

D11/12, Industrial Estate,  
Maraimalai Nagar - 603 209  
Kanchipuram Dist.  
Tamil Nadu, India.

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**IP Rings Ltd.**



CIN No.: L28920TN1991PLC020232

A member of the Amalgamations Group

IPR/SECL/EXCH/16-17/  
July 4, 2016

The General Manager – DCS  
Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001

Dear Sir,

Pursuant to Regulation 31 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the soft copy of our Printed Annual Report for the year 2015-16.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,  
For IP Rings Ltd.

*S. Priyamvatha*

S Priyamvatha  
Company Secretary

Encl: a/a.





25th Annual Report  
2015 - 2016

10 Years Performance at a Glance											
₹. in Lakhs											
Particulars	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	
Sales	5,802.74	6,274.97	5,493.23	7,350.79	8,762.77	9,126.29	9,517.64	9,488.96	11,261.54	13,168.84	
PBDIT	1,075.38	927.02	721.99	1,366.79	1,269.35	935.72	554.73	976.90	1,330.47	1,557.67	
Profit after tax	388.70	250.42	108.79	556.53	469.44	58.15	-417.64	-275.56	-48.55	9.47	
Dividend paid	226.57	205.97	82.39	246.35	245.54	81.85	0.00	0.00	0.00	0.00	
Dividend %	27.50	25.00	10.00	30.00	30.00	10.00	0.00	0.00	0.00	0.00	
Share Capital	704.21	704.21	704.21	704.21	704.21	704.21	704.21	704.21	704.21	704.21	
Reserves & Surplus	3,538.23	3,582.68	3,609.08	3,919.26	4,143.17	4,119.47	3,701.82	3,426.26	3,345.92	3,355.40	
Networth	4,242.44	4,286.89	4,313.29	4,623.47	4,847.38	4,823.68	4,406.03	4,130.47	4,050.14	4,059.61	
Gross Fixed Assets	7,157.32	7,436.55	7,637.30	8,607.94	8,780.30	11,798.66	12,938.46	13,886.99	14,637.98	16,473.19	
EPS	5.52	3.56	1.54	7.90	6.67	0.83	-5.93	-3.91	-0.69	0.13	
Book Value/Share	60.24	60.88	61.25	65.65	68.83	68.50	62.57	58.65	57.51	57.65	
Debt Equity	0.17	0.23	0.14	0.41	0.45	0.56	0.52	0.70	0.81	0.58	

## **DIRECTORS**

Mr. N VENKATARAMANI	Chairman
Mr. A VENKATARAMANI	Managing Director
Dr. R MAHADEVAN	Director
Mr. MASA AKI OTANI	Director (upto 27.05.2016)
Mr. YOSHIO ONODERA	Director (from 27.05.2016)
Mr. P M VENKATASUBRAMANIAN	Director
Dr. R NATARAJAN	Director
Dr. SANDHYA SHEKHAR	Director
Mr. J SHIVAKUMAR	Director
Mr. R VENKATARAMAN	Chief Financial Officer
Mrs. S PRIYAMVATHA	Company Secretary

## **AUDITORS**

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

## **COST AUDITORS**

Raman & Associates  
No. 1, Muthukumara Swamy Salai  
Baby Nagar, Velacherry, Chennai 600 042

## **LEGAL ADVISORS**

S Ramasubramaniam & Associates  
6/1, Bishop Wallers Avenue (W), Chennai 600 004

## **BANKERS**

Central Bank of India  
Standard Chartered Bank  
The Karur Vysya Bank Limited  
HDFC Bank Limited

## **REGISTERED OFFICE & FACTORY**

D 11/12, Industrial Estate  
Maraimalai Nagar  
Kancheepuram Dist. 603 209  
Tel: 044 - 2745 2816 / 2745 2929  
E-mail: iprmmn@iprings.com

## **SHARE TRANSFER AGENTS**

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

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#### **NOTICE TO THE MEMBERS**

**NOTICE** is hereby given that the **TWENTY FIFTH ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd.** will be held at 10.15 a.m. on Thursday, 28<sup>th</sup> July 2016 at the Registered Office of the Company at D-11/12, Industrial Estate, Maraimalai Nagar- 603 209, to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements for the year ended on March 31, 2016 and the Report of the Directors' and of the Auditor's thereon and to pass the following Resolution as an Ordinary Resolution:  
  
"RESOLVED that the Statement of Profit and Loss for the year ended on March 31, 2016, the Balance Sheet as on that date and annexure thereto, the Cash Flow Statement for the year ended on March 31, 2016, the Reports of Auditors and Directors thereon be and are hereby received and adopted."
2. To elect a Director in place of Mr N Venkataramani (DIN 00001639), who retires by rotation and being eligible, offers himself for re-election and to pass the following Resolution as an Ordinary Resolution:  
  
"RESOLVED that Mr N Venkataramani (DIN 00001639), who retires by rotation from the Board pursuant to the provisions of Section 152 of the Companies Act, 2013 be and is hereby re-elected as a Director of the Company."
3. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution.  
  
"RESOLVED that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, Messrs. R G N Price & Co., (Firm Regn No. 002785S) Chartered Accountants, Chennai be and is 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:**

4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.  
  
"RESOLVED that Mr Jayasankar Shivakumar (DIN 07155490), whose term of office as an Additional Director, pursuant to Section 161 of the Companies Act, 2013, expires at this Annual General meeting and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director under the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, and Listing Obligation and Disclosure Requirements, 2015, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for two consecutive years from October 30, 2015 to October 29, 2017."
5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.  
  
"RESOLVED that Mr Yoshio Onodera (DIN 07509662), whose term of office as an Additional Director, pursuant to Section 161 of the Companies Act, 2013, expires at this Annual General meeting and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director under the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and Listing Obligation and Disclosure Requirements, 2015, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.  
  
"RESOLVED that the remuneration of Rs.1.25 Lakhs in addition to reimbursement of out of pocket expenses payable to M/s. Raman & Associates, who were appointed as Cost Auditor of the Company for the year 2016-17 as recommended by the Audit Committee and approved by the Board of Directors of the Company, in terms of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 be and is hereby ratified."

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

"RESOLVED that pursuant to Sections 196, 197, Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the reappointment, payment of managerial remuneration, performance allowance and perquisites as detailed below to Mr A Venkataramani, Managing Director for the period 01.11.2016 to 31.10.2019 in terms of the Proviso to Section II, Part II of Schedule V of the Companies Act, 2013 with liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said remuneration as it may deem fit, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

Salary	: Basic Salary of Rs. 3,00,000/- pm with increments as may be decided by the Board of Directors / Committee of Directors.
Special Allowance	: Rs. 1,00,000/- pm
Performance Allowance	: Upto an amount of Rs. 18 Lakhs p.a. as may be decided by the Board of Directors on the recommendation of the Nomination & Remuneration Committee.

**Perquisites:**

- (i) Housing :

Either

Free furnished residential accommodation, owned or leased out by the Company.

or

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

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

- (ii) Medical Reimbursement:

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

- (iii) Leave Travel Assistance:

One month's basic salary per annum

- (iv) Club Membership:

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

- (v) Personal Accident Insurance:

Personal Accident Insurance – Premium shall not exceed Rs.12,000/-.

- (vi) Entertainment Expenses:

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

- (vii) Other Perquisites:

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

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

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

Income Tax:

All the above perquisites shall be evaluated as per Income Tax Rules, 1962, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actuals.

Leave:

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

Telephone & Car:

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

Minimum Remuneration:

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

Termination:

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

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

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

"RESOLVED that pursuant to the provisions of Sections 13 and 61 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), the Authorised Share Capital of the Company, Rs. 20,00,00,000/- (Rupees Twenty Crores Only) comprising of 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each aggregating to Rs.15,00,00,000/- (Rupees Fifteen Crores only) and 50,00,000 (Fifty Lakhs) Preference Shares of Rs. 10/- (Rupees Ten) each aggregating to Rs. 5,00,00,000/- (Rupees Five Crores only) be and is hereby reclassified into 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- (Rupees Ten) each aggregating to Rs. 20,00,00,000 (Rupees Twenty Crores only) and accordingly, the Memorandum of Association of the Company be and is hereby altered as follows:

Clause V of the Memorandum of Association be and is hereby altered and substituted as follows:

V. The Capital of the Company is Rs. 20,00,00,000 comprising of 2,00,00,000 Equity shares of Rs. 10/- each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the Shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to perform all acts, deeds and things, execute documents, and make all filings, as may be necessary to give effect to the above resolution and to take all such steps for giving any such direction as may be necessary or desirable and to settle any questions or difficulties whatsoever that may arise for the purpose of giving effect to this Resolution."

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

"RESOLVED that pursuant to Section 14 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), to give effect to the reclassification of authorised share capital, Article 4 (a) of the Articles of Association of the Company be and is hereby altered and substituted as follows:

4 (a): The Capital of the Company is Rs. 20,00,00,000 (Rupees Twenty Crores only) comprising of 2,00,00,000 (Two Crores only) Equity shares of Rs. 10/- each.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to perform all acts, deeds and things, execute documents, and make all filings, as may be necessary to give effect to the above Resolution and to take all such steps for giving any such direction as may be necessary or desirable and to settle any questions or difficulties whatsoever that may arise for the purpose of giving effect to this Resolution."

Chennai  
May 27, 2016

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

By Order of the Board

**S PRIYAMVATHA**  
Company Secretary

**NOTES:**

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A proxy cannot act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than ten percent of the total share capital of the Company.
- The relative Statement pursuant to Section 102 of the Companies Act, 2013 in respect of business under item nos.4 - 9 as set out above is annexed hereto.
- The proxy form duly completed should be deposited at the Registered Office of the Company / Office of the Share Transfer Agents not later than 48 hours before the commencement of the Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 21, 2016 to Thursday, July 28, 2016 (both days inclusive).
- Members / Proxies should bring the attendance slip duly filled in for attending the Meeting.
- Members / Proxies are requested to bring their copy of Annual Report to the Meeting.
- Members who have multiple Folios in identical names or joint names in the same order are requested to intimate to the Company those Folios to enable the Company to consolidate all such Shareholdings into a single Folio.
- Under Section 124(5) of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had transferred Unclaimed Dividend to the account of Investor Education and Protection Fund as per the provisions.
- The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2007-08, as on the date of the 24<sup>th</sup> Annual General Meeting held on the 30<sup>th</sup> July 2015 on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and on the Website of the Company viz. [www.iprings.com](http://www.iprings.com)
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities.

**Appointment / Reappointment of Directors:**

- At the ensuing Annual General Meeting, Mr N Venkataramani, Director, retire by rotation and being eligible offers himself for reappointment.

As per SEBI (LODR) Regulations, 2015, the brief background, functional expertise of the Director proposed for re-appointment are furnished below along with details of Companies in which he is a Director and the Board Committees of which he is a member:

- (i) Mr N Venkataramani, aged about 76 years has been a Director of the Company since its incorporation and occupies the position of Chairman from May 30, 2011. He is an Engineer by profession and holds a Master's Degree in Production. He is the Managing Director of India Pistons Limited, one of the Promoter Companies.

Details of other Directorships / Committee Memberships held by him:



Directorship	Committee Membership
India Pistons Limited	
Amalgamations Repco Limited	Audit Committee (Chairman)
George Oakes Limited	
Bimetal Bearings Limited	Stakeholders Relationship Committee (Chairman) Audit Committee (Member)
Amalgamations Valeo Clutch Private Ltd	
Staness Amalgamated Estates Limited	
Adyar Property Holding Company Private Limited	
Sundaram Finance Limited	
Amalgamations Private Limited	
Simpson and Company Limited	
Abi-Showa Tech (India) Limited	Audit Committee (Chairman)
Nettur Technical Training Foundation	

- The Company has appointed Mrs Lalitha Kannan, Partner, M/s. LK & Associates, Practicing Company Secretaries, Chennai to act as the Scrutinizer for conducting the e-Voting Process (including the Ballot Form received from the members, who do not have access to the e-Voting process), in a fair and transparent manner.
- Members who do not have access to e-Voting facility may send completed Ballot Form (enclosed with this Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, at the Registered Office of the Company not later than Wednesday, July 27, 2016. Ballot paper received after this date will be treated as invalid.
- In compliance with the provisions of Sections 108 and 110 of the Companies Act, 2013 read with The Companies (Management and Administration) Rules, 2014, the company is pleased to offer e-Voting facility to all the Shareholders of the Company. For this purpose, the Company has entered into an agreement with NSDL for facilitating e-Voting to enable the Shareholders to cast their votes electronically.

