IP Rings Ltd.

DIRECTORS

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

AUDITORS

Messrs. R.G.N. PRICE & Co., CHENNAI

LEGAL ADVISORS

S RAMASUBRAMANIAM & ASSOCIATES, CHENNAI

BANKERS

STANDARD CHARTERED BANK

CENTRAL BANK OF INDIA

HDFC BANK LIMITED

REGISTERED OFFICE

'Arjay Apex Centre'
51/24, College Road
Chennai 600 006
Tel: +91(44) 2825 0792 / 2825 0793
E-mail: iprcorp@iprings.com

FACTORY

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

NOTICE TO THE MEMBERS

NOTICE is hereby given that the **TWENTY FIRST ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd.** will be held at 3.15 p.m. on Thursday, 26th July 2012 at "The Music Academy", New No 168, Old No. 306, TTK Road, Chennai 600 014, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at March 31, 2012 together with the Profit and Loss Account for the year ended on that date and the Report of the Directors' and of the Auditor's thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr S R Srinivasan, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr S Ramachandra, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Dr R Natarajan, who retires by rotation and is eligible for reappointment.
6. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution.

   "RESOLVED that the retiring auditors Messrs. R G N Price & Co., Chartered Accountants, Chennai be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed in this behalf by the Board of Directors of the Company."

SPECIAL BUSINESS:

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

   "RESOLVED that pursuant to Section 198, 269, 309, 310, 311, 316, Schedule XIII and all other applicable provisions of the Companies Act 1956, if any, and subject to such approvals as may be required, including from Central Government, the approval of the Company be and is hereby accorded to the re-appointment, payment of remuneration, performance allowance and perquisites to Dr N Gowrishankar, Whole Time Director from 29.01.2012 to 28.01.2015 on the following terms and conditions as set out in the agreement duly approved at the meeting of the Board of Directors of the Company and recommended by the Remuneration Committee or such other remuneration as the Board of Directors may revise / increase / vary from time to time duly recommended in that behalf by the Remuneration Committee.

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

Perquisites:

(i) Housing :

Either

Free furnished residential accommodation subject to the condition that the expenditure by the Company on hiring a furnished accommodation for the appointee will be subject to the ceiling of 60% of the salary.

or

Free furnished accommodation, subject to a deduction of 10% of the salary, if the accommodation is owned by the Company.

or

House Rent Allowance subject to a ceiling of 60% of the Salary.

Reimbursement of Gas and Electricity, subject to a maximum of 10% of the salary. These shall be valued as per Income Tax Rules 1962.

(ii) Medical Reimbursement:

Reimbursement of expenses incurred for self and family up to one month's basic salary.

(iii) Leave Travel Assistance:

One month's basic salary per annum

(iv) Club Membership:

Fee of Clubs subject to a maximum of two clubs. This will not include Admission and Life Membership Fee.

(v) Personal Accident Insurance:

Personal Accident Insurance – Premium shall not exceed ₹ 4,000/-

(vi) Entertainment Expenses:

Reimbursement of entertainment expenses actually and properly incurred for the business of the Company.

(vii) Other Perquisites:

Company's contribution towards Provident Fund as per the Rules of the Company

Gratuity at one half month's salary for each completed year of service.

Company's contribution towards Superannuation Fund as per the Rules of the Company.

Leave:

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

Telephone & Car:

Provision of Telephone at residence. Provision of Mobile Phone. Facility of Car with Driver.

Minimum Remuneration:

In the event of loss or inadequacy of profit, in any financial year, the Whole Time Director shall be paid remuneration by way of salary, performance allowance and perquisites as specified above.

Termination:

Either party may terminate the Agreement by giving to the other party three months' notice or three months' salary in lieu thereof.

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

"RESOLVED that subject to the approval of the Central Government, pursuant to the provisions of Section 310, 198 (4) and other applicable provisions of the Companies Act, 1956, consent of the Members be and is hereby accorded to the payment of Managerial Remuneration amounting to ₹ 51,95,508/- to Dr N Gowrishankar, Whole Time Director for the financial year 1.4.2011 to 31.3.2012 as Minimum Remuneration not withstanding the fact that the profits of the company are inadequate and which has been duly recommended by the Remuneration Committee."

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

"RESOLVED that subject to the approval of the Central Government, pursuant to the provisions of Section 310, 198 (4) and other applicable provisions of the Companies Act, 1956, consent of the Members be and is hereby accorded to the payment of Managerial Remuneration amounting to ₹ 72,14,766/- to Mr A Venkataramani, Managing Director for the financial year 1.4.2011 to 31.3.2012 as Minimum Remuneration not withstanding the fact that the profits of the company are inadequate and which has been duly recommended by the Remuneration Committee."

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

"RESOLVED that pursuant to section 293(1)(d) and other applicable provisions of the Companies Act, 1956, the Company do borrow from time to time any sum or sums of moneys on such terms and conditions and with or without security as the Board of Directors may think fit which, notwithstanding the fact that the moneys to be so borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained in the ordinary course of business), may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, by a sum not exceeding ₹ 50 Crores."

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

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

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

    "RESOLVED that pursuant to proviso to Section 309 (1) and other applicable provisions, if any, of the Companies Act, 1956, the Company do avail professional services from Dr R Mahadevan, Non-Executive Director of the Company for a period of 3 years with effect from 1st April 2012 at a fee not exceeding ₹ 20,000/- p.m. on terms and conditions as set forth in the agreement entered into between the Company and Dr R Mahadevan.

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

By Order of the Board

Chennai
May 18, 2012

S RANGARAJAN
Vice President
(Finance) & Secretary

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

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business under item nos. 7 - 12 as set out above is annexed hereto.
- The proxy form duly completed should be deposited at the Registered Office of the Company / Office of the Share Transfer Agents not later than 48 hours before the commencement of the Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 19, 2012 to Thursday, July 26, 2012 (both days inclusive).
- The Dividend when approved will be made payable on or after July 26, 2012, in respect of shares held in Physical form to those members whose names appear in the Register of Members as on July 26, 2012 and in respect of shares held in the Electronic form to those "Deemed Members" whose names appear in the Register of Beneficial Owners furnished by NSDL and CDSIL, in accordance with the provisions of the Depositories Act, 1996.
- Members / Proxies should bring the attendance slip duly filled in for attending the Meeting.
- Members / Proxies are requested to bring their copy of Annual Report to the Meeting.
- Reminders are sent to members for encashing unclaimed and unpaid dividend, on a regular basis. Members who have not yet made claims are, therefore, requested to contact the Company immediately.
- Members who have multiple Folios in identical names or joint names in the same order are requested to intimate to the Company those Folios to enable the Company to consolidate all such Share holdings into a single Folio.
- Appointment / Reappointment of Directors:

  At the ensuing Annual General Meeting, Mr S R Srinivasan, Mr S Ramachandra & Dr R Natarajan, Directors, retire by rotation and being eligible offer themselves for reappointment. Dr N Gowrishankar was re-appointed for three years as Whole Time Director of the Company, effective from January 29, 2012.

  As per Clause 49 of the Listing Agreement with Stock Exchanges, the brief background, functional expertise of the Directors proposed for re-appointment are furnished below along with details of Companies in which they are Directors and the Board Committees of which they are members:

  i. Mr S R Srinivasan, aged about 72 years joined the Board as an Independent Director during March 2009, is a Mechanical Engineer from Madras University and has been a member of Works Managers and Institute of Forging Technology, UK. Presently he is the Managing Director of Shardlow India Limited.

  Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
Shardlow India Limited	
Wheel & Precision Forgings India Limited	

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

  Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
Amco Batteries Limited	

  iii. Dr R Natarajan, aged about 72 years joined the Board of the Company during March 2002 as a Director. He was the Chairman of All India Council for Technical Education (AICTE). He is a member of the Audit and Remuneration Committees of the Company.

  Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
Tata Elxsi Limited	Audit Committee

iv. Dr N Gowrishankar, aged about 68 years joined the Company as General Manager (Operations) in June 1991 and was designated as Executive Director in July 1995. He is an engineering graduate and holds a Ph.D from IIT, Madras. He has held various senior level management positions in India Pistons Ltd. and is the Whole Time Director of the Company from January 29, 2005. Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
India Pistons Limited	Remuneration Committee
Amalgamations Repco Ltd.	

