

IP Rings Ltd.



TH
ANNUAL
REPORT
2001-2002



DIRECTORS

A. SIVASAILAM Esq.	<i>Chairman</i>
N. VENKATARAMANI Esq.	<i>Executive Vice Chairman</i>
K.V. SHETTY Esq.	<i>Managing Director</i>
YOSHIKI SOGA Esq.	<i>Director</i>
Dr. R. MAHADEVAN Esq.	<i>Director</i>
P. M. VENKATASUBRAMANIAN Esq.	<i>Director</i>
Dr R. NATARAJAN Esq.	<i>Director</i>
Dr. N. GOWRISHANKAR Esq.	<i>Executive Director</i>
S. RANGARAJAN Esq.	<i>Sr. General Manager (Finance) & Secretary</i>

AUDITORS

Messrs. R.G.N. PRICE & COMPANY

BANKERS

STANDARD CHARTERED BANK
CENTRAL BANK OF INDIA

REGISTERED OFFICE

'Arjay Apex Centre'
24, College Road
Chennai 600 006
Tel: 827 0860 / 827 2682
E-mail: iprcorp@vsnl.com

FACTORY

D 11/12, Industrial Estate
Maraimalai Nagar
Kanchipuram Dist. 603 209
Tel: 452851 / 452852 / 452853
E-mail: iprmmn@vsnl.com



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NOTICE TO THE MEMBERS

NOTICE is hereby given that the **ELEVENTH ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd.** will be held at 3.15 p.m. on Thursday, August 01, 2002 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, 2002 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 a Dividend.
3. To appoint a Director in place of Mr A Sivasailam, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. N Venkataramani, 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 an Ordinary Resolution:

"RESOLVED that Mr Yoshiki Soga, whose term of office as an Additional Director, pursuant to Section 260 of the Companies Act, 1956, expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."
7. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED that Mr P M Venkatasubramanian, whose term of office as an Additional Director, pursuant to Section 260 of the Companies Act, 1956, expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."
8. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED that Dr R Natarajan, whose term of office as an Additional Director, pursuant to Section 260 of the Companies Act, 1956, expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."
9. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED that subject to the approval of the Central Government and pursuant to the provisions of Section 309 and other applicable provisions of the Companies Act, 1956, consent of the Shareholders be and is hereby accorded to the payment of Managerial Remuneration to Mr K V Shetty, Managing Director of the Company to the extent the same is in excess of the limits specified in Section I to Part II of Schedule XIII of the Companies Act by Rs. 4,12,845/- for the Financial Year 2001-2002."
10. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Sections 198, 269, 310, 311, Schedule XIII and all other applicable provisions of the Companies Act, 1956 and subject to such approvals as may be required, including from Central Government, the Company hereby accords its approval for the reappointment of Mr K V Shetty as Managing Director, on the following terms and conditions.

Particulars of Remuneration:

Period	:	2 years from 01.04.2002 to 31.03.2004.
Salary	:	Basic Salary of Rs. 60,000/- per month with increments as may be decided by the Board of Directors / Committee of Directors.
Commission	:	Up to 3 % of the Net Profits as may be decided by the Board of Directors / Committee of Directors, computed as per Section 309(5) of the Companies Act, 1956.

Perquisites

(i) Housing:

Either

Free furnished residential accommodation, owned or leased out by the Company.

or

House Rent Allowance subject to a ceiling of 60 % of the Salary.

The expenditure incurred on gas, electricity, water and furnishing shall be borne by the Company.

(ii) Medical Reimbursement:

Actual expenses incurred for self and family.

(iii) Leave Travel Assistance:

One month's salary per annum

(iv) Club Membership:

Fee of Clubs subject to a maximum of two clubs. This will not include Admission and Life Membership Fee.

(v) Personal Accident Insurance:

Personal Accident Insurance – Premium shall not exceed Rs. 5,000/-

(vi) Entertainment Expenses:

Reimbursement of entertainment expenses actually and properly incurred for the business of the Company.

(vii) Other perquisites:

Company's contribution towards Provident Fund as per the Rules of the Company.

Company's Contribution towards Super Annuation Fund as per Rules of the Company.

Gratuity at one half month's salary for each completed year of service.

Leave:

One month's annual privilege leave of absence in India for every eleven months. Leave accumulated shall be encashable at the end of the tenure.

**Telephone & Car:**

Provision of Telephone at residence. Provision of Car for use on Company's business.

Minimum Remuneration:

In the event of loss or inadequacy of profit, in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.

Termination:

Either party may terminate the Agreement by giving to the other party six months' notice or six months' salary in lieu thereof."

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

"RESOLVED that pursuant to the provisions of Section 314 of the Companies Act, 1956 and all other applicable provisions, if any, consent of the Company be and is hereby accorded to Dr R Mahadevan, Director to hold the office of Technical Consultant with effect from April 01, 2002 on a monthly fee of Rs. 11,500/- till March 31, 2004."

By Order of the Board

S RANGARAJAN
Sr. General Manager - Finance &
Secretary.

