

## **DIRECTORS**

Mr. N VENKATARAMANI	Chairman
Mr. A VENKATARAMANI	Managing Director
Dr. R MAHADEVAN	Director
Mr. YOSHIO ONODERA	Director
Mr. P M VENKATASUBRAMANIAN	Director
Dr. R NATARAJAN	Director (upto 31.03.2019)
Dr. SANDHYA SHEKHAR	Director
Mr. J SHIVAKUMAR	Director
Mr. VIKRAM VIJAYARAGHAVAN	Director (w.e.f. 16.05.2019)
Mr. R VENKATARAMAN	Chief Financial Officer
Mrs. S PRIYAMVATHA	Company Secretary

## **AUDITORS**

M.S. Krishnaswami & Rajan  
GB, Anand Apartments, JP Avenue  
Dr Radhakrishnan Road,  
6<sup>th</sup> Street, Mylapore,  
Chennai 600 004  
044-42046628

## **COST AUDITORS**

A N Raman  
No.1, Muthukumara Swamy Salai  
Baby Nagar, Velacherry,  
Chennai 600 042  
044-32906831

## **LEGAL ADVISORS**

S Ramasubramaniam & Associates  
6/1, Bishop Wallers Avenue (W),  
Chennai 600 004  
044-24990069

## **BANKERS**

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

## **REGISTERED OFFICE**

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 EIGHTH ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd.** will be held at 11.30 a.m. on Thursday, 25th July 2019 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, 2019 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, 2019, the Balance Sheet as on that date and annexure thereto, the Cash Flow Statement for the year ended on March 31, 2019, the Reports of Auditors and Directors thereon be and are hereby received and adopted."
2. To declare a Dividend for the year ended March 31, 2019.  
"RESOLVED THAT a Dividend of Re.1/- per Equity Share of the face value of Rs.10/- each on the paid up Equity Share Capital of the company as recommended by the Board be and is hereby declared for the year 2018-19."
3. To elect a Director in place of Mr Yoshio Onodera (DIN 07509662), 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 Yoshio Onodera (DIN 07509662), 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."

### 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 Vikram Vijayaraghavan (DIN 01944894), who was appointed by the Board of Directors as an Additional Director of the Company with effect from May 16, 2019, based on the recommendation of the Nomination and Remuneration Committee, and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 (1) of the Companies Act, 2013 ("Act") and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 (1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.  
RESOLVED FURTHER that pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, the appointment of Mr Vikram Vijayaraghavan, who meets the criteria for independence as provided in Section 149 (6) of the Act along with the rules framed thereunder, and Regulation 16 (1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing from May 16, 2019 to May 15, 2024, be and is hereby approved."
5. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :  
"RESOLVED that pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors at their Meeting held on May 16, 2019 and pursuant to the Provisions of Sections 149, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr Sandhya Shekhar, (DIN 06986369), who holds office as an Independent Director up to September 29, 2019 and being eligible for re-appointment and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director, the approval of the Members of the Company be and is hereby accorded for her re-appointment as an Independent Director of the Company, not liable to retire by rotation and to hold office for the second term of 5 (five) consecutive years, i.e. from September 30, 2019 to September 29, 2024 and to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the meetings of the Board and / or Committees thereof and profit related commission, if any, in terms of applicable provisions of the Companies Act, 2013 and as determined by the Board from time to time."

6. To consider and if thought fit, to pass with or without modification, 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 01.11.2019 to 31.10.2022, in terms of the Proviso to Section II, Part II of Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) 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 of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.
- |                       |  |
|-----------------------|--|
| Salary                | Basic Salary of Rs.4,00,000/- per month with increments, as may be decided by the Board of Directors on the recommendation of the Nomination & Remuneration Committee. |
| Special Allowance     | Rs.2,50,000/- per month.   |
| Performance Allowance | Upto an amount of Rs.36,00,000/- 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. 20,000/- p.a.
- (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 and other communication facilities. Facility of Cars with Drivers.

**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.

7. 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.1,50,000/- (Rupees One lakh fifty thousand only) in addition to reimbursement of out of pocket expenses payable to Mr A N Raman, who was appointed as Cost Auditor of the Company for the year 2019-20 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"
8. To consider and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution.  
"RESOLVED that in supersession to the Special Resolution adopted at the 24<sup>th</sup> Annual General Meeting held on July 30, 2015, pursuant to Section 197 of the Companies Act, 2013, Notification S.O. 4822(E) dated September 12, 2018 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), the consent of the Members be and is hereby accorded for waiver of recovery of excess remuneration of Rs.9,98,831/- paid / payable to Dr N Gowrishankar, Whole Time Director for the period 01.04.2013 to 31.05.2013."
9. To consider and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution.  
"RESOLVED that in supersession to the Special Resolution adopted at the 24<sup>th</sup> Annual General Meeting held on July 30, 2015, pursuant to Section 197 of the Companies Act, 2013, Notification S.O. 4822(E) dated September 12, 2018 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), the consent of the Members be and is hereby accorded for waiver of recovery of excess remuneration of Rs.78,21,216/- paid to Mr A Venkataramani, Managing Director for the period 01.04.2013 to 31.03.2014."
10. 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 181 of the Companies Act, 2013 and all other applicable provisions if any, of the Act, the consent of the shareholders for the donations amounting to Rs.10,10,000/- made to charities during the financial year 2018-2019, be and is hereby accorded.

Chennai  
May 16, 2019  
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 - 10 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 18, 2019 to Thursday, July 25, 2019 (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.
- To support the 'Green Initiative' by the Ministry of Corporate Affairs, the Members who have not registered their email address with their Depository Participants are requested to register / update their email IDs for receiving all communication / documents of the Company through electronic mode, which will enable the Members to receive the communication in a faster and efficient manner..
- Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated time. The Members, whose unclaimed dividends / shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in Form No. IEPF-5 available on www.iepf.gov.in.
- 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 and shares to the account of Investor Education and Protection Fund as per the Provisions. Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Act, and the applicable Rules.

- 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 2010-11, as on the date of the 27th Annual General Meeting held on the 26th July 2018 on the website of the IEPF viz. [iepf.gov.in](http://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 RTA/Company in terms of SEBI Circular dated April 20, 2018. 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.

**Appointment / Reappointment of Directors:**

- At the ensuing Annual General Meeting, Mr Yoshio Onodera (DIN 07509662), Director retires 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:
- Mr Yoshio Onodera, aged about 56 years has been the Director of the Company since May 27, 2016. He is an Engineer by profession and is in-charge of Production Engineering Division of M/s Nippon Piston Ring Co. Ltd., Japan. He possesses a remarkable expertise in the field of Engineering. He does not hold any Directorship in any of the Indian Companies.
- The Company has appointed Mr R Mukundan, Practicing Company Secretary, 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 24, 2019. 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.
- Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- Once you have voted on the resolutions, you will not be allowed to modify your vote.
- 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 [rmmukund@gmail.com](mailto:rmmukund@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto: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 S. No. (ii) to S. No. (xii) above, to cast vote.

- C. In case of any queries with respect to e-Voting, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- D. If you are already registered with NSDL for e-Voting then you can use your existing User ID and Password for casting your vote.
- E. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- F. Kindly note that the Shareholders can opt only one mode of voting, i.e., either by Physical Ballot or e-Voting. If shareholders are opting for e-Voting, then they should not vote by Physical Ballot or vice-versa. However, in case Shareholders cast their vote both by Physical Ballot and e-Voting, then voting done through e-Voting shall prevail and voting done by physical ballot form will be treated as invalid.
- G. Shareholders desiring to exercise vote by physical 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 24, 2019. 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 22, 2019 @ 9.00 a.m. and ends on Wednesday, July 24, 2019 @ 5.00 p.m. The e-Voting module shall also be disabled by NSDL at 5.00 pm on the same day.
- I. The Scrutinizer will submit his 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 28th 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 28th AGM of the Company.

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

**ITEM NO. 4**

Mr Vikram Vijayaraghavan was appointed as an Additional Director under the Independent Directors Category on May 16, 2019 by the Board of Directors, subject to the approval of the Members at this Annual General Meeting.

Mr Vikram Vijayaraghavan, 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 (6) 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.

In compliance with the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV of the Act, the appointment of Mr Vikram Vijayaraghavan as an Independent Director is now being placed before the Members for their approval. He is not holding any shares in the Company.

The terms and conditions of the 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 Vikram Vijayaraghavan is an Advocate, specialized in Corporate and Taxation litigation and consultation at one of the leading tax firms in South India. He is also a qualified Computer Scientist and is the Co-Founder of one of the fastest growing, funded global startups.

Details of other Directorships / Committee Memberships held by him :

Directorship	Committee Membership
Redington (India) Investments Limited	
Cherrytec Intelisolve Limited	
Currents Technology Retail (India) Limited	
Enthought Scientific Software Solutions Private Limited	
Vulcan Logistics India Private Limited	
Vulcantech Software India Private Limited	
Duta Software India Private Limited	

This statement may also be regarded as the necessary disclosure under Regulation 36 (3) of SEBI (LODR) Regulations, 2015.

Save and except Mr Vikram Vijayaraghavan, no other Directors / KMPs / their relatives is interested or concerned in the proposed Resolution.

The Board of Directors recommends this resolution as set out under Item No.4.

#### **ITEM NO. 5**

As per Section 149(10) read with Section 152 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rule, 2014, an Independent Director of the Company shall hold office for a first term of five consecutive years and shall be eligible for re-appointment for the second term, by passing a Special Resolution.

Dr Sandhya Shekhar shall complete her first term of five years on 29.09.2019. The Board considers that her continued association with the Company would be of immense benefit to the Company and it is desirable to continue and avail her services as an Independent Director, for the second term also.

Dr Sandhya Shekhar, Non-Executive Director of the Company has given a declaration to the Board that she meets the criteria of independence as provided under Section 149 (7) of the Companies Act, 2013. In the opinion of the Board, she fulfils the conditions specified in the Act and the Rules framed there under for re-appointment under the category of Independent Director. She is not holding any shares in the Company.

In compliance with the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV of the Act, the re-appointment of Dr Sandhya Shekhar as an Independent Director is now being place 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.

Dr Sandhya Shekhar holds a Doctorate in Information Technology and was the First CEO of IIT Madras Research Park. She is an expert in the area of Knowledge and Innovation Strategy.

Details of other Directorships / Committee Memberships held by her :

<b>Directorship</b>	<b>Committee Membership</b>
Bimetal Bearings Limited	–
Amco Batteries Limited	Audit Committee – Member Nomination & Remuneration Committee - Chairman

Save and except Dr Sandhya Shekhar, no other Directors / KMPs / their relatives is interested or concerned in the proposed Resolution.

This statement may also be regarded as the necessary disclosure under Regulation 36 (3) of SEBI (LODR) Regulations, 2015.

The Board of Directors recommends this resolution as set out under Item No.5.

#### **ITEM NO. 6**

The current tenor of Mr A Venkataramani, Managing Director comes to an end on October 31, 2019. Taking in to 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	Manufacturing of Auto Ancillary		
02 Date of Commencement of Commercial Operation	Company was established in the year 1991 and has already commenced Commercial Production		
03 In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable		
04 Financial Performance based on given indicators	Particulars	<b>31.03.2019 (Rs. in lakhs)</b>	31.03.2018 (Rs. in lakhs)
	Turnover	<b>21,209.27</b>	20,669.52
	P B T	<b>1,103.28</b>	1,013.87
	P A T	<b>794.69</b>	733.34
	Dividend %	<b>10%</b>	—
	Networth	<b>10,162.39</b>	9,375.23
05 Foreign Investments or Collaborations, if any	Nippon Piston Ring Co. Ltd., Japan		

**II. GENERAL INFORMATION :**

01 Background details	<p>Mr A Venkataramani, a British National, aged 51 years, is an Engineer by Profession. He is associated with the Company since 2010. He is a specialist in Production, New Projects Installation &amp; Corporate Management.</p> <p>For the year ended 31.03.2018, INR 90.89 lakhs</p> <p>B. Tech., M.B.A., Mr A Venkataramani is a member of several professional institutions, including YPO. He played an active role in MCCI and presently is the President of ACMA.</p> <p>Subject to the superintendence, direction and control of the Board, Mr A Venkataramani, Managing Director is responsible for Operations of the Company.</p> <p>As mentioned in the Notice. The same remuneration was proposed by the Nomination and Remuneration Committee and has the approval of the Board of Directors.</p> <p>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.</p> <p>Besides the remuneration proposed, Mr A Venkataramani does not have any other pecuniary relationship with the Company, directly or indirectly.</p>
02 Past Remuneration	
03 Recognition or Awards	
04 Job Profile and his suitability	
05 Remuneration Proposed	
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).	
07 Pecuniary relationship directly or indirectly with the company or relationship with managerial personnel, if any	

**III. OTHER INFORMATION:**

01 Reasons for loss or inadequacy of profits	Intense Competition, New Regulations, Consolidation of Platforms
02 Steps taken or proposed to be taken for improvement	Various Cost Reduction Measures and Improved Productivity Techniques are being practiced
03 Expected increase in productivity and profits in measurable terms	Normal Growth anticipated



The Board of Directors recommends this Resolution for your approval as set out under Item No. 6.

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 Directors / KMPs / their relatives are, in any way, interested or concerned, financially or otherwise, in the proposed Resolution.

**ITEM NO. 7**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors Mr A N Raman, amounting to Rs.1,50,000/- (Rupees One lakh fifty thousand only) per annum, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020.

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.7.

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

**ITEM NO. 8**

At the Annual General Meeting held on July 30, 2015, the Special Resolution for waiver of recovery of excess remuneration paid / payable to Dr N Gowrishankar, the then Whole Time Director for the Financial Year 2013-14 was approved and the application to Central Government was also made and the same is pending. Pursuant to amendment made to Section 197 (17) and Notification No. S.O. 4822(E) dated September 12, 2018, issued by the Ministry of Corporate Affairs, the Company may pay remuneration to the managerial person without Central Government's approval, within a period of one year from September 12, 2018, by passing a Special Resolution by the members and hence this Resolution.

Your Directors recommend the Resolution for approval.

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

**ITEM NO. 9**

At the Annual General Meeting held on July 30, 2015, the Special Resolution for waiver of recovery of excess remuneration paid to Mr A Venkataramani, Managing Director for the Financial Year 2013-14 was approved and the application to Central Government was also made and the same is pending. Pursuant to amendment made to Section 197 (17) and Notification No. S.O. 4822(E) dated September 12, 2018, issued by the Ministry of Corporate Affairs, the Company may pay remuneration to the managerial person without Central Government's approval, within a period of one year from September 12, 2018, by passing a Special Resolution by the members and hence this Resolution.

Your Directors recommend the Resolution for approval.

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

**ITEM NO. 10**

During the financial year 2018-19, the Company had contributed a sum of Rs.10,10,000/- towards Charity. In as much as the said payment requires the consent of the Shareholders in conformity with Section 181 of the Companies Act, 2013 the Resolution is placed for approval.

The Board of Directors recommends this resolution as set out under Item No.10.

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

Chennai  
May 16, 2019  
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 Eighth Annual Report together with the Audited Financial Statements for the year ended March 31, 2019 and the Auditor's Report thereon.

### FINANCIAL RESULTS

	2018-2019	2017-2018
		(Rs in Lakhs)
Profit before Finance charges, Depreciation and Tax	2,821.29	2,533.38
Finance charges	741.09	714.94
Depreciation	976.92	804.57
Profit / (Loss) before Tax	1,103.28	1,013.87
Provision for Taxation (Net)	308.59	280.53
Profit / (Loss) after Tax	794.69	733.34
Other Comprehensive Income	(7.53)	(11.32)
Total Comprehensive Income	787.16	722.02

### DIVIDEND

Your Directors recommend a Dividend of Re. 1/- per Equity Share of face value of Rs.10/- each for the year ended March 31, 2019.

### REVIEW OF BUSINESS OPERATIONS

In the year 2018-19, the global automotive industry was passing through one of the most exciting times, which turned out to be a mixed bag for the domestic industry. The domestic industry outperformed the targets in the first two quarters, third quarter being little sluggish and the last quarter went into a tailspin on account of various factors and general elections. However, both the automobile and component players have always had an impeccable record of overcoming challenges and emerging successful and the Government's support is bound to lift their spirits even further.

Your Company started off the year with a high note with the momentum following through from the previous year, having digested the pangs of demonetisation and the partial disruption due to the roll-out of GST and almost continued on that note right through three fourth of the year.

