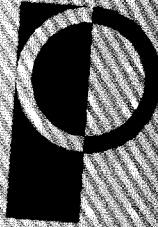


**IP Rings Ltd.**



**Report JUNCTION**

**18th Annual Report 2008 - 2009**



## **DIRECTORS**

A SIVASAILAM Esq.	Chairman
N VENKATARAMANI Esq.	Vice Chairman
K V SHETTY Esq.	Managing Director
YORISHIGE MAEDA Esq.	Director
R MAHADEVAN Esq.	Director
P M VENKATASUBRAMANIAN Esq.	Director
R NATARAJAN Esq.	Director
N GOWRISHANKAR Esq.	Whole Time Director
S R SRINIVASAN Esq.	Director
S RAMACHANDRA Esq.	Director

S RANGARAJAN Esq. Associate Vice President  
(Finance) & Secretary

## **AUDITORS**

Messrs. R.G.N. PRICE & COMPANY, CHENNAI

## **LEGAL ADVISORS**

S RAMASUBRAMANIAM & ASSOCIATES, CHENNAI

## **BANKERS**

STANDARD CHARTERED BANK

CENTRAL BANK OF INDIA

HDFC BANK LIMITED

## **REGISTERED OFFICE**

'Arjay Apex Centre'  
51/24, College Road  
Chennai 600 006  
Tel: (044) 2825 0792 / 2825 0793  
E-mail: iprcorp@iprings.com

## **FACTORY**

D 11/12, Industrial Estate  
Maraimalai Nagar  
Kancheepuram Dist. 603 209  
Tel: (044) 2745 2816 / 4740 0597 / 4740 0598  
E-mail: iprmn@iprings.com



## NOTICE TO THE MEMBERS

**NOTICE** is hereby given that the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd.** will be held at 3.15 p.m. on Thursday, 23<sup>rd</sup> July 2009 at "Rani Seethai Hall", 603, Anna Salai, Chennai 600 006, to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at March 31, 2009 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 Dr R Mahadevan, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr Yorishige Maeda, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr P M Venkatasubramanian, who retires by rotation and is eligible for reappointment.
6. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED that the retiring auditors Messrs. R G N Price & Co., Chartered Accountants, Chennai be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed in this behalf by the Board of Directors of the Company."

### SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

"RESOLVED that Mr S R Srinivasan, 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 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 Mr S Ramachandra, 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 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 a Special Resolution.

"RESOLVED that pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions of the Companies Act, 1956, and subject to the approval of Central Government, consent of the Members be and is hereby accorded for the payment of Commission amounting to Rs. 7,19,019/- to Mr. K.V. Shetty, Managing Director for the financial year 1.4.2008 to 31.3.2009, duly approved at the meeting of the Board of Directors and recommended by the Remuneration Committee."

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

"RESOLVED pursuant to Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act 1956, if any, and read with Schedule XIII to the said Act, the approval of the Company be and is hereby accorded to the reappointment of Dr N Gowrishankar, as a Whole Time Director of the Company for a period of three years from January 29, 2009 to January 28, 2012 and payment of remuneration, performance allowance and perquisites as set out and approved at the meeting of the Board of Directors of the Company held on 28.01.2009, duly recommended in that respect by the Remuneration Committee.

RESOLVED FURTHER that in the event of inadequacy of profit during the tenure of appointment, the remuneration payable shall be in terms of Section II, Part II of Schedule XIII to the Companies Act, 1956."

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

"RESOLVED that pursuant to Sections 198, 269, 309, 310, 311, 316, 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 consent of the Company be hereby accorded to the reappointment of Mr K V Shetty as Managing Director for a period of 1 year from April 01, 2009 to March 31, 2010 on the following terms and conditions duly approved at the meeting of the Board Directors of the Company and recommended by the Remuneration Committee.

Salary : Basic Salary of Rs. 1,75,000/- per month.

Commission : Upto 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:

Reimbursement of expenses incurred for self and family.

- (iii) Leave Travel Assistance:

One month's basic 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. 6,000/-

- (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.

