

**DIRECTORS**

N VENKATARAMANI	Chairman
A VENKATARAMANI	Managing Director
N GOWRISHANKAR	Director
R MAHADEVAN	Director
MASAAKI OTANI	Director
P M VENKATASUBRAMANIAN	Director
R NATARAJAN	Director
S R SRINIVASAN	Director
S RAMACHANDRA	Director

R VENKATARAMAN	Chief Financial Officer
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 / 2745 2851  
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

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## **NOTICE TO THE MEMBERS**

**NOTICE** is hereby given that the **TWENTY THIRD ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd.** will be held at 10.15 a.m. on Thursday, 31<sup>st</sup> July 2014 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 receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 together with the Statement of Profit and Loss 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 Dr N Gowrishankar (DIN 00124441), who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr Masaaki Otani (DIN 02714500), who retires by rotation and, being eligible, offers himself for reappointment.
4. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, Messrs. R G N Price & Co., (Firm Regn No. 002785S) 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:**

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

"RESOLVED that pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr P M Venkatasubramanian (DIN 00124505) Director of the Company, who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto March 31, 2019."

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

"RESOLVED that pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr S R Srinivasan (DIN 00446444) Director of the Company, whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto March 31, 2019."

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

"RESOLVED that pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr S Ramachandra (DIN 02613601) Director of the Company, whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto March 31, 2019."

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

“RESOLVED that pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr R Natarajan (DIN 00001638) Director of the Company, whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto March 31, 2019.”

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

“RESOLVED that subject to the approval of the Central Government, pursuant to the provisions of Section 309 (5), 310, 198 (4) and other applicable provisions of the Companies Act, 1956, consent of the Members be and is hereby accorded for waiver of recovery of excess remuneration of ₹. 9,98,831/- paid / payable to Dr N Gowrishankar, Whole Time Director for the period 01.04.2013 to 31.05.2013, notwithstanding the fact that the Company has no profits or inadequate profits and which has been duly recommended by the Nomination & Remuneration Committee.

RESOLVED FURTHER that the Company Secretary be and is hereby authorized to make necessary application to the Central Government for waiver of recovery of excess remuneration paid / payable to the Whole Time Director and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this Resolution.”

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

“RESOLVED that subject to the approval of the Central Government, pursuant to the provisions of Section 309 (5), 310, 198 (4) and other applicable provisions of the Companies Act, 1956, consent of the Members be and is hereby accorded for waiver of recovery of excess remuneration of ₹. 78,21,216/- paid to Mr A Venkataramani, Managing Director for the period 01.04.2013 to 31.03.2014, notwithstanding the fact that the Company has no profits or inadequate profits and which has been duly recommended by the Nomination & Remuneration Committee.

RESOLVED FURTHER that the Company Secretary be and is hereby authorized to make necessary application to the Central Government for waiver of recovery of excess remuneration paid to the Managing Director and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this Resolution.”

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

“RESOLVED that in supersession to the Ordinary Resolution adopted at the 21<sup>st</sup> Annual General Meeting held on 26<sup>th</sup> July 2012 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow from time to time any sum or sums of money on such terms and conditions and with or without security as the Board may think fit, which notwithstanding the fact that the amount borrowed / to be so borrowed (apart from temporary loans obtained / 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 ₹. 75 Crores (Rupees Seventy Five Crores only).”

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

“RESOLVED that in supersession to the Ordinary Resolution adopted at the 21<sup>st</sup> Annual General Meeting held on 26<sup>th</sup> July 2012 and pursuant to Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), 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 ₹.75 Crores in excess of the aggregate of the paid up capital of the Company and its free reserves.”

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

“RESOLVED that pursuant to the provisions of Section 293 (1)(e) of the erstwhile Companies Act, 1956 and Section 181 of the Companies Act, 2013 and all other applicable provisions, if any, of both the Acts, the Company seeks the consent of the Shareholders for the donations amounting to ₹.1,31,500/- made to charities during the financial year 2013-14.”

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

“RESOLVED that the remuneration of ₹.1.25 Lakhs in addition to reimbursement of out of pocket expenses payable to M/s. Raman & Associates, who were appointed as Cost Auditor of the Company for the year 2014-15 as recommended by the Audit Committee and approved by the Board of Directors of the Company, in terms of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 be and is hereby ratified.”

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

“RESOLVED that in supersession to the Ordinary Resolution adopted at the 22<sup>nd</sup> Annual General Meeting held on 29<sup>th</sup> July 2013, pursuant to Sections 196, 197, Schedule V and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the payment of managerial remuneration, commission and perquisites to Mr A Venkataramani, Managing Director for the period 01.04.2014 to 31.10.2016 in terms of the Proviso to Section II, Part II of Schedule V of the Companies Act, 2013 with liberty to the Board of Directors (hereinafter referred to as “the Board”, which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said remuneration as it may deem fit, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOVLED FURTHER that the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

By Order of the Board

**S PRIYAMVATHA**  
Company Secretary

Chennai  
May 30, 2014

Registered Office:  
D-11/12, Industrial Estate  
Maraimalai Nagar 603 209  
CIN: L28920TN1991PLC020232

**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. A proxy cannot act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than ten percent of the total share capital of the Company.
- The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of business under item nos. 5 - 15 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 24, 2014 to Thursday, July 31, 2014 (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, Dr N Gowrishankar & Mr Masaaki Otani, Directors, retire by rotation and being eligible offer themselves for reappointment.

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) Dr N Gowrishankar, aged about 70 years was inducted to the Board of the Company on 29<sup>th</sup> January 2005. He is a Doctorate in Metallurgy and has vast experience in Production, Technical and Operational Management. He was the Whole Time Director of the Company till May 31, 2013. He is a Director in India Pistons Ltd. and Amalgamations Repco Ltd.
- (ii) 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.
- The Company has appointed Mrs Lalitha Kannan, Partner, LK & Associates, Practicing Company Secretaries, Chennai to act as the Scrutinizer for conducting the e-Voting Process (including the Ballot Form received from the members, who do not have access to the e-Voting process) in a fair and transparent manner.
- Members who do not have access to e-Voting facility may send completed Ballot Form (enclosed with this Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, at the Registered Office of the Company not later than Tuesday, July 29, 2014. Ballot paper received after this date will be treated as invalid.
- In compliance with the provisions of Section 108 and 110 of the Companies Act, 2013 read with The Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-Voting facility to all the Shareholders of the Company. For this purpose, the Company has entered into an agreement with NSDL for facilitating e-Voting to enable the Shareholders to cast their votes electronically.

The instructions for Shareholders for e-Voting are as under:

**A. In case of Shareholders' receiving e-mail from NSDL:**

- (i) Open e-mail and also open PDF file viz., "IP Rings e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-Voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>

- (iii) Click on Shareholder – Login.
  - (iv) Enter the user id and password as initial password noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of e-Voting opens. Click on e-Voting: Active e-Voting Cycles.
  - (vii) Select “EVEN” (E-Voting Event Number) of IP Rings Ltd.
  - (viii) Now you are ready for e-Voting as Cast Vote Page opens.
  - (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
  - (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
  - (xi) Once you have voted on the resolutions, you will not be allowed to modify your vote.
  - (xii) For the votes to be considered valid, the institutional shareholders (i.e., other than individuals, HUF, NRI, etc.,) are required to send scanned copy (PDF/JPEG Format) of the relevant Board Resolution / Authority Letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at kannan.lalitha@gmail.com with a copy marked to evoting@nsdl.co.in
- (B) In case of Shareholders’ receiving Ballot Form by Post:
- (i) Initial password is provided as below at the bottom of the Ballot Form.
- | EVEN | USER ID | PASSWORD/PIN |
|------|---------|--------------|
|      |         |              |
- (ii) Please follow all steps from S. No. (ii) to S. No. (xii) above, to cast vote.
- (C) In case of any queries with respect to e-Voting, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  - (D) If you are already registered with NSDL for e-Voting then you can use your existing User ID and Password for casting your vote.
  - (E) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - (F) Kindly note that the Shareholders can opt only one mode of voting, i.e., either by Physical Ballot or e-Voting. If shareholders are opting for e-Voting, then they should not vote by Physical Ballot or vice-versa. However, in case Shareholders cast their vote both by Physical Ballot and e-Voting, then voting done through e-Voting shall prevail and voting done by physical ballot form will be treated as invalid.
  - (G) Shareholders desiring to exercise vote by Physical Ballot are requested to carefully read the instructions printed in the Ballot Form and return the Form duly completed and signed in the enclosed self addressed business reply envelope to the Scrutinizer so as to reach the Scrutinizer on or before the close of working hours on Tuesday, July 29, 2014. The postage cost will be borne by the Company. However, envelopes containing Ballot Form(s), if deposited in person or sent by courier or registered / speed post at the expense of the Shareholder will also be accepted.
  - (H) The e-Voting period for e-Voting module commences on Sunday, July 27, 2014 @ 9.30 a.m. and ends on Tuesday, July 29, 2014 @ 5.30 p.m. The e-Voting module shall also be disabled by NSDL at 5.30 pm on the same day.
  - (I) The Scrutinizer will submit her report addressed to the Chairman of the Company, after completion of scrutiny of Ballot in a fair and transparent manner. The results of the Ballot will be announced either on July 31, 2014 or within two days of the passing of Resolutions at the 23<sup>rd</sup> AGM at the Registered Office of the Company and communicated to the Stock Exchanges.
  - (J) The declared results along with Scrutinizer’s Report shall be placed on the Company’s Website and on the Website of NSDL within 2 days of passing of the Resolutions at the 23<sup>rd</sup> AGM of the Company.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

**ITEM NOS. 5-8**

The Company had pursuant to the provisions of Clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr P M Venkatasubramanian, Mr S R Srinivasan, Mr S Ramachandra and Dr R Natarajan as Independent Directors at various times in compliance with the requirements of the Clause.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 which came into effect from April 01, 2014, every listed public company is required to have atleast one-third of the total number of Directors as Independent Directors, who are not liable to retire by rotation. Clause 49 of the Listing Agreement continues to prescribe a higher ceiling of 50% as applicable to our Company.

The Board has recommended the appointment of these Directors as Independent Directors for a term upto March 31, 2019.

Mr P M Venkatasubramanian, Mr S R Srinivasan, Mr S Ramachandra and Dr R Natarajan, Non-Executive Directors of the Company have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, each of these Directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Directors and they are independent of the management. Individual notices have been received from a member proposing these Directors as candidates for the office of Director of the Company.

In compliance with the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV of the Act, the appointment of these Directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

A brief profile of the Independent Directors to be appointed is given below:

**Mr P M Venkatasubramanian** joined the Board of Directors of the Company in March 2002. Presently he is the Chairman of the Audit & Nomination and Remuneration Committees of the Company. He is a Fellow Member of Indian Institute of Insurance and was the Managing Director of General Insurance Corporation of India with over 4 decades of experience in Insurance Sector.

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)
Bimetal Bearings Limited	Audit Committee (Chairman) Nomination & Remuneration Committee (Chairman)
Indbank Merchant Banking Services Limited	Audit Committee (Member)
Market Simplified India Limited	Audit Committee (Chairman)
T Stanes & Co. Ltd	Audit Committee (Chairman) Nomination & Remuneration Committee (Chairman)

**Mr S R Srinivasan** joined the Board of Directors of the Company in March 2009. He 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.

<b>Directorship</b>	<b>Committee Membership</b>
Shardlow India Limited	
Wheel & Precision Forgings India Limited	

**Mr S Ramachandra** joined the Board of Directors of the Company in March 2009 and 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. He is a member of the Audit & Nomination and Remuneration Committees of the Company.

Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
Amco Batteries Limited	
T Stanes & Co Ltd.	

**Dr R Natarajan** joined the Board of Directors of the Company in March 2002. He holds a Doctorate. He was the Chairman of All India Council for Technical Education (AICTE). He was a Former Director of IIT, Madras. 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

Mr P M Venkatasubramanian, Mr S R Srinivasan, Mr S Ramachandra & Dr R Natarajan alone are concerned or interested in the Resolutions of the accompanying Notice relating to their own appointment.

#### 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 26, 2012.

As the Company has no profits / profits are inadequate during 2013-14, the overall managerial remuneration paid / payable to Dr N Gowrishankar, Whole Time Director, for the period 1<sup>st</sup> April 2013 to 31<sup>st</sup> May 2013 (₹.9,98,831/-), including salary, perquisites & performance allowance together with the managerial remuneration paid to Mr A Venkataramani, Managing Director (₹.78,21,216/-), totalling to ₹.88,20,047/- shall be paid / payable only with the approval of the Shareholders and the Central Government. Section 309(3) of the Companies Act, 1956 and Section 197 of the Companies Act, 2013 permits payment of remuneration with the approval of the Shareholders & Central Government.

The Nomination & 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 for the waiver of recovery of excess remuneration will be made to the Central Government.

Your Directors recommend the Resolution for approval.

Save and except Dr N Gowrishankar, Whole Time Director, none of the Directors / KMPs / their relatives are, in any way, concerned or interested in this 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 shareholders at the Annual General Meeting held on July 29, 2013.

As the Company has no profits / profits are inadequate during 2013-14, the overall managerial remuneration paid to Mr A Venkataramani, Managing Director, for the year ended 31<sup>st</sup> March 2014, including salary & perquisites (₹. 78,21,216/-), together with the managerial remuneration paid / payable to Dr N Gowrishankar, Whole Time Director (₹. 9,98,831/-) for a period of 2 months i.e., 01.04.2013 to 31.05.2013, totalling to ₹. 88,20,047/- shall be paid / payable only with the approval of the Shareholders and the Central Government. Section 309(3) of the Companies Act, 1956 and Section 197 of the Companies Act, 2013 permits payment of remuneration with the approval of the Shareholders & Central Government.

The Nomination & 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 for the waiver of recovery of excess remuneration will be made to the Central Government.

Your Directors recommend the Resolution for approval.



Apart from Mr A Venkataramani, Mr N Venkataramani, Chairman, being a relative of the Managing Director is concerned or interested in this Resolution. None of the other Directors / KMPs / their relatives are, in any way, concerned or interested in this Resolution.

**ITEM NOS. 11 & 12**

The members of the Company at their 21<sup>st</sup> Annual General Meeting held on 26<sup>th</sup> July 2012 approved by way of Ordinary Resolutions under Section 293 (1)(d) and 293 (1)(a) of the Companies Act, 1956 in respect of borrowings over and above the aggregate of paid up share capital and free reserves of the Company by a sum not exceeding Rs. 50 Crores at any point of time and for creation of security on the assets of the Company to that extent.

The Ministry of Corporate Affairs (MCA) has clarified that resolutions passed under Section 293 of the Companies Act, 1956 prior to 12.09.2013, with reference to borrowings and / or creation of security on assets of the Company will be regarded as sufficient compliance of the requirements of Section 180 of the Companies Act, 2013 upto 11.09.2014, i.e., for a period of one year from 12.09.2013.

It is therefore necessary to obtain the consent of the members by a Special Resolution under Section 180 (1)(c) & 180 (1) (a) and other applicable provisions of the Companies Act, 2013 as set out in Item Nos. 11 and 12 of the Notice to enable the Board of Directors to borrow money and to create security on assets of the Company. As this is an enabling resolution, keeping in mind the future endeavours, it is proposed to enhance this limit to a sum not exceeding Rs. 75 Crores over and above the paid up capital and free reserves of the Company.

None of the Directors / KMPs / their relatives are interested or concerned in this Resolution.

**ITEM NO. 13**

During the financial year 2013-14, the Company had contributed a sum of ₹. 1,31,500/- towards Charity. In as much as the said payment requires the consent of the Shareholders in conformity with Section 293 (1) (e) of the Companies Act, 1956 and Section 181 of the Companies Act, 2013 the Resolution is placed for approval.

The Board of Directors recommends this resolution as set out under item no. 13.

None of the Directors / KMPs / their relatives are interested or concerned in this Resolution.

**ITEM NO. 14**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors M/s. Raman & Associates, amounting to ₹.1.25 Lakhs per annum, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company and hence the Resolution.

The Board of Directors recommends the resolution for your approval as set out under item no. 14.

None of the Directors / KMPs / their relatives are interested or concerned in the proposed resolution.

**ITEM NO. 15**

At the 22<sup>nd</sup> Annual General Meeting held on July 29, 2013, Mr A Venkataramani, Managing Director was re-appointed as the Managing Director of the Company for a period of three years from 01.11.2013 to 31.10.2016 and his remuneration was approved under Section I, Part II of Schedule XIII of the Companies Act, 1956.

As the Company has no profits / profits are inadequate during 2013-14, requisite application will be made to Central Government. It is proposed to remunerate the Managing Director in terms of the Proviso to Section II, Part II of Schedule V of the Companies Act, 2013 with effect from 01.04.2014 to 31.10.2016 as Minimum Remuneration.

The Nomination & Remuneration Committee has considered the proposal and recommended the same to the Board subject to the approval of the Shareholders and hence the Special Resolution.

The information to be disclosed as per Section II, Part II of Schedule V to the Companies Act, 2013 are provided as under:

**I. GENERAL INFORMATION:**

01	Nature of Industry	Manufacturing of Auto Ancillary		
02	Date of Commencement of Commercial Operation.	Company was established in the year 1991 and had already commenced Commercial Production.		
03	In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable		
04	Financial Performance based on given indicators	Particulars	31.03.2014 (Rs. in Lakhs)	31.03.2013 (Rs. in Lakhs)
		Turnover	9,488.36	9,517.64
		P B T	(361.63)	(641.63)
		P A T	(275.56)	(417.64)
		Dividend %	Nil	Nil
05	Foreign investments or Collaborations, if any	Equity Collaboration with Nippon Piston Ring Co.Ltd., Japan (9.99 %)		

**II. INFORMATION ABOUT THE APPOINTEE :**

01	Background Details	Mr A Venkataramani, a British National, aged 46 years, is an Engineer by profession. He is associated with the Company since 2010. He is a specialist in Production, New Projects Installation & Corporate Management.
02	Past Remuneration	For the year ended 31.03.2014, INR 78.21 Lakhs
03	Recognition or awards	B.Tech., M.B.A., Mr A Venkataramani is a member of several professional institutions, including YPO. He plays an active role in ACMA & MCCI as an Executive Committee Member.
04	Job Profile and his suitability	Subject to the superintendence, direction and control of the Board, Mr A Venkataramani, Managing Director, is responsible for the Operations of the Company.
05	Remuneration Proposed	As approved by the Shareholders at their meeting held on 29.07.2013, with a variation now to be within the overall ceiling of Proviso to Section II, Part II of Schedule V. The Remuneration payable has the approval of the Nomination & Remuneration Committee and Board of Directors.
06	Comparative Remuneration Profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin).	Taking into consideration the size of the Company, the profile of Mr A Venkataramani & the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other companies.
07	Pecuniary relationship directly or indirectly with the company or relationship with managerial personnel, if any.	Besides the remuneration proposed, Mr A Venkataramani does not have any other pecuniary relationship with the Company.

**III. OTHER INFORMATION:**

01	Reasons of loss or inadequacy of profits	The global slowdown has resulted in substantial reduction in the off take of OE customers and also in Replacement Market and consequently resulted in loss. The steep increase in input cost and the interest costs have also contributed to the loss.
02	Steps taken or proposed to be taken for improvement	Various cost reduction measures have been implemented. The benefit of which is likely to accrue to the company in the coming years. The economic activity is also likely to pick up during the year which also is likely to result in profitability.
03	Expected increase in productivity and profits in measurable terms	The recovery in economic activity is likely to take sometime and marginal growth is expected during the year.

**IV. DISCLOSURE:**

01	Remuneration Package	As approved by the Shareholders at their meeting held on 29.07.2013.
02	Details to be furnished in Corporate Governance	Given under Remuneration to Directors.

Your Directors recommend the Resolution for approval.

Apart from Mr A Venkataramani, Managing Director, Mr N Venkataramani, Chairman being a relative of the Managing Director, who is interested in the Resolution, which pertains to the remuneration payable to Managing Director. None of the other Directors / KMPs of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution.

Chennai  
May 30, 2014

By Order of the Board

**S PRIYAMVATHA**  
Company Secretary

Registered Office:  
D-11/12, Industrial Estate  
Maraimalai Nagar 603 209  
CIN: L28920TN1991PLC020232

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the **Twenty Third Annual Report** together with the Accounts for the year ended March 31, 2014 and the Auditor's Report thereon

## FINANCIAL RESULTS

	2013-2014	2012-2013
	(₹ in Lakhs)	
Profit before Finance charges, Depreciation and Tax	976.90	554.73
Finance charges	647.43	550.61
Depreciation	691.10	645.75
Profit / (Loss) before Tax	(361.63)	(641.63)
Provision for Taxation (Net)	(86.07)	(223.99)
Profit / (Loss) after Tax	(275.56)	(417.64)
<b>Add</b> : Balance brought forward from previous year	(367.72)	49.92
Profit available for appropriation	(643.28)	(367.72)
Balance carried forward	(643.28)	(367.72)

## DIVIDEND

In view of the loss during the year under review, your Directors do not recommend any Dividend for the year ended March 31, 2014.

## OPERATIONS

During the year 2013-14, the Indian Automobile and Auto Component industry suffered as a result of global economic down turn and degrowth in the domestic vehicle sector, particularly in the commercial vehicle and passenger car segments.

As a result of these developments, the demand for products from many component companies suffered leading to low utilisation of capacities, under absorption of fixed costs and consequential drop in profitability.

For your Company in particular, the adverse factors in the Automobile Industry impacted its performance considerably. However, the Company initiated a number of cost cutting and productivity improvement measures which reduced the losses considerably as compared to the previous year.

Specific mention needs to be made of the savings achieved in power cost on account of installation of a dedicated power line and the sacrifice made by the senior executives in voluntarily accepting a salary cut.

The Company has registered a loss of ₹. 361.63 Lakhs for the year.

## OUTLOOK

Despite the slowdown in the industry during the last two years, the outlook for the future appears to be promising. It is hoped and expected that the new Government will provide impetus to the manufacturing sector particularly the Automobile and the Auto Component Industry. While the present negative trend is likely to continue for the first half of the current year, it is expected that the demand will start improving from the 2<sup>nd</sup> half of the year.

The Company is well positioned to take advantage of the future growth in the Auto Industry having invested in key facilities for meeting the stringent quality requirements of contemporary vehicles in all segments of the market including 2 wheelers.

## DIRECTORS

In accordance with the provisions of the Companies Act, 2013, Dr N Gowrishankar & Mr Masaaki Otani, retire by rotation and are eligible for reappointment. By virtue of Section 149 of the Companies Act, 2013, your Directors are seeking appointment of all Independent Directors, viz., Mr P M Venkatasubramanian, Mr S R Srinivasan, Mr S Ramachandra and Dr R Natarajan, as Independent Directors for a term upto March 31, 2019.