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

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

- Open e-mail and open PDF file viz., "IP Rings e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-Voting. Please note that the password is an initial password.
- Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
- Click on Shareholder – Login.
- Enter the user id and password as initial password noted in step (i) above. Click Login.
- Password change menu appears. Change the password with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- Home page of e-Voting opens. Click on e-Voting: Active e-Voting Cycles.
- Select "EVEN" (E-Voting Event Number) of IP Rings Ltd.
- Now you are ready for e-Voting as Cast Vote Page opens.

- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolutions, you will not be allowed to modify your vote.
- (xii) For the votes to be considered valid, the institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPEG Format) of the relevant Board Resolution / Authority Letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at kannan.lalitha@gmail.com with a copy marked to evoting@nsdl.co.in

**B. In case of Shareholders' receiving ballot Form by Post :**

- (i) Initial password is provided as below at the bottom of the Postal Ballot Form

EVEN	USER ID	PASSWORD/PIN

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- C. In case of any queries with respect to e-Voting, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- D. If you are already registered with NSDL for e-Voting then you can use your existing User ID and Password for casting your vote.
- E. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- F. Kindly note that the Shareholders can opt only one mode of voting, i.e., either by Physical Ballot or e-Voting. If shareholders are opting for e-Voting, then they should not vote by Physical Ballot or vice-versa. However, in case Shareholders cast their vote both by Physical Ballot and e-Voting, then voting done through e-Voting shall prevail and voting done by physical ballot form will be treated as invalid.
- G. Shareholders desiring to exercise vote by physical Postal Ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed and signed in the enclosed self addressed business reply envelope to the Scrutinizer so as to reach the Scrutinizer on or before the close of working hours on Wednesday, July 27, 2016. However, envelopes containing Ballot Form(s), if deposited in person or sent by courier or registered / speed post at the expense of the Shareholder will also be accepted.
- H. The e-Voting period for e-Voting module commences on Monday, July 25, 2016 @ 9.30 a.m. and ends on Wednesday, July 27, 2016 @ 5.30 p.m. The e-Voting module shall also be disabled by NSDL at 5.30 pm on the same day.
- I. The Scrutinizer will submit her report addressed to the Chairman of the Company, after completion of scrutiny of Ballot in a fair and transparent manner. The results of the Ballot will be announced within two days of the passing of Resolutions at the 25<sup>th</sup> AGM at the Registered Office of the Company and communicated to the Stock Exchange.
- J. The declared results along with Scrutinizer's Report shall be placed on the Company's Website and on the website of NSDL within 2 days of passing of the Resolutions at the 25<sup>th</sup> AGM of the Company.

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

**ITEM NO. 4**

Mr Jayasankar Shivakumar, aged about 78 years, was appointed as an Additional Director under the Independent Directors Category on October 30, 2015 by the Board of Directors, subject to the approval of the Members at this Annual General Meeting.

Mr Jayasankar Shivakumar, Non-Executive Director of the Company has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(7) of the Companies Act, 2013. In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director and he is independent of the management.

Individual notice has been received from a member proposing him as a candidate for the office of Director of the Company.

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

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

Mr Jayasankar Shivakumar holds a Master's Degree in Physics and is an IAS Officer. He has served the Indian Government as administrative head of one of the largest districts in the Country and as Special Assistant to two Finance Ministers in the 1970s, which led him to develop a new set of skills, focused on problem-solving, management and leadership. He left India in 1977 to earn a Master's of Public Administration at Harvard. There from he joined World Bank. He has occupied various positions at the Bank, till his retirement.

Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
India Pistons Ltd.	Audit Committee (Member)

The Board of Directors recommends this resolution as set out under item no. 4.

Save and except Mr Jayasankar Shivakumar, none of the Directors / KMPs / their relatives is interested or concerned in the proposed Resolution.

**ITEM NO. 5**

Consequent to the nomination of Mr Yoshio Onodera in place of Mr Masaaki Otani by Nippon Piston Ring Co. Ltd., Japan, Mr Yoshio Onodera was appointed as an Additional Director under the Non Independent Directors Category on May 27, 2016 by the Board of Directors, subject to the approval of the Members at this Annual General Meeting.

Individual notice has been received from a member proposing him as a candidate for the office of Director of the Company.

Mr Yoshio Onodera is an Engineer by Profession and is in charge of Production Engineering Division of Nippon Piston Ring Co Ltd., Japan. He possesses a remarkable expertise in the field of Engineering.

He does not hold Directorship in any other Indian Company.

The Board of Directors recommends this resolution as set out under item no. 5.

Save and except Mr Yoshio Onodera, none of the Directors / KMPs / their relatives is interested or concerned in the proposed Resolution.

**ITEM NO. 6**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors M/s. Raman & Associates, amounting to Rs.1.25 Lakhs per annum, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017.

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

The Board of Directors recommends the Resolution for your approval as set out under item no. 5.

None of the Directors / KMPs / their relatives is interested or concerned in the proposed Resolution.

**ITEM NO. 7**

The current tenor of Mr A Venkataramani as Managing Director comes to an end on October 31, 2016. Taking into account the contributions made by Mr A Venkataramani as the Managing Director of the Company, your Board unanimously felt that the services of Mr A Venkataramani are to be continued in the best interest of the Company. Accordingly a proposal for his re-appointment is placed for your consideration.

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

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

**I. GENERAL INFORMATION:**

01	Nature of Industry	<b>Manufacturing of Auto Ancillary</b>	
02	Date of Commencement of Commercial Operation.	<b>Company was established in the year 1991 and had already commenced Commercial Production.</b>	
03	In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	<b>Not Applicable</b>	
04	Financial Performance based on given indicators	<b>Particulars</b>	<b>31.03.2016</b> <b>31.03.2015</b> (Rs. in Lakhs)
		Turnover	<b>13,169</b> 11,262
		P B T	<b>12</b> (115)
		P A T	<b>9</b> (49)
		Dividend %	—      —
		Networth	4,060      4,050
05	Foreign investments or collaborations, if any	<b>Nippon Piston Ring Co. Ltd., Japan.</b>	

**II. INFORMATION ABOUT THE APPOINTEE :**

01	Background Details	Mr A Venkataramani, a British National, aged 48 years, is an Engineer by Profession. He is associated with the Company since 2010. He is a specialist in Production, New Projects Installation & Corporate Management.
02	Past Remuneration	For the year ended 31.03.2015, INR 71.04 Lakhs
03	Recognition or awards	B.Tech., M.B.A., Mr A Venkataramani is a member of several professional institutions, including YPO. He plays an active role in ACMA & MCCI.
04	Job Profile and his suitability	Subject to the superintendence, direction and control of the Board, Mr A Venkataramani, Managing Director, is responsible for Operations of the Company.
05	Remuneration Proposed	As mentioned in the notice. The same Remuneration was recommended by the Nomination & Remuneration Committee and has the approval of the Board of Directors.
06	Comparative Remuneration Profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Taking into consideration the size of the Company, the profile of Mr A Venkataramani, the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other companies.
07	Pecuniary relationship directly or indirectly with the company or relationship with managerial personnel, if any.	Besides the remuneration proposed, Mr. A Venkataramani does not have any other pecuniary relationship with the Company, directly or indirectly.

### III. OTHER INFORMATION :

01	Reasons of loss or inadequacy of profits	Due to escalation of input costs, finance charges coupled with fierce competition, limiting the scope for increasing the price of the products have resulted in loss / inadequacy of profits during 2014-15. The Company has made a turnaround effective 2015-16 and entered profit zone.
02	Steps taken or proposed to be taken for improvement	New trade management strategy has been evolved, benefit of which will be derived during the coming years. Further utilization of production facilities, control of conversion cost apart from negotiating with the customers for price revision.
03	Expected increase in productivity and profits in measurable terms	Marginal growth is expected in the years to come.

### IV. DISCLOSURE :

01	Remuneration Package	As disclosed in the Notice
02	Details to be furnished in Corporate Governance	Given under Remuneration to Directors

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

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

#### **ITEM NOS. 8 & 9:**

The Authorised Capital of the Company at present is Rs.20,00,00,000/- (Rupees Twenty Crores Only) comprising of 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each aggregating to Rs. 15,00,00,000/- (Rupees Fifteen Crores only) and 50,00,000 (Fifty Lakhs) Preference Shares of Rs.10/- (Rupees Ten) each aggregating to Rs. 5,00,00,000/- (Rupees Five Crores only). With the proposed Rights Offer of new equity shares as recommended by the Board of Directors at their meeting held on May 05, 2016, the share capital is proposed to be reclassified to enable the rights offer.

Your Board of Directors are of the view that instead of increasing the Authorised Share Capital of the Company, it is prudent to reclassify the existing Preference Shares into Equity Shares of the Company.

The alterations proposed in the Memorandum and Articles of Association of the Company are only consequential to reflect the reclassification of the Authorized Share Capital of the Company.

The Board recommends the Resolution set forth in Items 8 and 9 above for approval of the members. The Directors of the Company may be deemed to be concerned or interested in this Resolution to the extent of their shareholdings in the Company.

None of the KMPs / their relatives is interested or concerned in the proposed Resolutions.

Chennai  
May 27, 2016

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

By Order of the Board

**S. PRIYAMVATHA**  
Company Secretary

## **DIRECTORS' REPORT**

Your Directors have pleasure in presenting the **Twenty Fifth Annual Report** together with the Audited Financial Statements for the year ended March 31, 2016 and the Auditor's Report thereon.

## **FINANCIAL RESULTS**

	<b>2015-2016</b>	<b>2014-2015</b>
	<b>(₹ in Lakhs)</b>	
Profit before Finance charges, Depreciation and Tax	<b>1,557.66</b>	1,330.63
Finance charges	<b>852.35</b>	774.64
Depreciation	<b>693.20</b>	671.10
Profit / (Loss) before Tax	<b>12.11</b>	(115.11)
Provision for Taxation (Net)	<b>2.64</b>	(66.68)
Profit / (Loss) after Tax	<b>9.47</b>	(48.43)
<b>Add</b> : Balance brought forward from previous year	<b>(723.62)</b>	(643.28)
Adjustment on account of Fixed Assets	<b>-</b>	(31.79)
Balance carried forward	<b>(714.15)</b>	(723.62)

## **DIVIDEND**

Your Directors do not recommend any Dividend for the year ended March 31, 2016.

## **REVIEW OF BUSINESS OPERATIONS**

After a three years period of stagnation the automobile industry shows signs of revival during the year 2015-16. As a result, the demand for the company improved and therefore the company has recorded a sale of Rs.131.69 crores, 16.87% growth over the previous year. The growth was mainly driven by marginal increase in the sales of piston rings and a significant increase in the sale of transmission components. The company has been able to get a break through in the export market for sale of transmission components. However, the operating conditions continued to be difficult with increases in all input costs particularly finance cost as a result of increased borrowings.

As a result of the increased volumes and implementation of several cost reduction initiatives, the company has been able to arrest the losses and show a marginal profit before tax of Rs 12.11 Lacs for the year as compared to a loss of Rs 115.11 lacs during last year.

## **FUTURE PROSPECTS**

It is expected that all the economic indicators will continue to remain buoyant during the coming year and the demand for the company's products appears to be positive. The prospects are particularly bright in the export market for sale of forged transmission products. The demand for rings is also expected to increase in line with the growth in the automobile industry. The company is continuing with its drive to improve quality, reduce cost, achieve excellence in all its operations, improve its competitiveness and leverage the opportunities that are available in a fast growing market.

The company is pursuing an aggressive capital expenditure plan to cater to the increased demand for its products. Your Board of Directors have in principle proposed to issue further shares on a rights basis.

## **DIRECTORS**

In accordance with the provisions of the Companies Act, 2013, Mr N Venkataramani, retire by rotation and is eligible for reappointment. Mr J Shivakumar, Independent Director was appointed as an Additional Director on October 30, 2015 and he will hold office until this Annual General Meeting. By virtue of Section 149 of the Companies Act, 2013, your Directors are seeking appointment of Mr J Shivakumar, as an Independent Director for a period of two consecutive years upto October 29, 2017.

Mr Yoshio Onodera was appointed as an Additional Director on May 27, 2016 and he will hold office until this Annual General Meeting. He has been nominated by NPR in place of Mr Masaaki Otani. The approval of Members is being sought for re-appointment of Mr A Venkataramani as Managing Director for a term of 3 years effective from November 01, 2016.

Mr S Ramachandra and Mr Masaaki Otani, Directors resigned from the Board on 30.10.2015 and 27.05.2016, respectively. Your Directors place on record their appreciation for the valuable services rendered by them during their tenure.



All the Independent Directors of the Company have affirmed that they meet the criteria for independence as provided in Section 149(6) of the Companies Act, 2013. Formal Annual Evaluation of Directors was done as per the requirements of the Companies Act, 2013.

