shrirampistons.com.

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

- 9.0) General Information for Shareholders:-

(i) **50th Annual General Meeting**

The 50th Annual General Meeting of the Company will be held on Tuesday, 29th July, 2014 at 4:30 P.M. Hotel The Lalit, Barakhamba Avenue, Connaught Place, New Delhi.

(ii) **Financial Year 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 from 22nd July, 2014 to 29th July, 2014 (both days inclusive).

(iv) **Date of Dividend Payment**

Dividend will be paid on or after 29th July, 2014 (Date of AGM).

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

The shares of the Company are listed at the Delhi Stock Exchange Ltd. The listing fee for the year 2014-15 has been paid.

(vi) **Stock Code**

The Stock Code is **19149**.

(vii) **Market Price Data**

The last transaction on Delhi Stock Exchange 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**

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

(x) **Share Transfer System**

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

(xi) **Distribution of Equity Shareholding as on 31.03.2014**

Equity Shares Held	Upto 500	501-1000	1001-2000	2001-3000	3001-4000	4001-5000	5001-10000	10001 and above	TOTAL
Shareholders-Nos.	154	4	10	10	2	1	6	14	201
Shareholding-%	0.04	0.02	0.06	0.11	0.03	0.02	0.20	99.52	100

(xii) **Categories of Shareholders as on 31.03.2014**

CATEGORY	NO. OF SHARES HELD	% SHAREHOLDING
Promoters		
- Individuals	12,41,119	5.55
- Bodies Corporate	27,78,157	12.41
- Deepak Shriram Family Benefit Trust (through Trustees)	66,71,336	29.82
- TOTAL (Promoters)	1,06,90,612	47.78
Banks, Financial Institutions, Insurance Cos.	23,18,758	10.36
Resident Individuals	1,98,463	0.89
Resident Body Corporate	48	0.0002
Non Resident Companies	91,67,031	40.97
TOTAL	2,23,74,912	100.00

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

Electronic Holding by members comprises 10.53% (previous year – 10.53%) of the paid up share capital of the Company as on 31st March, 2014 held through National Securities Depository Limited and Central