

DIRECTORS

A SIVASAILAM Esq.	Chairman
N VENKATARAMANI Esq.	Vice Chairman
K V SHETTY Esq.	Director
R MAHADEVAN Esq.	Director
N GOWRISHANKAR Esq.	Whole Time Director
MASAAKI OTANI Esq.	Director
P M VENKATASUBRAMANIAN Esq.	Director
R NATARAJAN Esq.	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: iprmmn@iprings.com

NOTICE TO THE MEMBERS

NOTICE is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd.** will be held at 3.15 p.m. on Thursday, 29th July 2010 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, 2010 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 A Sivasailam, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr K V Shetty, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Dr R Natarajan, 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 Masaaki Otani, 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 a Special Resolution.
"RESOLVED that subject to the approval of the Central Government and pursuant to the provisions of Section 198, 309, 310 and all other applicable provisions of the Companies Act, 1956, consent of the Members be and is hereby accorded for the payment of Managerial Remuneration to Mr. K.V. Shetty, Managing Director, amounting to Rs. 16,59,807/-, for the financial year 1.4.2009 to 31.3.2010, which is in excess of the limits laid down under Section 198(1) and Section 309 (3) of the Companies Act, 1956 and which has been duly recommended by the Remuneration Committee."
9. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution.
"RESOLVED that subject to the approval of the Central Government and pursuant to the provisions of Section 198, 309, 310 and all other applicable provisions of the Companies Act, 1956, consent of the Members be and is hereby accorded for the payment of Managerial Remuneration to Dr N Gowrishankar, Whole Time Director, amounting to Rs. 3,31,653/- for the financial year 1.4.2009 to 31.3.2010, which is in excess of the limits laid down under Section 198(1) and Section 309 (3) of the Companies Act, 1956 and which has been duly recommended by the Remuneration Committee."
10. To consider and if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution.
"RESOLVED that pursuant to Section 198, 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act 1956, if any, and subject to such approvals as may be required, including from Central Government, the approval of the Company be and is hereby accorded to the payment of remuneration, performance allowance and perquisites to Dr N Gowrishankar, Whole Time Director from 01.04.2010 to 28.01.2012 on the following terms and conditions as set out in the agreement duly approved at the meeting of the Board of Directors of the Company and recommended by the Remuneration Committee or such other remuneration as the Board of Directors may revise / increase / vary from time to time duly recommended in that behalf by the Remuneration Committee.

Salary	:	Basic Salary of Rs. 1,50,000/- 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.

2

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. Facility of Car with Driver.

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.

Termination:

Either party may terminate the Agreement by giving to the other party three months' notice or three 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 proviso to Section 309 (1) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the opinion and / or approval of the Central Government, the Company do avail professional services from Dr R Mahadevan, Non-Executive Director of the Company for a period of 3 years with effect from 1st April 2009 at a fee not exceeding Rs. 20,000 p.m. on terms and conditions as set forth in the agreement entered into between the Company and Dr R Mahadevan.

RESOLVED FURTHER that the fee payable for availing of professional services as mentioned above shall be in addition to the commission / sitting fee payable to Dr R Mahadevan, Non Executive Director of the Company."

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

"RESOLVED that pursuant to proviso to Section 309 (1) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the opinion and / or approval of the Central Government, the Company do avail professional services from Mr K V Shetty, Non-Executive Director of the Company for a period of two years with effect from 1st April 2010 at a fee of Rs. 2,50,000 p.m. on terms and conditions as set forth in the agreement entered into between the Company and Mr K V Shetty.

RESOLVED FURTHER that the fee payable for availing of professional services as mentioned above shall be in addition to the commission / sitting fee payable to Mr K V Shetty, Non Executive Director of the Company."

Chennai
May 27, 2010

By Order of the Board

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 - 12 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 22, 2010 to Thursday, July 29, 2010 (both days inclusive).
- The Dividend when approved will be made payable on or after July 29, 2010, in respect of shares held in Physical form to those members whose names appear in the Register of Members as on July 29, 2010 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 CDSL, 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, Mr A Sivasailam, Mr K V Shetty and Dr R Natarajan, Directors, retire by rotation and being eligible offer themselves for reappointment. Mr Masaaki Otani is being appointed as a Director liable to retire by rotation.

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:

- Mr A Sivasailam, aged about 75 years has been associated with the Company since its incorporation. He is the Chairman of Multi-Crore Amalgamations Group, one of the largest light engineering groups in the Country. He is the Chairman and Managing Director of Tractors and Farm Equipment Limited, one of the promoter companies.