## **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, 2014 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.

## **COST AUDITORS**

M/s. Raman & Associates, Cost Auditors, Chennai are the Cost Auditors of the Company. The Cost Audit Report for the year 2013-14 will be submitted to the Central Government before the due date.

## **PARTICULARS OF EMPLOYEES**

There were no employees in receipt of remuneration of Rs.5,00,000/- p.m. during the year ended 31.03.2014 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 30, 2014

**Annexure to the Directors' Report for the year ended 31st March 2014**  
**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:**

	2013-2014	2012-2013
<b>(a) Purchased :</b>		
<i>Units in Lakhs</i>	53.02	33.05
<i>Total Amount (₹ in Lakhs)</i>	401.45	306.94
Rate / Unit - ₹	7.57	9.29
<b>(b) Own Generation :</b>		
Through Diesel Generator		
<i>Units in Lakhs</i>	4.40	26.12
<i>Units per litre of Diesel</i>	3.33	3.24
Cost / Unit - ₹	19.13	15.33

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

Products	Standards if any	2013 – 2014	2012 – 2013
Piston Rings	No Standards	0.24 kwh / ring	0.27 kwh / ring
Differential Gears Pole Wheels & Transmission Components	No Standards	0.99 kwh / comp	0.91 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:
- Piston Rings:**  
Larger Diameter and higher depth, high performance PVD coated ring developed for heavy duty commercial vehicles. Development of full face moly coated ring for truck application. Development of thin section chrome plated side rail for two wheeler application.
- Orbital Cold Forming:**  
Development of in house warm forgings near net performed for differential gears.  
Development of level 1 high precision bevel gears and cam rings for electronic version of diff cases, for latest passenger cars.
2. Benefits derived as a result of the above R&D:
- Piston Rings:**  
Development of high performance, higher depth PVD coated ring for heavy duty has generated good export business potential.  
Development of thin section chrome plated rings is helping in getting a sizeable share of two wheeler market.
- Orbital Cold Forming:**  
Developed level 1 high precision bevel gears and cam rings for electronic version of diff cases, for latest passenger cars. This has resulted in significant good export order.
3. Future Plan of Action:
- Piston Rings:**  
Development of Two wheeler rings for ethanol fuel application for export market.
- Orbital Cold Forming:**  
Development of hypoid gears through orbital cold forming process. Improvement in heat treatment process to minimize the distortion levels.
4. Expenditure on R&D:
- |  |   |             |
|--|---|-------------|
| Capital  | ₹ | 19,15,031/- |
| Revenue  | ₹ | 37,31,271/- |
| Total  | ₹ | 56,46,302/- |
| Total R & D Expenditure as a % of Total Turnover |   | 0.60%       |

### B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION - EFFORTS MADE AND BENEFITS DERIVED:

#### Imported Technology

Technology	Technology help	Equipment Imported from	Year of absorption	Status of Implementation
PVD	NPR, Japan	Japan	2009-10	Implemented

### III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (i) Activities relating to Exports Exploring opportunities for export of Transmission Components
- (ii) Total Foreign Exchange used and earned
- |                         |                  |
|-------------------------|------------------|
| Foreign Exchange earned | ₹ 35,76,930/-    |
| Foreign Exchange outgo  | ₹ 21,28,84,125/- |

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

### **To the Members of IP Rings Ltd.**

We have reviewed the compliance conditions of Corporate Governance by IP Rings Ltd. ("the Company") for the year ended 31st March 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has substantially complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that no material investor grievance is pending for a period exceeding one month against the Company as per records maintained by Registrar and Share Transfer Agent.

We further state that our examination of such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For R G N Price & Co.,  
Chartered Accountants  
Firm Regn. No. 002785S**

Chennai  
30.05.2014

**Mahesh Krishnan  
Partner  
Membership No. 206520**

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### **DECLARATION BY CHIEF EXECUTIVE OFFICER (CEO) ON COMPANY'S CODE OF CONDUCT:**

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and Senior Management Personnel. This Code is available on the Company's Website.

I confirm that the Company has in respect of the financial year ended March 31, 2014, received from the Board Members and Senior Management Personnel, a Declaration of Compliance with the Code of Conduct as applicable to them.

Chennai  
May 30, 2014

**A Venkataramani  
Managing Director**



## REPORT ON CORPORATE GOVERNANCE

### Company's Philosophy on Code of Governance

The Board of Directors and the Management of IP Rings Ltd. are committed to:

- Enhancing Shareholder value, keeping in view the interests of other Stakeholders, through proactive management and high standards of ethics.
- Ensuring discipline, transparency and accountability and
- Complying with all statutory / regulatory requirements.

### 1. Board of Directors

The present strength of the Board is nine. The Board comprises of Executive and Non Executive Directors. The Board of Directors of the Company are:

Mr N Venkataramani	Chairman (Non Executive)
Mr A Venkataramani	Managing Director (Executive)
Dr N Gowrishankar*	Director (Non Executive)
Dr R Mahadevan	Director (Non Executive)
Mr Masaaki Otani#	Director (Non Executive)
Mr P M Venkatasubramanian	Director (Non Executive - Independent)
Dr R Natarajan	Director (Non Executive - Independent)
Mr S R Srinivasan	Director (Non Executive - Independent)
Mr S Ramachandra	Director (Non Executive - Independent)

\* Dr. N Gowrishankar was a Whole Time Director till 31.05.2013

# Mr Masaaki Otani was an Independent Director till 31.03.2014

### 2. Attendance of each Director at the Board Meetings held during the FY 2013-2014 and at the last AGM and details of other Directorships

Six Board Meetings\* were held during the year 2013-2014. The dates on which the meetings were held are: 10.04.2013 29.05.2013 (two meetings) 29.07.2013, 04.11.2013 & 31.01.2014. The attendance records of all Directors are as under:

Director	No. of Board Meetings Attended	Last AGM Attended	Directorships in other Companies	Committee Memberships in other Companies
Mr N Venkataramani	6	Yes	17	04
Mr A Venkataramani	6	Yes	03	00
Dr N Gowrishankar	6	Yes	02	01
Dr R Mahadevan	6	Yes	06	01
Mr Masaaki Otani	2	Yes	00	00
Mr P M Venkatasubramanian	5	No	05	05
Dr R Natarajan	5	Yes	01	01
Mr S R Srinivasan	6	Yes	02	00
Mr S Ramachandra	6	Yes	02	00

### 3. Remuneration to Directors

The details of remuneration paid / payable to all the Directors for the year 2013-2014 and shares held by Non-Executive Directors in the Company are:

#### i. Non-Executive Director(s)

Director	Sitting Fee (₹)	Commission (₹)	No. of Shares Held
Mr N Venkataramani	60,000	–	24050
Mr Masaaki Otani	–	–	–
Dr R Mahadevan	70,500	–	600
Dr. N Gowrishankar	30,000	–	500
Mr P M Venkatasubramanian	60,000	–	–
Dr R Natarajan	60,000	–	–
Mr S R Srinivasan	60,000	–	300
Mr S Ramachandra	70,000	–	–

Apart from sitting fee, the Non Executive Directors are eligible for commission upto 1% of the net profits, cumulatively, as per the provisions of Section 309 (4) of the Companies Act, 1956. Compensation paid to each individual director is limited to a sum as determined by the Board. The Board on an annual basis reviews the performance of the Non Executive Directors.

#### ii. Managing / Whole Time Director (No Sitting Fee)

	Managing Director (₹)	Whole Time Director (till 31.05.2013) (₹)
Fixed Component Salary	44,65,665.00	6,55,894.00
Perquisites	33,55,551.00	9,604.00
Variable Component Commission / Performance Allowance	–	3,33,333.00
<b>Total</b>	<b>78,21,216.00</b>	<b>9,98,831.00</b>

### 4. Audit Committee

#### Terms of Reference:

The broad terms of reference of the Audit Committee are as follows:

- Review of the Company's financial reporting process and its financial statements
- Review of accounting and financial policies and practices
- Review of the internal control and internal audit systems
- Review of the Audit Report / work of External Auditors
- Review of risk management policies and practices
- Recommend appointment of Statutory Auditors
- Review of Related Party Transactions
- Approval of appointment of CFO

The Audit Committee comprises of four Directors. The name and members of the Committee are as follows :

Mr P M Venkatasubramanian	Chairman	Non Executive – Independent
Dr R Natarajan	Member	Non Executive – Independent
Dr R Mahadevan	Member	Non Executive
Mr. S Ramachandra	Member	Non Executive – Independent

Mrs S. Priyamvatha, Company Secretary is the Secretary of the Committee.

The Audit Committee met four times during the year. The dates on which the meetings were held are: 29.05.2013, 29.07.2013, 04.11.2013 & 31.01.2014. The attendance records of all the members are as under:

<b>Member</b>	<b>No. of Meetings Attended</b>
Mr P M Venkatasubramanian	3
Dr R Natarajan	3
Dr R Mahadevan	4
Mr S Ramachandra	3

#### **5. Stakeholders Relationship Committee**

The Stakeholders Relationship Committee comprises of two Directors. The name and members of the Committee are as follows:

Dr R Mahadevan	Chairman	Non Executive
Mr A Venkataramani	Member	Executive

Mrs S Priyamvatha, Company Secretary is the Secretary of the Committee. She is the Compliance Officer of the Company.

The Stakeholders Relationship Committee met once during the year. The date on which the meeting was held is 18.03.2014. The attendance records of all the members are as under:

<b>Member</b>	<b>No. of Meetings Attended</b>
Dr R Mahadevan	1
Mr A Venkataramani	1

During the year 3 complaints were received from the shareholders, all of which have been resolved. The Company had no transfers pending at the close of the financial year.

#### **6. Nomination & Remuneration Committee:**

The Company has a Nomination & Remuneration Committee. The Committee comprises of three Directors. The name and members of the Committee are as follows:

Mr P M Venkatasubramanian	Chairman	Non Executive – Independent
Dr R Natarajan	Member	Non Executive – Independent
Mr S Ramachandra	Member	Non Executive – Independent

Mrs S Priyamvatha, Company Secretary is the Secretary of the Committee.

During the year under review, the Committee met once viz., 29.05.2013.

#### **7. Disclosure**

All materially significant related party transactions with the Company's Promoters, Directors, the subsidiaries or relatives etc., are disclosed in Accounts under Notes on Accounts and in the opinion of the Directors, these financial and commercial transactions are not in conflict with the interests of the Company at large.

There was neither non-compliance by the company nor there were any penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

#### **8. Annual General Meetings**

Location and time of last 3 Annual General Meetings were:

<b>Year</b>	<b>GM</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>
2012-2013	AGM	D-11/12, Industrial Est. Maraimalai Nagar - 603 209	29.07.2013	10.15 a.m
2011-2012	AGM	"The Music Academy" 168, TTK Road, Chennai 600 014	26.07.2012	3.15 p.m
2010-2011	AGM	"Rani Seethai Hall" 603, Anna Salai, Chennai 600 006	28.07.2011	3.15 p.m

## 9. Postal Ballot

No Special Resolutions were required to be put through Postal Ballot this year.

## 10. Quarterly Results

The quarterly results are published in "The Financial Express" (all editions) and Makkal Kural (all editions). The quarterly results are also posted on the Company's Website (www.iprings.com), periodically.