#### **COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are applicable to the Company and hence the Company has devised a policy relating to appointment of Directors, payment of managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013. The said policy is posted in the website of the Company.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility statement:-

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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, 2016 and of the profit of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; &
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **RISK MANAGEMENT POLICY**

The Company has an adequate Risk Management Policy commensurating with its size and operations. The risk management includes identifying types of risks and its assessment, risk handling and monitoring and reporting.

#### **OTHER POLICIES**

In accordance with the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board of Directors of the Company has framed all applicable policies.

The above policies where mandated are up-loaded on the Company's website, under the web-link <http://www.iprings.com>

#### **CORPORATE GOVERNANCE**

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

Pursuant to Regulations of Chapter IV of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance is included in the Annual Report. A Management Discussion and Analysis Report forms part of this Directors' Report. All the mandatory requirements under the Code of Corporate Governance have been complied with.

#### **AUDITORS**

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

#### **INTERNAL AUDITORS**

Messrs. M.S. Krishnaswamy & Rajan, Chartered Accountants is the Internal Auditor of the Company.

#### **COST AUDITORS**

In terms of Notification dated 31<sup>st</sup> December 2014, issued by the Ministry of Corporate Affairs, Cost Audit is applicable to the Company with effect from April 01, 2015. M/s. Raman & Associates, Cost Auditors, Chennai are the Cost Auditors of the Company. The Cost Audit Report for the year ended March 31, 2016 will be filed in time.

#### **SECRETARIAL AUDITORS**

M/s. LK & Associates, Practicing Company Secretaries, Chennai are the Secretarial Auditors of the Company. A Secretarial Audit Report as required under Section 204 of the Companies Act, 2013 for the year under review is given in the Annexure forming part of this Report.

#### **EXTRACTS OF ANNUAL RETURN**

The extract of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is given in Form No. MGT-9, forming part of this Report.

#### **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large. The details of the transactions with related parties are given in the financial statements.

#### **PARTICULARS OF EMPLOYEES**

There were no employees in receipt of remuneration of Rs.5,00,000/- p.m. or more during the year ended 31.03.2016.

#### **INTERNAL COMPLAINTS COMMITTEE**

Your Company has put in place a policy for prevention, prohibition and redressal against sexual harassment of women at the Workplace to protect women employees and enable them to report sexual harassment at the workplace. An Internal Complaints Committee headed by a woman employee has also been constituted for this purpose. No complaints were received during the year.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 (3) of The Companies (Accounts) Rules, 2014 is given in the Annexure forming part of this Report.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013. The details of the investments made by Company are given in the financial statements.

#### **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 27, 2016



**Annexure to the Directors' Report for the year ended 31st March 2016**  
**Information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under the Companies Act, 2013 read with Companies (Accounts) Rules, 2014**

**I. CONSERVATION OF ENERGY**

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

**A. POWER & FUEL CONSUMPTION**

**Electricity:**

	2015-2016	2014-2015
(a) Purchased :		
Units in Lakhs	67.28	63.70
Total Amount (₹ in Lakhs)	508.33	468.52
Rate / Unit - ₹	7.56	7.36
(b) Own Generation :		
Through Diesel Generator		
Units in Lakhs	2.68	2.11
Units per litre of Diesel	2.55	2.95
Cost / Unit - ₹	22.60	23.30

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

Products	Standards if any	2015 – 2016	2014 – 2015
Piston Rings	No Standards	0.24 kwh / unit	0.20 kwh / unit
Differential Gears	No Standards	0.83 kwh / unit	0.96 kwh / unit
Pole Wheels & Transmission Components			

**II. TECHNOLOGY ABSORPTION AND INNOVATION**

**RESEARCH & DEVELOPMENT:**

- Specific areas in which R&D is carried out by the company.

Continuous Research is being undertaken in the following areas:

**Piston Rings:**

Developed commonised Ring pack (YE3-MC) for Gasoline and CNG segment

Developed Piston Ring material grade SR72 and SR70 for gas nitriding process

Developed Ring Pack for SUV range of vehicles in Diesel segment

Developed steel rings for 2W segment as part of value engg for replacing castiron rings. Internal engine testing has given encouraging results. All the new 2 W models samples were offered with steel ring.

Developed Rings for passenger cars with stringent cleanliness norms

**Orbital Cold Forming:**

Developed hypoid gears for truck application through orbital cold forming process

## II. TECHNOLOGY ABSORPTION AND INNOVATION

### RESEARCH & DEVELOPMENT:

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

##### **Piston Rings:**

Development of commonised Ring Pack has eliminated a separate project flow .

Development of Ringpack for SUV range of vehicles in Diesel segment is under testing and evaluation at NPR . This has given us entry into Toyato.

Development of steel ring for 2W segment has given a cost benefit of 10% approx and given us entry in 2W segment in Maruti Suzuki India Ltd.

Development of Rings with stringent cleanliness norms has given us entry into Renault Nissan

##### **Orbital Cold Forming:**

Hypoid gear is under testing and evaluation at the customer end.

#### 3. Future Plan of Action:

##### **Piston Rings:**

Development of smaller diameter rings (10 to 20 mm) for Turbo Charger Engine.

Development of bigger diameter rings (150 and above) for Top ring

Development of new low friction coating.

Development of step land oil ring, 2mm thickness for diesel segment

##### **Orbital Cold Forming:**

Die life improvement for all the runner parts

Improvement in heat treatment process to minimise the distortion levels.

Development of Track lock differential gears.

#### 4. Expenditure on R&D:

Capital	₹	92,463/-
Revenue	₹	24,53,338/-
Total	₹	25,45,801/-
Total R & D Expenditure as a % of Total Turnover		0.19%

## III. FOREIGN EXCHANGE EARNINGS AND OUTGO

#### (i) Activities relating to Exports

Exploring further opportunities for export of Transmission Components

#### (ii) Total Foreign Exchange used and earned

Foreign Exchange earned

₹ 10,51,15,496/-

Foreign Exchange outgo

₹ 30,65,09,557/-

# ANNEXURE TO DIRECTORS REPORT

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS

- (i) CIN : L28920TN1991PLC020232
- (ii) Registration Date : 30.01.1991
- (iii) Name of the Company : IP Rings Ltd.
- (iv) Category / Sub-Category of the Company : PUBLIC LIMITED COMPANY
- (v) Address of the Registered Office and contact details : D 11/12, Industrial Estate, Maraimalai Nagar - 603 209  
Ph : (044) 2745 2816
- (vi) Whether Listed Company Yes / No : YES
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : BTS CONSULTANCY SERVICES PVT LTD  
1 Floor, M S Complex  
Plot No. 8, Sastri Nagar  
Nr. 200 Feet Road RTO  
Kolathur, Chennai - 600 099  
Tel: (044) 2556 5121 Fax (044) 2556 5131  
E-mail: helpdesk@btsindia.co.in

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated :-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Parts & Accessories of Engines	29113	100

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING/ SUBSIDIARY/ASSOCIATE	% of Shares held	Applicable Section
1	Amalgamations Pvt. Ltd. No. 124 R K Salai, Chennai - 4	U35999TN1938PTC000019	Holding	5.45	-

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### (i) Category-wise Share Holding

S.No.	Category of Shareholders	No. of Shares held at the beginning				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	<b>A. Promoters</b>									
	Indian									
	(a) Individual / HUF									
	(b) Central Govt									
	(c) State Govt (s)									
	(d) Bodies Corp.	3649832	0	3649832	51.83	3649832	0	3649832	51.83	0
	(e) Banks / FI									
	(f) Any Other .....									
	<b>Sub-total (A) (1) :-</b>	<b>3649832</b>	<b>0</b>	<b>3649832</b>	<b>51.83</b>	<b>3649832</b>	<b>0</b>	<b>3649832</b>	<b>51.83</b>	<b>0</b>

S.No.	Category of Shareholders	No. of Shares held at the beginning				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)	<b>Foreign</b>									
	(a) NRIs - Individuals									
	(b) Other Individuals									
	(c) Bodies Corp.									
	(d) Banks / FI									
	(e) Any Other .....									
	<b>Sub-total (A) (2) :-</b>	-	-	-	-	-	-	-	-	-
	<b>Total shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	3649832	0	3649832	51.83	3649832	0	3649832	51.83	0
1	<b>B. Public Shareholding Institutions</b>									
	(a) Mutual Funds		200	200	0.00		200	200	0.00	0.00
	(b) Banks / FI									
	(c) Central Govt									
	(d) State Govt (s)									
	(e) Venture Capital Funds									
	(f) Insurance Companies	215347		215347	3.06	205347		205347	2.92	-0.14
	(g) FIs									
	(h) Foreign Venture Capital Funds									
	(i) Others (specify)									
	<b>Sub-total (B) (1) :-</b>	215347	200	215547	3.06	215347	200	205547	2.92	-0.14
2	<b>Non-Institutions</b>									
	(a) Bodies Corp.									
	(i) Indian	827996	800	828796	11.77	818349	800	819149	11.63	-0.14
	(ii) Overseas									
	(b) Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	856366	335227	1191593	16.92	858014	322727	1180741	16.77	-0.15
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	314343	77700	392043	5.57	349343	77700	427043	6.06	0.50
	(c) Others (HUF/NRI/Clearing Member)	60134	2	60136	0.85	55633	2	55635	0.79	-0.06
	(d) Foreign Collaborators	212800	491400	704200	9.99	704200		704200	9.99	0.00
	<b>Sub-total (B) (2) :-</b>	2271639	905129	3176768	45.11	2785539	401229	3186768	45.25	0.14
	<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	2486986	905329	3392315	48.17	2990886	401429	3392315	48.17	0.00
	<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	<b>Grand Total (A+B+C)</b>	6136818	905329	7042147	100	6640718	401429	7042147	100	0.00

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**(ii) Shareholding of Promoters**

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1	India Pistons Ltd.	2078862	29.53	0	2078862	29.53	0	0
2	Tractors & Farm Equipment Ltd.	778440	11.05	0	778440	11.05	0	0
3	Simpson & Co. Ltd	405930	5.76	0	405930	5.76	0	0
4	Amalgamations Pvt Ltd	384100	5.45	0	384100	5.45	0	0
5	The United Nilgiri Tea Estates Co Ltd.	2000	0.03	0	2000	0.03	0	0
6	Higginbothams Ltd.	500	0.01	0	500	0.01	0	0
	<b>Total</b>	3649832	51.83	0	3649832	51.83	0	0

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

(iii) Change in Promoters' Shareholding

**NO CHANGE**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Remarks
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company	
1	NIPPON PISTON RING CO LTD. At the beginning of the year	704200	9.99	704200	9.99	Sale
2	At the end of the year			704200	9.99	
2	ENAM SHARES & SECURITIES PVT LTD. At the beginning of the year	501625	7.12	501625	7.12	
3	At the end of the year			501625	7.12	
3	GENERAL INSURANCE CORP OF INDIA At the beginning of the year	109242	1.54	109242	1.54	Sale
4	At the end of the year			10000	0.14	
4	UNITED INDIA INSURANCE CO LTD. At the beginning of the year	90356	1.27	99242	1.4	
5	At the end of the year			90356	1.27	
5	BHAVANI KRISHNAMOORTHY At the beginning of the year	80500	1.13	80500	1.13	Purchase
6	At the end of the year			80500	1.13	
6	HARMONY ADVISORY SERVICES LLP At the beginning of the year	0	0	0	0	
7	At the end of the year			60000	0.85	
7	MOINA MERIT PVT LTD. At the beginning of the year	100000	1.41	100000	1.41	Sale
8	At the end of the year			40000	0.56	
8	GAGANDEEP CREDIT CAPITAL PVT LTD. At the beginning of the year	100000	1.41	60000	0.85	
9	At the end of the year			44000	0.61	
9	ANVIL FINTRADE PVT LTD. At the beginning of the year	0	0	56000	0.8	Purchase
10	At the end of the year			50304	0.71	
10	MALLIKA SRINIVASAN At the beginning of the year	47550	0.68	47550	0.68	
	At the end of the year			47550	0.68	

(v) Shareholding of Directors and Key Managerial Personnel :

S.No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	N VENKATARAMANI At the beginning of the year	24050	0.34	24050	0.34
2	At the end of the year			24050	0.34
2	A VENKATARAMANI At the beginning of the year	18400	0.26	18400	0.26
3	At the end of the year			18400	0.26
3	R MAHADEVAN At the beginning of the year	600	0.01	600	0.01
4	At the end of the year			600	0.01
4	S PRIYAMVATHA At the beginning of the year	100	0	100	0
	At the end of the year			100	0