Your Company posted a remarkable performance, growing by 2.61% in terms of turnover, over the previous fiscal. Your Company ended the year with a PBT of Rs. 1,103.28 Lakhs while compared to a PBT of Rs. 1013.87 Lakhs recorded in the previous year. All the manufacturing units of the Company have contributed significantly to the growth of the Company.

### FUTURE PROSPECTS

Through the Automotive Mission Plan, the National Electric Mobility Mission Plan (NEMMP) and other initiatives, the government seeks to achieve two objectives – facilitate long-term growth in the industry and reduce emissions and oil dependence. Strong government focus on encouraging automotive industry in the country is an important driving force for India. However, stringent environmental regulations on pollution and carbon emissions are necessitating heavy investments for both automobile and component industry.

While the general elections may usher in some demand for passenger vehicles, there will be challenges like new safety norms and the transition from BS IV to BS VI platform in 2020 that may act as speed breakers. In preparation of the new regulations, manufacturers may also hold back some slew of launches. Hence initial part of the calendar year 2019 may see some challenges and could settle down for an improved performance post elections. The update of new policies covering phase out of older vehicles including developments on the electric front will keep the sector engaged.

Growing demand owing to rise in middle class income and young population may result in de-clogging of new avenues for the industry as a whole. Your Company has the flexibility to constantly innovate and adapt to changes in market demand or customer requirements – be it in the operating environment, customer preferences, competition, distribution channel or supply chain. Despite the challenges ahead, you Company is well set to build a perspective on the growing trends.

## DIRECTORS

In accordance with the provisions of the Companies Act, 2013, Mr Yoshio Onodera, retires by rotation and is eligible for reappointment.

Mr P M Venkatasubramanian has been re-appointed under Independent category for the second term, for a period of 2 years from April 01, 2019.

Mr Vikram Vijayaraghavan, Independent Director was appointed as an Additional Director by the Board on May 16, 2019 and he will hold office till this Annual General Meeting. By virtue of Section 149 of the Companies Act, 2013, your Directors are seeking Members' approval for appointment of Mr Vikram Vijayaraghavan as an Independent Director for a period of five consecutive years upto May 15, 2024.

The term of Office of Dr Sandhya Shekhar, Independent Director, expires on 29<sup>th</sup> September 2019 and the Board proposes to re-appoint her for a second term of 5 years from 30.09.2019 to 29.09.2024, subject to Members' approval.

Mr A Venkataramani, Managing Director is being reappointed as the Managing Director of the Company for a further period of three years from 01.11.2019 to 31.10.2022, subject to Members' approval.

Dr R Natarajan, Independent Director has completed his first term of 5 years on March 31, 2019. He has expressed his intention of not continuing for a second term as an Independent Director of the Company due to personal reasons. Your Directors place on record their appreciation for the valuable services rendered by him during his 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.

## 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>.

## 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 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.

## **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 Obligations 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. M S Krishnaswami & Rajan, Chartered Accountants (Firm Registration No.001554S), were appointed as the Statutory Auditors of the Company for a period of 5 years from the conclusion of the 26th Annual General Meeting till the conclusion of 31st Annual General Meeting.

## **INTERNAL AUDITORS**

M/s S K R and Company LLP, Chartered Accountants (LLP Registration No. AAB-9330) is the Internal Auditor of the Company with effect from April 01, 2017.

## **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. Mr AN Raman, Cost Auditor, Chennai is the Cost Auditor of the Company for the year 2019-20.

## **SECRETARIAL AUDITORS**

Mr R Mukundan, Practicing Company Secretary, Chennai is the Secretarial Auditor of the Company for the year 2019-20. A Secretarial Audit Report from LK & Associates, Practicing Company Secretaries as required under Section 204 of the Companies Act, 2013 for the year 2018-19 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**

The disclosures pertaining to remuneration and other details as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1), (2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure forming part of the Annual Report.

Having regard to the provisions of Section 136(1) read with its relevant provision of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished free of cost.

## **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.

## **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has constituted a Corporate Social Responsibility Committee. But the Company was not required to spend any amount towards CSR.

#### **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 also the support 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

Chennai  
May 16, 2019

**N. Venkataramani (DIN 00001639)**  
Chairman

**Annexure to the Directors' Report for the year ended 31st March 2019.**

**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:	2018-2019	2017-2018
(a) <b>Purchased :</b>		
<b>Units in Lakhs</b>	<b>91.84</b>	91.15
<b>Total Amount (₹. in Lakhs)</b>	<b>708.04</b>	607.46
Rate / Unit - ₹.	<b>7.71</b>	6.66
(b) <b>Own Generation :</b>		
Through Diesel Generator		
<b>Units in Lakhs</b>	<b>5.30</b>	3.63
<b>Units per litre of Diesel</b>	<b>2.55</b>	2.64
Cost / Unit - ₹.	<b>30.74</b>	27.20

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

Products	Standards if any		
Piston Rings	No Standards	<b>0.16 kwh / ring</b>	0.10 kwh / ring
Differential Gears			
Pole Wheels & Transmission Components	No Standards	<b>0.80 kwh /comp</b>	0.76 kwh / comp

**II. TECHNOLOGY ABSORPTION AND INNOVATION**

**RESEARCH & DEVELOPMENT:**

1. Specific areas in which R&D is carried out by the company.      Continuous Research is being undertaken in the following areas:

**Piston Rings:**

Developed BS VI norms Piston Rings for Engines operating with Diesel, Petrol, Alcohol and CNG fuels in passenger car and truck application.

Developed new proposals of 2 piece oil rings with stepland and concavity.

Developed in-house automated conversion coating.

Submitted proposals of 3 piece Oil Ring, GN, PVD Side Rails with high crowning profile.

**Orbital Cold Forming**

Developed intricate geometrical parts like Gear shift sleeve, Sliding Clutch and Flange through OCF Process.

Developed 3D Cam for gear shift application.

Automated 200 MT Orbital Cold forming Presses.

Automated trimming and piercing process of 750MT Warm Forging Press.

Developed auto-gauging for final and in-process inspection system of gantry line.

Developed new material SAE 9310 for high torque Gear application.

## II. TECHNOLOGY ABSORPTION AND INNOVATION

### RESEARCH & DEVELOPMENT:

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

#### Piston Rings:

Development of BSVI norms Piston Rings for Engines operating with Diesel, Petrol, Alcohol and CNG fuels in passenger car and truck application is under testing at Customer end.

Development of new proposals of 2 piece oil rings with concavity and stepland for better oil scrapping and friction reduction respectively.

Submitted proposals of 3 piece Oil Ring GN PVD Side Rails with high crowning profile than conventional to achieve oil consumption with lower Friction Power loss.

Development of in-house automated conversion coating has improved the quality and manufacturing process.

#### Orbital Cold Forming

Development of intricate geometrical parts like Gear shift sleeve, Sliding clutch and Flange has resulted in entry of new projects (U725) and new Customers (Willi Elbe).

Development of 3D Cam for gear shift application is under testing at Customer end.

Automation of 200 MT Orbital Cold forming Presses has improved the productivity and quality of the parts.

Automation of 750 MT warm forging Presses has improved the productivity and quality of the parts.

Implementation of auto gauging system in the gantry line has improved the manufacturing process by increasing the efficiency, accuracy & reliability of the product. It has also improved the retrieval of data system and reduced the cost of poor quality. It also supports in obtaining on line SPC data and thereby ensuring the process capability.

Development of new material SAE 9310 has given entry in new projects (M200).

3. Future Plan of Action:

#### Piston Rings:

Development of taper, stepland and concavity 2 piece oil ring for Diesel Engines.

Development of 2 piece oil ring for Gasoline engine.

Development of low friction hydrogen free DLC coating for all fuel application.

Development of alloyed PVD coating for ethanol fuel application.

Improvement of Part Cleanliness for BSVI norms and implement appropriate measurement techniques.

Creating low cost automation model Cell for 2 Wheeler segment.

#### Orbital Cold Forming

Development of Ring Rolled blanks for Pole Wheel and Ring Gear.

Development of front Wheel hub for car segment.

4. Expenditure on R&D:

Capital	₹. NIL
Revenue	₹. 42.98 lakhs
Total	₹. 42.98 lakhs
Total R & D Expenditure as a % of Total Turnover	0.20%

## III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- |   |  |
|---|--|
| (i) Activities relating to Exports          | Exploring additional opportunities for export of Transmission Components |
| (ii) Total Foreign Exchange used and earned |  |
| Foreign Exchange earned                     | ₹. 5,850.62 lakhs  |
| Foreign Exchange outgo                      | ₹. 3,569.80 lakhs  |

## ANNEXURE TO DIRECTORS REPORT

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31st March 2019**  
**[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 LIMITED
(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 - 27452816 / 27452929
(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 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

### 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 for Motor Vehicles and Engines	34300	100

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

Sl.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 - 600 004	U35999TN1938PTC000019	Holding Company	5.45	2(46)
2	Simpson & Co. Ltd. 861/862, Anna Salai, Chennai - 600 002	U65991TN1925PLC002345	Holding Company	19.74	2(46)
3	India Pistons Ltd. Sembiam, Chennai - 600 011	U35999TN1949PLC000951	Associate	20.00	2(6)



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

**(i) Category-wise Shareholding**

Sl.No.	Category of Shareholders	No. of Shares held at the beginning of the year				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>										
	<b>Indian</b>										
	(a) Individual / HUF	-	-	-	-	-	-	-	-	-	
	(b) Central Govt	-	-	-	-	-	-	-	-	-	
	(c) State Govt (s)	-	-	-	-	-	-	-	-	-	
	(d) Bodies Corp.	7172057	0	7172057	56.58	7172057	0	7172057	56.58	0.00	
	(e) Banks / FI	-	-	-	-	-	-	-	-	-	
(f) Any Other .....	-	-	-	-	-	-	-	-	-		
	<b>Sub-total (A) (1) :-</b>	<b>7172057</b>	<b>0</b>	<b>7172057</b>	<b>56.58</b>	<b>7172057</b>	<b>0</b>	<b>7172057</b>	<b>56.58</b>	<b>0.00</b>	
(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>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
	<b>Total shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	<b>7172057</b>	<b>0</b>	<b>7172057</b>	<b>56.58</b>	<b>7172057</b>	<b>0</b>	<b>7172057</b>	<b>56.58</b>	<b>0</b>	
(1)	<b>B. Public Shareholding</b>										
	<b>Institutions</b>										
	(a) Mutual Funds	0	200	200	0.00	0	200	200	0.00	0.00	
	(b) Banks / FI	-	-	-	-	-	-	-	-	-	
	(c) Central Govt	-	-	-	-	-	-	-	-	-	
	(d) State Govt (s)	-	-	-	-	-	-	-	-	-	
	(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	
	(f) Insurance Companies	0	0	0	0	0	0	0	0	0	
	(g) FIs	-	-	-	-	-	-	-	-	-	
	(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	
	(i) Others (specify)	-	-	-	-	-	-	-	-	-	
		<b>Sub-total (B) (1) :-</b>	<b>0</b>	<b>200</b>	<b>200</b>	<b>0.00</b>	<b>0</b>	<b>200</b>	<b>200</b>	<b>0.00</b>	<b>0.00</b>
	(2)	<b>Non-Institutions</b>									
		(a) Bodies Corp.									
		(i) Indian	1823709	400	1824109	14.39	1709558	400	1709958	13.49	-0.90
(ii) Overseas		-	-	-	-	-	-	-	-	-	
(b) Individuals											
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh		1591434	254961	1846395	14.57	1709854	213297	1923151	15.17	0.61	
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh		875267	0	875267	6.90	898497	0	898497	7.09	0.18	
(c) Others (HUF/NRI/Clearing Member/IEPF)		253635	2	253637	1.99	267800	2	267802	2.11	0.12	
(d) Foreign Collaborator		704200	0	704200	5.56	704200	0	704200	5.56	0.00	
		<b>Sub-total (B) (2) :-</b>	<b>5248245</b>	<b>255363</b>	<b>5503608</b>	<b>43.42</b>	<b>5289909</b>	<b>213699</b>	<b>5503608</b>	<b>43.42</b>	<b>0.01</b>
	<b>Total Public shareholding (B) = (B) (1) + (B) (2)</b>	<b>5248245</b>	<b>255563</b>	<b>5503808</b>	<b>43.42</b>	<b>5289909</b>	<b>213899</b>	<b>5503808</b>	<b>43.42</b>	<b>0.01</b>	
	<b>C Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-	
	<b>Grand Total (A+B+C)</b>	<b>12420302</b>	<b>255563</b>	<b>12675865</b>	<b>100.00</b>	<b>12461966</b>	<b>213899</b>	<b>12675865</b>	<b>100.00</b>	<b>0.00</b>	

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

##### (ii) Shareholding of Promoters

Sl. 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.	26,85,985	21.19	0	25,35,173	20.00	0	-1.19
2	Tractors & Farm Equipment Ltd.	14,40,192	11.36	0	14,40,192	11.36	0	0.00
3	Simpson & Co., Ltd.	23,50,000	18.54	0	25,01,712	19.74	0	1.20
4	Amalgamations Pvt Ltd.	6,91,380	5.45	0	6,91,380	5.45	0	0.00
5	The United Nilgiri Tea Estates Co Ltd.	3,600	0.03	0	3,600	0.03	0	0.00
6	Higginbothams Pvt Ltd.	900	0.01	0	0	00.00	0	-0.01
	Total	71,72,057	56.58	0	71,72,057	56.58	0	0.00

##### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl.No.	Name of the Promoter	No. of Shares held 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
	<b>India Pistons Ltd</b> At the beginning of the year	26,85,985	21.19	26,85,985	21.19
1	Datewise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer / Bonus / Sweat Equity, etc.)	13,11,18	-1,50,812	25,35,173	20.00
		<b>Interse Transfer</b>			
	<b>Simpson &amp; Co. Ltd</b> At the beginning of the year	23,50,000	18.54	23,50,000	18.54
2	Datewise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer / Bonus / Sweat Equity, etc.)	13,11,18	1,50,812	25,00,812	19.73
		14,01,19	900	25,01,712	19.74
	<b>Higginbothams Pvt Ltd.</b> At the beginning of the year	900	0.01	900	0.01
3	Datewise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer / Bonus / Sweat Equity, etc.)	14,01,19	-900	-900	-0.01
		<b>Interse Transfer</b>			

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

Sl.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.	Enam Shares & Securities Pvt Ltd.					
	At the beginning of the year	10,66,552	8.41	10,66,552	8.41	
	At the end of the year			10,66,552	8.41	
2.	Nippon Piston Ring Co Ltd.					
	At the beginning of the year	7,04,200	5.56	7,04,200	5.56	
	At the end of the year			7,04,200	5.56	
3.	Gagandeep Credit Capital Pvt Ltd.					
	At the beginning of the year	2,44,510	1.93	2,44,510	1.93	
	At the end of the year			2,44,510	1.93	
4	Anvil Fintrade Pvt Ltd.					
	At the beginning of the year	1,06,958	0.84	1,06,958	0.84	
	Dt : 11.01.19 - Purchase of Shares			60,000	0.47	Purchase
	Dt : 18.01.19 - Purchase of Shares			60,000	0.47	Purchase
	Dt : 01.02.19 - Purchase of Shares			7,572	0.06	Purchase
	At the end of the year			2,34,530	1.85	
5.	Bhavani Krishnamoorthy					
	At the beginning of the year	144900	1.14	1,44,900	1.14	
	At the end of the year			1,44,900	1.14	
6	M Anantharamakrishnan					
	At the beginning of the year	1,00,200	0.79	1,00,200	0.79	
	At the end of the year			1,00,200	0.79	
7	Investor Education and Protection Fund	63,159	0.50	63,159	0.50	
	Add : Transferred during the year 18-19			14,066	0.11	Transfer
	At the end of the year			77,225	0.61	
8	Jagdish Amritlal Shah					
	At the beginning of the year	2,787	0.02	2,787	0.02	
	Dt : 13.07.18 - Purchase of Shares			694	0.01	Purchase
	Dt : 18.07.18 - Purchase of Shares			293	0.00	Purchase
	Dt : 20.07.18 - Purchase of Shares			317	0.00	Purchase
	Dt : 05.10.18 - Purchase of Shares			4,702	0.04	Purchase
	Dt : 12.10.18 - Purchase of Shares			34,250	0.27	Purchase
	Dt : 07.12.18 - Purchase of Shares			4,000	0.03	Purchase
	Dt : 25.01.19 - Purchase of Shares			21	0.00	Purchase
	Dt : 01.02.19 - Purchase of Shares			900	0.01	Purchase
	Dt : 08.02.19 - Purchase of Shares			116	0.00	Purchase
	Dt : 15.02.19 - Purchase of Shares			217	0.00	Purchase
	Dt : 22.02.19 - Purchase of Shares			175	0.00	Purchase
	At the end of the year			48,472	0.38	
9	Mallika Srinivasan					
	At the beginning of the year	47,550	0.38	47550	0.38	
	At the end of the year			47550	0.38	
10	Shriram Murali					
	At the beginning of the year	47,550	0.38	47550	0.38	
	At the end of the year			47550	0.38	