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
AMCO-SAFT India Limited	
India Pistons Ltd.	
Mahle IPL Limited	
Amalgamations Valeo Clutch Pvt. Ltd.	
TAFE Motors and Tractors Limited	
Wallace Cartwright & Co., Ltd., London	
Stanadyne Amalgamations Pvt. Ltd.	
T.Stanes and Company Ltd.	

- ii. Mr K V Shetty, aged about 76 years served as the Managing Director of the Company from 1st April 1992 to 31st March 2010. He is a Graduate in Commerce 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. Effective from April 01, 2010, Mr K V Shetty is a Non Executive Director on the Board of this Company.

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	Audit Committee (Chairman) Remuneration Committee (Chairman)

- iii. Dr R Natarajan, aged about 69 years joined the Board of the Company during March 2002 as a Director. He was the Chairman of All India Council for Technical Education (AICTE). He is a member of the Audit and Remuneration Committees of the Company.

Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
Tata Elxsi Limited	Audit Committee

- iv. Mr Masaaki Otani, was inducted to the Board of the Company on 30.07.2009. He is a Director of Nippon Piston Ring Co. Ltd., Japan, Company's Technical Collaborators.

He does not hold Directorship in any other Indian Company.

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

ITEM NO. 7

Mr Masaaki Otani, was appointed as an Additional Director of the Company on 30.07.2009. Pursuant to Section 260 of the Companies Act, 1956 Mr Masaaki Otani, will hold the office as an 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 Masaaki Otani 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 Masaaki Otani, none of the Directors is concerned or interested in this Resolution.

ITEM NO. 8

The remuneration payable to Mr K V Shetty, Managing Director, which includes salary, commission and other benefits was approved by the shareholders at the Annual General Meeting held on July 23, 2009.

The said approved total remuneration payable for the year ended 31st March 2010 to Mr K V Shetty, Managing Director exceeds the limits of overall remuneration under Section 198(1) and 309 (3) of the Companies Act, 1956 by Rs. 16,59,807/-, which forms part of the overall excess remuneration of Rs. 19,91,460/- as per computation shown in Note 21 of Schedule 15 to the Accounts for the year ended March 31, 2010. Section 309 (3) of the Companies Act, 1956, permits payment of excess remuneration in excess of the limits prescribed therein with the approval of the shareholders and the Central Government.

The Shareholders approval is being sought to pay the excess remuneration to the Managing Director.

The Remuneration Committee has considered the excess remuneration payable to the Managing Director and recommended the same to the Board for payment with the approval of the Central Government and the shareholders.

The Company is proposing to make the requisite application to the Central Government seeking its 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 the Resolution.

ITEM NO. 9

The remuneration payable to Dr N Gowrishankar, Whole Time Director, under Section II, Part II of Schedule XIII of the Companies Act, 1956 was approved by the shareholders at the Annual General Meeting held on July 23, 2009.

The said approved total remuneration payable without restricting to the limits specified under Section II, Part II of Schedule XIII of the Companies Act, 1956 for the year ended 31st March 2010 to Dr N Gowrishankar, Whole Time Director exceeds the limits of overall remuneration under Section 198(1) and 309 (3) of the Companies Act, 1956 by Rs. 3,31,653/-, which forms part of the overall excess remuneration of Rs. 19,91,460/- as per computation shown in Note 21 of Schedule 15 to the Accounts for the year ended March 31, 2010. Section 309 (3) of the Companies Act, 1956, permits payment of excess remuneration in excess of the limits prescribed therein with the approval of the shareholders and the Central Government.

The Shareholders approval is being sought to pay the excess remuneration to the Whole Time Director.

The Remuneration Committee has considered the excess remuneration payable to the Whole Time Director and recommended the same to the Board for payment with the approval of the Central Government and the shareholders.

The Company is proposing to make the requisite application to the Central Government seeking its approval in this regard.

Your Directors recommend the Resolution for approval.

Save and except Dr N Gowrishankar, none of the Directors is concerned or interested in the Resolution.

ITEM NO. 10

At the Annual General Meeting of the Company held on 23.07.2009, the shareholders have approved the re-appointment of Dr N Gowrishankar, Whole Time Director of the Company for a period of three years from 29.01.2009 to 28.01.2012 and payment of remuneration to him.

The Board of Directors at their meeting held on May 27, 2010, considering the additional responsibilities of Dr N Gowrishankar, Whole Time Director, have revised the remuneration payable to him, as proposed in the Resolution based on the recommendations of the Remuneration Committee.

