

DIRECTORS

Mr. N VENKATARAMANI	Chairman
Mr. A VENKATARAMANI	Managing Director
Dr. R MAHADEVAN	Director
Mr. YOSHIO ONODERA	Director
Mr. P M VENKATASUBRAMANIAN	Director
Dr. R NATARAJAN	Director
Dr. SANDHYA SHEKHAR	Director
Mr. J. SHIVAKUMAR	Director
Mr. R VENKATARAMAN	Chief Financial Officer
Mrs. S PRIYAMVATHA	Company Secretary

AUDITORS

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

COST AUDITORS

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

LEGAL ADVISORS

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

BANKERS

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

REGISTERED OFFICE & FACTORY

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

SHARE TRANSFER AGENTS

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

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the **TWENTY SIXTH ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd.** will be held at 11.30 a.m. on Thursday, 27th July 2017 at the Registered Office of the Company at D-11/12, Industrial Estate, Maraimalai Nagar 603 209, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended on March 31, 2017 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, 2017, the Balance Sheet as on that date and annexure thereto, the Statement of changes in Equity and the Cash Flow Statement for the year ended on March 31, 2017, the Reports of Auditors and Directors thereon be and are hereby received and adopted."

2. To elect a Director in place of Dr R Mahadevan (DIN 00001690), who retires by rotation and, being eligible, offers himself for re-election and to pass the following Resolution as an Ordinary Resolution:

"RESOLVED that Dr R Mahadevan (DIN 00001690), who retires by rotation from the Board pursuant to the provisions of Section 152 of the Companies Act, 2013 be and is hereby re-elected as a Director of the Company."

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

"RESOLVED that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, Messrs. M S Krishnaswami & Rajan, Chartered Accountants, Chennai (Firm Regn No.001554S) be and is hereby appointed as Auditors of the Company in place of retiring Auditors M/s R G N Price & Co., Chartered Accountants (Firm Registration No.002785S), to hold office from the conclusion of this Annual General Meeting till the conclusion of the 31st Annual General Meeting of the Company to be held in the year 2022 (subject to ratification of their appointment at every Annual General Meeting, if so required under the Act) on such remuneration as may be fixed in this behalf by the Board of Directors of the Company."

SPECIAL BUSINESS:

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

"RESOLVED that 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 2017-18 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."

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

"RESOLVED that pursuant to the provisions of Section 181 of the Companies Act, 2013 and all other applicable provisions, if any, of the Act, the consent of the shareholders for the donations amounting to Rs. 3,00,000/- made to charities during the financial year 2016 - 2017, be and is hereby accorded."

Chennai
May 25, 2017

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

By Order of the Board

S PRIYAMVATHA
Company Secretary

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A proxy cannot act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than ten percent of the total share capital of the Company.
- The relative Statement pursuant to Section 102 of the Companies Act, 2013 in respect of business under item nos.4 & 5 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 20, 2017 to Thursday, July 27, 2017 (both days inclusive).
- Members / Proxies should bring the attendance slip duly filled in for attending the Meeting.
- Members / Proxies are requested to bring their copy of Annual Report to the Meeting.
- Members who have multiple Folios in identical names or joint names in the same order are requested to intimate to the Company those Folios to enable the Company to consolidate all such Shareholdings into a single Folio.
- Under Section 124(5) of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had transferred Unclaimed Dividend to the account of Investor Education and Protection Fund as per the Provisions.
- The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post, etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2008-09, as on the date of the 25th Annual General Meeting held on the 28th July 2016 on the website of the IEPF viz. iepf.gov.in and on the Website of the Company viz. www.iprings.com
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company.

Appointment / Reappointment of Directors:

- At the ensuing Annual General Meeting, Dr R Mahadevan, Director (DIN 00001690), retires by rotation and being eligible offers himself for reappointment.

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

- (i) Dr R Mahadevan (DIN 00001690), aged about 74 years has been a Director of the Company since July 1995. He is an Engineering Graduate and holds a Ph.D from IIT, Chennai. He has held various senior level management positions and retired as a Whole Time Director from India Pistons Limited.

Details of other Directorships / Committee Memberships held by him:

Directorship	Committee Membership
IP Pins & Liners Limited	
India Pistons Limited	
Amco Batteries Limited	
Amalgamations Valeo Clutch Pvt. Limited	
IPL Green Power Limited	
Simpson and Company Limited	Nomination and Remuneration Committee – Chairman

- The Company has appointed Mrs Lalitha Kannan, Partner, M/s. LK & Associates, Practicing Company Secretaries, Chennai to act as the Scrutinizer for conducting the e-Voting Process (including the Ballot Form received from the members, who do not have access to the e-Voting process), in a fair and transparent manner.
- Members who do not have access to e-Voting facility may send completed Ballot Form (enclosed with this Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, at the Registered Office of the Company not later than Wednesday, July 26, 2017. Ballot paper received after this date will be treated as invalid.
- In compliance with the provisions of Sections 108 and 110 of the Companies Act, 2013 read with The Companies (Management and Administration) Rules, 2014, the company is pleased to offer e-Voting facility to all the Shareholders of the Company. For this purpose, the Company has entered into an agreement with NSDL for facilitating e-voting to enable the Shareholders to cast their votes electronically.

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

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

- Open e-mail and open PDF file viz., "IP Rings e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-Voting. Please note that the password is an initial password.
- Launch internet browser by typing the following URL: <https://www.evoting.nsd.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 kannan.lalitha@gmail.com with a copy marked to evoting@nsdl.co.in

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

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

EVEN	USER ID	PASSWORD/PIN

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

- C. In case of any queries with respect to e-Voting, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Download section of www.evoting.nsdl.com
- 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, 2017. 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 24, 2017 @ 9.00 a.m. and ends on Wednesday, July 26, 2017 @ 5.00 p.m. The e-Voting module shall also be disabled by NSDL at 5.00 p.m. on the same day.
- I. The Scrutinizer will submit her report addressed to the Chairman of the Company, after completion of scrutiny of Ballot in a fair and transparent manner. The results of the Ballot will be announced within two days of the passing of Resolutions at the 26th 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 26th AGM of the Company.

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

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) per annum, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018.

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

During the financial year 2016-17 the Company had contributed a sum of Rs.3,00,000/- towards Charity. In as much as the said payment requires the consent of the Shareholders in conformity with Section 181 of the Companies Act, 2013 the Resolution is placed for approval.

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

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

Chennai
May 25, 2017

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

By Order of the Board

S PRIYAMVATHA
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the **Twenty Sixth Annual Report** together with the Audited Financial Statements for the year ended March 31, 2017 and the Auditor's Report thereon.

FINANCIAL RESULTS

	2016-2017	2015-2016
	(₹ in Lakhs)	
Profit before Finance charges, Depreciation and Tax	1541.03	1572.38
Finance Charges	996.32	852.35
Depreciation	801.09	695.37
Profit / (Loss) before Tax	(256.38)	24.66
Provision for Taxation (Net)	(111.64)	3.31
Profit / (Loss) After Tax	(144.74)	21.35
Other Comprehensive Income	(34.25)	(15.29)
Total Comprehensive Income	(178.99)	6.06

DIVIDEND

Your Directors do not recommend any Dividend for the year ended March 31, 2017.

REVIEW OF BUSINESS OPERATIONS

In continuation of the revival in economy recorded during the year 2015-16, the year under review 2016-17 also witnessed a satisfactory growth for the automobile industry. However the company faced many challenges during the year mainly arising out of the effects of demonetization in November-16 and Vardha storm in Chennai. The company was able to meet the challenges successfully due to dedicated efforts from all the employees and was in a position to develop new high quality and cost competitive products for the domestic as well as the export markets.

As a result, your Company has recorded a sale of Rs.190.05 crores, 44.32 % growth over the previous year. The growth was mainly driven by exports. In order to keep up with the growing demand, your Company has invested heavily in capital equipment during the last few years. The high cost of capital has resulted in increased finance cost and drop in profit levels. The capital equipments are all commissioned with the least delay resulting in higher volumes of business and improved absorption of overheads. The successful completion of the rights issue of Rs.50 crores has also helped the company in repayment of high cost loans, reduction in finance cost and improvement in potential profitability for the future. The benefits of reduction in interest cost and increase in volumes is being progressively realized as evident in the results achieved during the last quarter of the year.

Your Company ended the year with a loss of Rs. 144.74 lakhs against a marginal profit after tax of Rs.21.35 lakhs for the previous year.

As already mentioned during the year under review, your Company had successfully offered Rights Shares and the Shareholders have reposed their confidence on the Company by oversubscribing to the Shares. Majority of the borrowings were repaid out of the issue proceeds.

FUTURE PROSPECTS

The Indian Auto Industry is one of the largest and most competitive in the world. India is also a prominent auto exporter and has strong export growth for the near future. Several initiatives by the Government of India and major automobile players in the Indian market are expected to make India a leader by 2020. The Government of India encourages foreign investments in the auto sector and allows 100% FDI under the automatic route. Your Company has carefully understood the environment and is trying to convert all the challenges into opportunities.

Your Company has already enhanced its capacities & capabilities and is well poised to meet the challenges and achieve healthy rates of growth in sales and profitability in the coming years.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013, Dr R Mahadevan (DIN 00001690), retires by rotation and is eligible for reappointment.

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

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

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

OTHER POLICIES

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; &
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

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

CORPORATE GOVERNANCE

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

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

AUDITORS

Messrs. R.G.N Price & Co., Chartered Accountants (Firm Registration No.002785S) retire from the conclusion of this Annual General Meeting and Messrs. M S Krishnaswami & Rajan, Chartered Accountants (Firm Registration No.001554S), are being appointed as the Statutory Auditors of the Company for a period of 5 years from the conclusion of the 26th Annual General Meeting till the conclusion of 31st Annual General Meeting.

INTERNAL AUDITORS

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

COST AUDITORS

In terms of Notification dated 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.

CAPITAL RAISING

During the Financial year ended March 31, 2017, your Company has successfully completed capital raising by way of further issue of equity shares to the eligible existing shareholders on Rights Basis raising Rs.50 crores by issuing 56,33,718 Equity Shares of Rs.10/- each at an Issue Price of Rs.88.75/- per equity share including a premium of Rs.78.75 per Rights Equity Share. The issue was oversubscribed by 1.26 times. Your Directors wish to thank the Shareholders for the confidence reposed on the Company and its Directors. Post allotment of Equity Shares as aforesaid, the Issued, Subscribed and Paid up Capital of your Company stands at Rs.12,67,58,650/- comprising of 1,26,75,865 Equity Shares of Rs.10/- each as on March 31, 2017.

USE OF PROCEEDS

The proceeds raised through the Rights Issue were used for the purposes of Repayment of certain Loans and General Corporate Purposes, as mentioned in the Letter of Offer dated January 12, 2017.

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 and its relevant proviso 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 is 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.

For and on behalf of the Board

Chennai
May 25, 2017

N Venkataramani (DIN 00001639)
Chairman

Annexure to the Directors' Report for the year ended 31st March 2017
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:

	2016-2017	2015-2016
(a) Purchased :		
<i>Units in Lakhs</i>	87.31	67.28
<i>Total Amount (₹ in Lakhs)</i>	584.23	508.33
Rate / Unit - ₹	6.69	7.56
(b) Own Generation :		
Through Diesel Generator		
<i>Units in Lakhs</i>	5.58	2.68
<i>Units per litre of Diesel</i>	2.67	2.55
Cost / Unit - ₹	22.98	22.60

B. CONSUMPTION PER UNIT OF PRODUCTION (ELECTRICITY)

Products	Standards if any	2016 – 2017	2015 – 2016
Piston Rings	No Standards	0.20 kwh / ring	0.24 kwh / ring
Differential Gears Pole Wheels & Transmission Components	No Standards	0.67 kwh / comp	0.83 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 bigger diameter rings like 128 etc for Top & Oil Ring.
 Developed Piston Ring for smaller diameter thru wire and bar route. Trials under progress.