(v) Shareholding of Directors and Key Managerial Personnel :

Sl.No.	For each of the Directors and KMP	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	44250	0.35	44250	0.35
	At the end of the year			44250	0.35
2	A Venkataramani				
	At the beginning of the year	33120	0.26	33120	0.26
	At the end of the year			33120	0.26
3	R Mahadevan				
	At the beginning of the year	1080	0.01	1080	0.01
	At the end of the year			1080	0.01
4	S Priyamvatha				
	At the beginning of the year	106	0.00	106	0.00
	At the end of the year			106	0.00

V. INDEBTEDNESS

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

(₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	68,04,66,783	4,75,00,006	—	72,79,66,789
(ii) Interest due but not paid	—	—	—	—
(iii) Interest accrued but not due	27,61,639	32,012	—	27,93,651
<b>Total ( i + ii + iii)</b>	<b>68,32,28,422</b>	<b>4,75,32,018</b>		<b>73,07,60,440</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	40,53,32,489	—	—	40,53,32,489
• Reduction	28,73,47,337	2,24,99,996	—	30,98,47,333
<b>Net Change</b>	<b>11,79,85,152</b>	<b>(2,24,99,996)</b>		<b>9,54,85,156</b>
Indebtedness at the end of the financial year				
(I) Principal Amount	79,84,51,935	2,50,00,010	—	82,34,51,945
(ii) Interest due but not paid	—	—	—	—
(iii) Interest accrued but not due	34,93,689	—	—	34,93,689
<b>Total ( i + ii + iii)</b>	<b>80,19,45,624</b>	<b>2,50,00,010</b>		<b>82,69,45,634</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	Name of MD / WTD / Manager :A Venkataramani, MD	
		A Venkataramani, MD	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	84,00,000	84,00,000
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	27,46,598	27,46,598
	(c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961	—	—
2	Stock Option	—	—
3	Sweat Equity	—	—
4	Commission		
	— as a % of profit	—	—
	— others, specify	—	—
5	Others, please specify	—	—
	Total (A)	1,11,46,598	1,11,46,598
	Ceiling as per the Act	5% of Net Profit of the Co. as per Sec.197 of the Cos Amendment Act 2017	

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

**B. Remuneration to other Directors :**

(₹)

Sl.No.	Particulars of Remuneration	Name of Directors				Total Amount
		P M Venkatasubramanian	R Natarajan	Sandhya Shekhar	J Shivakumar	
1	Independent Directors					
	- Fee for attending Board / Committee Meetings	1,40,000	1,40,000	1,30,000	60,000	4,70,000
	- Commission	0	0	0	0	0
	- Others, please specify	0	0	0	0	0
	Total (1)	1,40,000	1,40,000	1,30,000	60,000	4,70,000
2.	Other Non-Executive Directors	N Venkataramani	R Mahadevan	Yoshio Onodera		
	- Fee for attending Board / Committee Meetings	50,000	35,500	0	0	85,500
	- Commission	0	0	0	0	0
	- Others, please specify	0	0	0	0	0
	Total (2)	50,000	35,500	0	0	85,500
	Total (B) = (1+2)	1,90,000	1,75,500	1,30,000	60,000	5,55,500

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(₹)

Sl.No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,37,529	31,57,790	49,95,319
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	35,125	26,295	61,420
	(c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	- as a % of profit	0	0	0
	- others, specify	0	0	0
5	Others, please specify	0	0	0
	Total	18,72,654	31,84,085	50,56,739

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

**NIL**

## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### To the Members of IP Rings Limited

1. We have examined the compliance of conditions of Corporate Governance by IP RINGS LIMITED ("the Company"), for the year ended on March 31, 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations").

### Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

### Auditors' Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2019.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For M. S. Krishnaswami & Rajan**  
Chartered Accountants  
Firm Registration No.01554S

**M. S. Murali**  
Partner  
Membership No.026453

Chennai  
May 16, 2019

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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, 2019, received from the Board Members and Senior Management Personnel, a Declaration of Compliance with the Code of Conduct as applicable to them.

Chennai  
May 16, 2019

**A Venkataramani (DIN 00277816)**  
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 Yoshio Onodera (DIN 07509662)	Director (Non Executive)
Mr P M Venkatasubramanian (DIN 00001579)	Director (Non Executive – Independent)
Dr R Natarajan (DIN 00001638)	Director (Non Executive – Independent) – upto 31.03.2019
Dr Sandhya Shekhar (DIN 06986369)	Director (Non Executive – Independent)
Mr J Shivakumar (DIN 07155490)	Director (Non Executive – Independent)
Mr Vikram Vijayaraghavan (DIN 01944894)	Director (Non Executive – Independent) – w.e.f. 16.05.2019

#### 2. Attendance of each Director at the Board Meetings held during the FY 2018-2019 and at the last AGM and details of other Directorships

Five Board Meetings were held during the year 2018-2019. The dates on which the meetings were held are: 16.05.2018, 26.07.2018, 01.11.2018, 01.02.2019 & 22.02.2019. The attendance records of all Directors are as under:

Director	No. of Board Meetings Attended	Last AGM Attended	Directorships in other Companies	Name of the Listed Companies and the category of directorship	Committee Memberships in other Cos.
Mr N Venkataramani	5	Yes	11	Bimetal Bearings Ltd. – Director	03
Mr A Venkataramani	5	Yes	06	–	00
Dr R Mahadevan	2	Yes	06	–	01
Yoshio Onodera	1	No	00	–	00
Mr P M Venkatasubramanian	5	Yes	04	Bimetal Bearings Ltd. – Ind. Director	06
Dr R Natarajan – upto 31.03.2019	5	Yes	00	–	00
Dr Sandhya Shekhar	5	Yes	02	Bimetal Bearings Ltd. – Ind. Director	00
Mr J Shivakumar	2	Yes	01	–	01
Mr Vikram Vijayaraghavan – w.e.f. 16.05.2019	–	–	07	–	–

#### 3. Remuneration to Directors

The details of remuneration paid / payable to all the Directors for the year 2018-2019 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	50,000.00	1,50,000.00	44,250
Mr Yoshio Onodera	–	–	–
Dr R Mahadevan	35,500.00	1,50,000.00	1,080
Mr P M Venkatasubramanian	1,40,000.00	1,50,000.00	–
Dr R Natarajan – upto 31.03.2019	1,40,000.00	1,50,000.00	–
Dr Sandhya Shekhar	1,30,000.00	1,50,000.00	–
Mr J Shivakumar	60,000.00	1,50,000.00	–
Mr Vikram Vijayaraghavan – w.e.f. 16.05.2019	–	–	–

Apart from sitting fee, the Non-Executive Directors are eligible for commission of 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)**

Particulars	Managing Director (₹)
Fixed Component	
Salary	84,00,000.00
Perquisites	27,46,598.00
Variable Component - Commission	-
Total	111,46,598.00

4. **Audit Committee**

**Terms of Reference:**

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

- Review of the Company's financial reporting process and its financial statements
- Review of accounting and financial policies and practices
- Review of the internal control and internal audit systems
- Review of the Audit Report / work of External Auditors
- Review of risk management policies and practices
- Recommend appointment, 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 five Directors. The name and members of the Committee are as follows:

Mr P M Venkatasubramanian	Chairman	Non Executive - Independent
Dr R Natarajan – upto 31.03.2019	Member	Non Executive - Independent
Dr R Mahadevan	Member	Non Executive
Mr J Shivakumar	Member	Non Executive - Independent
Dr Sandhya Shekhar	Member	Non Executive - Independent

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

The Audit Committee met four times during the year. The dates on which the meetings were held are: 16.05.2018, 26.07.2018, 01.11.2018 & 01.02.2019. The attendance records of all the members are as under:

Member	No. of Meetings Attended
Mr P M Venkatasubramanian	4
Dr R Natarajan – upto 31.03.2019	4
Dr R Mahadevan	2
Mr J Shivakumar	2
Dr Sandhya Shekhar	4

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
Mr P M Venkatasubramanian	Member	Non Executive – Independent (w.e.f. 16.05.2019)

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 28.03.2019. The attendance records of all the members are as under:



Member	No. of Meetings Attended
Dr R Mahadevan	1
Mr A Venkataramani	1

During the year one complaint was received from a Shareholder which has 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 four Directors. The name and members of the Committee are as follows:

Mr P M Venkatasubramanian	Chairman	Non Executive – Independent
Dr R Natarajan	Member	Non Executive – Independent – upto 31.03.2019
Dr R Mahadevan	Member	Non Executive
Mr J Shivakumar	Member	Non Executive – Independent
Dr Sandhya Shekhar	Member	Non Executive – Independent

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

During the year under review, the Committee met thrice viz., 16.05.2018, 26.07.2018 and 22.02.2019

Member	No. of Meetings Attended
Mr P M Venkatasubramanian	3
Dr R Natarajan – upto 31.03.2019	3
Dr R Mahadevan	1
Mr J Shivakumar	2
Dr Sandhya Shekhar	1

#### 7. **Corporate Social Responsibility Committee:**

The Corporate Social Responsibility Committee comprises of three Directors. The names and members of the Committee are as follows:

Mr N Venkataramani	Chairman	Non Executive
Mr A Venkataramani	Member	Executive
Dr Sandhya Shekhar	Member	Non Executive – Independent

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

The CSR Committee did not meet during the year.

#### 8. **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 01.02.2019, 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 Indian 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.

## 9. Annual General Meetings

Location and time of last 3 Annual General Meetings were:

Year	GM	Location	Date	Time
2017-2018	AGM	D-11/12, Industrial Estate, Maraimalai Nagar - 603 209	26.07.2018	11.30 a.m.
2016-2017	AGM	D-11/12, Industrial Estate, Maraimalai Nagar - 603 209	27.07.2017	10.15 a.m.
2015-2016	AGM	D-11/12, Industrial Estate, Maraimalai Nagar - 603 209	28.07.2017	10.15 a.m.

Special Resolutions were passed at the above meetings as per the individual notice sent for each meeting.

## 10. Postal Ballot

Two Special Resolutions regarding Continuation of Directorship by Mr N Venkataramani and Dr R Mahadevan and one Special Resolution regarding re-appointment of Mr P M Venkatasubramanian for the second term of 2 years from 01.04.2019, under Independent Director Category and also continuation of his Directorship were required to be put through Postal Ballot this year. Mr R Mukundan, Practising Company Secretary conducted this Postal Ballot / E-Voting exercise.

In addition to the e-Voting, members were given the option for voting through ballot process at the 27th AGM held on 26.07.2018.

## 11. Quarterly Results

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

## 12. General Shareholder Information

### AGM : Date, Time and Venue

25.07.2019 @ 11.30 a.m.  
D 11/12, Industrial Estate  
Maraimalai Nagar - 603 209

### Financial Calendar

April to March  
First Quarter Results – July  
Half Year – October  
Third Quarter – January  
Annual Results – May

### Date of Book Closure

18.07.2019 to 25.07.2019 (both days inclusive)

### Listing

BSE Limited (BSE), Mumbai

### Stock Code

523638

### ISIN

INE 558 A01019

### Shareholding Pattern

Category	No. of Shares held	% to Capital
Promoters	71,72,057	56.58
Mutual Funds & UTI	200	0.00
Private Bodies Corporate	17,09,958	13.49
Indian Public	30,01,029	23.67
NRI's / OCB's	11,196	0.09
Foreign Collaborators	7,04,200	5.56
IEPF	77,225	0.61
Total	1,26,75,865	100.00

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

Month	IPRL (BSE)		BSE Sensex	
	LOW (₹)	HIGH (₹)	LOW	HIGH
April 2018	159.65	197.70	32,972.56	35,213.30
May 2018	136.00	170.00	34,302.89	35,993.53
June 2018	127.50	163.95	34,784.68	35,877.41
July 2018	131.25	165.40	35,106.57	37,644.59
August 2018	145.00	168.00	37,128.99	38,989.65
September 2018	129.75	165.60	35,985.63	38,934.35
October 2018	107.50	143.00	33,291.58	36,616.64
November 2018	112.10	127.40	34,303.38	36,389.22
December 2018	107.00	121.00	34,426.29	36,554.99
January 2019	100.25	117.85	35,375.51	36,701.03
February 2019	94.05	111.00	35,287.16	37,172.18
March 2019	98.55	119.75	35,926.94	38,748.54

**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. Post March 31, 2019, no physical transfers have been processed.

**Dematerialisation of Shares**

98.31% of the Paid up Capital has been dematerialised as on 31.03.2019.

**Plant Location**

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

**Address for Correspondence**

D 11/12, Industrial Estate  
 Maraimalai Nagar - 603 209  
 Tel: (044) 2745 2816 / 2745 2929  
 E-mail: iprmmn@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:

The Indian economy demonstrated its resilience by absorbing dramatic change brought in by demonetisation and introduction of GST and has regained its status as the fastest growing major economy. The Indian auto-components industry has experienced healthy growth over the last few years and accounted for marginal growth of India's GDP in 2018-19. Growth in Auto Components production in 2018-19 was around 12-14% on the back of robust growth in domestic and export markets.

Favourable government policies such as Auto Policy, Automotive Mission Plan (AMP) 2016-2026, National Automotive Testing and R&D Infrastructure Projects (NATRIPs) have helped the Indian Auto Components Industry to achieve considerable growth. The government also extended the FAME (Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles) Scheme from September 2018 to March 2019.

India is emerging as global hub for auto components sourcing. A cost-effective manufacturing base keeps costs lower by 10-25 per cent relative to operations in Europe and Latin America. Relative to competitors, India is geographically closer to key automotive markets like the Middle East and Europe.

A stable government framework, increased purchasing power, large domestic market, and an ever increasing development in infrastructure have made India a favourable destination for investment. 100% FDI is allowed under automatic route for auto components sector in India.

### Opportunities and Threats:

The Indian auto-components industry is set to become the third largest in the world by 2025. Indian auto-component makers are well positioned to benefit from the globalisation of the sector as export potential could be increased by up to US\$ 30 billion by 2021. SIAM has predicted between 3 to 4 percent growth for PVs in 2019-20 and 5-7 percent for two wheelers, nearly the same as the growth registered in 2018-19. The export performance is anticipated to be more exciting in the coming days as the overall automobile exports during 2018-19 shot by 14.50% over the previous year.

Unforeseen challenges in terms of an additional burden levied under the new insurance policy, growing pain in rural and semi urban India, pressure on job fronts, rising cost of fuel, constraints on loan disbursements as per the RBI restrictive credit policy have largely been cited as the reasons for slouch in domestic vehicle sales growth.

### Segment-wise Product Performance:

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

### Outlook:

India is expected to become the 4th largest automobiles producer globally by 2020 after China, US & Japan. The auto components industry is also expected to become the 3rd largest in the world by 2025. Many MNC's like Ford, Hyundai, Toyota & GM are launching new vehicle models due to their earlier success in the Indian market. The auto-components industry is expected to follow OEMs in adoption of electric vehicle technologies. The global move towards electric vehicles will generate new opportunities for automotive suppliers.

Your Company has the flexibility to constantly innovate and adapt to changes in market demand or customer requirements – be it in the operating environment, customer preferences, competition, distribution channel or supply chain. Despite the challenges ahead, your Company is well set to build a perspective on the growing trends.

### Risks and Concerns:

Cheap Imports, Increased Competition, New Powertrains and Regulations, Globalization and Consolidation of Platforms are the major risks faced by the industry as a whole. 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 posted a remarkable performance, growing by 2.61% in terms of turn over compared to the previous fiscal. Your Company ended the year with a PBT of Rs. 1,103.27 Lakhs while compared to a PBT of Rs.1,013.87 Lakhs recorded in the previous year. All the manufacturing units of the Company have contributed significantly to the growth of the Company.

