



**29** ANNUAL REPORT 2019-20

## 10 Years Performance at a Glance

₹. In Lakhs

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Sales	8,762.77	9,126.29	9,517.64	9,488.36	11,261.54	13,168.84	19,135.38	20,669.52	21,209.27	19,793.21
<b>PBDIT</b>	1,269.35	935.72	554.73	976.91	1,330.47	1,572.38	1,541.03	2,533.38	2,862.79	2,222.91
Profit after Tax	469.44	58.15	-417.64	-275.56	-48.55	21.35	-144.74	733.34	794.69	110.11
Dividend Paid	245.54	81.85	-	-	-	-	-	-	152.82	-
Dividend %	30.00	10.00	-	-	-	-	-	-	10.00	-
Share Capital	704.21	704.21	704.21	704.21	704.21	704.21	1,267.59	1,267.59	1,267.59	1,267.59
Reserves & Surplus	4,143.17	4,119.47	3,701.82	3,426.26	3,345.92	3,316.65	7,385.62	8,107.64	8,894.80	8,837.49
Networth	4,847.38	4,823.68	4,406.03	4,130.47	4,050.13	4,020.86	8,653.21	9,375.23	10,162.39	10,105.08
Gross Fixed Assets	8,780.30	11,798.66	12,938.46	13,886.99	14,637.98	16,526.58	9,947.25	11,744.79	15,010.29	16,213.09
EPS	6.67	0.83	-5.93	-3.91	-0.69	0.24	-1.64	5.79	6.27	0.87
Book Value / Share	68.83	68.50	62.57	58.65	57.51	57.10	68.27	73.96	80.17	79.72
Debt Equity	0.45	0.56	0.52	0.70	0.81	0.58	0.35	0.39	0.44	0.43

#### **BOARD OF DIRECTORS**

Mr. N VENKATARAMANI	Chairman
Mr. A VENKATARAMANI	Managing Director
Dr. R MAHADEVAN	Director
Mr. YOSHIO ONODERA	Director
Mr. P M VENKATASUBRAMANIAN	Director
Dr. SANDHYA SHEKHAR	Director
Mr. J SHIVAKUMAR	Director (upto 31.01.2020)
Mr. VIKRAM VIJAYARAGHAVAN	Director
Mr. NAVIN PAUL	Director (since 07.11.2019)

#### **AUDIT COMMITTEE**

Mr. P M VENKATASUBRAMANIAN	Chairman (upto 31.01.2020)
Mr. VIKRAM VIJAYARAGHAVAN	Chairman (since 31.01.2020)
Dr. SANDHYA SHEKHAR	
Dr. R MAHADEVAN	

#### **'STAKEHOLDERS' RELATIONSHIP COMMITTEE**

Dr. R MAHADEVAN	Chairman
Mr. A VENKATARAMANI	
Mr. P M VENKATASUBRAMANIAN	

#### **NOMINATION AND REMUNERATION COMMITTEE**

Mr. P M VENKATASUBRAMANIAN	Chairman
Dr. R MAHADEVAN	
Dr. SANDHYA SHEKHAR	

#### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Mr. N VENKATARAMANI	Chairman
Mr. A VENKATARAMANI	
Dr. SANDHYA SHEKHAR	

Mr. R VENKATARAMAN	Chief Financial Officer
Mr. V ANATHA SUBRAMANIAN	Company Secretary

#### **AUDITORS**

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

#### **COST AUDITORS**

M/s. A N Raman & Associates  
No.1, Muthukumara Swamy Salai  
Baby Nagar, Velachery,  
Chennai 600 042  
044-32906831

#### **SECRETARIAL AUDITOR**

R Mukundan  
Company Secretary in Practice  
215, Velachery Main Road, Chennai – 600 042  
Mobile: +91 98409 70898  
E-Mail: rmmukund@gmail.com

#### **LEGAL ADVISORS**

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

#### **BANKERS**

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

#### **SHARES LISTED WITH**

Bombay Stock Exchange  
Mumbai

#### **COMPANY WEBSITE**

<https://iprings.com/>

#### **REGISTERED OFFICE**

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

#### **SHARE TRANSFER AGENTS**

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

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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **TWENTY NINTH ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd** will be held on Thursday, the 24<sup>th</sup> September 2020 at 11:30 A.M [Indian Standard Time (IST)] through Video Conferencing/ Other Audio Visual Means to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended on March 31, 2020 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, 2020, the Balance Sheet as on that date and annexure thereto, the Cash Flow Statement for the year ended on March 31, 2020, the Reports of Auditors and Directors thereon as circulated to the members and presented to the meeting 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 a Special Resolution:  
"RESOLVED that Dr R Mahadevan (DIN 00001690), who retires by rotation and being eligible, offers himself for re-appointment from the Board pursuant to the provisions of Section 152 of the Companies Act, 2013 be and is hereby re-elected as a Director of the Company."