Developed Ring Pack for SUV range of vehicles in Diesel segment.

Developed preformed steel wire design for process improvement and Quality improvements

Orbital Cold Forming:

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

Developed Torus profile bevel pinion and differential gears with a groove in the Spline.

Developed Interspace broach for differential gear

**II. TECHNOLOGY ABSORPTION AND INNOVATION
RESEARCH & DEVELOPMENT:**

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

Piston Rings:

Development of bigger diameter rings like 128 etc for Top & Oil Ring has given an entry into export market.

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

Development of preform steel wire design has improved the quality levels in supplies of 2W rings & passenger car applications.

Orbital Cold Forming:

Hypoid gear is under testing and evaluation at the customer end. Development of Torus profile bevel pinion and differential gear with a groove in the Spline, has resulted in leap bound entry to General Motors by Dana and inturn exports for IPRL.

Development of interspace broach for differential gear has given an entry for supply of transmission gears to Force Motors .

3. Future Plan of Action:

Piston Rings:

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

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

Development of new low friction coating (DLC, Resin Coating, Tetrahedral amorphous Carbon, Composite coating etc) for meeting Euro V and VI norms.

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

Development of GN PVD side rails.

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

Orbital Cold Forming:

Development of lower EDL teeth height differential gears.

Die life improvement for all the runner parts.

Improvement in heat treatment process to minimise the distortion levels.

4. Expenditure on R&D:

Capital	₹	Nil
Revenue	₹	31,98,676/-
Total	₹	31,98,676/-
Total R & D Expenditure as a % of Total Turnover		0.17%

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

(i) Activities relating to Exports

Exploring further opportunities for export of Transmission Components

(ii) Total Foreign Exchange used and earned

Foreign Exchange earned ₹ 41,87,01,511/-

Foreign Exchange outgo ₹ 22,76,02,812/-

ANNEXURE TO DIRECTORS REPORT

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]**

I REGISTRATION AND OTHER DETAILS

(i)	CIN	:	L28920TN1991PLC020232
(ii)	Registration Date	:	30.01.1991
(iii)	Name of the Company	:	IP Rings Ltd.
(iv)	Category / Sub-Category of the Company	:	PUBLIC LIMITED COMPANY
(v)	Address of the Registered Office and contact details	:	D 11/12, Industrial Estate, Maraimalai Nagar - 603 209 Ph : (044) 2745 2816 / 2745 2929
vi)	Whether Listed Company Yes / No	:	YES
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	BTS CONSULTANCY SERVICES PVT LTD I Floor, M S Complex Plot No. 8, Sastri Nagar Nr. 200 Feet Road RTO Kolathur, Chennai - 600 099 Tel: (044) 2556 5121 Fax (044) 2556 5131 E-mail: helpdesk@btsindia.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Share Holding

S.No.	Category of Shareholders	No. of Shares held at the beginning 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)	A. Promoters									
	Indian									
	(a) Individual / HUF									
	(b) Central Govt									
	(c) State Govt (s)									
	(d) Bodies Corp.	3649832	0	3649832	51.83	7172057	0	7172057	56.58	4.75
	(e) Banks / FI									
	(f) Any Other									
	Sub-total (A) (1) :-	3649832	0	3649832	51.83	7172057	0	7172057	56.58	4.75

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

(i) Category-wise Share Holding

S.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	
(2)	Foreign									
	(a) NRIs - Individuals									
	(b) Other Individuals									
	(c) Bodies Corp.									
	(d) Banks / FI									
	(e) Any Other									
	Sub-total (A) (2) :-	-	-	-	-	-	-	-	-	-
	Total shareholding of Promoter (A) = (A) (1) + (A) (2)	3649832	0	3649832	51.83	7172057	0	7172057	56.58	4.75
1	B. Public Shareholding Institutions									
	(a) Mutual Funds		200	200	0.00		200	200	0.00	0.00
	(b) Banks / FI									
	(c) Central Govt									
	(d) State Govt (s)									
	(e) Venture Capital Funds									
	(f) Insurance Companies	205347		205347	2.92	138986	-	138986	1.10	-1.82
	(g) FIs									
	(h) Foreign Venture Capital Funds									
	(i) Others (specify)									
	Sub-total (B) (1) :-	205347	200	205547	2.92	138986	200	139186	1.10	-1.82
2	Non-Institutions									
	(a) Bodies Corp.									
	(i) Indian	818349	800	819149	11.63	1874028	1138	1875166	14.79	3.16
	(ii) Overseas									
	(b) Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	858014	322727	1180641	16.77	1517755	333812	1851567	14.61	-2.16
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	349343	77700	427043	6.06	645761	140220	785981	6.20	0.14
	(c) Others (HUF/NRI/Clearing Member)	55633	2	55635	0.79	147706	2	147708	1.16	0.38
	(d) Foreign Collaborators	704200	-	704200	9.99	704200	-	704200	5.56	-4.43
	Sub-total (B) (2) :-	2785539	401229	3186768	45.25	4889450	475172	5364622	42.32	-2.93
	Total Public shareholding (B) = (B) (1) + (B) (2)	2990886	401429	3392315	48.17	5028436	475372	5503808	43.42	-4.75
	C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	6640718	401429	7042147	100.00	12200493	475372	12675865	100.00	0.00

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

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1	India Pistons Ltd.	2078862	29.53	0	2685985	21.19	0	-8.34
2	Tractors & Farm Equipment Ltd.	778440	11.05	0	1440192	11.36	0	0.31
3	Simpson & Co. Ltd.	405930	5.76	0	2350000	18.54	0	12.78
4	Amalgamations Pvt. Ltd	384100	5.45	0	691380	5.45	0	0.00
5	The United Nilgiri Tea Estates Co. Ltd.	2000	0.03	0	3600	0.03	0	0.00
6	Higginbothams Private Ltd.	500	0.01	0	900	0.01	0	0.00
	Total	3649832	51.83	0	7172057	56.58	0	4.75

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

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

Sl. No.	Name of the Promoter	No. of shares held at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
	India Pistons Ltd.				
	At the beginning of the year	20,78,862	29.53	20,78,862	29.53
1	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for Increase/Decrease (e.g. Allotment / Transfer / Bonus / Sweat Equity, etc.)	Rights Issue Allotment			
		24.02.17	16,63,089	37,41,951	29.53
		Interse Transfer			
		03.03.17	-10,55,966	26,85,985	21.19
	Simpson & Co., Ltd.				
	At the beginning of the year	4,05,930	5.76	4,05,930	5.76
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer / Bonus / Sweat Equity, etc.)	Rights Issue Allotment			
		16.02.17	8,88,104	12,94,034	10.21
		Interse Transfer			
		03.03.17	10,55,966	23,50,000	18.54

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

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

S.No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Remarks
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company	
1	Enam Shares & Securities Pvt Ltd.					
	At the beginning of the year	501625	7.12	501625	7.12	
	24.02.17	564927	4.46	1066552	8.41	Rights Issue
	At the end of the year			1066552	8.41	
2	Nippon Piston Ring Co Ltd.					
	At the beginning of the year	704200	9.99	704200	9.99	
	At the end of the year			704200	5.56	
	Gagandeep Credit Capital Pvt Ltd.					
3	At the beginning of the year	56000	0.80	56000	0.80	
	22.07.16	59000	0.84	115000	1.63	Purchase
	24.02.17	129510	1.02	244510	1.93	Rights Issue
	At the end of the year			244510	1.93	
4	Bhavani Krishnamoorthy					
	At the beginning of the year	80500	1.14	80500	1.14	
	24.02.17	64400	0.51	144900	1.14	Rights Issue
	At the end of the year			144900	1.14	
5	Harmony Advisory Services LLP					
	At the beginning of the year	60000	0.85	60000	0.85	
	22.07.16	2718	0.04	62718	0.89	Purchase
	29.07.16	2282	0.03	65000	0.92	Purchase
	25.11.16	1192	0.02	66192	0.94	Purchase
	24.02.17	74545	0.59	140737	1.11	Rights Issue
	At the end of the year			140737	1.11	
	6	United India Insurance Co Ltd.				
	At the beginning of the year	90356	1.28	90356	1.28	
	21.02.17	15239	0.22	75117	1.07	Sale
	24.02.17	72284	0.57	147401	1.16	Rights Issue
	03.03.17	8415	0.07	138986	1.10	Sale
	At the end of the year			138986	1.10	
	7	Anvil Fintrade Pvt Ltd.				
	At the beginning of the year	50304	0.71	50304	0.71	
	24.02.17	56654	0.45	106958	0.84	Rights Issue
	At the end of the year			106958	0.84	
	8	Parvathi Madhavan				
	At the beginning of the year	34900	0.50	34900	0.50	
	24.02.17	27920	0.22	62820	0.50	Rights Issue
	27.03.17	41400	0.33	104220	0.82	Transmission
	At the end of the year			104220	0.82	
9	Concrete Techno Projects Limited					
	At the beginning of the year	-	-	-	-	
	30.06.16	1663	0.02	1663	0.02	Purchase
	08.07.16	1436	0.02	3099	0.04	Purchase
	15.07.16	315	0	3414	0.05	Purchase
	22.07.16	2027	0.03	5441	0.08	Purchase
	29.07.16	1634	0.02	7075	0.10	Purchase
	05.08.16	2930	0.04	10005	0.14	Purchase
	12.08.16	2094	0.03	12099	0.17	Purchase
	19.08.16	1493	0.02	13592	0.19	Purchase
	26.08.16	648	0.01	14240	0.20	Purchase
	02.09.16	3600	0.05	10640	0.15	Sale
	25.11.16	8998	0.13	1642	0.02	Sale
	02.12.16	9306	0.13	10948	0.16	Purchase
	09.12.16	22498	0.32	33446	0.47	Purchase
	23.12.16	14545	0.21	47991	0.38	Purchase
	At the end of the year			47991	0.38	
	10	Mallika Srinivasan				
	At the beginning of the year	47550	0.68	47550	0.68	
	At the end of the year			47550	0.38	
11	Shriram Murali					
	At the beginning of the year	47550	0.68	47550	0.68	
	At the end of the year			47550	0.38	

(v) **Shareholding of Directors and Key Managerial Personnel :**

S.No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	N Venkataramani				
	At the beginning of the year	24050	0.34	24050	0.34
	24.02.17 - Rights Issue allotment	20200	0.16	44250	0.35
2	A Venkataramani				
	At the beginning of the year	18400	0.26	18400	0.26
	24.02.17 - Rights Issue allotment	14720	0.12	33120	0.26
3	R Mahadevan				
	At the beginning of the year	600	0.01	600	0.01
	24.02.17 - Rights Issue allotment	480	0.00	1080	0.01
4	S Priyamvatha				
	At the beginning of the year	100	0.00	100	0.00
	08.04.16 - Sale of shares	50	0.00	50	0.00
	24.02.17 - Rights Issue allotment	56	0.00	106	0.00
	At the end of the year				