### 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 were cordial.

### Corporate Social Responsibility:

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has constituted a Corporate Social Responsibility Committee, but the company was not required to spend any amount towards CSR.

### 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, 2019)

[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 31st March, 2019, 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, 2019 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, 2015;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (d) 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);
    - (e) 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;
    - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - (g) 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;
    - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
    - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
  - VI Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board Meetings, General Meetings and Dividend.

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 27th Annual General Meeting held on 26th July, 2018;
  - (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) passing of resolutions by postal ballot.
  - (l) payment of remuneration to Directors including the Managing Director and Whole-time Directors,
  - (m) appointment and remuneration of statutory Auditors and Cost Auditors;
  - (n) transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
  - (o) transfer of certain amounts and shares 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.

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 and there is no changes in the composition of the Board of Directors during the period under review.
  - 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;
  - 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;
  - The Company has not declared or paid any Dividend during the period under report; and
  - The Company has borrowed money through the ECB (External Commercial Borrowings) route during the period under report and have complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable. There were no Foreign Direct Investment and Overseas Direct Investment during the period under report.
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 requirements under the Equity Listing Agreements entered into with the BSE Limited;
9. The Company has complied with the provisions of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
10. The Company has complied with the provisions of the Securities and Exchange Board of India (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 other applicable laws, rules, regulations and guidelines.

**For L K & Associates**  
Company Secretaries

**LALITHA KANNAN**  
C.P. 1894

Place : CHENNAI  
Date : 03-05-2019

**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 check that there are sufficient systems and processes in place to monitor and ensure compliance with these Acts, Rules and Laws.
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 : 03-05-2019

For L K & Associates  
Company Secretaries  
LALITHA KANNAN  
C.P. 1894



**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS (pursuant to Regulation 34(3) and  
Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To

The Members  
IP Rings Limited  
D 11/12, Industrial Estate  
Maraimalai Nagar – 603 209.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of IP Rings Limited having CIN : L28920TN1991PLC020232 and having Registered Office at D 11/12, Industrial Estate, Maraimalai Nagar – 603 209 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No	Name of the Director	DIN	Date of Appointment in the Company
1	Mr N Venkataramani	00001639	30.01.1991
2	Mr A Venkataramani	00277816	27.10.2010
3	Dr R Mahadevan	00001690	14.07.1995
4	Mr Yoshio Onodera	07509662	27.05.2016
5	Mr P M Venkatasubramanian	00001579	25.03.2002
6	Dr Sandhya Shekhar	06986369	30.09.2014
7.	Mr Jayasankar Shivakumar	07155490	30.10.2015

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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.

Place: Chennai  
Date : 16.05.2019

R Mukundan  
Membership No.: 7876  
CP No. : 12635

**M.S. Krishnaswami & Rajan**  
Chartered Accountants

GB, Anand Apartments  
JP Avenue, 6th Street, Dr. Radha Krishnan Road,  
Mylapore, Chennai - 600 004  
Tel : +91-44-4204 6628 +91-44-2847 4562  
E.mail : mail@mskandar.com  
m.s.murali@mskandar.com

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF IP RINGS LIMITED**

**Report on the audit of the Financial Statements**

**Opinion**

We have audited the accompanying Financial Statements of **IP RINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended ("IND AS") and other Accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter Description	Response to Key Audit Matter
<p><b>A. Revenue Recognition</b></p> <p>Reference may be made to Note 43(9) of significant accounting policies and Note 20 and 27 to the financial statements of the Company.</p> <p>During the year, on account of adoption of new revenue standard Ind AS 115 – Revenue from contracts with customer, there have been changes in revenue recognition policy with regards to timing of recognition and related disclosures.</p> <p>Revenue recognition is inherently an area of audit risk, which we have substantially focused on mainly covering the aspects of cut off.</p> <p>Considering the above impact of Ind AS 115 and cut-off are key audit matters.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures relating to revenue comprised of test of controls and substantive procedures including the following:</p> <ol style="list-style-type: none"> <li>i. We assessed whether the policy of recognizing revenue was in line with Ind AS – 115.</li> <li>ii. We performed procedures to assess the design and internal controls established by the management and tested the operating effectiveness of relevant controls related to the recognition of revenue.</li> <li>iii. Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls. available evidence.</li> </ol>

Key Audit Matter Description	Response to Key Audit Matter
<p><b>B. Actuarial valuation</b></p> <p>Reference may be made to Note 43(11) of significant accounting policies and Note 36 to the financial statements of the Company.</p> <p>There is a risk of material misstatement relating to the judgements made in valuing the defined benefit obligation including the use of key assumptions specifically the discount rate, life expectancy and inflation level. These variables can have a material impact in calculating the quantum of the retirement benefit liability.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures comprised of the following:</p> <ul style="list-style-type: none"> <li>(a) We determined whether the key assumptions are reasonable.</li> <li>(b) External actuaries were engaged to determine the amount of pension provisions.</li> <li>(c) We assessed the competence, capabilities and objectivity of the experts, gained an understanding of their work and the suitability of the results as audit evidence for the relevant assertions.</li> <li>(d) We examined the data made available to the experts for completeness and accuracy and gained an understanding of the process to determine the calculation and inputs used.</li> </ul> <p><b>Conclusion</b></p> <p>Based on the procedures performed above, we did not find any material exceptions with regards to the use of assumptions and actuarial valuation.</p>
<p><b>C. Impairment in Trade Receivables</b></p> <p>Reference may be made to Note 5 and 26 to the financial statements of the Company.</p> <p>The Company is exposed to potential risk of financial loss when there is the risk of default on receivables from the customers for which the Management would make specific provision against individual balances with reference to the recoverable amount.</p> <p>For the purpose of impairment assessment, significant judgements and assumptions, including the credit risks of customers, the timing and amount of realization of these receivables, are required for the identification of impairment events and the determination of the impairment charge.</p>	<p><b>Principal Audit Procedures</b></p> <p>We have performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> <li>(a) Tested the accuracy of aging of trade receivables at year end on a sample basis.</li> <li>(b) Obtained a list of outstanding receivables and identified any debtors with financial difficulty through discussion with management.</li> <li>(c) Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers, publicly available information and latest correspondence with customers and to consider if any additional provision should be made;</li> <li>(d) Tested subsequent settlement of trade receivables after the balance sheet date on a sample basis.</li> </ul> <p><b>Conclusion</b></p> <p>Based on the above procedures we found the key judgements and assumptions used by management in the recoverability assessment of trade receivables to be supportable based on the available evidence.</p>

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Those Charged with Governance for the 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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the INDAS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

1. As required by Section 143 (3) of the Companies Act, 2013, 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 including other Comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the relevant rules issued thereunder.
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.
  - (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 "A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness at the company's internal financial control over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, remuneration paid by the company to its directors during the year is in compliance with the provisions of Section 197 of the Act.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanation given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements. (Refer Note 28)
    - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2019.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. 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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **M.S. Krishnaswami & Rajan**  
Chartered Accountants  
Registration No. 01554S  
**M.S. Murali**  
Partner  
Membership No. 26453

Date : May 16, 2019  
Place : Chennai

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of IP RINGS LIMITED)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the Internal Financial Controls Over Financial Reporting of **IP RINGS LIMITED** (“the Company”) as of March 31, 2019 in conjunction with our audit of the 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 (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the company; (ii) 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 authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized 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

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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.

For **M. S. Krishnaswami & Rajan**  
*Chartered Accountants*  
Registration No. 01554S

**M. S. Murali**  
*Partner*  
Membership No. 26453

Date : May 16, 2019  
Place : Chennai

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## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of IP RINGS LIMITED ("the Company") for the year ended March 31, 2019).

### 1. In respect of the Company's fixed assets:

- (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
  - (b) The Company has a programme of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed during the year on such verification.
  - (c) According to the information and explanations given to us and the records examined by us we report that title deeds of all immovable property belonging to the Company are held in the name of the Company as at the end of the year.
2. As explained to us, the inventories, other than the Goods in transit, have been physically verified at the year-end by the management and no material discrepancies were noticed on such physical verification. Goods in transit is evidenced by documents drawn/raised by the Supplier.
  3. According to information and explanation given to us, the Company has not granted any loans, secured or unsecured to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
  4. According to information and explanation given to us, the Company has not granted any loans, secured or unsecured, furnished guarantees or provided security to any party covered by provisions of sections 185 and 186 of the Companies Act, 2013. Hence reporting on whether there is a compliance with the said provisions does not arise.
  5. According to information and explanations given to us, the Company has not accepted any deposits during the year and there are no unclaimed deposits as at March 31, 2019 to which the provisions of section 73 to 76 or any other relevant provisions of the Companies Act are applicable. Accordingly, the provisions of clause (v) of paragraph 3 of the Order is not applicable to the Company.
  6. As per the information and explanation given to us, the maintenance of the cost records has been specified by the Central Government under Section 148(1) of the Act in respect of certain products of the Company. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended and prescribed by the Central Government under Section 148(1) of the Act and are of opinion that prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of Cost records with a view to determine whether they are accurate and complete.

7. According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:
- (a) The company is regular in depositing amounts of undisputed statutory dues including provident fund, employees' state insurance, income-tax, Goods and Service tax, Customs duty, cess and other material statutory dues as applicable to it with the appropriate authorities during the year. There were no material undisputed amounts payable in respect of the aforesaid statutory dues outstanding as at March 31, 2019 for a period of more than six months from the date they became payable.
- (b) There are no dues of Income tax, Goods and Services tax, Sales tax, Service tax or Customs Duty, which have not been deposited on account of any dispute with the relevant authorities. Details of Excise Duty and Value added tax that have not been deposited on account of disputes are as under:

Name of the Statute	Nature of Dues	Amount (In Rs. Lakhs) of Disputed dues	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1991	Service Tax	7.81	FY 2012-13 to 2015-16	Central Excise and Service tax Appellate Tribunal
Income Tax Act, 1961	Interest on Income tax	0.66	AY 2003-04	High Court of Madras
Income Tax Act, 1961	Interest on Income tax	2.50	AY 2004-05	High Court of Madras
Income Tax Act, 1961	Interest on Income tax	1.72	AY 2005-06	High Court of Madras
Income Tax Act, 1961	Interest on Income tax	2.32	AY 2007-08	Assessing Officer
Income Tax Act, 1961	Income tax & Interest thereon	0.96	AY 2009-10	High Court of Madras
Income Tax Act, 1961	Income tax	76.34	AY 2010-11	High Court of Madras
Income Tax Act, 1961	Income Tax	97.03	AY 2011-12	High Court of Madras
Income Tax Act, 1961	Income Tax	0.01	AY 2014-15	Assessing Officer
Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Interest/ Damages	12.93	FY 2014-15	Employees' Provident Fund Tribunal, New Delhi
The Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	1.30	FY 2007-08	Appellate Deputy Commissioner

8. In our opinion and according to information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company does not have any borrowings by way of Debentures.
9. As per the information and explanation given to us, the Company has not raised any money by way of initial public offer or further public offers (including debt instruments) during the year. Hence reporting on utilization of such money under clause 3(ix) of the order does not arise.
10. To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud by the Company or no material fraud on the Company by its officer's or employee's has been noticed or reported during the year.
11. The Managerial Remuneration has been paid/provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
12. The Company is not a Nidhi Company and accordingly the provisions of Clause 3(xii) of the Order are not applicable to the Company.



13. In our opinion and according to the information and explanations given to us all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable. The details of the transactions during the year have been disclosed in the Financial Statements as required by the applicable Accounting Standards. (Refer Note 42 to Financial Statements).
14. During the year, the Company has not made any preferential allotment or private placement of shares (covered by section 42 of the Companies Act, 2013) or fully or partly convertible debentures during the year under review. Hence, reporting under clause 3(xiv) of the Order is not applicable.
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions during the year with directors or persons connected with them. Hence reporting on whether there is compliance with provisions of section 192 of the Companies Act, 2013 does not arise.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **M. S. Krishnaswami & Rajan**  
*Chartered Accountants*  
Registration No. 01554S

**M. S. Murali**  
*Partner*  
Membership No. 26453

Date : May 16, 2019  
Place : Chennai

## BALANCE SHEET

Particulars	Note No.	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	1A	11,726.64	9,381.80
Capital work-in-progress	1A	176.13	413.52
Intangible assets	1B	49.93	90.53
Financial assets - Investments	2	2.14	2.25
Other non-current assets	3	763.09	1,529.98
<b>Current assets</b>			
Inventories	4	4,046.71	3,511.03
Financial assets			
(i) Trade receivables	5	4,942.98	4,705.08
(ii) Cash and cash equivalents	6	562.04	530.76
(iii) Bank balances other than (ii) above	7	1.31	4.61
(iv) Other financial assets	8	131.42	161.13
Other current assets	9	371.03	324.21
<b>TOTAL ASSETS</b>		<u>22,773.42</u>	<u>20,654.90</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	10	1,267.59	1,267.59
Other equity	11	8,894.80	8,107.64
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities – Borrowings	12	3,428.09	2,352.99
Provisions	13	81.81	88.75
Deferred tax liabilities (Net)	14	117.00	49.90
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	15	3,773.35	3,641.47
(ii) Trade payables	16		
(a) Total outstanding dues of Micro and Small Enterprises		199.94	30.63
(b) Total outstanding dues other than Micro and Small Enterprises		2,978.73	2,808.02
(iii) Other financial liabilities	17	1,915.47	2,206.67
Other current liabilities	18	86.94	97.74
Provisions	19	29.70	3.50
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>22,773.42</u>	<u>20,654.90</u>

The accompanying notes form an integral part of the financial statements

For M S Krishnaswami & Rajan  
Chartered Accountants  
Firm Registration No: 01554S

M S Murali  
Partner  
Membership No. 26453  
Chennai  
16 May 2019

A. VENKATARAMANI (DIN 00277816)  
Managing Director

S PRIYAMVATHA  
Company Secretary

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

N. VENKATARAMANI (DIN 00001639)  
P. M. VENKATASUBRAMANIAN (DIN 00001579)  
Directors

R. VENKATARAMAN  
Chief Financial Officer

## STATEMENT OF PROFIT AND LOSS

Particulars	Note No.	For the Year ended March 31, 2019 ₹ in lakhs	For the Year ended March 31, 2018 ₹ in lakhs
<b>Income</b>			
Revenue From Operations	20	21,209.27	20,669.52
Other Income	21	118.44	106.61
<b>Total Income</b>		<u>21,327.71</u>	<u>20,776.13</u>
<b>Expenses</b>			
Cost of Materials Consumed	22	6,895.86	6,557.50
Changes in Inventories of Finished goods and Work-in-Progress	23	(310.82)	123.72
Excise Duty		-	379.73
Employee Benefits Expense	24	2,897.34	2,710.59
Finance Costs	25	741.09	714.94
Depreciation and Amortisation Expense	1.A, 1.B	976.92	804.57
Other Expenses	26	9,024.04	8,471.21
<b>Total Expenses</b>		<u>20,224.43</u>	<u>19,762.26</u>
<b>Profit/ (loss) before exceptional items and tax</b>		<u>1,103.28</u>	<u>1,013.87</u>
Exceptional items		-	-
<b>Profit/ (loss) before tax</b>		<u>1,103.28</u>	<u>1,013.87</u>
<b>Tax Expense:</b>			
Current tax		241.49	200.59
MAT Credit Entitlement		(238.63)	(200.59)
Deferred tax		305.73	280.53
<b>Total Tax expense</b>		<u>308.59</u>	<u>280.53</u>
<b>Profit/ (loss) for the year</b>	(A)	<u>794.69</u>	<u>733.34</u>
<b>Other Comprehensive Income (OCI)</b>			
A (i) Items that will not be reclassified to Profit or Loss			
– Remeasurement of Defined Benefit Plans		(10.28)	(10.11)
– Fair valuation of investments valued through OCI		(0.11)	(1.21)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		2.86	-
B (i) Items that will be reclassified to profit or loss			
– Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		-	-
<b>Total Other Comprehensive Income</b>	(B)	<u>(7.53)</u>	<u>(11.32)</u>
<b>Total Comprehensive Income</b>	(A+B)	<u>787.16</u>	<u>722.02</u>
Profit / (loss) attributable to equity share holders		794.69	733.34
<b>Earnings per Equity Share, Face Value of the Share Rs.10/-</b>			
– Basic & Diluted (INR)	41	6.27	5.79