## 11. General Shareholder Information

**AGM: Date, Time and Venue** 31.07.2014 @ 10.15 a.m.

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

### Financial Calendar

April to March

First Quarter Results - July

Half Year - October

Third Quarter- January

Annual Results - May

### Date of Book Closure

24.07.2014 to 31.07.2014 (both days inclusive)

### Listing

(i) Madras Stock Exchange Limited (MSE), Chennai

(ii) BSE Limited (BSE), Mumbai

(iii) By virtue of a MOU between MSE and National Stock Exchange of India Limited (NSE), our shares are permitted to trade in NSE &

### Stock Code

IPRINGS (MSE), 523638 (BSE) & IPRINGLTD (NSE)

### ISIN

INE 558 A01019

### Shareholding Pattern

Category	No. of Shares held	% to Capital
Promoters	36,49,832	51.83
Mutual Funds & UTI	200	0.00
Banks, FIs, Insurance Cos.	2,15,347	3.06
Private Bodies Corporate	8,27,540	11.75
Indian Public	16,41,835	23.32
NRI's / OCB's	3,193	0.05
Foreign Collaborators	7,04,200	9.99
<b>Total</b>	<b>70,42,147</b>	<b>100.00</b>

### Share Price Performance in comparison to broad based indices – BSE Sensex

Month	IPRL (BSE)		BSE Sensex	
	LOW (₹)	HIGH (₹)	LOW	HIGH
April 2013	34.15	39.05	18144.22	19622.68
May 2013	32.50	36.00	19451.26	20443.62
June 2013	31.00	36.70	18467.16	19860.19
July 2013	30.75	33.70	19126.82	20351.06
August 2013	29.80	34.30	17448.71	19569.20
September 2013	29.65	32.55	18166.17	20739.69
October 2013	29.00	34.00	19264.72	21205.44
November 2013	30.25	35.00	20137.67	21321.53
December 2013	30.05	36.50	20568.70	21483.74
January 2014	33.10	37.85	20343.78	21409.66
February 2014	32.15	37.05	19963.12	21140.51
March 2014	35.85	41.85	20920.98	22467.21

**Share Transfer Agents**

BTS Consultancy Services Pvt. Ltd.  
First Floor, M S Complex  
Plot No. 8, Sastri Nagar  
Nr. 200 Feet Road RTO  
Kolathur, Chennai - 600 099  
Phone Nos. 044 – 2556 5121 Fax 044 – 2556 5131  
E-mail: helpdesk@btsindia.co.in

**Share Transfer System**

A Separate Share Transfer Committee has been delegated the responsibility of approving transfer and transmission of shares and other related matters. The committee in general meets once in a fortnight. All Share Transfers are completed within the statutory time limit, provided the documents meet the stipulations of statutory provisions in all aspects.

**Dematerialisation of Shares**

87.02% of the Paid up Capital has been dematerialised as on 31.03.2014.

**Plant Location**

D 11/12, Industrial Estate  
Maraimalainagar - 603 209  
Tel: +91 (44) 2745 2816 / 2745 2851  
E-mail: iprmmn@iprings.com

**Address for Correspondence**

D 11/12, Industrial Estate  
Maraimalainagar - 603 209  
Tel: +91 (44) 2745 2816 / 2745 2851  
E-mail: iprmmn@iprings.com

**E-mail for Investors**

investor@iprings.com

**NON-MANDATORY REQUIREMENTS**

**Publication of half yearly results:**

The half yearly results of the Company are published in an English Daily having a wide circulation and in a Tamil Daily. The results are not sent to the shareholders individually. However, the Company is displaying the financial results in its Website.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry Structure & Developments:**

The Indian automotive industry is witnessing a phase of rapid transformation and growth, mainly driven by stable economic growth and infrastructure development. The Indian automobile industry has emerged as the seventh largest in the world, and the auto components industry is gearing up to compliment the vehicle industry's growth. The industry is poised for strong growth in the decade ahead. However, certain critical challenges need to be addressed to enable the industry to exploit the emerging opportunities, both locally and globally. The sharp depreciation of the INR against the USD in recent periods promises to provide some relief to exporting entities in the near term in terms of higher realizations. However, growth in exports revenues on the back of new orders may not be immediately realizable given the long lead time between award of any new business and commencement of mass production.

### **Opportunities and Threats:**

Over the near term, we expect the auto component industry's revenue growth to remain weak in the absence of immediate demand triggers for end-users across domestic automotive segments, besides an uncertain global economic environment that would exert pressure on export volumes. Over the medium term, however, factors such as auto OEMs' growing thrust on localization, auto suppliers' efforts to expand business in new geographies, the strong upside potential to replacement market demand and increasing sophistication of vehicles shoring up part prices, should allow the Indian auto components industry to grow at a relatively faster pace than the auto OEM segment.

Most of the leading players in the world have established a presence in this important market. In fact, liberalization policies and concurrent induction of foreign competition has changed the market dynamics in the auto industry over the last few decades.

Fierce competition, low margins, wages and salaries, increase in overheads, spurious parts and low priced imports pose challenges to your Company.

Your Company is confident to mitigate the current challenges by developing new sustainable strategies and skill sets.

### **Segment-wise Product Performance:**

The Company's products are all auto components and come under the single product segment.

### **Outlook:**

In the coming decade, the Indian automotive and component industry will witness increased thrust on green vehicles, on the back of rising fuel consumption and costs, and heightened awareness on environmental issues. Customer-driven demands for cost-effective vehicles and enhanced in-vehicle experience will lead to technological innovations as also introduction of innovative features in vehicles.

For your company, continued quality improvement, cost differentiation, innovative technology, newer markets, value engineering and management systems – all these elements will contribute in the years to come.

Your Company has carefully read the situation and poised to strengthen its position in the market. In addition, further capital expenditure are being planned to improve the capacities and capabilities.

### **Risks and Concerns:**

Cheap imports and the thriving market for counterfeit parts is becoming a growing menace for the industry. The higher margins enjoyed on fake parts and the stiff market competitions at the dealer level are important factors responsible for driving sales of fake parts. However, with the expected expansion of organised auto service network, the industry is taking steps in the right direction to counter this challenge.

**Internal Control Systems:**

Your company maintains an adequate and effective internal control system to commensurate with its size and complexity. An Independent Internal Audit function is an important element of your Company's internal control system. The internal control system is supplemented through an extensive internal audit program and periodic review by Management and Audit Committee.

**Financial Performance:**

Your Company though ended the year with a loss, it had improved in terms of performance by bringing down the loss to ₹. 361.63 Lakhs for the year 2013-14, while compared to ₹. 641.63 Lakhs recorded in the previous year. All the three divisions of the Company i.e. Rings Division, Transmission Components Division and Tooling Division contributed to the overall results.

**Human Resource:**

Health, Safety, Security and environment is a core value of your Company. The health, safety and security of everyone who works for your Company, is critical to the success of its business. Employee training is continuing to receive top priority in the Management's efforts to reach World Class Standards. Systematic training is given at all levels to improve the knowledge and skill level of all employees.

## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of IP Rings Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of IP Rings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.



2. As required by Section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
  - (e) On the basis of the written representations received from the Directors, as on 31<sup>st</sup> March 2014, and taken on record by the Board of Directors, we report that none of the Director is disqualified from being appointed as a Director of the company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date.

**For R G N Price & Co.,  
Chartered Accountants  
Firm Regn. No. 002785S**

**Mahesh Krishnan  
Partner  
Membership No. 206520**

Chennai  
30.05.2014

**Annexure referred to in paragraph 1 of our report of even date.**

- I. (a) The Company has maintained proper records for its Fixed Assets showing full particulars including quantitative details and situation of those Assets.  
(b) The Company has a policy of physically verifying its Fixed Assets once in two years which in our opinion is reasonable having regard to the size of the Company and nature of its business. During the year Fixed Assets have not been physically verified by the Management as it was done last year by the management.  
(c) The fixed assets that have been sold/ disposed off during the year do not constitute a substantial part of the total fixed assets of the Company. Thus the Company's going concern status is not affected.
- II (a) Physical verification of inventory has been conducted by the management at reasonable intervals.  
(b) The procedures for physical verification of inventory followed by the Management are in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification were not material as compared to book records and have been properly dealt with in the books of accounts.
- III. The Company has not granted or taken any loan, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- V. (a) We are of the opinion that particulars of contracts or arrangement referred to in Section 301 of Companies Act, 1956 have been entered into the register maintained under the said Act.  
(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices for similar transactions. Goods sold to a Company in which a Director was interested are to the specific needs of the customer. Hence prices of such goods are not strictly comparable.
- VI. The Company has not accepted any deposit from the public.
- VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII The Central Government has prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, for manufacture of Automotive Parts and Accessories. We have broadly reviewed the books and records of the Company in this connection and are of the opinion that, prima facie, the prescribed records have been maintained. We have, however, not made a detailed examination of the records to ascertain whether they are accurate and complete.
- IX. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it. There are no arrears of undisputed amount of outstanding statutory dues as at 31<sup>st</sup> March 2014 for a period of more than six months from the date they become payable.  
(b) According to the information and explanations given to us, there are no disputed amounts that remain unpaid in respect of Wealth Tax, Customs Duty, Excise Duty, Cess and Service Tax as at 31<sup>st</sup> March 2014. However, in respect of Income Tax & VAT, disputed amounts that remain unpaid are disclosed hereunder:

<b>Applicable Statute</b>	<b>Assessment Year</b>	<b>Disputed Amount Unpaid (₹ in Lakhs)</b>	<b>Forum where dispute is pending</b>
Income Tax Act,1961	1997-1998	2.46	ITAT
Income Tax Act,1961	1999-2000	38.00	High Court
Income Tax Act,1961	2000-2001	11.36	High Court
Income Tax Act,1961	2001-2002	4.75	High Court
Income Tax Act,1961	2002-2003	6.61	High Court
Income Tax Act,1961	2003-2004	6.05	High Court
Income Tax Act,1961	2004-2005	41.98	High Court
Income Tax Act,1961	2005-2006	3.73	High Court
Income Tax Act,1961	2006-2007	5.03	CIT(Appeals)
Income Tax Act,1961	2008-2009	18.32	ITAT
Income Tax Act,1961	2009-2010	32.81	CIT (Appeals)
TN VAT Act, 2006	2007-2008	1.92	DCCT (Appeals)
Income Tax Act, 1961	2010-2011	143.68	CIT (Appeals)
Income Tax Act, 1961	2011-2012	156.34	CIT (Appeals)
	<b>Total</b>	<b>473.04</b>	

- X. The Company has no accumulated losses. The Company has not incurred cash losses during this financial year and in the immediately preceding financial year.
- XI. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans availed from banks. The company has no borrowings from financial institutions and has not issued debentures.
- XII. Based on our examination of the records and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The provisions of special statute applicable to chit funds/nidhi/mutual benefit funds/society do not apply to the Company.
- XIV. The Company has made investments in shares. Proper investment records have been maintained by the Company. Transactions have been regularly updated as and when taken place. All investments of the Company are held in its own name.
- XV. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. In our opinion and according to the information and explanation given to us, the term loans availed have been utilized towards the purposes for which they are obtained.
- XVII. According to the information and explanations given to us and on an overall review of utilization of funds, we observed that short-term funds to the extent of Rs.2.75 crores have been used for long-term investments.
- XVIII. According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- XIX. According to the information and explanation given to us, the company has not issued any secured debentures during the year.
- XX. According to the information and explanations given to us, the Company has not raised any money by public issue.
- XXI. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For R G N Price & Co.,  
Chartered Accountants  
Firm Regn. No. 002785S**

