

DIRECTORS

N VENKATARAMANI Esq.	Chairman
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
S RANGARAJAN Esq.	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(44) 2825 0792 / 2825 0793
E-mail: iprcorp@iprings.com

FACTORY

D 11/12, Industrial Estate
Maraimalai Nagar
Kancheepuram Dist. 603 209
Tel: +91(44) 2745 2816 / 2745 2852 / 2745 2853
E-mail: iprmmn@iprings.com

NOTICE TO THE MEMBERS

NOTICE is hereby given that the **TWENTY FIRST ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd.** will be held at 3.15 p.m. on Thursday, 26th July 2012 at "The Music Academy", New No 168, Old No. 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, 2012 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 S R Srinivasan, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr S Ramachandra, 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 pursuant to Section 198, 269, 309, 310, 311, 316, Schedule XIII and all 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 re-appointment, payment of remuneration, performance allowance and perquisites to Dr N Gowrishankar, Whole Time Director from 29.01.2012 to 28.01.2015 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.

Period	:	3 years from 29.01.2012 to 28.01.2015
Salary	:	Basic Salary of ₹1,70,000/- pm with increments as may be decided by the Board of Directors/ Committee of Directors.
Performance Allowance	:	An amount not exceeding ₹ 20,00,000/- p.a 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 up to 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 ₹ 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.

Company's contribution towards Superannuation Fund as per the 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.

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, pursuant to the provisions of Section 310, 198 (4) and other applicable provisions of the Companies Act, 1956, consent of the Members be and is hereby accorded to the payment of Managerial Remuneration amounting to ₹ 51,95,508/- to Dr N Gowrishankar, Whole Time Director for the financial year 1.4.2011 to 31.3.2012 as Minimum Remuneration notwithstanding the fact that the profits of the company are inadequate 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, pursuant to the provisions of Section 310, 198 (4) and other applicable provisions of the Companies Act, 1956, consent of the Members be and is hereby accorded to the payment of Managerial Remuneration amounting to ₹ 72,14,766/- to Mr A Venkataramani, Managing Director for the financial year 1.4.2011 to 31.3.2012 as Minimum Remuneration notwithstanding the fact that the profits of the company are inadequate 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 293(1)(d) and other applicable provisions of the Companies Act, 1956, the Company do borrow from time to time any sum or sums of moneys on such terms and conditions and with or without security as the Board of Directors may think fit which, notwithstanding the fact that the moneys to be so borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained in the ordinary course of business), may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, by a sum not exceeding ₹ 50 Crores.”

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

“RESOLVED that pursuant to section 293(1)(a) of the Companies Act, 1956, the Company do mortgage and/or charge all or any of the immovable and movable properties of the company, wherever situate, both present and future or the whole or substantially the whole of the undertaking or undertakings of the company in such form and in such manner as the Board of Directors may think fit, for securing any loans and/or advances already obtained or that may be obtained from any financial institutions/Banks/insurance companies or person or persons, and/or to secure any debentures issued and/or that may be issued and all interests, compound/additional interest, commitment charge, costs, charges, expenses and all other moneys payable by the company to the concerned lenders for the purpose of securing such borrowings up to a limit of ₹ 50 Crores in excess of the aggregate of the paid up capital of the Company and its free reserves.”

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, 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 2012 at a fee not exceeding ₹ 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.”

By Order of the Board

Chennai
May 18, 2012

S RANGARAJAN
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 19, 2012 to Thursday, July 26, 2012 (both days inclusive).
- The Dividend when approved will be made payable on or after July 26, 2012, in respect of shares held in Physical form to those members whose names appear in the Register of Members as on July 26, 2012 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.
- 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 S R Srinivasan, Mr S Ramachandra & Dr R Natarajan, Directors, retire by rotation and being eligible offer themselves for reappointment. Dr N Gowrishankar was re-appointed for three years as Whole Time Director of the Company, effective from January 29, 2012.

As per Clause 49 of the Listing Agreement with Stock Exchanges, the brief background, functional expertise of the Directors proposed for 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 S R Srinivasan, aged about 72 years joined the Board as an Independent Director during 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	

- ii. Mr S Ramachandra, aged about 53 years joined the Board during March 2009 as an Independent Director, is the Managing Partner of Littler Associates, Management Consultants. He is an Engineer by profession and has completed his PGDM from Indian Institute of Management, Ahmedabad.

Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
Amco Batteries Limited	

- iii. Dr R Natarajan, aged about 72 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. Dr N Gowrishankar, aged about 68 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.	

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

ITEM NO. 7

Dr N Gowrishankar, with his vast experience in Production, Technical and Operational Management had piloted the Company in all its ventures successfully and the Board of Directors were of the unanimous opinion that the continued presence of Dr N Gowrishankar was essential for your Company at this juncture to maintain continuity in leadership and guidance. Accordingly, on January 27, 2012, the Board of Directors of the Company re-appointed Dr N Gowrishankar as a Whole Time Director for a period of three years from 29.01.2012, pursuant to Sections 198, 269, 309, 310, 311, 316, Schedule XIII and other applicable provisions of the Companies Act, 1956. Abstract and terms of re-appointment and memorandum of interest under Section 302 of the Companies Act, 1956 have already been circulated to the members.

The reappointment of Dr N Gowrishankar, as Whole Time Director requires the approval of the Members.

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

The Board of Directors recommend the resolutions for your approval as set out under item no. 7.

ITEM NO. 8

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 overall remuneration payable to Dr N Gowrishankar, Whole Time Director, for the year ended 31st March 2012, including salary, perquisites & performance allowance together with the managerial remuneration payable to Mr A Venkataramani, Managing Director exceeds the limit of 10% of the net profits prescribed under the Companies Act, 1956 by ₹1,08,94,767/-. 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.

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

An application will be made to the Central Government seeking its approval in this regard.

Your Directors recommend the Resolution for approval.

Save and except Dr N Gowrishankar, Whole Time Director, none of the Directors are, in any way, concerned or interested in this Resolution.

ITEM NO. 9

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 shareholders at the Annual General Meeting held on July 28, 2011.

The overall remuneration payable to Mr A Venkataramani, Managing Director, for the year ended 31st March 2012, including salary, perquisites & commission @ 2.5% of the net profits together with the managerial remuneration payable to Dr N Gowrishankar, Whole Time Director exceeds the limit of 10% of the net profits prescribed under the Companies Act, 1956 by ₹1,08,94,767/-. 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.

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

An application will be made 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.

ITEM NO. 10 & 11

The present borrowing powers of the Company is ₹ 20 Crores over and above the Paid up Capital and its Free Reserves. This limit was approved by the Shareholders at their Meeting held on 29.09.1993. In order to meet the increasing long term financial requirements for the present and future projects of the Company, the Board of Directors recommend the members to accord their consent to borrow monies up to ₹ 50 Crores over and above the Paid up Capital of the Company and its Free Reserves.

Under Section 293 (1) (d) of the Companies Act, 1956 consent of the members is required to enable the Board of Directors to borrow monies from time to time to meet the project requirements, which exceeds the aggregate of the Paid up Capital of the Company and its Free Reserves.

The financial assistance from the lenders have to be secured by the subservient charge on the movable and immovable assets of the Company both present and the future. Under Section 293 (1) (d) of the Companies Act, 1956 consent of the members is required in this regard. Hence this Resolution.

The Board of Directors recommend the resolutions for your approval as set out under item nos. 10 & 11. None of the Directors is interested or concerned in the Resolution.

ITEM NO. 12

The Company was availing the Professional Services of Dr R Mahadevan, Director, continuously till March 31, 2012 with the approval of the Shareholders and Central Government. Your Directors felt that it is most appropriate in the interest of the Company to continue the Professional Services of Dr R Mahadevan, Director. 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.

In order to continue to avail the Professional Services of Dr R Mahadevan for a further period of 3 years from 01.04.2012, as per Clause 49 to the Listing Agreement, any fee / compensation payable to Non-Executive Directors require the consent of shareholders in the General Meeting. 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.