The accompanying notes form an integral part of the financial statements

For M S Krishnaswami & Rajan  
Chartered Accountants  
Firm Registration No: 01554S

M S Murali  
Partner  
Membership No. 26453  
Chennai  
16 May 2019

A. VENKATARAMANI (DIN 00277816)  
Managing Director

S PRIYAMVATHA  
Company Secretary

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

N. VENKATARAMANI (DIN 00001639)  
P. M. VENKATASUBRAMANIAN (DIN 00001579)  
Directors

R. VENKATARAMAN  
Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019

Particulars	2018 – 2019 ₹ in lakhs	2017 – 2018 ₹ in lakhs
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/ (Loss) before tax</b>	<b>1,103.28</b>	1,013.87
<b>Adjustments for :</b>		
Provision for Doubtful debts made/ written back	20.73	(30.03)
Bad debts written off	18.63	60.02
Unrealised exchange fluctuation	15.42	(19.72)
Depreciation	976.92	804.57
Interest Expense	741.09	714.94
Interest Income	(62.67)	(11.79)
Loss/(Profit) on sale of fixed assets	2.87	11.91
<b>Operating profit/(Loss) before working capital changes</b>	<b>2,816.27</b>	2,543.77
<b>Adjustments for changes in :</b>		
Decrease/ (Increase) in Trade receivables	(298.86)	150.49
(Increase) in Inventories	(535.68)	(134.36)
(Increase) /Decrease in Other Financial Assets	95.66	(38.44)
(Increase)/Decrease in Other Current Assets	(46.82)	240.64
Increase / (Decrease) in Non Current provisions	(6.94)	18.24
Increase / (Decrease) in Trade Payables	346.21	(206.88)
Increase / (Decrease) in Other Financial Liabilities	(54.00)	(149.39)
(Decrease) in Other Current Liabilities	(10.80)	(32.79)
Increase / (Decrease) in Current Provisions	26.20	(16.85)
<b>Cash flow from operations</b>	<b>2,331.24</b>	2,374.43
Income Tax paid	(266.94)	(192.91)
<b>Net Cash Flow from Operating Activities</b> [A]	<b>2,064.30</b>	2,181.52
<b>Cash Flows from Investing Activities</b>		
Payments for acquisition of assets	(3,057.43)	(1,828.49)
Receipts from disposal of fixed Assets	10.79	13.62
(Increase) / Decrease in Other Non Current Assets – Capital advances	795.20	(600.62)
Interest received	–	–
Movement in investment	–	0.05
<b>Net Cash Flow (used in) Investing Activities</b> [B]	<b>(2,251.44)</b>	(2,415.44)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019**

		2018 – 2019 ₹ in lakhs	2017 – 2018 ₹ in lakhs
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Long term borrowings		2,060.81	1,923.73
Repayment of long term borrowings		(1,237.84)	(1,309.34)
Movement in short term borrowings		131.88	704.14
Interest paid		(733.13)	(703.98)
Dividend remitted to IEPF		(3.30)	(3.22)
<b>Net Cash Flow from Financing Activities</b>	<b>(C)</b>	<b>218.42</b>	<b>611.33</b>
<b>D. NET CASH INFLOW</b>	<b>(A+B+C)</b>	<b>31.28</b>	<b>377.41</b>
<b>E. Opening Cash and Cash Equivalents</b>	<b>(D)</b>	<b>530.76</b>	<b>153.35</b>
<b>Closing Cash and Cash Equivalents</b>	<b>(E)</b>	<b>562.04</b>	<b>530.76</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(E-D)</b>	<b>31.28</b>	<b>377.41</b>

\* Previous figures have been regrouped/reclassified wherever necessary

The accompanying notes form an integral part of the financial statements

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

For M S Krishnaswami & Rajan  
Chartered Accountants  
Firm Registration No: 01554S

A. VENKATARAMANI (DIN 00277816)  
Managing Director

N. VENKATARAMANI (DIN 00001639)  
P. M. VENKATASUBRAMANIAN (DIN 00001579)  
Directors

M S Murali  
Partner  
Membership No. 26453

S PRIYAMVATHA  
Company Secretary

R. VENKATARAMAN  
Chief Financial Officer

Chennai  
16 May 2019

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

### A. EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance as at April 01, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
1,267.59	-	1,267.59	-	1,267.59

### B. OTHER EQUITY

(₹ in lakhs)

PARTICULARS	Reserves & Surplus			Items of other comprehensive Income		Total
	General Reserve	Securities Premium Reserve	Retained Earnings	Remeasurement of defined benefit plans	Fair Value Adjustment for investment	
Balance as at 01.04.2017	3,015.27	5,302.25	(888.89)	(45.02)	2.01	7,385.62
Profit / (loss) after Tax	-	-	733.34	-	-	733.34
Other Comprehensive Income	-	-	-	(10.11)	(1.21)	(11.32)
<b>Balance as at 31.03.2018</b>	<b>3,015.27</b>	<b>5,302.25</b>	<b>(155.55)</b>	<b>(55.13)</b>	<b>0.80</b>	<b>8,107.64</b>
Balance as at 01.04.2018	3,015.27	5,302.25	(155.55)	(55.13)	0.80	8,107.64
Profit / (loss) after Tax	-	-	794.69	-	-	794.69
Other Comprehensive Income	-	-	-	(7.42)	(0.11)	(7.53)
<b>Balance as at 31.03.2019</b>	<b>3,015.27</b>	<b>5,302.25</b>	<b>639.14</b>	<b>(62.55)</b>	<b>0.69</b>	<b>8,894.80</b>

(a) In accordance with provisions of Para 122 of Ind AS 19, the company has transferred all remeasurement costs recognised in the past periods upto April 1, 2015 within the accumulated profit or loss (a component of equity)

(b) The above amount (other than the balance in Securities Premium Reserve) are generally available for distribution of dividend subject to the provisions of the Companies Act, 2013.

This is the Statement of Changes in Equity referred to in our Report of even date

For M S Krishnaswami & Rajan  
Chartered Accountants  
Firm Registration No: 01554S

A. VENKATARAMANI (DIN 00277816)  
Managing Director

N. VENKATARAMANI (DIN00001639)  
P. M. VENKATASUBRAMANIAN (DIN 00001579)  
Directors

M S Murali  
Partner  
Membership No. 26453  
Chennai  
16 May 2019

R. VENKATARAMAN  
Chief Financial Officer

S PRIYAMVATHA  
Company Secretary

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**1. (A) PROPERTY, PLANT AND EQUIPMENT (PPE) (2018-19 – in ₹ lakhs)**

DESCRIPTION	GROSS CARRYING AMOUNT			DEPRECIATION / IMPAIRMENT			NET CARRYING AMOUNT		
	01.04.2018	Additions / Reclassification	Disposals	31.03.2019	Upto 31.03.2018	Charge during the year	Disposals / Adjustments	Upto 31.03.2019	As at 31.03.2019
Land – Freehold	33.90	-	-	33.90	-	-	-	-	33.90
Buildings	1,388.28	1,081.75	-	2,470.03	131.69	79.05	-	210.74	2,259.29
Plant & Machinery	8,997.29	1,887.67	(17.05)	10,867.91	1,743.51	733.41	(8.88)	2,468.04	8,399.87
Electrical Installations	669.77	212.80	-	882.57	108.72	60.23	-	168.95	713.62
Furniture & Fixtures	73.42	23.92	-	97.34	17.44	8.89	-	26.33	71.01
Vehicles	193.53	46.52	(10.65)	229.40	33.01	28.00	(6.13)	54.88	174.52
Office Equipment	171.19	42.16	(1.62)	211.73	111.21	26.74	(0.65)	137.30	74.43
<b>TOTAL</b>	<b>11,527.38</b>	<b>3,294.82</b>	<b>(29.32)</b>	<b>14,792.88</b>	<b>2,145.58</b>	<b>936.32</b>	<b>(15.66)</b>	<b>3,066.24</b>	<b>11,726.64</b>
Capital Work-in-Progress									176.13

**1. (A) PROPERTY, PLANT AND EQUIPMENT (PPE) (2017-18 – in ₹ lakhs)**

DESCRIPTION	GROSS CARRYING AMOUNT			DEPRECIATION / IMPAIRMENT			NET CARRYING AMOUNT		
	01.04.2017	Additions / Reclassification	Disposals	31.03.2018	Upto 31.03.2017	Charge during the year	Disposals / Adjustments	Upto 31.03.2018	As at 31.03.2018
Land – Leasehold (Ref. Note 4 below)	13.23	(13.23)	-	-	-	-	-	-	-
– Freehold	19.17	14.73	-	33.90	-	-	-	-	33.90
Buildings	1,054.08	334.20	-	1,388.28	82.30	49.39	-	131.69	1,256.59
Plant & Machinery	7,993.33	1,003.96	-	8,997.29	1,117.35	626.16	-	1,743.51	7,253.78
Electrical Installations	347.36	322.41	-	669.77	66.25	42.47	-	108.72	561.05
Furniture & Fixtures	70.08	3.34	-	73.42	10.36	7.08	-	17.44	55.98
Vehicles	158.03	78.25	(42.75)	193.53	26.99	23.25	(17.23)	33.01	160.52
Office Equipment	150.09	21.28	(0.18)	171.19	81.51	29.87	(0.17)	111.21	59.98
<b>TOTAL</b>	<b>9,805.37</b>	<b>1,764.94</b>	<b>(42.93)</b>	<b>11,527.38</b>	<b>1,384.76</b>	<b>778.22</b>	<b>(17.40)</b>	<b>2,145.58</b>	<b>9,381.80</b>
Capital Work-in-Progress									413.52

- The Company makes periodical assessment of the PPE considering product and technological obsolescence, process change, replacement and Beyond Economic Repair (BER) and other factors and accordingly, brings down the carrying value to its current fair value less cost of disposal to recognize the impairment, if any, through Statement of profit and loss. Impairment loss recognised during the year Rs. Nil (2018-Nil).
- For amount of contractual commitments for the acquisition of PPE [Refer Note 29].
- In terms of Ind AS 101 and the Clarifications issued by the Institute of Chartered Accountants of India, the carrying value of all PPE as on April 01, 2015 (i.e. Gross cost less Depreciation/amortisation upto that date) as per previous GAAP has been considered as deemed cost on the date of transition to Ind AS. The data above is accordingly stated.
- Value of leasehold land Rs 13.23 lakhs has been reclassified and disclosed as addition to freehold land (together with cost of registration) pursuant to conveyance and registration of title to said land in favour of the Company during the previous year by Chennai Metropolitan Development Authority.

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1. (B) INTANGIBLE ASSETS

(2018-19 - ₹ in lakhs)

DESCRIPTION	GROSS CARRYING AMOUNT			AMORTISATION / IMPAIRMENT				NET CARRYING AMOUNT	
	01.04.2018	Additions / Reclassification	Disposals	31.03.2019	Upto 31.03.2018	Charge during the year	Disposals / Adjustments	Upto 31.03.2019	As at 31.03.2019
<b>INTANGIBLE ASSETS</b>									
Technical Knowhow Fee	111.54	-	-	111.54	96.11	15.43	-	111.54	-
Product Development – Acquired	0.01	-	-	0.01	0.01	-	-	0.01	-
Product Development – Internally Generated	105.86	-	-	105.86	30.76	25.17	-	55.93	49.93
<b>TOTAL</b>	217.41	-	-	217.41	126.88	40.60	-	167.48	49.93
Intangible assets under development									-

### INTANGIBLE ASSETS UNDER DEVELOPMENT

(2017-18 - ₹ in lakhs)

DESCRIPTION	GROSS CARRYING AMOUNT			AMORTISATION / IMPAIRMENT				NET CARRYING AMOUNT	
	01.04.2017	Additions / Reclassification	Disposals	31.03.2018	Upto 31.03.2017	Charge during the year	Disposals / Adjustments	Upto 31.03.2018	As at 31.03.2018
<b>INTANGIBLE ASSETS</b>									
Technical Knowhow Fee	111.54	-	-	111.54	80.11	16.00	-	96.11	15.43
Product Development – Acquired	0.01	-	-	0.01	0.01	-	-	0.01	-
<b>Product Development</b> – Internally Generated	30.35	75.51	-	105.86	20.41	10.35	-	30.76	75.10
<b>TOTAL</b>	141.90	75.51	-	217.41	100.53	26.35	-	126.88	90.53
Intangible assets under development									-

- The Company makes periodical assessment of the PPE considering product and technological obsolescence, process change, replacement and Beyond Economic Repair (BER) and other factors and accordingly, brings down the carrying value to its current fair value less cost of disposal to recognize the impairment, if any, through Statement of profit and loss. Impairment loss recognised during the year Rs. Nil (2018-Nil).
- For amount of contractual commitments for the acquisition of PPE [Refer Note 29].
- In terms of Ind AS 101 and the Clarifications issued by the Institute of Chartered Accountants of India, the carrying value of all PPE as on April 01, 2015 (i.e. Gross cost less Depreciation/amortisation upto that date) as per previous GAAP has been considered as deemed cost on the date of transition to Ind AS. The data above is accordingly stated.



**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
<b>2. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS</b>		
<b>Investments carried at fairvalue through OCI</b>		
(a) 5,500 (2018: 5,500) equity shares of ₹.2 (2018: ₹.2) each fully paid in Corporation Bank (Quoted) – Market Value being ₹.28.75 per share (2018: ₹.30.65 per share)	1.58	1.69
(b) 5,600 (2018: 5,600) equity shares of ₹.10 (2018: ₹. 10) each fully paid in K. Ramakrishnan Clean Energy. Pvt. Ltd. (Unquoted)	0.56	0.56
	2.14	2.25
<b>3. NON-CURRENT ASSETS - OTHERS</b>		
(a) Capital Advances	410.36	1,205.57
(b) Advance Income Tax (net of provision)	352.73	324.41
	763.09	1,529.98
<b>4. INVENTORIES</b>		
(a) Raw materials*	1,077.08	972.60
(b) Work-in-progress	1,011.12	993.27
(c) Finished goods	1,025.61	732.64
(d) Stores	771.95	658.75
(e) Loose tools	160.95	153.77
	4,046.71	3,511.03
Goods in Transit Comprises of		
Raw materials	83.52	205.37
Finished Goods	92.93	48.24
Cost of material consumed (including cost of purchased goods) during the year is ₹.6,585.04 lakhs (2017-18: ₹.6,681.22 lakhs) reflected in Notes 22 and 23.		
* Includes provision made for slow and non moving stock Rs.51.70 lakhs (2017-18 Rs. Nil)		
* Provision for slow moving stock during the year has been considered in Note 22		
<b>5. TRADE RECEIVABLES</b>		
(a) Unsecured considered good	4,942.98	4,705.08
(b) Unsecured considered doubtful	20.73	–
(c) Less: Provision for doubtful receivables	(20.73)	–
	4,942.98	4,705.08
Refer Note 42 for receivables from related parties		
<b>6. CASH AND CASH EQUIVALENTS</b>		
(a) Cash on hand	0.39	0.70
(b) Balances with banks in Current accounts	561.65	530.06
	562.04	530.76

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
<b>7. OTHER BANK BALANCES</b>		
Earmarked balances for dividend*	1.31	4.61
	<u>1.31</u>	<u>4.61</u>
*The movement in balances above represents remittance to investor Education Protection Fund (IEPF)		
<b>8. OTHER CURRENT FINANCIAL ASSETS</b>		
Unsecured Considered good, unless otherwise stated		
(a) Security Deposits		
Lease Rent Deposits	22.61	20.83
Other Deposits	107.50	128.53
	<u>130.11</u>	<u>149.36</u>
(b) Employee Advances	0.55	2.40
(c) Other loans and advances	0.76	9.37
Other loans and advances – Considered Doubtful	16.81	16.81
Less: Provision for Doubtful Advances	(16.81)	(16.81)
	<u>0.76</u>	<u>9.37</u>
	<u>131.42</u>	<u>161.13</u>
<b>9. OTHER CURRENT ASSETS</b>		
(a) Prepaid expenses	51.20	58.97
(b) Balances with government authorities	73.33	73.52
(c) Export incentive receivable	139.76	40.56
(d) Supplier Advances	99.82	141.50
(e) Others	6.92	9.66
	<u>371.03</u>	<u>324.21</u>