**Mahesh Krishnan  
Partner  
Membership No. 206520**

Chennai  
30.05.2014

## PART - I BALANCE SHEET AS AT 31ST MARCH 2014

	Note No.	March 31, 2014 ₹	March 31, 2013 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	1	7,04,21,470	7,04,21,470
(b) Reserves and surplus	2	34,26,25,973	37,01,82,334
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	3	19,90,08,780	12,35,13,754
(b) Deferred tax liabilities (Net)	4	1,58,71,607	2,44,78,215
(c) Long-term provisions	6	48,84,914	41,30,597
<b>3. Current liabilities</b>			
(a) Short-term borrowings	3	29,16,07,624	23,56,95,009
(b) Trade payables	5	11,63,48,311	9,03,31,273
(c) Other current liabilities	5	15,22,84,968	18,11,27,606
<b>TOTAL</b>		<b>119,30,53,647</b>	<b>109,98,80,258</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	7		
Tangible assets		66,41,90,064	64,09,44,125
Intangible assets		1,67,26,519	1,30,67,353
Capital work-in-progress		2,85,94,431	1,23,06,559
(b) Non-current investments	8	4,41,830	88,000
(c) Long-term loans and advances	12	1,73,76,483	1,08,53,064
<b>Current assets</b>			
(a) Inventories	9	20,25,60,091	17,76,28,044
(b) Trade receivables	10	18,67,93,821	18,67,09,657
(c) Cash and cash equivalents	11	75,50,654	36,45,007
(d) Short-term loans and advances	12	6,88,19,754	5,46,38,449
<b>TOTAL</b>		<b>119,30,53,647</b>	<b>109,98,80,258</b>
<b>Significant Accounting Policies</b>	19		
<b>Notes on Accounts</b>	20		

The Notes 1 to 12 and 19 & 20 form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our Report of even date

S PRIYAMVATHA  
Company Secretary

A. VENKATARAMANI  
Managing Director

For R.G.N. PRICE & CO  
Chartered Accountants  
Firm Regn. No. 002785S

Chennai  
30.05.2014

N. VENKATARAMANI  
P. M. VENKATASUBRAMANIAN  
Directors

MAHESH KRISHNAN  
Partner  
Membership No. 206520

**PART-II – STATEMENT OF PROFIT AND LOSS**

	Note No.	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
<b>I. Sales</b>	<b>13</b>	<b>94,88,35,924</b>	95,17,63,936
Less Excise Duty		<b>10,14,66,843</b>	10,34,06,518
Net Sales		<b>84,73,69,081</b>	84,83,57,418
<b>II. Other income</b>	<b>14</b>	<b>6,28,177</b>	20,04,373
<b>III. Total Revenue (I + II)</b>		<b>84,79,97,258</b>	85,03,61,791
<b>IV. Expenses:</b>			
Cost of materials consumed	<b>15</b>	<b>32,19,59,479</b>	33,61,02,100
Employee benefits expense	<b>16</b>	<b>13,52,37,918</b>	13,86,56,970
Finance costs	<b>17</b>	<b>6,47,43,075</b>	5,50,60,719
Depreciation and amortization expense		<b>6,91,09,784</b>	6,45,75,586
Other expenses	<b>18</b>	<b>29,31,09,971</b>	32,01,30,171
<b>Total expenses</b>		<b>88,41,60,227</b>	91,45,25,546
<b>V. Profit before tax (III- IV)</b>		<b>(3,61,62,969)</b>	(6,41,63,755)
<b>VI. Tax expense:</b>			
Deferred tax		<b>(86,06,608)</b>	(2,23,99,282)
<b>VII. Profit (Loss) for the period from continuing operations (V-VI)</b>		<b>(2,75,56,361)</b>	(4,17,64,473)
<b>VIII. Earnings per Equity Share</b>		<b>(3.91)</b>	<b>(5.93)</b>
Basic & Diluted		<b>(3.91)</b>	<b>(5.93)</b>
Nominal Value Per Equity Share (in ₹.)		<b>10.00</b>	<b>10.00</b>
<b>Significant Accounting Policies</b>	<b>19</b>		
<b>Notes on Accounts</b>	<b>20</b>		

The Notes 13 to 18 and 19 & 20 form an integral part of the Statement of Profit and Loss

This is the Statement of Profit and Loss referred to in our Report of even date

S PRIYAMVATHA  
Company Secretary

A. VENKATARAMANI  
Managing Director

For R.G.N. PRICE & CO  
Chartered Accountants  
Firm Regn. No. 002785S

Chennai  
30.05.2014

N. VENKATARAMANI  
P. M. VENKATASUBRAMANIAN  
Directors

MAHESH KRISHNAN  
Partner  
Membership No. 206520

## NOTES TO BALANCE SHEET

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>1. SHARE CAPITAL</b>		
<b>i) Authorised</b>		
1,50,00,000 Equity Shares of ₹ 10 each	15,00,00,000	15,00,00,000
50,00,000 Preference Shares of ₹ 10 each	5,00,00,000	5,00,00,000
	<u>20,00,00,000</u>	<u>20,00,00,000</u>

	In Numbers		₹	
	As at Mar 31, 2014	As at Mar 31, 2013	As at Mar 31, 2014	As at Mar 31, 2013
Issued, Subscribed & Paid - up Equity Shares of ₹ 10 each fully paid up	70,42,147	70,42,147	7,04,21,470	7,04,21,470
<b>Total</b>	<u>70,42,147</u>	<u>70,42,147</u>	<u>7,04,21,470</u>	<u>7,04,21,470</u>

- ii) Details of Equity shares in the company held by its holding company including shares held by subsidiaries or associates of the holding company in aggregate

Shareholder- Relationship	Mar 31, 2014		Mar 31, 2013	
	No. of Shares	%	No. of Shares	%
India Pistons Ltd.- Fellow subsidiary	20,78,862	30	20,78,862	30
Tractors & Farm Equipment Limited - Fellow Subsidiary	7,78,440	11	7,78,440	11
Simpson & Co. Ltd. - Fellow Subsidiary	4,05,930	6	4,05,930	6
Amalgamations Pvt. Ltd. - Holding Company	3,84,100	5	3,84,100	5
The United Nilgiri Tea Estates Co. Ltd.	2,000	0	2,000	0
Higginbothams Private Ltd. - Fellow Subsidiary	500	0	500	0

- iii) Details of Member holding more than 5 percent shares

Shareholder	No. of Shares	%	No. of Shares	%
India Pistons Ltd.	20,78,862	30	20,78,862	30
Tractors & Farm Equipment Limited	7,78,440	11	7,78,440	11
Simpson & Co. Ltd.	4,05,930	6	4,05,930	6
Amalgamations Pvt. Ltd.	3,84,100	5	3,84,100	5
Nippon Piston Ring Co. Ltd.	7,04,200	10	7,04,200	10
Enam Shares & Securities Pvt Ltd	5,01,625	7	5,01,625	7

- iv) Directors share holding

Name of Director	No. of Shares	%	No. of Shares	%
Mr. N Venkataramani	24,050	0.34	24,050	0.34
Mr. A Venkataramani	18,400	0.26	18,400	0.26
Dr. R Mahadevan*	600	-	600	-
Dr. N Gowrishankar*	500	-	500	-
Mr. S R Srinivasan*	300	-	300	-

\*Negligible shareholding percentage

**NOTES TO BALANCE SHEET – (Contd.)**

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>2. RESERVES AND SURPLUS</b>		
<b>(a) Securities Premium Reserve</b>		
Balance as per last Balance Sheet	10,54,28,400	10,54,28,400
	<u>10,54,28,400</u>	<u>10,54,28,400</u>
<b>(b) General Reserve</b>		
Balance as per last Balance Sheet	30,15,26,723	30,15,26,723
	<u>30,15,26,723</u>	<u>30,15,26,723</u>
<b>(c) Profit and Loss Account</b>		
Balance as per last Balance Sheet	(3,67,72,789)	49,91,684
Add : Balance of Profit carried forward from Profit and Loss account	(2,75,56,361)	(4,17,64,473)
	<u>(6,43,29,150)</u>	<u>(3,67,72,789)</u>
	<u>34,26,25,973</u>	<u>37,01,82,334</u>
<b>3. BORROWINGS</b>		
<b>Long Term Borrowings</b>		
<b>Secured Loans</b>		
Term Loans		
– From Banks	13,98,86,690	12,25,71,924
– From Other Parties	16,22,090	9,41,830
Total Secured Loans	<u>14,15,08,780</u>	<u>12,35,13,754</u>
<b>Unsecured Loans</b>		
Term Loans		
– From Banks	5,75,00,000	–
Total Unsecured Loans	<u>5,75,00,000</u>	–
	<u>19,90,08,780</u>	<u>12,35,13,754</u>
<b>I. Security offered</b>		
(a) The secured term loans are all availed for purchase of assets relating to Capital Projects and are secured by hypothecation of specific assets purchased out of the said loan.		
(b) The Loans availed for purchase of Vehicles are secured by hypothecation of vehicles purchased out of the said loan.		
(c) Unsecured Term Loan from KVB.		
<b>II. Terms of Repayment</b>		
<b>Loan Description</b>	<b>Repayment Terms</b>	
(a) Buyers Credit Term loan	Yearly instalment	
(b) Term Loans - Banks	Quarterly instalment	
(c) Term Loans - other parties	Monthly instalment	
(d) Unsecured Term Loan from Bank	Monthly instalment	
<b>Short Term Borrowings</b>		
<b>Secured Loans</b>		
Loans repayable on demand		
– From Banks	18,36,07,624	19,76,95,009
Total Secured Loans	<u>18,36,07,624</u>	<u>19,76,95,009</u>
<b>Unsecured Loans</b>		
Loans and advances from Related Parties		
– Fellow Subsidiary	10,80,00,000	3,80,00,000
Total Unsecured Loans	<u>10,80,00,000</u>	<u>3,80,00,000</u>
	<u>29,16,07,624</u>	<u>23,56,95,009</u>

Secured loans are secured by hypothecation of stocks and book debts present and future.

## NOTES TO BALANCE SHEET – (Contd.)

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>4. DEFERRED TAX (ASSET) / LIABILITY</b>		
<b>Deferred Tax Asset:</b>		
Unabsorbed depreciation & Business loss	(6,26,78,142)	(6,08,60,425)
Expenses allowable on payment	(15,60,701)	(15,43,422)
	<u>(6,42,38,843)</u>	<u>(6,24,03,847)</u>
<b>Deferred Tax Liability:</b>		
Fixed Assets (Depreciation / Amortization)	8,01,10,450	8,68,82,062
<b>Net Deferred Tax Liability / (Asset)</b>	<u>1,58,71,607</u>	<u>2,44,78,215</u>
The Company has recognised deferred tax asset for Unabsorbed depreciation and business loss based on a strong future order book, cost reduction and improved profitability.		
<b>5 SHORT TERM LIABILITIES</b>		
<b>Trade Payables</b>		
Trade Payables	8,73,97,309	5,73,93,798
Trade Payables to Micro, Small & Medium Enterprises	26,65,188	44,84,321
Trade Payables- Due to fellow subsidiary	2,62,85,814	2,84,53,154
	<u>11,63,48,311</u>	<u>9,03,31,273</u>
<b>Other Liabilities</b>		
Acceptances	2,12,24,869	3,84,77,423
Interest accrued but not due on borrowings	17,66,546	29,96,071
Unpaid dividends	14,01,546	16,81,060
Other payables	1,33,10,069	98,47,517
Bank overdraft	1,72,56,288	1,37,82,844
Statutory payments	77,75,159	79,81,734
Current Maturities of Long term Debt		
– From Banks	8,83,32,883	10,59,44,123
– From Other Parties	12,17,608	4,16,834
	<u>15,22,84,968</u>	<u>18,11,27,606</u>
*Amount due to Directors shown under Trade Payable ₹. in Lakhs	66.68	63.35
<b>6. Provisions</b>		
<b>Long Term Provisions</b>		
Provision for Employee benefits		
Leave Salary	48,84,914	41,30,597
	<u>48,84,914</u>	<u>41,30,597</u>



