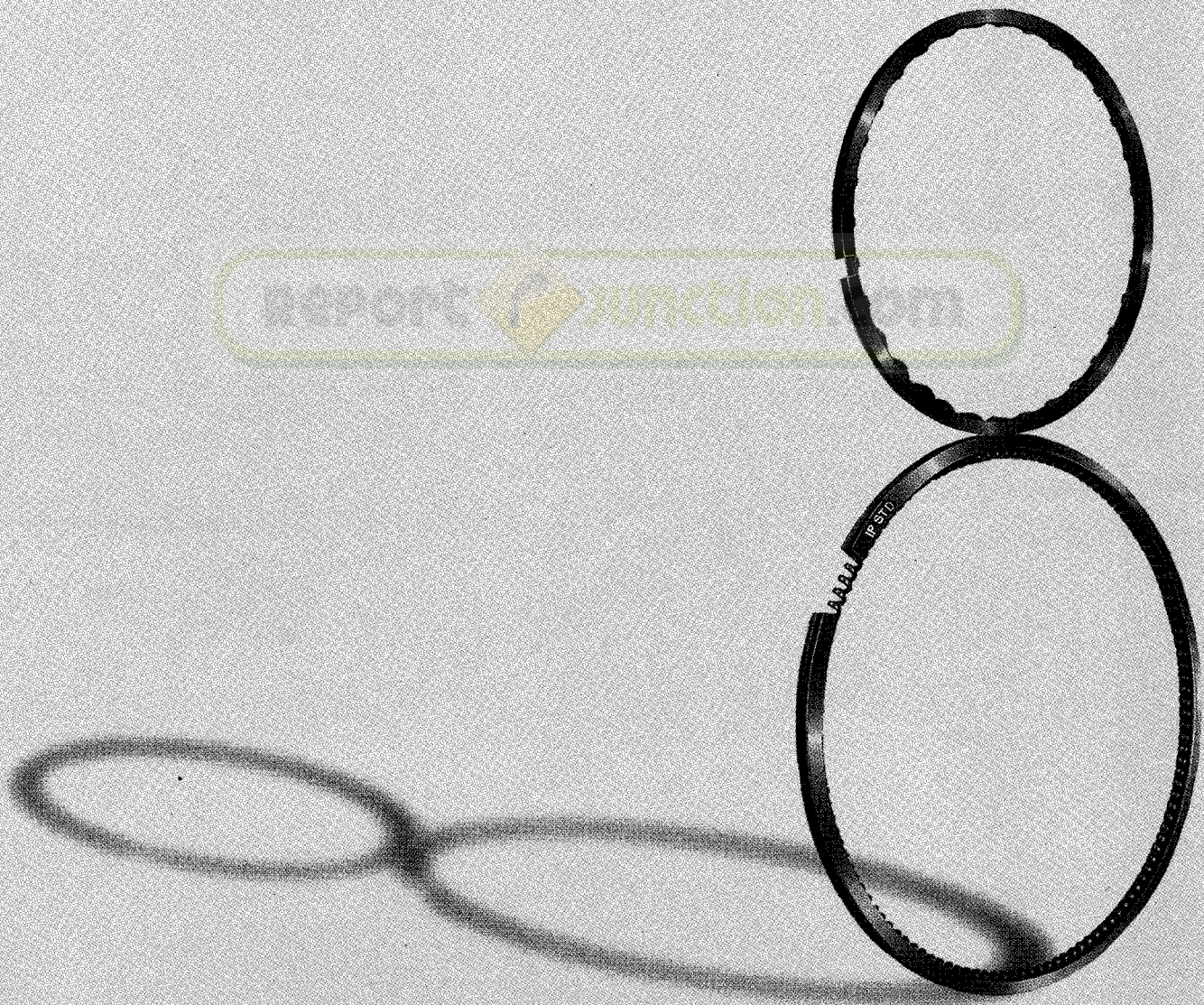
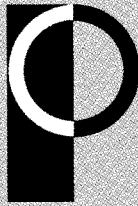


IP Rings Ltd.



**8th Annual Report 1998-99**

Report  Junction.com

**IP Rings Ltd.**



(A Member of the Amalgamations Group)

**Registered Office**

Arjay Apex Centre,  
24, College Road,  
Chennai 600 006.

**Factory**

D11, 12, Industrial Estate,  
Maraimalainagar,  
Kanchipuram Dist. 603 209.



## **DIRECTORS**

A. SIVASAILAM Esq.	Chairman
N. VENKATARAMANI Esq.	Executive Vice-Chairman
K.V. SHETTY Esq.	Managing Director
HIRONOBU JIBIKI Esq.	Director
Dr. R. MAHADEVAN Esq.	Director

## **EXECUTIVE DIRECTOR**

Dr. N. GOWRISHANKAR Esq.