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
<b>10. SHARE CAPITAL</b>		
Authorised		
2,00,00,000 (2018: 2,00,00,000) Equity Shares of ₹.10 each	2,000.00	2,000.00
	<u>2,000.00</u>	<u>2,000.00</u>
Issued, Subscribed and fully paid up		
1,26,75,865 (2018: 1,26,75,865) Equity shares of ₹.10 each	1,267.59	1,267.59
fully paid up	<u>1,267.59</u>	<u>1,267.59</u>
<b>1. Reconciliation of number of Equity shares subscribed</b>		
Balance as at the beginning of the year (Nos.)	126,75,865	126,75,865
Add: Issued during the year	-	-
Balance as at the end of the year (Nos.)	<u>126,75,865</u>	<u>126,75,865</u>
<b>2. Shares issued in preceding 5 years</b>		
On 12.01.17, the Company invited its shareholders to subscribe to a rights issue of 56,33,718 equity shares at an issue price of INR 88.75 per share, with such shares to be issued to rank paripassu for dividends after 16.02.17. The issue was fully subscribed.		
<b>3. Details of Equity shares held by its holding company including shares held by subsidiaries or associates of the holding company in aggregate</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Shareholder – Relationship</b>	<b>No. of Shares</b>	<b>%</b>
India Pistons Ltd. – Fellow Subsidiary	25,35,173	20.00
Simpson & Co., Ltd. – Holding Company	25,01,712	19.74
Tractors & Farm Equipment Limited – Fellow Subsidiary	14,40,192	11.36
Amalgamations Pvt. Ltd. – Ultimate Holding Company	6,91,380	5.45
The United Nilgiri Tea Estates Co. Ltd.– Fellow Subsidiary	3,600	0.03
Higginbothams Private Ltd. – Fellow Subsidiary	-	0.00
	26,85,985	21.19
	23,50,000	18.54
	14,40,192	11.36
	6,91,380	5.45
	3,600	0.03
	900	0.01
<b>4. Shareholders holding more than 5% of the total share capital</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
India Pistons Ltd.	25,35,173	20.00
Tractors & Farm Equipment Limited	14,40,192	11.36
Simpson & Co. Ltd.	25,01,712	19.74
Amalgamations Pvt. Ltd.	6,91,380	5.45
Nippon Piston Ring Co., Ltd.	7,04,200	5.56
Enam Shares & Securities Pvt Ltd.	10,66,552	8.41
	26,85,985	21.19
	14,40,192	11.36
	23,50,000	18.54
	6,91,380	5.45
	7,04,200	5.56
	10,66,552	8.41
<b>5. Rights, preferences and restrictions in respect of equity shares issued by the Company.</b>		
The equity shareholders are entitled to receive dividend as and when declared, a right to vote in proportion of holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue and the provisions of the Companies Act, 2013.		

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Note	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
<b>11. Other Equity*</b>			
General Reserve	A	3,015.27	3,015.27
Securities Premium Reserve	B	5,302.25	5,302.25
Retained Earnings	C	577.28	(209.88)
Total		<u>8,894.80</u>	<u>8,107.64</u>
* Refer Statement of Changes in equity for additions / deletions in each reserve.			
(A) General reserve is created from time to time by transferring profits from retained earnings and can be utilised for the purposes such as payment of dividends.			
(B) Securities Premium Reserve represents premium received on equity shares issued which can be utilised only in accordance with the provisions of the Companies Act, 2013 for specified purposes.			
(C) Retained Earnings is generally available for distribution of dividend subject to the provisions of the Companies Act, 2013.			
<b>12. NON-CURRENT – BORROWINGS</b>			
<b>Secured</b>			
<b>Term Loans</b>			
From Banks		2,649.57	1,056.72
From Financial Institutions		628.52	1,046.27
<b>Unsecured</b>			
<b>Term Loans</b>			
From Banks		150.00	250.00
		<u>3,428.09</u>	<u>2,352.99</u>
<b>Security details</b>			
(a) The term loans are 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) Loan taken from other parties for working capital are secured by hypothecation of specific asset.			
(d) Interest on above loans are charged at MCLR + spread			
<b>Terms of Repayment</b>			
<b>Loan Description</b>		<b>Repayment Terms</b>	
(a) Term Loans – Banks		Quarterly installment	
(b) Term Loans – Other parties		Monthly installment	
(c) Unsecured Term Loan from Bank		Monthly installment	
<b>13. NON CURRENT PROVISIONS</b>			
<b>Provision for Employee benefits</b>			
Compensated Absences		81.81	88.75
		<u>81.81</u>	<u>88.75</u>

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs	
<b>14. DEFERRED TAX (ASSET) / LIABILITY</b>			
<b>Deferred Tax Asset:</b>			
Unabsorbed depreciation and loss*	(531.70)	(645.92)	
Expenses allowable on payment	(31.02)	(23.99)	
MAT Credit	(446.10)	(207.46)	
	<u>(1,008.82)</u>	<u>(877.37)</u>	
<b>Deferred Tax Liability:</b>			
Depreciation and amortisation on PPE & Intangibles	1,125.82	927.27	
<b>Net Deferred Tax Liability / (Asset)</b>	<u>117.00</u>	<u>49.90</u>	
* The company has recognised deferred tax asset for Unabsorbed depreciation considering the future projected profitability.			
<b>15. CURRENT BORROWINGS</b>			
<b>Secured</b>			
Loans repayable on demand *			
– From Banks	3,773.35	3,641.47	
	<u>3,773.35</u>	<u>3,641.47</u>	
* Refer Note 12 for security details			
<b>16. TRADE PAYABLES</b>			
Trade Payables to Micro, Small & Medium Enterprises (Refer Note 34)	199.94	30.63	
Trade Payables	2,626.45	2,191.12	
Trade Payables – Due to related parties	34.01	445.36	
Acceptances	318.27	171.54	
	<u>3,178.67</u>	<u>2,838.65</u>	
Refer Note 41 for related party transaction			
<b>17. OTHER FINANCIAL LIABILITIES</b>			
Current Maturities of Long term Debt			
– From Banks	615.32	817.47	
– From Other Parties	417.75	467.74	
Interest accrued but not due on borrowings	41.08	33.12	
Customer Advances	8.84	23.80	
Unclaimed dividend	1.31	4.61	
Dues towards Funded Gratuity – LIC	20.03	13.35	
Employee related payables	212.03	208.15	
Other payables	599.11	638.43	
	<u>1,915.47</u>	<u>2,206.67</u>	
<b>18. OTHER CURRENT LIABILITIES</b>			
Statutory dues	86.94	97.74	
	<u>86.94</u>	<u>97.74</u>	
<b>19. CURRENT PROVISIONS</b>			
<b>Provision for Employee benefits</b>			
Compensated Absences	29.70	3.50	
	<u>29.70</u>	<u>3.50</u>	
<b>19.1. Movement in Provision for Compensated Absences in Note 13 and Note 19 is as follows</b>			
	Opening	Additions (net of utilisation)	Closing
March 2019	92.25	19.26	111.51
March 2018	90.87	1.38	92.25

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
<b>20. REVENUE FROM OPERATIONS</b>		
(a) <b>Sale of Products (inclusive of excise duty)</b>		
Rings Sales	6,779.32	6,445.56
OCF Sales	11,408.74	11,322.16
Piston Pin Sales	1,232.85	1,034.88
Tooling Sales	658.40	837.73
(b) <b>Sale of Services</b>	558.09	733.81
(c) <b>Other operating revenues</b>		
Export Incentives	410.57	197.15
Scrap Sales	161.30	98.23
	<u>21,209.27</u>	<u>20,669.52</u>
<b>21. OTHER INCOME</b>		
(a) Interest income	62.67	11.78
(b) Liabilities no longer required written back	28.20	-
(c) Other non operating income	27.57	94.83
	<u>118.44</u>	<u>106.61</u>
<b>22. COST OF MATERIALS CONSUMED</b>		
(a) Opening Stock	972.60	795.45
(b) Add: Purchases	7,000.34	6,734.65
(c) Less: Closing Stock	1,077.08	972.60
	<u>6,895.86</u>	<u>6,557.50</u>
<b>23. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
(a) (Increase) / Decrease in Work-in-Progress	(17.85)	85.00
(b) (Increase) / Decrease in Finished Goods	(292.97)	38.72
	<u>(310.82)</u>	<u>123.72</u>
<b>24. EMPLOYEE BENEFITS EXPENSE</b>		
(a) Salaries and wages	2,328.18	2,186.93
(b) Contribution to provident and other funds	165.64	140.92
(c) Staff welfare expenses	403.52	382.74
	<u>2,897.34</u>	<u>2,710.59</u>
<b>25. FINANCE COSTS</b>		
(a) Interest expenses	686.00	671.83
(b) Other borrowing costs	55.09	43.11
	<u>741.09</u>	<u>714.94</u>

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
<b>26. OTHER EXPENSES</b>		
Sub-Contracting Expenses	2,675.91	2,651.59
Power and Fuel	982.40	824.39
Stores Consumed	2,612.13	2,413.12
Exchange (Gain)/Loss	121.42	74.54
Rent	197.03	186.09
Rates and Taxes	51.32	47.88
Insurance	71.38	66.66
Travelling and Conveyance	347.60	276.41
Packing and Forwarding	277.22	254.10
Advertisement	3.58	7.83
Royalty	214.10	186.35
Consultation Fee	163.13	152.43
Directors' Sitting Fees	5.56	5.56
Freight	264.37	432.09
Payment to Auditors		
Statutory Audit Fee	5.35	5.35
Tax Audit Fees	1.50	1.50
Certification Fees (including taxation matters)	6.20	7.32
Reimbursement of expenses	-	0.02
Repairs and Maintenance		
– Buildings	38.88	54.27
– Machinery & Electrical Installations	333.68	247.06
– Vehicles	38.02	36.42
– Computer System	106.18	93.46
Warranty Claims	-	40.20
Bad Debts written off	18.63	60.02
Provision for doubtful receivables made/ (written back)	20.73	(30.03)
Loss on Sale of Assets	2.87	11.91
Research and Development expense	42.98	34.24
Commission to Non Whole Time Directors	9.00	-
Miscellaneous Expenses	412.87	330.43
	<u>9,024.04</u>	<u>8,471.21</u>

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	March 31, 2019 ₹ in lakhs	
<b>27. REVENUE FROM CONTRACTS WITH CUSTOMERS:</b>		
<b>27.1 Disaggregated revenue information</b>		
<b>Type of goods and service</b>		
(a) Sale of products		
Rings Sales		6,779.32
OCF Sales		11,408.74
Piston Pin Sales		1,232.85
Tooling Sales		658.40
(b) Revenue from services		
– Others (Jobwork)		558.09
(c) Other operating revenues		
– Export Incentives		410.57
– Scrap sales		161.30
<b>Total revenue from contract with customers</b>		<u>21,209.27</u>
India		15,136.14
Outside India		6,073.13
<b>Total revenue from contract with customers</b>		<u>21,209.27</u>
<b>Timing of revenue recognition</b>	<b>March 31, 2019</b>	
	<b>At a point in time</b>	<b>Over a period of time</b>
– Sale of products and other operating income	20,651.18	–
– Revenue from Services - Job Work	558.09	–
<b>Total revenue from contract with customers</b>	<u>21,209.27</u>	<u>–</u>
<b>27.2 Contract balances</b>		
Trade receivables – net of provision		<u>4,942.98</u>
Trade receivables are non-interest bearing and are generally as per terms of the Contract with customers.		
Pursuant to transitional provision in IND AS 115, the relevant disclosures for the comparative period are not disclosed.		
<b>27.3 Changes in accounting policy - on account of adoption of IND AS 115</b>		

The Company applied Ind AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of April 1, 2018. Under this method, the group recognised the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance of retained earnings as at April 1, 2018. Comparative prior period has not been adjusted. The Company has applied the revenue standard only to contracts that are not completed as at the date of initial application. The impact on account of applying the erstwhile Ind AS 18 Revenue instead of Ind AS 115 Revenue from Contracts with customers on the financial results of the Company for the year ended March 31, 2019 and other adjustments as at March 31, 2019 on adoption of Ind AS 115 is Nil.



**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	Year ended March 31, 2019 (₹ in lakhs)	Year ended March 31, 2018 (₹ in lakhs)
<b>28. CONTINGENT LIABILITY</b>		
<b>Claims against the Company not acknowledged as debts</b>		
(a) Bills Discounted	596.00	485.00
(b) Outstanding Letters of Credit	300.20	483.82
(c) Bank Guarantees	2.30	42.30
(d) Income Tax matters under appeal	181.55	143.84
(e) Claims due from Custom authorities	44.20	44.20
(f) Employees' Provident Fund	12.93	12.93
(g) 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 ₹. 2,712.91 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.	339.11	339.11
The Company during the year 2014-15 has met Export Obligation after maintaining average exports to the tune of Rs. 235.19 Lakhs. During 2015-16, the Company has fully met the outstanding Export Obligation of Rs.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.	-	-
(h) The impact of the retrospective operation of the amendment to the Payment of Bonus Act, 1965 for the financial year 2014-15 has not been considered in accounts in view of stay granted by Madras and High Courts in India.	-	-
(i) The Supreme Court, in a recent decision and the related circular issued by the Employees' Provident Fund Organisation dated March 20, 2019 deal with non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In this connection, it is clarified that the Company has complied with the law applicable and therefore, believes that the above decision/Circular is not likely to have a significant impact on these Financial Statements.	-	-
Future cash outflows in respect of the above are determinable only on receipt of judgment/decisions pending with various forums/authorities.		
<b>29. COMMITMENTS</b>		
Capital commitments (net of advances) not provided for	1,634.63	2,650.65
The outflow in respect of the above is not practicable to ascertain in the view of uncertainty involved.		
<b>30. VALUE OF IMPORTS CALCULATED ON CIF BASIS :</b>	(₹ in lakhs)	(₹ in lakhs)
Raw materials	1,721.24	1,339.06
	1,721.24	1,339.06
Stores consumed	210.30	519.38
Spare parts	99.29	105.74
<b>Total Components and spare parts</b>	<b>309.59</b>	<b>625.12</b>
Capital goods	569.59	617.85

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended March 31, 2019 ₹ in lakhs	Year ended March 31, 2018 ₹ in lakhs
<b>31. EXPENDITURE IN FOREIGN CURRENCY (ON PAYMENT BASIS)</b>		
Royalty	190.94	120.22
Travel	72.14	55.48
Professional Fee / Technical Services	83.54	75.02
Capital Expenditure / Advance	619.75	636.69
Others	3.01	2.47
	<b>969.38</b>	<b>889.88</b>
<b>32. DETAILS OF CONSUMPTION OF IMPORTED AND INDIGENOUS ITEMS :</b>		
<b>Imported</b>		
Raw materials	1,563.15	1,626.02
Spares & Loose tools	77.23	217.70
	<b>1,640.38</b>	<b>1,843.72</b>
<b>Indigenous</b>		
Raw materials	5,332.71	4,931.48
Spares & Loose tools	2,868.58	2,442.47
	<b>8,201.29</b>	<b>7,373.95</b>
<b>33. EARNINGS IN FOREIGN EXCHANGE :</b>		
Export of goods calculated on FOB basis	5,850.62	5,842.85
	<b>5,850.62</b>	<b>5,842.85</b>
<b>34. Disclosures required under the Micro, Small &amp; Medium Development Act, 2006.</b>		
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:		
The Principal amount (18-19 : ₹. 193.80 lakhs ; 17-18 : ₹. 30.63 lakhs) and the interest due (18-19 : ₹. 6.14 lakhs; 17-18 : ₹. 5.18 lakhs) thereon remain unpaid to suppliers at the end of each accounting year.	199.94	35.81
The amount of Interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of payment made to the supplier beyond the appointed day during the accounting year.	5.18	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding to the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	5.58	4.39
The amount of interest accrued and remaining unpaid at the end of each accounting year.	6.14	0.69
The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure u/s 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	6.14	5.18
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.		

