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Moinmal Nagar - 600 209 Fax : +91-44 - 2 74 5 25 60  
Kandiparam Dist. e-mail : ipr@iprings.com  
Tamil Nadu, India. Website : www.iprings.com



CIN No : L28020TN09 JP 0029232  
A member of the Amalgamuluxa Group

IPR/SECL/EXCH/18-19/  
July 27, 2018

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

Dear Sir,

Pursuant to Regulation 31 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the soft copy of our Printed Annual Report for the year 2017-18.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,  
For P Rings Ltd.



S Priyamvaha  
Company Secretary

Encl: a/c.



**IP Rings Ltd.**



**27<sup>th</sup> Annual Report**  
**2017 - 2018**

### 10 Years Performance at a Glance

| Particulars                   | ₹. in Lakhs |           |           |           |           |           |           |           |           |           |
|-------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                               | 2008-2009   | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 |
| <b>Sales</b>                  | 5,493.23    | 7,350.79  | 8,762.77  | 9,126.29  | 9,517.64  | 9,488.36  | 11,261.54 | 13,168.84 | 19,135.38 | 20,669.52 |
| <b>PBDIT</b>                  | 721.99      | 1,366.79  | 1,269.35  | 935.72    | 554.73    | 976.90    | 1,330.47  | 1,572.38  | 1,541.03  | 2,533.38  |
| <b>Profit after tax</b>       | 108.79      | 556.53    | 469.44    | 58.15     | 417.64    | -275.56   | -48.55    | 21.35     | -144.74   | 733.34    |
| <b>Dividend paid</b>          | 82.39       | 246.35    | 245.54    | 81.85     | 0.00      | 0.00      | 0.00      | 0.03      | 0.00      | 0.00      |
| <b>Dividend %</b>             | 10.00       | 30.00     | 30.00     | 10.00     | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      |
| <b>Share Capital</b>          | 704.21      | 704.21    | 704.21    | 704.21    | 704.21    | 704.21    | 704.21    | 704.21    | 1,267.59  | 1,267.59  |
| <b>Reserves &amp; Surplus</b> | 3,609.08    | 3,919.26  | 4,143.17  | 4,119.47  | 3,701.82  | 3,426.26  | 3,345.92  | 3,316.65  | 7,385.62  | 8,107.64  |
| <b>Networth</b>               | 4,313.29    | 4,623.47  | 4,847.38  | 4,823.68  | 4,406.03  | 4,130.47  | 4,050.13  | 4,020.86  | 8,653.21  | 9,375.23  |
| <b>Gross Fixed Assets</b>     | 7,637.30    | 8,607.94  | 8,780.30  | 11,798.66 | 12,938.46 | 13,886.99 | 14,637.98 | 16,526.58 | 9947.25   | 11,744.79 |
| <b>EPS</b>                    | 1.54        | 7.90      | 6.67      | 0.83      | -5.93     | -3.91     | -0.99     | 0.24      | -1.64     | 5.79      |
| <b>Book Value/Share</b>       | 61.25       | 65.65     | 68.83     | 68.50     | 62.57     | 58.65     | 57.51     | 57.10     | 68.27     | 73.96     |
| <b>Debt Equity</b>            | 0.14        | 0.41      | 0.45      | 0.56      | 0.52      | 0.70      | 0.81      | 0.58      | 0.35      | 0.39      |

**DIRECTORS**

|                            |                   |
|----------------------------|-------------------|
| Mr. N VENKATARAMAN         | Chairman          |
| Mr. A VENKATARAMAN         | Managing Director |
| Dr. R MAHADEVAN            | Director          |
| Mr. YOSHIOONODERA          | Director          |
| Mr. P.M VENKATASUBRAMANIAN | Director          |
| Dr. R NATARAJAN            | Director          |
| Dr. SANDHYASHEKHAR         | Director          |
| Mr. J SHIVAKUMAR           | Director          |

|                    |                         |
|--------------------|-------------------------|
| Mr. R VENKATARAMAN | Chief Financial Officer |
| Mrs. S PRIYAMVATHA | Company Secretary       |

**AUDITORS**

M.S. Krishnaswami & Rajan  
 GB, Anand Apartments, JP Avenue  
 Dr. Radhakrishnan Road, 6th Street,  
 Mylapore, Chennai 600 004

**COST AUDITORS**

Raman & Associates  
 No.1, Muthukumara Sengmy Salai  
 Baby Nagar, Velachery, Chennai 600 042

**LEGAL ADVISORS**

S Ramasubramaniam & Associates  
 8/1, Bishop Wallers Avenue (W), Chennai 600 004

**BANKERS**

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

**REGISTERED OFFICE**

D-11/12, Industrial Estate  
 Maraimalai Nagar, Kancheepuram Dist. 603 209  
 Tel: (044) 2745 2816/2745 2929  
 E-mail: iprminn@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 SEVENTH ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd.** will be held at 11.30 a.m. on Thursday 26th July 2018 at the Registered Office of the Company at D-11/12, Industrial Estate, Maraimalai Nagar 603 209, to transact the following business:

### ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Financial Statements for the year ended on March 31, 2018 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, 2018, the Balance Sheet as on that date and annexure thereto, the Cash Flow Statement for the year ended on March 31, 2018, the Reports of Auditors and Directors thereon be and are hereby received and adopted."
- To elect a Director in place of Mr N Venkataramani (DIN 00001639), who retires by rotation and, being eligible, offers himself for re-election and to pass the following Resolution as an Ordinary Resolution:  
"RESOLVED that Mr N Venkataramani (DIN 00001639), who retires by rotation from the Board pursuant to the provisions of Section 152 of the Companies Act, 2013 be and is hereby re-elected as a Director of the Company"

### SPECIAL BUSINESS:

- To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution.  
"RESOLVED that Mr Jayasankar Shivakumar (DIN 07155490), whose term of office as an Additional Director, pursuant to Section 161 of the Companies Act, 2013, expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director under the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Listing Obligation and Disclosure Requirements, 2015, be and is hereby appointed as an Independent Director of the Company for the second term, not liable to retire by rotation, to hold office for five consecutive years from October 30, 2017 to October 29, 2022."
- 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 M/s. Raman & Associates, who were appointed as Cost Auditor of the Company for the year 2018-19 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."
- 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) and subject to the consent of the Company in General Meeting, the salary and perquisites of Mr A Venkataramani, Managing Director, be and is hereby revised for the period 01.04.2018 to 31.10.2019, as set out hereunder:

|                       |  |
|-----------------------|--|
| Salary                | Basic Salary of Rs.3,00,000/- per month with increments, as may be decided by the Board of Directors on the recommendation of the Nomination & Remuneration Committee. |
| Special Allowance     | Rs. 2,00,000/- per month.  |
| Performance Allowance | Upto an amount of Rs.24,00,000/- 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. 12,000/- 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 within the overall ceiling prescribed under the Act.

**Termination:**

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

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

"RESOLVED that in conformity with Article 60 & 61 of the Articles of Association of the Company and pursuant to the provisions of Section 197 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent be and is hereby accorded for the payment of commission to eligible Non-Executive Directors of the Company other than Managing/ Whole Time Directors up to the permissible limits of the net profits of the Company computed in the manner laid down in Section 197 of the Companies Act, 2013 for each financial year for a period of five years commencing from 01.04.2018 to 31.03.2023 to be apportioned between such Directors in such manner as may be decided by the Board of Directors from time to time."

Maramalai Nagar  
May 16, 2018

Registered Office:  
D-11/12, Industrial Estate  
Maramalai Nagar- 603 209  
CN : 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 3- 6 as set out above is annexed hereto.
- The proxy form duly completed should be deposited at the Registered Office of the Company / Office of the Share Transfer Agents not later than 48 hours before the commencement of the Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 19, 2018 to Thursday, July 26, 2018 (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.
- 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 timeline. 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](http://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 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 information 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 2009-10, as on the date of the 26th Annual General Meeting held on the 27th July 2017 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) and Bank Account details 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 and Bank Account details to the RTA/Company in terms of SEBI Circular dated April 20, 2016. SEBI has also mandated that for registration of transfer of securities, the transferor(s) as well as transferee(s) shall furnish a copy of their PAN card to the Company.

#### Appointment/Re-appointment of Directors:

- At the ensuing Annual General Meeting, Mr N Venkataramani (DIN 0001639), Director retires by rotation and being eligible offers himself for re-appointment.  
As per SEBI (LODR) Regulations, 2015, the brief background, functional expertise of the Director proposed for re-appointment are furnished below along with details of Companies in which he is a Director and the Board Committees of which he is a member:
  - (i) Mr N Venkataramani, aged about 78 years has been a Director of the Company since its incorporation and occupies the position of Chairman from May 2011. He is an Engineer by profession and holds a Master's Degree in Production. He is the Managing Director of India Pistons Ltd., one of the Promoter Companies.



Details of other Directorships/ Committee Memberships held by him:

| Directorship                                   | Committee Membership   |
|--|--|
| India Pistons Limited                          |  |
| Amalgamations Repco Limited                    | Audit Committee- Chairman  |
| George Oakes Limited                           |  |
| Bimetal Bearings Limited                       | Stakeholders Relationship Committee – Chairman<br>Audit Committee – Member |
| Amalgamations Valeo Clutch Private Limited     |  |
| Slanes Amalgamated Estates Limited             |  |
| Adyar Property Holding Company Private Limited |  |
| Sundaram Finance Limited                       |  |
| Simpson & Company Limited                      |  |
| Amalgamations Private Limited                  |  |
| Abi-Showalech (India) Limited                  | Audit Committee- Chairman  |
| Nettur Technical Training Foundation           |  |

- 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 25, 2018. 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 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 a 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 [rmukund@gmail.com](mailto:rmukund@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 | USERID | PASSWORD/PIN |
|------|--------|--------------|
|      |        |              |

(ii) Please follow all steps from S. No. (i) to S. No. (d) 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 25, 2018. 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 23, 2018 @ 9.00 a.m. and ends on Wednesday, July 25, 2018 @ 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 27th 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 27th AGM of the Company.

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

**ITEM NO. 3**

Mr Jayasankar Shivakumar, aged about 80 years, joined the Board as an Independent Director from October 30, 2015 and now he is re-appointed as an Independent Director from October 30, 2017 for the 2<sup>nd</sup> term, for a period of 5 years, subject to the approval of the Members at this Annual General Meeting.

Mr Jayasankar Shivakumar, Non-Executive Director of the Company has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(7) of the Companies Act, 2013. In the opinion of the Board, he fulfils the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director and he is independent of the management. He is not holding any shares in the Company.

Individual notice has been received from a member proposing his candidature for the Office of Director of the Company. In compliance with the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV of the Act, the re-appointment of Mr Jayasankar Shivakumar as an Independent Director is now being placed before the Members for their approval.

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

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

Details of other Directorships / Committee Memberships held by him.

| Directorship      | Committee Memberships    |
|-------------------|--------------------------|
| India Pistons Ltd | Audit Committee (Member) |

Save and except Mr Jayasankar Shivakumar, no other Directors / KMPs / their relatives / interested parties concerned 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. 3.

**ITEM NO.4**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors M/s. Raman & Associates, amounting to Rs. 1,50,000/- (Rupees One lakh fifty thousand only) for the year 2018-19 to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019.

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. 4.

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

**ITEM NO. 5**

The remuneration of Mr A Venkataramani as Managing Director was approved by the Members at the 25<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> July 2016, for a period of 3 years from November 1, 2016 to October 31, 2019 in terms of the Proviso to Section II, Part II of Schedule V of the Companies Act, 2013. Taking into account the significant contributions made by Mr A Venkataramani as the Managing Director for the Company's turnaround, the Board unanimously felt that the services of Mr A Venkataramani have to be motivated. Based on the Nomination and Remuneration Committee's recommendation, the Board recommends to make revision of his emoluments with effect from April 01, 2018 till his current tenure, viz., October 31, 2019, subject to the approval of the Shareholders and hence this Special Resolution.

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

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

**ITEM NO. 6**

Payment of remuneration by way of Commission upto 1% of the net profits to the Non-Executive Directors for a period of 5 years commencing from 01.04.2013 to 31.03.2018 was approved by the Shareholders at their Meeting held on 29<sup>th</sup> July 2013. In as much as the Company has made turnaround and taking into account the valuable contributions and greater involvement of the Non-Executive Directors, in the affairs of the Company, it is thought appropriate to continue to remunerate the eligible Non-Executive Directors effective April 01, 2018 for a period of 5 years.

Pursuant to the provisions of Section 197 of Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), remuneration by way of Commission upto the permissible limits of the net profits to the eligible Directors, who are neither in whole-time employment nor Managing Director, can be paid only with the approval of the Members.

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

All Directors, except Mr A Venkataramani, Managing Director are interested in this Resolution to the extent of the commission that would become payable to them in accordance with the proposed resolution.

By Order of the Board

Maramalai Nagar  
May 16, 2018

**SPRIYAMVATHA**  
Company Secretary

Registered Office:  
D-11/12, Industrial Estate  
Maramalai Nagar - 603209  
CIN: L28920TN1991PLC020232

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Seventh Annual Report together with the Audited Financial Statements for the year ended March 31, 2018 and the Auditor's Report thereon.

| FINANCIAL RESULTS                                   | 2017-2018 | 2016-2017     |
|---|-----------|---------------|
|   |           | (Rs in Lakhs) |
| Profit before Finance charges, Depreciation and Tax | 2533.38   | 1541.03       |
| Finance charges                                     | 714.94    | 998.32        |
| Depreciation  | 804.57    | 881.09        |
| Profit / (Loss) before Tax                          | 1013.87   | (256.38)      |
| Provision for Taxation (Net)                        | 280.53    | (111.64)      |
| Profit / (Loss) after Tax                           | 733.34    | (144.74)      |
| Other Comprehensive Income                          | (11.32)   | (34.25)       |
| Total Comprehensive Income                          | 722.02    | (178.99)      |

## DIVIDEND

Your Directors do not recommend any Dividend for the year ended March 31, 2018.

## REVIEW OF BUSINESS OPERATIONS

Despite the challenges of demonetisation and uncertainty in implementation of GST, 2017-18 kick started on a positive note with most of the vehicle and component segments marching ahead with good growth. Meeting customer aspirations on improved buying potential led by stable micro economic factors has steered a progressive growth for the auto industry as a whole.

Continuing its turnaround, your Company streamed along the current and registered a satisfactory performance during the year under review. It was happy to usher the year 2017-18 with a Double Hundred Crore turnover for the first time in the history of the Company, a feat that was achieved in an interregnum of 3 years after attaining the first hundred in the year 2014-15. Commercial production at your Company's additional manufacturing unit was commenced during the year under review and maximum capacity will be utilized during the current year after addressing finer nuances. The customer demand has been consistently strong and we have catered to the growing demand.

Your Company achieved an impressive YoY sales growth of 8.02%. Your Company ended the year with a PBT of Rs. 1013.87 Lakhs while compared to a Loss of Rs. 256.38 Lakhs recorded in the previous year.

## FUTURE PROSPECTS

The industry could be seen to be going strong with continued momentum. With a host of new unveils and launches by the auto majors, the Indian automotive sales is set to witness even more exciting performance in the years to come.

The Government announcements in Budget 2018 too should accelerate rural and semi urban demand. Low labour costs, availability of skilled labour and high quality consciousness among Indian vendors have spurred the growth of auto component exports from India. The Indian automotive component industry is expected to grow by 10-12% based on higher localisation by OEMs, higher component content per vehicle and rising exports.

While Governments across the world including the Indian Government have been focussing on reducing their global carbon footprint, the disruptions triggered by the introduction of electric vehicles, digitisation and connectivity across auto and auto component industry is hard to ignore. Your Company is also working in close sync to design the new components that will be leveraged for meeting the upcoming regulations relating to emissions and fuel efficiency.