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	59,58,81,124	26,25,00,000	0	85,83,81,124
(ii) Interest due but not paid				
(iii) Interest accrued but not due	16,76,688	3,16,557	0	19,93,245
Total (i + ii + iii)	59,75,57,812	26,28,16,557	0	86,03,74,369
Change in Indebtedness during the financial year				
• Addition	34,78,26,562	5,00,00,000	0	39,78,26,562
• Reduction	42,00,93,535	23,99,99,998	0	66,00,93,533
Net Change	(7,22,66,973)	(18,99,99,998)	0	(26,22,66,971)
Indebtedness at the end of the financial year				
(i) Principal Amount	52,36,14,151	7,25,00,002	0	59,61,14,153
(ii) Interest due but not paid				
(iii) Interest accrued but not due	16,93,791	72,630	0	17,66,421
Total (i + ii + iii)	52,53,07,942	7,25,72,632	0	59,78,80,574

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

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

(₹)

Sl.No.	Particulars of Remuneration	A. Venkataramani, MD	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	62,83,946.00	62,83,946.00
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	20,80,543.00	20,80,543.00
	(c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as a % of profit	-	-
	- others, specify	-	-
5	Others, please specify		
	Total (A)	83,64,489.00	83,64,489.00
	Ceiling as per the Act	84,00,000.00	84,00,000.00

B. Remuneration to other Directors :**(₹)**

Particulars of Remuneration	Name of Directors				Total Amount
	P M Venkatasubramanian	R Natarajan	Sandhya Shekhar	J Shivakumar	
Independent Directors					
- Fee for attending Board / Committee Meetings	2,00,000	1,15,000	1,85,000	1,25,000	6,25,000
- Commission	0	0	0	0	0
- Others, please specify	0	0	0	0	0
Total (1)	2,00,000	1,15,000	1,85,000	1,25,000	6,25,000
Other Non-Executive Directors	N Venkataramani	R Mahadevan	Yoshio Onodera		
- Fee for attending Board / Committee Meetings	1,05,000	1,30,500	0	0	2,35,500
- Commission	0	0	0	0	0
- Others, please specify	0	0	0	0	0
Total (2)	1,05,000	1,30,500	0	0	2,35,500
Total (B) = (1+2)	3,05,000	2,45,500	1,85,000	1,25,000	8,60,500

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

Sl.No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,11,773	20,83,372	35,95,145
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	0	33,495	33,495
	(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	15,11,773	21,16,867	36,28,640

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

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of IP Rings Ltd, Chennai.

We have reviewed the compliance conditions of Corporate Governance by **IP Rings Ltd.** ("the Company") for the year ended 31st March 2017 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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

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

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

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

Mahesh Krishnan
Partner
Membership No. 206520

Chennai
May 25, 2017

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, 2017, received from the Board Members and Senior Management Personnel, a Declaration of Compliance with the Code of Conduct as applicable to them.

Chennai
May 25, 2017

A Venkataramani (DIN 00277816)
Managing Director

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Code of Governance

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

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

1. Board of Directors

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

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

2. Attendance of each Director at the Board Meetings held during the FY 2016-2017 and at the last AGM and details of other Directorships

Nine Board Meetings were held during the year 2016-2017. The dates on which the meetings were held are: 05.05.2016, 27.05.2016, 28.07.2016, 07.09.2016, 12.10.2016, 07.12.2016, 04.01.2017, 09.02.2017 & 29.03.2017. The attendance records of all Directors are as under:

Director	No. of Board Meetings Attended	Last AGM Attended	Directorships in other Companies	Committee Memberships in other Companies
Mr N Venkataramani	9	Yes	12	03
Mr A Venkataramani	9	Yes	05	00
Dr R Mahadevan	9	Yes	06	01
Mr Yoshio Onodera	1	Yes	00	00
Mr P M Venkatasubramanian	8	Yes	05	06
Dr R Natarajan	5	No	00	00
Dr Sandhya Shekhar	8	Yes	01	00
Mr J Shivakumar	5	Yes	01	01

3. Remuneration to Directors

The details of remuneration paid / payable to all the Directors for the year 2016-2017 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	1,05,000.00	–	44,250
Dr R Mahadevan	1,30,500.00	–	1,080
Mr Yoshio Onodera	0.00	–	–
Mr P M Venkatasubramanian	2,00,000.00	–	–
Dr R Natarajan	1,15,000.00	–	–
Dr Sandhya Shekhar	1,85,000.00	–	–
Mr J Shivakumar	1,25,000.00	–	–

Apart from sitting fee, the Non-Executive Directors are eligible for commission upto 1% of the net profits, in aggregate, as per the provisions of Section 197 of the Companies Act, 2013. Compensation paid to each individual director is limited to a sum as determined by the Board. The Board on an annual basis reviews the performance of the Independent Directors.

ii. Managing Director (No Sitting Fee)

	Managing Director (₹)
Fixed Component Salary	62,83,946.00
Perquisites	20,80,543.00
Variable Component – Commission	–
Total	83,64,489.00

4. Audit Committee

Terms of Reference:

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

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

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

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

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

The Audit Committee met five times during the year. The dates on which the meetings were held are: 27.05.2016, 07.09.2016, 12.10.2016, 07.12.2016 & 09.02.2017. 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	5
Mr J Shivakumar	3
Dr Sandhya Shekar	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 Priyamvatha, Company Secretary is the Secretary of the Committee. She is the Compliance Officer of the Company.

The Stakeholders Relationship Committee met once during the year. The date on which the meeting was held is 09.02.2017. 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 1 complaint was received from the Shareholders, all of which have been resolved. The Company had no complaints pending at the close of the financial year.

6. Nomination & Remuneration Committee:

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

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

The Committee comprises of four Directors. The names and members of the Committee are as follows:-

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

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

During the year under review, the Committee met once viz., 27.05.2016.

Member	No. of Meetings Attended
Mr P M Venkatasubramanian	0
Dr R Natarajan	0
Dr R Mahadevan	1
Mr J Shivakumar	1

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 09.02.2017, inter alia to review the performance of Non Independent Directors and the Board as a whole, review the performance of Chairman of the Company and to assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

The Company has a Whistle Blower Policy and that no personnel have been denied access to the Audit Committee. In the preparation of Financial Statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act.

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

8. Annual General Meetings

Location and time of last 3 Annual General Meetings were:

Year	GM	Location	Date	Time
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
2013-2014	AGM	D-11/12, Industrial Estate Maraimalai Nagar - 603 209	31.07.2014	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.

10. Quarterly Results

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

11. General Shareholder Information

AGM: Date, Time and Venue	27.07.2017 @ 11.30 a.m. D-11/12, Industrial Estate, Maraimalai Nagar - 603 209
Financial Calendar	April to March First Quarter Results - July Half Year - October Third Quarter- January Annual Results - May
Date of Book Closure	20.07.2017 to 27.07.2017 (both days inclusive)
Listing	BSE Limited (BSE), Mumbai
Stock Code	523638
ISIN	INE 558 A01019

Shareholding Pattern

Category	No. of Shares held	% to Capital
Promoters	71,72,057	56.58
Mutual Funds & UTI	200	0.00
Banks, FI's, Insurance Cos.	1,38,986	1.10
Private Bodies Corporate	18,75,166	14.79
Indian Public	27,77,858	21.91
NRI's / OCB's	7,398	0.06
Foreign Collaborators	7,04,200	5.56
Total	1,26,75,865	100.00

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

Month	IPRL (BSE)		BSE Sensex	
	LOW (₹)	HIGH (₹)	LOW	HIGH
April 2016	115.80	128.50	24,523.20	26,100.54
May 2016	110.05	139.00	25,057.93	26,837.20
June 2016	117.30	137.50	25,911.33	27,105.41
July 2016	124.65	147.80	27,034.14	28,240.20
August 2016	139.00	188.00	27,627.97	28,532.25
September 2016	166.00	228.00	27,716.78	29,077.28
October 2016	193.20	222.00	27,488.30	28,477.65
November 2016	165.10	238.00	25,717.93	28,029.80
December 2016	175.00	238.00	25,753.74	26,803.76
January 2017	129.05	283.95	26,447.06	27,980.39
February 2017	125.10	148.50	27,590.10	29,065.31
March 2017	120.50	138.80	28,716.21	29,824.62

Share Transfer Agents

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

Share Transfer System

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

Dematerialisation of Shares

96.25% of the Paid up Capital has been dematerialised as on 31.03.2017.

Plant Location

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

Address for Correspondence

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

E-mail for Investors

investor@iprings.com

Website

www.iprings.com

NON-MANDATORY REQUIREMENTS

- The Company does not maintain a separate Chairman's Office
- The half yearly results of the Company are published in an English Daily having a wide circulation and in a Tamil Daily. The results are not sent to the shareholders individually. However, the Company is displaying the financial results in its web site.
- The internal auditors report to the Audit Committee.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Developments:

The Indian Auto Industry is one of the largest in the world. The industry accounts for 7.1 percent of the Country's GDP. India is also a prominent exporter and has strong export growth expectations for the near future. In order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few years. The Government of India also encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route. The Indian automotive aftermarket is estimated to grow at around 10-15 per cent to reach US\$ 16.5 billion by 2021.

Opportunities and Threats:

The automotive industry is facing huge transformations, set to affect not only manufacturers but also component suppliers and sub-contractors. With the advent of e-vehicles and alternative fuel such as Shell gas, CNG and others, automobile and auto component companies are forced to expend more on R&D to drive to the next phase of growth through use of renewable energy sources. This poses a serious threat but also brings great opportunities. Companies like Volvo, Daimler Chrysler, Bharat Benz are betting high and are targeting India due to increase in demand of luxury public transportation system. Also with the increase in nuclear families, there has been increase in demand of two wheelers & compact cars and this will grow further. The likely implementation of GST is expected to have an impact on automobiles production.

Intense competition, volatility in fuel prices, sluggish economy, high fixed cost, further investment in R&D and combating counterfeits pose threats to your Company.

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

Segment-wise Product Performance:

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

Outlook:

Auto component industry is expected to grow by up to 10 per cent in the current fiscal on the back of sales growth in passenger vehicles and motor cycle segments. Over the medium to long term, growth in the industry will be higher than the underlying industry growth, given the increasing localization by OEMs, higher component content per vehicle and rising exports from India.

For IPRL, consistent quality management practices, cost effectiveness, identifying newer markets, improved exports and innovative engineering – all these elements will make the Company to excel in future.

Risks and Concerns:

The risks and concerns of the Indian auto component industry are closely linked with fierce overseas competition, high cost of capital, availability of skilled labour and spurious parts. The industry efforts to mitigate the above risks along with policy measures of the government would determine the impact of the above risks on the industry going forward.

Internal Control Systems:

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

Financial Performance:

Your Company has achieved a record turnover of Rs. 190.05 Crores for the year 2016-17 and ended the same with a loss of Rs. 144.74 Lakhs while compared to a PAT of Rs. 21.35 Lakhs recorded in the previous year.

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, 2017)

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

To,

The Members
IP Rings Limited
D 11-12, Industrial Estate, Maraimalai Nagar,
Kancheepuram District-603 209.

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, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by IP Rings Limited ("**The Company**") for the period ended on March 31, 2017 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.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, Listing Agreements, Standards 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 25th Annual General Meeting held on 28th July, 2016;
 - (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) issue of shares on Rights basis to the existing shareholders of the Company
 - (n) transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
 - (o) transfer of certain amounts to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
 - (p) borrowings and registration, modification and satisfaction of charges wherever applicable;
 - (q) investment of the Company's funds including investments and loans to others;
 - (r) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule III to the Act;
 - (s) Directors' report to the shareholders;
 - (t) contracts, common seal, registered office and publication of name of the Company; and
 - (u) Generally, all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder to the extent they were in force during the period under report.