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

ITEM NO. 7

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

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

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

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

ITEM NO. 8

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

The overall remuneration payable to Dr N Gowrishankar, Whole Time Director, for the year ended 31st March 2012, including salary, perquisites & performance allowance together with the managerial remuneration payable to Mr A Venkataramani, Managing Director exceeds the limit of 10% of the net profits prescribed under the Companies Act, 1956 by ₹1,08,94,767/-. Section 309(3) of the Companies Act permits payment of remuneration in excess of the limits prescribed therein, with the approval of the Central Government and the Shareholders.

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

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

Your Directors recommend the Resolution for approval.

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

ITEM NO. 9

The remuneration payable to Mr A Venkataramani, Managing Director, under Section I, Part II of Schedule XIII of the Companies Act, 1956 was approved by the shareholders at the Annual General Meeting held on July 28, 2011.

The overall remuneration payable to Mr A Venkataramani, Managing Director, for the year ended 31st March 2012, including salary, perquisites & commission @ 2.5% of the net profits together with the managerial remuneration payable to Dr N Gowrishankar, Whole Time Director exceeds the limit of 10% of the net profits prescribed under the Companies Act, 1956 by ₹1,08,94,767/-. Section 309(3) of the Companies Act permits payment of remuneration in excess of the limits prescribed therein, with the approval of the Central Government and the Shareholders.

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

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

Your Directors recommend the Resolution for approval.

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

ITEM NO. 10 & 11

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

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

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

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

ITEM NO. 12

The Company was availing the Professional Services of Dr R Mahadevan, Director, continuously till March 31, 2012 with the approval of the Shareholders and Central Government. Your Directors felt that it is most appropriate in the interest of the Company to continue the Professional Services of Dr R Mahadevan, Director. The Central Government had already expressed its opinion that Dr R Mahadevan possesses the requisite qualification, to render professional services u/s. 309(1) (b) of the Companies Act, 1956.

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

Your Directors recommend the Resolution for approval.

Save and except Dr R Mahadevan, none of the Directors is concerned or interested in this Resolution.

By Order of the Board

S RANGARAJAN
Vice President
(Finance) & Secretary

Chennai
May 18, 2012

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

DIRECTORS' REPORT

Your Directors have pleasure in presenting the **Twenty First Annual Report** together with the Accounts for the year ended March 31, 2012 and the Auditor's Report thereon

FINANCIAL RESULTS

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

DIVIDEND

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

OPERATIONS

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

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

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

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

OUTLOOK

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

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

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

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

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

DIRECTORS

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed;
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2012 and of the profit of the Company for that year;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

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

AUDITORS

Messrs. R.G.N Price & Co., Chartered Accountants retire at the Annual General Meeting and are eligible for reappointment.

PARTICULARS OF EMPLOYEES

There were no employees in receipt of remuneration of ₹ 5,00,000/- p.m. during the year ended 31.03.2012 coming within the purview of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended.

DISCLOSURE OF PARTICULARS

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure forming part of this Report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the Technical Assistance and Marketing Services extended by M/s Nippon Piston Ring Co. Ltd., Japan and M/s. India Pistons Limited, Chennai, respectively.

Your Directors also wish to place on record their appreciation of the contribution made by the employees at all levels.

For and on behalf of the Board

N Venkataramani
Chairman

Chennai
May 18, 2012

Annexure to the Directors' Report for the year ended 31st March 2012
Statement containing particulars pursuant to the Companies
(Disclosure of particulars in the Report of Board of Directors) Rules, 1988

I. CONSERVATION OF ENERGY

Various energy conserving/saving measures at all points of manufacturing are continuously being implemented.

A. POWER & FUEL CONSUMPTION

Electricity:

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

B. CONSUMPTION PER UNIT OF PRODUCTION (ELECTRICITY)

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

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:

1. PVD coated rings have been successfully productionised. High performance PVD coatings are under further development.
2. Smaller Dia Rings are being developed along with alternate processes

Orbital Cold Forming:

1. Development of flashless hot forged blanks to achieve raw material savings has been completed.

2. Benefits derived as a result of the above R&D:

1. Commercial exploitation of PVD Rings which are required for next generation Engines.
2. Development of smaller Dia Rings will widen our range of applications
3. Developments in hot forging have improved the availability of forging input materials and cost.

3. Future Plan of Action:

Piston Rings:

(a) R & D in High Performance PVD coatings for meeting stringent Euro V and Euro VI emission norms.

(b) Extension of usage of current surface coatings for other alternative engine applications.

Orbital Cold Forming:

(a) Improvements in productivity, process flow and heat treatment of orbital cold formed components.

(b) Improvement from component supply to sub-system supply.

(c) Development of non-transmission components.

4. Expenditure on R&D:

Capital	₹	17,40,711/-
Revenue	₹	44,52,729/-
Total	₹	61,93,440/-
Total R & D Expenditure as a % of Total Turnover		0.68%

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

Imported Technology

Technology	Technology help	Equipment Imported from	Year of absorption	Statusof Implementation
Carbon Friction	Miba GmbH	Austria	2005-06	New areas of application under experimentation
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 — ₹ 25,78,279/-

Foreign Exchange outgo — ₹ 20,17,48,770/-

IP Rings Ltd.

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To the Members of IP Rings Ltd, Chennai.

We have reviewed the compliance conditions of Corporate Governance by **IP Rings Ltd.** ("the Company") for the year ended 31st March 2012 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
18.05.2012

Mahesh Krishnan
Partner
Membership No. 206520

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, 2012, received from the Board Members and Senior Management Personnel, a Declaration of Compliance with the Code of Conduct as applicable to them.

A Venkataramani
Chief Executive Officer
Managing Director

Chennai
May 18, 2012

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 K V Shetty+	Director (Non Executive)
Mr A Venkataramani	Managing Director (Executive)
Dr N Gowrishankar	Whole Time Director (Executive)
Dr R Mahadevan	Director (Non Executive)
Mr Masaaki Otani	Director (Non Executive - Independent)
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)
Mr T K Ramasubramanyan*	Director (Non Executive - Independent)

+ Mr K V Shetty, Director passed away on August 18, 2011.
* Mr T K Ramasubramanyan, Director vacated his office on July 28, 2011

2. Attendance of each Director at the Board Meetings held during the FY 2011-2012 and at the last AGM and details of other Directorships

Six Board Meetings were held during the year 2011-2012. The dates on which the meetings were held are: 30.05.2011 (two meetings), 29.07.2011, 31.10.2011, 17.11.2011 & 08.02.2012. 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 K V Shetty*	2	No	07	04
Mr A Venkataramani	6	Yes	04	00
Dr N Gowrishankar	6	Yes	02	01
Dr R Mahadevan	6	Yes	09	00
Mr Masaaki Otani	2	Yes	00	00
Mr P M Venkatasubramanian	6	Yes	05	05
Dr R Natarajan	6	Yes	01	01
Mr S R Srinivasan	6	Yes	02	00
Mr S Ramachandra	6	Yes	01	00
Mr T K Ramasubramanyan*	2	No	01	01

3. Remuneration to Directors

The details of remuneration paid / payable to all the Directors for the year 2011-2012 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 K V Shetty	22,500	–	2850
Mr Masaaki Otani	–	–	–
Dr R Mahadevan	66,000	–	600
Mr P M Venkatasubramanian	75,000	–	–
Dr R Natarajan	75,000	–	–
Mr S R Srinivasan	60,000	–	300
Mr S Ramachandra	65,000	–	–
Mr T K Ramasubramanyan	20,000	–	–

Apart from sitting fee, the Non Executive Directors are eligible for commission of 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 (₹)
Fixed Component Salary	37,00,000.00	30,97,096.00
Perquisites	31,35,889.00	6,58,412.00
Variable Component Commission / Performance Allowance	3,78,877.00	14,40,000.00
Total	**72,14,766.00**	**51,95,508.00**

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 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
Dr R Mahadevan*	Member	Non Executive
Mr K V Shetty+	Member	Non Executive

* Dr R Mahadevan was inducted effective from 31.10.2011

+ Mr K V Shetty, passed away on August 18, 2011

Mr S Rangarajan, Vice President (Finance) & 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: 30.05.2011, 27.07.2011, 31.10.2011 & 08.02.2012. The attendance records of all the members are as under:

Member	No. of Meetings Attended
Mr P M Venkatasubramanian	4
Dr R Natarajan	4
Dr R Mahadevan	2
Mr K V Shetty	1

5. Shareholders / Investors Grievance Committee

The Shareholders/Investors Grievance 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
Mr K V Shetty+	Member	Non Executive

* Mr A Venkataramani was inducted effective from 31.10.2011

+Mr K V Shetty passed away on August 18, 2011

The Investors Grievance Committee met twice during the year. The dates on which the meetings were held are: 08.02.2012 & 09.03.2012. The attendance records of all the members are as under:

Member	No. of Meetings Attended
Dr R Mahadevan	2
Mr A Venkataramani	2

Mr S Rangarajan, Vice President (Finance) & Secretary is the Secretary of the Committee.