**V INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	48,74,42,170	17,75,00,000	0	66,49,42,170
(ii) Interest due but not paid				
(iii) Interest accrued but not due	12,49,316	1,57,534	0	14,06,850
<b>Total (i + ii + iii)</b>	<b>48,86,91,486</b>	<b>17,76,57,534</b>		<b>66,63,49,020</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	31,82,91,966	10,00,00,000	0	41,82,91,966
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	59,52,90,668	26,25,00,000	0	85,77,90,668
(ii) Interest due but not paid				
(iii) Interest accrued but not due	16,76,688	3,16,557	0	19,93,245
<b>Total (i + ii + iii)</b>	<b>59,69,67,356</b>	<b>26,28,16,557</b>	<b>0</b>	<b>85,97,83,913</b>

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and / or Manager :**

(₹)

Sl.No.	Particulars of Remuneration	MD	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	50,27,520	50,27,520
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	19,36,193	19,36,193
2	Others (PF/SAF/GRATUITY/MEDICAL/GAS & ELECTRICITY/OTHERS)		
	Total (A)	69,63,713	69,63,713
	Ceiling as per the Act	84,00,000	84,00,000

**B. Remuneration to other Directors :**

(₹)

Particulars of Remuneration	Name of Directors					Total Amount
	P M Venkatasubramanian	R Natarajan	S Ramachandra	Sandhya Shekhar	J Shivakumar	
<b>Independent Directors</b>						
- Fee for attending Board / Committee Meetings	1,55,000	1,35,000	50,000	1,05,000	30,000	4,75,000
- Commission	0	0	0	0	0	0
- Others, please specify	0	0	0	0	0	0
<b>Total (1)</b>	<b>1,55,000</b>	<b>1,35,000</b>	<b>50,000</b>	<b>1,05,000</b>	<b>30,000</b>	<b>4,75,000</b>
<b>Other Non-Executive Directors</b>	N Venkataramani	R Mahadevan	Masaaki Otani			
- Fee for attending Board / Committee Meetings	60,000	75,500	0			1,35,500
- Commission	0	0	0			0
- Others, please specify	0	0	0			0
<b>Total (2)</b>	<b>60,000</b>	<b>75,500</b>	<b>0</b>			<b>1,35,500</b>
<b>Total (B) = (1+2)</b>	<b>2,15,000</b>	<b>2,10,500</b>	<b>50,000</b>	<b>1,05,000</b>	<b>30,000</b>	<b>6,10,500</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD :**

(₹)

Sl.No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13,20,935	17,68,922	30,89,857
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961		26,295	26,295
	<b>Total</b>	<b>13,20,935</b>	<b>17,95,217</b>	<b>31,16,152</b>

**VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

NIL

## **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 31<sup>st</sup> March 2016 as in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchange for the period 1 April 2015 to 30 November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1 December 2015 to 31 March 2016.

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 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.

Chennai  
May 27, 2016

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

**Mahesh Krishnan**  
Partner  
Membership No. 206520

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

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

I confirm that the Company has in respect of the financial year ended March 31, 2016, received from the Board Members and Senior Management Personnel, a Declaration of Compliance with the Code of Conduct as applicable to them.

Chennai  
May 27, 2016

**A Venkataramani**  
Managing Director

## REPORT ON CORPORATE GOVERNANCE

### Company's Philosophy on Code of Governance

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

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

### 1. Board of Directors

The present strength of the Board is Eight. The Board comprises of Executive and Non Executive Directors and is in conformity with SEBI (LODR), Regulations, 2015. The Board of Directors of the Company are:

Mr N Venkataramani (DIN 00001639)	Chairman (Non Executive)
Mr A Venkataramani (DIN 00277816)	Managing Director (Executive)
Dr R Mahadevan (DIN 00001690)	Director (Non Executive)
Mr Masaaki Otani (DIN 02714500)	Director (Non Executive) (Till 27.05.2016)
Mr Yoshio Onodera (DIN 07509662)	Director (Non Executive) (From 27.05.2016)
Mr P M Venkatasubramanian (DIN 00124505)	Director (Non Executive - Independent)
Dr R Natarajan (DIN 00001638)	Director (Non Executive - Independent)
Mr J Shivakumar* (DIN 07155490)	Director (Non Executive - Independent)
Dr Sandhya Shekhar (DIN 06986369)	Director (Non Executive - Independent)

\* Was appointed with effect from 30.10.2015.

During the year 2015-16, Mr S Ramachandra, Director, resigned from the Board.

### 2. Attendance of each Director at the Board Meetings held during the FY 2015-2016 and at the last AGM and details of other Directorships

Six Board Meetings were held during the year 2015-2016. The dates on which the meetings were held are: 27.05.2015, 30.07.2015, 30.10.2015, 11.12.2015, 01.02.2016 & 30.03.2016. 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	12	03
Mr A Venkataramani	6	Yes	05	00
Dr R Mahadevan	5	Yes	06	01
Mr Masaaki Otani	1	No	00	00
Mr P M Venkatasubramanian	6	Yes	06	06
Dr R Natarajan	5	Yes	00	00
Mr J Shivakumar	1	N.A.	01	01
Dr Sandhya Shekhar	5	Yes	01	00
Mr S Ramachandra	2	Yes	01	00



### 3. Remuneration to Directors

The details of remuneration paid / payable to all the Directors for the year 2015-2016 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	60,000.00	—	24050
Mr Masaaki Otani	0.00	—	—
Dr R Mahadevan	75,500.00	—	600
Mr P M Venkatasubramanian	1,55,000.00	—	—
Dr R Natarajan	1,35,000.00	—	—
Mr S Ramachandra	50,000.00	—	—
Dr Sandhya Shekhar	1,05,000.00	—	—
Mr J Shivakumar	30,000.00	—	—

Apart from sitting fee, the Non-Executive Directors are eligible for commission upto 1% of the net profits, in aggregate, as per the provisions of Section 197 of the Companies Act, 2013. 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 Independent Directors.

#### ii. Managing Director (No Sitting Fee)

	Managing Director (₹)
Fixed Component Salary	50,27,520.00
Perquisites	19,36,193.00
Variable Component – Commission	—
<b>Total</b>	<b>69,63,713.00</b>

### 4. Audit Committee

#### Terms of Reference:

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

- Review of the Company's financial reporting process and its financial statements
- Review of accounting and financial policies and practices
- Review of the internal control and internal audit systems
- Review of the Audit Report / work of External Auditors
- Review of risk management policies and practices
- Recommend appointment, Remuneration and terms of appointment of Statutory Auditors
- Review of Related Party Transactions including subsequent modifications of any transactions
- Approval of appointment of CFO
- Review and monitor the auditor's independence and performance
- Scrutiny of any ICDs and investments
- Valuation of any undertakings and assets of the Company
- Monitoring the end use of funds raised through Public Offers and related matters

The Audit Committee comprises of four Directors. The names 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 J Shivakumar	Member	Non Executive – Independent

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

The Audit Committee met five times during the year. The dates on which the meetings were held are: 27.05.2015, 30.07.2015, 30.10.2015, 01.02.2016 & 30.03.2016. The attendance records of all the members are as under:

<b>Member</b>	<b>No. of Meetings Attended</b>
Mr P M Venkatasubramanian	5
Dr R Natarajan	5
Dr R Mahadevan	4
Mr J Shivakumar	1
Mr S Ramachandra	2

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

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

Dr R Mahadevan	Chairman	Non Executive
Mr A Venkataramani	Member	Executive

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

The Stakeholders Relationship Committee met once during the year. The date on which the meeting was held is 01.02.2016. The attendance records of all the members are as under:

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

During the year 5 complaints were received from the Shareholders, all of which have been resolved. The Company had no complaints pending at the close of the financial year.

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

The Company has a Nomination & Remuneration Committee. The broad terms of reference of the Nomination & Remuneration Committee are as follows:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board Diversity

The Committee comprises of three Directors. The names 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

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

During the year under review, the Committee met once viz., 30.10.2015. All the members have attended the meeting.

#### **7. Disclosure**

All transactions entered into with Related Parties as defined under SEBI (LODR), Regulations, 2015, during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant related party transactions with the Company's Promoters, Directors, the subsidiaries or relatives etc., and the same are disclosed in accounts under Notes on Accounts and in the opinion of the Directors, these financial and commercial transactions are not in conflict with the interests of the Company at large.

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

Mr N Venkataramani, Chairman & Mr A Venkataramani, Managing Director are related to each other as defined in Section 2(77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of definitions details) Rules, 2014.

The Company had issued formal letters of appointment to Independent Directors in the manner as provided in the Companies Act, 2013. The terms and conditions of appointment are disclosed in the Website of the Company. The Company has formulated a policy to familiarize the Independent Directors.

During the year, the Independent Directors met on 01.02.2016, inter alia to review the performance of Non Independent Directors and the Board as a whole, review the performance of Chairman of the Company and to assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All Independent Directors of the Company shall be bound by duties of Independent Directors as set out in the Companies Act, 2013 read with the Schedules and Rules thereunder.

The Company has a Whistle Blower Policy and that no personnel have been denied access to the Audit Committee.

In the preparation of financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act.

The Company has fully complied with the applicable mandatory requirements of SEBI (LODR), Regulations, 2015.

#### 8. Annual General Meetings

Location and time of last 3 Annual General Meetings were:

Year	GM	Location	Date	Time
2014-2015	AGM	D-11/12, Industrial Est. Maraimalai Nagar - 603 209	30.07.2015	10.15 a.m
2013-2014	AGM	D-11/12, Industrial Est. Maraimalai Nagar - 603 209	31.07.2014	10.15 a.m
2012-2013	AGM	D-11/12, Industrial Est. Maraimalai Nagar - 603 209	29.07.2013	10.15 a.m

Special Resolutions were passed at the above meetings as per the individual notice sent for each meeting. Special Resolutions are placed before the members at this meeting

#### 9. Postal Ballot

No Special Resolutions were required to be put through Postal Ballot this year. In addition to the e-Voting, members were given the option for voting through ballot process at the 24<sup>th</sup> AGM held on 30.07.2015.

#### 10. Quarterly Results

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

#### 11. General Shareholder Information

<b>AGM: Date, Time and Venue</b>	28.07.2016 @ 10.15 a.m. D-11/12, Industrial Estate, Maraimalai Nagar - 603 209
<b>Financial Calendar</b>	April to March First Quarter Results - July Half Year - October Third Quarter- January Annual Results - May
<b>Date of Book Closure</b>	21.07.2016 to 28.07.2016 (both days inclusive)
<b>Listing</b>	BSE Limited (BSE), Mumbai
<b>Stock Code</b>	523638
<b>ISIN</b>	INE 558 A01019

#### Shareholding Pattern

Category	No. of Shares held	% to Capital
Promoters	36,49,832	51.83
Mutual Funds & UTI	200	0.00
Banks, FI's, Insurance Cos.	2,05,547	2.92
Private Bodies Corporate	8,19,149	11.64
Indian Public	16,61,765	23.60
NRI's / OCB's	1,454	0.02
Foreign Collaborators	7,04,200	9.99
<b>Total</b>	<b>70,42,147</b>	<b>100.00</b>

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

Month	IPRL (BSE)		BSE Sensex	
	LOW (₹)	HIGH (₹)	LOW	HIGH
April 2015	81.10	88.50	26897.54	29094.61
May 2015	86.10	86.95	26423.99	28071.16
June 2015	75.00	86.00	26307.07	27968.75
July 2015	83.20	93.00	27416.39	28578.33
August 2015	81.00	84.00	25298.42	28417.59
September 2015	72.50	80.00	24833.54	26471.82
October 2015	75.00	79.00	26168.71	27618.14
November 2015	75.10	82.20	25451.42	26824.30
December 2015	80.15	92.15	24867.73	26256.42
January 2016	90.00	115.00	23839.76	26197.27
February 2016	110.00	110.00	22494.61	25002.32
March 2016	105.00	116.00	23133.18	25479.62

#### 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

94.30% of the Paid up Capital has been dematerialised as on 31.03.2016.

#### Plant Location

D-11/12, Industrial Estate, Maraimalainagar - 603 209  
Tel: 044 - 2745 2816 / 2745 2929  
E-mail: iprmn@iprings.com

#### Address for Correspondence

D-11/12, Industrial Estate, Maraimalainagar - 603 209  
el: 044 - 2745 2816 / 2745 2929  
E-mail: iprmn@iprings.com

#### E-mail for Investors

investor@iprings.com

#### Website

www.iprings.com

#### NON-MANDATORY REQUIREMENTS

- The Company does not maintain a separate Chairman's Office
- 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.
- The internal auditors report to the Audit Committee.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

India emerges as the destination for designing and manufacturing automobiles and auto components. The steady growth in the auto component industry stands to further get spurred through various Government of India initiatives around infrastructure development. Better interstate connectivity through roads and highways is bound to bring an upswing in transportation through commercial vehicles, which already account for 20 percent of the overall turnover in the auto component industry, despite having witnessed dispirited growth of late. With amends in the Foreign Trade Policy 2015–2020, simplifying the Merchandise Exports from India Scheme with an aim to streamline trade facilitation and ease of doing business, the exports process is bound to get hassle-free and run more proficiently through enhanced electronic governance and reduced physical documentation.