Despite cautious on the challenges and considerations ahead, your Company is confident of maintaining its strong growth trajectory and setting a new industry benchmark in quality and sales by adopting various operational excellences, scenario planning, practicing global standards, strategic shifts and risk management.



## DIRECTORS

In accordance with the provisions of the Companies Act, 2013, Mr N Venkataramani, retires by rotation and is eligible for re-appointment. Mr J Shivakumar has been re-appointed under Independent category for the second term, for a period of 5 years from October 30, 2017.

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 uploaded 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 commensurate 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 Krishnaawami & 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 SK Rand 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 31st December 2014, issued by the Ministry of Corporate Affairs, Cost Audit is applicable to the Company with effect from April 01, 2015. M/s. Raman & Associates, Cost Auditors, Chennai are the Cost Auditors of the Company.

#### **SECRETARIAL AUDITORS**

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

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

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

#### **RELATED PARTY TRANSACTIONS**

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

#### **PARTICULARS OF EMPLOYEES**

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.

#### **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.

Maraimalai Nagar  
May 16, 2018

For and on behalf of the Board  
N Venkataramani (DIN 00001839)  
Chairman

Annexure to the Directors' Report for the year ended 31st March 2018.

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:               | 2017-2018 | 2016-2017 |
|----------------------------|-----------|-----------|
| (a) Purchased :            |           |           |
| Units in Lakhs             | 91.15     | 87.31     |
| Total Amount (₹. in Lakhs) | 607.46    | 584.23    |
| Rate / Unit - ₹.           | 6.66      | 6.69      |
| (b) Own Generation :       |           |           |
| Through Diesel Generator   |           |           |
| Units in Lakhs             | 3.63      | 5.58      |
| Units per litre of Diesel  | 2.64      | 2.67      |
| Cost / Unit - ₹.           | 27.20     | 22.96     |

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

| Products                              | Standards if any | 2017-2018       | 2016-2017       |
|---------------------------------------|------------------|-----------------|-----------------|
| Piston Rings                          | No Standards     | 0.10 kwh / ring | 0.20 kwh / ring |
| Differential Gears                    |                  |                 |                 |
| Pole Wheels & Transmission Components | No Standards     | 0.76 kwh / comp | 0.67 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 2-piece Oil Ring with taperland successfully as low friction Ring pack for Diesel application.

Developed Side Rails with GN-PVD first time for Gasoline Engine.

Improved the 2-piece Oil Ring Free Gap Control by optimizing the design of Round Sleeve & Cam Sleeve.

**Orbital Cold Forming**

Developed hypoid gears for truck application thru Orbital Cold Forming process.

Developed slot forming process in Cam Ring.

Improved the manufacturing process of export parts by eliminating hard turn process.

Automated Pre-machining process of Differential Gears using pick & place Robots.

Automated Bevel Pinion manufacturing process by introducing loading & unloading Gantry system.

Developed Auto gauging system for final & in-process inspection.

## II. TECHNOLOGY ABSORPTION AND INNOVATION

### RESEARCH & DEVELOPMENT:

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

#### Piston Rings:

Development of 2-piece Oil Ring with taper land successfully as low friction Ring pack for catering BSVI norms. This is under testing and trials at customer end.

Development of Side Rails with GN-PVD for Gasoline Engine will improve the life of the Engine.

Improvement of the 2-piece Oil Ring Free Gap Control has resulted in improved process efficiency.

#### Orbital Cold Forming

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

Development of slot in forming process has improved the material flow in the manufacturing process. It has given a cost benefit of 10%.

Improvement of export line manufacturing process by hard turn elimination has given a cost benefit of 10%.

Introduction of Automation by Gantry system and Robots has improved the manufacturing process, resulting in better quality product, improved throughput & productivity.

The implementation of automated inspection system 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.

3. Future Plan of Action:

#### Piston Rings:

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

Development of bigger diameter rings (150 and above) for Topping.

Development of new design & low friction coatings (DLC, Resin Coating, Composite Coating etc) for meeting Euro V and VI norms.

Development of rings with close tolerance specification for critical parameters like Closed gap, tanked end and width.

#### Orbital Cold Forming

Die life improvement for all the runner parts.

Improvement in heat treatment process to minimise the distortion levels.

Development of Flashless Warm forging preforms.

Development of 3D Cam in OCF

Horizontal deployment of pick & place robots for all the CNC's machines in the export line.

Horizontal deployment of Gantry line system in the Differential Gear manufacturing process.

Our R&D effort has resulted in a Patent for Pole Wheels

4. Expenditure on R&D:

|  |                |
|--|----------------|
| Capital  | ₹. Nil         |
| Revenue  | ₹. 34,24,386/- |
| Total  | ₹. 34,24,386/- |
| Total R & D Expenditure as a % of Total Turnover | 0.16%          |

## 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

₹. 58,42,84,728/-

Foreign Exchange outgo

₹. 34,71,90,691/-



ANNEXURE TO DIRECTORS REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2018

[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   | : | P 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<br>Ph: 044 - 27452816/27452829  |
| (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<br>1 Floor, MS Complex<br>Plot No. 8, Sastri Nagar<br>Nr. 200 Feet Road RTD<br>Kolathur, Chennai - 600 099<br>Tel: (044) 2556 5121 Fax (044) 2556 5131<br>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 | NC Code of the Product / Service | % to total turnover of the company |
|--------|--|----------------------------------|------------------------------------|
| 1      | Parts & Accessories of Engines                   | 29113                            | 100                                |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl.No. | Name and Address of the Company                                 | CIN/ GLN               | Holding / Subsidiary / Associate | % of Shares held | Applicable Section |
|--------|---|------------------------|----------------------------------|------------------|--------------------|
| 1      | Amalgamations Pvt Ltd,<br>No. 124, R K Salai, Chennai - 600 004 | U35999TN 1838PTC000019 | Holding Company                  | 5.45             | 2(87)              |
| 2      | Simpson & Co. Ltd,<br>861/862, Anna Salai, Chennai - 600 002    | U65991TN 1925PLC002345 | Holding Company                  | 18.54            | 2(87)              |



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 (I/NRI)  | -   | -              | -               | -                 | -   | -              | -               | -                 | -                        |
|               | (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   | 138986  | 0              | 138986          | 1.10              | 0   | 0              | 0               | 0.00              | -1.10                    |
|               | (g) RIs   | -   | -              | -               | -                 | -   | -              | -               | -                 | -                        |
|               | (h) Foreign Venture Capital Funds   | -   | -              | -               | -                 | -   | -              | -               | -                 | -                        |
|               | (i) Others (specify)  | -   | -              | -               | -                 | -   | -              | -               | -                 | -                        |
|               | <b>Sub-total (B)(1):-</b>   | <b>138986</b>                                   | <b>200</b>     | <b>139186</b>   | <b>1.10</b>       | <b>0</b>                                  | <b>200</b>     | <b>200</b>      | <b>0.00</b>       | <b>-1.10</b>             |
| (2)           | <b>Non-Institutions</b>   |   |                |                 |                   |   |                |                 |                   |                          |
|               | (a) Bodies Corp.  |   |                |                 |                   |   |                |                 |                   |                          |
|               | (i) Indian  | 1874028   | 1138           | 1875166         | 14.79             | 1823709                                   | 400            | 1824109         | 14.39             | -0.40                    |
|               | (ii) Overseas   | -   | -              | -               | -                 | -   | -              | -               | -                 | -                        |
|               | (b) Individuals   |   |                |                 |                   |   |                |                 |                   |                          |
|               | (i) Individual shareholders holding nominal share capital upto Rs.1 lakh          | 1517755   | 333812         | 1851567         | 14.81             | 1591434                                   | 254961         | 1846395         | 14.57             | -0.04                    |
|               | (ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | 645761  | 140220         | 785981          | 6.20              | 875267                                    | 0              | 875267          | 6.90              | 0.70                     |
|               | (c) Others  | 147706  | 2              | 147708          | 1.16              | 253635                                    | 2              | 253637          | 2.00              | 0.84                     |
|               | (d) (NRI/NI/Overseas Member/EPF)  | 704200  | 0              | 704200          | 5.58              | 704200                                    | 0              | 704200          | 5.56              | 0.00                     |
|               | (e) Foreign Collaborator  | 4889450   | 475172         | 5364622         | 42.32             | 5248245                                   | 255363         | 5503608         | 43.42             | 1.10                     |
|               |   | <b>Sub-total (B)(2):-</b>                       | <b>4889450</b> | <b>475172</b>   | <b>5364622</b>    | <b>42.32</b>                              | <b>5248245</b> | <b>255363</b>   | <b>5503608</b>    | <b>43.42</b>             |
|               | <b>Total (Public shareholding (B) = (B)(1) + (B)(2))</b>                          | <b>138986</b>                                   | <b>475372</b>  | <b>5503608</b>  | <b>43.42</b>      | <b>5248245</b>                            | <b>255363</b>  | <b>5503608</b>  | <b>43.42</b>      | <b>0.00</b>              |
|               | <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                            |   |                |                 |                   |   |                |                 |                   |                          |
|               | <b>Grand Total (A+B+C)</b>  | <b>12200493</b>                                 | <b>475372</b>  | <b>12675865</b> | <b>100.00</b>     | <b>12420302</b>                           | <b>255363</b>  | <b>12675865</b> | <b>100.00</b>     | <b>0.00</b>              |



**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
**(i) 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.                     | 2685985                                   | 2.19                             | 0  | 2685985                             | 2.19                             | 0  | 0.00                     |
| 2       | Tractors & Farm Equipment Ltd.         | 1440182                                   | 11.36                            | 0  | 1440182                             | 11.36                            | 0  | 0.00                     |
| 3       | Simpson & Co. Ltd.                     | 2350000                                   | 18.54                            | 0  | 2350000                             | 18.54                            | 0  | 0.00                     |
| 4       | Amalgamations Pvt. Ltd.                | 691360                                    | 5.45                             | 0  | 691360                              | 5.45                             | 0  | 0.00                     |
| 5       | The United Nigiri Tea Estates Co. Ltd. | 3600                                      | 0.03                             | 0  | 3600                                | 0.03                             | 0  | 0.00                     |
| 6       | Nigiri Estates Pvt. Ltd.               | 900                                       | 0.01                             | 0  | 900                                 | 0.01                             | 0  | 0.00                     |
|         | <b>Total</b>                           | <b>7172057</b>                            | <b>56.58</b>                     | <b>0</b>                                       | <b>7172057</b>                      | <b>56.58</b>                     | <b>0</b>                                       | <b>0.00</b>              |

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

NIL

(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.      | Evram Shares & Securities Pvt. Ltd.<br>At the beginning of the year<br>At the end of the year              | 106652                                    | 8.41                             | 106652<br>106652                        | 8.41<br>8.41                     |              |
| 2.      | Nippon-Piston Ring Co. Ltd.<br>At the beginning of the year<br>At the end of the year                      | 704200                                    | 5.56                             | 704200<br>794200                        | 5.56<br>5.56                     |              |
| 3.      | Gagan Deep Credit Capital Pvt. Ltd.<br>At the beginning of the year<br>At the end of the year              | 244510                                    | 1.93                             | 244510<br>244510                        | 1.93<br>1.93                     |              |
| 4.      | Bhavani K. Krishnamoorthy<br>At the beginning of the year<br>At the end of the year                        | 144900                                    | 1.14                             | 144900<br>144900                        | 1.14<br>1.14                     |              |
| 5.      | Harmony Advisory Services LLP<br>At the beginning of the year<br>At the end of the year                    | 148737                                    | 1.17                             | 148737<br>13165                         | 1.17<br>0.10                     | Sale         |
| 6.      | Amal Finance Pvt. Ltd.<br>At the beginning of the year<br>At the end of the year                           | 106958                                    | 0.84                             | 106958<br>106958                        | 0.84<br>0.84                     |              |
| 7.      | MANANTHARAMAKRISHNAN<br>At the beginning of the year<br>At the end of the year                             | 41760                                     | 0.33                             | 41760<br>58440<br>140200                | 0.33<br>0.46<br>0.78             | Transmission |
| 8.      | Investor Education and Protection Fund<br>Add: Transferred during the year 17-18<br>At the end of the year | 0   | 0.00                             | 0<br>83158<br>63158                     | 0.00<br>0.50<br>0.50             | Transfer     |
| 9.      | Concrete Techno Projects Limited<br>At the beginning of the year<br>At the end of the year                 | 47991                                     | 0.38                             | 47991<br>47991                          | 0.38<br>0.38                     |              |
| 10.     | Mallika Srivastava<br>At the beginning of the year<br>At the end of the year                               | 47550                                     | 0.38                             | 47550<br>47550                          | 0.38<br>0.38                     |              |
| 11.     | Shriram Murali<br>At the beginning of the year<br>At the end of the year                                   | 47550                                     | 0.38                             | 47550<br>47550                          | 0.38<br>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      | 1880                                      | 0.01                             | 1880                                    | 0.01                             |
|        | At the end of the year            |   |                                  | 1880                                    | 0.01                             |
| 4      | S Priyamatha                      |   |                                  |   |                                  |
|        | 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                                | 52,36,14,151                     | 725,00,002            | -        | 110,614,153         |
| (ii) Interest due but not paid                      | -                                | -                     | -        | -                   |
| (iii) Interest accrued but not due                  | 16,93,791                        | 72,630                | -        | 17,66,421           |
| <b>Total (i + ii + iii)</b>                         | <b>52,53,07,942</b>              | <b>7,25,72,632</b>    | <b>-</b> | <b>59,78,80,574</b> |
| Change in indebtedness during the financial year    |                                  |                       |          |                     |
| + Addition  | 40,34,44,538                     | -                     | -        | 40,34,44,538        |
| + Reduction   | 24,65,91,906                     | 2,49,99,996           | -        | 27,15,91,902        |
| <b>Net Change</b>                                   | <b>15,68,52,632</b>              | <b>(24,99,99,996)</b> | <b>-</b> | <b>13,18,52,638</b> |
| Indebtedness at the end of the financial year       |                                  |                       |          |                     |
| (i) Principal Amount                                | 68,34,66,783                     | 4,75,00,006           | -        | 72,79,66,789        |
| (ii) Interest due but not paid                      | -                                | -                     | -        | -                   |
| (iii) Interest accrued but not due                  | 27,81,639                        | 32,912                | -        | 27,93,851           |
| <b>Total (i + ii + iii)</b>                         | <b>68,32,28,422</b>              | <b>4,75,32,918</b>    | <b>-</b> | <b>73,07,60,440</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 |                     |
|--------|--|--|---------------------|
|        |  | Particulars                                      | Total Amount        |
| 1      | Gross Salary   |  |                     |
|        | (a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961 | 67,13,534.00                                     | 67,13,534.00        |
|        | (b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961                      | 23,75,815.00                                     | 23,75,815.00        |
|        | (c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961       | -  | -                   |
| 2      | Stock Option   | -  | -                   |
| 3      | Swamp Equity   | -  | -                   |
| 4      | Commission   |  |                     |
|        | - as a % of profit   | -  | -                   |
|        | - other specify  | -  | -                   |
| 5      | Others, please specify   | -  | -                   |
|        | <b>Total (A)</b>   | <b>90,89,349.00</b>                              | <b>90,89,349.00</b> |
|        | Ceiling as per the Act   | 1,68,00,000.00                                   | 1,68,00,000.00      |

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

**B. Remuneration to other Directors :**

(₹)

| Sl.No | Particulars of Remuneration                    | Name of Directors     |             |                 |              | Total Amount |
|-------|--|-----------------------|-------------|-----------------|--------------|--------------|
|       |  | PM Venkatasubramanian | R.Natarajan | Sandhya Shekhar | J.Shivakumar |              |
| 1     | Independent Directors                          |                       |             |                 |              |              |
|       | - Fee for attending Board / Committee Meetings | 1,35,000              | 75,000      | 1,25,000        | 90,000       | 4,25,000     |
|       | - Commission                                   | 0                     | 0           | 0               | 0            | 0            |
|       | - Others, please specify                       | 0                     | 0           | 0               | 0            | 0            |
|       | Total (1)                                      | 1,35,000              | 75,000      | 1,25,000        | 90,000       | 4,25,000     |
| 2.    | Other Non-Executive Directors                  | N Venkatasubramanian  | R.Natarajan | Yasho Chandra   |              |              |
|       | - Fee for attending Board / Committee Meetings | 50,000                | 80,500      | 0               | 0            | 1,30,500     |
|       | - Commission                                   | 0                     | 0           | 0               | 0            | 0            |
|       | - Others, please specify                       | 0                     | 0           | 0               | 0            | 0            |
|       | Total (2)                                      | 50,000                | 80,500      | 0               | 0            | 1,30,500     |
|       | Total (B) = (1+2)                              | 1,85,000              | 1,55,500    | 1,25,000        | 90,000       | 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 | 16,92,110                | 29,22,390 | 46,14,500 |
|        | (b) Value of perquisites under section 17 (2) of the Income-tax Act, 1961            | 0                        | 26,295    | 26,295    |
|        | (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  | 16,92,110                | 29,48,685 | 46,40,795 |

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

NIL

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

### To the Members of P 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, 2018, 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, 2018.
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

Maraimalai Nagar  
May 16, 2018

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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, 2018, received from the Board Members and Senior Management Personnel, a Declaration of Compliance with the Code of Conduct as applicable to them.