By Order of the Board

Chennai
May 18, 2012

S RANGARAJAN
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 **Twenty First Annual Report** together with the Accounts for the year ended March 31, 2012 and the Auditor's Report thereon

FINANCIAL RESULTS

	2011-2012	2010-2011
	(₹ in Lakhs)	
Profit before Finance charges, Depreciation and Tax	935.72	1269.35
Finance charges	360.92	120.32
Depreciation	545.79	473.93
Profit before Tax	29.01	675.10
Provision for Taxation (Net)	(29.14)	205.66
Profit after Tax	58.15	469.44
Add : Balance brought forward from previous year	73.61	49.71
Profit available for appropriation	131.76	519.15
Less : Dividend @ 10% (₹ 1/- per Share)	70.42	211.26
Dividend Tax thereon	11.42	34.28
Transfer to General Reserve	0.00	200.00
Balance carried forward	49.92	73.61

DIVIDEND

Your Directors recommend a dividend of 10% (₹ 1/- per Share) for the year ended March 31, 2012.

OPERATIONS

After having recorded strong double digit volume growth over the last two years, the Auto and Auto Component Industry faced moderation in growth in 2011-12 contributed by rising fuel cost, increase in interest rates and firming up of Commodity prices.

During the year under review, your Company had also to face sudden drop in demand from customers, high cost of borrowing and abnormal fluctuation in Japanese Yen, resulting in lower capacity utilization, higher interest outflow and higher material cost. These factors have adversely affected the sales volume and profitability of your Company.

The Power Scenario for the Company during the year under review was characterized by the power cut imposed by the TNEB (on both maximum demand and energy consumption), frequent interruptions and poor quality power within the available MD and Consumption limits and the steep hike in the tariff for HT consumers. This extremely adverse situation had a very serious impact on the Company's performance lowering activity levels and pushing up the manufacturing cost.

Your Company achieved a Turnover of ₹ 91.26 Crores and a Profit Before Tax of ₹ 29.01 Lakhs compared to ₹ 87.63 Crores of Turnover and Profit Before Tax of ₹ 675.10 Lakhs achieved in previous year.

OUTLOOK

The Indian Automotive Industry is still estimated to grow at 10 - 15 %. This demand is likely to be driven by growth across categories, but primarily by the growing four stroke motor cycle and passenger car segment, tractor sales and a growing new generation, high technology commercial vehicles sector. These trends are expected to continue in the coming years.

For your Company, these trends augur well. In addition, newer Products, higher volumes in existing product lines, higher productivity and cost reduction efforts are likely to contribute to higher sales and better profitability in the coming years.

The Transmission Components Division is poised for higher growth with introduction of newer products and broad basing of customer base.

The project to manufacture PVD Rings has been commercialised and supplies started. New customers will be added during this year for supply of PVD rings and capacity utilization in PVD facility is expected to be much higher.

With this your Company is expected to do better in the coming years.

DIRECTORS

Mr K V Shetty, Director, passed away on August 18, 2011. He was the first Managing Director of the Company who occupied that position till March 31, 2010. He contributed immensely to the growth of your Company and also instrumental in identifying new projects to your Company. Your Directors wish to place on record their appreciation of the valuable contribution made by Mr K V Shetty, during his tenure. Mr T K Ramasubramanian, Director vacated his office on July 28, 2011.

In accordance with the provisions of the Companies Act, 1956, Mr S R Srinivasan, Mr S Ramachandra and Dr R Natarajan, Directors, retire by rotation and are eligible for reappointment. Dr N Gowrishankar, has been re-appointed as the Whole Time Director for a further period of three years effective from 29.01.2012.

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, 2012 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 ₹ 5,00,000/- p.m. during the year ended 31.03.2012 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

N Venkataramani
Chairman

Chennai
May 18, 2012

Annexure to the Directors' Report for the year ended 31st March 2012
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:

	2011-2012	2010-2011
(a) Purchased :		
<i>Units in Lakhs</i>	43.37	45.51
<i>Total Amount (₹ in Lakhs)</i>	303.53	309.26
Rate / Unit - ₹ *	7.00	6.80
* increase due to purchase from private suppliers		
(b) Own Generation :		
Through Diesel Generator		
<i>Units in Lakhs</i>	14.49	10.01
<i>Units per litre of Diesel</i>	3.16	3.29
Cost / Unit - ₹	14.60	13.45

B. CONSUMPTION PER UNIT OF PRODUCTION (ELECTRICITY)

Products	Standards if any	2011 – 2012	2010 – 2011
Piston Rings	No Standards	0.33 kwh / ring	0.34 kwh / ring
Differential Gears Pole Wheels & Transmission Components	No Standards	0.83 kwh / comp	0.70 kwh / comp