### **Opportunities and Threats:**

The government's pro-manufacturing stance and favourable policies, coupled with the encouraging steps taken to facilitate exports, augur well for the auto component industry, which will help generate thousands of additional jobs in India while stimulating economic growth and contribution to the overall GDP.

High cost of capital, rising interest cost, thinner margin, scaling infrastructure & input cost, spurious parts, currency fluctuations pose concerns to your Company.

Your Company is confident to tone down the current challenges by developing continuous sustainable strategies and adopting new skill sets.

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

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

### **Outlook:**

Looking at the automotive industry from a global perspective, with demand for new vehicles expected to reach a staggering 110 million by 2020, there is a tremendous opportunity for the automotive component industry in India to rise to the occasion and serve the global automotive parts and components market through exports.

For IPRL, consistent quality management practices, cost consciousness, identifying newer customers, targeting higher exports, value engineering and management systems – all these elements will contribute in future.

### **Risks and Concerns:**

The risks and concerns of the Indian auto component industry are closely linked with stiff overseas competition, uncertainty arising from currency volatility, low-priced imports and counterfeit parts. The industry efforts to mitigate the above risks along with policy measures of the government would determine the impact of the above risks on the industry going forward.

### **Internal Control Systems:**

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

### **Financial Performance:**

Your Company made a turnaround by ending the year with a PBT of Rs. 12.11 Lakhs while compared to a loss of Rs.115.11 Lakhs recorded in the previous year. All the three divisions of the Company i.e. Rings Division, Transmission Components Division and Tooling Division contributed to the overall results.

### **Human Resource:**

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

### **Industrial Relations:**

Industrial relations during the year was cordial.

### **Corporate Social Responsibility:**

Section 135 of the Companies Act, 2013 is not applicable to the Company.

### **10 Year Record:**

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



# **SECRETARIAL AUDIT REPORT**

(For the Financial year ended on March 31, 2016 )

[Pursuant to Section 204(1) of the Companies Act, 2013 and  
Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members  
IP Rings Limited  
D 11-12, Industrial Estate, Maraimalai Nagar,  
Kancheepuram District – 603209.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IP Rings Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by IP Rings Limited ("The Company") for the period ended on March 31, 2016 according to the provisions of:
  - I. The Companies Act, 2013 and the Rules made thereunder to the extent they were in force during the period under report
  - II. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
  - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - IV. Foreign Exchange Management Act, 1999 ("FEMA") and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable to the Company :-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; presently, (Prohibition of Insider Trading) Regulations,
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; presently, (Share Based Employee Benefits) Regulations, 2014;
    - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
    - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
  - ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with Stock Exchange(s).
- During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above, to the extent applicable.
2. We further report that based on the information received and records maintained there are adequate systems and processes in place to monitor and ensure compliance with the below mentioned laws and also all other applicable laws, rules, regulations and guidelines.



- (a) Factories Act, 1948
  - (b) Payment Of Wages Act, 1936, and rules made thereunder,
  - (c) The Minimum Wages Act, 1948, and rules made thereunder,
  - (d) Employees' State Insurance Act, 1948, and rules made thereunder,
  - (e) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,
  - (f) The Payment of Bonus Act, 1965, and rules made thereunder,
  - (g) Payment of Gratuity Act, 1972, and rules made thereunder,
  - (h) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975.
  - (i) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal ) Act, 2013.
3. We further report that the Company has, in our opinion, complied with the provisions of the Companies Act, 2013 and the Rules made thereunder to the extent they were in force during the period under report with regard to:
- (a) maintenance of various statutory registers and documents and making necessary entries therein;
  - (b) closure of the Register of Members.
  - (c) filing of forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
  - (d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
  - (e) issuing notice of Board meetings and Committee meetings of Directors;
  - (f) proceedings at the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
  - (g) the conduct of the 24<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> July, 2015;
  - (h) maintenance of minutes of proceedings of General Meetings and of the Board and its Committee meetings;
  - (i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
  - (j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
  - (k) payment of remuneration to Directors including the Managing Director and Whole-time Directors,
  - (l) appointment and remuneration of Statutory Auditors and Cost Auditors;
  - (m) transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
  - (n) declaration and payment of dividends;
  - (o) transfer of certain amounts to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
  - (p) borrowings and registration, modification and satisfaction of charges wherever applicable;
  - (q) investment of the Company's funds including investments and loans to others;
  - (r) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule III to the Act;
  - (s) Directors' report to the shareholders;
  - (t) contracts, common seal, registered office and publication of name of the Company; and
  - (u) Generally, all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder to the extent they were in force during the period under report.

4. We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - Notice of all the Board meetings was given to all the Directors, alongwith agenda and detailed notes on agenda atleast seven days in advance and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting to enable meaningful participation at the meeting.
  - Majority decisions were carried through and a proper system exists for capturing and recording the dissenting members' views as part of the minutes.
  - The Company has obtained all necessary approvals under the various provisions of the Companies Act, 2013 to the extent applicable; and
  - There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, 2013, SEBI Act, SCRA, Depositories Act, 1996, FEMA, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
  - The Directors have complied with the disclosure requirements in respect of their eligibility for appointment, their independence, wherever applicable and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
5. The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board and General Meetings, as applicable
  6. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act.
  7. We further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
  8. The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable with respect to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
  9. The Company has complied with the requirements under the Equity Listing Agreements entered into with the BSE Limited;
  10. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 presently, (Prohibition of Insider Trading) Regulations, 2015; including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
  11. The Company has complied with the provisions of The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

We further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

Place: CHENNAI  
Date : 20.05.2016

For L K & Associates  
Company Secretaries

LALITHA KANNAN  
C.P. 1894

**Note:** This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.



**'ANNEXURE A'**

To,

The Members  
IP Rings Limited  
D 11-12, Industrial Estate,  
Maraimalai Nagar,  
Kancheepuram District – 603209.

**Our report of even date is to be read along with this letter.**

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: CHENNAI  
Date : 20.05.2016

For L K & Associates  
Company Secretaries

LALITHA KANNAN  
C.P. 1894

**R.G.N. PRICE & CO.  
CHARTERED ACCOUNTANTS**

Phone : 28413633 & 28583494  
 Telefax : 28544569  
 E-Mail : price@vsnl.com  
 Offices at : Mumbai, Bangalore, New Delhi,  
 Cochin, Quilon & Calicut  
 Ref. :

Simpson's Buildings,  
 Post Box No.335  
 861, Anna Salai,  
 Chennai - 600 002.

**INDEPENDENT AUDITORS' REPORT**

**To the Members of IP Rings Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **IP Rings Limited** which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 20 of the financial statements.
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
    - (iii) There were no amounts which were required to be transferred to the Investor Education and protection Fund by the Company.

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

Chennai  
27.05.2016

**Mahesh Krishnan  
Partner  
Membership No. 206520**



**Annexure A referred to in paragraph 1 under "Report on other legal and Regulatory Requirements" section of our report of even date to the members of IP Rings Limited.**

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed 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 its business. Since the fixed assets were verified in the FY 2014-15, the next verification is due, as per the plan, in the FY 2016-17. Hence, fixed assets were not physically verified by the management during the current year.
- (c) We have verified the title deeds of immovable properties held by the Company and the immovable properties are held in the name of the Company. Refer Note 20 to the notes on Accounts.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the Management. 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 any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The provisions of Sections 185 and 186 of the Act are not applicable, since the Company has not granted any loans to Directors nor has granted any loan or guarantee or security to any company, body corporate or to any person. The investment made by the Company is in compliance with Section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to The Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under section 148 (1) of Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however, not made the detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. There are no arrears of outstanding statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.
- (b) There are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax those have not been deposited on account of dispute except:

Applicable Statute	Assessment Year	Amount Involved (₹ in Lakhs)	Forum where dispute is pending
Income Tax Act, 1961	1999-2000	38.00	High Court
Income Tax Act, 1961	2000-2001	11.36	High Court
Income Tax Act, 1961	2001-2002	4.75	High Court
Income Tax Act, 1961	2002-2003	6.61	High Court
Income Tax Act, 1961	2003-2004	6.05	High Court
Income Tax Act, 1961	2004-2005	41.98	High Court
Income Tax Act, 1961	2005-2006	3.73	High Court
Income Tax Act, 1961	2006-2007	5.03	CIT (Appeals)
Income Tax Act, 1961	2008-2009	18.32	High Court
Income Tax Act, 1961	2009-2010	32.81	Appellate Tribunal
Income Tax Act, 1961	2010-2011	116.18	CIT (Appeals)
Income Tax Act, 1961	2011-2012	128.84	CIT (Appeals)
	<b>Total</b>	<b>413.66</b>	

- (viii) The Company has not defaulted in repayment of loans or borrowing to any financial institutions, banks or Government. The Company has not issued any debentures.
- (ix) Term loans were applied for the purposes for which such loans were obtained. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither observed any instance of fraud by the Company or any fraud on the Company by its officers or employees of the Company nor have we been informed of such case by the Management, during the year.
- (xi) Managerial remuneration has been paid in accordance with the requisite approval mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi company and Nidhi Rules, 2014 are not applicable to the Company.
- (xiii) In our opinion and as per the information and explanations given to us, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation provided to us and based on our examination of records, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence Clause 3(xv) is not applicable.
- (xvi) The Company is not required to get registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence clause (xvi) is not applicable.

**Annexure-B referred to in Clause (f) of Paragraph of Report on Other Legal and Regulatory Requirements of our report of even date on the Accounts of the Company, for the year ended 31<sup>st</sup> March 2016.**

We have audited the internal financial controls over financial reporting of **IP Rings Limited** ('the Company') as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting and the Standards of Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting; assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

According to the information and explanations given to us and based on our audit, have, in all material respects, an adequate internal financial control over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2016 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Chennai  
27.05.2016

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

**Mahesh Krishnan  
Partner  
Membership No. 206520**



## PART - I – BALANCE SHEET AS AT 31ST MARCH 2016

I. EQUITY AND LIABILITIES	Note No.	March 31, 2016 ₹	March 31, 2015 ₹
<b>1. Shareholders' funds</b>			
(a) Share capital	1	7,04,21,470	7,04,21,470
(b) Reserves and surplus	2	33,55,39,744	33,45,92,661
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	3	14,13,88,769	20,84,13,665
(b) Deferred tax liabilities (Net)	4	80,39,940	77,75,782
(c) Long-term provisions	6	59,24,170	54,13,274
<b>3. Current liabilities</b>			
(a) Short-term borrowings	3	62,19,31,125	33,81,97,906
(b) Trade payables	5	16,38,07,394	13,39,61,125
(c) Other current liabilities	5	21,08,80,494	18,80,87,710
(d) Short-term provisions	6	19,61,151	7,14,034
<b>TOTAL</b>		<u>155,98,94,257</u>	<u>128,75,77,627</u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	7		
Tangible assets		79,33,15,316	67,04,19,935
Intangible assets		81,48,051	1,41,90,235
Capital work-in-progress		87,07,198	2,53,997
Intangible assets under development		60,61,537	23,20,276
(b) Non-current investments	8	9,70,830	4,41,830
(c) Long-term loans and advances	12	2,88,80,466	2,30,18,180
<b>Current assets</b>			
(a) Inventories	9	27,05,94,230	24,98,88,907
(b) Trade receivables	10	34,40,25,088	24,35,20,654
(c) Cash and cash equivalents	11	1,58,73,995	1,25,36,423
(d) Short-term loans and advances	12	8,33,17,546	7,09,87,190
<b>TOTAL</b>		<u>155,98,94,257</u>	<u>128,75,77,627</u>
<b>Significant Accounting Policies</b>	19		
<b>Notes on Accounts</b>	20		