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

**Leave:**

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

**Telephone & Car:**

Provision of Telephone at residence. Provision of Mobile Phone. Facility of Car with Driver.

**Minimum Remuneration:**

In the event of loss or inadequacy of profit, in the 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.

By Order of the Board

Chennai  
May 27, 2009

**S RANGARAJAN**  
Associate Vice President  
(Finance) & Secretary

Registered Office:  
'Arjay Apex Centre'  
51/24, College Road, Chennai - 600 006

**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 relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business under item nos. 7 - 11 as set out above is annexed hereto.
- 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, July 16, 2009 to Thursday, July 23, 2009 (both days inclusive).
- The Dividend when approved will be made payable on or after July 23, 2009, in respect of shares held in Physical form to those members whose names appear in the Register of Members as on July 23, 2009 and in respect of shares held in the Electronic form to those "Deemed Members" whose names appear in the Register of Beneficial Owners furnished by NSDL and CDSIL, in accordance with the provisions of the Depositories Act, 1996.
- 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 those Folios to enable the Company to consolidate all such Share holdings into a single Folio.
- Appointment / Reappointment of Directors:

At the ensuing Annual General Meeting, Dr R Mahadevan, Mr Yorishige Maeda and Mr P M Vekatasubramanian, retire by rotation and being eligible offer themselves for reappointment. Mr S R Srinivasan and Mr S Ramachandra are being appointed as Directors liable to retire by rotation. Dr N Gowrishankar, is being re-appointed as Whole Time Director for a period of three years effective from 29.01.2009 and Mr K V Shetty is being re-appointed as Managing Director of the Company for a period of one year effective from 01.04.2009.

As per Clause 49 of the Listing Agreement with Stock Exchanges, the brief background, functional expertise of the Directors proposed for appointment / re-appointment are furnished below along with details of Companies in which they are Directors and the Board Committees of which they are members:

- (i) Dr R Mahadevan, aged about 65 years has been a Director of the Company since July 1995. He is an Engineering Graduate and holds a Ph.D from IIT, Chennai. He has held various senior level management positions and is presently a Whole Time Director of India Pistons Limited.

Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
India Pistons Limited	
IP Pins & Liners Limited	
Bimetal Bearings Ltd.	Audit Committee Remuneration Committee
BBL Daido Pvt. Ltd.	

- (ii) Mr Yorishige Maeda, was inducted to the Board of the Company on 28.07.2006. He is a Director of Nippon Piston Ring Co. Ltd., Japan, Company's Technical Collaborators. He has served Toyota Motor Corporation in various capacities since 1971.

He does not hold Directorship in any other Indian Company.

- (iii) Mr P M Venkatasubramanian, aged about 70 years joined the Board of the Company during March 2002 as a Director. He is the Ex-Managing Director of General Insurance Corporation of India with over 4 decades of experience in Insurance Sector. He is the Chairman of the Audit and Remuneration Committees of the Company.

Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
Royal Sundaram Alliance Insurance Co Ltd	Audit Committee (Chairman) Investment Committee (Chairman)
Raadan Mediaworks (India) Ltd.	Audit Committee Investor Grievances Committee
Bimetal Bearings Limited	Audit Committee (Chairman)

- (iv) Mr S R Srinivasan, who joined the Board as an Independent Director on 28th March 2009, is a Mechanical Engineer from Madras University and has been a member of Works Managers and Institute of Forging Technology, UK. Presently he is the Managing Director of Shardlow India Limited.

Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
Shardlow India Limited	
Wheel & Precision Forgings India Limited	

- (v) Mr S Ramachandra, joined the Board on 28th March 2009 as an Independent Director, is the Managing Partner of Littler Associates, Management Consultants. He is an Engineer by profession and he has a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He does not hold Directorship in any other Indian Company.
- (vi) Dr N Gowrishankar, aged about 65 years joined the Company as General Manager (Operations) in June 1991 and was designated as Executive Director in July 1995. He is an engineering graduate and holds a Ph.D from IIT, Madras. He has held various senior level management positions in India Pistons Ltd. and is the Whole Time Director of the Company from January 29, 2005. Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
India Pistons Limited	Remuneration Committee
Amalgamations Repco Ltd.	