Chennai
May 27, 2002

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

NOTES:

01. 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
02. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business under item nos. 6-11 as set out above is annexed hereto.
03. 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.
04. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 25, 2002 to Thursday, August 01, 2002 (both days inclusive).
05. 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, 2002. Members are requested to send Tax Exemption Certificate (Form 15G) in Duplicate to the Share Transfer Agents of the Company.
06. Members / Proxies should bring the attendance slip duly filled in for attending the Meeting.
07. Members / Proxies are requested to bring their copy of Annual Report to the Meeting.
08. 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 Share holdings into a single Folio.
09. Appointment/Reappointment of Directors:
At the ensuing Annual General Meeting, Mr A Sivasailam and Mr N Venkataramani, retire by rotation and being eligible offer themselves for reappointment. Mr K V Shetty is being re-appointed as Managing Director of the Company. Mr Yoshiki Soga, Mr P M Venkatasubramanian and Dr R Natarajan are being appointed as Directors liable to retire by rotation.

As per Clause 49 of the Listing Agreement with Stock Exchanges, a brief background, of the Directors proposed for appointment / re-appointment is furnished below along with details of Companies in which they are Directors and their membership in Committees.

- (i) Mr A Sivasailam is the Chairman of the multi-crore Amalgamations Group, one of the largest light engineering conglomerates. He is the Chairman of the Promoter Companies and has been the Chairman of this Company since its incorporation.

Details of other Directorships / Committee Memberships held by him :

Directorship	Committee Membership
Tractors and Farm Equipment Limited	Audit Committee
Amalgamations Private Limited	
Simpson & Co., Ltd.	Audit Committee
The United Nilgiri Tea Estates Co. Ltd.	
TAFE Access Limited	
Stanes MJF Teas Limited	
Addison & Co., Ltd.	Audit Committee
Amco Batteries Ltd.	Audit Committee
India Pistons Ltd.	
AEIP Precision Products Limited	
Amalgamations Valeo Clutch Pvt. Ltd.	
TAFE USA Inc.,	
Wallace Cartwright & Co., Ltd.	
Stanadyne Amalgamations Pvt. Ltd.	

- (ii) Mr N Venkataramani is the Managing Director of India Pistons Ltd., a Promoter Company, a Pioneer in the manufacture of Piston Assemblies for IC Engines. Mr. N. Venkataramani has been a Director of this Company since its inception and is the Executive Vice Chairman of the Company since 1992.

Details of other Directorships / Committee Memberships held by him :

Directorship	Committee Membership
India Pistons Ltd.	Audit Committee
George Oakes Limited	
IP Pins & Liners Limited	
India Pistons-Repco Ltd.	
Bimetal Bearings Limited	Audit Committee
AEIP Precision Products Limited	Audit Committee
Amalgamations Repco Limited	
Amalgamations Valeo Clutch Pvt. Ltd.	
Stanes Amalgamated Estates Ltd.	
Stanadyne Amalgamations Pvt. Ltd.	
NTTF Industries Ltd.	

- (iii) Mr K V Shetty has been the Managing Director of the Company since 1992. He is a Fellow Member of the Institute of Chartered Accountants of India.

Details of other Directorships / Committee Memberships held by him :

Directorship	Committee Membership
India Pistons Ltd.	Audit Committee
IP Pins & Liners Limited	
India Pistons-Repco Ltd.	
Bimetal Bearings Limited	Audit Committee (Chairman)
AEIP Precision Products Limited	Audit Committee
Simpson & General Finance Co. Ltd.	



- (iv) Mr Yoshiki Soga was inducted to the Board of the Company in January 2002 as an Additional Director. He is an ex-banker and is presently the Executive Advisor to the Board of Directors of Nippon Piston Ring Co. Ltd., Company's Technical Collaborator.
- (v) Mr P M Venkatasubramanian joined the Board in March 2002 as an Additional Director. He is the Ex-Managing Director of General Insurance Company of India. He is the Chairman of the Audit Committee of the Company.

Details of other Directorships / Committee Memberships held by him :

Directorship	Committee Membership
GIC Housing Finance Co. Ltd.	Audit Committee
GIC Mutual Fund	Audit Committee
National Stock Exchange of India Ltd.	Audit Committee
Thana Electric Supply Co., Ltd.	
Lanco Kondapalli Power Co. Pvt. Ltd.	Audit Committee
Sudalagunta Sugars Ltd.	Audit Committee
Royal Sundaram Alliance Insurance Co. Ltd.	Audit Committee (Chairman)

- (vi) Dr R Natarajan joined the Board in March 2002 as an Additional Director. He is the Chairman of All India Council for Technical Education, Ministry of Human Resource Development, New Delhi.

Details of other Directorships / Committee Memberships held by him :

Directorship	Committee Membership
Rane Brake Linings Ltd.	



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:**ITEM NO. 6**

Mr Yoshiki Soga was appointed as an Additional Director of the Company in January 2002. Pursuant to Section 260 of the Companies Act, 1956, Mr Yoshiki Soga, will hold the office as Additional Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr Yoshiki Soga for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Your Directors recommend the Resolution for approval.