### SPECIAL BUSINESS:

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 Sections 149 read with Schedule IV, 152, 160, 161 and other applicable provisions, if any, of the Companies Act, 2013 (the Act, 2013) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr Navin Paul (holding DIN 00424944), who was appointed as an Additional Director and Non-Executive Independent Director and who holds office upto the date of this AGM and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013, consent of members be and is hereby accorded for his appointment as a Non-Executive and Independent Director of the Company, for a term of five consecutive years w.e.f. 07<sup>th</sup> November 2019 [07<sup>th</sup> November 2019 to 06<sup>th</sup> November 2024] and whose office shall not be liable to retire by rotation during the period, and to receive remuneration by way of profit related commission, if any, within the permissible limit in terms of Section 197 of the Act, 2013, as determined by the Board, from time to time including reimbursement of expenses and fees for participation in the meetings of the Board and / or Committees in terms of applicable provisions of the Act, 2013.
4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.  
"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) remuneration of INR 1,50,000/- (Rupees One Lakh Fifty Thousands only) in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses, payable to M/s A N Raman & Associates, Practicing Cost Accountant, holding Membership No. 5359, allotted by the Institute of Cost Accountants of India, who was re-appointed as Cost Auditor of the Company for the year 2020 – 21 by the Board of Directors of the Company, as recommended by the Audit Committee be and is hereby ratified."

Chennai  
June 29, 2020

By order of the Board of Directors  
**CS V ANANTHA SUBRAMANIAN**  
Company Secretary  
ACS: 29770

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

The following Explanatory statement sets out all material facts relating to the special businesses mentioned in the accompanying Notice dated 29<sup>th</sup> June 2020 and shall be taken as forming part of the Notice.

**Statement of Material Facts (Explanatory Statement) pursuant to Section 102 of the Companies Act, 2013**

**Item No. 2**

As per the provisions of the Notification No,SEBI/LAD-NRO/GN/ 2018/10 issued by the Securities and Exchanges Board of India (SEBI) on 9<sup>th</sup> May 2018, it is mandatory to get the approval of the share-holders (by means of special resolutions passed at a general meeting) to re-appoint a non-executive director to the Board who have attained the age of 75 years as on 1<sup>st</sup> April 2019. Dr R Mahadevan (aged 77 years) is a Non-Executive Director who gets attracted by the provisions of the said notification issued by SEBI. Dr. R. Mahadevan is currently serving the Board as a Non-Executive Director. The Board is confident that his continued contribution at the Board level would benefit the Company.

**Memorandum of Interest**

Dr. R .Mahadevan (holding 1,080 shares in the Company) is interested in the resolutions to the extent of his share-holding and the remuneration payable to them. No other Director / Key Managerial Personnel and their relatives is concerned or interested in the resolution. He is a member in the following committees in the Company viz. Audit Committee, Nomination & Remuneration Committee and the Chairman of Stakeholders Relationship cum Investors' Grievance Committee. The Directors recommend the resolution for consideration and approval of the members. The details [pursuant to Clause 36(3) of SEBI (LODR) Regulations, 2015] in connection with the re-appointment of Dr. R . Mahadevan, Director are furnished hereunder:

Name & Date of Birth : Dr R Mahadevan – 05<sup>th</sup> February 1943  
 Date of Appointment : 14<sup>th</sup> July 1995  
 Qualifications : Engineering Graduate and holds a Ph.D from IIT, Chennai  
 Expertise in specific Functional areas : Technical knowledge in the operations of the Company

He has attended four out of five Board Meetings held during the year 2019 – 20.

**Details of his other Directorships and memberships / Chairmanships of Committees are given below:**

Sl. No.	Name of the Company	Position Held	Committee Membership
1.	IP Pins & Liners Limited	Director	
2.	India Pistons Limited	Director	
3.	Amco Batteries Limited	Director	
4.	Amalgamations Valeo Clutch Private Limited	Director	
5.	IPL Green Power Limited	Director	
6.	Simpson & Company Limited	Director	Nomination & Remuneration Committee – Member

**Details of other Committee memberships**

Member in Nomination & Remuneration Committee in M/s Simpson & Co. Ltd.