## **GENERAL MANAGER (FINANCE) & SECRETARY**

S. RANGARAJAN Esq.

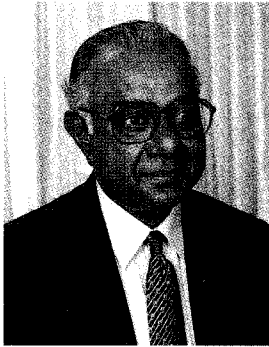
## **AUDITORS**

Messrs. R.G.N. PRICE & COMPANY

## **BANKERS**

ANZ GRINDLAYS BANK  
CENTRAL BANK OF INDIA  
INDIAN BANK

**Dear Shareholder,**



The year 1998-99 ended on just about the same note as the previous year. For the greater part of the year, the automobile industry was reeling under the impact of the severe slump in demand. The after-market was not very much better either and was characterised by a significant lack of buoyancy. The combined effect of these factors affected very severely the performance of your company.

With judicious work-mix management and tight control on costs, your company was able to steer a relatively safe course through this difficult period and in fact at the end of the year had recorded a small incremental improvement in its sales. However the ever-escalating costs eroded severely the margins that should have been available and the company's profit level was much lower than those of the previous years.

However, there is some cheer in the air and the gloom over the industrial horizon appears to be lifting. The economy is showing signs of a vigorous recovery and this is being mirrored in the automobile industry particularly in the commercial vehicles segment.

The company has managed well adversities of last year and has placed itself in an advantageous position to derive the maximum benefits from the opportunities that will emerge from the recovering economy.

It has protected fully its excellent position both with the OEM community and in the Trade. Through its close association with NPR it has retained its technological edge over the competitors. It has installed sufficient capacities to meet increasing demand volumes. A new production line has been set up for rings for two wheelers, a segment that has remained impervious to the fluctuations in the market and continued to grow at an impressive rate.

The company has commenced the new year with enthusiasm and confidence and I am sure that the results of the current year's performance will be considerably better.

On behalf of the company, I acknowledge thankfully the support the company received from Nippon Piston Ring Co. Ltd. and India Pistons Limited.

On your behalf and my own I compliment the management and employees at all levels on the excellent manner in which they rallied together under trying conditions last year.

Yours sincerely,

Chennai  
26th July 1999.

**A. SIVASAILAM**  
Chairman.



## NOTICE TO THE MEMBERS

NOTICE is hereby given that the EIGHTH ANNUAL GENERAL MEETING of the Members of IP RINGS LIMITED will be held at 3.15 p.m. on Thursday, September 09, 1999 at "The Music Academy", 306, TTK Road, Chennai – 600 014, to transact the following business :

### ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at March 31, 1999 together with the Profit and Loss Account for the year ended on that date and the Report of the Directors and of the Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Hironobu Jibiki, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Dr. R. Mahadevan, who retires by rotation and is eligible for reappointment.
5. To appoint Auditors and fix their remuneration.

Chennai  
26th July 1999

Registered Office :  
Arjay Apex Centre,  
24, College Road,  
Chennai 600 006.

By Order of the Board

S. RANGARAJAN  
General Manager (Finance) &  
Secretary

**NOTES :**

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- The proxy form duly completed should be deposited at the Registered Office of the Company / Office of the Share Transfer Agents not later than 48 hours before the commencement of the Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 02, 1999 to Thursday, September 09, 1999 (both days inclusive).
- The Dividend when approved will be made payable on or after September 09, 1999, to those Members, whose names appear as Members in the books of the Company on September 09, 1999.
- After the introduction of the Companies (Amendment) Ordinance 1998, the Unpaid Dividend pertaining to the Dividend for 1994-95 (paid in October 1995) is due to be transferred to the Fund established under Sub-section (1) of Section 205C of the Companies Act, 1956, after November 10, 2002.
- Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
- Members/Proxies are requested to bring their copy of Annual Report to the Meeting.
- Members who have multiple Folios in identical names or joint names in the same order are requested to intimate to the Company these Folios to enable the Company to consolidate all such Shareholdings into a single Folio.



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eighth Annual Report together with the Accounts for the year ended March 31, 1999 and the Auditors Report thereon.