During the year 5 complaints regarding non-receipt of dividend warrants 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. Disclosure

All materially significant related party transactions with the Company's Promoters, Directors, the subsidiaries or relatives etc., are disclosed in accounts under note 20 (18) of 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

7. Annual General Meetings

Location and time of last 3 Annual General Meetings were

Year	GM	Location	Date	Time
2010-2011	AGM	"Rani Seethai Hall" 603, Anna Salai, Chennai 600 006	28.07.2011	3.15 p.m
2009-2010	AGM	Same as above	29.07.2010	3.15 p.m
2008-2009	AGM	Same as above	23.07.2009	3.15 p.m

8. Postal Ballot

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

No Special Resolutions on matters requiring Postal Ballot are placed for shareholders' approval at the ensuing Annual General Meeting.

9. 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.

10. General Shareholder Information

AGM: Date, Time and Venue — **26.07.2012 @ 3.15 p.m.**

"The Music Academy"
Old No. 168, New No. 306,
TTK Road,
Chennai 600 014

Financial Calendar — April to March

First Quarter Results - July
Half Year - October
Third Quarter- January
Annual Results - May

Date of Book Closure — 19.07.2012 to 26.07.2012 (both days inclusive)

Dividend Payment Date — Within 30 days from July 26, 2012

Listing

i. Madras Stock Exchange Limited (MSE), Chennai

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

iii. Bombay Stock Exchange Limited (BSE), Mumbai

Stock Code — IPRINGS (MSE), 523638 (BSE) & IPRING LTD (NSE)

ISIN — INE 558 A01019

Month	***BSE***	
	LOW (₹)	**HIGH (₹)**
April 2011	78.40	87.50
May 2011	74.05	88.50
June 2011	74.05	86.00
July 2011	74.80	85.00
August 2011	65.10	80.00
September 2011	63.70	71.00
October 2011	55.15	67.95
November 2011	52.80	64.45
December 2011	43.00	59.80
January 2012	44.10	55.25
February 2012	49.00	61.00
March 2012	51.05	57.00

Shareholding Pattern

Category	No. of Shares held	% to Capital
Promoters	36,49,832	51.83
Mutual Funds & UTI	200	0.00
Banks, FI's, Insurance Cos.	2,15,347	3.06
Private Bodies Corporate	8,07,104	11.46
Indian Public	16,58,760	23.56
NRI's / OCB's	6,704	0.10
Foreign Collaborators	7,04,200	9.99
Total	**70,42,147**	**100.00**

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

Month	**BSE**		**BSE Sensex**	
	LOW (₹)	HIGH (₹)	LOW	HIGH
April 2011	78.40	87.50	18976.19	19811.14
May 2011	74.05	88.50	17786.13	19253.87
June 2011	74.05	86.00	17314.38	18873.39
July 2011	74.80	85.00	18131.86	19131.70
August 2011	65.10	80.00	15765.53	18440.07
September 2011	63.70	71.00	15801.01	17211.80
October 2011	55.15	67.95	15745.43	17908.13
November 2011	52.80	64.45	15478.69	17702.26
December 2011	43.00	59.80	15135.86	17003.71
January 2012	44.10	55.25	15358.02	17258.97
February 2012	49.00	61.00	17061.55	18523.78
March 2012	51.05	57.00	16920.61	18040.69

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	86.78% of the Paid up Capital has been dematerialised as on 31.03.2012.
Plant Location	D 11/12, Industrial Estate Maraimalainagar - 603 209 Tel: +91 (44) 2745 2816 / 2745 2852 / 2745 2853 E-mail: iprmmn@iprings.com
Address for Correspondence	'Arjay Apex Centre' 51/24, College Road Chennai 600 006 Tel: +91 (44) 2825 0792 / 2825 0793 E-mail: iprcorp@iprings.com
E-mail for Investors	investor@iprings.com

NON-MANDATORY REQUIREMENTS

(**a**) **Remuneration Committee:**

The Company has a Remuneration committee. Mr P M Venkatasubramanian, Dr R Natarajan & Mr S Ramachandra are the members of the Remuneration Committee. Mr P M Venkatasubramanian is the Chairman of the Committee. Mr S Rangarajan, Vice President (Finance) & Secretary is the Secretary of the Committee. During the year under review, the Committee met twice viz., 30.05.2011 & 17.11.2011.

(**b**) **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 web site.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Developments:

Indian Auto Component Industry is expected to grow in 2012-13 at 10-15% over the previous year. While the medium and heavy commercial segment did show moderation and decline in growth rates, the growth in the small commercial vehicle segment offset this, growing at above 30% year on year. The focus by Original Equipment Manufacturers (OEMs) on leveraging the booming market for micro light commercial vehicles has resulted in multiple product launches in the last 18 months. It is expected that this sub segment to sustain high double digit growth in the medium term. The two wheeler industry had another good year registering a 16% growth in volume terms and is expected to grow in same terms in the coming years. The entry level segment of the Indian Passenger Car market shrunk in 2011, for the first time in many years, and saw its market share dip below 50% of the overall passenger car market. The situation was quite different for the premium compact segment which grew at a rate of 6.5%, whilst the demand for high end cars was also on the rise with sedans seeing a demand rise of 15%.

Opportunities and Threats:

While overall GDP growth forecast has been tempered downward, the outlook for sale of passenger cars and two-wheelers continues to be optimistic. Between two wheelers and passenger cars, the country may see sales in the range of 15 million units annually, in the next five years. The influx of international passenger car OEMs in the Indian market continued in 2011-12. In spite of relatively muted levels of economic growth, there have been renewed signs of activity by almost all OEMs. A range of new vehicle launches are on the cards in 2012-13 as well.

Your Company has historically strong and enduring partnerships with leading OEMs. This is mainly because of the superior technology and high quality service levels provided. With more global OEMs coming into India, your Company will have immense opportunities.

Volatility in input costs has a direct impact on our cost of goods. The adverse foreign exchange situation and political uncertainty has further aggregated inflation on input cost of raw materials for importers, including your Company. This has created uncertainty with regard to medium term outlook on cost of goods and consequently pressure on margins.

Fierce Competition, finance costs, acute power shortage and man power cost will continue to pose threat to your Company. Your Company is attempting to reduce the impact of these through value engineering, productivity improvement and cost reduction.

Segment-wise Product Performance:

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

Outlook:

The demand for Indian Automotive Components was driven by growth across all categories, but primarily by the growing four stroke motor cycle and passenger car segment, tractor sales and a growing new generation, high technology commercial vehicles sector. These trends are expected to continue in 2012 -13 and thereon.

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 capabilities. Better utilization of PVD facility and broad basing of customer base in transmission components division are likely to result in better volume and margins.

Better cost management and improved productivity will continue to be the key thrust areas during the coming years. With additional capacity, improved productivity and newer technology, your Company is yet to explore the newer opportunities.

Risks and Concerns:

Macro economic risk caused by policy freeze and global financial turmoil may lead to slower GDP growth and depressed economic activity. This could negatively impact consumption and demand. High levels of employee attrition and aggressive price led strategy by local as well as international competitors in an attempt to gain volume share will have an impact on overall industry margin.

