

## **DIRECTORS**

N VENKATARAMANI Esq.	Chairman
K V SHETTY Esq.	Director
A VENKATARAMANI Esq.	Managing Director
N GOWRISHANKAR Esq.	Whole Time Director
R MAHADEVAN Esq.	Director
MASAAKI OTANI Esq.	Director
P M VENKATASUBRAMANIAN Esq.	Director
R NATARAJAN Esq.	Director
S R SRINIVASAN Esq.	Director
S RAMACHANDRA Esq.	Director
T K RAMASUBRAMANYAN Esq.	Director
S RANGARAJAN Esq.	Associate Vice President (Finance) & Secretary

## **AUDITORS**

Messrs. R.G.N. PRICE & Co., 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: 91 (044) 2825 0792 / 2825 0793  
E-mail: iprcorp@iprings.com

## **FACTORY**

D 11/12, Industrial Estate  
Maraimalai Nagar  
Kancheepuram Dist. 603 209  
Tel: 91 (044) 2745 2816 / 4740 0597 / 4740 0598  
E-mail: iprmmn@iprings.com

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### **COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

Members who hold shares in physical form and want the Company to service their requirements electronically, kindly forward a request message in this connection to the following e-mail IDs quoting the folio and full name:

gogreen@iprings.com  
ipringsgogreen@btsindia.co.in

In case you desire to receive the documents mentioned above in physical form, the same will be sent to you, upon receipt of a requisition to this effect.

Please note that the Annual Report will also be available on the Company's website : [www.iprings.com](http://www.iprings.com)

Soliciting your co-operation.

**NOTICE TO THE MEMBERS**

**NOTICE** is hereby given that the **TWENTIETH ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd.** will be held at 3.15 p.m. on Thursday, 28<sup>th</sup> July 2011 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, 2011 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 N Venkataramani, 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 a Director in place of Mr P M Venatasubramanian, 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 A Venkataramani, 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."

8. 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, 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, Mr A Venkataramani be and is hereby appointed as the Managing Director of the Company for a period of three years from 01.11.2010 to 31.10.2013 under Article 46 of the Articles of Association of the Company on the terms and conditions as set out hereunder based on the recommendation of the Remuneration Committee or such other remuneration as the Board of Directors may revise / increase / vary from time to time and duly recommended in that behalf by the Remuneration Committee.

Salary : Basic Salary of ₹ 2,50,000/- per month.

Commission : Upto 2.5 % of the Net Profits as may be decided by the Board of Directors / Committee of Directors, specified 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 restricted to one month's basic salary. Premium for Mediclaim Insurance at actual.

(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 ₹ 10,000/-

(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. Leave accumulated shall be encashable at the end of the tenure.

Telephone & Car:

Provision of Telephone at residence. Provision of Mobile Phone and all communication facilities for official use. Facility of Car with Driver.

Minimum Remuneration:

In the event of loss or inadequacy of profit, in any financial year during the tenure, 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.

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 Sections 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 ₹ 5,64,943/- for the financial year 1.4.2010 to 31.3.2011, 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 a Special Resolution.

"RESOLVED that subject to the approval of the Central Government and pursuant to the provisions of Sections 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 A Venkataramani, Managing Director, amounting to ₹ 1,98,924/- for the financial year 1.4.2010 to 31.3.2011, 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."

By Order of the Board

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

Chennai  
May 30, 2011

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 - 10 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 21, 2011 to Thursday, July 28, 2011 (both days inclusive).
- The Dividend when approved will be made payable on or after July 28, 2011, in respect of shares held in Physical form to those members whose names appear in the Register of Members as on July 28, 2011 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.
- Reminders are sent to members for encashing unclaimed and unpaid dividend, on a regular basis. Members who have not yet made claims are, therefore, requested to contact the Company immediately.
- 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 N Venkataramani, Dr R Mahadevan and Mr P M Venkatasubramanian, Directors, retire by rotation and being eligible offer themselves for reappointment. Mr A Venkataramani was appointed as the Managing Director of the Company, effective from November 01, 2010.

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. Mr N Venkataramani, aged about 72 years has been a Director of the Company since its incorporation and occupies the position of Chairman from May 30, 2011. He is the Vice Chairman & Managing Director of India Pistons Limited, one of the promoter companies.

Details of other Directorships / Committee Memberships held by him.