4. We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - Notice of all the Board meetings was given to all the Directors, alongwith agenda and detailed notes on agenda atleast seven days in advance and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting to enable meaningful participation at the meeting.
 - Majority decisions were carried through and a proper system exists for capturing and recording the dissenting members' views as part of the minutes.
 - The Company has obtained all necessary approvals under the various provisions of the Companies Act, 2013 to the extent applicable;
 - 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 during the period under report complied with all the formalities with respect to listing of the Shares issued on Rights basis, on the Bombay Stock Exchange.
 10. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
 11. The Company has complied with the provisions of The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

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

For L K & Associates
Company Secretaries

LALITHA KANNAN
C.P. 1894

Place: CHENNAI
Date : 08.05.2017

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

‘ANNEXURE A’

To,

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

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

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

Place: CHENNAI
Date : 08.05.2017

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

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

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

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

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

Report on the IND AS Financial Statements

We have audited the accompanying IND AS financial statements of **IP Rings Limited ("the Company")** which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement 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 IND AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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

Our responsibility is to express an opinion on these 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 there under.

We conducted our audit of 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 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in 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.

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

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, of the financial position of the Company as at 31st March, 2017 and its financial performance including other comprehensive income and its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid IND AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant Rules issued there under.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its IND AS financial statements. Refer Note 28 (2) of the IND AS financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) The Company had provided requisite disclosures in Note 28 (17) of the IND AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

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

Mahesh Krishnan
Partner
Membership No. 206520

Chennai
25.05.2017

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a policy of physically verifying its fixed assets once in two years which in our opinion is reasonable having regard to the size of the Company and its business. During the year 2016-17 fixed assets have been physically verified by the management. According to the information and explanation given to us and based on our examination of records no material discrepancies were noticed on such verification.
- (c) We have verified the title deeds of immovable properties held by the Company and the immovable properties are held in the name of the Company. Refer Note 28 (1) to the notes on Accounts.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the Management. The discrepancies noticed on physical verification were not material as compared to book records and have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The provisions of Section 185 and 186 of the Act are not applicable, since the Company has not granted any loans to Directors nor has granted any loan or guarantee or security to any Company, body corporate or to any person. The investment made by the Company is in compliance with Section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to The Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under section 148 (1) of Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however, not made the detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. There are no arrears of outstanding undisputed statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.
- (b) There are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax those have not been deposited on account of dispute except:

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

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

Annexure-B referred to in Clause (f) of Paragraph 2 of Report on Other Legal and Regulatory Requirements of our report of even date on the Accounts of the Company, for the year ended 31st March 2017.

We have audited the internal financial controls over financial reporting of **IP Rings Limited** ('the Company') as of March 31, 2017 in conjunction with our audit of the IND AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

According to the information and explanations given to us and based on our audit, the Company has, in all material respects, an adequate internal financial control over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Chennai
May 25, 2017

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

Mahesh Krishnan
Partner
Membership No. 206520

ACCOUNTS

BALANCE SHEET

ASSETS	Note No.	March 31, 2017 ₹	March 31, 2016 ₹	April 01, 2015 ₹
Non-current assets				
(a) Property, Plant and Equipment	1.a	84,20,59,442	79,60,37,216	67,32,11,501
(b) Capital work-in-progress		3,42,13,465	87,07,198	2,53,997
(c) Intangible assets	1.b	41,37,532	81,48,051	1,41,90,235
(d) Intangible assets under development	1.c	83,36,065	60,61,537	23,20,276
(e) Financial assets – Investments	2	3,50,075	10,97,605	6,40,930
(f) Deferred tax assets (net)	14	30,02,984	–	–
(g) Other non-current assets	3	9,37,05,083	5,88,83,487	5,24,67,503
Current assets				
(a) Inventories	4	33,76,66,431	26,52,55,135	24,46,96,677
(b) Financial assets				
(i) Trade receivables	5	48,64,53,036	34,40,25,088	24,35,20,654
(ii) Cash and cash equivalents	6	1,53,34,929	1,49,77,098	1,14,02,885
(iii) Bank balances other than (ii) above	7	7,82,783	8,96,897	11,33,538
(iv) Other financial assets	8	3,68,40,183	2,34,68,226	2,35,67,289
(c) Other current assets	9	2,78,16,456	2,91,73,970	1,75,14,588
TOTAL ASSETS		189,06,98,464	155,67,31,508	128,49,20,073
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	10	12,67,58,650	7,04,21,470	7,04,21,470
(b) Other equity	11	73,85,61,849	33,16,64,618	33,16,49,292
Liabilities				
Non-current liabilities				
(a) Financial liabilities - Borrowings	12	18,08,06,381	14,13,88,769	20,84,13,665
(b) Provisions	13	70,51,396	59,24,170	54,13,274
(c) Deferred tax liabilities (Net)	14	–	81,61,861	80,61,597
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	15	29,37,33,283	62,25,21,581	33,81,97,906
(ii) Trade payables	16	32,69,43,006	17,13,63,056	14,66,87,808
(iii) Other financial liabilities	17	15,00,99,427	15,96,29,380	14,96,00,880
(b) Other current liabilities	18	6,26,57,307	4,36,95,452	2,57,60,147
(c) Provisions	19	40,87,165	19,61,151	7,14,034
TOTAL EQUITY AND LIABILITIES		189,06,98,464	155,67,31,508	128,49,20,073

The accompanying notes form an integral part of the financial statements

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

R. VENKATARAMAN
Chief Financial Officer

A. VENKATARAMANI (DIN 00277816)
Managing Director

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

S PRIYAMVATHA
Company Secretary
Chennai
25.05.2017

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

MAHESH KRISHNAN
Partner
Membership No. 206520

STATEMENT OF PROFIT AND LOSS

	Note No.	For the year ended March 31, 2017 ₹	For the year ended March 31, 2016 ₹
Revenue From Operations	20	190,05,36,385	131,68,83,893
Other Income	21	2,12,78,553	52,30,062
Total Revenue		192,18,14,938	132,21,13,955
Expenses			
Cost of materials consumed	22	63,99,73,767	41,97,32,504
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	23	(5,61,74,552)	(2,02,57,241)
Excise Duty		16,46,75,433	13,51,94,246
Employee Benefits Expense	24	25,31,09,134	18,24,92,212
Finance Costs	25	9,96,32,076	8,52,35,206
Depreciation and Amortisation Expense	1.a, 1.b	8,01,09,233	6,95,36,797
Other Expenses	26	76,61,28,500	44,77,13,819
Total Expenses		194,74,53,591	131,96,47,543
Profit/ (loss) before exceptional items and tax		(2,56,38,653)	24,66,412
Exceptional items		-	-
Profit/ (loss) before tax		(2,56,38,653)	24,66,412
Tax Expense			
(1) Current tax		-	-
(2) Deferred tax		(1,11,64,845)	3,31,066
Profit/ (loss) for the period		(1,44,73,808)	21,35,346
Other Comprehensive Income, net of deferred tax	11		
A (i) Items that will not be reclassified to profit or loss			
– Actuarial gain or loss		(34,85,836)	(14,71,702)
– Fair valuation of investments valued through OCI		74,800	(72,325)
B (i) Items that will be reclassified to profit or loss			
– Hedging Reserve		(14,463)	14,463
Total Other Comprehensive Income, net of deferred tax		(34,25,499)	(15,29,564)
Total Comprehensive Income		(178,99,307)	6,05,782
Profit / (loss) attributable to equity share holders		(144,73,808)	21,35,346
Earnings per Equity Share, Face Value of the Share Rs.10/-			
– Basic & Diluted		(1.64)	0.24

The accompanying notes form an integral part of the financial statements

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

R. VENKATARAMAN
Chief Financial Officer

A. VENKATARAMANI (DIN 00277816)
Managing Director

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

S PRIYAMVATHA
Company Secretary
Chennai
25.05.2017

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

MAHESH KRISHNAN
Partner
Membership No. 206520

**PROPERTY, PLANT AND EQUIPMENT
NOTES TO BALANCE SHEET**

1.a Tangible Assets

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Particulars	Land- Freehold	Land- Leasehold	Buildings	Plant & Machinery	Electrical Installations	Furniture & Fixtures	Vehicles	Office Equipment	Total
Gross carrying value as of April 1, 2016	19,16,525	13,23,080	12,54,10,503	133,32,14,327	4,53,25,003	1,25,64,377	1,69,15,618	6,16,82,524	159,83,51,957
Additions	-	-	1,75,72,353	8,40,24,947	92,77,664	37,14,934	51,21,420	29,09,579	12,26,20,897
Deletions	-	-	-	-	-	-	(14,97,417)	-	(14,97,417)
Gross carrying value as of March 31, 2017	19,16,525	13,23,080	14,29,82,856	141,72,39,274	5,46,02,667	1,62,79,311	2,05,39,621	6,45,92,103	171,94,75,437
Accumulated depreciation as of April 1, 2016	-	-	4,17,04,177	66,83,52,288	2,28,17,775	96,65,221	64,46,766	5,33,28,514	80,23,14,741
Depreciation / Amortisation	-	-	41,01,830	6,12,89,580	36,73,156	6,42,109	19,86,373	44,05,666	7,60,98,714
Depreciation / Amortisation on deletions	-	-	-	-	-	-	(9,97,460)	-	(9,97,460)
Accumulated depreciation as of March 31, 2017	-	-	4,58,06,007	72,96,41,868	2,64,90,931	1,03,07,330	74,35,679	5,77,34,180	87,74,15,995
Carrying value as of March 31, 2017	19,16,525	13,23,080	9,71,76,849	68,75,97,406	2,81,11,736	59,71,981	1,31,03,942	68,57,923	84,20,59,442
Carrying value as of April 1, 2016	19,16,525	13,23,080	8,37,06,326	66,48,62,039	2,25,07,228	28,99,156	1,04,68,852	83,54,010	79,60,37,216

1.b Intangible Assets

Particulars	Technical Knowhow fee	Product Development	Product Development Internally Generated	Total
Gross carrying value as of April 1, 2016	4,03,76,578	34,61,178	1,04,68,543	5,43,06,299
Additions	-	-	-	-
Deletions	-	-	-	-
Gross carrying value as of March 31, 2017	4,03,76,578	34,61,178	1,04,68,543	5,43,06,299
Accumulated depreciation as of April 1, 2016	3,42,23,048	34,61,178	84,74,022	4,61,58,248
Depreciation / Amortisation	30,10,518	-	10,00,001	40,10,519
Depreciation / Amortisation on deletions	-	-	-	-
Accumulated depreciation as of March 31, 2017	3,72,33,566	34,61,178	94,74,023	5,01,68,767
Carrying value as of March 31, 2017	31,43,012	-	9,94,520	41,37,532
Carrying value as of April 1, 2016	61,53,530	-	19,94,521	81,48,051

1.c Intangible Assets under development

Particulars	Total
As of March 31, 2017	83,36,065
As of March 31, 2016	60,61,537

**PROPERTY, PLANT AND EQUIPMENT
NOTES TO BALANCE SHEET – (Contd.)**

1.a Tangible Assets

Particulars	Land- Freehold	Land - Leasehold	Buildings	Plant & Machinery	Electrical Installations	Furniture & Fixtures	Vehicles	Office Equipment	Total
Deemed Cost as of April 1, 2015	19,16,525	13,23,080	8,13,21,675	55,10,26,968	1,94,19,958	20,44,174	97,23,847	64,35,274	67,32,11,501
Additions	-	-	65,13,487	16,42,80,860	60,38,271	12,48,787	29,35,929	56,64,025	18,66,81,359
Deletions	-	-	-	-	-	-	(30,13,630)	-	(30,13,630)
Gross carrying value as of March 31, 2016	19,16,525	13,23,080	8,78,35,162	71,53,07,828	2,54,58,229	32,92,961	96,46,146	1,20,99,299	85,68,79,230
Depreciation / Amortisation	-	-	41,28,836	5,04,45,789	29,51,001	3,93,805	18,29,893	37,45,289	6,34,94,613
Depreciation / Amortisation on deletions	-	-	-	-	-	-	(26,52,599)	-	(26,52,599)
Accumulated depreciation as of March 31, 2016	-	-	41,28,836	5,04,45,789	29,51,001	3,93,805	(8,22,706)	37,45,289	6,08,42,014
Carrying value as of March 31, 2016	19,16,525	13,23,080	8,37,06,326	66,48,62,039	2,25,07,228	28,99,156	1,04,68,852	83,54,010	79,60,37,216

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1.b Intangible Assets

Particulars	Technical Knowhow fee	Product Development	Product Development Internally Generated	Total
Deemed Cost as of April 1, 2015	1,11,54,293	503	30,35,439	1,41,90,235
Additions	-	-	-	-
Deletions	-	-	-	-
Gross carrying value as of March 31, 2016	1,11,54,293	503	30,35,439	1,41,90,235
Depreciation / Amortisation	50,00,763	503	10,40,918	60,42,184
Depreciation / Amortisation on deletions	-	-	-	-
Accumulated depreciation as of March 31, 2016	50,00,763	503	10,40,918	60,42,184
Carrying value as of March 31, 2016	61,53,530	-	19,94,521	81,48,051

1.c Intangible Assets under development

Particulars	Total
As of March 31, 2016	60,61,537
As of March 31, 2015	23,20,276

NOTES TO BALANCE SHEET – (Contd.)