Maraimalai Nagar  
May 16, 2018

A Venkataramani (DIN 00277616)  
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 07509862)         | Director (Non Executive)               |
| Mr P M Venkatasubramanian (DIN 00124505) | Director (Non Executive – Independent) |
| Dr R Natarajan (DIN 00001638)            | Director (Non Executive – Independent) |
| Dr Sandhya Shekhar (DIN 06986389)        | Director (Non Executive – Independent) |
| Mr J Shvakumar (DIN 07155490)            | Director (Non Executive – Independent) |

#### 2. Attendance of each Director at the Board Meetings held during the FY 2017-2018 and at the last AGM and details of other Directorships

Five Board Meetings were held during the year 2017-2018. The dates on which the meetings were held are: 24.04.2017, 25.05.2017, 27.07.2017, 08.11.2017 & 12.02.2018. The attendance records of all Directors are as under:

| Director                  | No. of Board Meetings Attended | Last AGM Attended | Directorships in other Companies | Committee Memberships in other Cos. |
|---------------------------|--------------------------------|-------------------|----------------------------------|-------------------------------------|
| Mr N Venkataramani        | 5                              | Yes               | 12                               | 04                                  |
| Mr A Venkataramani        | 5                              | Yes               | 05                               | 00                                  |
| Dr R Mahadevan            | 5                              | Yes               | 06                               | 01                                  |
| Yoshio Onodera            | 5                              | No                | 00                               | 00                                  |
| Mr P M Venkatasubramanian | 5                              | Yes               | 05                               | 06                                  |
| Dr R Natarajan            | 3                              | Yes               | 00                               | 00                                  |
| Dr Sandhya Shekhar        | 5                              | Yes               | 01                               | 00                                  |
| Mr J Shvakumar            | 3                              | No                | 01                               | 01                                  |

#### 3. Remuneration to Directors

The details of remuneration paid/payable to all the Directors for the year 2017-2018 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       | -              | 44,250             |
| Dr R Mahadevan            | 80,500.00       | -              | 1,080              |
| Mr Yoshio Onodera         | -               | -              | -                  |
| Mr P M Venkatasubramanian | 1,35,000.00     | -              | -                  |
| Dr R Natarajan            | 75,000.00       | -              | -                  |
| Dr Sandhya Shekhar        | 1,25,000.00     | -              | -                  |
| Mr J Shvakumar            | 90,000.00       | -              | -                  |

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                        | 87,13,53400           |
| Perquisites                   | 23,75,81500           |
| Variable Component Commission | -                     |
| <b>Total</b>                  | <b>90,89,349.00</b>   |

4. **Audit Committee**

**Terms of Reference:**

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

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

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

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

Mrs S Priyamvalha, 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: 25.05.2017, 27.07.2017, 08.11.2017 & 12.02.2018. The attendance records of all the members are as under:

| Member                    | No. of Meetings Attended |
|---------------------------|--------------------------|
| Mr P M Venkatasubramanian | 4                        |
| Dr R Natarajan            | 2                        |
| Dr R Mahadevan            | 4                        |
| Mr J Shivakumar           | 3                        |
| 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     |

Mrs S Priyamvalha, 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 12.02.2018. 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 there were no complaints received from the Shareholders. 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:

| Member                   | Designation | Category                    |
|--------------------------|-------------|-----------------------------|
| Mr PM Venkatasubramanian | Chairman    | Non Executive – Independent |
| Dr R Natarajan           | Member      | Non Executive – Independent |
| Dr R Mahadevan           | Member      | Non Executive               |
| Mr J Shivakumar          | Member      | Non Executive – Independent |

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

During the year under review, the Committee met twice viz., 25.05.2017 and 08.11.2017.

| Member                   | No. of Meetings Attended |
|--------------------------|--------------------------|
| Mr PM Venkatasubramanian | 2                        |
| Dr R Natarajan           | 1                        |
| Dr R Mahadevan           | 2                        |
| Mr J Shivakumar          | 2                        |

**7. Disclosure:**

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

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

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

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

During the year, the Independent Directors met on 12.02.2018, 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.

#### B. Annual General Meetings

Location and time of last 3 Annual General Meetings were:

| Year      | GM  | Location   | Date       | Time       |
|-----------|-----|--|------------|------------|
| 2016-2017 | AGM | D-11/12, Industrial Estate, Maraimalai Nagar - 603 209 | 27.07.2017 | 11.30 a.m. |
| 2015-2016 | AGM | D-11/12, Industrial Estate, Maraimalai Nagar - 603 209 | 28.07.2016 | 10.15 a.m. |
| 2014-2015 | AGM | D-11/12, Industrial Estate, Maraimalai Nagar - 603 209 | 30.07.2015 | 10.15 a.m. |

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

#### 9. Postal Ballot

No Special Resolutions were required to be put through Postal Ballot this year. In addition to the e-Voting, members were given the option for voting through ballot process at the 26th AGM held on 27.07.2017.

#### 10. Quarterly Results

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

#### 11. General Shareholder Information

|                                  |  |
|----------------------------------|--|
| <b>AGM: Date, Time and Venue</b> | 26.07.2018 @ 11.30 a.m.<br>D 11/12, Industrial Estate<br>Maraimalai Nagar - 603 209                                      |
| <b>Financial Calendar</b>        | April to March<br>First Quarter Results - July<br>Half Year - October<br>Third Quarter - January<br>Annual Results - May |
| <b>Date of Book Closure</b>      | 19.07.2018 to 28.07.2018 (both days inclusive)   |
| <b>Listing</b>                   | BSE Limited (BSE), Mumbai  |
| <b>Stock Code</b>                | 523638   |
| <b>ISIN</b>                      | INE 553J A01019  |

#### Shareholding Pattern

| Category                    | No. of Shares held | % to Capital |
|-----------------------------|--------------------|--------------|
| Promoters                   | 71,72,057          | 56.58        |
| Mutual Funds & UTI          | 200                | 0.00         |
| Banks, FI's, Insurance Cos. | 0                  | 0.00         |
| Private Bodies Corporate    | 18,24,109          | 14.39        |
| Indian Public               | 29,01,725          | 22.89        |
| NRI's /OCB's                | 10,415             | 0.08         |
| Foreign Collaborators       | 7,04,200           | 5.58         |
| IEPF                        | 63,159             | 0.50         |
| Total                       | 1,26,75,865        | 100.00       |

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

| Month          | PRL (BSE) |          | BSE Sensex |           |
|----------------|-----------|----------|------------|-----------|
|                | LOW (₹)   | HIGH (₹) | LOW        | HIGH      |
| April 2017     | 126.30    | 163.95   | 29,241.48  | 30,784.22 |
| May 2017       | 131.00    | 162.50   | 29,804.12  | 31,255.28 |
| June 2017      | 136.20    | 151.45   | 30,680.66  | 31,522.87 |
| July 2017      | 140.00    | 157.60   | 31,017.11  | 32,672.66 |
| August 2017    | 128.15    | 144.75   | 31,128.02  | 32,686.48 |
| September 2017 | 125.00    | 136.40   | 31,081.83  | 32,524.11 |
| October 2017   | 125.00    | 144.70   | 31,440.48  | 33,340.17 |
| November 2017  | 143.90    | 199.00   | 32,683.59  | 33,865.95 |
| December 2017  | 178.00    | 278.80   | 32,565.16  | 34,137.97 |
| January 2018   | 195.55    | 255.95   | 33,703.37  | 36,443.98 |
| February 2018  | 171.00    | 213.65   | 33,482.81  | 36,256.83 |
| March 2018     | 142.00    | 180.00   | 32,483.84  | 34,278.83 |

**Share Transfer Agents**

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

**Share Transfer System**

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

**Dematerialisation of Shares**

97.98% of the Paid up Capital has been dematerialised as on 31.03.2018.

**Plant Location**

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

**Address for Correspondence**

D 11/12, Industrial Estate  
 Maraimalai Nagar - 603 209  
 Tel: (044) 2745 2816 / 2745 2929  
 E-mail: iprings@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 share holders 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 Auto Industry continued its growth momentum during the FY 2017-18. With a growth volume of 20%, the Indian CV Sector has ended the year on an optimistic note. Particularly, Heavy Commercial Vehicles outperformed the industry. M&HCVs grew by 12.48% and LCVs by 25.42% in April-March 2018 over the same period last year. Almost all the players in the field have achieved a record growth and are contemplating expansion programs to meet the growing demand. It also marks a milestone year for the Indian Automotive Industry as it overtook Germany to become the fourth largest global auto market. The relatively good monsoons of the last two years have led to increased prosperity in the rural and semi-urban areas of the country which has had a constructive effect on their purchasing power and a corresponding increase in demand for various goods and services.

### Opportunities and Threats:

It is in this encouraging scenario that experts in the field anticipate the growth momentum to continue in the current year too across majority of segments. Improving macroeconomics, including strengthening rural economy, coupled with favourable industry dynamics and new product launches are likely to sustain buyer sentiment. In the medium term, the industry is set to face large investments in R&D towards implementation of upcoming regulatory changes, especially to meet BS-VI emission norms, besides a push towards electric vehicles and improvement in safety standards. Implementation of GST is a great initiative taken by the Government for boosting the economy.

Fierce competition, surge in fuel prices, continuous investment in R&D and new product developments pose threat to your Company.

### Segment-wise Product Performance:

The company's products are available across all segments and cover the entire product segment.

### Outlook:

Positive market outlook along with comprehensive strategies and new products, puts ahead an exciting future for the auto component industry as a whole in India. The industry is expected to trend a growth around 10 to 12 per cent in the current fiscal on the back of innovative products and customer-centric approaches.

Despite cautious on the challenges and considerations ahead, your Company is confident of maintaining its strong growth trajectory and setting a new industry benchmark in quality and sales by adopting various operational excellences, scenario planning, practicing global standards, strategic shifts and risk management.

### Risks and Concerns:

Your Company has built a robust risk management framework over the years. The Risk Management Committee review and monitor various risks on a regular basis. The Company manages its risks through stringent policies established through experience and continues to follow time-tested practices. Operational risks arising from internal processes, people and systems or from external sources are adequately addressed by internal control systems.

### 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 achieved an impressive YoY sales growth of 802%. Your Company ended the year with a PBT of Rs. 1013.87 Lakhs while compared to a Loss of Rs. 256.39 Lakhs recorded in the previous year.

All the four divisions of the Company i.e. Rings Division, Transmission Components Division, Tooling Division and Pins Division contributed to the overall results.

### Human Resource:

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

### Industrial Relations:

Industrial relations during the year was cordial.

### Corporate Social Responsibility:

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

### 10 Year Record:

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

**Secretarial Audit Report**

(For the Financial year ended on March 31, 2018)

{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, Maamalai 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, 2018, 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 herein after:

- I. 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, 2018 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 28th Annual General Meeting held on 27th July, 2017;
  - (h) maintenance of minutes of proceedings of General Meetings and of the Board and its Committee meetings;
  - (i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
  - (j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
  - (k) payment of remuneration to Directors including the Managing Director and Whole Time Directors;
  - (l) appointment and remuneration of Statutory Auditors and Cost Auditors;
  - (m) transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
  - (n) transfer of certain amounts and shares to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividend on the websites of the Company and the Ministry of Corporate Affairs;
  - (o) borrowings and registration, modification and satisfaction of charges wherever applicable;
  - (p) investment of the Company's funds including investments and loans to others;
  - (q) 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;
  - (r) Directors report to the shareholders;
  - (s) contracts, common seal, registered office and publication of name of the Company; and
  - (t) 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - Notice of all the Board meetings was given to all the Directors, along with agenda and detailed notes on agenda at least 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
  - There was no circumstance during the period under report, requiring compliance with the provisions of FEMA, 1999 and the Rules made thereunder with respect to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
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 (Prohibition of Insider Trading) Regulations, 2015; including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
10. 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 LK & Associates  
Company Secretaries

**LALITHAKANNAN**  
C.P. 1894

Place: CHENNAI  
Date: 08-05-2018

**Note:** This report is to be read without letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

**'ANNEXURE A'**

To,  
The Members  
P 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: 08-05-2018

For L K & Associates  
Company Secretaries  
LALITHAKANNAN  
C.P 1894



**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 6828  
Email : mail@mnskandar.com

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

**Report on the Ind AS Financial Statements**

1. We have audited the accompanying Ind AS Financial Statements of IP RINGS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Cash flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Statement of Ind AS Financial Statements**

2. 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 Ind AS Financial Statements that give a true and fair view of the financial position, financial performance (including Other Comprehensive Income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for ascertaining 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the Audit report under the provisions of the Act and the Rules made thereunder.
4. We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

**Opinion**

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting principles generally accepted in India including the Indian Accounting Standards, of the financial position of the Company as at March 31, 2018, its financial performance (profit) including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.



### Report on Other Legal and Regulatory Requirements

8. 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 accounts.
  - (d) In our opinion, the aforesaid Ind AS 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, 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 Ind AS Financial Statements (Refer Note 27)
    - (ii) The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
9. 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

Date : May 16, 2018  
Place : Maraimalai Nagar

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



### ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 8(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (l) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the Internal Financial Controls over Financial Reporting of IP RINGS LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the IndAS Financial Statements of the Company for the year ended on that date.

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

2. 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

3. 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 deemed to be 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.
4. 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.
5. 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

6. 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

7. 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

8. 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, 2018, 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. 015545

Date : May 16, 2018  
Place : Maraimalai Nagar

M. S. Murali  
Partner  
Membership No. 26453

#### ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the Ind AS Financial Statements of P RINGS LIMITED ("the Company") for the year ended March 31, 2018).

