



IP
ANNUAL
REPORT
2000-2001

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IP Rings Ltd.

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.

Sr. GENERAL MANAGER (FINANCE) & SECRETARY

S. RANGARAJAN Esq.

AUDITORS

Messrs. R.G.N. PRICE & COMPANY

BANKERS

STANDARD CHARTERED GRINDLAYS BANK
CENTRAL BANK OF INDIA

REGISTERED OFFICE

Arjay Apex Centre,
24, College Road,
Chennai – 600 006.
Tel : 8270860 / 8272682
E-mail : iprcorp@vsnl.com

FACTORY

D11/12 Industrial Estate,
Maraimalai Nagar,
Kanchipuram Dist. – 603 209,
Tel : 52851 / 52852 / 52853
E-mail : iprmmn@vsnl.com



NOTICE TO THE MEMBERS

NOTICE is hereby given that the TENTH ANNUAL GENERAL MEETING of the Members of IP Rings Ltd. will be held at 3.00 p.m. on Wednesday, August 01, 2001 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, 2001 together with the Profit and Loss Account for the year ended on that date and the Report of the Directors' and of the Auditor's thereon.
2. To declare a 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.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution.

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and hereby altered in the manner and to the extent as set out herein below:

- A. That the following new Article 15 (a) under the marginal note "Buy-Back of Shares or other Specified Securities" be inserted after the existing Article 15.

15 (a). Notwithstanding anything to the contrary contained in these Articles and subject to and in full compliance of the requirements of Sections 77A, 77AA and 77B of the Companies Act, 1956 or corresponding provisions of any re-enactment thereof and any rules and regulations that may be prescribed by the Central Government, the Securities and Exchange Board of India (SEBI) or any other appropriate authority in this regard, the Company, in a General Meeting may, upon the recommendation of the Board, at any time and from time to time, by a Special Resolution authorise to purchase and/or buy-back its own shares or any other securities of the Company fully paid-up on that date.



- B. That the following new Article 35(c) under the marginal note "Postal Ballot" be inserted after the existing Article 35(b).

35 (c). Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and/or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters :

- any business that can be transacted by the company in general meeting; and
- particularly, resolutions relating to such business as the Central Government, may by notification, declare to be conducted only by postal ballot.

The Company shall comply with the procedure for such postal ballot and / or other ways prescribed by the Central Government in this regard."

By Order of the Board

S. RANGARAJAN

Sr. General Manager (Finance) & Secretary

Chennai
May 30, 2001

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

NOTES :

1. 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.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under Item No. 6 as set out above is annexed hereto.
3. 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.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 26, 2001 to Wednesday, August 01, 2001 (both days inclusive).
5. The Dividend when approved will be made payable to those Members, whose names will appear as Members in the books of the Company on August 01, 2001.
6. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
7. Members/Proxies are requested to bring their copy of Annual Report to the Meeting.
8. 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :

ITEM No. 6

Pursuant to Section 77A, 77AA and 77B of the Companies Act, 1956, Companies can buy back their own shares or any other securities, involving a financial outlay of upto 25% of their total paid up capital and free reserves, provided such buy-back in any financial year does not exceed 25% of the total paid up equity capital in that financial year.

The resolution at Item No. 6 is being proposed for the limited purpose of bringing the Articles of Association of the Company in line with the amended provisions of the Companies Act, 1956 regarding buy-back of shares.

Section 192 (A) provides for passing of resolution by Postal Ballot. The new article regarding postal ballot is being proposed for the purpose of bringing the Articles of Association of the Company in line with and to comply with the amended provisions of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in this resolution and the Board commends the passing of the Special Resolution as set out in the notice convening the meeting.

By Order of the Board

Chennai
May 30, 2001

S. RANGARAJAN
Sr. General Manager (Finance) & Secretary

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



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Tenth Annual Report together with the Accounts for the year ended March 31, 2001 and the Auditor's Report thereon.

FINANCIAL RESULTS

	2000-2001	1999-2000
	(Rs. in lakhs)	
Profit Before Interest, Depreciation & Tax	749.62	693.24
Interest	38.60	36.59
Depreciation	285.77	252.54
Profit Before Tax	425.25	404.11
Provision for Taxation	110.00	81.00
Profit After Tax	315.25	323.11
Add : Balance brought forward from previous year	1.60	21.65
Profit available for Appropriation	316.85	344.76
Less : Dividend @ 25% (including Tax on Dividend)	194.01	203.16
Transfer to General Reserve	120.00	140.00
Balance carried forward	2.84	1.60

DIVIDEND

Your Directors recommend a dividend of 25% for the year ended March 31, 2001.

OPERATIONS

The slow-down in the Automobile industry continued through the fiscal year 2000-2001 and the industry faced drop in production and sales in all the segments excepting motor cycles in the 2 wheeler category. Consequently, the auto component industry witnessed yet another difficult year of reduced volumes and pressure on profit margins. The difficult situation faced by the auto component industry on account of low volumes from the OEMs was further aggravated due to lack of buoyancy and acute competition in the after market.

Despite facing continued pressure on price levels of finished products and cost escalations of inputs, your Company was able to achieve a turnover of Rs. 33.62 crores as against Rs. 32.97 crores yielding a Profit before tax of Rs. 4.25 crores as against Rs. 4.04 crores achieved during the previous year.

OUTLOOK

Judging by the performance of the industry during the first quarter of the current year, the outlook does not look very optimistic. However, with a better monsoon and pick up in the economy, a turn-around in the situation can be expected only around the 3rd quarter of this financial year.