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	Year ended March 31, 2019 ₹ in lakhs	Year ended March 31, 2018 ₹ in lakhs
<b>35. INCOME TAXES RELATING TO CONTINUING OPERATIONS</b>		
<b>Income tax recognized in profit or loss</b>		
Current tax	241.49	200.59
MAT Credit entitlement	(238.63)	(200.59)
Deferred tax	305.73	280.53
Total income tax expense recognized in the current year	<u>308.59</u>	<u>280.53</u>
<b>The income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
<b>Profit/(loss) before tax from continuing operations</b>	<b>1,103.28</b>	1,013.87
Income tax expense	306.93	263.61
Effect of expenses that are deductible in determining taxable profit of the current year	(150.03)	10.43
Effect of the Company being taxed at lower tax rate (minimum alternate tax) as the profits under tax laws are lower than the book profits	(79.77)	(55.20)
Effect of unabsorbed depreciation / loss of previous years utilized in current year	159.43	207.08
Others	72.03	(145.39)
Adjustments recognized in the current year in relation to the current tax of prior years	-	-
<b>Income tax expense recognized in profit or loss (relating to continuing operations)</b>	<b><u>308.59</u></b>	<u>280.53</u>
The tax rate used for the reconciliations above is the corporate tax rate of 27.82% (for the year 2018-19) and 26% (for the year 2017-18) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.		
<b>Income tax recognized in other comprehensive income</b>		
<b>Current tax</b>		
Remeasurement of defined benefit obligation	-	-
<b>Deferred tax</b>		
Remeasurement of defined benefit obligation	(2.86)	-
<b>Total income tax recognised in other comprehensive income</b>	<b><u>(2.86)</u></b>	<u>-</u>
<b>Deferred tax balances</b>		
The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:		
Deferred tax assets (including MAT credit)	(1,008.82)	(877.37)
Deferred tax liabilities	1,125.82	927.27
	<u>117.00</u>	<u>49.90</u>

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
<b>36. EMPLOYEE BENEFITS</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	114.41	119.22
Employer's Contribution to Superannuation Fund	17.80	18.46
<b>Defined Benefit Plan</b>		
<b>Gratuity :</b>		
The Company operates gratuity plan through approved gratuity fund with Life Insurance Corporation of India. Every employee is entitled to the benefit in accordance with the payment of Gratuity Act, 1972, as applicable from time to time, except in the case of Managing Director where there is no maximum limit. The present value of obligation is determined based on actuarial valuation.		
<b>Leave Salary Encashment :</b>		
Eligible employees can carry forward and encash leave on superannuation or death or permanent disablement subject to a maximum accumulation of 120 days except in the case of Managing Director where there is no limit to maximum accumulation. The present value of obligation is determined based on actuarial valuation.		
The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.		
These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.		
<b>Investment risk :</b>		
The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.		
<b>Interest risk :</b>		
A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.		
<b>Longevity risk :</b>		
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.		
<b>Salary risk :</b>		
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.		

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
<b>36. EMPLOYEE BENEFITS – (Contd.)</b>		
<b>Retirement benefit plans continued...</b>		
The principal assumptions used for the purposes of the actuarial valuations were as follows.		
<b>Gratuity and Compensated absences</b>		
Discount rate(s)	7.50%	8.00%
Expected rate(s) of salary increase	5.00%	5.00%
The estimates of future salary increases, considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:		
<b>Gratuity</b>		
Current service cost	19.80	3.40
Past service cost	-	-
Net interest expense	23.12	19.65
Return on plan assets (excluding amounts included in net interest expense)	(23.17)	(19.81)
<b>Components of defined benefit costs recognised in profit or loss</b>	<u>19.75</u>	<u>3.24</u>
The above expense for the year are included under 'Contribution to provident, gratuity and other funds' in the 'employee benefits expense' in statement of profit or loss.		
<b>Remeasurement on the net defined benefit liability comprising:</b>		
Actuarial(gains)/losses arising from obligations	10.29	10.11
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<u>10.29</u>	<u>10.11</u>
	<u>30.04</u>	<u>13.35</u>
The remeasurement of the net defined benefit liability is included in other comprehensive income.		
<b>Compensated Absences</b>		
Current service cost	-	2.36
Net interest expense	6.45	6.56
Actuarial (gains)/losses arising from changes in financial assumptions	9.65	0.42
Actuarial (gains)/losses arising from experience adjustments	5.84	(5.84)
	<u>21.94</u>	<u>3.50</u>
Recognised in Statement of Profit & Loss	21.94	3.50
Recognised in Other Comprehensive Income	-	-
The above expenses for the year are included under 'Salaries, wages and bonus' in the 'employee benefits expense' in statement of profit or loss.		
The amount included in the statement of financial position arising from the Company's obligation in respect of its defined benefit plans is as follows:		
<b>Gratuity</b>		
Present value of defined benefit obligation	330.75	308.94
Fair value of plan assets	310.72	295.60
Net liability arising from defined benefit obligation (funded)	<u>20.03</u>	<u>13.34</u>
Gratuity is reflected in Gratuity Fund under current financial liabilities. [Refer notes17].		

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
<b>36. EMPLOYEE BENEFITS – (Contd.)</b>		
<b>Compensated Absences</b>		
Present value of defined benefit obligation	111.52	92.25
Net liability arising from defined benefit obligation (funded)	111.52	92.25
The above provisions are reflected under 'Provision for employee benefits' in "other non-current provisions" and in "short-term provisions". [Refer notes 13 and 19]		
<b>Movements in the present value of the defined benefit obligation in the current year were as follows:</b>		
<b>Gratuity</b>		
Opening defined benefit obligation	308.94	279.81
Current service cost	19.80	3.40
Interest cost	23.12	19.64
Actuarial(gains) /losses arising from obligations	10.29	10.11
Benefits paid	(31.40)	(4.02)
<b>Closing defined benefit obligation</b>	330.75	308.94
<b>Compensated Absences</b>		
Opening defined benefit obligation	92.25	92.27
Current service cost	–	2.36
Interest cost	6.45	6.56
Actuarial (gains)/losses arising from changes in financial assumptions	9.65	0.42
Actuarial (gains)/losses arising from experience adjustments	5.84	(5.84)
Benefits paid	(2.67)	(3.52)
<b>Closing defined benefit obligation</b>	111.52	92.25
<b>Movements in the fair value of the plan assets in the current year were as follows:</b>		
<b>Gratuity</b>		
Opening fair value of plan assets	295.60	225.07
Return on plan assets (excluding amounts included in net interest expense)	23.17	19.81
Contributions	23.35	54.74
Benefits paid	(31.40)	(4.02)
<b>Closing fair value of plan assets</b>	310.72	295.60

The Company funds the cost of the gratuity expected to be earned on a yearly basis to Life Insurance Corporation of India, which manages the plan assets.

The actual return on plan assets was ₹.23.17 lakhs (2017-18: ₹.19.81 lakhs).

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
<b>37. FINANCIAL INSTRUMENTS</b>		
<b>Capital management</b>		
The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.		
The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, non-convertible debt securities and other long-term/short-term borrowings.		
The capital structure of the Company consists of net debt (borrowings as detailed in notes and offset by cash and bank balances) and total equity of the Company. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.		
<b>Gearing Ratio:</b>		
Debt (Long-term and short-term borrowings including current maturities)	8,234.51	7,279.67
Add: Book Overdraft	253.61	103.20
Less: Cash and bank balances	(562.04)	(530.76)
Net debt	7,926.08	6,852.11
Total equity	10,162.39	9,375.23
Net debt to total equity ratio	0.78	0.73
Categories of Financial Instruments:		
<b>A. Financial assets</b>		
<b>(a) Measured at amortised cost:</b>		
Cash and bank balances	(562.04)	(530.76)
Trade Receivables	4,942.98	4,705.08
Loans	131.42	161.13
<b>(b) Mandatorily measured at fair value through other comprehensive income (FVOCI):</b>		
Investments	2.14	2.25
<b>B. Financial liabilities</b>		
<b>(a) Measured at amortised cost:</b>		
Borrowings	7,201.44	5,994.46
Trade Payables	3,178.67	2,838.65
Current maturity of Long Term Borrowings	1,033.07	1,285.21
Others	1,915.47	2,206.67
<b>(b) Mandatorily measured at fair value through profit or loss (FVTPL):</b>		
Derivative instruments	-	-

**Financial risk management objectives**

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

**Market risk**

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 37. FINANCIAL INSTRUMENTS – (Contd.)

#### Foreign currency risk management:

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2019

(₹ in lakhs)

Currency	Liabilities	Assets	Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure*	Gross exposure	
USD	3,674.76	1,172.77	(2,501.99)
EUR	5.69	3.43	(2.26)
JPY	201.41	–	(201.41)

\*Excludes exposure on Unutilised Letter of Credit aggregating ₹. 21.55 lakhs

As on March 31, 2018

(₹ in lakhs)

Currency	Liabilities	Assets	Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Gross exposure	
USD	653.54	911.44	257.90
EUR	11.50	–	(11.50)
GBP	–	1.83	1.83
JPY	47.94	–	(47.94)

\*Excludes exposure on Unutilised Letter of Credit aggregating ₹. 389.42 lakhs.

#### Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The following table details the Company's sensitivity movement in the foreign currencies. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%. 2% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

Currency	Profit or Loss (₹ in lakhs)	
	March 31, 2019	March 31, 2018
USD Impact	(50.04)	5.16
EUR Impact	(0.05)	(0.23)
GBP Impact	–	0.04
JPY Impact	(4.03)	(0.96)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.



**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Interest rate risk management**

The company is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings.

The exposure of company's borrowings to interest rate changes at the end of the reporting period are as follows. ₹ in lakhs

Particulars	March 31, 2019	March 31, 2018
Variable rate Borrowing	3,773.35	3,641.47
Fixed rate Borrowing	4,461.17	3,638.20

**Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2019 would decrease/increase by ₹. 21.27 lakhs (March 31, 2018: decrease/increase by ₹.16.77 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

**Equity price risk**

Equity price risk is related to the change in market reference price of the investments in equity securities. Fair and nominal value of shares are same since entire nominal value will be payable on sale back of shares as per the agreement and the shares are not held for trading purpose

**Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company does not have significant credit risk exposure

The company sells predominantly to local and export customers which are on credit basis. The average credit period is 30 days to 60 days. The Company did not have credit risk exposure in the past 3 years and there were no bad debt during the mentioned period but the Company makes an allowance for doubtful debts on a case to case basis.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

**Liquidity risk management**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks. The Company is also working with banks for obtaining separate facility for financing of Machineries. Promoters will support by way of fund infusion on need basis.

The company had access to the following undrawn borrowing facilities at the end of reporting period:

Particulars	March 31, 2019	March 31, 2018
Expiring with in one year (bank overdraft and other facilities)		
– Secured	3,126.65	3,258.53
– Unsecured	–	–

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Financial Instruments – (Contd.)

#### Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

₹ in lakhs

31-03-19	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	3,178.67	–	–	3,178.67
Current maturity of long term borrowings	1,033.07	–	–	1,033.07
Other financial liabilities	882.40	–	–	882.40
Borrowings (including interest accrued thereon upto the reporting date)	3,773.35	3,428.09	–	7,201.44
	8,867.49	3,428.09	–	12,295.58

31-03-18	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	2,838.65	–	–	2,838.65
Current maturity of long term borrowings	1,285.21	–	–	1,285.21
Other financial liabilities	921.46	–	–	921.46
Borrowings (including interest accrued thereon upto the reporting date)	3,641.47	2,352.99	–	5,994.46
	8,686.79	2,352.99	–	11,039.78

#### Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):

The Management consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

### 38. SEGMENT INFORMATION

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.

₹ in lakhs

Description	Year	India	USA	Thailand	Rest of the world	Unallocated	Total
Revenue	2018-19	14,725.57	2,174.71	3,866.80	31.62	410.57	21,209.27
	2017-18	14,963.40	1,993.36	3,363.71	151.90	197.15	20,669.52
Assets	2018-19	21,701.21	305.96	762.80	3.45	–	22,773.42
	2017-18	20,106.65	216.17	331.44	1.92	–	20,656.18

Out of the above said revenue three customers represent more than 10% of the gross revenue and in total contribute 49.96% of the gross revenue.

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
<b>39. NET DEBT RECONCILIATION:</b>		
1. Cash and cash equivalents	563.35	535.37
2. Liquid investments	-	-
3. Current borrowings	3,773.35	3,641.47
4. Non-current borrowings	4,461.16	3,638.20
<b>Net debt</b>	<b>8,797.86</b>	<b>7,815.04</b>

₹ in lakhs

Particulars	Other assets		Liabilities from financing activities			Total
	Cash and bank overdraft	Liquid investments	Finance lease obligations	Non-current borrowings	Current borrowings	
<b>Net debt as at March 31, 2018</b>	535.37	-	-	3,638.20	3,641.47	7,815.04
Cash flows	27.98	-	-	815.00	131.88	974.86
Acquisition – finance leases	-	-	-	-	-	-
Foreign exchange adjustments	-	-	-	-	-	-
Interest expense	-	-	-	741.09	-	741.09
Interest paid	-	-	-	(733.13)	-	(733.13)
Other non-cash movements						
– Acquisitions / disposals	-	-	-	-	-	-
– Fair value adjustments	-	-	-	-	-	-
<b>Net debt as at March 31, 2019</b>	<b>563.35</b>	<b>-</b>	<b>-</b>	<b>4,461.16</b>	<b>3,773.35</b>	<b>8,797.86</b>
Note: Assets represented by positive numbers Liabilities represented by negative numbers						

**40. RESEARCH AND DEVELOPMENT EXPENDITURE:**

₹ in lakhs

Particulars	31-03-19	31-03-18
Revenue		
– Salaries, wages and bonus	38.59	29.14
– Materials, consumables and spares	0.08	2.22
– Other Expenditure	4.31	2.88
<b>TOTAL</b>	<b>42.98</b>	<b>34.24</b>

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

**41. BASIC AND DILUTED EARNINGS PER SHARE**

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows :

Profit/(loss) for the year attributable to owners of the Company

Adjustments

Earnings used in the calculation of basic earnings per share

Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations

Earnings used in the calculation of basic earnings per share from continuing operations

Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share

Basic and Diluted Earnings per share (INR)

Year ended  
March 31, 2019  
₹ in lakhs

Year ended  
March 31, 2018  
₹ in lakhs

794.69

733.34

-

-

794.69

733.34

-

-

794.69

733.34

Nos.

Nos.

1,26,75,865

1,26,75,865

6.27

5.79

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 42. RELATED PARTY DISCLOSURE

#### (a) List of parties having transactions with IP Rings Ltd :

Name of the Related Party	Relationship
Simpson & Company Ltd.	Holding Company
Amalgamations Private Ltd.	Holding Company of Simpson & Company Ltd
Addison & Company Limited	Fellow Subsidiary
George Oakes Limited	Fellow Subsidiary
India Pistons Limited	Fellow Subsidiary
IP Pins & Liners Limited	Fellow Subsidiary
Sri Rama Vilas Service Limited	Fellow Subsidiary
Tractors & Farm Equipment Limited	Fellow Subsidiary
Associated Printers (Madras) Pvt Limited	Fellow Subsidiary
Higginbothams Pvt Limited	Fellow Subsidiary
The Madras Advertising Company Pvt Limited	Fellow Subsidiary
Speed-A-Way Pvt Limited	Fellow Subsidiary
Bimetal Bearings Limited	Fellow Subsidiary
TAFE Access Limited	Fellow Subsidiary
L.M.Van Moppes Diamond Tools India Pvt Limited	Fellow Subsidiary
IPL Engine Components Pvt Limited	Fellow Subsidiary
IP Rings Ltd. Senior Executives Superannuation Fund	Controlled Trusts
IP Rings Ltd. Employees Gratuity Fund	Controlled Trusts
Mr. A.Venkataramani - Managing Director	Key Managerial Personnel
Mr. R.Venkataraman - Chief Financial Officer	Key Managerial Personnel
Mrs. S.Priyamvatha - Company Secretary	Key Managerial Personnel

#### (b) List of parties not having transactions with IP Rings Ltd :

Name of the Related Party	Relationship
Amco Batteries Limited	Fellow Subsidiary
Simpson & General Finance Company Limited	Fellow Subsidiary
TAFE International Traktor Ve Tarim Ekipmani Sanayi Ve Ticaret Limited Sirketi	Fellow Subsidiary
Southern Tree Farms Limited	Fellow Subsidiary
TAFE USA Inc	Fellow Subsidiary
T.Stanes & Company Limited	Fellow Subsidiary
Stanes Motors (South India) Limited	Fellow Subsidiary
Stanes Agencies Limited	Fellow Subsidiary
Wheel & Precision Forgings India Limited	Fellow Subsidiary
Amalgamations Repco Limited	Fellow Subsidiary
Associated Publishers (Madras) Pvt Limited	Fellow Subsidiary
Stanes Amalgamated Estates Limited	Fellow Subsidiary
Stanes Motor Parts Limited	Fellow Subsidiary
Shardlow India Limited	Fellow Subsidiary
Wallace Cartwright & Company Limited, London	Fellow Subsidiary
W.J.Groom & Company Limited, London	Fellow Subsidiary
TAFE Reach Limited	Fellow Subsidiary
TAFE Motors & Tractors Limited	Fellow Subsidiary
Alpump Limited	Fellow Subsidiary
IPL Green Power Limited	Fellow Subsidiary
Tafe Tractors Changshu Company Limited, China	Fellow Subsidiary
Mr. N.Venkataramani	Relatives of Key Managerial Personnel
Mrs. Sita Venkataramani	Relatives of Key Managerial Personnel
Mr. Gautam Venkataramani	Relatives of Key Managerial Personnel

**Note :** As per sec 149(6) of Companies Act, 2013 Independent Directors are not considered as KMP. Also considering the roles & functions of Independent Directors stated under Schedule IV of Companies Act, 2013 they have not been disclosed as KMP for the purpose of disclosure requirement as per Ind AS 24 Related Party.