Your Company has plans to address the impact of the identified risks and is putting in place the necessary mitigating actions.

Internal Control Systems:

Your company maintains an adequate and effective internal control system 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 achieved a Turnover of ₹ 91.26 Crores and a PBT of ₹ 29.01 Lakhs during the current year. Both the Divisions of the company i.e. Rings Division and the Transmission Components 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.

Corporate Social Responsibility:

IP Rings is continuing its contributions towards corporate social responsibility in contributing to Single Teacher School movement, in participating and running hospitals, conducting computer awareness programs for employees' children and conducting blood donation campaigns.

10 Year Record:

A chart showing 10 years' performance is appended forming part of this Report.

10 Years Performance at a Glance

₹. in Lakhs

Particulars	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Sales	3,931.36	4,767.79	5,152.10	5,636.23	5,802.74	6,274.97	5,493.23	7,350.79	8,762.77	9,126.29
PBDIT	867.03	1,016.53	1,049.95	1,193.51	1,075.38	927.02	721.99	1,366.79	1,269.35	935.72
Profit after tax	317.72	479.77	499.56	512.07	388.70	250.42	108.79	556.53	469.44	58.15
Dividend paid	158.89	238.33	238.87	283.06	226.57	205.97	82.39	246.35	245.54	81.85
Dividend %	20.00	30.00	30.00	35.00	27.50	25.00	10.00	30.00	30.00	10.00
Share Capital	704.21	704.21	704.21	704.21	704.21	704.21	704.21	704.21	704.21	704.21
Reserves & Surplus	2,644.97	2,886.40	3,147.09	3,376.09	3,538.23	3,582.68	3,609.08	3,919.26	4,143.17	4,119.47
Networth	3,333.14	3,587.76	3,851.30	4,080.30	4,242.44	4,286.89	4,313.29	4,623.47	4,847.38	4,823.68
Gross Fixed Assets	4,060.57	4,626.19	6,158.68	6,457.79	7,157.32	7,436.55	7,637.30	8,607.94	8,780.30	11,798.66
EPS	4.51	6.81	7.09	7.27	5.52	3.56	1.54	7.90	6.67	0.83
Book Value/Share	47.33	50.95	54.69	57.94	60.24	60.88	61.25	65.65	68.83	68.50
Debt Equity	0.14	0.09	0.14	0.08	0.17	0.23	0.14	0.41	0.45	0.56

IP Rings Ltd.

REPORT OF THE AUDITORS TO THE MEMBERS OF IP RINGS LIMITED

We have audited the attached Balance Sheet of **IP Rings Limited** as at 31st March 2012 and also the Statement of Profit and Loss and Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to above, we report that:

   I. 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;

   II. 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;

   III. 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;

   IV. 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.

   V. On the basis of the written representations received from the Directors, as on 31st March 2012 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.

   VI. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2012;

      (b) in the case of Statement of Profit and Loss, of the Profit 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.

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

Chennai
18.05.2012

Mahesh Krishnan
Partner
Membership No. 206520

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 as it was done last year by the management.

(c) No Fixed Assets have been sold / disposed off during the year.

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 major weaknesses in internal controls 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. On the basis of the records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India under Section 209(1) (d) of the Companies Act, 1956 have been made and maintained.

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 31st March 2012 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 31st March 2012. However, in respect of Income Tax & VAT, disputed amounts that remain unpaid are disclosed hereunder:

Financial Year	Assessment Year	Disputed Amount Unpaid (₹ in Lakhs)	Appeal Pending with
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	ITAT
Income Tax Act,1961	2001-2002	4.75	ITAT
Income Tax Act,1961	2002-2003	6.61	CIT(Appeals)
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	CIT(Appeals)
Income Tax Act,1961	2009-2010	32.81	CIT (Appeals)
TN VAT Act, 2006	2007-2008	1.92	DCCT (Appeals)
	Total	**173.03**	

X The Company has no accumulated losses. The Company has also not incurred cash losses during this financial year and in the immediately preceding financial year.

XI 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 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 certain investments in shares and mutual funds. 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 The Company has not given any guarantee for loans taken by others from bank or financial institutions.

XVI Term Loans availed from banks have been utilized towards the intended purpose.

XVII According to the information and explanations given to us and on an overall review of utilization of funds, we observed that no short-term funds have been used for long-term investments.

XVIII During the year, 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 During the year, the Company has not raised any money by public issue.

XX According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported.

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

Chennai
18.05.2012

Mahesh Krishnan
Partner
Membership No. 206520

PART - I BALANCE SHEET AS AT 31ST MARCH 2012

		Note No.	March 31, 2012 ₹	March 31, 2011 ₹
I.	**EQUITY AND LIABILITIES**			
	1. Shareholders' funds			
	(a) Share capital	1	**7,04,21,470**	7,04,21,470
	(b) Reserves and surplus	2	**41,19,46,807**	41,43,16,571
	2. Non-Current Liabilities			
	(a) Long-term borrowings	3	**18,34,52,554**	13,82,63,313
	(b) Deferred tax liabilities (Net)	4	**4,68,77,497**	4,97,91,222
	(c) Long-term provisions	6	**42,80,637**	40,85,448
	3. Current Liabilities			
	(a) Short-term borrowings	3	**12,07,54,729**	5,64,18,774
	(b) Trade payables	5	**8,99,95,355**	5,73,61,481
	(c) Other current liabilities	5	**12,13,11,279**	13,19,21,301
	(d) Short-term provisions	6	**81,84,559**	2,45,53,677
	TOTAL		**105,72,24,887**	94,71,33,257
II.	**ASSETS**			
	Non-current assets			
	(a) Fixed assets	7		
	Tangible assets		**58,73,89,274**	35,54,07,548
	Intangible assets		**1,66,42,849**	13,67,373
	Capital work-in-progress		**2,91,85,765**	16,68,84,095
	Intangible assets under development		**5,38,000**	1,69,21,100
	(b) Non-current investments	8	**88,000**	88,000
	(c) Long-term loans and advances	12	**3,07,65,736**	6,12,49,316
	Current assets			
	(a) Inventories	9	**15,39,08,396**	15,91,44,189
	(b) Trade receivables	10	**16,99,55,822**	13,61,60,905
	(c) Cash and cash equivalents	11	**1,65,70,875**	1,77,79,503
	(d) Short-term loans and advances	12	**5,21,80,170**	3,21,31,228
	TOTAL		**105,72,24,887**	**94,71,33,257**
	Significant Accounting Policies	19		
	Notes on Accounts	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. RANGARAJAN
Vice President (Finance) & Secretary

A. VENKATARAMANI
Managing Director

N. GOWRISHANKAR
Whole Time Director

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

N. VENKATARAMANI
P. M. VENKATASUBRAMANIAN
Directors

Chennai
18.05.2012

MAHESH KRISHNAN
Partner
Membership No. 206520

IP Rings Ltd.

