

## **DIRECTORS**

|                        |                                       |
|------------------------|---------------------------------------|
| N VENKATARAMANI        | Chairman                              |
| A VENKATARAMANI        | Managing Director                     |
| N GOWRISHANKAR         | Whole Time Director (Till 31.05.2013) |
| R MAHADEVAN            | Director                              |
| MASAAKI OTANI          | Director                              |
| P M VENKATASUBRAMANIAN | Director                              |
| R NATARAJAN            | Director                              |
| S R SRINIVASAN         | Director                              |
| S RAMACHANDRA          | Director                              |
| S PRIYAMVATHA          | Company Secretary                     |

## **AUDITORS**

Messrs. R.G.N. PRICE & Co.,  
861, Anna Salai, Chennai 600 002

## **LEGAL ADVISORS**

S RAMASUBRAMANIAM & ASSOCIATES  
6/1, Bishop Wallers Avenue (W), Chennai 600 004

## **BANKERS**

STANDARD CHARTERED BANK  
CENTRAL BANK OF INDIA  
HDFC BANK LIMITED

## **REGISTERED OFFICE & FACTORY**

D 11/12, Industrial Estate  
Maraimalai Nagar  
Kancheepuram Dist. 603 209  
Tel: +91(44) 2745 2816 / 4740 0597 / 4740 0598  
E-mail: iprmmn@iprings.com

## **SHARE TRANSFER AGENTS**

BTS CONSULTANCY SERVICES PVT LTD  
I Floor, M S Complex  
Plot No. 8, Sastri Nagar  
Nr. 200 Feet Road RTO  
Kolathur, Chennai - 600 099  
Tel: (044) 2556 5121 Fax (044) 2556 5131  
E-mail: helpdesk@btsindia.co.in

## **NOTICE TO THE MEMBERS**

**NOTICE** is hereby given that the **TWENTY SECOND ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd.** will be held at 10.15 a.m. on Monday, 29<sup>th</sup> July 2013 at the Registered Office of the Company at D-11/12, Industrial Estate, Maraimalai Nagar 603 209, to transact the following business:

### **ORDINARY BUSINESS:**

1. To consider and adopt the Audited Balance Sheet as at March 31, 2013 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 appoint a Director in place of Mr Masaaki Otani, who retires by rotation and is eligible for reappointment.
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 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:**

6. 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 Sections 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 ₹ 61,04,416/- to Dr N Gowrishankar, Whole Time Director for the financial year 1.4.2012 to 31.3.2013 as Minimum Remuneration notwithstanding the fact that the Company has no profits or inadequate profits and which has been duly recommended by the Remuneration Committee."

7. 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 Sections 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 ₹ 71,66,403/- to Mr A Venkataramani, Managing Director for the financial year 1.4.2012 to 31.3.2013 as Minimum Remuneration notwithstanding the fact that the Company has no profits or inadequate profits and which has been duly recommended by the Remuneration Committee."

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, 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 re-appointment, payment of remuneration, commission and perquisites to Mr A Venkataramani, Managing Director from 01.11.2013 to 31.10.2016 on the following terms and conditions as set out in the agreement duly approved by the Remuneration committee and at the meeting of the Board of Directors of the Company 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 01.11.2013 to 31.10.2016  |
| Salary            | : | Basic Salary of ₹ 2,75,000/- pm with increments as may be decided by the Board of Directors on the recommendation of the Remuneration Committee. |
| Special Allowance | : | ₹ 1,00,000/- pm  |
| Commission        | : | Upto 2.5 % of the Net Profits as may be decided by the Board of Directors on the recommendation of the Remuneration Committee.                   |

**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.

Reimbursement of Gas and Electricity, Water and furnishing shall be borne by the Company.

(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 ₹ 12,000/-

(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.

Income Tax:

The above salary, commission and perquisites will be subject to the provisions of Income Tax Act, 1961 and the Rules framed thereunder (as amended from time to time).

Leave:

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

Telephone & Car:

Provision of Telephone at residence. Provision of Mobile Phone & other Communication facilities. Facility of Car with Driver.

Minimum Remuneration:

In the event of loss or inadequacy of profit, in any financial year, the Managing Director shall be paid remuneration by way of salary, commission 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 in conformity with Article 60 & 61 of the Articles of Association of the Company and pursuant to the provisions of Section 309(4) of the Companies Act, 1956, consent be and is hereby accorded for the payment of commission to eligible Non Executive Directors of the Company other than Managing / Whole Time Directors upto 1% of the net profits of the Company computed in the manner laid down in Section 198 (1) of the Companies Act, 1956 for each financial year for a period of five years commencing from 01.04.2013 to 31.03.2018 to be apportioned between such directors in such manner as may be decided by the Board of Directors from time to time.”

By Order of the Board

Chennai  
May 29, 2013

**S PRIYAMVATHA**  
Company Secretary

Registered Office:  
D-11/12, Industrial Estate  
Maraimalai Nagar 603 209

**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. 6 - 9 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 Monday, July 22, 2013 to Monday, July 29, 2013 (both days inclusive).
- 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 Shareholdings into a single Folio.