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

(₹ in lakhs)

Name of the party	Year	Sale of goods	Rendering of services – Income	Purchase of goods	Purchase of Capital items	Sale of Capital items	Technical fee paid	Receiving of services-Expense
<b>(c) Details of Transactions with Related Parties :</b>								
Bimetal Bearings Limited	2018-19	4.75	0.35	-	-	-	-	-
	2017-18	6.34	0.52	-	-	-	-	-
India Pistons Limited.	2018-19	1,873.81	553.54	830.90	-	-	-	103.47
	2017-18	2,602.94	712.39	776.42	-	-	-	25.81
IPL Engine Components Pvt. Limited	2018-19	-	-	-	-	-	-	-
	2017-18	0.32	-	-	-	-	-	-
George Oakes Limited	2018-19	-	23.97	-	-	-	-	18.00
	2017-18	-	24.28	-	-	-	-	12.96
Simpson & Co. Ltd.	2018-19	201.12	8.73	-	-	-	-	2.82
	2017-18	224.44	-	-	-	-	-	2.53
Tractors & Farm Equipment Limited	2018-19	-	-	-	-	-	-	1.97
	2017-18	-	-	-	-	-	-	-
IP Pins & Liners Limited	2018-19	-	-	-	-	-	-	78.00
	2017-18	-	-	-	-	-	-	203.59
Sri Rama Vilas Service Limited	2018-19	-	-	-	-	-	-	32.45
	2017-18	-	-	-	-	-	-	53.48
Addison & Co. Limited	2018-19	-	-	14.11	-	-	-	-
	2017-18	-	-	4.70	-	-	-	-
Amalgamations Pvt. Limited	2018-19	-	-	-	-	-	-	4.97
	2017-18	-	-	-	-	-	-	5.88
TAFE Access Ltd.	2018-19	-	-	-	32.07	4.34	-	-
	2017-18	-	-	-	-	-	-	-
Associated Printers (M) Pvt. Limited	2018-19	-	-	-	-	-	-	1.60
	2017-18	-	-	-	-	-	-	1.39
Speed-A-Way Pvt. Limited	2018-19	-	-	3.03	-	-	-	-
	2017-18	-	-	-	-	-	-	-
The Madras Company Advertising Co Limited	2018-19	-	-	-	-	-	-	1.65
	2017-18	-	-	-	-	-	-	12.33
LM Van Moppes Diamond Tools India Limited	2018-19	-	-	5.12	-	-	-	-
	2017-18	-	-	2.91	-	-	-	-
Hliginbothams Private Limited	2018-19	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-
IP Rings Ltd Senior Executives Superannuation Fund	2018-19	-	-	-	-	-	-	0.02
	2017-18	-	-	-	-	-	-	-
IP Rings Ltd Employees Gratuity Fund	2018-19	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-
A. Venkataramani	2018-19	-	-	-	-	-	-	111.47
	2017-18	-	-	-	-	-	-	90.89
R. Venkataraman	2018-19	-	-	-	-	-	-	31.84
	2017-18	-	-	-	-	-	-	29.49
S. Priyamvatha	2018-19	-	-	-	-	-	-	18.73
	2017-18	-	-	-	-	-	-	16.92

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Name of the party	Year	Management contracts including for deputation of employees+Expense	Loan taken (Loan Repaid)	Outstanding Loans	Interest Paid	Issue of Shares	Contribution to Fund	Amounts Outstanding Dr./ (Cr.)
<b>(c) Details of Transactions with Related Parties (Contd.)</b>								
Bimetal Bearings Limited	2018-19	-	-	-	-	-	-	1.65
	2017-18	-	-	-	-	-	-	3.17
India Pistons Limited	2018-19	-	-	-	-	-	-	997.92
	2017-18	-	-	-	-	-	-	1,322.08
IPL Engine Components Pvt. Limited	2018-19	-	-	-	-	-	-	20.73*
	2017-18	-	-	-	-	-	-	20.73
George Oakes Limited	2018-19	-	-	-	-	-	-	1.76
	2017-18	-	-	-	-	-	-	2.20
Simpson & Co. Ltd.	2018-19	-	-	-	-	-	-	30.34
	2017-18	-	-	-	-	-	-	52.90
Tractors & Farm Equipment Limited	2018-19	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-
IP Plins & Liners Limited	2018-19	21.42	-	-	-	-	-	(15.21)
	2017-18	88.32	-	-	-	-	-	(13.38)
Sri Rama Vilas Service Limited	2018-19	-	-	-	-	-	-	(9.66)
	2017-18	-	-	-	-	-	-	(14.56)
Addison & Co. Limited	2018-19	-	-	-	-	-	-	(4.58)
	2017-18	-	-	-	-	-	-	(0.70)
Amalgamations Pvt. Limited	2018-19	-	-	-	-	-	-	(0.94)
	2017-18	-	-	-	-	-	-	(1.15)
TAFE Access Ltd.	2018-19	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	(0.09)
Associated Printers (M) Pvt. Limited	2018-19	-	-	-	-	-	-	(1.80)
	2017-18	-	-	-	-	-	-	(0.84)
Speed-A-Way Pvt. Limited	2018-19	-	-	-	-	-	-	(0.81)
	2017-18	-	-	-	-	-	-	(0.92)
The Madras Company Advertising Co. Limited	2018-19	-	-	-	-	-	-	(0.42)
	2017-18	-	-	-	-	-	-	-
LM Van Moppes Diamond Tools India Limited	2018-19	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-
Higginbothams Private Limited	2018-19	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-
IP Rings Ltd, Senior Executives Superannuation Fund	2018-19	-	-	-	-	-	17.80	(17.80)
	2017-18	-	-	-	-	-	18.46	(18.46)
IP Rings Ltd, Employees Gratuity Fund	2018-19	-	-	-	-	-	20.03	(20.03)
	2017-18	-	-	-	-	-	13.35	(13.35)
A. Venkataramani	2018-19	-	-	-	-	-	-	(0.01)
	2017-18	-	-	-	-	-	-	(0.59)
R. Venkataraman	2018-19	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-
S. Priyamvatha	2018-19	-	-	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-

\* Provided for

➤ Remuneration to Managing Director – The approval for the year 2013-14 for an amount of Rs.88.20 lakhs inclusive of Whole Time Director is awaited from Central Government.

➤ Title to the factory land at C-15/3 at Maraimalai Nagar has been transferred to the Company by CMDA during the previous year. The Company has completed construction/ installation of certain PPE at the said premises and commenced operations during the previous year.

➤ Figures for the previous year have been regrouped / reclassified wherever necessary to make them comparable with current year figures.

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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**43. SIGNIFICANT ACCOUNTING POLICIES**

**1A. Corporate Information:**

IP Rings Limited ('the Company') or ('IPR') is engaged in the manufacture of engine and transmission components. The Company has manufacturing plant at Maraimalai Nagar. The Company is a public limited company and is listed on Bombay Stock Exchange. The functional currency of the Company is Indian Rupee. The financial statements, in accordance with Ind AS Notified under the Companies (Indian Accounting Standards) Rules, 2015, for the year ended 31st March 2019 were adopted by the Company as on 16th May 2019.

**1B. Statement of Significant Accounting Policies:**

**1. Basis of Preparation:**

The financial statements have been prepared in accordance with Section 133 of Companies Act, 2013, i.e., Indian Accounting Standards ('Ind AS') notified under Companies (Indian Accounting Standards) Rules 2015. The Ind AS Financial Statements are prepared on historical cost convention, except in case of certain financial instruments which are recognized at fair value at the end of the reporting period as rendered in the Accounting Policy No 3 and on an accrual basis as a going concern.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Part I of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non-current classification of assets and liabilities.

**Compliance with Ind AS**

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

**Recent accounting pronouncements**

The Company applied Ind AS 115 for the first time. The Indian Accounting Standard (Ind AS) 116, Lease is applicable from FY 2019-20. The management believes that the adoption of Ind AS 116 does not have any significant impact on the financial statements. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

**2. Use of Estimates:**

The preparation of the Ind AS financial statements in conformity with the generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenue and expenses for the year and disclosure of contingent liabilities and contingent assets as of the date of Balance Sheet. The estimates and assumptions used in these Ind AS financial statements are based on management's evaluation of the relevant facts and circumstances as of the date of the Ind AS financial statements. The actual amounts may differ from the estimates used in the preparation of the Ind AS financial statements and the difference between actual results and the estimates are recognised in the period in which the results are known/materialise.

**3. Fair Value Measurement:**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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### 43. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### (a) Non-derivative financial instruments

##### (i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### (ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

##### (iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

##### (iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest where the fair value differs from the Transaction Price. Where the fair value does not differ, materially, from Transaction Price, the financial liabilities are stated at transaction price only.

#### (b) Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

##### Cash flow hedge

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on future foreign currency commitments.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

### 4. Property, Plant and Equipment:

- (i) Property, Plant and Equipment are stated at acquisition cost includes related duties, freight etc., and interest on borrowed funds if any directly attributable to acquisition/construction of qualifying fixed assets and is net of CENVAT / VAT / GST credits.



**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**43. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)**

- (ii) Subsequent expenditures related to an item of Property, Plant and Equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. In all such cases, the useful life of assets subsequently added to the parent asset are brought at par and depreciated in line with parent asset.
- (iii) Losses arising from the retirement of and gains or losses arising from disposal of Property, Plant and Equipment which are carried at cost are recognised in the Statement of Profit and Loss.
- (iv) Depreciation is provided straight line method, based on useful lives of assets in accordance with Schedule II of the Companies Act, 2013. In respect of certain machines extended useful life of 30 years is adopted for claiming depreciation under Schedule II to Companies Act, 2013 based on technical assessment obtained by the Company.
- (v) Application software, Die and Core and New Product Development are amortized over a period of 3 years. Technical Knowhow is amortized over a period of 5 years.
- (vi) Residual value of 5% is retained in books for all assets other than the assets whose useful life has elapsed as on 01.04.2014 or those assets whose book value has already been reduced below 5% of acquisition cost.

**5. Impairment**

All assets other than inventories, investments and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount of those assets may not be fully recoverable, in such cases the carrying amount of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the Statement of Profit and Loss.

The company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be reckoned from initial recognition of the receivables.

If at the Balance Sheet date there is an indication that the previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

**6. Investments:**

All Investments are carried at fair value. The changes in the fair value of Investments, which at the inception, have been designated to be held for a long term capital appreciation, are considered through Other Comprehensive Income. All other investments are valued at fair value and the gains or losses being recognised in Statement of Profit and Loss.

**7. Inventories:**

(a) Inventories are valued at cost (as detailed below) or net realisable value, whichever is low. Costs includes cost of purchase (excluding credit availed under CENVAT / VAT / GST Scheme), cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

- |                              |   |
|------------------------------|---|
| (i) Raw Materials and Stores | At weighted average cost.                                     |
| (ii) Work-in-progress        | At standard cost or net realisable value, whichever is lower. |
| (iii) Finished Goods         | At standard cost or net realisable value, whichever is lower. |
| (iv) Goods in transit        | At cost   |
| (v) Loose Tools              | At weighted average cost.                                     |

**(b) Provision For Obsolescence**

The Company has a policy for obsolescence in inventory. The policy has specific time lines beyond which the inventory is analysed for its usefulness and any obsolete inventory is provided for.

**8. Foreign currency transaction**

**Initial Recognition:** On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition:** As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currency are restated at the end of the accounting period. Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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### 43. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

#### 9. Revenue recognition

##### **Ind AS 115 Revenue from Contracts with Customers**

Ind AS 115 is applicable from FY 2018-19 and it replaces Ind AS 18. It applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Company has adopted the modified retrospective method of applying Ind AS 115 Revenue from Contract with customers in its initial year of application.

Revenue is measured at the fair value of the consideration received or receivable.

##### **Sale of goods**

Revenue from sale of products is recognized at the point in time when control of the asset is transferred to the customer, generally when the product is shipped to the customer. The revenue from sale of Rings, Pins and Orbital Cold Formed transmission products is based on the terms of the tender.

The Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Thus, there is no significant financing component.

##### **Other Revenues**

Other operating revenues comprise of income from ancillary activities (eg : scrap sales) incidental to the operations of the Company and is recognized when the right to receive the income is established as per the terms of the contract.

Service income is recognized as and when services are rendered as per the terms of the contract.

Revenue in respect of export benefits is recognized when the certainty of realization of the benefit is established.

Revenue in excess of invoicing (referred to also as unbilled revenue) are classified as Contract Assets while invoicing in excess of revenues (referred to also as unearned revenue) are classified as Contract liabilities.

#### 10. Other income:

**Interest:** Interest income is calculated on effective interest rate, but recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Dividend:** Dividend income is recognised when the right to receive dividend is established.

**Insurance Claim:** Insurance Claims are recognised when the claims are assessed to be receivable.

**Rental Income:** Rental income from operating leases is accrued based on the terms of the relevant lease.

#### 11. Employee benefits:

##### (i) Post Employment Benefits

##### (a) Defined Contribution Plans :

###### (i) Contribution to Provident Fund

The Company makes monthly Provident Fund contributions at specified percentage of specified salary in accordance with the provisions of Employees Provident Funds and Miscellaneous Provisions Act 1952 which is charged to the Statement of Profit and Loss.

###### (ii) Contribution to Superannuation Fund

The Company makes annual Superannuation Fund contributions to defined contribution plan, administered by Life Insurance Corporation of India, for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of specified salary to fund the benefits. The contribution is charged to the Statement of Profit and Loss.

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**43. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)**

**(b) Defined Benefit Plans :**

**(i) Gratuity**

In accordance with The Payment of Gratuity Act 1972, the Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a payment to vested employees at retirement, death while in employment or on termination of employment, an amount equivalent to 15 days' salary payable for each year of completed service, subject to maximum amount as may be prescribed. Vesting occurs upon completion of five years of service, except in case of death while in employment in which case the legal heirs would receive the gratuity.

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. The retirement benefit obligation recognized as expenditure represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. The Company makes contribution to Life Insurance Corporation of India to administer the fund. The changes in the actuarial assumptions are accounted through Other Comprehensive Income.

**(ii) Short Term employee benefits**

The undiscounted amount of short term employee benefits, such as Leave Encashment, expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the services. The Company makes a provision for the accruing liability for the year to the extent of un-availed leave and discharges such liability in the subsequent year out of its own funds.

**12. Current and deferred tax:**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the temporary differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward losses or MAT Credit, deferred tax assets are recognised only if there is a reasonable certainty supported by convincing evidence that they can be realised against future taxable profits. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

**13. Provisions and contingent liabilities:**

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Current Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

**Contingent liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**Contingent Assets:** Contingent Assets are disclosed when there is a possible benefit expected from past events, the existence of which will be confirmed only the occurrence or non-occurrence of one or more uncertain future events not wholly within the Control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**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 ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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### 43. SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

#### 14. Leases:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

**Company as a lessee:** Assets held under finance lease are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments.

#### 15. Segment Accounting:

The Company operates in single segment. Operating segment is reported in a manner consistent with the internal reporting provided to the chief decision maker. Refer Note 38 for segment information presented.

#### 16. Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

#### 17. Cash and cash equivalents:

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

#### 18. Contributed Equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 19. Dividend:

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividend are recorded as liability on the date of declaration by the Board.