**NOTES TO BALANCE SHEET – (Contd.)**

7. FIXED ASSETS	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK	
	As at 01.04.2013 ₹	Additions/ (Disposals) during the year ₹	As at 31.03.2014 ₹	Upto 31.03.2013 ₹	Depreciation for the Year ₹	Upto 31.03.2014 ₹	As at 31.03.2014 ₹	As at 31.03.2013 ₹
<b>Tangible Assets</b>								
Land – Leasehold	13,23,080	–	13,23,080	–	–	–	13,23,080	13,23,080
– Freehold	19,16,525	–	19,16,525	–	–	–	19,16,525	19,16,525
Buildings – Owned	11,06,17,510	41,34,797	11,47,52,307	2,99,72,036	38,14,309	3,37,86,345	8,09,65,962	8,06,45,474
Plant & Machinery	103,48,13,857	6,81,11,777	1,10,29,25,634	51,25,29,539	5,48,63,772	56,73,93,311	53,55,32,323	52,22,84,318
Electrical Installations	2,87,53,230	91,93,182	3,79,46,412	1,27,12,761	15,43,031	1,42,55,792	2,36,90,620	1,60,40,469
Furniture & Fixtures	1,04,58,865	1,94,228	1,06,53,093	78,77,167	3,15,571	81,92,738	24,60,355	25,81,698
Vehicles	1,16,44,480	82,33,666 (33,90,097)	1,64,88,049	52,06,833	12,85,624	64,92,457 (11,62,303)	1,11,57,895	64,37,647
Office Equipment	5,10,12,108	3,75,033	5,13,87,141	4,12,97,194	29,46,643	4,42,43,837	71,43,304	97,14,914
	125,05,39,655	8,68,52,586	1,33,73,92,241	60,95,95,530	6,47,68,950	67,32,02,177	66,41,90,064	64,09,44,125
<b>Intangible assets</b>								
Technical Knowhow Fee	3,23,76,578	80,00,000	4,03,76,578	2,08,18,362	34,36,823	2,42,55,185	1,61,21,393	1,15,58,216
Product Development	1,09,29,720	–	1,09,29,720	94,20,583	9,04,011	1,03,24,594	6,05,126	15,09,137
	4,33,06,298	80,00,000	5,13,06,298	3,02,38,945	43,40,834	3,45,79,779	1,67,26,519	1,30,67,353
Total Tangible and Intangible	129,38,45,953	9,48,52,586	138,86,98,539	63,98,34,475	6,91,09,784	70,77,81,956	68,09,16,583	65,40,11,478
Capital Work - in - Progress							2,85,94,431	1,23,06,559
							70,95,11,014	66,63,18,037

## NOTES TO BALANCE SHEET – (Contd.)

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>8. INVESTMENTS</b>		
<b>Investments</b>		
<b>(a) Quoted at Cost</b>		
(i) other non current investments		
1,100 equity shares of ₹. 10 each fully paid in Corporation Bank	88,000	88,000
<b>(b) Unquoted</b>		
<b>Non Trade</b>		
35,383 equity shares of ₹. 10 each fully paid in Windage Power Private Limited	3,53,830	–
	<u>4,41,830</u>	<u>88,000</u>
Note : Market Value of the quoted investment is ₹. 3.05 lakhs and last year was 4.21 lakhs		
<b>9. Inventories</b>		
(a) Raw materials	8,79,04,479	7,31,14,180
Raw Material – In transit	44,83,793	1,24,88,932
	<u>9,23,88,272</u>	<u>8,56,03,112</u>
(b) Work-in-progress	3,89,63,066	3,57,97,800
(c) Finished goods	2,32,11,486	1,68,96,157
(d) Stores and spares	3,76,12,260	3,12,98,427
(e) Loose tools	1,03,85,007	80,32,548
	<u>20,25,60,091</u>	<u>17,76,28,044</u>

### MODE OF VALUATION

Type of Inventory	Valuation
Raw Materials	At Cost on Weighted Average Basis
Work-in-Progress	At Lower of the Cost and Net Realisable Value
Finished Goods	At Lower of the Cost and Net Realisable Value and includes Excise Duty.
Stores and Spares	At Cost on Weighted Average Basis.
General Purpose Tooling	At Cost on Weighted Average Basis.
Special Purpose Tooling	Amortised over a period of 3 years
Goods - in Transit	At Cost
Goods under Bond	At Cost including Customs Duty

Value of Closing Inventories includes Excise Duty with regard to the following items	₹ in Lakhs	
Finished Goods at Factory	21.05	15.34
Finished Goods at Depots	5.15	5.61

The inclusion of Excise duty in closing inventories does not have any impact on the Profit for the Year

**NOTES TO BALANCE SHEET – (Contd.)**

	As at March 31, 2014 ₹.	As at March 31, 2013 ₹.
<b>10. TRADE RECEIVABLES</b>		
<b>Unsecured considered good</b>		
– Receivables outstanding for more than six months	51,79,897	77,80,458
– Receivables outstanding for Less than six months	<u>18,16,13,924</u>	17,89,29,199
	<u>18,67,93,821</u>	<u>18,67,09,657</u>
<b>11. Cash and cash equivalents</b>		
<b>Cash on hand</b>	31,735	46,186
<b>Bank Balances</b>		
Balances with banks:		
– in current accounts	61,17,373	19,17,761
– in unpaid dividend accounts	<u>14,01,546</u>	16,81,060
	<u>75,50,654</u>	<u>36,45,007</u>
<b>12. Loans and advances</b>		
<b>Short term Loans &amp; Advances</b>		
<b>Unsecured, considered good</b>		
(a) Security Deposits		
– Lease Rent Deposits	22,83,500	22,13,500
– Other Deposits	34,06,177	53,33,840
(b) Loans and advances to Related Parties		
– Advance given to Fellow Subsidiary	13,14,000	13,14,000
(c) Other loans and advances		
– Prepaid expenses	48,92,556	42,88,089
– Service tax	25,89,099	14,81,927
– Central Excise	1,10,30,921	17,40,214
– Advance tax and tax deducted at source (net)	2,12,07,003	2,12,02,604
– Other advances recoverable in cash or in kind or for value to be received	<u>2,20,96,498</u>	1,70,64,275
	<u>6,88,19,754</u>	<u>5,46,38,449</u>
<b>Doubtful</b>		
(a) Other loans and advances	16,81,000	16,81,000
Less:		
Provison for Doubtful Advances	<u>16,81,000</u>	16,81,000
	<u>6,88,19,754</u>	<u>5,46,38,449</u>
<b>Long term Loans &amp; Advances</b>		
<b>Unsecured, considered good</b>		
(a) Capital Advances	1,69,20,493	1,03,97,074
(b) Other loans and advances		
– MAT credit receivable	<u>4,55,990</u>	4,55,990
	<u>1,73,76,483</u>	<u>1,08,53,064</u>

## NOTES TO PROFIT & LOSS ACCOUNT – (Contd.)

	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
<b>13. REVENUE FROM OPERATIONS</b>		
Rings Sales	49,41,23,646	57,05,87,636
OCF Sales	29,75,05,493	30,51,91,814
Piston Pin Sales	2,39,92,412	2,13,32,299
Sale of Scrap	41,93,923	23,14,758
Revenue from sub contract	6,89,82,327	5,23,37,429
Tooling	5,61,33,613	–
Others	39,04,510	–
Less: Excise Duty	10,14,66,843	10,34,06,518
	<b>84,73,69,081</b>	<b>84,83,57,418</b>
<b>14. OTHER INCOME</b>		
Interest income	43,967	1,34,270
Dividend income	25,850	22,550
Excess provision written back	15,270	4,54,398
Other non-operating income (Net)	5,43,090	13,93,155
	<b>6,28,177</b>	<b>20,04,373</b>
<b>15 COST OF MATERIAL CONSUMED</b>		
Opening Stock	7,31,14,180	6,19,42,450
Add: Purchases	34,42,28,525	35,77,83,044
Less: Closing Stock	8,79,04,479	7,31,14,180
	<b>32,94,38,226</b>	<b>34,66,11,314</b>
(Increase)/Decrease in Work-in-Progress	(31,65,266)	(53,26,057)
(Increase)/Decrease in Finished Goods	(63,15,329)	(25,23,473)
Exchange (Gain)/Loss	20,01,848	(26,59,684)
Total	<b>32,19,59,479</b>	<b>33,61,02,100</b>
<b>16. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and wages	10,72,44,487	11,37,18,621
Contribution to fund	77,70,574	98,92,980
Staff welfare expenses	1,54,79,857	1,50,45,369
Others (Reimbursement of Expenses for seconded Employees)	47,43,000	–
Total	<b>13,52,37,918</b>	<b>13,86,56,970</b>
<b>17. FINANCE COST</b>		
Interest expenses	6,13,44,425	5,19,76,638
Other borrowing costs	33,98,650	30,84,081
Total	<b>6,47,43,075</b>	<b>5,50,60,719</b>

**NOTES TO PROFIT & LOSS ACCOUNT – (Contd.)**

<b>18. OTHER EXPENSES</b>	<b>For the year ended March 31, 2014 ₹</b>	<b>For the year ended March 31, 2013 ₹</b>
Sub - Contracting Expenses	<b>5,71,43,734</b>	5,27,79,860
Power and Fuel	<b>4,82,04,501</b>	6,88,69,197
Stores Consumed	<b>7,55,53,146</b>	8,75,37,693
Rent	<b>32,99,950</b>	43,10,488
Rates and Taxes	<b>21,93,799</b>	28,89,459
Insurance	<b>17,46,307</b>	17,39,240
Travelling and Conveyance	<b>1,31,40,528</b>	1,13,97,989
Packing and Forwarding	<b>83,61,075</b>	94,01,220
Advertisement	<b>3,38,257</b>	3,75,566
Royalty	<b>73,20,366</b>	94,56,248
Service Fee	<b>1,62,70,405</b>	2,09,79,408
Consultation Fee	<b>1,10,81,831</b>	56,85,333
Directors' Sitting Fees	<b>4,10,500</b>	3,39,500
Payment to Auditors		
Statutory Audit Fee	<b>3,85,000</b>	3,85,000
Tax audit fees	<b>90,000</b>	60,000
Certification Fees	<b>2,92,500</b>	3,53,500
Reimbursement of Expenses	<b>4,280</b>	4,320
Repairs and Maintenance		
Buildings	<b>27,69,925</b>	11,13,655
Machinery & Electrical Installations	<b>1,20,77,011</b>	1,25,80,720
Vehicles	<b>29,38,487</b>	33,49,353
Operating Expenses - Computer System	<b>35,21,067</b>	36,74,545
Loss on Sale of Assets	<b>9,70,152</b>	7,15,947
Research and Development	<b>37,31,271</b>	41,77,271
Miscellaneous Expenses	<b>2,12,65,879</b>	1,79,54,659
	<b><u>29,31,09,971</u></b>	<b><u>32,01,30,171</u></b>

## NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)

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### 19. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Accounting

The Financial Statements have been prepared on accrual basis in accordance with the generally accepted accounting norms, except insurance claims, which are accounted when accepted by the insurance company.

#### 2. Revenue Recognition

Sales are recognised at the point of despatch of goods to the customers and include excise duty but exclude Sales Tax and other levies.