PART-II – STATEMENT OF PROFIT AND LOSS

		Note No.	For year ended March 31,2012 ₹	For year ended March 31,2011 ₹
I.	**Sales**	**13**	**91,26,28,552**	87,62,77,061
	Less Excise Duty		**8,42,57,124**	7,95,35,769
	Net Sales		**82,83,71,428**	79,67,41,292
II.	**Other income**	**14**	**22,53,604**	26,19,856
III.	**Total Revenue (I + II)**		**83,06,25,032**	79,93,61,148
IV.	**Expenses:**			
	Cost of materials consumed	**15**	**31,84,74,453**	28,94,45,129
	Employee benefits expense	**16**	**12,48,77,086**	10,62,08,520
	Finance costs	**17**	**3,60,91,763**	1,20,32,430
	Depreciation and amortization expense		**5,45,78,696**	4,73,92,816
	Other expenses	**18**	**29,37,01,964**	27,67,71,724
	Total expenses		**82,77,23,962**	73,18,50,619
V.	**Profit before tax (III- IV)**		**29,01,070**	6,75,10,529
VI.	**Tax expense:**			
	(1) Current tax Payable		**–**	2,15,00,000
	(2) MAT Payable		**4,55,990**	–
	(3) MAT credit Entitlement		**(4,55,990)**	–
	(4) Deferred tax		**(29,13,725)**	(9,33,880)
VII.	**Profit (Loss) for the period from continuing operations (V-VI)**		**58,14,795**	4,69,44,409
VIII.	**Earnings per equity share:**			
	(1) Basic & Diluted		**0.83**	6.67
Significant Accounting Policies		**19**		
Notes on Accounts		**20**		

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. RANGARAJAN
Vice President (Finance) & Secretary

A. VENKATARAMANI
Managing Director

N. GOWRISHANKAR
Whole Time Director

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

N. VENKATARAMANI
P. M. VENKATASUBRAMANIAN
Directors

Chennai
18.05.2012

MAHESH KRISHNAN
Partner
Membership No. 206520

NOTES TO BALANCE SHEET

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
1. SHARE CAPITAL		
i) Authorised		
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
	20,00,00,000	20,00,00,000

	In Numbers		₹	
	As at Mar 31, 2012	As at Mar 31, 2011	**As at Mar 31, 2012**	As at Mar 31, 2011
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
Total	**70,42,147**	70,42,147	**7,04,21,470**	7,04,21,470

The company has one class of Equity Shares having a face value of Rs.10/- per share. Each share holder is eligible for one vote per share held.

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

Shareholder- Relationship	**Mar 31, 2012**		Mar 31, 2011	
	No. of Shares	%	No. of Shares	**%**
India Pistons Ltd.- Fellow subsidary	**20,78,862**	**30**	20,78,862	30
Tractor & Farm Equipment Limited - Fellow Subsidary	**7,78,440**	**11**	7,78,440	11
Simpson &Co., Ltd. - Fellow Subsidary	**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.-Associate	**2,000**	**0**	2,000	0
Higginbothams Private Ltd.- Fellow Subsidary	**500**	**0**	500	0

iii) Details of Member holding more than 5 percent shares

Shareholder	**Mar 31, 2012**		Mar 31, 2011	
	No. of Shares	**%**	No. of Shares	%
India Pistons Ltd.	**20,78,862**	**30**	20,78,862	30
Tractor & 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

Shareholder	**Mar 31, 2012**		Mar 31, 2011	
	No. of Shares	**%**	No. of Shares	%
Mr. N Venkataramani	**24,050**	**0.34**	24,050	0.34
Mr. K V Shetty	**N.A.**	**N.A.**	2,850	0.04
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	–

*Negligble share holding percentage

NOTES TO BALANCE SHEET – (Contd.)

		As at March 31, 2012 ₹	As at March 31, 2011 ₹
2.	**RESERVES AND SURPLUS**		
(a)	**Securities Premium Reserve**		
	Balance as per last Balance Sheet	**10,54,28,400**	10,54,28,400
		10,54,28,400	10,54,28,400
(b)	**General Reserve**		
	Balance as per last Balance Sheet	**30,15,26,723**	28,15,26,723
	Add: Transfer from Profit and Loss Account	**–**	2,00,00,000
		30,15,26,723	30,15,26,723
(c)	**Profit and Loss Account**		
	Balance as per last Balance Sheet	**73,61,448**	49,70,716
	Add : Balance of Profit carried forward from Profit and Loss account	**58,14,795**	4,69,44,409
	Less: Appropriations		
	General Reserve	–	2,00,00,000
	Proposed Dividend - Equity Shares	**70,42,147**	2,11,26,441
	Corporate Dividend Tax	**11,42,412**	34,27,236
		49,91,684	73,61,448
		41,19,46,807	41,43,16,571
3.	**BORROWINGS**		
	Long Term Borrowings		
	Secured Loans		
	Term Loans		
	– From Banks	**16,47,11,472**	13,66,53,934
	– From Other Parties	**7,41,082**	16,09,379
	Total Secured Loans	**16,54,52,554**	13,82,63,313
	Unsecured Loans		
	Loans and advances from Related Parties		
	– Fellow Subsidiary	**1,80,00,000**	–
	Total Unsecured Loans	**1,80,00,000**	–
		18,34,52,554	138,2,63,313

I. Security offered

(a) The 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.

II. Terms of Repayment

	Loan Description	Repayment Terms
(a)	Buyers Credit Term loan	4 Half yearly installment
(b)	Term Loans-Banks	16 quarterly installment
(c)	Term Loans- other parties	Monthly installment

Short Term Borrowings		
Secured Loans		
Loans repayable on demand		
– From Banks	**100,754,729**	18,418,774
Total Secured Loans	**100,754,729**	18,418,774
Unsecured Loans		
Loans and advances from Related Parties		
– Fellow Subsidiary	**2,00,00,000**	3,80,00,000
Total Unsecured Loans	**2,00,00,000**	3,80,00,000
	12,07,54,729	5,64,18,774

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

NOTES TO BALANCE SHEET – (Contd.)

		As at March 31, 2012 ₹	As at March 31, 2011 ₹
4.	**DEFERRED TAX (ASSET) / LIABILITY**		
	Deferred Tax Asset:		
	Unabsorbed depreciation	**(2,23,60,397)**	–
	Expenses allowable on payment	**(20,57,981)**	(18,98,378)
		(2,44,18,378)	(18,98,378)
	Deferred Tax Liability:		
	Fixed Assets (Depreciation / Amortization)	**7,12,95,875**	5,16,89,600
	Net Deferred Tax Liability / (Asset)	**4,68,77,497**	4,97,91,222
5	**SHORT TERM LIABILITIES**		
	Trade Payables		
	Trade Payables*	**4,85,39,264**	1,19,17,496
	Trade Payables to Micro, Small & Medium Enterprises	**66,00,899**	48,39,783
	Trade Payables- Due to fellow subsidiary	**3,48,55,192**	4,06,04,202
		8,99,95,355	5,73,61,481
	Other Liabilities		
	Acceptances	**2,21,19,771**	3,95,90,349
	Interest accrued but not due on borrowings	**33,48,378**	22,89,363
	Unpaid dividends	**18,06,352**	17,17,292
	Other Payables - Statutory payments to Government authorities	**88,64,222**	80,96,129
	Current Maturities of Long term Debt		
	– From Banks	**8,37,60,542**	7,90,12,168
	– From Other Parties	**14,12,014**	12,16,000
		12,13,11,279	13,19,21,301
	*Amount due to Directors' shown under Trade Payable – ₹ in Lakhs	**43.34**	63.70
6.	**PROVISIONS**		
	Long Term Provisions		
	Provision for Employee benefits		
	Leave Salary	**42,80,637**	40,85,448
		42,80,637	40,85,448
	Short Term Provisions		
	Proposed Dividend (including tax)	**81,84,559**	2,45,53,677
		81,84,559	2,45,53,677

NOTES TO BALANCE SHEET – (Contd.)