Relationship between Directors inter-se : Nil

**Item No. 3**

Mr. Navin Paul was appointed as an Additional Director under the Independent Directors Category on November 07, 2019 by the Board of Directors, subject to the approval of the Members at this Annual General Meeting.

Mr. Navin Paul, Non-Executive Director of the Company has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013. In the opinion of the Board, he fulfils the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director and he is independent of the management.

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

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

Mr. Navin Paul, aged 62 years is a Mechanical Engineer, and has a Masters Degree in Business Administration with FMS Delhi specializing in the field of Marketing. He has over 40 years of rich experience in the field of Trend Monitoring, Technology Roadmaps, Business Enabler, Customer Portfolio Management, Customer Binding and Bonding Strategies.

Details of other Directorships/ Committee Memberships held by him:

Directorship	Committee Membership
Automotive Component Manufacturers Association of India	Director
Amalgamations Repco Limited	Director

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

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

The Directors, therefore, recommend the Ordinary resolution, in relation to appointment of Mr Navin Paul as Non Executive Independent Director for approval of the shareholders, as set out in Item No. 3 of this Notice.

#### Item No. 4

As recommended by the Audit Committee, the Board at its meeting held on 29<sup>th</sup> June 2020, re-appointed M/s A N Raman & Associates, Practicing Cost Accountant, having Membership no. 5359, as Cost Auditor of the Company, in terms of Section 148 of the Act, 2013, and fixed a sum of ₹.1.50 Lakhs as remuneration payable to him for the financial year 2020-21, subject to ratification by the Shareholders of the Company

In terms of Section 148 (3) of the Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditor, as recommended by the Audit Committee and approved by the Board of Directors, is required to be ratified by the shareholders of the Company, at the ensuing AGM of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, in the resolution as set out in Item No.4 of this Notice.

The Directors, therefore, recommend the ordinary resolution, as set out in Item No.4 for ratification of remuneration payable to the Cost Auditor of the Company.

#### NOTES:

##### Proxy

- In view of the outbreak of COVID-19 pandemic, social distancing norms is being followed and the continuing restriction on movement of persons at several places in the country and pursuant to the Circular No. 14/2020 dated 8<sup>th</sup> April 2020, Circular No.17/2020 dated 13th April 2020 and Circular No. 20/2020 dated 5th May 2020 issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 issued by the Securities and Exchange Board of India ("SEBI") and in compliance with the provisions of the Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), physical attendance of the Members at the AGM venue is not required and AGM can be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate at the ensuing AGM through VC/OAVM.
- Pursuant to Section 91 of the Companies Act, 2013 and SEBI (LODR) regulations, 2015, the Register of members and share transfer books of the Company will be closed from 17th September 2020 to 24th September 2020 [both days inclusive]. The said closure intimation has been published in Financial Express [Chennai Edition] and in Makkal Kural in Tamil language dated 31st August 2020.
- Pursuant to the aforesaid Circulars, the facility to appoint proxy by Members under Section 105 of the Act, 2013 to attend and cast vote for the Members is not available for this AGM as the physical attendance of Members has been dispensed with.** However, Body Corporates are entitled to appoint authorised representatives as its Member to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-Voting.
- The Members can join the AGM through the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to the members on "first come first served" basis. This will not include large Shareholders (Shareholders holding 2% or more of the total number of shares of the Company as on the cut off date as defined), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of "**first come first served**" basis.

5. Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act, 2013.
6. Pursuant to the provisions of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of Listing Regulations (as amended), and the Circulars issued by MCA dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting at the meeting will be provided by NSDL.
7. In line with MCA Circular No. 17/2020 dated 13<sup>th</sup> April, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.iprings.com](http://www.iprings.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
8. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Act, 2013 read with Circulars issued by MCA and SEBI in this regard.

#### **Unclaimed Dividend**

9. In terms of Section 124 of the Act, 2013, the dividend declared by the Company, for earlier years, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the Report on Corporate Governance, forming part of the Annual Report.
10. Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the un-encashed warrants immediately to the Company.  
Pursuant to The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is providing / hosting the required details of unclaimed amount referred to under Section 124 of the Act, 2013 on its website and also on the website of MCA viz., [www.iepf.gov.in](http://www.iepf.gov.in).

#### **General**

11. With a view to serving the Members better and for administrative convenience, Members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings into one folio.
12. Members may also note that the Annual Report will also be available on the Company's website viz., [www.iprings.com](http://www.iprings.com) for their download.