**Appointment / Reappointment of Directors:**

At the ensuing Annual General Meeting, Mr Masaaki Otani, Mr N Venkataramani & Dr R Mahadevan, Directors, retire by rotation and being eligible offer themselves for reappointment. Mr A Venkataramani is being re-appointed for a further period of three years as Managing Director of the Company, effective from November 01, 2013.

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 Masaaki Otani, aged about 61 years 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.

- (ii) Mr N Venkataramani, aged about 73 years has been a Director of the Company since its incorporation and occupies the position of Chairman from May 30, 2011. He holds a Masters Degree in Production Engineering. He is the 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)<br>Audit Committee (Member) |
| Mahle IPL Limited                    | Audit Committee (Chairman)   |
| Amalgamations Valeo Clutch Pvt. Ltd. |  |
| Stanes Amalgamated Estates Ltd.      |  |
| Stanadyne Amalgamations Pvt. Ltd.    |  |
| Elco NTTF (India) Private Ltd.       |  |
| Sundaram Finance Limited             |  |
| IPL Engine Components Pvt. Ltd.      |  |
| IPL Green Power Pvt Ltd.             |  |
| The Adyar Property Holding Co P Ltd  |  |

- (iii) Dr R Mahadevan, aged about 70 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 retired as a Whole Time Director from India Pistons Limited.

Details of other Directorships / Committee Memberships held by him.

| Directorship                            | Committee Membership |
|---|----------------------|
| India Pistons Limited                   |                      |
| IP Pins & Liners Limited                |                      |
| BBL Daido Pvt. Limited                  |                      |
| Amco Batteries Limited                  |                      |
| Amalgamations Valeo Clutch Pvt. Limited |                      |
| Simpson & Co. Limited                   |                      |
| Mahle IPL Limited                       |                      |
| IPL Green Power Pvt Limited             |                      |

- (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.

| Directorship             | Committee Membership |
|--------------------------|----------------------|
| 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. 6**

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 26, 2012.

As the Company has no profits / profits are inadequate during 2012-13, the overall managerial remuneration payable to Dr N Gowrishankar, Whole Time Director, for the year ended 31<sup>st</sup> March 2013, including salary, perquisites & performance allowance together with the managerial remuneration payable to Mr A Venkataramani, Managing Director, which works out to ₹ 1,32,70,819/- shall be paid only with the approval of the Shareholders and the Central Government. Section 309(3) of the Companies Act permits payment of remuneration with the approval of the Central Government and the Shareholders.

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

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. 7**

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.

As the Company has no profits / profits are inadequate during 2012-13, the overall managerial remuneration payable to Mr A Venkataramani, Managing Director, for the year ended 31<sup>st</sup> March 2013, including salary & perquisites together with the managerial remuneration payable to Dr N Gowrishankar, Whole Time Director, which works out to ₹ 1,32,70,819/- shall be paid only with the approval of the Shareholders and the Central Government. Section 309(3) of the Companies Act permits payment of remuneration with the approval of the Central Government and the Shareholders.

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

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. 8**

Mr A Venkataramani was appointed as the Managing Director for a period of three years effective from 01.11.2010. With his vast experience in Production, Technical and Operational Management, he is leading the Company in all its ventures successfully and the Board of Directors were of the unanimous opinion that the continued presence of Mr A Venkataramani is essential for your Company at this juncture to maintain continuity in leadership and guidance. Accordingly, at the Board Meeting held on May 29, 2013, the Board of Directors of the Company re-appointed Mr A Venkataramani as the Managing Director for a further period of three years from 01.11.2013, pursuant to Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956.

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

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

The Board of Directors recommends the resolution for your approval as set out under item no. 8.

This may also be treated as an abstract and terms of re-appointment and memorandum of interest under Section 302 of the Companies Act, 1956.

**ITEM NO. 9**

Payment of remuneration by way of Commission up to 1% of the net profits to the Non Executive Directors for a period of 5 years commencing from 01.04.2008 to 31.03.2013 was approved by the Shareholders at the Annual General Meeting held on July 24, 2008. In view of the valuable contributions and greater involvement of the Non Executive Directors, in the affairs of the Company, it is thought appropriate to continue to remunerate the eligible Non Executive Directors.

Pursuant to the provisions of Section 309(4) of the Companies Act, 1956, remuneration by way of commission up to 1% of the net profits to the eligible Directors, who are neither in whole-time employment nor managing director, can be paid only with the approval of the members through a special resolution.

Hence this resolution. Your Directors recommend the Resolution for approval.

All Directors except Mr A Venkataramani, Managing Director are interested in this Resolution to the extent of the commission that would become payable to them in accordance with the proposed resolution. Dr N Gowrishankar, Whole Time Director is interested in the resolution with effect from June 01, 2013.