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

R. VENKATARAMANI  
Chief Financial Officer

S PRIYAMVATHA  
Company Secretary

Chennai  
27.05.2016

A. VENKATARAMANI  
Managing Director

N. VENKATARAMANI  
J. SHIVAKUMAR  
Directors

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

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

MAHESH KRISHNAN  
Partner  
Membership No. 206520



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

		For the year ended	For the year ended
	Note No.	March 31, 2016 ₹	March 31, 2015 ₹
<b>I. Sales</b>	<b>13</b>	<b>131,68,83,893</b>	<b>112,61,53,770</b>
Less Excise Duty		13,51,94,246	11,32,74,001
Net Sales		118,16,89,647	101,28,79,769
<b>II. Other income</b>	<b>14</b>	<b>52,30,062</b>	<b>49,19,057</b>
<b>III. Total Revenue (I + II)</b>		<b>118,69,19,709</b>	<b>101,77,98,826</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	15	40,34,95,157	33,39,17,283
Employee benefits expense	16	18,39,63,914	17,20,24,317
Finance costs	17	8,52,35,206	7,74,64,265
Depreciation and amortization expense		6,93,20,266	6,71,12,426
Other expenses	18	44,36,93,925	37,88,09,506
<b>Total expenses</b>		<b>118,57,08,468</b>	<b>102,93,27,797</b>
<b>V. Profit before tax (III- IV)</b>		<b>12,11,241</b>	<b>(1,15,28,971)</b>
<b>VI. Tax expense:</b>			
(1) Current tax Payable		—	—
(2) MAT Payable		2,30,802	—
(3) MAT credit Entitlement		(2,30,802)	—
(4) Deferred tax		2,64,158	(66,74,374)
<b>VII. Profit (Loss) for the period from continuing operations (V-VI)</b>		<b>9,47,083</b>	<b>(48,54,597)</b>
<b>VIII. Earnings per equity share:</b>			
(1) Basic & Diluted		0.13	(0.69)
Nominal Value Per Equity Share (in ₹.)		10.00	10.00
See accompanying notes to the financial statements			
<b>Significant Accounting Policies</b>	<b>19</b>		
<b>Notes on Accounts</b>	<b>20</b>		

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

R. VENKATARAMAN  
Chief Financial Officer

A. VENKATARAMANI  
Managing Director

S PRIYAMVATHA  
Company Secretary

N. VENKATARAMANI  
J. SHIVAKUMAR  
Directors

Chennai  
27.05.2016

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

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

MAHESH KRISHNAN  
Partner  
Membership No. 206520



## NOTES TO BALANCE SHEET

	As at March 31, 2016 ₹		As at March 31, 2015 ₹	
<b>1. SHARE CAPITAL</b>				
<b>i) Authorised</b>				
1,50,00,000 Equity Shares of ₹ 10 each	15,00,00,000		15,00,00,000	
50,00,000 Preference Shares of ₹ 10 each	5,00,00,000		5,00,00,000	
	<b>20,00,00,000</b>		<b>20,00,00,000</b>	
	<b>In Numbers</b>			
	As at Mar 31, 2016	As at Mar 31, 2015	As at Mar 31, 2016	As at Mar 31, 2015
Issued, Subscribed & Paid - up Equity Shares of ₹ 10 each fully paid up	70,42,147	70,42,147	7,04,21,470	7,04,21,470
<b>Total</b>	<b>70,42,147</b>	<b>70,42,147</b>	<b>7,04,21,470</b>	<b>7,04,21,470</b>
<b>ii) Details of Equity shares in the company held by its holding company including shares held by subsidiaries or associates of the holding company in aggregate</b>				
<b>Shareholder- Relationship</b>	<b>Mar 31, 2016</b>		<b>Mar 31, 2015</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
India Pistons Ltd.- Fellow subsidiary	20,78,862	30	20,78,862	30
Tractors & Farm Equipment Limited – Fellow Subsidiary	7,78,440	11	7,78,440	11
Simpson & Co. Ltd. – Fellow Subsidiary	4,05,930	6	4,05,930	6
Amalgamations Pvt. Ltd. – Holding Company	3,84,100	5	3,84,100	5
The United Nilgiri Tea Estates Co. Ltd.	2,000	0	2,000	0
Higginbothams Private Ltd.- Fellow Subsidiary	500	0	500	0
<b>iii) Details of Member holding more than 5 percent shares</b>				
<b>Shareholder</b>				
India Pistons Ltd.	20,78,862	30	20,78,862	30
Tractors & Farm Equipment Limited	7,78,440	11	7,78,440	11
Simpson & Co., Ltd.	4,05,930	6	4,05,930	6
Amalgamations Pvt. Ltd.	3,84,100	5	3,84,100	5
Nippon Piston Ring Co., Ltd.	7,04,200	10	7,04,200	10
Enam Shares & Securities Pvt. Ltd.	5,01,625	7	5,01,625	7
<b>iv) Directors shareholding</b>				
<b>Name of Director</b>				
Mr N Venkataramani	24,050	0.34	24,050	0.34
Mr A Venkataramani	18,400	0.26	18,400	0.26
Dr R Mahadevan*	600	–	600	–
*Negligible shareholding percentage				

**NOTES TO BALANCE SHEET – (Contd.)**

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>2. RESERVES AND SURPLUS</b>		
(a) <b>Securities Premium Reserve</b>		
Balance as per last Balance Sheet	10,54,28,400	10,54,28,400
	<u>10,54,28,400</u>	<u>10,54,28,400</u>
(b) <b>General Reserve</b>		
Balance as per last Balance Sheet	30,15,26,723	30,15,26,723
	<u>30,15,26,723</u>	<u>30,15,26,723</u>
(c) <b>Profit and Loss Account</b>		
Balance as per last Balance Sheet	(7,23,62,462)	(6,43,29,150)
Add : Profit/ (loss) carried forward from statement of profit and loss	9,47,083	(48,54,597)
Less: Adjustment on account of fixed assets	–	(31,78,715)
	<u>(7,14,15,379)</u>	<u>(7,23,62,462)</u>
	<u>33,55,39,744</u>	<u>33,45,92,661</u>
<b>3. BORROWINGS</b>		
<b>Long Term Borrowings</b>		
<b>Secured Loans</b>		
Term Loans		
– From Banks	8,88,89,469	12,04,10,436
– From Other Parties	2,49,99,300	4,55,03,229
Total Secured Loans	<u>11,38,88,769</u>	<u>16,59,13,665</u>
<b>Unsecured Loans</b>		
Term Loans		
– From Banks	2,75,00,000	4,25,00,000
Total Unsecured Loans	<u>2,75,00,000</u>	<u>4,25,00,000</u>
	<u>14,13,88,769</u>	<u>20,84,13,665</u>
<b>I. Security offered</b>		
(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.		
(c) Unsecured Term Loan from KVB		
(d) Loan taken from other parties for working capital secured by hypothecation of specific asset		
<b>II. Terms of Repayment</b>		
<b>Loan Description</b>	<b>Repayment Terms</b>	
(a) Buyers Credit Term loan	Yearly installment	
(b) Term Loans – Banks	Quarterly installment	
(c) Term Loans – other parties	Monthly installment	
(d) Unsecured Term Loan from Bank	Monthly installment	
<b>Short Term Borrowings</b>		
<b>Secured Loans</b>		
Loans repayable on demand		
– From Banks	30,19,31,125	21,81,97,906
– Fellow Subsidiaries	10,00,00,000	–
Total Secured Loans	<u>40,19,31,125</u>	<u>21,81,97,906</u>
<b>Unsecured Loans</b>		
– From Banks	5,00,00,000	–
– Fellow Subsidiaries	17,00,00,000	12,00,00,000
Total Unsecured Loans	<u>22,00,00,000</u>	<u>12,00,00,000</u>
	<u>62,19,31,125</u>	<u>33,81,97,906</u>

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

# **NOTES TO BALANCE SHEET – (Contd.)**

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>4. DEFERRED TAX (ASSET) / LIABILITY</b>		
<b>Deferred Tax Asset:</b>		
Unabsorbed depreciation & Business loss	(7,88,59,071)	(7,39,18,734)
Expenses allowable on payment	(30,20,912)	(20,51,667)
	<u>(8,18,79,983)</u>	<u>(7,59,70,401)</u>
<b>Deferred Tax Liability:</b>		
Fixed Assets (Depreciation / Amortization)	8,99,19,923	8,37,46,183
<b>Net Deferred Tax Liability / (Asset)</b>	<u>80,39,940</u>	<u>77,75,782</u>
The company has recognised deferred tax asset for Unabsorbed depreciation and business loss based on a strong future order book, cost reduction and improved profitability.		
<b>5. Short Term Liabilities</b>		
<b>Trade Payables</b>		
Trade Payables	15,84,92,199	12,80,04,406
Trade Payables to Micro, Small & Medium Enterprises	30,38,762	40,11,419
Trade Payables – Due to fellow subsidiary	22,76,433	19,45,300
	<u>16,38,07,394</u>	<u>13,39,61,125</u>
<b>Other Liabilities</b>		
Acceptances	75,55,662	1,27,26,683
Interest accrued but not due on borrowings	36,90,186	14,06,850
Unpaid dividends	8,96,897	11,33,538
Other payables	1,91,72,923	1,15,57,198
Bank overdraft	4,13,98,600	1,71,72,693
Statutory payments	4,36,95,452	2,57,60,147
Current Maturities of Long term Debt		
– From Banks	7,39,70,987	10,21,99,164
– From Other Parties	2,04,99,787	1,61,31,437
	<u>21,08,80,494</u>	<u>18,80,87,710</u>
<b>6. Provisions</b>		
<b>Long Term Provisions</b>		
Provision for Employee benefits		
Leave Salary	59,24,170	54,13,274
	<u>59,24,170</u>	<u>54,13,274</u>
<b>Short Term Provisions</b>		
Provision for Employee benefits		
Leave Salary	12,67,226	5,10,896
Gratuity	6,93,925	2,03,138
	<u>19,61,151</u>	<u>7,14,034</u>

NOTES TO BALANCE SHEET – (Contd.)

7. FIXED ASSETS	GROSS BLOCK		DEPRECIATION / AMORTIZATION				NET BLOCK	
	As at April 01, 2015	Additions/ (Disposals) during the year	As at March 31, 2016	Upto March 31, 2015	Depreciation for the Year	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
	₹	₹	₹	₹	₹	₹	₹	₹
<b>Tangible Assets</b>								
Land – Leasehold	13,23,080	–	13,23,080	–	–	–	13,23,080	13,23,080
– Freehold	19,16,525	–	19,16,525	–	–	–	19,16,525	19,16,525
Buildings - Owned	11,89,97,016	65,13,487	12,54,10,503	3,75,75,341	41,28,836	4,17,04,177	8,37,06,326	8,13,21,675
Plant & Machinery	116,37,41,237	16,41,33,995	132,78,75,232	61,55,05,835	5,02,29,258	66,57,35,093	66,21,40,139	54,82,35,402
Electrical Installations	3,92,86,732	60,38,271	4,53,25,003	1,99,66,774	29,51,001	2,28,17,775	2,25,07,228	1,94,19,958
Furniture & Fixtures	1,13,15,590	12,48,787	1,25,64,377	92,71,416	3,93,805	96,65,221	28,99,156	20,44,174
Vehicles	1,69,93,319	29,35,929 (30,13,630)	1,69,15,618	72,69,472	18,29,893	90,99,365 (26,52,599)	1,04,68,852	97,23,847
Office Equipment	5,60,18,499	56,64,025	6,16,82,524	4,95,83,225	37,45,289	5,33,28,514	83,54,010	64,35,274
Previous Year	140,94,91,998	18,35,20,864	159,30,12,862	73,90,72,063	6,32,78,082	79,96,97,546	79,33,15,316	67,04,19,935
	133,73,92,241	7,20,99,757	140,94,91,998	67,32,02,177	6,15,76,141	73,90,72,063	67,04,19,935	66,41,90,064
<b>Intangible assets</b>								
Technical Knowhow Fee	4,03,76,578	–	4,03,76,578	2,92,22,285	50,00,763	3,42,23,048	61,53,530	1,11,54,293
Product Development	34,61,178	–	34,61,178	34,60,675	503	34,61,178	–	503
Product Development - Internally Generated	1,04,68,543	–	1,04,68,543	74,33,104	10,40,918	84,74,022	19,94,521	30,35,439
Previous Year	5,43,06,299	–	5,43,06,299	4,01,16,064	60,42,184	4,61,58,248	81,49,051	1,41,90,235
	5,13,06,298	30,00,001	5,43,06,299	3,45,79,779	55,36,285	4,01,16,064	1,41,90,235	1,67,26,519
<b>Total Tangible and Intangible</b>	146,37,98,297	18,35,20,864	164,73,19,161	77,91,88,127	6,93,20,266	84,58,55,794	80,14,63,367	68,46,10,170
Capital Work-in-Progress							87,07,198	2,53,997
Intangible assets under development							60,61,537	23,20,276
							81,62,32,102	68,71,84,443

## NOTES TO BALANCE SHEET – (Contd.)

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>8. INVESTMENTS</b>		
(a) Quoted at Cost		
(i) other non current investments 5500 equity shares of Rs.2 each fully paid in Corporation Bank	88,000	88,000
(b) Unquoted		
Non Trade - other non current investments 88,283 equity shares of Rs 10 each fully paid in Windage Power Co Private Limited	8,82,830	3,53,830
	<b>9,70,830</b>	<b>4,41,830</b>

Note : Market Value of the quoted investments is Rs.2.14 lakhs and last year was 2.89 lakhs.