Now, it is proposed to seek the approval of the members for payment of the revised managerial remuneration to Dr N Gowrishankar, Whole Time Director for the period 01.04.2010 to 28.01.2012, pursuant to Section I, Part II of Schedule XIII of the Companies Act, 1956.

The variation in terms as stated in this notice may be treated as the abstract of terms and conditions under Section 302 of the Companies Act, 1956.

Your Directors recommend the Resolution for approval.

Save and except Dr N Gowrishankar, none of the Directors is concerned or interested in the Resolution.

ITEM NO. 11

After taking into account, the expert knowledge and experience of Dr R Mahadevan in the fields of New Product Development, covering the areas of design, sample development, engine testing and product approval, customer rapport, it would be most appropriate in the interests of the Company to avail his professional services. The Central Government had already expressed its opinion that Dr R Mahadevan possesses the requisite qualification, to render professional services u/s. 309(1) (b) of the Companies Act, 1956. Consequently, in the opinion of the Board of Directors, the Company will be benefited immensely from Dr R Mahadevan's professional expertise.

As per Clause 49 to the Listing Agreement, any fee / compensation payable to Non-Executive Directors require the approval of shareholders in the General Meeting and hence this 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.

ITEM NO. 12

The Board of Directors of the Company at its meeting held on March 29, 2010 approved availing of professional services of Mr K V Shetty, Non Executive Director for a period of 2 years effective from April 01, 2010 to March 31, 2012.

Mr K V Shetty is a Graduate in Commerce and is a Fellow Member of the Institute of Chartered Accountants of India. He is also a Certified Internal Auditor from Institute of Internal Auditors Inc., USA.

Mr K V Shetty served as a Managing Director of the Company from April 01, 1992 till March 31, 2010, during which period he played a key role in the promotion of IP Rings Ltd. assuming complete responsibility for financial and corporate aspects of the venture, which included planning funding strategies, identifying and sourcing capital funds from Banks and Institutions, handling Public Issues and Preferential Issues, liaisoning with SEBI, Stock Exchanges, negotiating Technical Agreements with collaborators and so on.

The Board therefore approved to avail the professional services of Mr K V Shetty, Non-Executive Director, for a period of two years as Advisor on Corporate and Finance matters, under Section 309 (1) (b) of the Companies Act, 1956.

Under the above proposal, Mr K V Shetty shall provide professional services relating to finance, business development, advice on long term strategy of the Company, given his past experience and long association with this Company.

The Company has made necessary application to the Central Government seeking expression of opinion that Mr K V Shetty possesses the requisite qualification for rendering services of a professional nature.

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.

By Order of the Board

Chennai
May 27, 2010

S RANGARAJAN
Associate Vice President
(Finance) & Secretary

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

DIRECTORS' REPORT

Your Directors have pleasure in presenting the **Nineteenth Annual Report** together with the Accounts for the year ended March 31, 2010 and the Auditor's Report thereon.

FINANCIAL RESULTS

	2009-2010	2008-2009
	(Rs. in Lakhs)	
Profit before Finance charges, Depreciation and Tax	1366.79	721.88
Finance charges	98.82	75.72
Depreciation	451.65	485.72
Profit before Tax	816.32	160.44
Provision for Taxation (Net)	259.79	51.65
Profit after Tax	556.53	108.79
Add : Balance brought forward from previous year	39.53	13.13
Profit available for appropriation	596.06	121.92
Less : Dividend @ 30%	211.26	70.42
Dividend Tax thereon	35.09	11.97
Transfer to General Reserve	300.00	—
Balance carried forward	49.71	39.53

DIVIDEND

Your Directors recommend a dividend of 30% (Rs. 3/- per share) for the year ended March 31, 2010.

OPERATIONS

The strong recovery in the overall economy during the year 2009-10 led to a significant spurt in the Automotive Industry across all segments; Passenger Cars, Commercial Vehicles and Tractors in particular performed extremely well. The upswing in the economy is expected to continue leading to buoyancy in the market with strengthening of demand for auto components from OEMs and the Aftermarket.

Your company registered a turnover of Rs.73.51 Crores as against Rs.54.93 Crores during the previous year. Both the Rings Division and the Transmission Components Division have contributed significantly to this increased turnover. There has also been an impressive pickup in the Company's profits with the profit before tax this year reaching a level of Rs.816.32 Lakhs as against Rs.160.44 Lakhs, the previous year. This improvement has been achieved despite the steep increase in the input cost of raw materials like steel and higher power costs on account of acute power shortage in the State.