	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
2. Investments			
(a) Investments carried at fairvalue through OCI			
5,500 equity shares of Rs.2 each fully paid in Corporation Bank, Market Value being Rs.52.65 (Quoted)	2,89,575	2,14,775	2,87,100
(b) Investments (Unquoted)			
88,283 equity shares of Rs 10 each fully paid in Windage Power Co Private Limited	–	8,82,830	3,53,830
6,050 equity shares of Rs 10 each fully paid in K.Ramakrishnan Clean Energy Pvt Ltd.,	60,500	–	–
	<u>3,50,075</u>	<u>10,97,605</u>	<u>6,40,930</u>
Note: The fair value has been reckoned as acquisition cost for unquoted investment			
3. Other non-current assets			
(a) Capital Advances	6,04,95,270	2,81,93,674	2,25,62,190
(b) Advance Income Tax	3,32,09,813	3,06,89,813	2,99,05,313
	<u>9,37,05,083</u>	<u>5,88,83,487</u>	<u>5,24,67,503</u>
4. Inventories			
(a) Raw materials	7,95,45,432	8,21,87,337	8,67,25,005
Raw Material - Intransit	49,37,318	46,65,139	21,71,583
	<u>8,44,82,750</u>	<u>8,68,52,476</u>	<u>8,88,96,588</u>
(b) Work-in-progress	10,78,27,196	8,54,72,454	6,14,16,800
(c) Finished goods	7,71,36,296	4,33,16,487	4,71,14,900
(d) Stores	5,38,98,621	3,74,70,701	3,50,10,890
(e) Loose tools	1,43,21,568	1,21,43,017	1,22,57,499
	<u>33,76,66,431</u>	<u>26,52,55,135</u>	<u>24,46,96,677</u>
5. Trade receivables			
Unsecured considered good	48,64,53,036	34,40,25,088	24,35,20,654
Unsecured considered doubtful	30,03,276	–	–
Less: Allowance for doubtful receivables	(30,03,276)	–	–
	<u>48,64,53,036</u>	<u>34,40,25,088</u>	<u>24,35,20,654</u>
6. Cash and cash equivalents			
Cash on hand	41,147	49,262	72,118
Bank Balances			
(a) Balances with banks:			
– in current accounts	1,52,93,782	1,49,27,836	1,13,30,767
	<u>1,53,34,929</u>	<u>1,49,77,098</u>	<u>1,14,02,885</u>
7. Other Bank Balances			
Earmarked balances for dividend	7,82,783	8,96,897	11,33,538
	<u>7,82,783</u>	<u>8,96,897</u>	<u>11,33,538</u>

NOTES TO BALANCE SHEET – (Contd.)

	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
8. Other Financial Assets			
Advances other than capital advances			
Unsecured, considered good			
(a) Security Deposits			
– Lease Rent Deposits	25,56,000	24,60,000	22,11,000
– Other Deposits	78,24,919	71,94,599	49,31,383
(b) Other loans and advances			
– Others	2,64,59,264	1,38,13,627	1,64,24,906
	<u>2,64,59,264</u>	<u>1,38,13,627</u>	<u>1,64,24,906</u>
Doubtful			
Other loans and advances	16,81,000	16,81,000	16,81,000
Less:			
Allowance for Doubtful Advances	16,81,000	16,81,000	16,81,000
	<u>2,64,59,264</u>	<u>1,38,13,627</u>	<u>1,64,24,906</u>
	<u>3,68,40,183</u>	<u>2,34,68,226</u>	<u>2,35,67,289</u>
9. Other Current Assets			
Other loans and advances			
– Prepaid expenses	66,29,622	69,86,213	51,67,214
– Balances with statutory authorities	2,11,86,834	2,21,87,757	1,23,47,374
	<u>2,78,16,456</u>	<u>2,91,73,970</u>	<u>1,75,14,588</u>
10. Share Capital			
(i) Authorised			
2,00,00,000 Equity Shares of Rs. 10 each	20,00,00,000	15,00,00,000	15,00,00,000
50,00,000 Preference Shares of Rs. 10 each	–	5,00,00,000	5,00,00,000
	<u>20,00,00,000</u>	<u>20,00,00,000</u>	<u>20,00,00,000</u>

- i. The company has only one class of shares referred to as equity shares having a par value of Rs.10/- per share. Each holder of the equity shares is entitled to one vote per share. The company declares and pays dividend in INR. The dividend proposed by the board of Directors are subject to approval of the share holders in the ensuing Annual General Meeting. In the event of the liquidation of the company, the holders of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by share holders.

Particulars	In Numbers			In Rs.		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Issued, Subscribed & Paid-up Equity shares of Rs. 10 each fully paid up	1,26,75,865	70,42,147	70,42,147	12,67,58,650	7,04,21,470	7,04,21,470
Total	1,26,75,865	70,42,147	70,42,147	12,67,58,650	7,04,21,470	7,04,21,470

Movements in Equity Share Capital		Number of Shares	Equity Share Capital
As at 1, April 2015		70,42,147	7,04,21,470
As at 31, March 2016		70,42,147	7,04,21,470
Rights issue		56,33,718	5,63,37,180
As at 31, March 2017		1,26,75,865	12,67,58,650

Note: 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 on and rank for dividends after 16.02.17. The issue was fully subscribed.

NOTES TO BALANCE SHEET – (Contd.)

II. Details of Equity shares in the company held by its holding company including shares held by subsidiaries or associates of the holding company in aggregate

Shareholder Relationship	March 31, 2017		March 31, 2016		April 01, 2015	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
India Pistons Limited – Fellow Subsidiary	26,85,985	21.19	20,78,862	29.53	20,78,862	29.52
Tractors & Farm Equipment Limited – Fellow Subsidiary	14,40,192	11.36	7,78,440	11.05	7,78,440	11.05
Simpson & Co., Limited – Holding Company	23,50,000	18.54	4,05,930	5.76	4,05,930	5.76
Amalgamations Pvt. Limited – Holding Company	6,91,380	5.45	3,84,100	5.45	3,84,100	5.45
The United Nilgiri Tea Estates Co. Limited– Fellow Subsidiary	3,600	0.03	2,000	0.03	2,000	0.03
Higginbothams Private Limited – Fellow Subsidiary	900	0.01	500	0.01	500	0.01

III. Details of Member holding more than 5 percent shares

Shareholder	March 31, 2017		March 31, 2016		April 01, 2015	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
India Pistons Limited	26,85,985	21.19	20,78,862	29.53	20,78,862	29.52
Tractors & Farm Equipment Limited	14,40,192	11.36	7,78,440	11.05	7,78,440	11.05
Simpson & Co., Limited	23,50,000	18.54	4,05,930	5.76	4,05,930	5.76
Amalgamations Pvt. Limited	6,91,380	5.45	3,84,100	5.45	3,84,100	5.45
Nippon Piston Ring Co., Limited	7,04,200	5.56	7,04,200	9.99	7,04,200	9.99
Enam Shares & Securities Pvt. Limited	10,66,552	8.41	5,01,625	7.12	5,01,625	7.12

IV. There are no shares required to be reserved for issue under options and contracts or commitments for the sale of shares or disinvestment.

V. There are no securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

11. Other Equity

Particulars	Reserves & Surplus			Items of other Comprehensive Income			Total Equity
	General Reserve	Securities Premium Reserve	Retained Earnings	Remeasurement of defined benefit plans	Fair Value Adjustment for investment	Heading Reserve	
As on 01.04.2015	30,15,26,723	10,54,28,400	(7,59,60,384)	4,55,453	1,99,100	–	33,16,49,292
As on 01.04.2016	30,15,26,723	10,54,28,400	(7,44,15,494)	(10,16,249)	1,26,775	14,463	33,16,64,618
Profit / (Loss) After Tax			(1,44,73,808)				(1,44,73,808)
Additions / (Deductions) during the year		42,47,96,538		(34,85,836)	74,800	(14,463)	42,13,71,039
As on 31.03.2017	30,15,26,723	53,02,24,938	(8,88,89,302)	(45,02,085)	2,01,575	–	73,85,61,849

In accordance with provisions of Para 122 of Ind. AS 19, the company has transferred all re-measurement costs recognised in the past periods within the accumulated profit or loss (a component of equity)

Securities Premium Reserve	31, March 2017	31, March 2016
Opening Balance	10,54,28,400	10,54,28,400
Rights issue	44,36,55,293	–
Less: Rights issue expenses	(1,88,58,755)	–
	53,02,24,938	10,54,28,400

NOTES TO BALANCE SHEET – (Contd.)

	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
12. Borrowings - Long Term			
Secured Loans			
Term Loans			
– From Banks	5,90,34,575	8,88,89,469	12,04,10,436
– From Other Parties	7,42,71,800	2,49,99,300	4,55,03,229
Total Secured Loans	<u>13,33,06,375</u>	<u>11,38,88,769</u>	<u>16,59,13,665</u>
Unsecured Loans			
Term Loans			
– From Banks	4,75,00,006	2,75,00,000	4,25,00,000
Total Unsecured Loans	<u>4,75,00,006</u>	<u>2,75,00,000</u>	<u>4,25,00,000</u>
	<u>18,08,06,381</u>	<u>14,13,88,769</u>	<u>20,84,13,665</u>
I. Security offered			
(a) The term loans are all availed for purchase of assets relating to Capital Projects and are secured by hypothecation of specific assets purchased out of the said loan.			
(b) The Loans availed for purchase of Vehicles are secured by hypothecation of vehicles purchased out of the said loan.			
(c) Unsecured Term Loan from KVB			
(d) Loan taken from other parties for working capital secured by hypothecation of specific asset			
II. Terms of Repayment			
Loan Description		Repayment Terms	
(a) Term Loans – Banks		quarterly installment	
(b) Term Loans – other parties		monthly installment	
(c) Unsecured Term Loan from Bank		monthly installment	
13. Provisions			
Long Term Provisions			
Provision for Employee benefits			
Leave Salary	70,51,396	59,24,170	54,13,274
	<u>70,51,396</u>	<u>59,24,170</u>	<u>54,13,274</u>
14. Deferred Tax (Asset) / Liability			
Deferred Tax Asset:			
Unabsorbed depreciation & Business loss	(9,48,49,059)	(7,88,59,071)	(7,39,18,734)
Expenses allowable on payment	(34,41,815)	(30,20,912)	(20,51,667)
MAT Credit	(6,86,792)	(6,86,792)	(4,55,990)
	<u>(9,89,77,666)</u>	<u>(8,25,66,775)</u>	<u>(7,64,26,391)</u>
Deferred Tax Liability:			
Fixed Assets (Depreciation / Amortization)	9,59,74,682	9,07,28,636	8,44,87,988
Net Deferred Tax Liability / (Asset)	<u>(30,02,984)</u>	<u>81,61,861</u>	<u>80,61,597</u>

The Company has recognized deferred tax asset for Unabsorbed depreciation and business loss based on a strong future order book, cost reduction and improved profitability.