1. In respect of its fixed assets:
  - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the management in accordance with a phased programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its business. The said phased programme of verification provides for physical verification of all fixed assets at reasonable intervals. 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 explanation given to us and the records examined by us, the title deeds of all the immovable properties 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 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, and we are of opinion that prima facie, the prescribed accounts and records have been made and maintained. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) of the Act. 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, sales-tax, service tax, Customs duty, Excise duty, value added tax, cess and any other statutory dues as applicable to 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, 2018 for a period of more than six months from the date they became payable.
- (b) There are no dues of Income 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. Lakh) | Period to which the amount relates | Forum where dispute is pending                    |
|----------------------|----------------|----------------------|------------------------------------|---|
| Income Tax Act, 1961 | Income tax     | 51.59                | A Y 2010-11                        | Commissioner of income tax (Appeals)              |
| Income Tax Act, 1961 | Income Tax     | 64.40                | A Y 20 11-12                       | Commissioner of Income tax (Appeals)              |
| Finance Act, 1991    | Service Tax    | 7.81                 | FY 2012-13 to 2015-16              | Central Excise and Service tax Appellate Tribunal |

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 from banks. 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 does not arise. The Company has taken term loans during the year and the application/Utilisation thereof is for the purpose for which they were obtained.
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 and no fraud of material significance on the Company by its officer 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 (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 Ind AS Financial Statements as required by the applicable Accounting Standards. (Refer note 4 I to Ind AS Financial Statements).
14. 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 (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, 2018  
Place : Maraimalai Nagar

## BALANCE SHEET

| Particulars                              | Note No. | As at<br>March 31, 2018<br>₹ | As at<br>March 31, 2017<br>₹ |
|--|----------|------------------------------|------------------------------|
| <b>ASSETS</b>                            |          |                              |                              |
| <b>Non-current assets</b>                |          |                              |                              |
| (a) Property Plant and Equipment         | 1A       | 93,61,88,405                 | 84,20,59,441                 |
| (b) Capital work-in-progress             | 1A       | 4,93,51,758                  | 3,42,13,465                  |
| (c) Intangible assets                    | 1B       | 90,52,647                    | 41,37,532                    |
| (d) Intangible assets under development  | 1B       | —                            | 8336,065                     |
| (e) Financial assets - Investments       | 2        | 2,24,575                     | 350,075                      |
| (f) Deferred tax assets (net)            | 14       | —                            | 3002,964                     |
| (g) Other non-current assets             | 3        | 15,29,97,775                 | 9,37,05,063                  |
| <b>Current assets</b>                    |          |                              |                              |
| (a) Inventories                          | 4        | 35,11,02,741                 | 33,76,86,431                 |
| (b) Financial assets                     |          |                              |                              |
| (i) Receivables                          | 5        | 47,05,08,126                 | 48,64,53,036                 |
| (ii) Cash and cash equivalents           | 5        | 5,30,78,300                  | 1,53,34,929                  |
| (iii) Bank balances other than (i) above | 7        | 4,64,911                     | 7,82,783                     |
| (iv) Other financial assets              | 8        | 1,61,13,039                  | 1,07,68,815                  |
| (c) Other current assets                 | 4        | 3,24,21,308                  | 5,64,85,025                  |
| <b>TOTAL ASSETS</b>                      |          | <b>206,54,89,585</b>         | <b>189,32,95,664</b>         |
| <b>EQUITY AND LIABILITIES</b>            |          |                              |                              |
| <b>Equity</b>                            |          |                              |                              |
| (a) Equity Share capital                 | 10       | 12,67,58,650                 | 12,67,58,650                 |
| (b) Other equity                         | 11       | 81,07,63,872                 | 73,85,61,840                 |
| <b>Liabilities</b>                       |          |                              |                              |
| <b>Non-current liabilities</b>           |          |                              |                              |
| (a) Financial liabilities - Borrowings   | 12       | 23,52,98,548                 | 18,08,06,381                 |
| (b) Provisions                           | 13       | 88,75,203                    | 70,51,396                    |
| (c) Deferred tax liabilities (Net)       | 14       | 49,90,517                    | —                            |
| <b>Current liabilities</b>               |          |                              |                              |
| (a) Financial liabilities                |          |                              |                              |
| (i) Borrowings                           | 15       | 36,41,47,084                 | 29,37,33,283                 |
| (ii) Trade payables                      | 16       | 27,35,44,651                 | 30,22,61,755                 |
| (iii) Other financial liabilities        | 17       | 23,09,86,974                 | 22,90,33,833                 |
| (b) Other current liabilities            | 18       | 97,74,052                    | 1,30,53,055                  |
| (c) Provisions                           | 19       | 3,50,034                     | 20,35,462                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>      |          | <b>206,54,89,585</b>         | <b>189,32,95,664</b>         |

The accompanying notes form an integral part of the financial statements

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

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

A. VENKATARAMANI (DIN 00277818)  
Managing Director

N. VENKATARAMANI (DIN 00001639)  
P. M. VENKATASUBRAMANIAN (DIN 00124505)  
Directors

MS Murali  
Partner  
Membership No. 26453

S PRIYAMVATHA  
Company Secretary

R. VENKATARAMAN  
Chief Financial Officer

Murainagar  
18-05-2018



**STATEMENT OF PROFIT AND LOSS**

| Particulars   | Note No. | Year ended<br>March 31, 2018<br>₹ | Year ended<br>March 31, 2017<br>₹ |
|---|----------|-----------------------------------|-----------------------------------|
| <b>Income</b>   |          |                                   |                                   |
| Revenue From Operations   | 20       | 206,69,51,863                     | 181,35,37,622                     |
| Other Income  | 21       | 1,06,61,403                       | 82,77,316                         |
| <b>Total Income</b>   |          | <b>207,76,13,268</b>              | <b>182,18,14,938</b>              |
| <b>Expenses</b>   |          |                                   |                                   |
| Cost of Materials Consumed  | 22       | 65,57,50,064                      | 63,99,73,767                      |
| Changes in Inventories of Finished goods and Work-in-Progress   | 23       | 1,23,72,076                       | (5,61,74,552)                     |
| Excise Duty   |          | 3,79,72,776                       | 16,46,75,433                      |
| Employee Benefits Expense   | 24       | 27,10,59,069                      | 25,31,09,134                      |
| Finance Costs   | 25       | 7,14,94,407                       | 9,96,32,076                       |
| Depreciation and Amortisation Expense   | 1.A, 1.B | 8,04,56,816                       | 8,01,09,233                       |
| Other Expenses  | 26       | 84,71,20,837                      | 76,61,28,500                      |
| <b>Total Expenses</b>   |          | <b>197,62,26,045</b>              | <b>194,74,53,591</b>              |
| <b>Profit/ (loss) before exceptional items and tax</b>  |          | <b>10,13,87,221</b>               | <b>(2,56,38,653)</b>              |
| Exceptional items   |          | -                                 | -                                 |
| <b>Profit/ (loss) before tax</b>  |          | <b>10,13,87,221</b>               | <b>(2,56,38,653)</b>              |
| <b>Tax Expense:</b>   |          |                                   |                                   |
| Current tax   |          | 2,00,59,355                       | -                                 |
| MAT Credit Entitlement  |          | (2,00,59,355)                     | -                                 |
| Deferred tax  |          | 2,80,52,856                       | (1,91,64,845)                     |
| <b>Total Tax expense</b>  |          | <b>2,80,52,856</b>                | <b>(1,11,64,845)</b>              |
| <b>Profit/ (loss) for the year</b>  | (A)      | <b>7,33,34,365</b>                | <b>(1,44,73,808)</b>              |
| <b>Other Comprehensive Income (OCI)</b>   |          |                                   |                                   |
| A (i) Items that will not be reclassified to Profit or Loss   |          |                                   |                                   |
| - Remeasurement of Defined Benefit Plans  |          | (10,11,342)                       | (34,85,836)                       |
| - Fair valuation of investments valued through OCI  |          | (1,21,000)                        | 74,800                            |
| (ii) Income tax relating to items that will not be reclassified to Profit or Loss                       |          | -                                 | -                                 |
| 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 |          | -                                 | (14,463)                          |
| <b>Total Other Comprehensive Income</b>   | (B)      | <b>(11,32,342)</b>                | <b>(34,25,499)</b>                |
| <b>Total Comprehensive Income</b>   | (A+B)    | <b>7,22,02,023</b>                | <b>(1,78,99,307)</b>              |
| <b>Profit/ (loss) attributable to equity share holders</b>  |          | <b>7,33,34,365</b>                | <b>(1,44,73,808)</b>              |
| <b>Earnings per Equity Share, Face Value of the Share ₹.10/-</b>  |          |                                   |                                   |
| - <b>Basic &amp; Diluted</b>  |          | <b>5.78</b>                       | <b>(1.64)</b>                     |

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  
Maraimalai Nagar  
16-05-2018

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 00001638)  
P.M. VENKATASUBRAMANIAN (DIN 00124505)  
Directors

R. VENKATARAMAN  
Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

| Particulars   | 2017-2018<br>₹        | 2016-2017<br>₹        |
|---|-----------------------|-----------------------|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |                       |                       |
| Profit/ (Loss) before tax                                       | 10,13,87,221          | (2,56,36,653)         |
| <b>ADJUSTMENTS FOR:</b>   |                       |                       |
| Provision for Doubtful debts made/ written back                 | (30,03,276)           | 30,03,276             |
| Bad debts written off   | 60,01,597             | -                     |
| Unrealised exchange fluctuation                                 | (19,72,504)           | 20,75,001             |
| Depreciation  | 8,04,56,816           | 8,01,09,233           |
| Interest Expense  | 7,14,94,407           | 9,96,32,076           |
| Interest income   | (11,78,524)           | (14,463)              |
| Loss / (Profit) on sale of fixed assets                         | 11,91,452             | (80,315)              |
| <b>Operating Profit / (Loss) before working capital changes</b> | <u>25,43,77,189</u>   | <u>15,90,86,155</u>   |
| <b>Adjustments for changes in:</b>                              |                       |                       |
| Decrease / (Increase) in Trade receivables                      | 1,50,49,468           | (14,76,68,874)        |
| (Increase) in Inventories                                       | (1,34,36,310)         | (7,24,11,296)         |
| (Increase) / Decrease in Other Financial Assets                 | (41,65,700)           | 1,27,13,874           |
| (Increase) / Decrease in Other Current Assets                   | 2,40,63,717           | (2,73,11,055)         |
| Increase in Non Current provisions                              | 16,23,807             | 11,27,226             |
| Increase / (Decrease) in Trade Payables                         | (2,88,47,479)         | 13,10,61,348          |
| Increase / (Decrease) in Other Financial Liabilities            | (1,49,38,630)         | 7,80,33,343           |
| (Decrease) in Other Current Liabilities                         | (32,79,003)           | (3,06,42,397)         |
| Increase / (Decrease) in Current Provisions                     | (16,85,428)           | 7,68,236              |
| <b>Cash flow from operations</b>                                | <u>22,89,61,631</u>   | <u>10,56,56,560</u>   |
| Income Tax paid   | (1,92,90,539)         | (25,20,000)           |
| <b>Net Cash Flow from Operating Activities</b> [A]              | <u>20,96,71,092</u>   | <u>10,31,36,560</u>   |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |                       |                       |
| Payments for acquisition of assets                              | (18,26,48,835)        | (15,04,01,682)        |
| Receipts from disposal of fixed Assets                          | 13,62,259             | 5,80,272              |
| (Increase) in Other Non Current Assets – Capital advances       | (6,00,61,507)         | (3,23,01,596)         |
| Interest received   | -                     | -                     |
| Movement in investment  | 4,500                 | 8,22,330              |
| <b>NET CASH FLOW (USED IN) INVESTING ACTIVITIES</b> [B]         | <u>(24,15,43,583)</u> | <u>(18,13,00,686)</u> |



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018**

|  | 2017 - 2018<br>₹   | 2016 - 2017<br>₹     |
|--|--------------------|----------------------|
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>         |                    |                      |
| Proceeds from Long term borrowings                     | 19,23,73,130       | 39,76,26,562         |
| Repayment of long term borrowings                      | (13,09,34,296)     | (33,13,05,235)       |
| Movement in short term borrowings                      | 7,04,13,802        | (32,87,88,290)       |
| Proceeds from rights issue                             | -                  | 4811,33,718          |
| Interest paid  | (7,03,97,984)      | (10,11,07,155)       |
| Dividend paid  | (3,21,872)         | (1,14,114)           |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES [C]</b>     | <b>6,11,32,780</b> | <b>₹ 7,64,54,78</b>  |
| <b>D. NET CASH INFLOW [A+B+C]</b>                      | <b>2,92,60,289</b> | <b>3,94,81,352</b>   |
| <b>E. Opening Cash and Cash Equivalents* [D]</b>       | <b>1,39,56,747</b> | <b>(2,55,24,605)</b> |
| <b>Closing Cash and Cash Equivalents* [E]</b>          | <b>4,32,17,036</b> | <b>1,39,56,747</b>   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS [E-D]</b> | <b>2,92,60,289</b> | <b>3,94,81,352</b>   |

\* Includes earmarked balances in Refer Note 7 and bank overdraft in Refer Note 17.

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 00124505)  
Directors

M S Murali  
Partner  
Membership No. 26453

S PRIYAVATHA  
Company Secretary

R. VENKATARAMAN  
Chief Financial Officer

Maramalai Nagar  
16-05-2018



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**

**A. EQUITY SHARE CAPITAL**

| Balance as at April 01, 2016 | Changes in equity share capital during the year | Balance as at March 31, 2017 | Changes in equity share capital during the year | Balance as at March 31, 2018 |
|------------------------------|---|------------------------------|---|------------------------------|
| 70,42,147                    | 56,33,718                                       | 1,26,75,865                  | -   | 1,26,75,865                  |

**B. OTHER EQUITY**

| 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 01.04.2016   | 30,15,26,723       | 10,54,28,400               | (7,44,15,494)     | (10,16,249)                            | 1,26,775                             | 33,16,50,155  |
| Profit / (loss) after Tax  | -                  | -                          | (1,44,73,808)     | -                                      | -                                    | (1,44,73,808) |
| Other Comprehensive Income | -                  | 42,47,96,538               | -                 | (34,85,836)                            | 74,800                               | 42,13,85,502  |
| Balance as at 31.3.2017    | 30,15,26,723       | 53,02,24,938               | (8,88,89,302)     | (45,02,065)                            | 2,01,575                             | 73,85,61,849  |
| Balance as at 31.3.2017    | 30,15,26,723       | 53,02,24,938               | (8,88,89,302)     | (45,02,065)                            | 2,01,575                             | 73,85,61,849  |
| Profit / (loss) after Tax  | -                  | -                          | 7,33,34,365       | -                                      | -                                    | 7,33,34,365   |
| Other Comprehensive Income | -                  | -                          | -                 | (10,11,342)                            | (1,21,000)                           | (11,32,342)   |
| Dividend                   | -                  | -                          | -                 | -                                      | -                                    | -             |
| Balance as at 31.3.2018    | 30,15,26,723       | 53,02,24,938               | (1,55,54,937)     | (55,13,427)                            | 80,575                               | 81,07,63,872  |

(a) In accordance with provisions of Para 122 of Ind AS 19, the company has transferred all remeasurement costs recognised in the past periods 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.

| Securities Premium Reserve   | As at March 31, 2018 | As at March 31, 2017 |
|------------------------------|----------------------|----------------------|
| Opening Balance              | 53,02,24,938         | 10,54,28,400         |
| Add: Premium on rights issue | -                    | 44,36,55,293         |
| Less: Rights issue expenses  | -                    | (1,88,58,755)        |
| Closing Balance              | 53,02,24,938         | 53,02,24,938         |