By Order of the Board

**S PRIYAMVATHA**  
Company Secretary

Chennai  
May 29, 2013

Registered Office:  
D-11/12, Industrial Estate  
Maraimalai Nagar 603 209

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the **Twenty Second Annual Report** together with the Accounts for the year ended March 31, 2013 and the Auditor's Report thereon

## FINANCIAL RESULTS

|   | 2012-2013    | 2011-2012 |
|---|--------------|-----------|
|   | (₹ in Lakhs) |           |
| Profit before Finance charges, Depreciation and Tax     | 554.73       | 935.72    |
| Finance charges   | 550.61       | 360.92    |
| Depreciation  | 645.75       | 545.79    |
| Profit / (Loss) before Tax                              | (641.63)     | 29.01     |
| Provision for Taxation (Net)                            | (223.99)     | (29.14)   |
| Profit / (Loss) after Tax                               | (417.64)     | 58.15     |
| <b>Add :</b> Balance brought forward from previous year | 49.92        | 73.61     |
| Profit available for appropriation                      | (367.72)     | 131.76    |
| <b>Less :</b> Dividend                                  | –            | 70.42     |
| Dividend Tax thereon                                    | –            | 11.42     |
| Transfer to General Reserve                             | –            | –         |
| Balance carried forward                                 | (367.72)     | 49.92     |

## DIVIDEND

In view of the loss during the year under review, your Directors do not recommend any Dividend for the year ended March 31, 2013.

## OPERATIONS

The Indian auto and auto components industry is currently facing its most formidable challenge – the slowing down of demand in all segments of the industry. The overall earnings growth of the auto component industry during 2012-13 remained subdued in the wake of weak demand, inflation in overheads, acute power shortage and adverse currency volatility. The revenue growth of the auto components industry is typically a close reflection of the blended growth of individual automotive segments viz., passenger vehicles (PV), commercial vehicles (CV) and two-wheelers (2W). The revenue growth of these select entities has been consistently declining over the last six quarters with growth being the slowest in Q1, 2012-13.

For your Company in particular, the sluggish growth of new business in Rings and OCF Divisions and the resultant unutilized high capex and a steep increase in power costs have been the major causes for the middling performance. On a positive note, your Company has been able to achieve much of its cost reduction efforts and price increase targets for the year 2012-13.

Your Company, though it achieved a Turnover of ₹ 95.18 Crores compared to ₹ 91.26 Crores of Turnover achieved in previous year incurred a loss of ₹ 4.18 crores.

## OUTLOOK

The revenue growth prospects of the auto components industry over the near term remain somber as all three automotive segments are likely to grow at a low-to-mid single digit rate in 2013-14. That said, the performance of individual auto component manufacturers may continue to vary depending on the entities' revenue mix (OEMs/Replacement Market/Non-Automotive Segment), segment bias (PV/CV/2W) and geographical diversification (domestic/exports).

For your company, though the current trend is likely to prevail during the first half of the financial year, it is expected that in the second half of the financial year there would be significant improvement. The company has been developing a number of new products, both Rings and forged components, and with a breakthrough in these areas significant improvement in revenue performance is expected next year.



However, looking ahead the various technology improvements and upgrades implemented in product design and development, process engineering, manufacturing, quality and other related areas have strengthened the company's manufacturing base and this is expected to bear fruit in the coming years.

#### **DIRECTORS**

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

Mr A Venkataramani, Managing Director is being re-appointed for a further period of 3 years effective 01.11.2013. With effect from 1<sup>st</sup> June 2013, Dr N Gowrishankar will be a Non Executive Director.

#### **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, 2013 and of the loss 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 this 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 31.03.2013 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 29, 2013

**Annexure to the Directors' Report for the year ended 31st March 2013**  
**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:**

|   | <b>2012-2013</b> | 2011-2012 |
|---|------------------|-----------|
| <b>(a) Purchased :</b>                            |                  |           |
| <i>Units in Lakhs</i>                             | <b>33.05</b>     | 43.37     |
| <i>Total Amount (₹ in Lakhs)</i>                  | <b>306.94</b>    | 303.53    |
| Rate / Unit - ₹ *                                 | <b>9.29</b>      | 7.00      |
| * increase due to purchase from private suppliers |                  |           |
| <b>(b) Own Generation :</b>                       |                  |           |
| Through Diesel Generator                          |                  |           |
| <i>Units in Lakhs</i>                             | <b>26.12</b>     | 14.49     |
| <i>Units per litre of Diesel</i>                  | <b>3.24</b>      | 3.16      |
| Cost / Unit - ₹                                   | <b>15.33</b>     | 14.60     |

**B. CONSUMPTION PER UNIT OF PRODUCTION (ELECTRICITY)**

| <b>Products</b>   | <b>Standards if any</b> | <b>2012 – 2013</b>     | 2011 – 2012     |
|---|-------------------------|------------------------|-----------------|
| Piston Rings  | No Standards            | <b>0.27 kwh / ring</b> | 0.33 kwh / ring |
| Differential Gears<br>Pole Wheels &<br>Transmission<br>Components | No Standards            | <b>0.91 kwh / comp</b> | 0.83 kwh / comp |