NOTES TO BALANCE SHEET – (Contd.)

	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
15. Borrowings - Short Term			
Secured Loans			
Loans repayable on demand			
– From Banks	29,37,33,283	30,25,21,581	21,81,97,906
– From Related Parties	–	10,00,00,000	–
Total Secured Loans	29,37,33,283	40,25,21,581	21,81,97,906
Unsecured Loans			
Loans repayable on demand			
– From Banks	–	5,00,00,000	–
– From Related Parties	–	17,00,00,000	12,00,00,000
Total Unsecured Loans	–	22,00,00,000	12,00,00,000
	29,37,33,283	62,25,21,581	33,81,97,906
16. Trade Payables			
Trade Payables	29,97,59,839	15,84,92,199	12,80,04,406
Trade Payables to Micro, small & Medium Enterprises [Refer Note: 28 (16)]	1,44,33,847	30,38,762	40,11,419
Trade Payables- Due to fellow subsidiary	22,19,373	22,76,433	19,45,300
Acceptances	1,05,29,947	75,55,662	1,27,26,683
	32,69,43,006	17,13,63,056	14,66,87,808
17. Other Financial Liabilities			
Current Maturities of Long term Debt			
– From Banks	7,86,87,929	7,39,70,987	10,21,99,164
– From Other Parties	4,28,86,560	2,04,99,787	1,61,31,437
Interest accrued but not due on borrowings	22,15,107	36,90,186	14,06,850
Unpaid dividends	7,82,783	8,96,897	11,33,538
Other payables	2,33,66,083	1,91,72,923	1,15,57,198
Bank overdraft	21,60,965	4,13,98,600	1,71,72,693
	15,00,99,427	15,96,29,380	14,96,00,880
18. Other Current Liabilities			
Statutory dues	6,26,57,307	4,36,95,452	2,57,60,147
	6,26,57,307	4,36,95,452	2,57,60,147
19. Provisions - Short Term			
Provision for Employee benefits			
Leave Salary	20,35,462	12,67,226	5,10,896
Gratuity	20,51,703	6,93,925	2,03,138
	40,87,165	19,61,151	7,14,034

NOTES TO STATEMENT OF PROFIT AND LOSS ACCOUNT

	For the Year ended	
	March 31, 2017	March 31, 2016
	₹	₹
20. Revenue from Operations		
Sale of Products (inclusive of excise duty)		
Rings Sales	62,77,00,544	53,70,15,644
OCF Sales	109,24,18,106	64,27,51,200
Piston Pin Sales	2,27,48,341	14,09,678
Tooling Sales	9,72,87,010	8,11,65,371
Sale of Services	4,82,74,729	4,37,72,461
Other operating revenues	1,21,07,655	1,07,69,539
	<u>190,05,36,385</u>	<u>131,68,83,893</u>
21. Other Income		
Interest income	–	14,595
Liabilities no longer required	58,611	20,55,646
Other operating income	1,30,01,237	16,74,653
Other non operating income	82,18,705	14,85,168
	<u>2,12,78,553</u>	<u>52,30,062</u>
22. Cost of Material Consumed		
Opening Stock	8,21,87,337	8,67,25,005
Add: Purchases	63,73,31,862	41,51,94,836
Less: Closing Stock	7,95,45,432	8,21,87,337
	<u>63,99,73,767</u>	<u>41,97,32,504</u>
23. Changes in inventories		
(Increase) / Decrease in Work-in-Progress	(2,23,54,742)	(2,40,55,654)
(Increase) / Decrease in Finished Goods	(3,38,19,810)	37,98,413
	<u>(5,61,74,552)</u>	<u>(2,02,57,241)</u>
24. Employee benefit expenses		
Salaries and wages	20,11,43,754	14,68,60,711
Contribution to provident and other funds	1,57,93,437	1,05,59,671
Staff welfare expenses	3,61,71,943	2,50,71,830
	<u>25,31,09,134</u>	<u>18,24,92,212</u>
25. Finance cost		
Interest expenses	9,52,29,089	8,13,94,354
Other borrowing costs	44,02,987	38,40,852
	<u>9,96,32,076</u>	<u>8,52,35,206</u>

NOTES TO STATEMENT OF PROFIT & LOSS ACCOUNT – (Contd.)

	For the Year ended	
	March 31, 2017	March 31, 2016
	₹	₹
26. Other Expenses		
Sub-Contracting Expenses	22,62,39,987	10,82,48,600
Power and Fuel	7,73,58,854	5,71,60,310
Stores Consumed	21,98,42,554	12,65,34,478
Exchange (Gain)/Loss	66,15,023	40,19,894
Rent	1,06,05,924	44,18,954
Rates and Taxes	74,45,859	31,72,466
Insurance	53,59,589	53,89,371
Travelling and Conveyance	2,61,89,688	1,85,08,462
Packing and Forwarding	2,56,91,945	1,60,68,432
Advertisement	3,19,800	4,82,723
Royalty	1,51,20,743	1,19,44,988
Consultation Fee	1,30,88,045	1,18,95,334
Directors' Sitting Fees	8,60,500	6,10,500
Freight	2,84,38,421	95,11,867
Payment to Auditors		
Statutory Audit Fee	5,35,000	4,85,000
Tax audit fees	1,12,500	1,12,500
Certification Fees(including taxation matters)	12,42,000	6,15,000
Reimbursement of Expenses	5,100	2,550
Repairs and Maintenance		
Buildings	31,17,141	28,49,414
Machinery & Electrical Installations	2,12,90,204	1,71,28,956
Vehicles	36,16,069	34,01,426
Operating Expenses - Computer System	95,30,928	70,54,489
Bad Debts written off	–	41,28,853
Provision for doubtful receivables	30,03,276	–
Loss on Sale of Assets	3,163	71,087
Loss on Assets discarded due to natural calamity	1,51,43,691	–
Research and Development	31,98,676	24,53,338
Miscellaneous Expenses	4,21,53,820	3,14,44,827
	<u>76,61,28,500</u>	<u>44,77,13,819</u>

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

27. 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 Maraimalainagar, Chennai. 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 2017 were adopted by the Company as on 25th May 2017

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, 2006 as amended from time to time. This is the Company's first Ind AS Financial Statements. The date of transition to Ind AS is 1st April 2015. Refer Note 28(18) for details of first time adoption of Ind AS and exemptions. 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 a going concern.

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

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/materialise.

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 within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

27. 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 its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

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

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

- (iv) Financial liabilities

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

(b) Derivative financial instruments

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

Cash flow hedge

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

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

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 II of the Companies Act, 2013. In respect of certain machines extended useful life of 30 years is adopted for claiming depreciation under Schedule II to Companies Act, 2013 based on technical justification obtained by the Company.
- (v) Application software, Die and Core and New Product Development are amortized over a period of 3 years. Technical Knowhow is amortized over a period of 5 years.
- (vi) Residual value of 5% is retained in books for all assets other than the assets whose useful life has elapsed as on 01.04.2014 or those assets whose book value has already been reduced below 5% of acquisition cost.
-

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

27. 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 timelines 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.

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 benefit is established.

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

27. SIGNIFICANT ACCOUNTING POLICIES (Contd.....)

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.

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.

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

27. SIGNIFICANT ACCOUNTING POLICIES (Contd.....)

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.

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.

NOTES TO FINANCIAL STATEMENTS

28. NOTES ON ACCOUNTS	2017 (₹ in Lakhs)	2016
1. The factory land at C-15/3 Maraimalai Nagar for expansion activities was acquired from C.M.D.A., under Lease-Cum-Sale Agreement for a total consideration of ₹.13.23 Lakhs. The title for the land will be transferred by C.M.D.A., after completion of one year of commencement of commercial production and completion of 8 years of lease period. The company has submitted the building plan to the concerned authorities for their approval. Discussions are in progress with CMDA regarding the compliance of the conditions for transfer of land to the company.		
2. Contingent liability exists in respect of		
(a) Bills Discounted	380.22	208.98
(b) Outstanding Letters of Credit	368.79	66.66
(c) Bank Guarantees	67.30	1.00
(d) Income Tax matters under appeal	574.66	577.12
(Amounts remitted against the disputed tax upto March' 17 – ₹.163.50 lakhs and included in advance tax Note No. 3)		
(e) The Company had imported Plant and Machinery (Capital Goods) in the earlier years at concessional rate of duty under the Export Promotion Capital goods Scheme. The Export Obligation to be met in this regard by the Company / Group Company, as per the Scheme before 2014-15 amounts to ₹.2712.91 Lakhs. The Company / Group Company has met obligation to the extent of ₹.1767.76 Lakhs by March 2014. Liability at the beginning of the year 2014-15 stood at ₹.945.15 Lakhs. The Company had time limit upto August 2014. The EPCG Regulations provides for extending the time limit. The Company had already applied for extension of this time limit for meeting this obligation.		
The Company during the year 2014-15 has met Export Obligation after maintaining average exports to the tune of ₹.235.19 Lakhs. During 2015-16, the Company has fully met the outstanding Export Obligation of ₹.709.96 Lakhs after maintaining average exports. However, as the Company is yet to get the approval for extension of time limit, these export sales has not been apportioned against the obligation. Once the Company obtains extension, the entire outstanding obligation will be set-off against these exports. However, in case of non-fulfillment of export obligation, unless the period is extended, liability to pay the proportionate duty saved along with interest will arise.		
(f) Claims due from custom authorities	44.19	42.56
(g) 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		
3. Estimated value of contracts on Capital Account not provided for (net of advances)	2,376.98	492.70
4. Figures for the previous year have been regrouped / reclassified wherever necessary to make them comparable with current year figures.		
5. Figures are rounded off to the nearest Rupee.		

NOTES TO FINANCIAL STATEMENTS – (Contd.)