Your Company is well aware of the situation and is taking all steps needed to improve the operating results by stepping up cost containment measures and vigorously pursuing market penetration both on the OEMs and after fronts.

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.

DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors confirm :

- that in the preparation of the annual accounts, the applicable accounting standards had been followed ;
- that the Directors had 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 ended March 31, 2001 and of the profit of the Company for that year ;
- that the Directors had taken proper and sufficient care 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;
- that the accounts have been prepared on a going concern basis.

AUDIT COMMITTEE

As required under the provisions of Section 292A of the Companies Act, 1956, the Company has constituted an Audit Committee with Mr. A. Sivasailam, Mr. N. Venkataramani and Dr. R. Mahadevan as members.

CORPORATE GOVERNANCE

As per the amended Listing Agreements with the Stock Exchanges, your Company will be complying with the provisions of Corporate Governance by 31st March 2002.

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. 1,00,000/- p.m. during the year ended 31.03.2001 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.

ACKNOWLEDGEMENT

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

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

Chennai
May 30, 2001

For and on behalf of the Board

A. SIVASAILAM
Chairman.

Annexure to the Directors' Report for the year ended March 31, 2001
Statement containing particulars pursuant to the Companies (Disclosure of particulars of
the Report of Board of Directors) Rules, 1988.

I. CONSERVATION OF ENERGY

Various energy conserving/saving measures at all points of manufacturing are continuously being implemented

A. POWER & FUEL CONSUMPTION

Electricity :	2000 - 2001	1999 - 2000
(a) Purchased :		
Units in Lakhs	26.18	27.42
Total Amount (Rs. in Lakhs)	111.79	115.51
Rate/Unit — Rs.*	4.27	4.21
(b) Own Generation :		
Through Diesel Generator		
Units in Lakhs	1.41	1.38
Units per litre of Diesel	3.40	3.21
Cost/Unit Rs. **	7.50	6.01

B. CONSUMPTION PER UNIT OF PRODUCTION

Products :	Standards if any	2000 - 2001	1999 - 2000
Rings			
Electricity	No Standards	0.81 Kwh/ring	0.84 Kwh/ring

* Increase due to power tariff hike from Rs. 3.20 p.u. to Rs. 3.40 p.u. in January 2000.

** The Company had installed a new generator during the year. The depreciation charge and the increase in the cost of diesel, have contributed to higher cost per unit during the year under review.

II. TECHNOLOGY ABSORPTION AND INNOVATION

A. RESEARCH AND DEVELOPMENT :

1. Specific areas in which R & D carried out by the Company
 - Developmental work is being carried out in thermal spraying covering other components
 - The plating parameter control for peripheral plating and side plating is under study for achieving process improvements.
 - Work is being carried out with a renowned National Laboratory for the development of Corrosion Wear Resistance Overlay Coatings and also with a premier Technological Institute on piston ring dynamics.
2. Benefits derived as a result of the above R & D
 - Diversification and Quality improvement
3. Future Plan of Action
 - To work closely with the collaborators and other Technology Institutes in R & D related areas to improve the manufacturing process and achieve higher levels of quality and productivity.
4. Expenditure on R & D

Capital	: Rs. 24,86,769/-
Revenue	: Rs. 17,32,400/-
Total	: Rs. 42,19,169/-
Total R & D expenditure as a percentage of total turnover	
	: 1.47%

B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION — EFFORTS MADE AND BENEFITS DERIVED :

Imported Technology

Technology	Technology help	Equipment Imported from	Year of absorption	Status of Implementation
Gas Nitriding	NPR, Japan	—	1994–95	Implemented
Nifflex type Oil	NPR, Japan	Japan	1995–96	Implemented

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (i) Activities relating to Exports
 - Special efforts are being made to identify the export markets for the Company's Products.
- (ii) Total Foreign Exchange used and earned

Foreign Exchange earned :	Rs. 8,55,276/-
Foreign Exchange outgo :	Rs. 4,47,26,454/-



REPORT OF THE AUDITOR'S TO THE MEMBERS OF IP RINGS LIMITED

We have audited the attached Balance Sheet of **IP RINGS LIMITED** as at **31st March 2001** and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and we report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board and on the basis of such checks, as we considered appropriate, we state that:
 - (i) The Company has maintained proper records for its Fixed Assets showing full particulars including quantitative details and situation of those Assets. As per the policy of the Company, Fixed Assets are being Physically verified once in two years. They were not Physically verified during the year, as the same was verified during the previous year.
 - (ii) There has been no revaluation of Fixed Assets during the year.
 - (iii) The stocks of raw materials, stores, spare parts, work-in-progress and finished goods have been physically verified during the year.
 - (iv) The procedure for physical verification of stocks followed by the Management is in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (v) The discrepancies noticed on such verification were not significant as compared to book records.
 - (vi) The Valuation of stocks is fair and proper and in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
 - (vii) The Company has not taken any loans from Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
 - (viii) The Company has not granted any loans, secured or unsecured, to the Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
 - (ix) In respect of interest-free advances in the nature of loans given to employees, the principal amounts are being recovered as stipulated.
 - (x) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchase of stores, raw-materials including components, plant and machinery, equipment and other assets and for sale of goods.
 - (xi) The Company has purchased and sold goods apart from availing services from a Company under the same Management for an aggregate value of Rs.50,000 or more in respect of each item. We have been informed by the Management that considering the product manufactured by the Company, such materials/goods have to be purchased only from the said Company to whom the products relating to replacement trade were ultimately sold. Hence, the question of obtaining quotations from other parties in the market did not arise.