7. FIXED ASSETS	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK	
Particulars	As at 1.04.2011 ₹	Additions during the Year ₹	**As at 31.03.2012** ₹	Upto 31.03.2011 ₹	Depreciation for the Year ₹	**Upto 31.03.2012** ₹	**As at 31.03.2012** ₹	As at 31.03.2011 ₹
Tangible Assets								
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	6,54,98,931	1,18,70,278	**7,73,69,209**	2,40,96,613	23,90,802	**2,64,87,415**	**5,08,81,794**	4,14,02,318
Plant & Machinery*	70,39,79,705	25,65,91,231	**96,05,70,936**	41,86,94,101	4,31,05,744	**46,17,99,845**	**49,87,71,091**	28,52,85,604
Electrical Installations	2,08,36,706	47,48,097	**2,55,84,803**	1,06,13,751	9,61,983	**1,15,75,734**	**1,40,09,069**	1,02,22,955
Furniture & Fixtures	91,38,526	8,97,208	**1,00,35,734**	70,62,410	4,17,423	**74,79,833**	**25,55,901**	20,76,116
Vehicles	96,95,733	36,24,652	**1,33,20,385**	34,00,294	12,04,939	**46,05,233**	**87,15,152**	62,95,439
Office Equipment	4,17,74,697	54,42,621	**4,72,17,318**	3,48,89,186	31,11,470	**3,80,00,656**	**92,16,662**	68,85,511
	85,41,63,903	28,31,74,087	**113,73,37,990**	49,87,56,355	5,11,92,361	**54,99,48,716**	**58,73,89,274**	35,54,07,548
Intangible Assets								
Technical Knowhow Fee	1,54,55,478	1,69,21,100	**3,23,76,578**	1,47,33,889	27,07,219	**1,74,41,108**	**1,49,35,470**	7,21,589
Product Development	84,10,698	17,40,711	**1,01,51,409**	77,64,914	6,79,116	**84,44,030**	**17,07,379**	6,45,784
	2,38,66,176	1,86,61,811	**4,25,27,987**	2,24,98,803	33,86,335	**2,58,85,138**	**1,66,42,849**	13,67,373
Total Tangible and Intangible	87,80,30,079	30,18,35,898	**117,98,65,977**	52,12,55,158	5,45,78,696	**57,58,33,854**	**60,40,32,123**	35,67,74,921
Capital Work - in - Progress							**2,91,85,765**	16,68,84,095
Intangible assets under development							**5,38,000**	1,69,21,100
							63,37,55,888	54,05,80,116

*Note	**2011-12**	2010-11
Amount in Addition includes Interest Capitalised for (₹ in lakhs)	**36.25**	106.24

NOTES TO BALANCE SHEET – (Contd.)

		As at March 31, 2012 ₹	As at March 31, 2011 ₹
8.	**INVESTMENTS**		
	Investments		
	Trade Investments		
	(a) Quoted at Cost		
	(i) other non current investments		
	1,100 equity shares of ₹ 10 each fully paid in Corporation Bank	**88,000**	88,000
		88,000	88,000
	Note : Market Value of the above is ₹ 4.67 lakhs		
9.	**INVENTORIES**		
	Inventories		
	(a) Raw materials	**6,19,42,450**	5,95,44,808
	Raw Material - Intransit	**23,31,363**	1,27,81,477
		6,42,73,813	7,23,26,285
	(b) Work-in-progress	**3,04,71,743**	3,50,16,868
	(c) Finished goods	**1,43,72,684**	1,90,74,196
	(d) Stores and spares	**3,83,86,490**	2,75,67,672
	(e) Loose tools	**64,03,666**	51,59,168
		15,39,08,396	15,91,44,189

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	**16.67**	18.14
Finished Goods at Depots	**27.30**	5.86

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, 2012 ₹	As at March 31, 2011 ₹
10. TRADE RECEIVABLES		
Unsecured considered good		
– Receivables outstanding for more than six months	**50,31,886**	11,10,487
– Receivables outstanding for Less than six months	**16,49,23,936**	13,50,50,418
	16,99,55,822	13,61,60,905
11. CASH AND CASH EQUIVALENTS		
Cash on hand	**34,553**	39,662
Bank Balances		
– in current accounts	**1,47,29,970**	1,60,22,549
– in dividend accounts	**18,06,352**	17,17,292
	1,65,70,875	1,77,79,503
12. LOANS AND ADVANCES		
Short term Loans & Advances		
Unsecured, considered good		
(a) **Security Deposits**		
– Lease Rent Deposits	**21,88,500**	8,58,500
– Other Deposits	**40,60,478**	3,13,771
(b) **Loans and advances to Related Parties**		
– Advance given to Fellow Subsidiary	**13,14,000**	10,70,000
(c) **Other loans and advances**		
– Prepaid expenses	**32,67,031**	19,63,727
– Service tax recoverable (net)	**29,58,324**	26,38,014
– Central Excise	**35,29,554**	26,17,355
– Advance tax and tax deducted at source (net)	**2,01,78,781**	1,42,97,076
– Other advances recoverable in cash or in kind or for value to be received	**1,46,83,502**	83,72,785
	5,21,80,170	3,21,31,228
Doubtful		
(a) Other loans and advances	**16,81,000**	16,81,000
Less:		
Provison for Doubtful Advances	**16,81,000**	16,81,000
	5,21,80,170	3,21,31,228
Long term Loans & Advances		
Unsecured, considered good		
(a) Capital Advances	**3,03,09,746**	6,12,49,316
(b) Other loans and advances		
– MAT credit receivable	**4,55,990**	–
	3,07,65,736	6,12,49,316

NOTES TO PROFIT & LOSS ACCOUNT

		For year ended March 31, 2012 ₹	For year ended March 31, 2012 ₹
13.	**REVENUE FROM OPERATIONS**		
	Rings Sales	**57,71,79,720**	59,39,47,354
	OCF Sales	**31,33,12,681**	26,31,13,615
	Sale of Scrap	**31,21,557**	17,03,464
	Revenue from sub contract & Jobbing	**1,90,14,594**	1,75,12,628
	Less: Excise Duty	**8,42,57,124**	7,95,35,769
		82,83,71,428	79,67,41,292
14.	**OTHER INCOME**		
	Interest income	**6,92,055**	5,24,686
	Dividend income	**4,41,578**	6,27,808
	Excess provision written back	**5,99,765**	3,40,000
	Other non-operating income (Net)	**5,20,206**	11,27,362
		22,53,604	26,19,856
15.	**COST OF MATERIAL CONSUMED**		
	Opening Stock	**5,95,44,808**	4,45,38,003
	Add: Purchases	**30,52,86,167**	31,45,69,449
	Less: Closing Stock	**6,19,42,450**	5,95,44,808
		30,28,88,525	29,95,62,644
	(Increase) / Decrease in Work-in-Progress	**45,45,125**	(66,02,710)
	(Increase) / Decrease in Finished Goods	**47,01,512**	(69,89,301)
	Exchange (Gain)/Loss	**63,39,291**	34,74,496
		31,84,74,453	28,94,45,129
16.	**EMPLOYEE BENEFIT EXPENSES**		
	Salaries and wages	**10,03,07,931**	8,66,15,953
	Contribution to provident fund	**38,73,560**	33,93,474
	Contribution to gratuity fund	**23,37,807**	10,81,403
	Contribution to superannuation fund	**8,11,164**	10,41,280
	Contribution to ESIC fund	**18,36,112**	14,67,778
	Staff welfare expenses	**1,55,77,327**	1,23,58,073
	Others (Reimbursement of Expenses for seconded Employees)	**1,33,185**	2,50,559
		12,48,77,086	10,62,08,520
17.	**FINANCE COST**		
	Interest expenses	**3,36,73,895**	1,08,34,421
	Other borrowing costs	**24,17,868**	11,98,009
		3,60,91,763	1,20,32,430

NOTES TO PROFIT & LOSS ACCOUNT – (Contd.)

18. OTHER EXPENSES	For year ended March 31, 2012 ₹	For year ended March 31, 2012 ₹
Sub - Contracting Expenses	**6,09,32,415**	5,85,03,139
Power and Fuel	**4,98,90,675**	4,29,26,306
Stores Consumed	**6,89,50,925**	6,56,03,239
Rent	**36,44,953**	21,76,876
Rates and Taxes	**20,10,385**	24,74,424
Insurance	**21,12,339**	20,54,280
Travelling and Conveyance	**1,33,99,964**	1,30,46,979
Packing and Forwarding	**91,12,907**	84,72,250
Advertisement	**6,91,135**	4,92,282
Royalty	**95,24,111**	98,85,531
Service Fee	**2,14,11,991**	2,04,59,539
Directors' Sitting Fees	**4,43,500**	4,27,000
Commission to Non Whole Time Directors	**–**	7,73,654
Payment to Auditors		
Statutory Audit Fee	**3,25,000**	3,25,000
Tax audit fees	**60,000**	45,000
Certification Fees	**7,49,960**	3,14,500
Reimbursement of Expenses	**5,200**	5,330
Repairs and Maintenance		
Buildings	**30,72,553**	9,58,975
Machinery & Electrical Installations	**1,13,56,586**	1,21,97,270
Vehicles	**32,60,058**	24,14,696
Operating Expenses - Computer System	**30,27,077**	25,73,336
Warranty Claims	**–**	11,30,411
Loss on Sale of Assets	**–**	4,93,845
Research and Development	**44,52,729**	52,20,091
Miscellaneous Expenses	**2,52,67,501**	2,37,97,771
	29,37,01,964	27,67,71,724

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

(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 31st March 2011, by recognition as income or expense in each of such periods.