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

M S Murali  
Partner  
Membership No. 26453  
Maraimalai Nagar  
16-05-2018

A. VENKATARAMANI (DIN 00277816)

Managing Director

S PRIYAVATHA  
Company Secretary

N. VENKATARAMANI (DIN 00001639)

P. M. VENKATASUBRAMANIAN (DIN 00124505)

Directors

R. VENKATARAMAN  
Chief Financial Officer



**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**1. (A) PROPERTY, PLANT AND EQUIPMENT (PPE)**

| 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 | As at 31.03.2018    |
| PROPERTY, PLANT AND EQUIPMENT         |                       |                              |                    |                      |                           |                        |                         |                     |
| Land - Leasehold (Refer Note 4 below) | 13,23,080             | (13,23,080)                  | -                  | -                    | -                         | -                      | -                       | -                   |
| - Freehold                            | 19,16,525             | 14,73,650                    | -                  | 33,90,175            | -                         | -                      | -                       | 33,90,175           |
| Buildings                             | 10,54,07,515          | 3,34,20,288                  | -                  | 13,88,27,803         | 82,30,666                 | 49,58,545              | -                       | 1,31,89,211         |
| Plant & Machinery                     | 79,93,32,775          | 10,03,96,358                 | -                  | 89,97,29,133         | 11,17,35,369              | 6,26,15,367            | -                       | 17,43,50,736        |
| Electrical Installations              | 3,47,35,893           | 3,22,40,846                  | -                  | 6,69,76,739          | 66,24,157                 | 42,47,485              | -                       | 1,08,71,642         |
| Furniture & Fixtures                  | 70,07,895             | 3,33,780                     | -                  | 73,41,675            | 10,35,914                 | 7,07,637               | -                       | 17,43,551           |
| Vehicles                              | 1,58,02,543           | 78,25,445                    | (42,74,658)        | 1,93,53,330          | 28,98,602                 | 23,24,920              | (17,22,615)             | 55,98,124           |
| Office Equipment                      | 1,50,08,878           | 21,28,309                    | (18,444)           | 1,71,18,743          | 81,50,955                 | 29,98,966              | (16,775)                | 1,60,52,423         |
| <b>TOTAL</b>                          | <b>98,05,35,104</b>   | <b>17,64,95,566</b>          | <b>(42,93,102)</b> | <b>115,27,37,598</b> | <b>13,84,75,693</b>       | <b>7,78,20,920</b>     | <b>(17,39,390)</b>      | <b>93,81,80,405</b> |
| Capital Work-in-Progress              |                       |                              |                    |                      |                           |                        |                         | 4,13,51,758         |

(2017-2018 in ₹)

| DESCRIPTION                   | GROSS CARRYING AMOUNT |                         |                    |                     | DEPRECIATION / IMPAIRMENT |                        |                         | NET CARRYING AMOUNT |
|-------------------------------|-----------------------|-------------------------|--------------------|---------------------|---------------------------|------------------------|-------------------------|---------------------|
|                               | 01.04.2016            | Additions / Adjustments | Disposals          | 31.03.2017          | Upto 31.03.2016           | Charge during the year | Disposals / Adjustments | As at 31.03.2017    |
| PROPERTY, PLANT AND EQUIPMENT |                       |                         |                    |                     |                           |                        |                         |                     |
| Land - Leasehold              | 13,23,080             | -                       | -                  | 13,23,080           | -                         | -                      | -                       | 13,23,080           |
| - Freehold                    | 19,16,525             | -                       | -                  | 19,16,525           | -                         | -                      | -                       | 19,16,525           |
| Buildings                     | 8,78,35,162           | 1,75,72,353             | -                  | 10,54,07,515        | 41,28,836                 | 41,01,830              | -                       | 82,30,666           |
| Plant & Machinery             | 71,53,07,828          | 8,40,24,947             | -                  | 79,93,32,775        | 5,04,45,789               | 6,12,89,580            | -                       | 11,17,35,369        |
| Electrical Installations      | 2,54,58,229           | 92,77,664               | -                  | 3,47,35,893         | 29,51,001                 | 38,73,156              | -                       | 66,24,157           |
| Furniture & Fixtures          | 32,92,961             | 37,14,934               | -                  | 70,07,895           | 3,93,805                  | 6,42,109               | -                       | 10,35,914           |
| Vehicles                      | 1,21,79,540           | 51,21,420               | (14,97,417)        | 1,58,02,543         | 17,09,889                 | 19,86,373              | (9,97,460)              | 26,98,602           |
| Office Equipment              | 1,20,99,299           | 29,09,579               | -                  | 1,50,08,878         | 37,45,289                 | 44,05,666              | -                       | 81,50,955           |
| <b>TOTAL</b>                  | <b>85,94,11,624</b>   | <b>12,26,20,897</b>     | <b>(14,97,417)</b> | <b>98,05,35,104</b> | <b>5,33,74,409</b>        | <b>7,60,90,714</b>     | <b>(9,97,460)</b>       | <b>84,20,59,441</b> |
| Capital Work-in-Progress      |                       |                         |                    |                     |                           |                        |                         | 3,42,13,465         |

(2016-2017 in ₹)

1. 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 (2017-Nil).

2. For amount of contractual commitments for the acquisition of PPE (Refer Note 28)

3. Intermis 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.

4. Value of leasehold land Rs 13,23,080 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 favor of the Company during the year by Chennai Metropolitan Development Authority.

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**1. (B) INTANGIBLE ASSETS**

(2017-2018 in ₹)

| DESCRIPTION                                   | GROSS CARRYING AMOUNT |                         |           | AMORTISATION / IMPAIRMENT |                    |                        | NET CARRYING AMOUNT |                  |
|---|-----------------------|-------------------------|-----------|---------------------------|--------------------|------------------------|---------------------|------------------|
|   | 01.04.2017            | Additions / Adjustments | Disposals | 31.03.2018                | Upto 31.03.2017    | Charge during the year |                     | Disposals        |
| <b>INTANGIBLE ASSETS</b>                      |                       |                         |           |                           |                    |                        |                     |                  |
| Technical Knowhow Fee                         | 1,11,54,293           | -                       | -         | 1,11,54,293               | 80,11,281          | 16,00,000              | -                   | 96,11,281        |
| Product Development<br>- Acquired             | 503                   | -                       | -         | 503                       | 503                | -                      | -                   | 503              |
| Product Development<br>- Internally Generated | 30,35,439             | 75,51,011               | -         | 1,05,86,450               | 20,40,919          | 10,35,896              | -                   | 30,76,815        |
| <b>TOTAL</b>                                  | <b>1,41,90,235</b>    | <b>75,51,011</b>        | <b>-</b>  | <b>2,17,41,246</b>        | <b>1,00,52,703</b> | <b>26,35,896</b>       | <b>-</b>            | <b>90,52,647</b> |
| <b>Intangible assets under development</b>    |                       |                         |           |                           |                    |                        |                     |                  |

(2016-2017 in ₹)

| DESCRIPTION                                   | GROSS CARRYING AMOUNT |                         |           | AMORTISATION / IMPAIRMENT |                  |                        | NET CARRYING AMOUNT |                    |
|---|-----------------------|-------------------------|-----------|---------------------------|------------------|------------------------|---------------------|--------------------|
|   | 01.04.2016            | Additions / Adjustments | Disposals | 31.03.2017                | Upto 31.03.2016  | Charge during the year |                     | Disposals          |
| <b>INTANGIBLE ASSETS</b>                      |                       |                         |           |                           |                  |                        |                     |                    |
| Technical Knowhow Fee                         | 1,11,54,293           | -                       | -         | 1,11,54,293               | 50,00,763        | 30,10,518              | -                   | 80,11,281          |
| Product Development<br>- Acquired             | 503                   | -                       | -         | 503                       | 503              | -                      | -                   | 503                |
| Product Development<br>- Internally Generated | 30,35,439             | -                       | -         | 30,35,439                 | 10,40,918        | 10,00,001              | -                   | 20,40,919          |
| <b>TOTAL</b>                                  | <b>1,41,90,235</b>    | <b>-</b>                | <b>-</b>  | <b>1,41,90,235</b>        | <b>60,42,184</b> | <b>40,10,519</b>       | <b>-</b>            | <b>1,00,52,703</b> |
| <b>Intangible assets under development</b>    |                       |                         |           |                           |                  |                        |                     |                    |

- 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 (2017- Nil).
- For amount of contractual commitments for the acquisition of PPE [Refer Note 28]
- 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<br>March 31, 2018<br>₹ | As at<br>March 31, 2017<br>₹ |
|---|------------------------------|------------------------------|
| <b>2. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS</b>  |                              |                              |
| Investments carried at fairvalue through OCI  |                              |                              |
| (a) 5500 (2017: 5,500) equity shares of ₹ 2 (2017: ₹ 2) each fully paid in Corporation Bank (Quoted) – Market Value being ₹ 30.66 per share (2017: ₹ 52.65 per share) | 1,68,575                     | 289,575                      |
| (b) 5600 (2017: 6050) equity shares of ₹ 10 (2017: ₹ 10) each fully paid in K Ramakrishnan Clean Energy Pvt. Ltd. (Unquoted)  | 56,000                       | 60,500                       |
|   | <u>2,24,575</u>              | <u>3,50,075</u>              |
| <b>3. NON-CURRENT ASSETS - OTHERS</b>   |                              |                              |
| (a) Capital Advances  | 12,05,56,777                 | 6,04,95,270                  |
| (b) Advance Income Tax (net of provision)   | 3,2440,998                   | 3,32,09,813                  |
|   | <u>15,29,97,775</u>          | <u>9,37,05,083</u>           |
| <b>4. INVENTORIES</b>   |                              |                              |
| (a) Raw materials   | 9,72,60,036                  | 8,44,82,750                  |
| (b) Work-in-progress  | 9,93,27,194                  | 10,78,27,196                 |
| (c) Finished goods  | 7,32,64,222                  | 7,71,38,298                  |
| (d) Stores  | 6,58,74,528                  | 5,38,98,821                  |
| (e) Loose tools   | 1,53,76,761                  | 1,43,21,568                  |
|   | <u>35,11,02,741</u>          | <u>33,78,66,431</u>          |
| Goods in Transit Comprises of   |                              |                              |
| Raw materials   | 2,05,37,223                  | 49,37,318                    |
| Finished Goods  | 48,23,682                    | -                            |
| Cost of material consumed (including cost of purchased goods) during the year is ₹ 66,81,22,140 (2016-17: ₹ 58,37,99,215) reflected in Notes 22 and 23.               |                              |                              |
| <b>5. TRADE RECEIVABLES</b>   |                              |                              |
| (a) Unsecured considered good   | 47,05,08,126                 | 48,64,53,036                 |
| (b) Unsecured considered doubtful   | -                            | 30,03,278                    |
| (c) Less: Provision for doubtful receivables  | -                            | (30,03,276)                  |
|   | <u>47,05,08,126</u>          | <u>48,64,53,036</u>          |
| Refer Note 41 for receivables from related parties  |                              |                              |
| <b>6. CASH AND CASH EQUIVALENTS</b>   |                              |                              |
| (a) Cash on hand  | 69,633                       | 41,147                       |
| (b) Balances with banks in Current accounts   | 5,30,06,667                  | 1,52,93,782                  |
|   | <u>5,30,76,300</u>           | <u>1,53,34,929</u>           |

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

|  | As at<br>March 31, 2018<br>₹ | As at<br>March 31, 2017<br>₹ |
|--|------------------------------|------------------------------|
| <b>7. OTHER BANK BALANCES</b>                      |                              |                              |
| Earmarked balances for dividend                    | 4,60,911                     | 7,82,783                     |
|  | 4,60,911                     | 7,82,783                     |
| <b>8. OTHER CURRENT FINANCIAL ASSETS</b>           |                              |                              |
| Unsecured Considered good, unless otherwise stated |                              |                              |
| (a) Security Deposits                              |                              |                              |
| Lease Rent Deposits                                | 20,83,500                    | 25,56,000                    |
| Other Deposits                                     | 1,28,53,039                  | 78,24,910                    |
|  | 1,49,36,539                  | 1,03,80,910                  |
| (b) Employee Advances                              | 2,39,718                     | 54,256                       |
| (c) Other loans and advances                       | 9,36,782                     | 3,33,640                     |
| Other loans and advances – Considered Doubtful     | 16,81,000                    | 16,81,000                    |
| Less: Provision for Doubtful Advances              | (18,81,000)                  | (16,81,000)                  |
|  | 9,36,782                     | 3,33,640                     |
|  | 1,61,13,039                  | 1,07,68,815                  |
| <b>9. OTHER CURRENT ASSETS</b>                     |                              |                              |
| (a) Prepaid expenses                               | 58,97,378                    | 68,19,622                    |
| (b) Balances with government authorities           | 73,52,245                    | 3,35,37,851                  |
| (c) Export incentive receivable                    | 40,56,324                    | -                            |
| (d) Supplier Advances                              | 14,149,674                   | 47,80,756                    |
| (e) Others   | 9,65,687                     | 1,12,46,796                  |
|  | 3,24,21,308                  | 5,64,85,025                  |



NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

|  | As at<br>March 31, 2018<br>₹ | As at<br>March 31, 2017<br>₹ |
|--|------------------------------|------------------------------|
| <b>10. SHARE CAPITAL</b>   |                              |                              |
| Authorised   |                              |                              |
| 2,00,00,000 (2017: 2,00,00,000) Equity Shares of ₹.10 each   | 20,00,00,000                 | 20,00,00,000                 |
|  | <u>20,00,00,000</u>          | <u>20,00,00,000</u>          |
| Issued, Subscribed and fully paid up   |                              |                              |
| 1,26,75,865 (2017: 1,26,75,865) Equity shares of ₹. 10 each fully paid up  | 12,67,58,650                 | 12,67,58,650                 |
|  | <u>12,67,58,650</u>          | <u>12,67,58,650</u>          |
| 1. Reconciliation of number of Equity shares subscribed  |                              |                              |
| Balance as at the beginning of the year  | 1,26,75,865                  | 7042,147                     |
| Add: Issued during the year  | -                            | 56,33,718                    |
| Balance as at the end of the year  | <u>1,26,75,865</u>           | <u>1,26,75,865</u>           |
| 2. Shares issued in preceding 5 years  |                              |                              |
| 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 pari passu for dividends after 16.02.17. The issue was fully subscribed. |                              |                              |
| 3. Details of Equity shares held by its holding company including shares held by subsidiaries or associates of the holding company in aggregate  |                              |                              |
| Shareholder - Relationship   | As at<br>March 31, 2018      | As at<br>March 31, 2017      |
|  | No. of Shares                | No. of Shares                |
|  | %                            | %                            |
| India Pistons Ltd. - Fellow Subsidiary   | 26,85,985                    | 26,85,985                    |
|  | 21.19                        | 21.19                        |
| Tractors & Farm Equipment Limited - Fellow Subsidiary  | 14,40,192                    | 14,40,192                    |
|  | 11.36                        | 11.36                        |
| Simpson & Co., Ltd. - Holding Company  | 23,50,000                    | 23,50,000                    |
|  | 18.54                        | 18.54                        |
| Amalgamations Pvt. Ltd. - Ultimate Holding Company   | 6,91,380                     | 6,91,380                     |
|  | 5.45                         | 5.45                         |
| The United Nilgiri Tea Estates Co. Ltd. - Fellow Subsidiary  | 5,600                        | 3,800                        |
|  | 0.03                         | 0.03                         |
| Hgginbothams Private Ltd. - Fellow Subsidiary  | 900                          | 900                          |
|  | 0.01                         | 0.01                         |
| 4. Shareholders holding more than 5% of the total share capital  |                              |                              |
| Name of the Shareholder  | As at<br>March 31, 2018      | As at<br>March 31, 2017      |
|  | No. of Shares                | No. of Shares                |
|  | %                            | %                            |
| India Pistons Ltd.   | 26,85,985                    | 26,85,985                    |
|  | 21.19                        | 21.19                        |
| Tractors & Farm Equipment Limited  | 14,40,192                    | 14,40,192                    |
|  | 11.36                        | 11.36                        |
| Simpson & Co. Ltd.   | 23,50,000                    | 23,50,000                    |
|  | 18.54                        | 18.54                        |
| Amalgamations Pvt. Ltd.  | 6,91,380                     | 6,91,380                     |
|  | 5.45                         | 5.45                         |
| Nippon Piston Ring Co., Ltd.   | 7,04,200                     | 7,04,200                     |
|  | 5.56                         | 5.56                         |
| Enam Shares & Securities Pvt Ltd   | 10,66,552                    | 10,66,552                    |
|  | 8.41                         | 8.41                         |
| 5. Rights, preferences and restrictions in respect of equity shares issued by the Company.   |                              |                              |
| 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<br>March 31, 2018<br>₹ | As at<br>March 31, 2017<br>₹ |
|---|--|------------------------------|------------------------------|
| <b>11. Other Equity*</b>  |  |                              |                              |
| General Reserve   | A  | 30,15,26,723                 | 30,15,26,723                 |
| Securities Premium Reserve  | B  | 53,02,24,938                 | 53,02,24,938                 |
| Retained Earnings   | C  | (2,09,87,789)                | (9,31,89,812)                |
| Total   |  | <u>81,07,63,872</u>          | <u>73,85,61,849</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  |  | 10,56,71,508                 | 590,34,575                   |
| From Other Parties  |  | 10,46,27,040                 | 7,42,71,800                  |
| <b>Unsecured</b>  |  |                              |                              |
| <b>Term Loans</b>   |  |                              |                              |
| From Banks  |  | 2,50,00,000                  | 475,00,008                   |
|   |  | <u>2352,98,548</u>           | <u>18,08,06,381</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 instalment         |                              |
| (b) Term Loans – Other parties  |  | Monthly instalment           |                              |
| (c) Unsecured Term Loan from Bank   |  | Monthly instalment           |                              |
| <b>13. NON CURRENT PROVISIONS</b>   |  |                              |                              |
| Provision for Employee benefits   |  |                              |                              |
| Compensated Absences  |  | 88,75,203                    | 70,51,396                    |
|   |  | <u>88,75,203</u>             | <u>70,51,396</u>             |



NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

|   | As at<br>March 31, 2018<br>₹ | As at<br>March 31, 2017<br>₹      |           |
|---|------------------------------|-----------------------------------|-----------|
| <b>14. DEFERRED TAX (ASSET) / LIABILITY</b>   |                              |                                   |           |
| <b>Deferred Tax Asset:</b>  |                              |                                   |           |
| Unabsorbed depreciation and loss*   | (645,91,686)                 | (9,48,49,059)                     |           |
| Expenses allowable on payment   | (23,98,562)                  | (34,41,815)                       |           |
| MAT Credit  | (207,46,147)                 | (6,86,792)                        |           |
|   | <u>(8,77,36,395)</u>         | <u>(9,89,77,666)</u>              |           |
| <b>Deferred Tax Liability:</b>  |                              |                                   |           |
| Depreciation and amortisation on PPE & Intangibles  | 9,27,26,912                  | 9,59,74,682                       |           |
| <b>Net Deferred Tax Liability / (Asset)</b>   | <u>48,90,517</u>             | <u>(30,02,984)</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  | <u>36,414,084</u>            | <u>29,37,33,283</u>               |           |
|   | <u>36,41,47,084</u>          | <u>29,37,33,283</u>               |           |
| * Refer Note 12 for security details  |                              |                                   |           |
| <b>16. TRADE PAYABLES</b>   |                              |                                   |           |
| Trade Payables to Micro, Small & Medium Enterprises (Refer Note 33)   | 30,63,088                    | 1,44,33,847                       |           |
| Trade Payables  | 20,87,91,917                 | 27,50,78,588                      |           |
| Trade Payables – Due to related parties   | 4,45,35,460                  | 22,19,373                         |           |
| Acceptances   | 1,71,54,186                  | 1,05,29,947                       |           |
|   | <u>27,35,44,651</u>          | <u>30,22,61,755</u>               |           |
| Refer Note 41 for related party transaction   |                              |                                   |           |
| <b>17. OTHER FINANCIAL LIABILITIES</b>  |                              |                                   |           |
| Current Maturities of Long term Debt  |                              |                                   |           |
| – From Banks  | 8,17,46,900                  | 7,86,87,929                       |           |
| – From Other Parties  | 4,67,74,260                  | 4,29,86,560                       |           |
| Interest accrued but not due on borrowings  | 33,11,530                    | 22,15,107                         |           |
| Customer Advances   | 23,79,639                    | 25,97,200                         |           |
| Unclaimed dividend  | 4,60,911                     | 7,82,783                          |           |
| Dues towards Funded Gratuity - LIC  | 13,34,891                    | 70,86,132                         |           |
| Employee related payables   | 2,08,14,964                  | 2,90,52,419                       |           |
| Bank overdraft  | 1,03,20,175                  | 21,60,965                         |           |
| Other payables  | 6,38,43,704                  | 6,36,34,738                       |           |
|   | <u>29,09,86,874</u>          | <u>22,90,33,833</u>               |           |
| <b>18. OTHER CURRENT LIABILITIES</b>  |                              |                                   |           |
| Statutory dues  | 97,74,052                    | 1,30,53,055                       |           |
|   | <u>97,74,052</u>             | <u>1,30,53,055</u>                |           |
| <b>19. CURRENT PROVISIONS</b>   |                              |                                   |           |
| Provision for Employee benefits   |                              |                                   |           |
| Compensated Absences  | 3,50,034                     | 20,35,462                         |           |
|   | <u>3,50,034</u>              | <u>20,35,462</u>                  |           |
| <b>19.1. Movement in Provision for Compensated Absences in Note 13 and Note 19 is as follows</b>                            |                              |                                   |           |
|   | Opening                      | Additions<br>(net of utilisation) | Closing   |
| March 2018  | 90,66,856                    | 1,38,379                          | 92,25,237 |
| March 2017  | 71,91,396                    | 18,95,452                         | 90,86,858 |



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

|   | Year ended<br>March 31, 2018<br>₹ | Yearended<br>March 31, 2017<br>₹ |
|---|-----------------------------------|----------------------------------|
| <b>20. REVENUE FROM OPERATIONS</b>  |                                   |                                  |
| (a) <b>Sale of Products (Inclusive of excise duty)</b>  |                                   |                                  |
| Rings Sales   | 64,45,55,600                      | 62,77,00,544                     |
| OCF Sales   | 113,22,16,103                     | 109,24,18,106                    |
| Piston Pin Sales  | 103,4,66,359                      | 2,27,48,341                      |
| Tooling Sales   | 8,37,72,682                       | 9,72,87,010                      |
| (b) <b>Sale of Services</b>   | 7,33,81,220                       | 4,82,74,729                      |
| (c) <b>Other operating revenues</b>   |                                   |                                  |
| Export Incentives   | 1,97,14,715                       | 1,30,01,237                      |
| Scrap Sales   | 98,23,184                         | 1,21,07,655                      |
|   | <u>206,69,51,863</u>              | <u>191,35,37,622</u>             |
| <b>20.1</b> In accordance with the requirement of IndAS 18, Revenue from Operations for the year ended March 31, 2018 is shown net of Goods and Service Tax (GST). However, Revenue from Operations for the previous financial year is shown inclusive of excise duty. For comparison purposes revenue excluding excise duty is given below:- |                                   |                                  |
| Revenue from operations (Gross)   | 197,38,55,928                     | 185,22,61,656                    |
| Less: Excise Duty   | 379,72,776                        | 16,46,75,433                     |
| <b>Revenue from operations (Net)</b>  | <u>193,58,83,152</u>              | <u>168,75,86,223</u>             |
| <b>21. OTHER INCOME</b>   |                                   |                                  |
| (a) Interest income   | 11,78,524                         | -                                |
| (b) Liabilities no longer required written back   | -                                 | 58,611                           |
| (c) Other non operating income  | 94,82,879                         | 82,18,705                        |
|   | <u>1,06,61,403</u>                | <u>82,77,316</u>                 |
| <b>22. COST OF MATERIALS CONSUMED</b>   |                                   |                                  |
| (a) Opening Stock   | 7,95,45,432                       | 8,21,87,337                      |
| (b) Add: Purchases  | 67,34,64,668                      | 63,73,31,862                     |
| (c) Less: Closing Stock   | 9,72,60,036                       | 7,95,45,432                      |
|   | <u>65,57,50,064</u>               | <u>63,99,73,767</u>              |
| <b>23. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>  |                                   |                                  |
| (a) (Increase) / Decrease in Work-in-Progress   | 85,00,002                         | (2,23,54,742)                    |
| (b) (Increase) / Decrease in Finished Goods   | 38,72,074                         | (3,38,19,810)                    |
|   | <u>1,23,72,076</u>                | <u>(5,61,74,552)</u>             |
| <b>24. EMPLOYEE BENEFITS EXPENSE</b>  |                                   |                                  |
| (a) Salaries and wages  | 21,86,92,725                      | 20,23,56,247                     |
| (b) Contribution to provident and other funds   | 1,40,91,748                       | 1,57,93,437                      |
| (c) Staff welfare expenses  | 3,82,74,596                       | 3,41,59,450                      |
|   | <u>27,10,59,069</u>               | <u>25,31,09,134</u>              |
| <b>25. FINANCE COSTS</b>  |                                   |                                  |
| (a) Interest expenses   | 6,71,83,209                       | 9,52,29,089                      |
| (b) Other borrowing costs   | 43,11,198                         | 44,02,987                        |
|   | <u>7,14,94,407</u>                | <u>9,96,32,076</u>               |

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

|   | Year ended<br>March 31, 2018<br>₹ | Year ended<br>March 31, 2017<br>₹ |
|---|-----------------------------------|-----------------------------------|
| <b>26. OTHER EXPENSES</b>                               |                                   |                                   |
| Sub-Contracting Expenses                                | 26,51,59,308                      | 22,62,39,987                      |
| Power and Fuel  | 8,24,38,635                       | 7,73,58,854                       |
| Stores Consumed   | 24,13,11,637                      | 21,98,42,554                      |
| Exchange (Gain)/Loss                                    | 74,54,176                         | 66,15,023                         |
| Rent  | 1,86,08,909                       | 1,06,05,921                       |
| Rates and Taxes   | 47,88,185                         | 74,45,859                         |
| Insurance   | 66,66,509                         | 53,59,589                         |
| Travelling and Conveyance                               | 2,76,41,100                       | 2,61,89,688                       |
| Packing and Forwarding                                  | 2,54,10,270                       | 2,56,91,945                       |
| Advertisement   | 7,82,685                          | 319,800                           |
| Royalty   | 1,86,35,341                       | 1,51,20,743                       |
| Consultation Fee  | 1,52,43,543                       | 130,88,045                        |
| Directors' Sitting Fees                                 | 5,55,500                          | 8,60,500                          |
| Freight   | 4,32,09,110                       | 4,12,94,873                       |
| Payment to Auditors                                     |                                   |                                   |
| Statutory Audit Fee                                     | 5,35,000                          | 5,35,000                          |
| Tax Audit Fees  | 1,50,000                          | 112,500                           |
| Certification Fees (including taxation matters)         | 7,32,000                          | 1242,000                          |
| Reimbursement of expenses                               | 2,000                             | 5,100                             |
| Repairs and Maintenance                                 |                                   |                                   |
| - Buildings   | 54,26,850                         | 3117,141                          |
| - Machinery & Electrical Installations                  | 2,47,05,883                       | 2,12,90,204                       |
| - Vehicles  | 36,42,124                         | 3616,069                          |
| Operating Expenses- Computer System                     | 93,45,846                         | 95,30,928                         |
| Warranty Claims   | 40,19,675                         | -                                 |
| Bad Debts written off                                   | 60,01,597                         | -                                 |
| Provision for doubtful receivables made/ (written back) | (30,03,276)                       | 30,03,276                         |
| Loss on Sale of Assets                                  | 11,91,452                         | 3,183                             |
| Loss on Assets discarded due to natural calamity        | -                                 | 1,5143,691                        |
| Research and Development expense                        | 34,24,387                         | 31,98,676                         |
| Miscellaneous Expenses                                  | 3,30,42,591                       | 2,92,97,368                       |
|   | <u>84,71,20,837</u>               | <u>78,61,28,500</u>               |

The provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility (CSR) is not applicable to the company.

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

|   | Year ended<br>March 31, 2018<br>(₹ in lakhs) | Year ended<br>March 31, 2017<br>(₹ in lakhs) |
|---|--|--|
| <b>27. CONTINGENT LIABILITY</b>   |  |  |
| Claims against the Company not acknowledged as debts  |  |  |
| (a) Bills Discounted  | 435  | 380  |
| (b) Outstanding Letters of Credit   | 434  | 369  |
| (c) Bank Guarantees   | 42   | 67   |
| (d) Income Tax matters under appeal   | 144  | 575  |
| (e) Claims due from Customs authorities   | 44   | 44   |
| (f) 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  | 339  |
| (g) 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 duties 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.<br>Future cash outflows in respect of the above are determinable only on receipt of judgment/decisions pending with various forums/authorities.   | -  | -  |
| <b>28. PARTICULARS</b>  |  |  |
| Commitments   |  |  |
| Capital commitments (net of advances) not provided for  | 2,651  | 2,377  |
| The outflow in respect of the above is not practicable to ascertain in the view of uncertainty involved.  |  |  |
| <b>29. VALUE OF IMPORTS CALCULATED ON CIF BASIS :</b>   | (₹)  | (₹)  |
| Raw materials   | 13,39,05,816                                 | 13,61,64,481                                 |
|   | <u>13,39,05,816</u>                          | <u>13,61,64,481</u>                          |
| Stores consumed   | 5,19,38,346                                  | 71,32,908                                    |
| Spare parts   | 1,05,73,614                                  | 1,69,13,239                                  |
| Total Components and spare parts  | <u>6,25,11,960</u>                           | <u>2,40,46,147</u>                           |
| Capital goods   | 6,17,84,994                                  | 118,68,584                                   |

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

|  | Yearended<br>March 31, 2018<br>₹ | Year ended<br>March 31, 2017<br>₹ |
|--|----------------------------------|-----------------------------------|
| <b>30. EXPENDITURE IN FOREIGN CURRENCY (ON PAYMENT BASIS)</b>  |                                  |                                   |
| Royalty  | 1,20,21,599                      | 1,27,54,168                       |
| Travel   | 55,47,811                        | 76,67,782                         |
| Professional Fee / Technical Services  | 75,01,743                        | 38,89,876                         |
| Capital Expenditure / Advance  | 6,38,69,563                      | 3,09,56,077                       |
| Others   | 247,205                          | 2,55,897                          |
| <b>31. DETAILS OF CONSUMPTION OF IMPORTED AND INDIGENOUS ITEMS:</b>  |                                  |                                   |
| Imported   |                                  |                                   |
| Raw materials  | 16,26,02,115                     | 12,20,37,804                      |
| Spares & Loose tools   | 2,17,70,179                      | 1,72,97,547                       |
|  | <u>18,43,72,294</u>              | <u>13,93,35,351</u>               |
| Indigenous   |                                  |                                   |
| Raw materials  | 49,31,47,349                     | 51,79,35,963                      |
| Spares & Loose tools   | 24,42,47,341                     | 22,38,35,211                      |
|  | <u>73,73,95,290</u>              | <u>74,17,71,174</u>               |
| <b>32. EARNINGS IN FOREIGN EXCHANGE:</b>   |                                  |                                   |
| Export of goods calculated on FOB basis  | 58,42,84,728                     | 41,87,01,511                      |
|  | <u>58,42,84,728</u>              | <u>41,87,01,511</u>               |
| <b>33. 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 (17-18 : ₹. 30,63,088; 16-17 : ₹. 1,44,33,847) and the interest due (17-18 : ₹. 5,17,878; 16-17 : ₹. 4,48,686) thereon remain unpaid to suppliers at the end of each accounting year.   | 35,80,966                        | 1,48,82,533                       |
| 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.  | -                                | 16,96,941                         |
| 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   | 4,39,477                         | -                                 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year.  | 69,192                           | 4,48,686                          |
| 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 as 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | 5,17,878                         | 4,48,686                          |
| 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<br>March 31, 2018<br>₹ | Year ended<br>March 31, 2017<br>₹ |
|---|-----------------------------------|-----------------------------------|
| <b>34. INCOME TAXES RELATING TO CONTINUING OPERATIONS</b>   |                                   |                                   |
| <b>Income tax recognized in profit or loss</b>  |                                   |                                   |
| Current tax   | 2,00,59,355                       | -                                 |
| MAT Credit entitlement  | (2,00,59,355)                     | -                                 |
| Deferred tax  | 2,80,52,856                       | (1,11,64,845)                     |
| <b>Total income tax expense recognized in the current year</b>  | <b>2,80,52,856</b>                | <b>(1,11,64,845)</b>              |
| <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>10,13,87,221</b>               | <b>(2,58,38,653)</b>              |
| Income tax expense  | 2,83,80,677                       | (79,22,344)                       |
| Effect of expenses that are deductible in determining taxable profit of the current year  | 10,43,253                         | (32,42,501)                       |
| 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   | (55,20,471)                       | -                                 |
| Effect of unabsorbed depreciation / loss of previous years utilized in current year and effect due to change in income tax rate from 30.90% to 26.00%   | 2,07,08,281                       | -                                 |
| Others - MAT Credit entitlement   | (1,45,38,884)                     | -                                 |
| 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>2,80,52,856</b>                | <b>(1,11,64,845)</b>              |
| The tax rate used for the reconciliations above and for deferred tax is the corporate tax rate of 26% and 30.9% respectively, 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   | -                                 | -                                 |
| <b>Total income tax recognised in other comprehensive income</b>  | <b>-</b>                          | <b>-</b>                          |
| <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 (net)   | (8,77,36,395)                     | (9,89,77,666)                     |
| Deferred tax liabilities (net)  | 9,27,26,912                       | 8,59,74,682                       |
|   | <b>49,90,517</b>                  | <b>(30,02,984)</b>                |

There is no tax for the current year as per Income tax Act, 1961 considering the allowances/exemptions/deductions available and consequently the tax effect on the components on OCI is NIL.