#### 3. Fixed Assets

- (a) Fixed Assets including Assets for Research and Development other than Land are accounted at Cost Less Depreciation and impairment loss, if any.
- (b) Assets acquired under Hire Purchase Agreements / Financial Lease Agreements are capitalised to the extent of their Principal Value, while Hire charges / Finance charges on Lease are charged to revenue in the years in which they are payable.
- (c) Depreciation is provided on Straight Line Method in accordance with the rates as per Schedule XIV of the Companies Act, 1956 as amended from time to time.
- (d) Application Software, Die and Core and New Product Development are amortised over a period of 3 years. Technical know-how fee is amortised over a period of 5 years.
- (e) Borrowing Costs, if any are capitalised as part of qualifying fixed assets when it is probable that they will result in future economic benefits. Other borrowing costs are expensed.

#### 4. Investments

Investments are categorised into Long Term and Current Investments. Long Term Investments are normally valued at cost, unless there is a permanent fall in value. Current Investments are valued at cost or Market Value whichever is lower. Dividend on Investments is accounted as and when the right to receive the payment is established.

#### 5. Trade Receivable

Trade Receivable amount is exclusive of the value of Bills Discounted, the liability for which is disclosed under "Contingent Liabilities."

#### 6. Excise Duty

Excise Duty on goods manufactured is accounted only at the time of removal of goods from the factory except in respect of year end inventory of finished goods, excise duty is included as part of inventory.

#### 7. Foreign Currency Transactions

- (a) Foreign Currency Transactions are recognised in the books at the exchange rates prevailing on the date of transaction.
- (b) In the case of Current Assets/Liabilities the difference (Gain or Loss) between the actual payment and the amount recognised in the books is accounted as Exchange Gain or Loss. Where the transaction is not settled within the year, profit/loss arising on the restatement at the year-end rates is recognised as exchange gain or loss in the profit and loss account

**NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)**

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**19. SIGNIFICANT ACCOUNTING POLICIES (Contd.....)**

**7. Foreign Currency Transactions – (Contd.)**

- (c) In case of Depreciable Capital assets having long term foreign currency monetary arrangement the Company opts to add or deduct the exchange differences to the cost of the depreciable capital assets and depreciate it over the balance life of the asset. In case of other long term foreign currency monetary items the company opts to accumulate the exchange differences in a “foreign currency monetary translation difference account” which are amortised over the balance period of such long term asset or liability not beyond 31<sup>st</sup> March 2020, by recognition as income or expense in each of such periods.

**8. Employee Benefits**

**1. Defined Contribution Plan**

The Company’s Provident Fund Scheme, Superannuation Scheme and ESI plans are Defined Contribution Plans and the Company’s contribution paid/payable is recognised as expense in the Profit and Loss Account during the period in which the employees render the related service.

**2. Defined Benefit Plan / Other long term employee benefits**

- (a) The Company’s Gratuity and Long-Term compensated absences are Defined Benefit Plans / other long term employee benefits respectively. The Company’s liability towards Gratuity are determined using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of Employee Benefit Entitlement. The Gratuity scheme is operated through Group Gratuity Scheme of LIC.
- (b) The Gratuity liabilities are provided based on Actuarial Valuation certified by LIC. Actuarial gains and losses are charged to Profit and Loss account.
- (c) Long term compensated absences are provided for based on independent Actuarial valuation. Actuarial gains and losses are charged to Profit and Loss account.
3. Short term employee benefits are recognised as an expense at the undiscounted amount in the year in which the employee render the services/vesting period of the benefit.

**9. Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**10. Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

**11. Product Warranty Expenses**

Product Warranty expenses are accounted based on the claims received and accepted during the year and estimates in accordance with the warranty policy of the company.

## NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)

### 20. NOTES ON ACCOUNTS

	2014	2013
	(₹ in Lakhs)	
1. The factory land at C-15/3 Maraimalai Nagar for expansion activities was acquired from Chennai Metropolitan Development Authority (CMDA), under Lease-Cum-Sale Agreement for a total consideration of ₹. 13.23 Lakhs. The title for the land will be transferred by CMDA, after completion of one year of commencement of commercial production and completion of 8 years of lease period. Discussions are in progress with CMDA regarding the compliance of the conditions for transfer of land to the company.		
2. Contingent liability exists in respect of		
(a) Bills Discounted	461.60	527.44
(b) Outstanding Letters of Credit	237.87	45.75
(c) Bank Guarantees	1.00	1.00
(d) Income Tax / Sales Tax matters under appeal (Amounts remitted against the disputed tax upto March 2014 – ₹.106.57 lakhs and included in advance tax under the schedule Loans and Advances-Schedule 12)	579.58	279.60
(e) The Company had imported Plant and Machinery (Capital Goods) in the earlier years at concessional rate of duty under the Export Promotion Capital Goods Scheme. The Export Obligation to be met in this regard by the Company / Group Company, as per the Scheme before 2014-15 amounts to ₹. 2712.91 Lakhs. The Company / Group Company has met obligation to the extent of Rs.1767.76 lakhs by March 2014.  The Company has to meet the export obligation to the extent of ₹. 945.15 lakhs by August 2014. The EPCG Regulation provides for seeking extension of obligation period. However, in case of non-fulfillment of export obligation, unless the period is extended, liability to pay the proportionate duty saved along with interest will arise.		
(f) Claims due from custom authorities	32.49	8.28
3. Estimated value of contracts on Capital Account not provided for (net of advances)	292.63	202.06
4. Figures for the previous year have been regrouped / reclassified wherever necessary to make them comparable with current year figures.		
5. Figures are rounded off to the nearest Rupee.		

		2014		2013	
		Quantity	Value ₹	Quantity	Value ₹
6. Sales					
Piston Rings	Nos	1,13,65,604	43,32,12,229	1,19,85,903	49,76,38,798
Differential Gears, Pole Wheel and other Transmission Components	Nos	24,72,512	26,60,64,473	23,60,437	27,70,43,006
Piston Pin	Nos	9,60,055	2,13,82,739	8,70,746	1,90,23,427
Tooling	Nos	20,248	5,04,39,656	–	–
Sale of Scrap			38,12,657		23,14,758
Revenue from Sub-contracts and Jobbing Charges			6,89,82,327		5,23,37,429
Others			34,75,000		–
			<u>84,73,69,081</u>		<u>84,83,57,418</u>





## NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)

20. NOTES ON ACCOUNTS ( Contd... )	2014	2013
	₹	₹
<b>11. Value of Imports on CIF basis</b>		
Raw Materials	17,06,26,863	17,79,61,079
Machinery Spares	5,97,682	11,89,642
Capital Goods	2,51,56,722	4,60,70,577
Stores	45,18,632	8,57,589
<b>12. Earnings in Foreign Currency</b>		
(on Receipt Basis)		
Exports	15,99,085	5,49,189
Contribution received towards New Product Development	19,77,845	–
<b>13. Expenditure in Foreign Currency</b>		
(on Payment Basis)		
Royalty	64,60,252	82,53,138
Travel	28,83,010	23,32,152
Professional Fee/Technical Services	24,52,802	16,89,159
Capital expenditure/advance	–	3,94,406
Others	1,88,162	3,04,186
<b>14. Amounts remitted in Foreign Currency on account of Dividends to non-resident Shareholder(s)</b>		
Number of Shareholders	–	1
Number of Shares held	–	7,04,200
Amount remitted	–	7,04,200
<b>15. Remuneration to Managing Director / Whole Time Director</b>	<b>88,20,047</b>	1,32,70,819
The said amount of ₹. 88,20,047/- is in excess of the limits of overall Managerial Remuneration U/s 198(1) of the Companies Act, 1956. This payment is subject to the approval of the Shareholders and the Central Government. The approval for the years 2010-11 & 2012-13 are awaited from the Central Government.		
<b>16. Employee Benefits under Accounting Standard – 15 (Revised)</b>		
Defined Contribution Plan		
Contribution to Defined Contribution Plan, are charged off for the year as under		
Employer's Contribution to Provident Fund – ₹. 46,79,399		
Employer's Contribution to Superannuation Fund – ₹.16,71,088		
Employer's Contribution to Employees State Insurance – ₹.10,67,911		
Defined Benefit Plan		
Gratuity		
The Company operates gratuity plan through Life Insurance Corporation of India. Every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending on the date of joining, subject to a maximum of ₹.10,00,000/-, except in the case of Managing Director and Whole Time Director where there is no maximum limit. The benefit vests after five years of continuous service. The present value of obligation is determined based on actuarial valuation.		
Leave Salary Encashment		
Eligible employees can carry forward and encash leave on superannuation or death or permanent disablement subject to a maximum accumulation of 120 days except in the case of Managing Director where there is no limit to maximum accumulation. The present value of obligation is determined based on actuarial valuation.		
The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.		

**NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)**

**20. NOTES ON ACCOUNTS ( Contd.... )**

₹.

	2013-2014		2012-2013		2011-2012		2010-2011		2009-2010	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
a. Reconciliation of Opening and closing balances of Defined Benefit Obligation										
Defined Benefit Obligation at the beginning of the year	1,50,14,214	45,30,260	1,15,81,884	42,80,637	89,56,656	40,85,448	9,14,4,252	49,64,692	70,32,958	42,28,815
Current Service Cost	11,48,883	1,33,214	10,19,364	1,31,846	8,78,864	5,58,360	8,10,455	5,17,375	6,08,503	4,19,732
Interest Cost	12,01,137	3,70,122	9,26,551	3,66,730	7,16,532	3,18,908	7,31,540	3,28,183	5,62,637	3,37,380
Actuarial (gain)/loss	(9,85,660)	(1,48,682)	28,91,007	(98,916)	15,33,117	(4,83,885)	2,20,081	-	11,08,259	2,349
Benefits paid	(5,04,144)		(14,04,592)	(1,50,037)	(5,03,285)	(1,98,194)	(19,49,672)	(17,24,802)	(1,68,105)	(23,584)
Defined Benefit obligation at year end	1,58,74,430	48,84,914	1,50,14,214	45,30,260	1,15,81,884	42,80,637	89,56,656	40,85,448	91,44,252	49,64,692
b. Reconciliation of Opening and closing balances of fair value of plan assets										
Fair value of plan assets at beginning of the year	1,21,35,703	-	92,44,077	-	78,75,253	-	74,96,699	-	60,96,276	-
Expected return on plan assets	12,59,655	-	10,89,100	-	7,90,706	-	6,80,673	-	6,31,846	-
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-	-
Employer contribution	28,78,511	-	32,07,118	-	10,81,403	-	16,47,553	-	9,36,682	-
Benefits paid	(5,04,144)	-	(14,04,592)	-	(5,03,285)	-	(19,49,672)	-	(1,68,105)	-
Fair value of plan assets at year end	1,57,69,725	-	1,21,35,703	-	92,44,077	-	78,75,253	-	74,96,699	-
Actual return on plan assets	12,59,655	-	10,89,100	-	7,90,706	-	6,80,673	-	6,31,846	-
c. Reconciliation of fair value of plan assets and obligations										
Fair value of plan assets as at 31st March	1,57,69,725	-	1,21,35,703	-	92,44,077	-	78,75,253	-	74,96,699	-
Present value of obligation as at 31st March	1,58,74,430	48,84,914	1,50,14,214	45,30,260	1,15,81,884	42,80,637	89,56,656	40,85,448	91,44,252	49,64,692
Amount recognised in Balance Sheet	1,04,705	48,84,914	28,78,511	45,30,260	23,37,807	42,80,637	10,81,403	40,85,448	16,47,553	49,64,692
d. Expenses recognised during the year										
Current Service Cost	11,48,883	1,33,214	10,19,364	1,31,846	8,78,864	5,58,360	7,31,540	5,17,375	6,08,503	4,19,732
Interest Cost	12,01,137	3,70,122	9,26,551	3,66,730	7,16,532	3,18,908	8,10,455	3,28,183	5,62,637	3,37,380
Expected return on plan assets	12,59,655	-	(10,89,100)	-	(7,90,706)	-	(6,80,673)	-	(6,31,846)	-
Net Actuarial (gain) / loss	(9,85,660)	(1,48,682)	28,91,007	(98,916)	15,33,117	(4,83,885)	2,20,081	-	11,08,259	2,349
Net Cost	26,24,015	3,54,654	37,47,822	3,99,660	23,37,807	3,93,383	10,81,403	8,45,558	16,47,553	7,59,461
e. Actuarial assumptions Mortality Table (L.I.C.)	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	8.00%	9.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	-	8.00%	-	8.00%	-	8.00%	-	8.00%	-
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

## NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)

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### 20. NOTES ON ACCOUNTS ( Contd... )

#### 17. Segment Reporting under Accounting Standard – 17

The Company operates in a single primary business segment namely, manufacture of Auto Component – Piston Rings, Toolings, Differential Gears, Pole Wheel and other Transmission Components. Hence no separate disclosure is required.