<b>Directorship</b>	<b>Committee Membership</b>
India Pistons Ltd.	Audit Committee (Member)
Amalgamations Private Limited	
Simpson & Co., Limited	Audit Committee (Member)
George Oakes Limited	
IP Pins & Liners Limited	
Amalgamations Repco Ltd.	
Bimetal Bearings Limited	Investor Grievances Committee (Chairman) Audit Committee (Member)
Mahle IPL Limited	
Amalgamations Valeo Clutch Pvt. Ltd.	
Stanes Amalgamated Estates Ltd.	
Stanadyne Amalgamations Pvt. Ltd.	
NTTF Industries Ltd.	
Sundaram Finance Limited	
IPL Engine Components Pvt. Ltd.	

- ii. Dr R Mahadevan, aged about 67 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.

<b>Directorship</b>	<b>Committee Membership</b>
India Pistons Limited	
IP Pins & Liners Limited	
Bimetal Bearings Ltd.	
BBL Daido Pvt. Ltd.	
Amco Batteries Limited	
Amalgamations Valeo Clutch Pvt. Ltd.	

- iii. Mr P M Venkatasubramanian, aged about 72 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.

<b>Directorship</b>	<b>Committee Membership</b>
Royal Sundaram Alliance Insurance Co Ltd	Investment Committee (Chairman) Risk Management Committee (Chairman) Audit Committee (Member)
Raadan Mediaworks (India) Ltd.	Audit Committee (Member) Shareholders / Investor Grievances Committee (Member) Remuneration Committee (Member)
Bimetal Bearings Limited	Audit Committee (Chairman) Remuneration Committee (Chairman)
Indbank Merchant Banking Services Limited	Audit Committee (Member)

- iv. Mr A Venkataramani, was inducted to the Board of the Company on 27.10.2010. Subsequently he was appointed as the Managing Director of the Company effective from November 01, 2010. He is an Engineer by Profession. Prior to this, he was a Whole Time Director of Mahle IPL Limited.

Details of other Directorships / Committee Memberships held by him.

<b>Directorship</b>	<b>Committee Membership</b>
India Pistons Limited	
IP Pins & Liners Limited	
Mahle IPL Limited	
George Oakes Limited	

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

**ITEM NO. 7**

Mr A Venkataramani, was appointed as an Additional Director of the Company on 27.10.2010. Pursuant to Section 260 of the Companies Act, 1956 Mr A Venkataramani 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 A Venkataramani 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.

Apart from Mr A Venkataramani, Mr N Venkataramani, Chairman is concerned or interested in this Resolution.

**ITEM NO. 8**

The Board of Directors appointed Mr A Venkataramani, as the Managing Director of the Company for a period of 3 years with effect from 01.11.2010. Taking into account the future expansion projects planned and increases in volume of activities projected from the next year itself, it was decided that it would be most appropriate to appoint him as the Managing Director to strengthen the Company's top management. Abstract and terms of appointment and memorandum of interest under Section 302 of the Companies Act, 1956 have already been circulated to the members.

The appointment of Mr A Venkataramani, as the Managing Director, requires the approval of the Members.

Your Directors recommend the Resolution for approval.

Apart from Mr A Venkataramani, Mr N Venkataramani, Chairman is concerned or interested in this Resolution.

**ITEM NO. 9**

The remuneration payable to Dr N Gowrishankar, Whole Time Director, under Section I, Part II of Schedule XIII of the Companies Act, 1956 was approved by the shareholders at the Annual General Meeting held on July 29, 2010.

The said approved total remuneration payable for the year ended 31<sup>st</sup> March 2011 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 ₹ 5,64,943/-, which forms part of the overall excess remuneration of ₹ 7,63,867/- as per computation shown in Note 21 of Schedule 15 to the Accounts for the year ended March 31, 2011. 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**

The remuneration payable to Mr A Venkataramani, Managing Director, under Section I, Part II of Schedule XIII of the Companies Act, 1956 was approved by the Board at their meeting held on October 27, 2010 and the same is placed for approval of shareholders at this Annual General Meeting.

The total remuneration payable for the year ended 31<sup>st</sup> March 2011 to Mr A Venkataramani, Managing Director exceeds the limits of overall remuneration under Section 198(1) and 309 (3) of the Companies Act, 1956 by ₹ 1,98,924/-, which forms part of the overall excess remuneration of ₹ 7,63,867/- as per computation shown in Note 21 of Schedule 15 to the Accounts for the year ended March 31, 2011. 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.

Apart from Mr A Venkataramani, Mr N Venkataramani, Chairman is concerned or interested in this Resolution.

By Order of the Board

Chennai  
May 30, 2011

**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 **Twentieth Annual Report** together with the Accounts for the year ended March 31, 2011 and the Auditor's Report thereon.