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<br>March 31, 2018<br>₹ | As at<br>March 31, 2017<br>₹ |
|--|------------------------------|------------------------------|
| <b>35. 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  | 119,22,040                   | 1,09,06,685                  |
| Employer's Contribution to Superannuation Fund                                     | 18,46,159                    | 15,87,752                    |

**Defined Benefit Plan**

**Gratuity:**

The Company operates gratuity plan through Life Insurance Corporation of India. Every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending on the date of joining, subject to a maximum of ₹.2000,000/-, except in the case of Managing Director where there is no maximum limit. The benefit vests after five years of continuous service. The present value of obligation is determined based on actuarial valuation.

**Leave Salary Encashment:**

Eligible employees can carry forward and encash leave on superannuation or death or permanent disablement subject to a maximum accumulation of 120 days except in the case of Managing Director where there is no limit to maximum accumulation. The present value of obligation is determined based on actuarial valuation.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

- Investment risk** : 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.
- Interest risk** : 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.
- Longevity risk** : 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.
- Salary risk** : 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<br>March 31, 2018<br>₹ | As at<br>March 31, 2017<br>₹ |
|--|------------------------------|------------------------------|
| <b>35. 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)   | 8.00%                        | 8.00%                        |
| Expected rate(s) of salary increase  | 5.00%                        | 5.00%                        |
| The estimates of future salary increases, considered in actuarial valuation, take 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   | 3,39,998                     | 50,40,715                    |
| Past service cost  | -                            | -                            |
| Net interest expense   | 19,64,658                    | 16,09,068                    |
| Return on plan assets (excluding amounts included in net interest expense)   | (19,81,107)                  | (17,31,479)                  |
| <b>Components of defined benefit costs recognised in profit or loss</b>  | <u>3,23,549</u>              | <u>49,18,304</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   | 10,11,342                    | 21,67,828                    |
| <b>Components of defined benefit costs recognised in other comprehensive income</b>  | <u>10,11,342</u>             | <u>21,67,828</u>             |
|  | <u>13,34,891</u>             | <u>70,86,132</u>             |
| The remeasurement of the net defined benefit liability is included in other comprehensive income.  |                              |                              |
| <b>Compensated Absences</b>  |                              |                              |
| Current service cost   | 2,36,164                     | 1,60,121                     |
| Net interest expense   | 6,56,200                     | 5,57,333                     |
| Actuarial(gains)/losses arising from changes in financial assumptions  | 41,440                       | 3,54,874                     |
| Actuarial (gains)/losses arising from experience adjustments   | (5,83,770)                   | 9,63,134                     |
|  | <u>3,50,034</u>              | <u>20,35,462</u>             |
| Recognised in Statement of Profit & Loss   | 3,50,034                     | 7,17,454                     |
| Recognised in Other Comprehensive Income   | -                            | 13,18,008                    |
| 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  | 308,94,451                   | 2,79,80,673                  |
| Fair value of plan assets  | 2,95,59,560                  | 2,25,06,518                  |
| <b>Net liability arising from defined benefit obligation (funded)</b>  | <u>13,34,891</u>             | <u>54,74,155</u>             |
| Gratuity is reflected in Gratuity Fund under current financial liabilities. [Refer notes 17].  |                              |                              |



NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

|  | As at<br>March 31, 2018<br>₹ | As at<br>March 31, 2017<br>₹ |
|--|------------------------------|------------------------------|
| <b>35. EMPLOYEE BENEFITS – (Contd.)</b>  |                              |                              |
| <b>Compensated Absences</b>  |                              |                              |
| Present value of defined benefit obligation  | 92,25,237                    | 92,26,858                    |
| Net liability arising from defined benefit obligation (funded)   | <u>92,25,237</u>             | <u>92,26,858</u>             |
| 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   | 2,79,80,673                  | 2,01,13,357                  |
| Current service cost   | 3,39,998                     | 50,40,715                    |
| Interest cost  | 19,64,658                    | 16,09,068                    |
| Actuarial (gains)/losses arising from obligations  | 10,11,342                    | 21,67,828                    |
| Benefits paid  | (4,82,220)                   | (9,50,295)                   |
| <b>Closing defined benefit obligation</b>  | <u>3,08,84,451</u>           | <u>2,79,80,673</u>           |
| <b>Compensated Absences</b>  |                              |                              |
| Opening defined benefit obligation   | 92,26,858                    | 71,91,396                    |
| Current service cost   | 2,36,164                     | 1,60,121                     |
| Interest cost  | 6,56,200                     | 5,57,333                     |
| Actuarial (gains)/losses arising from changes in financial assumptions   | 41,440                       | 3,54,874                     |
| Actuarial (gains)/losses arising from experience adjustments   | (5,83,770)                   | 9,63,134                     |
| Benefits paid  | (3,51,665)                   | -                            |
| <b>Closing defined benefit obligation</b>  | <u>92,25,237</u>             | <u>92,26,858</u>             |
| <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  | 2,25,06,518                  | 1,94,19,432                  |
| Return on plan assets (excluding amounts included in net interest expense)   | 19,81,107                    | 17,31,479                    |
| Contributions  | 54,74,155                    | 23,05,902                    |
| Benefits paid  | (4,02,220)                   | (9,50,295)                   |
| <b>Closing fair value of plan assets</b>   | <u>2,95,59,560</u>           | <u>2,25,06,518</u>           |

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 ₹19,81,107 (2016-17: ₹17,31,479).



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

|   | As at<br>March 31, 2018<br>₹ | As at<br>March 31, 2017<br>₹ |
|---|------------------------------|------------------------------|
| <b>36. 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)   | 72,79,66,792                 | 59,61,14,153                 |
| Add: Book Overdraft   | 1,03,20,175                  | 21,60,966                    |
| Less: Cash and bank balances  | (5,30,76,300)                | (1,53,34,929)                |
| Net debt  | 68,52,10,667                 | 58,28,40,189                 |
| Total equity  | 93,75,22,522                 | 86,53,20,499                 |
| Net debt to total equity ratio  | 0.73                         | 0.67                         |
| <b>Categories of Financial Instruments:</b>   |                              |                              |
| <b>A. Financial assets</b>  |                              |                              |
| <b>(a) Measured at amortised cost:</b>  |                              |                              |
| Cash and bank balances  | (5,30,76,300)                | (1,53,34,929)                |
| Trade Receivables   | 47,05,08,126                 | 48,64,53,036                 |
| Loans   | 161,13,039                   | 10,788,615                   |
| <b>(b) Mandatorily measured at fair value through other comprehensive income (FVOCI):</b>   |                              |                              |
| Investments   | 2,24,575                     | 350,075                      |
| <b>B. Financial liabilities</b>   |                              |                              |
| <b>(a) Measured at amortised cost:</b>  |                              |                              |
| Borrowings  | 59,94,45,633                 | 47,45,39,684                 |
| Trade Payables  | 27,35,44,651                 | 30,22,61,755                 |
| Current maturity of Long Term Borrowings  | 12,85,21,160                 | 12,15,74,489                 |
| Others  | 23,09,86,974                 | 22,90,33,833                 |
| <b>(b) Mandatorily measured at fair value through profit or loss (FVTPL):</b>   |                              |                              |
| Derivative instruments  | -                            | -                            |
| <b>Financial risk management objectives</b>   |                              |                              |
| 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. |                              |                              |
| <b>Market risk</b>  |                              |                              |
| 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

36. 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, 2018

| Currency | Liabilities     | Assets         | Net overall exposure on the currency - net assets / (net liabilities) |
|----------|-----------------|----------------|---|
|          | Gross exposure* | Gross exposure |   |
| USD      | 6,53,53,904     | 9,11,43,825    | 2,57,89,921   |
| EUR      | 11,49,737       | -              | (11,49,737)   |
| GBP      | -               | 1,82,743       | 1,82,743  |
| JPY      | 47,94,474       | -              | (47,94,474)   |

\*Excludes exposure on Unutilised Letter of Credit aggregating Rs.3,89,42,258/-

As on March 31, 2017

| Currency | Liabilities    | Assets         | Net overall exposure on the currency - net assets / (net liabilities) |
|----------|----------------|----------------|---|
|          | Gross exposure | Gross exposure |   |
| USD      | 54,74,841      | 12,82,55,008   | 12,27,80,167  |
| EUR      | -              | -              | -   |
| GBP      | -              | 14,44,033      | 14,44,033   |
| JPY      | 64,99,146      | -              | (64,99,146)   |

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.

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

### Financial Instruments – (Contd.)

| Currency   | Equity (₹) |          | Profit or Loss (₹) |            |
|------------|------------|----------|--------------------|------------|
|            | 31-03-18   | 31-03-17 | 31-03-18           | 31-03-17   |
| USD Impact | -          | -        | 5,15,790           | 24,55,603  |
| EUR Impact | -          | -        | (22,995)           | -          |
| GBP Impact | -          | -        | 3,655              | 28,881     |
| JPY Impact | -          | -        | (95,889)           | (1,29,902) |

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.

#### Interest rate risk management

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates.

#### 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, 2018 would decrease/increase by Rs 16,77,251 (March 31, 2017: decrease/increase by Rs 23,86,096). 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.



NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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.

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 their discounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

| 31-03-18  | Due in 1st year     | Due in 2nd to 5th year | Due after 5th year | Carrying amount      |
|---|---------------------|------------------------|--------------------|----------------------|
| Trade payables  | 27,35,44,651        | 0                      | 0                  | 27,35,44,651         |
| Current maturity of long term borrowings                                | 12,85,21,160        | 0                      | 0                  | 12,85,21,160         |
| Other financial liabilities   | 10,24,65,814        |                        | 0                  | 10,24,65,814         |
| Borrowings (including interest accrued thereon upto the reporting date) | 36,41,47,084        | 23,52,98,548           | 0                  | 59,94,45,632         |
|   | <b>86,86,78,709</b> | <b>23,52,98,548</b>    | <b>0</b>           | <b>110,39,77,257</b> |

| 31-03-17  | Due in 1st year     | Due in 2nd to 5th year | Due after 5th year | Carrying amount      |
|---|---------------------|------------------------|--------------------|----------------------|
| Trade payables  | 30,22,61,755        | 0                      | 0                  | 30,22,61,755         |
| Current maturity of long term borrowings                                | 12,15,74,489        | 0                      | 0                  | 12,15,74,489         |
| Other financial liabilities   | 10,74,59,344        | 0                      | 0                  | 10,74,59,344         |
| Borrowings (including interest accrued thereon upto the reporting date) | 29,37,33,283        | 18,08,06,381           | 0                  | 47,45,39,664         |
|   | <b>82,50,28,871</b> | <b>18,08,06,381</b>    | <b>0</b>           | <b>100,58,35,252</b> |

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.

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

### 37. 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.

| Description | Year    | India<br>(₹)  | USA<br>(₹)   | Thailand<br>(₹) | Rest of the world<br>(₹) | Unallocated<br>(₹) | Total<br>(₹)  |
|-------------|---------|---------------|--------------|-----------------|--------------------------|--------------------|---------------|
| Revenue     | 2017-18 | 149,63,40,421 | 19,93,36,517 | 33,63,70,709    | 1,51,89,501              | 1,97,14,715        | 206,69,51,863 |
|             | 2016-17 | 142,94,63,125 | 17,89,36,914 | 29,12,76,150    | 8,60,196                 | 1,30,01,237        | 191,35,37,622 |
| Assets      | 2017-18 | 201,06,65,535 | 2,16,16,941  | 3,31,43,678     | 1,92,216                 | -                  | 206,56,18,370 |
|             | 2016-17 | 175,85,13,773 | 6,27,01,706  | 6,90,28,033     | 49,168                   | 30,02,984          | 189,32,95,664 |

Out of the above said revenue three customers represent more than 10% of the gross revenue and in total contribute 52.57% of the gross revenue.

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

|                                     | As at<br>March 31, 2018<br>₹ | As at<br>March 31, 2017<br>₹ |
|-------------------------------------|------------------------------|------------------------------|
| <b>38. NET DEBT RECONCILIATION:</b> |                              |                              |
| 1. Cash and cash equivalents        | 5,35,37,211                  | 1,61,17,712                  |
| 2. Liquid investments               | -                            | -                            |
| 3. Current borrowings               | 36,41,47,084                 | 29,37,33,283                 |
| 4. Non-current borrowings           | 36,38,19,708                 | 30,23,80,870                 |
| <b>Net debt</b>                     | <b>71,15,04,003</b>          | <b>61,22,31,865</b>          |

| Particulars                                 | Other assets            |                    | Liabilities from financing activities |                        |                    | Total         |
|---|-------------------------|--------------------|---------------------------------------|------------------------|--------------------|---------------|
|   | Cash and bank overdraft | Liquid investments | Finance lease obligations             | Non-current borrowings | Current borrowings |               |
| Net debt as at March 31, 2017               | 1,61,17,712             | -                  | -                                     | 30,23,80,870           | 29,37,33,283       | 61,22,31,865  |
| Cash flows                                  | 3,74,19,499             | -                  | -                                     | 6,03,42,415            | 7,04,13,802        | 16,81,75,715  |
| Acquisition - finance leases                | -                       | -                  | -                                     | -                      | -                  | -             |
| Foreign exchange adjustments                | -                       | -                  | -                                     | -                      | -                  | -             |
| Interest expense                            | -                       | -                  | -                                     | 7,14,94,407            | -                  | 7,14,94,407   |
| Interest paid                               | -                       | -                  | -                                     | (7,03,97,984)          | -                  | (7,03,97,984) |
| Other non-cash movements                    |                         |                    |                                       |                        |                    |               |
| - Acquisitions / disposals                  | -                       | -                  | -                                     | -                      | -                  | -             |
| - Fair value adjustments                    | -                       | -                  | -                                     | -                      | -                  | -             |
| Net debt as at March 31, 2018               | 5,35,37,211             | -                  | -                                     | 36,38,19,708           | 36,41,47,085       | 78,15,04,003  |
| Note:                                       |                         |                    |                                       |                        |                    |               |
| Assets represented by positive numbers      |                         |                    |                                       |                        |                    |               |
| Liabilities represented by negative numbers |                         |                    |                                       |                        |                    |               |

**39. RESEARCH AND DEVELOPMENT EXPENDITURE:**

| Particulars                         | 31-03-18         | 31-03-17         |
|-------------------------------------|------------------|------------------|
| Revenue                             |                  |                  |
| - Salaries, wages and bonus         | 29,14,026        | 24,43,961        |
| - Materials, consumables and spares | 2,21,725         | 2,27,553         |
| - Other Expenditure                 | 2,88,635         | 5,27,162         |
| <b>TOTAL</b>                        | <b>34,24,386</b> | <b>31,98,676</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.