- (vii) Mr K V Shetty, aged about 75 years is the Managing Director of the Company since March 1992. He is a Commerce Graduate and a Fellow Member of the Institute of Chartered Accountants of India. Prior to joining this Company, Mr K V Shetty was a Whole Time Director of India Pistons Ltd.

Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
India Pistons Ltd.	Audit Committee Remuneration Committee (Chairman)
IP Pins & Liners Limited	
Amalgamations Repco Ltd.	
Simpson & General Finance Co. Ltd.	
Mahle IPL Limited	Remuneration Committee (Chairman) Audit Committee (Chairman)

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

### **ITEM NO. 7**

Mr S R Srinivasan, was appointed as an Additional Director of the Company on 28.03.2009. Pursuant to Section 260 of the Companies Act, 1956, Mr S R Srinivasan, 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 S R Srinivasan 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 S R Srinivasan, none of the Directors is concerned or interested in this Resolution.

### **ITEM NO. 8**

Mr S Ramachandra, was appointed as an Additional Director of the Company on 28.03.2009. Pursuant to Section 260 of the Companies Act, 1956, Mr S Ramachandra, 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 S Ramachandra 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 S Ramachandra, none of the Directors is concerned or interested in this Resolution.

### **ITEM NO. 9**

The remuneration payable to Mr K V Shetty, Managing Director, including salary, commission and other perquisites has been approved by the shareholders at the Annual General Meeting held on July 26, 2007, which also covers payment of minimum remuneration in the event of loss or inadequacy of profits.

The Board of Directors of the Company has proposed to pay 3% commission on the net profits of the Company as per the terms of appointment of Mr K V Shetty, notwithstanding that the profits of the Company are inadequate as computed u/s. 349 of the Companies Act, 1956, which has been approved by the Remuneration Committee. The approval of the shareholders is sought in this regard. The Company will be seeking consent of the Central Government for the payment of the minimum remuneration including commission to the Managing Director.

Your Directors recommend the Resolution for approval.

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

### **ITEM NO. 10**

At the meeting of the Board of Directors of the Company held on January 28, 2009, Dr N Gowrishankar was re-appointed as a Whole Time Director of the Company for a period of three years from 29.01.2009, pursuant to Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956. The terms and conditions relating to the reappointment of Dr N Gowrishankar as a Whole Time Director are listed below.

The remuneration payable to Dr N Gowrishankar, on his reappointment as a Whole Time Director of the Company has been proposed and recommended by the Remuneration Committee at its meeting held on January 28, 2009. The terms of reappointment of Dr N Gowrishankar as a Whole Time Director of the Company and the related remuneration payable to him needs the approval of the members by means of a Special Resolution in terms of requirements of Section II Part II of Schedule XIII to the Companies Act, 1956. Hence the Special Resolution is proposed for consideration.

The information to be disclosed as per the requirements of Section II, Part II of Schedule XIII to the Companies Act, 1956 are provided hereunder.

Salary	:	Basic Salary of Rs. 1,20,000/- per month with increments as may be decided by the Board of Directors / Committee of Directors.
Performance Allowance	:	Not exceeding 12 months' Basic Salary as may be decided by the Board of Directors / Committee of Directors

#### **Perquisites**

(i) Housing:

Either

Free furnished residential accommodation subject to the condition that the expenditure by the Company on hiring a furnished accommodation for the appointee will be subject to the ceiling of 60% of the salary.

or

Free furnished accommodation, subject to a deduction of 10%, of the salary, if the accommodation is owned by the Company.

or

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

Reimbursement of Gas and Electricity, subject to a maximum of 10% of the salary. These shall be valued as per Income Tax Rules, 1962.

(ii) Medical Reimbursement:

Reimbursement of expenses incurred for self and family upto one month's basic salary.

(iii) Leave Travel Assistance:

One month's basic 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. 4,000/-

(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.

Gratuity at one half month's salary for each completed year of service, as per Company's Gratuity Rules.