#### 18. Related Party Disclosures under Accounting Standard - 18

Names of Related Parties and description of relationship:

<b>Holding Company</b>	Amalgamations Private Ltd.,
<b>Subsidiaries</b>	NIL
<b>Fellow Subsidiaries</b>	Simpson & Company Ltd., Addison & Company Ltd., Amco Batteries Ltd., George Oakes Ltd., India Pistons Ltd., IP Pins & Liners Ltd., Shardlow India Ltd., Simpson & General Finance Company Ltd., Sri Rama Vilas Service Ltd., Tractors & Farm Equipment Ltd., TAFE International Traktor Ve Tarim Ekipmani Sanayi Ve Ticaret Ltd., Sirketi TAFE Access Ltd., Southern Tree Farms Ltd., TAFE USA Inc, T.Stanes & Company Ltd., Stanes Motors (South India) Ltd., Stanes Agencies Ltd., Wheel & Precision Forgings India Ltd., Associated Printers (Madras) Pvt Ltd., Associated Publishers (Madras) Pvt Ltd., Higginbothams Pvt Ltd., The Madras Advertising Company Pvt Ltd., Speed-A-Way Pvt Ltd., Bimetal Bearings Ltd., Amalgamations Repco Ltd., Stanes Amalgamated Estates Ltd., Stanes Motor Parts Ltd., Wallace Cartwright & Company Ltd., London, W.J.Groom & Company Ltd., London, L.M.Van Moppes Diamond Tools India Pvt Ltd., BBL Daido Pvt Ltd., TAL Precision Parts Ltd., TAFE Reach Ltd., TAFE Motors & Tractors Limited, Alpump Limited, IPL Engine Components Pvt Ltd., Tafe Tractors Changshu Company Limited, China
<b>Associates</b>	NIL
<b>Key Management Personnel (Whole Time Directors)</b>	Mr. A. Venkataramani, Dr. N. Gowrishankar (upto May 2013)
<b>Relatives of Key Management Personnel</b>	Mr. N. Venkataramani, Mrs. Sita Venkataramani, Mr. Gautam Venkataramani

**NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)**

**20. NOTES ON ACCOUNTS ( Contd... )**

	Year	Holding Company	₹ in Lakhs		
			Fellow Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel
Sale of goods	2013-14	–	1,737.27	–	–
	2012-13	–	1,564.85	–	–
Rendering of services – Income	2013-14	–	638.89	–	–
	2012-13	–	600.27	–	–
Purchase of goods	2013-14	–	1,027.87	–	–
	2012-13	–	1,140.93	–	–
Purchase of Capital Items	2013-14	–	565.16	–	–
	2012-13	–	–	–	–
Technical fee paid	2013-14	–	89.89	–	–
	2012-13	–	–	–	–
Receiving of services – Expense	2013-14	4.00	238.61	88.20	–
	2012-13	3.85	164.52	132.71	–
Management contracts including for deputation of employees – Expense	2013-14	–	47.39	–	–
	2012-13	–	–	–	–
Dividend Paid	2013-14	–	–	–	–
	2012-13	3.84	32.66	0.18	0.67
Finance (including loans) – ICD					
– Granted	2013-14	–	700.00	–	–
	2012-13	–	–	–	–
– Outstanding	2013-14	–	1,080.00	–	–
	2012-13	–	380.00	–	–
– Interest Paid	2013-14	–	95.19	–	–
	2012-13	–	44.06	–	–
Amounts Outstanding Dr / (Cr)	2013-14	(1.89)	420.65	(66.69)	–
	2012-13	(2.08)	553.82	(63.35)	–

**19. Earnings Per Share under Accounting Standard – 20**

Description	2014 ₹	2013 ₹
Profit after Taxation as Per Profit & Loss Account	<b>(2,75,56,361)</b>	(4,17,64,473)
Number of Equity Shares Outstanding	<b>70,42,147</b>	70,42,147
Basic and Diluted Earnings Per Share	<b>(3.91)</b>	(5.93)
Nominal Value Per Equity Share	<b>10.00</b>	10.00

**20. Research and Development Expenditure**

Capital		
– Intangible Assets – New Product Development	–	2,28,311
– Tangible Assets	<b>19,15,031</b>	92,163
	<b>(A)</b>	<b>19,15,031</b>
<b>Revenue</b>		
– Salaries, wages and bonus	<b>22,25,855</b>	21,90,141
– Materials, consumables and spares	<b>1,00,905</b>	2,12,372
– Other Expenditure	<b>14,04,511</b>	17,74,758
	<b>(B)</b>	<b>37,31,271</b>
<b>Total (A + B)</b>	<b>56,46,302</b>	<b>44,97,745</b>

This disclosure is being made pursuant to the requirement of the guidelines published by the Department of Scientific and Industrial Research (Ministry of Science & Technology) with regard to the approval of Research and Development expenditure U/s.35 (2AB) of the Income Tax Act, 1961.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

	2014	2013
	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items	(3,61,62,969)	(6,41,63,755)
<b>ADJUSTMENTS FOR</b>		
Depreciation	6,91,09,784	6,45,75,586
(Gain) / Loss in Foreign Exchange	20,01,848	(26,59,684)
Interest received	(43,967)	(1,34,270)
Dividend Received	(25,850)	(22,550)
Interest and Finance charges	6,47,43,075	5,50,60,719
Loss on Sale of Fixed Asset	10,05,086	7,15,947
Profit on Sale of Fixed Asset	(34,934)	–
<b>Total Adjustments</b>	13,67,55,042	11,75,35,748
<b>Operating Profit Before Working Capital Changes</b>	10,05,92,073	5,33,71,993
<b>ADJUSTMENTS FOR</b>		
Trade and Other Receivables	(1,42,61,070)	(1,81,88,293)
Inventories	(2,49,32,047)	(2,37,19,648)
Trade Payables	1,42,46,374	4,19,51,087
<b>Total Adjustments</b>	(2,49,46,743)	43,146
<b>Cash Generated from Operations</b>	7,56,45,330	5,34,15,139
Interest Paid	(6,59,72,600)	(5,54,13,026)
Direct Taxes Paid	(4,399)	(10,23,823)
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	96,68,331	(30,21,710)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	96,68,331	(30,21,710)
<b>( TOTAL A )</b>		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(12,10,53,973)	(7,83,86,424)
Sale of Fixed Assets	12,57,642	4,45,414
Purchase of Investment	(3,53,830)	–
Interest Received	43,967	1,34,270
Dividend Received	25,850	22,550
<b>NET CASH USED IN INVESTMENT ACTIVITIES</b>	(12,00,80,344)	(7,77,84,190)
<b>( TOTAL B )</b>		

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014 – (Contd.)**

	2014 ₹	2013 ₹
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Secured Loans	24,32,06,294	23,11,83,157
Proceeds from Unsecured Loan	13,00,00,000	–
Repayment of Secured Loan	(25,86,09,120)	(15,49,93,274)
Dividend Paid	(2,79,514)	(71,67,439)
Dividend Tax Paid	–	(11,42,412)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>11,43,17,660</b>	<b>6,78,80,032</b>
<b>( TOTAL C )</b>		
<b>D. NET INCREASE / (DECREASE) IN CASH OR CASH EQUIVALENTS</b>	<b>39,05,647</b>	<b>(1,29,25,868)</b>
<b>(A+B+C)</b>		
<b>E. Cash and Cash Equivalents (Opening Balance)</b>	<b>36,45,007</b>	<b>1,65,70,875</b>
<b>F. Cash and Cash Equivalents ( Closing Balance )</b>	<b>75,50,654</b>	<b>36,45,007</b>
<b>(D+E)</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances as per Balance Sheet - (Note below)	<b>75,50,654</b>	<b>36,45,007</b>
Cash and Cash Equivalents as per Cash Flow Statement	<b>75,50,654</b>	<b>36,45,007</b>
Note : Includes Balance in Unpaid Dividend Account	<b>14,01,546</b>	<b>16,81,060</b>

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement issued as per Companies Accounting Standard Rules, 2006.

This is the Cash Flow referred to in our Report of even date

S PRIYAMVATHA  
Company Secretary

A. VENKATARAMANI  
Managing Director

For R.G.N. PRICE & CO  
Chartered Accountants  
Firm Regn. No. 002785S

Chennai  
30.05.2014

N. VENKATARAMANI  
P. M. VENKATASUBRAMANIAN  
Directors

MAHESH KRISHNAN  
Partner  
Membership No. 206520

## 10 Years Performance at a Glance

Particulars	₹. in Lakhs									
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
<b>Sales</b>	5152.10	5636.23	5802.74	6274.97	5493.23	7350.79	8762.77	9126.29	9517.64	9488.36
<b>PBDIT</b>	1049.95	1193.51	1075.38	927.02	721.99	1366.79	1269.35	935.72	554.73	976.90
<b>Profit after tax</b>	499.56	512.07	388.70	250.42	108.79	556.53	469.44	58.15	-417.64	-275.56
<b>Dividend paid</b>	238.87	283.06	226.57	205.97	82.39	246.35	245.54	81.85	0.00	0.00
<b>Dividend %</b>	30.00	35.00	27.50	25.00	10.00	30.00	30.00	10.00	0.00	0.00
<b>Share Capital</b>	704.21	704.21	704.21	704.21	704.21	704.21	704.21	704.21	704.21	704.21
<b>Reserves &amp; Surplus</b>	3147.09	3376.09	3538.23	3582.68	3609.08	3919.26	4143.17	4119.47	3701.82	3426.26
<b>Networth</b>	3851.30	4080.30	4242.44	4286.89	4313.29	4623.47	4847.38	4823.68	4406.03	4130.47
<b>Gross Fixed Assets</b>	6158.68	6457.79	7157.32	7436.55	7637.30	8607.94	8780.30	11798.66	12938.46	13886.99
<b>EPS</b>	7.09	7.27	5.52	3.56	1.54	7.90	6.67	0.83	-5.93	-3.91
<b>Book Value/Share</b>	54.69	57.94	60.24	60.88	61.25	65.65	68.83	68.50	62.57	58.65
<b>Debt Equity</b>	0.14	0.08	0.17	0.23	0.14	0.41	0.45	0.56	0.52	0.70