**40. 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.

|  | Year ended<br>March 31, 2018<br>₹ | Year ended<br>March 31, 2017<br>₹ |
|--|-----------------------------------|-----------------------------------|
| Profit/(loss) for the year attributable to owners of the Company   | 7,33,34,365                       | (1,44,73,808)                     |
| Adjustments  | -                                 | -                                 |
| Earnings used in the calculation of basic earnings per share   | 7,33,34,365                       | (1,44,73,808)                     |
| Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations | Nos.                              | Nos.                              |
| Earnings used in the calculation of basic earnings per share from continuing operations  | 7,33,34,365                       | (1,44,73,808)                     |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share                                      | Nos.                              | Nos.                              |
|  | 1,26,75,865                       | 88,24,907                         |
| Basic and Diluted Earnings per share   | 5.79                              | (1.64)                            |

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

### 41. 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.                          | Ultimate Holding Company |
| Addison & Company Limited                           | Fellow Subsidiary        |
| George Oakes Limited                                | Fellow Subsidiary        |
| India Piltans Limited                               | Fellow Subsidiary        |
| IP Pins & Liners Limited                            | Fellow Subsidiary        |
| Shardlow India 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        |
| Amalgamations Repco Limited                         | Fellow Subsidiary        |
| L.M. Van Moppes Diamond Tools India Pvt Limited     | Fellow Subsidiary        |
| IPL Engine Components Pvt Limited                   | Fellow Subsidiary        |
| The United Nilgiri Tea Estates Company 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 Sirket | Fellow Subsidiary                     |
| TAFE Access Limited   | 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                     |
| Associated Publishers (Madras) Pvt Limited                                    | Fellow Subsidiary                     |
| Stanes Amalgamated Estates Limited  | Fellow Subsidiary                     |
| Stanes Motor Parts 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 director 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**

(c) Details of Transactions with Related Parties

| Name of the party                                  | Year    | Sale of goods | Renting of services - Income | Purchase of goods | Purchase of Capital items | Sale of Capital items | Technical fee paid | Receiving of services-Expense |
|--|---------|---------------|------------------------------|-------------------|---------------------------|-----------------------|--------------------|-------------------------------|
| Bimetal Bearings Limited                           | 2017-18 | 6,34,172      | 52,360                       | -                 | -                         | -                     | -                  | -                             |
|  | 2016-17 | 7,65,455      | 26,192                       | -                 | -                         | -                     | -                  | -                             |
| India Pistons Limited                              | 2017-18 | 26,02,84,102  | 7,12,38,505                  | 7,76,41,720       | -                         | -                     | -                  | 25,81,246                     |
|  | 2016-17 | 26,52,21,725  | 4,14,42,126                  | 7,56,22,492       | -                         | 3,64,587              | -                  | 28,25,068                     |
| IPL Engine Components Pvt Limited                  | 2017-18 | 31,728        | -                            | -                 | -                         | -                     | -                  | -                             |
|  | 2016-17 | 15,92,751     | -                            | -                 | -                         | -                     | -                  | -                             |
| George Oakes Limited                               | 2017-18 | -             | 24,28,197                    | -                 | -                         | -                     | -                  | 12,96,000                     |
|  | 2016-17 | -             | 24,45,465                    | -                 | -                         | -                     | -                  | -                             |
| Simpson & Co. Ltd.                                 | 2017-18 | 2,24,43,767   | -                            | -                 | -                         | -                     | -                  | 2,53,124                      |
|  | 2016-17 | 1,77,94,463   | -                            | -                 | -                         | -                     | -                  | 1,24,634                      |
| Tractors & Farm Equipment Limited                  | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
| IP Pins & Liners Limited                           | 2017-18 | 1,47,70,073   | -                            | 4,97,55,264       | -                         | -                     | -                  | 2,03,69,399                   |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | 79,06,235                     |
| Sri Rama Vilas Services Limited                    | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | 53,47,510                     |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | 62,18,468                     |
| Addison & Co. Limited                              | 2016-17 | -             | -                            | 4,69,688          | -                         | -                     | -                  | -                             |
|  | 2017-18 | -             | -                            | 13,47,251         | -                         | -                     | -                  | -                             |
| Amalgamations Pvt Limited                          | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | 5,86,436                      |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | 5,20,226                      |
| Amalgamations Repco Limited                        | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | 1,89,750                      |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | 1,36,574                      |
| Associated Printers (M) Pvt Limited                | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | 2,00,557                      |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
| Speed A-Way Pvt Limited                            | 2017-18 | -             | -                            | 2,90,840          | -                         | -                     | -                  | 12,32,559                     |
|  | 2016-17 | -             | -                            | 2,13,601          | -                         | -                     | -                  | 45,266                        |
| The Madras Advertising Co Private Limited          | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
| LM Van Moppers Diamond Tools India Private Limited | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
| Shardlow India Limited                             | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
| The United Nilgiri Tea Estates Co. Limited         | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
| Higginbothams Private Limited                      | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
| IP Rings Ltd Senior Executives Superannuation Fund | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
| IP Rings Ltd Employees Gratuity Fund               | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | -                             |
| A. Venkataraman                                    | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | 90,89,349                     |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | 83,64,489                     |
| R. Venkataraman                                    | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | 29,48,685                     |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | 21,16,867                     |
| S. Phiyammatha                                     | 2017-18 | -             | -                            | -                 | -                         | -                     | -                  | 16,92,110                     |
|  | 2016-17 | -             | -                            | -                 | -                         | -                     | -                  | 15,11,773                     |



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

(c) Details of Transactions with Related Parties (Contd.)

| Name of the party                                   | Year    | Management contracts including for depreciation of employees-Expense | Loan taken (Loan Repaid) | Outstanding Loans | Interest Paid | Issue of Shares | Contribution to Fund | Amounts Outstanding Dr./ (Cr.) |
|---|---------|--|--------------------------|-------------------|---------------|-----------------|----------------------|--------------------------------|
|   |         |  |                          |                   |               |                 |                      |                                |
| Bimalal Bearings Limited                            | 2017-18 | -  | -                        | -                 | -             | -               | -                    | 3,17,391                       |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | 3,67,781                       |
| India Pistons Limited                               | 2017-18 | -  | -                        | -                 | -             | -               | -                    | 13,22,08,276                   |
|   | 2016-17 | -  | 5,00,00,000              | -                 | 39,59,864     | 14,75,95,149    | -                    | 18,95,14,645                   |
| IPL Engine Components Pvt. Limited                  | 2017-18 | -  | -                        | -                 | -             | -               | -                    | 20,72,707                      |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | 20,40,992                      |
| George Oakes Limited                                | 2017-18 | -  | -                        | -                 | -             | -               | -                    | 2,20,101                       |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | 4,39,478                       |
| Simpson & Co. Ltd.                                  | 2017-18 | -  | 22,00,00,000             | -                 | 1,74,67,407   | 7,98,16,230     | -                    | 52,85,639                      |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | 9,04,038                       |
| Tractors & Farm Equipment Limited                   | 2017-18 | -  | -                        | -                 | -             | -               | -                    | -                              |
|   | 2016-17 | -  | -                        | -                 | -             | 6,87,30,490     | -                    | -                              |
| IP Pins & Liners Limited                            | 2017-18 | 88,31,800  | -                        | -                 | -             | -               | -                    | (13,38,438)                    |
|   | 2016-17 | 26,71,464  | -                        | -                 | -             | -               | -                    | (14,78,515)                    |
| Sri Rama Vilas Service Limited                      | 2017-18 | -  | -                        | -                 | -             | -               | -                    | (14,55,734)                    |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | (13,66,666)                    |
| Addison & Co. Limited                               | 2017-18 | -  | -                        | -                 | -             | -               | -                    | (70,383)                       |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | (5,75,668)                     |
| Amalgamations Pvt. Limited                          | 2017-18 | -  | -                        | -                 | -             | 2,72,71,100     | -                    | (1,15,438)                     |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | (1,93,788)                     |
| Amalgamations Repco Limited                         | 2017-18 | -  | -                        | -                 | -             | -               | -                    | -                              |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | -                              |
| Associated Printers (M) Pvt. Limited                | 2017-18 | -  | -                        | -                 | -             | -               | -                    | -                              |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | -                              |
| Speed-A-Way Pvt. Limited                            | 2017-18 | -  | -                        | -                 | -             | -               | -                    | -                              |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | (30,188)                       |
| The Madras Advertising Co. Private Limited          | 2017-18 | -  | -                        | -                 | -             | -               | -                    | (84,364)                       |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | -                              |
| LM Van Moyeres Diamond Tools India Private Limited  | 2017-18 | -  | -                        | -                 | -             | -               | -                    | -                              |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | (41,536)                       |
| Shardlow India Limited                              | 2017-18 | -  | -                        | -                 | -             | -               | -                    | (41,580)                       |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | -                              |
| The United Nigri Tea Estates Co. Limited            | 2017-18 | -  | -                        | -                 | -             | 1,42,000        | -                    | -                              |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | -                              |
| Higginbothams Private Limited                       | 2017-18 | -  | -                        | -                 | -             | 35,500          | -                    | -                              |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | -                              |
| IP Rings Ltd. Senior Executives Superannuation Fund | 2017-18 | -  | -                        | -                 | -             | -               | 18,46,159            | (18,46,159)                    |
|   | 2016-17 | -  | -                        | -                 | -             | -               | 15,87,752            | (15,87,752)                    |
| IP Rings Ltd. Employees Gratuity Fund               | 2017-18 | -  | -                        | -                 | -             | -               | 13,34,891            | (13,34,891)                    |
|   | 2016-17 | -  | -                        | -                 | -             | -               | 70,86,132            | (70,86,132)                    |
| A. Venkataramani                                    | 2017-18 | -  | -                        | -                 | -             | -               | -                    | (59,477)                       |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | (12,680)                       |
| R. Venkataraman                                     | 2017-18 | -  | -                        | -                 | -             | -               | -                    | -                              |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | -                              |
| S. Priyamvatha                                      | 2017-18 | -  | -                        | -                 | -             | -               | -                    | -                              |
|   | 2016-17 | -  | -                        | -                 | -             | -               | -                    | -                              |

42. Remuneration to Managing Director - The approval for the year 2013-14 for an amount of Rs.89,20,047/- inclusive of Whole Time Director is awaited from Central Government.

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

44. 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

### 45. SIGNIFICANT ACCOUNTING POLICIES

#### 1. 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, prepared under Company (Accounting Standards) Rules, 2015, for the year ended 31st March 2018 were adopted by the Company as on 16th May 2018.

#### 2. 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. Upto the year ended 31st March 2016, the Company prepared its financial statements in accordance with the previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2008 as amended from time to time. 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 4; and on an accrual basis as 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.

#### 3. 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 or later (a liability).

#### 4. 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.

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 with in 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.

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

### 45. SIGNIFICANT ACCOUNTING POLICIES—(Contd.)

- (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 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.
- 5. 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 and VAT credits.
- (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 I 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 justification obtained by the Company.
- (v) Application software, Dia 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.



NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

45. SIGNIFICANT ACCOUNTING POLICIES—(Contd.)

6. 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. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in profit or loss.

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.

7. Investments:

All investments are carried at fair value. Investments, which at the inception, have been designated to be held for a long term capital appreciation, the changes in the fair value 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.

8. 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 and VAT 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 inventory based on which provisions for obsolescence are made. The policy has specific time lines beyond which the inventory is analysed for its usefulness and any obsolete inventory is provided for.

(c) Customs Duty And Excise Duty

Value of finished stocks, at bonded warehouse and at the branches, includes Excise Duty. Customs duty on imports is accounted for at the time of clearance.

9. Foreign currency translation

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.

10. Revenue recognition

The Company recognizes revenue as follows:

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

- (i) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) The amount of revenue can be measured reliably;
- (iv) It is probable that the economic benefits associated with the transaction will flow to the entity; and
- (v) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

### 45. SIGNIFICANT ACCOUNTING POLICIES—(Contd.)

Revenue is reported net of discounts and indirect taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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

Revenue in respect of export benefits is recognised when the certainty of realisation of the benefits is established.

#### 11. 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.

#### 12. 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.

##### (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.

#### 13. 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.



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

**45. SIGNIFICANT ACCOUNTING POLICIES--(Contd.)**

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.

**14. 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.

**15. 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.

**16. 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 28(12) for segment information presented.

**17. 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.

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

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### 45. SIGNIFICANT ACCOUNTING POLICIES—(Contd.)

#### 18. 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.

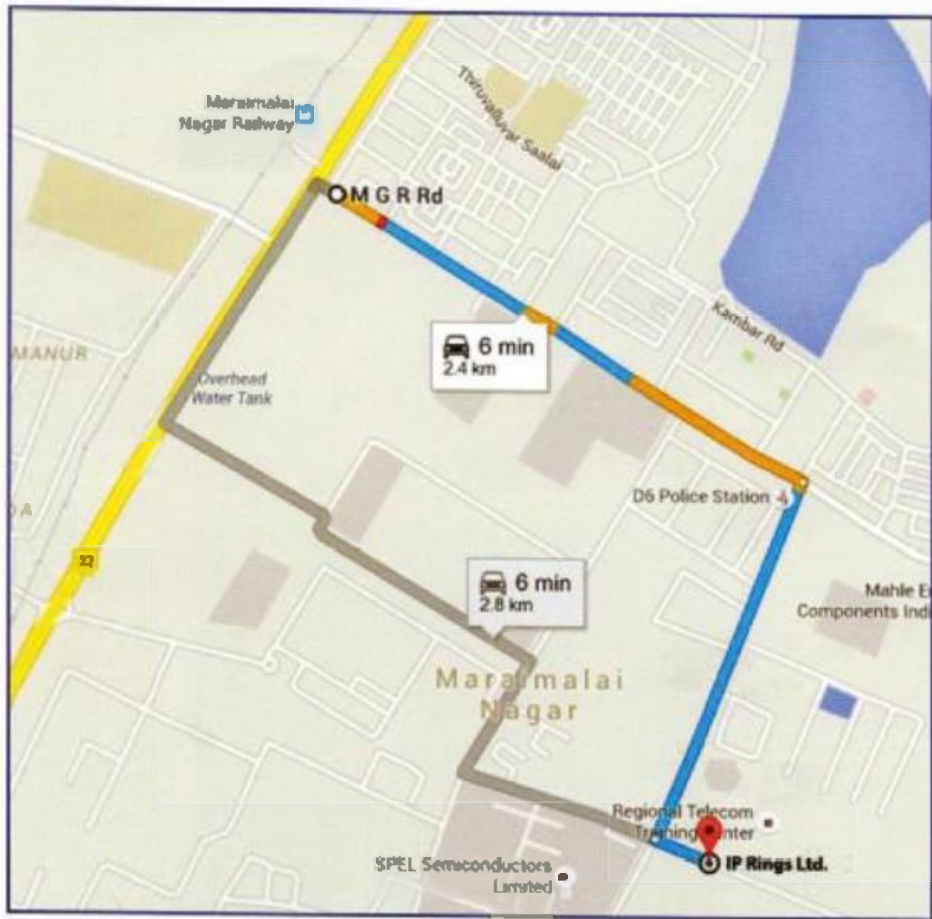
#### 19. Contributed Equity

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.

#### 20. 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.

### Route Map to the AGM Venue







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