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

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.

20. NOTES ON ACCOUNTS	**2012**	2011
	(₹ in Lakhs)	
1. The factory land at C-15/3 Maraimalai Nagar for expansion activities was acquired from C.M.D.A., under Lease-Cum-Sale Agreement for a total consideration of ₹ 13.23 Lakhs. The title for the land will be transferred by C.M.D.A., 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	**871.83**	1,128.37
(b) Outstanding Letters of Credit	**98.03**	191.86
(c) Bank Guarantees	**2.71**	2.71
(d) Income Tax / Sales Tax matters under appeal	**279.56**	236.40
(Amounts remitted against the disputed tax upto March 2012 - ₹106.57 lakhs and included in advance tax under the schedule Loans and Advances – Schedule 8)		
(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 ₹1237.74 lakhs by March 2012.		
The company had obtained extension for fullfillment of obligation to the extent of ₹ 265.81 lakhs to be met by March 2014.		
The Company has to meet the export obligation to the extent of ₹ 1069.28 lakhs by August 2012. and the balance Rs.140 lakhs before 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.		
3. Estimated value of contracts on Capital Account not provided for (net of advances)	**704.85**	967.86
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.		

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

20. NOTES ON ACCOUNTS (Contd…)		2012		2011	
		Quantity	**Value** ₹	Quantity	Value ₹
6. Sales					
Piston Rings	Nos	**1,11,45,707**	**52,25,67,796**	1,15,70,597	53,88,28,685
Differential Gears, Pole Wheel and other Transmission Components	Nos	**23,53,982**	**28,36,67,481**	19,25,192	23,86,96,515
Sale of Scrap			**31,21,557**		17,03,464
Revenue from Sub-contracts and Jobbing Charges			**1,90,14,594**		1,75,12,628
			82,83,71,428		79,67,41,292
7. Consumption of Raw Materials					
Steel Wire	Kgs.	**58,711**	**10,78,99,905**	66,822	10,35,49,875
Bought-out Components	Nos.	**19,17,130**	**1,29,03,053**	21,55,549	96,13,979
Ring Blanks	Nos.	**42,06,868**	**8,37,54,011**	47,53,446	9,12,74,475
Plasma Powder	Lbs.	**11,964**	**2,14,30,595**	12,560	2,06,03,934
Steel Rods	Kgs.	**5,71,488**	**8,32,40,252**	6,27,511	7,79,94,877
			30,92,27,816		30,30,37,140
8. Opening and Closing Stocks of Goods Produced (P)					
Piston Rings (P) Nos.					
Opening Stock		**5,37,710**	**1,88,11,890**	3,42,907	1,18,16,323
Closing Stock		**3,76,417**	**1,41,15,678**	5,37,710	1,88,11,890
Differential Gears, Pole Wheel and other Transmission Components (P) Nos.					
Opening Stock		**1,219**	**2,62,306**	904	2,68,572
Closing Stock		**1,023**	**2,57,006**	1,219	2,62,306
9. Capacities of Production Piston Rings Nos.					
Licensed Capacity per annum			**150.00 Lakhs**		150.00 Lakhs
Installed Capacity per annum (as Certified by the Management)			**120.00 Lakhs**		120.00 Lakhs
Production during the year			**1,09,84,414***		1,17,65,400

*This includes 27,47,369 nos (31,44,171 for 2010-11) of piston rings purchased from outside, for the purpose of making into sets.

Differential Gears, Pole Wheel and other Transmission Components Nos.		
Licensed Capacity per annum	**40 Lakhs***	40 Lakhs
Installed Capacity per annum (as Certified by the Management)	**40 Lakhs**	40 Lakhs
Production during the year	**23,53,786**	19,25,507

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

20. NOTES ON ACCOUNTS (Contd…)		2012		2011	
10. Consumption of Materials		₹	%	Rs.	₹
Raw Materials	Imported	**13,31,14,731**	**44.36**	12,41,42,960	42.31
	Indigeneous	**16,69,94,263**	**55.64**	16,92,80,201	57.69
		30,01,08,994	**100.00**	29,34,23,161	100.00
Components	Imported	**10,14,239**	**11.12**	10,48,119	10.90
	Indigeneous	**81,04,583**	**88.88**	85,65,860	89.10
		91,18,822	**100.00**	96,13,979	100.00
Machinery Spares	Imported	**14,14,930**	**10.61**	11,58,456	9.75
	Indigeneous	**1,19,16,722**	**89.39**	1,07,28,767	90.25
		1,33,31,653	**100.00**	1,18,87,223	100.00

11.	**Value of Imports on CIF basis**	₹	₹
	Raw Materials	**15,57,16,639**	14,47,35,442
	Machinery Spares	**10,96,694**	11,95,298
	Capital Goods	**2,33,08,659**	30,25,568
	Stores	**40,49,134**	14,00,269
12.	**Earnings in Foreign Currency** (on Receipt Basis)		
	Exports	**25,78,279**	1,16,52,625
13.	**Expenditure in Foreign Currency** (on Payment Basis)		
	Royalty	**85,61,146**	84,33,681
	Travel	**29,56,219**	30,36,940
	Professional Fee/ Technical Services	**2,73,797**	6,65,992
	Interest Paid	**10,10,213**	–
	Capital expenditure / advance	**25,86,153**	25,86,153
	Others	**77,516**	1,23,077
14.	**Amounts remitted in Foreign Currency on account of Dividends to non-resident Shareholder(s)**		
	Number of Shareholders	**1**	1
	Number of Shares held	**7,04,200**	7,04,200
	Amount remitted (₹)	**21,12,600**	21,12,600

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

20. NOTES ON ACCOUNTS (Contd…)

	2012	2011
15. Remuneration to Managing Director & Whole Time Director	₹	₹
Salary and Allowances	**84,87,064**	68,00,717
Commission	**3,78,877**	15,79,544
Contribution to Provident and Other Funds	**14,04,161**	8,58,400
Estimated Costs of Other Benefits	**21,40,172**	35,404
	1,24,10,274	92,74,065

The above includes ₹ 1,08,94,766/- which 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.

ANNEXURE REFERRED TO IN NOTES ON ACCOUNTS – NOTE 15
Computation of Commission Payable to Directors under section 349 of the Companies Act, 1956

	₹	₹
Profit for the Year		29,01,070
Add : Directors' Remuneration	1,20,31,397	
Commission as per books	3,78,877	
Sitting Fees	4,43,500	1,28,53,774
		1,57,54,844
Less: Provision Written Back	5,99,765	
		5,99,765
NET PROFIT AS PER SECTION 349/350		1,51,55,079
Commission to the Managing Director at 2.5%		3,78,877
Commission to the Non Whole Time Directors at 1%		–
		3,78,877
Overall Managerial Remuneration @ 10% of the Net Profits		15,15,508
Excess Managerial remuneration provided for		1,08,94,766

16. Employee Benefits under Accounting Standard – 15 (Revised)

Defined Contribution Plan

Contribution to Defined Contribution Plan, are charged off for the year as under

Employer's Contribution to Provident Fund – ` 38,73,560

Employer's Contribution to Superannuation Fund – ` 8,11,164

Employer's Contribution to Employees State Insurance – ` 18,36,112

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.