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

**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 as per the Leave Policy of the Company.

**Telephone & Car:**

Provision of Telephone at residence. Provision of Mobile Phone. 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 Whole Time Director shall be paid remuneration by way of salary, performance allowance and perquisites as specified above, subject to the limits specified in Section II, Part II of Schedule XIII of the Companies Act, 1956.

**Termination:**

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

Since the re-appointment and the payment of remuneration conform to the requirements of Schedule XIII to the Companies Act, 1956, the approval of the Central Government is not required.

The agreement which has been entered into by the Company with the Whole Time Director incorporating the provisions of the remuneration, performance allowance, perquisites and other applicable terms and conditions of re-appointment is available for inspection by any member of the company at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day till the date of the Annual General Meeting.

Apart from Dr N Gowrishankar, Whole Time Director, none of the Directors is concerned or interested in the said resolution.

The information to be disclosed as per Section II, Part II of Schedule XIII to the Companies Act, 1956 are provided as under:

**I. GENERAL INFORMATION:**

01	Nature of Industry	<b>Manufacturing of Auto Ancillary</b>		
02	Date of Commencement of Commercial Operation.	<b>Company was established in the year 1991 and had already commenced Commercial Production.</b>		
03	In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	<b>Not Applicable</b>		
04	Financial Performance	<b>Particulars</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
			<b>(Rs. in Lakhs)</b>	
		Turnover	<b>5493.23</b>	<b>6274.97</b>
		P B T	<b>160.44</b>	<b>401.78</b>
		P A T	<b>108.79</b>	<b>250.42</b>
		Rate of dividend declared	<b>10.00</b>	<b>25.00</b>
		Networth	<b>4395.68</b>	<b>4286.89</b>
05	Export Performance and Net Forex Collaborations	<b>For the year ended 31.03.2009 Forex Earned: INR 66,90,357/- Forex Outgo: INR 9,96,44,638/-</b>		
06	Foreign investments of Collaborators, if any	<b>Nippon Piston Ring Co. Ltd., Japan 7,04,200 Equity Shares of Rs. 10/- each.</b>		

**II. INFORMATION ABOUT THE APPOINTEE:**

01	Background Details	Dr N Gowrishankar, an Indian National, aged 65 years, is an Engineer by profession. He is associated with the Company since 1991. He is a specialist in Metallurgy.
02	Past Remuneration	For the year ended 31.03.2009 INR 36.78 Lakhs
03	Recognition or awards	Graduate from IIT, Madras. Awarded Ph.D by IIT, Madras for his thesis on Metallurgy. Dr. N. Gowrishankar is a member of several professional institutions, including Standard Engineers, Institution of Plant Engineers, Institution of Automobile Engineers (India), Combustion Institute, etc., He is a visiting faculty in IIT, Madras and Crescent Engineering College, Chennai
04	Job Profile and his suitability	Subject to the superintendence, direction and control of the Managing Director, Dr N Gowrishankar is responsible for the Operations of the Company.
05	Remuneration Proposed	As mentioned in the notice. The Remuneration payable has the approval of the Remuneration Committee and Board of Directors.
06	Comparative Remuneration Profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Taking into consideration the size of the Company, the profile of Dr N Gowrishankar, the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other similar companies.
07	Pecuniary relationship, directly or indirectly with the company or relationship with managerial personnel, if any.	Besides the remuneration proposed, Dr N. Gowrishankar does not have any other pecuniary relationship with the Company.

**III. OTHER INFORMATION:**

01	Reasons of loss or inadequacy of profits	The slow down in the Automotive industry has resulted in substantial reduction in the off take of OE customers and the Replacement Market during the last two quarters of the financial year, which has resulted in steep reduction in the turnover and profits.
02	Steps taken or proposed to be taken for improvement	Various cost reduction measures have been implemented, the benefit of which is likely to accrue to the company in the coming year. The expected pick up in the economic activity should result in better performance during the year.
03	Expected increase in productivity and profits in measurable terms	There are signs of revival in economic activity which should lead to improved prospects during the year