		2017		2016	
		₹	%	₹	%
6. Consumption of Materials					
Raw Materials	Imported	14,08,88,042	22.19	11,20,90,543	27.05
	Indigeneous	49,39,22,354	77.81	30,22,50,359	72.95
		63,48,10,396	100.00	41,43,40,902	100.00
Components	Imported	3,29,964	6.39	2,51,844	4.67
	Indigeneous	48,33,407	93.61	51,39,758	95.33
		51,63,371	100.00	53,91,602	100.00
Machinery Spares	Imported	47,61,561	19.71	28,16,427	15.55
	Indigeneous	1,94,00,353	80.29	1,52,95,705	84.45
		2,41,61,914	100.00	1,81,12,132	100.00
7. Value of Imports on CIF basis				2017	2016
				₹	₹
Raw Materials				13,61,64,481	10,46,40,808
Machinery Spares				1,69,13,239	22,12,204
Capital Goods				1,18,68,584	9,69,62,573
Stores				71,32,908	41,21,439
8. Earnings in Foreign Currency (on Receipt Basis)					
Exports				41,87,01,511	10,39,42,332
Contribution received towards New Product Development				–	11,73,164
9. Expenditure in Foreign Currency (on Payment Basis)					
Royalty				1,27,54,168	1,09,16,346
Travel				76,67,782	41,24,653
Professional Fee/ Technical Services				38,89,676	29,52,100
Capital expenditure / advance				3,09,56,077	8,02,92,300
Others				2,55,897	2,87,134
10. Remuneration to Managing Director				83,64,489	69,63,713
The approval for the year 2013-14 for an amount of Rs.88,20,047/- inclusive of Whole Time Director is awaited from Central Government					
11. Employee Benefits under Ind AS 19					
Defined Contribution Plan					
Contribution to Defined Contribution Plan, are charged off for the year as under					
Employer's Contribution to Provident Fund – Rs.1,09,06,685					
Employer's Contribution to Superannuation Fund – Rs.15,87,752					
Employer's Contribution to Employees State Insurance – Rs.21,87,267					
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 Rs.10,00,000/-, except in the case of Managing Director where there is no maximum limit. The benefit vests after five years of continuous service. The present value of obligation is determined based on actuarial valuation.					
Leave Salary Encashment					
Eligible employees can carry forward and encash leave on superannuation or death or permanent disablement subject to a maximum accumulation of 120 days except in the case of Managing Director where there is no limit to maximum accumulation. The present value of obligation is determined based on actuarial valuation.					
The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.					

NOTES TO FINANCIAL STATEMENTS – (Contd.)
In Rupees

28. NOTES ON ACCOUNTS (Contd...)	2016-2017		2015-2016	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
(a) Reconciliation of Opening and closing balances of Defined Benefit Obligation				
Defined Benefit Obligation at the beginning of the year	2,01,13,357	71,91,396	1,73,12,936	59,24,170
Current Service Cost	16,18,263	1,60,121	14,21,457	1,57,053
Interest Cost	16,09,068	5,57,333	13,85,035	4,73,934
Actuarial (gain)/loss	21,67,828	13,18,008	8,35,463	6,36,239
Benefits paid	(9,50,295)		(8,41,534)	
Defined Benefit obligation at year end	2,45,58,221	92,26,858	2,01,13,357	71,91,396
(b) Reconciliation of Opening and closing balances of fair value of plan assets				
Fair value of plan assets at beginning of the year	1,94,19,432		1,71,09,798	
Expected return on plan assets	17,31,479		15,28,715	
Actuarial gain/(loss)	–		–	
Employer contribution	23,05,902		16,22,453	
Benefits paid	(9,50,295)		(8,41,534)	
Fair value of plan assets at year end	2,25,06,518		1,94,19,432	
Actual return on plan assets	17,31,479		15,28,715	
(c) Reconciliation of fair value of plan assets and obligations				
Fair value of plan assets as at 31st March	2,25,06,518		1,94,19,432	
Present value of obligation as at 31st March	2,45,58,221	92,26,858	2,01,13,357	71,91,396
Amount recognised in Balance Sheet	20,51,703	92,26,858	6,93,925	71,91,396
(d) Expenses recognised during the year				
Current Service Cost	16,18,263	1,60,121	14,21,457	1,57,053
Interest Cost	16,09,068	5,57,333	13,85,035	4,73,934
Expected return on plan assets	(17,31,479)		(15,28,715)	
Net Actuarial (gain) / loss	21,67,828	13,18,008	8,35,463	6,36,239
Net Cost	36,63,680	20,35,462	21,13,240	12,67,226
Actuarial assumptions Mortality Table (L.I.C.)	1994-96	2006-08	1994-96	2006-08
Discount rate (per annum)	8.00%	7.25%	8.00%	7.75%
Expected rate of return on plan assets (per annum)	8.00%	–	8.00%	–
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%

The estimates of future salary increases considered take into account the inflation, seniority, promotions and other relevant factors.

As the contribution expected to be paid to the proposed plan during the annual period beginning after the balance sheet date is based on various internal / external factors, a best estimate of the contribution is not determinable.

NOTES TO FINANCIAL STATEMENTS – (Contd.)

12. Operating Segments under Ind AS 108

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	USA	Thailand	Rest of the world	Total
Revenue	2016-17	142,94,63,125	17,89,36,914	29,12,76,150	8,60,196	190,05,36,385
	2015-16	118,84,00,031	6,31,07,923	6,49,64,548	4,11,391	131,68,83,893
Assets	2016-17	175,59,16,573	6,27,01,706	6,90,28,033	49,168	188,76,95,480
	2015-16	151,49,73,419	1,88,77,603	2,25,45,155	3,35,331	155,67,31,508

Out of the above said revenue three customers represent more than 10% of the gross revenue and in total contribute 55.16% of the gross revenue.

13. Related Party Disclosures under Ind AS 24

Names of Related Parties and description of relationship:

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

NOTES TO FINANCIAL STATEMENTS – (Contd.)

Name of the party	Year	Sale of goods	Rendering of services – Income	Purchase of goods	Purchase of Capital items	Sale of Capital items	Technical fee paid	Receiving of services – Expense	Management contracts including for deputation of employees – Expense	Loan taken (Loan Repaid)	Outstanding loan	Interest Paid	Issue of shares	Amounts Outstanding Dr / (Cr)
Bimetal Bearings Ltd	2016-17	765,455	26,192	-	-	-	-	-	-	-	-	-	-	367,761
	2015-16	700,726	84,837	-	-	-	-	-	-	-	-	-	-	342,918
India Pistons Ltd.	2016-17	265,221,725	41,442,126	75,822,492	-	384,587	-	2,825,098	-	50,000,000	-	3,969,864	147,599,149	189,514,645
	2015-16	204,442,913	46,160,218	69,005,337	300,000	-	-	4,128,396	-	-	50,000,000	4,512,329	-	121,057,797
IPL Engine components Pvt Limited	2016-17	1,592,751	-	-	-	-	-	-	-	-	-	-	-	2,040,982
	2015-16	448,230	-	-	-	-	-	-	-	-	-	-	-	448,230
George oaks Ltd	2016-17	-	2,445,465	-	-	-	-	-	-	-	-	-	-	439,476
	2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-
M/S Simpson & Co.	2016-17	17,794,493	-	-	-	-	-	124,634	-	220,000,000	-	17,467,407	78,819,230	904,038
	2015-16	21,258,381	-	-	-	-	-	149,672	-	150,000,000	220,000,000	10,206,029	-	368,306
Tractors & Farm Equipment Ltd	2016-17	-	-	-	-	-	-	-	-	-	-	-	58,730,490	-
	2015-16	19,020	-	-	-	-	-	-	-	-	-	-	-	19,020
IP Plus & Liners Ltd	2016-17	14,770,073	-	49,765,264	-	-	-	7,906,236	2,671,464	-	-	-	-	-1,478,515
	2015-16	-	1,964,801	3,128,144	-	-	-	6,218,498	-	-	-	-	-	2,259,828
Sri Rama Vilas Services Ltd	2016-17	-	-	-	-	-	-	6,294,761	-	-	-	-	-	-1,366,856
	2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-1,552,561
Addison & Co. Ltd	2016-17	-	-	1,347,291	-	-	-	-	-	-	-	-	-	-575,868
	2015-16	-	-	820,910	-	-	-	-	-	-	-	-	27,271,100	-444,632
Amagamaiton Pvt Ltd	2016-17	-	-	-	-	-	-	520,226	-	-	-	-	-	-193,788
	2015-16	-	-	-	-	-	-	534,862	-	-	-	-	-	-238,269
Amagamaiton Repco Ltd	2016-17	-	-	-	-	-	-	189,750	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-
Associated printers (M) Pvt Ltd	2016-17	-	-	-	-	-	-	200,557	-	-	-	-	-	-30,188
	2015-16	-	-	-	-	-	-	143,982	-	-	-	-	-	-
Speed a way Pvt Ltd	2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-
	2015-16	-	-	840,271	-	-	-	-	-	-	-	-	-	-252,711
The Madras Company Advertising Co Ltd	2016-17	-	-	-	-	-	-	45,266	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	1,420,921	-	-	-	-	-	-
LM Van Moppes Diamond Tools India Ltd	2016-17	-	-	213,601	-	-	-	-	-	-	-	-	-	-41,580
	2015-16	-	-	52,065	-	-	-	-	-	-	-	-	-	-26,529
Shardlow India Ltd.	2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-
	2015-16	-	-	12,627	-	-	-	-	-	-	-	-	142,000	-
The United Nilgiri Tea Estates Co. Ltd	2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	-	-	-	-	-	35,500	-
Heginbothams Private Ltd	2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-
A. Venkataramani	2016-17	-	-	-	-	-	-	8,364,489	-	-	-	-	-	-12,690
	2015-16	-	-	-	-	-	-	6,963,713	-	-	-	-	-	-3,967
R. Venkataraman	2016-17	-	-	-	-	-	-	2,116,867	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	1,795,217	-	-	-	-	-	-
S. Priyamvatha	2016-17	-	-	-	-	-	-	1,511,773	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	1,320,935	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS – (Contd.)

14. Earnings Per Share under Ind AS 33	2017	2016
Description	₹	₹
Profit after Taxation as Per Profit & Loss Account	(1,44,73,808)	21,35,346
Number of Weighted Average Shares	88,24,907	88,24,907
Basic and Diluted Earnings Per Share	(1.64)	0.24
Nominal Value Per Equity Share	10.00	10.00
15. Research and Development Expenditure		
Capital		
Tangible Assets (A)	–	92,463
	–	92,463
Revenue		
– Salaries, wages and bonus	24,43,961	19,91,608
– Materials, consumables and spares	2,27,553	93,470
– Other Expenditure	5,27,162	3,68,260
(B)	31,98,676	24,53,338
Total (A + B)	31,98,676	25,45,801

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

16. Due to Micro and Small Enterprises

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

	2017	2016
	(Rs.in lakhs)	(Rs.in lakhs)
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	144.34	30.39
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	4.49	16.97
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	290.63	608.53

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.

17. Disclosure on specified bank notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016

Particulars	SBNs	Other	(Rs.) Total
Closing cash in hand as on November 8, 2016	66,000	39,600	1,05,600
Add : Permitted Receipts	–	3,74,195	3,74,195
Less : Permitted Payments	–	(3,51,926)	(3,51,926)
Less : Amount deposited in banks	(66,000)	–	(66,000)
Closing cash in hand as on December 30, 2016	–	61,869	61,869

18. Exemptions availed under Ind-AS 101, available only in the year of transitioning to Ind-AS:

Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, The company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

NOTES TO FINANCIAL STATEMENTS – (Contd.)