<b>9. INVENTORIES</b>		
(a) Raw materials	8,21,87,337	8,67,25,005
Raw Material - Intransit	46,65,139	21,71,583
	<b>8,68,52,476</b>	<b>8,88,96,588</b>
(b) Work-in-progress	8,54,72,454	6,14,16,800
(c) Finished goods	4,33,16,487	4,71,14,900
(d) Stores and spares	4,28,09,796	4,02,03,120
(e) Loose tools	1,21,43,017	1,22,57,499
	<b>27,05,94,230</b>	<b>24,98,88,907</b>

### 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 of Inventories

	₹.in Lakhs	₹.in Lakhs
Finished Goods at Factory	24.28	30.01
Finished Goods at Depots	11.30	13.03

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, 2016 ₹	As at March 31, 2015 ₹
<b>10. TRADE RECEIVABLES</b>		
<b>Unsecured considered good</b>		
– Receivables outstanding for more than six months	4,51,42,700	2,30,51,680
– Receivables outstanding for Less than six months	29,88,82,388	22,04,68,974
	<u>34,40,25,088</u>	<u>24,35,20,654</u>
<b>11. CASH AND CASH EQUIVALENTS</b>		
<b>Cash on hand</b>	49,262	72,118
<b>Bank Balances</b>		
(a) Balances with banks:		
– in current accounts	1,49,27,836	1,13,30,767
– in dividend accounts	8,96,897	11,33,538
	<u>1,58,73,995</u>	<u>1,25,36,423</u>
<b>12. LOANS AND ADVANCES</b>		
<b>Short term Loans &amp; Advances</b>		
<b>Unsecured, considered good</b>		
(a) Security Deposits		
– Lease Rent Deposits	24,60,000	22,11,000
– Other Deposits	71,94,599	49,31,383
(b) Other loans and advances		
– Prepaid expenses	69,86,213	51,67,214
– Service tax	17,87,380	9,12,765
– Central Excise	2,04,00,377	1,14,34,609
– Advance tax and tax deducted at source (net)	3,06,89,813	2,99,05,313
– Other advances recoverable in cash or in kind or for value to be received	1,37,99,164	1,64,24,906
	<u>8,33,17,546</u>	<u>7,09,87,190</u>
<b>Doubtful</b>		
(a) Other loans and advances	16,81,000	16,81,000
Less:		
Provision for Doubtful Advances	16,81,000	16,81,000
	<u>8,33,17,546</u>	<u>7,09,87,190</u>
<b>Long term Loans &amp; Advances</b>		
<b>Unsecured, considered good</b>		
(a) Capital Advances	2,81,93,674	2,25,62,190
(b) Other loans and advances		
– MAT credit receivable	6,86,792	4,55,990
	<u>2,88,80,466</u>	<u>2,30,18,180</u>

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

	For the year ended March 31, 2016 ₹.	For the year ended March 31, 2015 ₹.
<b>13. REVENUE FROM OPERATIONS</b>		
Rings Sales	53,70,15,644	57,85,96,319
OCF Sales	64,27,51,200	39,12,30,963
Piston Pin Sales	14,09,678	88,76,730
Sale of Scrap	76,57,039	1,04,69,630
Revenue from sub contract	4,37,72,461	4,86,62,264
Tooling	8,11,65,371	8,43,00,133
Others	31,12,500	40,17,731
Less: Excise Duty	13,51,94,246	11,32,74,001
	<u>118,16,89,647</u>	<u>101,28,79,769</u>
<b>14. OTHER INCOME</b>		
Interest income	14,595	36,210
Dividend income	—	2,475
Liabilities no longer required	20,55,646	38,08,566
Other non-operating income	31,59,821	10,71,806
	<u>52,30,062</u>	<u>49,19,057</u>
<b>15. COST OF MATERIAL CONSUMED</b>		
Opening Stock	8,67,25,005	8,79,04,479
Add: Purchases	41,51,94,836	37,98,46,765
Less: Closing Stock	8,21,87,337	8,67,25,005
	41,97,32,504	38,10,26,239
(Increase) / Decrease in Work-in-Progress	(2,40,55,654)	(2,24,53,734)
(Increase) / Decrease in Finished Goods	37,98,413	(2,39,03,414)
Exchange (Gain)/Loss	40,19,894	(7,51,808)
	<u>40,34,95,157</u>	<u>33,39,17,283</u>
<b>16. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and wages	14,81,27,937	13,60,88,934
Contribution to fund	1,13,95,134	89,69,214
Staff welfare expenses	2,44,40,843	2,34,30,389
Others (Reimbursement of Expenses for seconded Employees)	—	35,35,780
	<u>18,39,63,914</u>	<u>17,20,24,317</u>
<b>17. FINANCE COST</b>		
Interest expenses	8,13,94,354	7,36,63,393
Other borrowing costs	38,40,852	38,00,872
	<u>8,52,35,206</u>	<u>7,74,64,265</u>





NOTES TO PROFIT & LOSS ACCOUNT – (Contd.)

	For the year ended March 31, 2016 ₹.	For the year ended March 31, 2015 ₹.
<b>18. OTHER EXPENSES</b>		
Sub-Contracting Expenses	10,82,48,600	7,66,81,536
Power and Fuel	5,71,60,310	5,22,64,400
Stores Consumed	12,65,34,478	10,76,31,953
Rent	44,18,954	34,77,050
Rates and Taxes	31,72,466	32,46,487
Insurance	53,89,371	31,97,700
Travelling and Conveyance	1,85,08,462	1,77,89,884
Packing and Forwarding	1,60,68,432	1,21,43,732
Advertisement	4,82,723	5,73,547
Royalty	1,19,44,988	1,32,00,017
Service Fee	—	2,05,07,742
Consultation Fee	1,18,95,334	1,24,83,094
Directors' Sitting Fees	6,10,500	6,60,500
Payment to Auditors		
Statutory Audit Fee	4,85,000	4,35,000
Tax audit fees	1,12,500	90,000
Certification Fees (including taxation matters)	6,15,000	7,56,400
Reimbursement of Expenses	2,550	2,945
Repairs and Maintenance		
Buildings	28,49,414	40,55,011
Machinery & Electrical Installations	1,71,28,956	1,43,77,847
Vehicles	34,01,426	26,90,753
Operating Expenses – Computer System	70,54,489	41,35,215
Bad Debts written off	41,28,853	—
Loss on Sale of Assets	71,087	2,66,997
Research and Development	24,53,338	28,47,774
Miscellaneous Expenses	4,09,56,694	2,52,93,922
	<b>44,36,93,925</b>	<b>37,88,09,506</b>

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

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### **19. SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Basis of Accounting**

The Financial Statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Financial Statements have been prepared on Accrual basis under the Historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### **2. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialised.

#### **3. Revenue Recognition**

Revenue is recognized as and when risks and rewards are passed on to the buyer. Service income is recognized as and when the services are performed. Interest income is accounted on accrual basis. Dividend income is recognized when the right to receive the same is established and where no significant uncertainty as to measurability or collectability exists.

#### **4. 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 Schedule II of the Companies Act, 2013 as amended from time to time. In respect of certain machines extended useful life of 30 years is adopted for claiming depreciation under Sch.II to Companies Act, 2013 based on technical justification obtained by the Company.
- (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.

#### **5. Investments**

Investments which are readily realisable and intended to be held for not more than one year from the date on which such Investments are made, are classified as Current Investments. All other investments are classified as Long-term investments.

Non-current investments are carried individually at cost less provision for diminution in value of such investments which is other than temporary in nature. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

#### **6. Trade Receivable**

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

#### **7. 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.



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

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

**8. Foreign Currency Transactions**

- (a) All foreign currency transactions are recorded at the rates prevailing on the date of the transaction. At the year-end, all foreign currency assets and liabilities are restated at the closing exchange rates. Foreign currency assets and liabilities covered by forward contracts are stated at contracted rates. Premium or discount on forward exchange contracts taken against committed transactions are amortized and recognized in the profit and loss account over the period of contract.
- (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 31<sup>st</sup> March 2020, by recognition as income or expense in each of such periods.

**9. 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.

**10. Impairment of Assets**

The carrying values of assets at each Balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use.

**11. 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.

**12. Product Warranty Expenses**

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

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

20. NOTES ON ACCOUNTS	2016	2015
	(₹ 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. The company has submitted the building plan to the concerned authorities for their approval. 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	208.98	363.02
(b) Outstanding Letters of Credit	66.66	257.51
(c) Bank Guarantees	1.00	101.00
(d) Income Tax / Sales Tax matters under appeal	577.12	579.58
(Amounts remitted against the disputed tax upto March '16 – ₹ 163.50 lakhs and included in advance tax under the schedule Loans and Advances-Schedule.12)		
(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 ₹ 1767.76 Lakhs by March 2014. Liability at the beginning of the year 2014-15 stood at ₹ 945.15 Lakhs. The Company had time limit upto August 2014. The EPCG Regulations provides for extending the time limit. The Company had already applied for extension of this time limit for meeting this obligation.		
The Company during the year 2014-15 has met Export Obligation after maintaining average exports to the tune of ₹ 235.19 Lakhs. During 2015-16, the Company has fully met the outstanding Export Obligation of ₹ 709.96 Lakhs after maintaining average exports. However, as the Company is yet to get the approval for extension of time limit, these export sales has not been apportioned against the obligation. Once the Company obtains extension, the entire outstanding obligation will be set-off against these exports. However, in case of non-fulfillment of export obligation, unless the period is extended, liability to pay the proportionate duty saved along with interest will arise.		
(f) Claims due from custom authorities	42.56	42.43
3. Estimated value of contracts on Capital Account not provided for (net of advances )	492.70	701.14
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.)**

		2016		2015	
		₹	%	₹	%
<b>6. Consumption of Materials</b>					
Raw Materials	Imported	11,61,10,437	27.75	14,59,26,384	38.93
	Indigeneous	30,22,50,359	72.25	22,88,96,715	61.07
		<b>41,83,60,796</b>	<b>100.00</b>	<b>37,48,23,099</b>	<b>100.00</b>
Components	Imported	2,51,844	4.67	3,26,838	6.00
	Indigeneous	51,39,758	95.33	51,24,494	94.00
		<b>53,91,602</b>	<b>100.00</b>	<b>54,51,332</b>	<b>100.00</b>
Machinery Spares	Imported	28,16,427	15.55	18,04,550	11.56
	Indigeneous	1,52,95,705	84.45	1,37,99,151	88.44
		<b>1,81,12,132</b>	<b>100.00</b>	<b>1,56,03,701</b>	<b>100.00</b>
<b>7. Value of Imports on CIF basis</b>					
Raw Materials				10,46,40,808	11,73,27,003
Machinery Spares				22,12,204	11,48,138
Capital Goods				9,69,62,573	—
Stores				41,21,439	66,69,929
<b>8. Earnings in Foreign Currency</b>					
(on Receipt Basis)					
Exports				10,39,42,332	1,80,21,207
Contribution received towards New Product Development				11,73,164	25,78,314
<b>9. Expenditure in Foreign Currency</b>					
(on Payment Basis)					
Royalty				1,09,16,346	1,16,82,365
Travel				41,24,653	35,55,194
Professional Fee / Technical Services				29,52,100	26,74,809
Capital expenditure / advance				8,02,92,300	2,45,22,596
Others				2,87,134	2,13,298
<b>10. Remuneration to Managing Director</b>				69,63,713	71,04,103
The approval for the year 2013-14 for an amount of ₹ 88,20,047/- is awaited from Central Government					
<b>11. Employee Benefits under Accounting Standard – 15 (Revised)</b>					
<b>Defined Contribution Plan</b>					
Contribution to Defined Contribution Plan, are charged off for the year as under					
Employer's Contribution to Provident Fund – ₹ 78,91,704					
Employer's Contribution to Superannuation Fund – ₹ 13,90,190					
Employer's Contribution to Employees State Insurance – ₹ 11,03,276					
<b>Defined Benefit Plan</b>					
<b>Gratuity</b>					
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 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.					
<b>Leave Salary Encashment</b>					
Eligible employees can carry forward and encash leave subject to provisions of rules and agreements on superannuation or death or permanent disablement. But however, in the case of Managing Director it is reckoned based on his service contract. The present value of obligation is determined based on actuarial valuation.					
The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.					