Save and except Mr Yoshiki Soga, none of the Directors is concerned or interested in this Resolution.

ITEM NO. 7

Mr P M Venkatasubramanian was appointed as an Additional Director of the Company in March 2002. Pursuant to Section 260 of the Companies Act, 1956, Mr P M Venkatasubramanian, will hold the office as Additional Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr P M Venkatasubramanian for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Your Directors recommend the Resolution for approval.

Save and except Mr P M Venkatasubramanian, none of the Directors is concerned or interested in this Resolution.

ITEM NO. 8

Dr R Natarajan was appointed as an Additional Director of the Company in March 2002. Pursuant to Section 260 of the Companies Act, 1956, Dr R Natarajan, will hold the office as Additional Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Dr R Natarajan for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Your Directors recommend the Resolution for approval.

Save and except Dr R Natarajan, none of the Directors is concerned or interested in this Resolution.

ITEM NO. 9

The overall remuneration payable to Mr K V Shetty, Managing Director, for the year ended 31st March 2002, including salary, commission and other perquisites as approved by the shareholders at the Annual General Meeting held on August 17, 2000, exceeds the limit of 5% of the net profits prescribed in Section I to Part II of Schedule XIII of the Companies Act, 1956 by Rs. 4,12,845/-. Section 309(3) of the Companies Act permits payment of remuneration in excess of the limits prescribed therein, with the approval of the Central Government and the Shareholders.

An application has been made to the Central Government seeking approval in this regard.

Your Directors recommend the Resolution for approval.

Save and except Mr K V Shetty, none of the Directors is concerned or interested in this Resolution.

ITEM NO. 10

Mr K V Shetty, Managing Director was re-appointed for a period of 2 years from 01.04.2000 to 31.03.2002 in the Annual General Meeting held on August 17, 2000. Taking into consideration the valuable services rendered by Mr K V Shetty as Managing Director and the contribution made by him for the overall growth of the Company, your Board decided it would be most appropriate to re-appoint Mr K V Shetty as Managing Director for a further period of 2 years from 01.04.2002.

The reappointment of Mr K V Shetty, as Managing Director requires the approval of the Members.

Your Directors recommend the Resolution for approval.

Save and except Mr K V Shetty, none of the Directors is concerned or interested in this Resolution.

ITEM NO. 11

Dr R Mahadevan, Director was engaged as Technical Consultant for a period of 4 years from 01.04.2000 to 31.03.2004 on a monthly fee of Rs. 8,500/-.

After taking into account, the expert knowledge and experience of Dr R Mahadevan in the field of New Products Development, covering the areas of design, sample development, engine testing and product approval, your Board feels that it would be most appropriate to increase his monthly fee to Rs. 11,500/-. As per the provisions of Section 314 to the Companies Act, 1956, payment exceeding Rs. 10,000/- to a Director to hold the office or place of profit, Members approval through a Special Resolution is necessary and hence the Resolution.

Your Directors recommend the Resolution for approval.

Save and except Dr R Mahadevan, none of the Directors is concerned or interested in this Resolution.

By Order of the Board

Chennai
May 27, 2002

S RANGARAJAN
Sr. General Manager - Finance & Secretary.

Registered Office:
24, College Road
Chennai 600 006.



DIRECTORS' REPORT

Your Directors have pleasure in presenting the **Eleventh Annual Report** together with the Accounts for the year ended March 31, 2002 and the Auditor's Report thereon.

FINANCIAL RESULTS

	2001 2002	2000-2001
	(Rs. in Lakhs)	
Profit before Interest, Depreciation and Tax	611.58	749.62
Interest	29.00	38.60
Depreciation	305.49	285.77
Profit before Tax	277.09	425.25
Provision for Taxation	98.88	110.00
Profit after Tax	178.21	315.25
Add : Balance brought forward from previous year	2.84	1.60
Profit available for appropriation	181.05	316.85
Less : Dividend @ 15 %	105.63	194.01
Transfer to General Reserve	70.00	120.00
Balance carried forward	5.42	2.84

DIVIDEND

Your Directors recommend a dividend of 15 % for the year ended March 31, 2002, in tune with the operating results.

OPERATIONS

The downtrend in the Automobile Industry continued throughout the year and the industry faced a negative growth in most of the segments, barring motor-cycles, as in the previous year. The lack of growth and inadequate volumes in the Commercial Vehicle and Tractor segments coupled with continued demand for price reduction by OEMs and the total lack of elasticity for price adjustments in the After-market, made the situation very difficult.

Under the circumstances, your Company's performance during the year came under strain with the total turnover registering Rs. 31.02 Crores as against Rs. 33.62 Crores, of the previous year. The continued pressure on price levels of finished products and cost escalations of inputs had their impact resulting in a Profit before Tax of Rs. 2.77 Crores.

OUTLOOK

The outlook for the year looks more positive, compared to the previous two years. Your Company is vigorously pursuing all steps to improve the operating results by stepping up cost containment measures and intensification of marketing efforts.