## FINANCIAL RESULTS

	1999	1998
	(Rs. in lakhs)	
Profit Before Interest, Depreciation & Tax	580.83	709.21
Interest	47.38	90.12
Depreciation	233.37	195.68
Profit Before Tax	300.08	423.41
Provision for Taxation	64.80	55.00
Profit After Tax	235.28	368.41
<b>Add :</b> Transfer from Capital Reserve	15.00	Nil
<b>Add :</b> Balance brought forward from last year	88.62	75.14
Profit available for appropriation	338.90	443.55
<b>Less :</b> Proposed Dividend @ 15% (including Tax on Dividend)	117.25	154.93
Transfer to General Reserve	200.00	200.00
Balance carried forward	21.65	88.62

## DIVIDEND

Your Directors recommend a dividend of 15% for the year ended March 31, 1999.

## OPERATIONS

Depressed conditions prevailing for some time in the Automobile Industry continued over the whole of the year 1998-99. The Commercial Vehicle segment was the worst affected with its total market shrinking to 42% of what it was in 1996-97, and consequently leading to severe production cut backs and shrinkage of sales volumes. The impact of this situation translated into reduced schedules for components and continuous pressure on the industry's supply sources for reductions in prices of components. Consequently the year 1998-99 was a difficult one for the component industry and in its case the difficulty was further aggravated by the lack of buoyancy in the after-market. At the industry level the situation was one of decline in net profits in spite of some incremental improvement in sales turnover.

Your company had to operate in this scenario, and was able to achieve a sales turnover of Rs. 28.47 crores as against Rs. 27.18 crores recorded in the previous year. The marginal improvement in the sales turnover was made possible by judicious work-mix management and through additional revenue earned from jobbing work against orders from Nippon Piston Ring Company Ltd., Japan. However, the steep escalation in the costs of inputs, price reduction in supplies to the OEMs and higher discounts to the Trade in the after-market had an adverse impact on the profit level pushing it down to a level lower than that for the previous year.

## OUTLOOK

At the commencement of the current financial year the outlook is less gloomy than in the previous year with signs of recovery emerging in the automobile industry. In the commercial vehicle segment in particular there has been a considerable spurt in vehicle sales during the first half of the calendar year and it is believed that this will be sustained during the entire year. Consequently, the forecast for the components industry is optimistic with the possibility of better utilisation of installed capacities.

Your company's performance has shown a perceptible improvement during the first quarter and with all-round efforts to step up the company's product range along with cost reduction and productivity improvements, your Directors are confident of achieving higher turnover and profits during the current year.

On the export front, your company's efforts have resulted in securing export orders from the collaborators – Nippon Piston Ring Company Ltd.

The new line for manufacturing two-wheeler rings will be going into production shortly and will start to contribute to the company's sales performance.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr. Hironobu Jibiki and Dr. R. Mahadevan, Directors, retire by rotation and are eligible for reappointment.

## AUDITORS

Messrs. R.G.N. Price & Co., Chartered Accountants retire at the Annual General Meeting and are eligible for reappointment.

## PARTICULARS OF EMPLOYEES

There were no employees in receipt of remuneration of Rs. 50,000/- p.m. during the year ended 31.3.1999 coming within the purview of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended.

## DISCLOSURE OF PARTICULARS

The information required under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, is given in the Annexure forming part of this Report.

## YEAR 2000 (Y2K) RELATED ISSUES

The Company has taken adequate steps to ensure that all the relevant systems covering its operations are fully Y2K compliant by October 1999.

## ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the Technical Assistance extended by Nippon Piston Ring Co. Ltd., Japan and India Pistons Limited, Chennai.

Your Directors wish to thank the Financial Institutions and Bankers for their continued support to the Company.

Your Directors also wish to place on record their appreciation of the contribution made by the employees, at all levels.

For and on behalf of the Board

Chennai  
26th July 1999

A. SIVASAILAM  
Chairman.



**Annexure to the Directors' Report for the year ended March 31, 1999**  
**Statement containing particulars pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.**

**I. CONSERVATION OF ENERGY**

An energy audit was conducted during the year and the suggestions given by the Auditors are under implementation.

**A. POWER & FUEL CONSUMPTION**

<b>Electricity :</b>	<b>1999</b>	<b>1998</b>
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**(a) Purchased :**

Units in Lakhs	<b>24.58</b>	22.13
Total Amount (Rs. in Lakhs)	<b>95.32</b>	79.89
Rate/Unit — Rs.	<b>3.88</b>	3.61

**(b) Own Generation :**

Through Diesel Generator

Units in Lakhs	<b>1.93</b>	1.38
Units per Litre of Diesel	<b>3.38</b>	3.72
Cost/Unit Rs.	<b>5.08</b>	5.43

**B. CONSUMPTION PER UNIT OF PRODUCTION**

<b>Products :</b>	<b>Standards if any</b>	<b>1999</b>	<b>1998</b>
<b>Piston Rings</b>			
Electricity	No Standards	<b>0.99 Kws/Unit</b>	1.03 Kws/Unit