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

In Rupees

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

	2015-2016		2014-2015	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
<b>(a) Reconciliation of Opening and closing balances of Defined Benefit Obligation</b>				
Defined Benefit Obligation at the beginning of the year	1,73,12,936	59,24,170	1,58,74,430	48,84,914
Current Service Cost	14,21,457	1,57,053	15,02,996	1,41,615
Interest Cost	13,85,035	4,73,934	12,69,954	4,39,642
Actuarial (gain)/loss	8,35,463	6,36,239	(9,13,452)	4,57,999
Benefits paid	(8,41,534)	–	(4,20,992)	–
Defined Benefit obligation at year end	2,01,13,357	71,91,396	1,73,12,936	59,24,170
<b>(b) Reconciliation of Opening and closing balances of fair value of plan assets</b>				
Fair value of plan assets at beginning of the year	1,71,09,798	–	1,57,69,725	–
Expected return on plan assets	15,28,715	–	13,99,481	–
Actuarial gain/(loss)	–	–	–	–
Employer contribution	16,22,453	–	3,61,584	–
Benefits paid	(8,41,534)	–	(4,20,992)	–
Fair value of plan assets at year end	1,94,19,432	–	1,71,09,798	–
Actual return on plan assets	15,28,715	–	13,99,481	–
<b>(c) Reconciliation of fair value of plan assets and obligations</b>				
Fair value of plan assets as at 31 <sup>st</sup> March	1,94,19,432	–	1,71,09,798	–
Present value of obligation as at 31 <sup>st</sup> March	2,01,13,357	71,91,396	1,73,12,936	59,24,170
Amount recognised in Balance Sheet	6,93,925	71,91,396	2,03,138	59,24,170
<b>(d) Expenses recognised during the year</b>				
Current Service Cost	14,21,457	1,57,053	13,20,324	1,41,615
Interest Cost	13,85,035	4,73,934	12,69,954	4,39,642
Expected return on plan assets	(15,28,715)	–	(13,99,481)	–
Net Actuarial (gain) / loss	8,35,463	6,36,239	(9,13,452)	4,57,999
Net Cost	21,13,240	12,67,226	2,77,345	10,39,256
<b>(e) Actuarial assumptions Mortality Table (L.I.C.)</b>	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	8.00%	9.00%	8.00%	9.00%
Expected rate of return on plan assets (per annum)	8.00%	–	8.00%	–
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%

## 12. Segment Reporting under Accounting Standard – 17

The Company operates in a single primary business segment namely, manufacture of Auto Component – Piston Rings, Differential Gears, Pole Wheel and other Transmission Components. The company has considered geographical segment as the secondary segment, based on the location of the customers.

Description	Year	Domestic	Export	Total
Revenue	2015-2016	118,11,34,654	13,57,49,239	131,68,83,893
	2014-2015	109,71,20,592	2,90,33,178	112,61,53,770
Assets	2015-2016	152,42,72,746	3,56,21,511	155,98,94,257
	2014-2015	127,89,16,166	86,61,461	128,75,77,627

The company's operating facilities are located in India.

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

**13. Related Party Disclosures under Accounting Standard - 18**

Names of Related Parties and description of relationship:

<b>Holding Company</b>	Amalgamations Private Ltd.,
<b>Subsidiaries</b>	NIL
<b>Fellow Subsidiaries</b>	Simpson & Company Ltd., Addison & Company Ltd., Amco Batteries Ltd., George Oakes Ltd., India Pistons Ltd., IP Pins & Liners Ltd., Shardlow India Ltd., Simpson & General Finance Company Ltd., Sri Rama Vilas Service Ltd., Tractors & Farm Equipment Ltd., TAFE International Traktor Ve Tarim Ekipmani Sanayi Ve Ticaret Ltd., Sirketij 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., IPL Green Power Ltd., TAFE Reach Ltd., TAFE Motors & Tractors Limited, Alpump Limited, IPL Engine Components Pvt Ltd., Tafe Tractors Changshu Company Limited, China
<b>Associates</b>	NIL
<b>Key Management Personnel</b>	Mr. A. Venkataramani, Mr. R. Venkataraman and Mrs. S. Priyamvatha
<b>Relatives of Key Management Personnel</b>	Mr. N. Venkataramani, Mrs. Sita Venkataramani, Mr. Gautam Venkataramani



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

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

Name of the party	Year	Sale of Goods (Gross)	Rendering of services – Income	Purchase of Goods	Purchase of Capital Items	Technical fee paid	Receiving of Services Expense	Management contracts including for deputation of employees Expense	Loan taken	Outstanding Loan (Cr.)	Interest Paid	Amounts Outstanding Dr./ (Cr.)
Bimetal Bearings Ltd.	2015-16 2014-15	7,00,726 6,87,031	84,837 3,04,693	– –	– –	– –	– –	– –	– –	– –	– –	3,42,918 6,02,247
India Pistons Limited	2015-16 2014-15	20,44,42,913 20,89,13,552	4,61,60,218 4,79,30,627	6,90,05,337 9,62,51,690	3,00,000 4,80,564	– –	41,28,396 2,75,94,163	– 35,35,780	– 1,20,00,000	5,00,00,000 5,00,00,000	45,12,329 52,57,233	12,10,57,797 4,88,49,071
IPL Engine Components Pvt Ltd	2015-16 2014-15	4,48,230 –	– –	– –	– –	– –	– –	– –	– –	– –	– –	4,48,230 –
Simpson & Co Limited	2015-16 2014-15	2,12,58,381 1,80,68,603	– 10,06,745	– –	– –	– –	1,49,672 77,739	– –	15,00,00,000 7,00,00,000	22,00,00,000 7,00,00,000	1,02,06,029 70,00,000	3,68,306 7,39,445
Tractors & Farm Equipment Ltd.,	2015-16 2014-15	19,020 –	– –	– –	– –	– –	– –	– –	– –	– –	– –	19,020 –
IP Pins & Liners Ltd	2015-16 2014-15	– –	19,64,801 16,49,640	31,28,144 53,16,145	8,25,846 –	– –	– –	– –	– –	– –	– –	22,59,828 42,98,717
Sri Ram Vilas Service Ltd	2015-16 2014-15	– –	– –	– –	– –	– –	62,94,761 45,09,896	– –	– –	– –	– –	(15,52,561) (15,78,042)
Addison & Co. Ltd	2015-16 2014-15	– –	– –	8,20,910 9,90,082	– –	– –	– –	– –	– –	– –	– –	(4,44,632) (2,24,751)
Amalgamations Pvt Ltd	2015-16 2014-15	– –	– –	– –	– –	– –	5,34,862 4,67,064	– –	– –	– –	– –	(2,36,269) (2,24,748)
Associated Printers (M) Pvt Ltd	2015-16 2014-15	– –	– –	– –	– –	– –	1,43,982 1,46,262	– –	– –	– –	– –	– –
Speed A Way Pvt Ltd	2015-16 2014-15	– –	– –	8,40,271 4,98,594	– –	– –	– –	– –	– –	– –	– –	(2,52,711) (1,27,306)
The Madras Advertising Co Ltd	2015-16 2014-15	– –	– –	– –	– –	– –	14,20,921 1,87,743	– –	– –	– –	– –	– (899)
LM Van Moppes Diamond Tools India Pvt Ltd	2015-16 2014-15	– –	– –	52,065 14,382	– –	– –	– –	– –	– –	– –	– –	(26,529) (14,302)
Shardlow India Ltd.	2015-16 2014-15	– –	– –	12,627 –	– –	– –	– –	– –	– –	– –	– –	– –
A. Venkatramani	2015-16 2014-15	– –	– –	– –	– –	– –	69,63,713 71,04,103	– –	– –	– –	– –	(3,967) (24,338)
R. Venkatraman	2015-16 2014-15	– –	– –	– –	– –	– –	17,95,217 16,05,527	– –	– –	– –	– –	– –
S. Priyamvatha	2015-16 2014-15	– –	– –	– –	– –	– –	13,20,935 11,64,723	– –	– –	– –	– –	– –

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

<b>20. NOTES ON ACCOUNTS ( Contd... )</b>		<b>2016</b>	<b>2015</b>
		<b>₹</b>	<b>₹</b>
<b>14. Earnings Per Share under Accounting Standard – 20</b>			
<b>Description</b>			
Profit after Taxation as Per Profit & Loss Account		<b>9,47,083</b>	(48,54,597)
Number of Equity Shares Outstanding		<b>70,42,147</b>	70,42,147
Basic and Diluted Earnings Per Share		<b>0.13</b>	(0.69)
Nominal Value Per Equity Share		<b>10.00</b>	10.00
<b>15. Research and Development Expenditure</b>			
<b>Capital</b>			
Tangible Assets (A)		<b>92,463</b>	69,500
		<b>92,463</b>	69,500
<b>Revenue</b>			
– Salaries, wages and bonus		<b>19,91,608</b>	22,43,757
– Materials, consumables and spares		<b>93,470</b>	1,09,850
– Other Expenditure		<b>3,68,260</b>	4,94,167
(B)		<b>24,53,338</b>	28,47,774
<b>Total (A + B)</b>		<b>25,45,801</b>	29,17,274

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.

**16. Due to Micro and Small Enterprises**

The company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:

	<b>2016</b>
	<b>(₹.in lakhs)</b>
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	<b>30.39</b>
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	<b>16.97</b>
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	<b>608.53</b>

The above information regarding Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the company.

# **CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016**

	2016 ₹	2015 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items	12,11,241	(1,15,28,971)
<b>ADJUSTMENTS FOR</b>		
Depreciation	6,93,20,266	6,71,12,426
Interest received	(14,595)	(36,210)
Dividend Received	—	(2,475)
Interest and Finance charges	8,52,35,206	7,74,64,265
Loss on Sale of Fixed Asset	71,087	2,66,997
Profit on Sale of Fixed Asset	(1,81,056)	—
<b>Total Adjustments</b>	<b>15,44,30,908</b>	<b>14,48,05,003</b>
<b>Operating Profit Before Working Capital Changes</b>	<b>15,56,42,149</b>	<b>13,32,76,032</b>
<b>ADJUSTMENTS FOR</b>		
Trade and Other Receivables	(11,20,50,290)	(5,01,95,959)
Inventories	(2,07,05,323)	(4,73,28,816)
Trade Payables	7,62,10,196	2,65,05,545
<b>Total Adjustments</b>	<b>(5,65,45,417)</b>	<b>(7,10,19,230)</b>
<b>Cash Generated from Operations</b>	<b>9,90,96,732</b>	<b>6,22,56,802</b>
Interest Paid	(8,29,51,870)	(7,78,23,961)
Direct Taxes Paid	(10,15,302)	(86,98,310)
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	<b>1,51,29,560</b>	<b>(2,42,65,469)</b>
Extraordinary Items	—	—
<b>NET CASH FROM OPERATING ACTIVITIES ( TOTAL A )</b>	<b>1,51,29,560</b>	<b>(2,42,65,469)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(20,43,60,440)	(5,54,37,573)
Sale of Fixed Assets	4,71,000	1,42,857
Purchase of Investment	(5,29,000)	—
Interest Received	14,595	36,210
Dividend Received	—	2,475
<b>NET CASH USED IN INVESTMENT ACTIVITIES ( TOTAL B )</b>	<b>(20,44,03,845)</b>	<b>(5,52,56,031)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016 – (Contd.)**

	2016 ₹	2015 ₹
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Secured Loans	31,82,91,966	23,82,22,787
Proceeds from Unsecured Loan	10,00,00,000	5,00,00,000
Repayment of Secured Loan	(21,04,43,468)	(16,29,47,510)
Repayment of Unsecured Loans	(1,50,00,000)	(4,05,00,000)
Dividend Paid	(2,36,641)	(2,68,008)
<b>NET CASH USED IN FINANCING ACTIVITIES (TOTAL C)</b>	<b>19,26,11,857</b>	<b>8,45,07,269</b>
<b>D. NET INCREASE / (DECREASE) IN CASH OR CASH EQUIVALENTS (A+B+C)</b>	<b>33,37,572</b>	<b>49,85,769</b>
<b>E. Cash and Cash Equivalents (Opening Balance)</b>	<b>1,25,36,423</b>	<b>75,50,654</b>
<b>F. Cash and Cash Equivalents (Closing Balance) (D+E)</b>	<b>1,58,73,995</b>	<b>1,25,36,423</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances as per Balance Sheet - (Note below)	1,58,73,995	1,25,36,423
<b>Cash and Cash Equivalents as per Cash Flow Statement</b>	<b>1,58,73,995</b>	<b>1,25,36,423</b>
Note : Includes Balance in Unpaid Dividend Account	8,96,897	11,33,538

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

R. VENKATARAMAN  
Chief Financial Officer

A. VENKATARAMANI  
Managing Director

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

S PRIYAMVATHA  
Company Secretary  
Chennai  
27.05.2016

N. VENKATARAMANI  
J SHIVAKUMAR  
Directors

MAHESH KRISHNAN  
Partner  
Membership No. 206520

### Route Map to the AGM Venue