## FINANCIAL RESULTS

	2010-2011	2009-2010
	(₹ in Lakhs)	
Profit before Finance charges, Depreciation and Tax	1269.35	1366.79
Finance charges	120.32	98.82
Depreciation	473.93	451.65
Profit before Tax	675.10	816.32
Provision for Taxation (Net)	205.66	259.79
Profit after Tax	469.44	556.53
<b>Add :</b> Balance brought forward from previous year	49.71	39.53
Profit available for appropriation	519.15	596.06
<b>Less :</b> Dividend @ 30% ( ₹ 3/- per Share )	211.26	211.26
Dividend Tax thereon	34.28	35.09
Transfer to General Reserve	200.00	300.00
Balance carried forward	73.61	49.71

## DIVIDEND

Your Directors recommend a dividend of 30% (₹ 3/- per Share) for the year ended March 31, 2011.

## OPERATIONS

During the year under review the Automotive Industry responded well to the sustained improvement in the economy and recorded a performance significantly better than that in the previous year. Domestic sales of vehicles was up by 26.17% and vehicles exports by 29.64%.

However during the second half of the year adverse factors like rising input prices, higher borrowing costs and power shortage have pushed up the operating costs causing a serious dent in the margins of the manufacturers. It is expected that the trend would continue in the current year too.

Notwithstanding this cost pressure the long term prospect for the Industry is expected to be good and it is widely believed that the Industry would continue to be on a very satisfactory growth trajectory over the entire decade.

Component manufacturers naturally benefited from the growth in the Automotive Industry and generally had a good year though they too had to feel the impact of the same adverse factors as the Automotive Industry during the second half year.

Your company performed well during the year achieving a turnover of ₹ 87.63 crores as against ₹ 73.51 crores in the previous year, with both the Rings Division and the Transmission Components Division contributing significantly to the increase in the turnover. However the increase in input and finance costs combined with power shortages eroded the margins and added to the overheads and consequently the profit before tax for the year under review was ₹ 6.75 crores as against ₹ 8.16 crores in the previous year.

## **OUTLOOK**

As said earlier, long term prospect for the Indian Automotive Industry is very promising and it is expanding at a rate that could well make it the fastest growing market in the world. Existing Vehicle Manufacturers are investing heavily for expansion of capacity and product range as well as for technology upgrade and R&D. There has also been the entry of additional global majors whose production facilities are already on stream and whose vehicles have begun reaching the market. A large number of new makes models and variants with performance features of very high sophistication, including compliance with very strict emission norms like Euro IV and above are now on the market. The changing scene in the Automotive Industry augurs well for the Components Manufacturers.

Your company is fully geared up to take advantage of the growing demand and expects a good year ahead.

The project for the PVD Ring is almost completed and production trials and market trials are under way. The project will be completed in all respects shortly and the company expects a significant contribution to Sales and Profits from this product. With the acquisition of the capability for PVD Rings the company will become one of the few who can provide rings for meeting the requirement of the new generation vehicles.

However increasing prices of inputs, higher borrowing cost, power shortage and customer resistance to price corrections which can erode margins and add to overheads are a matter of concern. The company is stepping up its efforts on the value engineering and cost reduction fronts in order to contain the impact of the adverse factors on profits.

The expected increase in production volumes, the addition of a high technology high value product, along with productivity improvements and cost reduction initiatives, the company expects, will enable it to attain higher levels of performance not only in the current year but in the years to come too.

## **DIRECTORS**

Mr A Sivasailam, Chairman passed away on January 12, 2011 and his demise is a sad loss for the company.

He was deeply committed to placing the company in the forefront of component manufacturers and provided guidance and direction to the Company for nearly two decades right from the stage of project implementation. His vision and foresight ensured for the Company safe steerage through the many large scale changes that took place in the Automotive Industry and their impact on components manufacture.

The Directors wish to place on record their appreciation of the valuable contribution made by Mr A Sivasailam during his stewardship of the Company.

In accordance with the provisions of the Companies Act, 1956, Mr N Venkataramani, Dr R Mahadevan and Mr P M Venkatasubramanian, Directors, retire by rotation and are eligible for reappointment.

During the year under review, Mr A Venkataramani and Mr T K Ramasubramanyan were co-opted as Additional Directors, who will hold office up to the date of the ensuing Annual General Meeting. Mr A Venkataramani was subsequently appointed as the Managing Director of the Company with effect from November 01, 2010. The Company has received notice under Section 257 of the Companies Act, 1956, proposing the candidature of Mr A Venkataramani as a Director of the Company. Your Directors wish to place on record the valuable services rendered by Mr T K Ramasubramanyan during his tenure as a Director.