OUTLOOK

Consequent to the continuing buoyancy in the automotive industry the outlook for the company for the current year is encouraging. The Company, has reviewed thoroughly the market requirements and has drawn up plans to invest in capital expenditure to increase the capacity levels and to acquire capability for new emission norms and the requirements of the new generation vehicles that the global players are bringing on to the market. With these investments, your Company is well placed to take full advantage of the opportunities presented by this growth market

Your Directors are pleased to report that the operations of the Transmission Components Division have been fully stabilized and during the year 2009-10 its contribution to the company's profits was significant. The order position for the current year is satisfactory with the confirmed orders from leading OEMs and Tier I customers.

Cost Management and Risk Management as well as strengthening and improving productivity will continue to be the key thrust areas during the current year.

RECOGNITION OF R&D UNIT

Government of India, Ministry of Science and Technology has renewed its recognition to the In-house Research & Development Unit of your Company upto March 31, 2014.

DIRECTORS

Mr. K. V. Shetty retired as the Managing Director of the Company on March 31, 2010 as per his terms of appointment. Mr. K. V. Shetty continues to be on the Board as a Non Executive Director with effect from April 01, 2010. In accordance with the provisions of the Companies Act, 1956, Mr A Sivasailam, Mr K V Shetty and Dr R Natarajan, Directors, retire by rotation and are eligible for reappointment.

Mr Yorishige Maeda resigned from the Board effective from July 23, 2009. Your Directors wish to place on record their appreciation of the valuable contribution made by Mr Yorishige Maeda to the growth of the Company, during his tenure as a Director. In his place, Mr Masaaki Otani, Director – Nippon Piston Ring Co. Ltd. has been co-opted as an Additional Director, who will hold office up to the date of the ensuing Annual General Meeting and is eligible for reappointment. The Company has received notice under Section 257 of the Companies Act, 1956, proposing the candidature of Mr Masaaki Otani as a Director of the Company, subject to retirement by rotation.

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 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 at the end of the financial year ended March 31, 2010 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.

CORPORATE GOVERNANCE

A Certificate from the Auditors of the Company regarding compliance of conditions of 'Corporate Governance' as stipulated under Clause 49 of the Listing Agreement is attached to this report.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance is included in the Annual Report. A Management Discussion and Analysis Report forms part of this Directors' Report. All the mandatory requirements under the Code of Corporate Governance have been complied with.

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. 2,00,000/- p.m. during the year ended 31.03.2010 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.

For and on behalf of the Board

Chennai
May 27, 2010

A Sivasailam
Chairman

**Annexure to the Directors' Report for the year ended 31st March 2010.
Statement containing particulars pursuant to the Companies
(Disclosure of particulars in 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:

	2009-2010	2008-2009
(a) Purchased :		
Units in Lakhs	34.09	29.89
Total Amount (Rs. in Lakhs)	186.90	143.66
Rate / Unit - Rs*	5.48	4.81
* Increase due to purchase from private suppliers.		
(b) Own Generation :		
Through Diesel Generator		
Units in Lakhs	12.35	3.94
Units per litre of Diesel	3.40	3.25
Cost / Unit - Rs.	11.19	13.98

B. CONSUMPTION PER UNIT OF PRODUCTION (ELECTRICITY)

Products	Standards if any	2009 – 2010	2008 – 2009
Piston Rings	No Standards	0.32 kwh / ring	0.29 kwh / ring
Differential Gears Pole Wheels & Transmission Components	No Standards	0.44 kwh / comp	0.69 kwh / comp

II TECHNOLOGY ABSORPTION AND INNOVATION

A. RESEARCH & DEVELOPMENT:

- | | | |
|----|--|--|
| 1. | Specific areas in which R&D is carried out by the company. | Continuous Research is being undertaken in the following areas: |
| | | <ol style="list-style-type: none"> 1. Piston Rings: New Surface Coatings for improving life and performance with respect to oil consumption, blowby & emission. Main thrust is on state of the art PVD Coatings. Upgradation of Plasma coatings for Euro IV applications is also on. 2. Orbital Cold Forming: Die life improvements, improved process flow, new applications development. 3. Development of smaller dia ring for a new application is on. |
| 2. | Benefits derived as a result of the above R&D: | <ol style="list-style-type: none"> 1. Capability to meet the demands of the next generation engines. 2. Improving competitiveness, Product range diversification. 3. Cost Reduction 4. Weight reduction in Transmission Components |