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

20. NOTES ON ACCOUNTS (Contd…)

₹

	2011 – 2012		2010 – 2011		2009 – 2010		2008 – 2009	
	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	89,56,656	40,85,448	91,44,252	49,64,692	70,32,958	42,28,815	54,90,529	21,50,963
Current Service Cost	8,78,864	5,58,360	8,10,455	5,17,375	6,08,503	4,19,732	5,17,747	11,93,208
Interest Cost	7,16,532	3,18,908	7,31,540	3,28,183	5,62,637	3,37,380	4,26,280	1,61,322
Actuarial (gain)/loss	15,33,117	(4,83,885)	2,20,081	–	11,08,259	2,349	9,22,471	7,23,322
Benefits paid	(5,03,285)	(1,98,194)	(19,49,672)	(17,24,802)	(1,68,105)	(23,584)	(3,24,069)	–
Defined Benefit obligation at year end	1,15,81,884	42,80,637	89,56,656	40,85,448	91,44,252	49,64,692	70,32,958	42,28,815
b. Reconciliation of Opening and closing balances of fair value of plan assets								
Fair value of plan assets at beginning of the year	78,75,253		74,96,699		60,96,276		48,13,993	
Expected return on plan assets	7,90,706		6,80,673		6,31,846		4,15,770	
Actuarial gain/(loss)							1,00,261	
Employer contribution	10,81,403		16,47,553		9,36,682		10,90,321	
Benefits paid	(5,03,285)		(19,49,672)		(1,68,105)		(3,24,069)	
Fair value of plan assets at year end	92,44,077		78,75,253		74,96,699		60,96,276	
Actual return on plan assets	7,90,706		6,80,673		6,31,846		5,16,031	
c. Reconciliation of fair value of plan assets and obligations								
Fair value of plan assets as at 31st March, 2012	92,44,077		78,75,253		74,96,699		60,96,276	
Present value of obligation as at 31st March, 2012	1,15,81,884	42,80,637	89,56,656	40,85,448	91,44,252	49,64,692	70,32,958	42,28,815
Amount recognised in Balance Sheet	23,37,807	42,80,637	10,81,403	40,85,448	16,47,553	49,64,692	9,36,682	42,28,815
d. Expenses recognised during the year								
Current Service Cost	8,78,864	5,58,360	7,31,540	5,17,375	6,08,503	4,19,732	5,17,747	11,93,208
Interest Cost	7,16,532	3,18,908	8,10,455	3,28,183	5,62,637	3,37,380	4,26,280	1,61,322
Expected return on plan assets	(7,90,706)		(6,80,673)		(6,31,846)		(4,15,770)	
Net Actuarial (gain) / loss	15,33,117	(4,83,885)	2,20,081		11,08,259	2,349	8,22,210	7,23,322
Net Cost	23,37,807	3,93,383	10,81,403	8,45,558	16,47,553	7,59,461	13,50,467	20,77,852
e. Actuarial assumptions Mortality Table (L.I.C.)	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%
Expected rate of return on plan assets (per annum)	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%

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 Components – Piston Rings, 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:

Holding Company	Amalgamations Private Ltd.,
Subsidiaries	NIL
Fellow Subsidiaries	Simpson & Co. 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.
Associates	NIL
Key Management Personnel (Whole Time Directors)	Mr. A. Venkataramani, Dr. N. Gowrishankar
Relatives of Key Management Personnel	Mr. N. Venkataramani, Mrs. Sita Venkataramani, Mr. Gautam Venkataramani

20. NOTES ON ACCOUNTS (Contd…)

₹ in Lakhs

	Holding Company	Fellow Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel
Sale of goods	–	1,721.23	–	–
Rendering of services – Income	–	190.02	–	–
Purchase of goods	–	986.09	–	–
Receiving of services – Expense	3.72	266.90	74.99	–
Management contracts including for deputation of employees – Expense	–	1.33	–	–
Dividend Paid	11.52	97.98	0.57	2.02
Finance (including loans) – ICD				
- Granted	–	–	–	–
- Outstanding	–	380.00	–	–
- Interest Paid	–	40.87	–	–
Amounts Outstanding Dr / (Cr)	(0.99)	100.90	(42.73)	–

19. Earnings Per Share under Accounting Standard – 20

	2012 ₹	2011 ₹
Profit after Taxation as Per Profit & Loss Account	**5814795**	4,69,44,409
Number of Equity Shares Outstanding	**7042147**	70,42,147
Basic and Diluted Earnings Per Share	**0.83**	6.67
Nominal Value per Equity Share	**10.00**	10.00

20. Research and Development Expenditure

Capital		
– Intangible Assets – New Product Development	**17,40,711**	3,85,799
(A)	**17,40,711**	3,85,799
Revenue		
– Salaries, wages and bonus	**26,82,751**	35,14,275
– Materials, consumables and spares	**5,65,364**	3,81,338
– Other Expenditure	**12,04,614**	13,24,478
(B)	**44,52,729**	52,20,091
Total (A + B)	**61,93,440**	56,05,890

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 2012

		2012	2011
		₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax and Extraordinary Items		**29,01,070**	6,75,10,529
ADJUSTMENTS FOR			
Depreciation	**5,45,78,696**		4,73,92,816
(Gain) / Loss in Foreign Exchange	**63,39,291**		34,74,496
Interest received	**(6,92,055)**		(5,24,686)
Dividend Received	**(4,41,578)**		(6,27,808)
Interest and Finance charges	**3,60,91,763**		1,20,32,430
Loss on Sale of Fixed Asset	**–**		5,39,241
Profit on Sale of Fixed Asset	**–**		(45,396)
Total Adjustments		**9,58,76,117**	6,22,41,093
Operating Profit Before Working Capital Changes		**9,87,77,187**	12,97,51,622
ADJUSTMENTS FOR			
Trade and Other Receivables	**(4,79,62,154)**		(29,62,789)
Inventories	**52,35,793**		(2,80,04,717)
Trade Payables	**97,87,287**		1,08,19,873
Total Adjustments		**(3,29,39,074)**	(2,01,47,633)
Cash Generated from Operations		**6,58,38,113**	10,96,03,989
Interest Paid		**(3,50,32,748)**	(1,13,61,943)
Direct Taxes Paid		**(63,37,695)**	(2,60,51,300)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		**24,467,670**	7,21,90,746
Extraordinary Items		**–**	–
NET CASH FROM OPERATING ACTIVITIES		**2,44,67,670**	7,21,90,746
(TOTAL A)			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012 – (Contd.)

		2012 ₹	2011 ₹
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**(11,68,14,898)**	(11,04,49,742)
	Sale of Fixed Assets	—	1,3,10,352
	Purchase of Investment	**(3,84,19,578)**	(8,22,10,786)
	Sale of Investment	**3,84,19,578**	8,22,10,786
	Interest Received	**6,92,055**	5,24,686
	Dividend Received	**4,41,578**	6,27,808
	NET CASH USED IN INVESTMENT ACTIVITIES (TOTAL B)	**(11,56,81,265)**	(10,79,86,896)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Secured Loans	**11,23,61,798**	11,61,84,774
	Proceeds from Unsecured Loan	**10,07,54,729**	2,00,00,000
	Repayment of Secured Loan	**(8,02,28,169)**	(7,15,88,331)
	Repayment of Unsecured Loans	**(1,84,18,774)**	—
	Dividend Paid	**(2,10,37,381)**	(2,10,09,680)
	Dividend Tax Paid	**(34,27,236)**	(35,08,837)
	NET CASH USED IN FINANCING ACTIVITIES (TOTAL C)	**9,00,04,967**	4,00,77,926
D.	**NET INCREASE / (DECREASE) IN CASH OR CASH EQUIVALENTS (A+B+C)**	**(12,08,628)**	42,81,776
E.	**Cash and Cash Equivalents (Opening Balance)**	**1,77,79,503**	1,34,97,727
F.	**Cash and Cash Equivalents (Closing Balance) (D+E)**	**1,65,70,875**	1,77,79,503

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	2012 ₹	2011 ₹
CASH AND CASH EQUIVALENTS		
Cash and bank balances as per Balance Sheet – (Note below)	**1,65,70,875**	1,77,79,503
Cash and Cash Equivalents as per Cash Flow Statement	**1,65,70,875**	1,77,79,503
Note : Includes Balance in Unpaid Dividend Account	**18,06,352**	17,17,292

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. RANGARAJAN
Vice President (Finance) & Secretary

A. VENKATARAMANI
Managing Director

N. GOWRISHANKAR
Whole Time Director

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

N. VENKATARAMANI
P. M. VENKATASUBRAMANIAN
Directors

MAHESH KRISHNAN
Partner
Membership No. 206520

Chennai
18.05.2012