Reconciliation of equity as previously reported under IGAAP to Ind AS

ASSETS	Opening Balance Sheet as at April 01, 2015			Balance Sheet as at March 31, 2016		
	IGAAP	Effects of transition to Ind-AS	Ind-AS	IGAAP	Effects of transition to Ind-AS	Ind-AS
Non-current assets						
(a) Property, Plant and Equipment	67,04,19,935	27,91,566	67,32,11,501	79,33,15,316	27,21,900	79,60,37,216
(b) Capital work-in-progress	2,53,997	–	2,53,997	87,07,198	–	87,07,198
(c) Other Intangible assets	1,41,90,235	–	1,41,90,235	81,48,051	–	81,48,051
(d) Intangible assets under development	23,20,276	–	23,20,276	60,61,537	–	60,61,537
(e) Financial assets –Investments	4,41,830	1,99,100	6,40,930	9,70,830	1,26,775	10,97,605
(f) Other non-current assets	5,29,23,493	(4,55,990)	5,24,67,503	5,95,70,279	(6,86,792)	5,88,83,487
Current assets						
(a) Inventories	24,98,88,907	(51,92,230)	24,46,96,677	27,05,94,230	(53,39,095)	26,52,55,135
(b) Financial assets						
(i) Trade receivables	24,35,20,654	–	24,35,20,654	34,40,25,088	–	34,40,25,088
(ii) Cash and cash equivalents	1,14,02,885	–	1,14,02,885	1,49,77,098	–	1,49,77,098
(iii) Bank balances other than (ii) above	11,33,538	–	11,33,538	8,96,897	–	8,96,897
(iv) Other financial assets	2,35,67,289	–	2,35,67,289	2,34,53,763	14,463	2,34,68,226
(c) Other current assets	1,75,14,588	–	1,75,14,588	2,91,73,970	–	2,91,73,970
TOTAL ASSETS	128,75,77,627	(26,57,554)	128,49,20,073	155,98,94,257	(31,62,749)	155,67,31,508
EQUITY AND LIABILITIES						
Equity						
(a) Equity Share capital	7,04,21,470	–	7,04,21,470	7,04,21,470	–	7,04,21,470
(b) Other equity	33,45,92,661	(29,43,369)	33,16,49,292	33,55,39,744	(38,75,126)	33,16,64,618
Non-current liabilities						
(a) Financial liabilities - Borrowings	20,84,13,665	–	20,84,13,665	14,13,88,769	–	14,13,88,769
(b) Provisions	54,13,274	–	54,13,274	59,24,170	–	59,24,170
(c) Deferred tax liabilities (Net)	77,75,782	2,85,815	80,61,597	80,39,940	1,21,921	81,61,861
Current liabilities						
(a) Financial liabilities						
(i) Borrowings	33,81,97,906	–	33,81,97,906	62,19,31,125	5,90,456	62,25,21,581
(ii) Trade payables	13,39,61,125	1,27,26,683	14,66,87,808	16,38,07,394	75,55,662	17,13,63,056
(iii) Other financial liabilities	16,23,27,563	(1,27,26,683)	14,96,00,880	16,71,85,042	(75,55,662)	15,96,29,380
(b) Other current liabilities	2,57,60,147	–	2,57,60,147	4,36,95,452	–	4,36,95,452
(c) Provisions	7,14,034	–	7,14,034	19,61,151	–	19,61,151
TOTAL EQUITY AND LIABILITIES	128,75,77,627	(26,57,554)	128,49,20,073	155,98,94,257	(31,62,749)	155,67,31,508

Note: Investment in equity instruments are carried at fair value through OCI in Ind AS compared to being carried at cost under IGAAP.

Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS.

As per Ind AS-19, actuarial gains and losses are recognised in other comprehensive income as compared to being recognised in statement of profit and loss under IGAAP.

NOTES TO FINANCIAL STATEMENTS – (Contd.)

Reconciliation of Statement of Profit and Loss as previously reported under IGAAP to Ind AS	Balance Sheet as at March 31, 2016		
	IGAAP	Effects of transition to Ind-AS	Ind-AS
Revenue From Operations	131,68,83,893	–	131,68,83,893
Other Income	52,30,062	–	52,30,062
Total Revenue	132,21,13,955	–	132,21,13,955
Expenses			
Cost of materials consumed	42,37,52,398	(40,19,894)	41,97,32,504
Changes in inventories of finished goods, Stock-in -Trade and work-in- progress	(2,02,57,241)	–	(2,02,57,241)
Excise Duty	13,51,94,246	–	13,51,94,246
Employee Benefits Expense	18,39,63,914	(14,71,702)	18,24,92,212
Finance Costs	8,52,35,206	–	8,52,35,206
Depreciation and Amortisation Expense	6,93,20,266	2,16,531	6,95,36,797
Other Expenses	44,36,93,925	40,19,894	44,77,13,819
Total Expenses	132,09,02,714	–	131,96,47,543
Profit/ (loss) before exceptional items and tax	12,11,241	12,55,171	24,66,412
Exceptional items	–	–	–
Profit/ (loss) before tax	12,11,241	12,55,171	24,66,412
Tax Expense			
(1) Current tax	–	–	–
(2) Deferred tax	2,64,158	66,908	3,31,066
Profit/(loss) for the period	9,47,083	11,88,263	21,35,346
Other Comprehensive Income, net of deferred tax			
A (i) Items that will not be reclassified to profit or loss			
– Actuarial gain or loss	–	(14,71,702)	(14,71,702)
– Fair valuation of investments valued through OCI	–	(72,325)	(72,325)
B (i) Items that will be reclassified to profit or loss			
– Hedging Reserve	–	14,463	14,463
Total Other Comprehensive Income, net of deferred tax	–	(15,29,564)	(15,29,564)

Note: As per Ind-AS, employee benefits, actuarial gains and losses are recognised in other comprehensive income and not reclassified to profit and loss in a subsequent period.

Adjustments reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind AS 19 requires such gains and losses to be adjusted to retained earnings.

Tax component on actuarial gains and losses which is transferred to other comprehensive income under Ind AS.

NOTES TO FINANCIAL STATEMENTS – (Contd.)

STATEMENT OF CHANGES IN EQUITY				Amount (Rs.)
Particulars				
Equity Share Capital				
Balance as at April 1, 2015				7,04,21,470
Changes in equity share capital during the year				–
Balance as at March 31, 2016				7,04,21,470
Changes in equity share capital during the year				5,63,37,180
Balance as at March 31, 2017				12,67,58,650
Other Equity				
	General Reserve	Securities Premium Reserve	Retained Earnings	Total
Balance as at April 1, 2015	30,15,26,723	10,54,28,400	(7,53,05,831)	33,16,49,292
Profit / (Loss) for the year			15,44,890	15,44,890
Remeasurement of defined benefit plans transferred to OCI			(15,29,564)	(15,29,564)
Balance as at March 31, 2016	30,15,26,723	10,54,28,400	(7,52,90,505)	33,16,64,618
Additions during the year		42,47,96,538		42,47,96,538
Profit / (Loss) for the year			(1,44,73,808)	(1,44,73,808)
Remeasurement of defined benefit plans transferred to OCI			(34,25,499)	(34,25,499)
Balance as at March 31, 2017	30,15,26,723	53,02,24,938	(9,31,89,812)	73,85,61,849

R. VENKATARAMAN
Chief Financial Officer

A. VENKATARAMANI (DIN 00277816)
Managing Director

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

S PRIYAMVATHA
Company Secretary
Chennai
25.05.2017

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

MAHESH KRISHNAN
Partner
Membership No. 206520

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017

	2017 ₹	2016 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	(2,56,38,653)	24,66,412
ADJUSTMENTS FOR		
Depreciation and impairment of property, plant and equipment	8,01,09,233	6,95,36,797
Interest received	–	(14,595)
Finance Costs (Including fair value changes in financial instruments)	9,96,32,076	8,52,35,206
Profit on Property, plant and equipment and investment property sold / discarded (Net)	(80,315)	(1,09,969)
Finance Income (Including fair value changes in financial instruments)	(14,463)	14,463
Actuarial loss	(34,85,836)	(14,71,702)
Provision for Doubtful Debts	30,03,276	–
Total Adjustments	17,91,63,971	15,31,90,200
Operating Profit Before Working Capital Changes	15,35,25,318	15,56,56,612
ADJUSTMENTS FOR		
Trade and Other Receivables	(14,40,73,710)	(10,05,04,434)
Other financial assets and other assets	(1,33,71,957)	(1,15,60,319)
Inventories	(7,24,11,296)	(2,07,05,323)
Trade Payables	15,55,79,950	2,46,75,246
Other financial liabilities, other liabilities and provisions	2,64,08,255	2,73,09,043
Total Adjustments	(4,78,68,758)	(8,07,85,787)
Cash Generated from Operations	10,56,56,560	7,48,70,825
Direct Taxes Paid	(25,20,000)	(10,15,302)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	10,31,36,560	7,38,55,523
Extraordinary Items	–	–
NET CASH FROM OPERATING ACTIVITIES (TOTAL A)	10,31,36,560	7,38,55,523
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(18,27,03,288)	(20,43,60,440)
Sale of property, plant and equipment	5,80,272	4,71,000
Purchase of investment properties	(60,500)	(5,29,000)
Sale of investment properties	8,82,830	–
Finance income	–	14,595
Proceeds from rights issue	48,11,33,718	–
NET CASH USED IN INVESTMENT ACTIVITIES (TOTAL B)	29,98,33,032	(20,44,03,845)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017 – (Contd.)

	2017 ₹	2016 ₹
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Secured Loans	34,78,26,562	31,82,91,966
Proceeds from Unsecured Loan	5,00,00,000	10,00,00,000
Repayment of Secured Loan	(42,00,93,535)	(21,04,43,468)
Repayment of Unsecured Loans	(23,99,99,998)	(1,50,00,000)
Finance costs paid	(10,11,07,155)	(8,29,51,870)
Dividend Paid	(1,14,114)	(2,36,641)
NET CASH USED IN FINANCING ACTIVITIES (TOTAL C)	(36,34,88,240)	10,96,59,987
D. NET INCREASE / (DECREASE) IN CASH OR CASH EQUIVALENTS (A+B+C)	3,94,81,352	(2,08,88,335)
E. Cash and Cash Equivalents (Opening Balance)	(2,55,24,605)	(46,36,270)
F. Cash and Cash Equivalents (Closing Balance) (D+E)	1,39,56,747	(2,55,24,605)
CASH AND CASH EQUIVALENTS		
Cash and bank balances as per Balance Sheet inclusive of overdraft – (Note below)	1,39,56,747	(2,55,24,605)
Add : Short Term Inter Corporate Deposits	–	–
Cash and Cash Equivalents as per Cash Flow Statement	1,39,56,747	(2,55,24,605)
Note: Includes Balance in Unpaid Dividend Account	7,82,783	8,96,897
The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in Ind AS 7 on “Statement of Cash Flow”		

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

R. VENKATARAMAN
Chief Financial Officer

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Managing Director

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Directors

MAHESH KRISHNAN
Partner
Membership No. 206520

Chennai
25.05.2017

10 Years Performance at a Glance

Particulars	₹. in Lakhs									
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Sales	6,274.97	5,493.23	7,350.79	8,762.77	9,126.29	9,517.64	9,488.36	11,261.54	13,168.84	19,005.36
PBDIT	927.02	721.99	1,366.79	1,269.35	935.72	554.73	976.90	1,330.47	1,572.38	1,541.03
Profit after tax	250.42	108.79	556.53	469.44	58.15	-417.64	-275.56	-48.55	21.35	-144.74
Dividend paid	205.97	82.39	246.35	245.54	81.85	0.00	0.00	0.00	0.00	0.00
Dividend %	25.00	10.00	30.00	30.00	10.00	0.00	0.00	0.00	0.00	0.00
Share Capital	704.21	704.21	704.21	704.21	704.21	704.21	704.21	704.21	704.21	1,267.59
Reserves & Surplus	3,582.68	3,609.08	3,919.26	4,143.17	4,119.47	3,701.82	3,426.26	3,345.92	3,316.65	7,385.62
Networth	4,286.89	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
Gross Fixed Assets	7,436.55	7,637.30	8,607.94	8,780.30	11,798.66	12,938.46	13,886.99	14,637.98	16,526.58	17,737.82
EPS	3.56	1.54	7.90	6.67	0.83	-5.93	-3.91	-0.69	0.24	-1.64
Book Value/Share	60.88	61.25	65.65	68.83	68.50	62.57	58.65	57.51	57.10	68.27
Debt Equity	0.23	0.14	0.41	0.45	0.56	0.52	0.70	0.81	0.58	0.35