#### **Members holding shares in electronic form**

13. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to the Depository Participant(s) (DP) with whom they are maintaining their DEMAT accounts.
14. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC Code, Mandates, Nominations, Power of Attorney, Change of Address / Name / e-mail Address / Contact Numbers, etc., to their DP.
15. Electronic copy of the Annual Report and the Notice of the AGM inter-alia indicating the process and manner of e-Voting are being sent to all the Members whose e-mail IDs are registered with the Company / DPs for communication purposes.

#### **Members holding shares in physical form**

16. Members can submit their PAN details to the Share Transfer Agent (STA) of the Company.
17. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, Mandates, Nomination as per Section 72 of the Act, 2013 by filling Form SH-13, Power of Attorney, Change of Address / Name / e-mail Address / Contact Numbers, etc., with the STA. Blank forms (SH-13) will be sent by e-mail.
18. Members holding shares in physical form, in their own interest, are requested to de-materialize the shares to avail the benefits of electronic holding / trading.

## Voting

19. The businesses as set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The Members may cast their votes using electronic voting system ('remote e-Voting').
20. In case of joint holders attending AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
21. In terms of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended ('the Rules') and Regulation 44 of the Listing Regulations, the Company has provided facility to exercise votes through electronic voting system to Members holding shares as on 16<sup>th</sup> September 2020 being the "Cut-off Date" ("Cut-Off" for the purpose of Rule 20(4)(vii) of the Rules) fixed for determining voting rights of Members entitled to participate in the remote e-Voting process through the platform provided by NSDL viz., [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

The voting rights of the Members/Beneficial Owners will be reckoned on the Equity Shares held by them as on Cut-off date. Members as on the Cut-off date only shall be entitled to avail the facility of remote e-Voting or voting at the meeting.

### THE INSTRUCTIONS FOR REMOTE E-VOTING AND VOTING AT THE MEETING ARE AS UNDER

1. The remote e-Voting period begins on 21<sup>st</sup> September 2020 at 9:00 A.M. (IST) and ends on 23<sup>rd</sup> September 2020 at 5:00 P.M. (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

2. The details of the process and manner for remote e-Voting are explained herein below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>

Step 2: Cast your vote electronically on NSDL e-Voting system.

#### Details on Step – 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e.  
Demat (NSDL or CDSL) or Physical

(a) For Members who hold shares in  
Demat account with NSDL.

(b) For Members who hold shares in  
Demat account with CDSL.

(c) For Members holding shares in Physical Form.

Your User ID is:

8 Character DP ID followed by 8 Digit Client ID  
For example if your DP ID is IN300\*\*\* and Client ID  
Is 12\*\*\*\*\* then your user ID is IN300\*\*\*12\*\*\*\*\*.

16 Digit Beneficiary ID  
For example if your Beneficiary ID is 12\*\*\*\*\*  
then your user ID is 12\*\*\*\*\*

EVEN Number followed by Folio Number registered  
with the Company  
For example if folio number is 001\*\*\* and  
EVEN is 101456 then user ID is 101456001\*\*\*

5. Your password details are given below:

(a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

- (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- (c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the STA, your 'initial password' would be communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the pdf file. The password to open the pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email are not registered.
- 6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - (a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- 8. Now, you will have to click on "Login" button.
- 9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 are mentioned below:**

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login as provided in Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of IP Rings Limited for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**Process for those shareholders whose e-mail IDs are not registered with the depositories for procuring user id and password and registration of e-mail IDs for e-Voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please, provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN and AADHAR (self-attested scanned copy) by email to [helpdesk@btsindia.co.in](mailto:helpdesk@btsindia.co.in).  
In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN and AADHAR (self-attested scanned copy) to [helpdesk@btsindia.co.in](mailto:helpdesk@btsindia.co.in).
2. Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
- ii. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system at the AGM.
- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-Voting.

**INSTRUCTIONS TO THE MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- i. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-Voting credentials. The link for VC/OAVM will be available in shareholder/members login where EVEN of the Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
- ii. Members are encouraged to join the Meeting through Laptops for better experience.
- iii. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- iv. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- v. As the AGM is being conducted through VC / OAVM, members desiring any information relating to the annual accounts for the year ended 31<sup>st</sup> March 2020 of the Company are requested to send an email to the Company at [cs@iprings.com](mailto:cs@iprings.com) at least 48 hours before the meeting, mentioning their name, complete 16 digit DEMAT account number / folio number, email address and mobile number. Alternatively the members can access our portal <http://portals.iprings.com/investorQuery/> to raise their questions. Only those requests as received from the members on the aforementioned email addresses on or before 22<sup>nd</sup> September 2020 at 05:00 P.M. (IST) shall be considered and responded to, prior / until the date of the AGM by way of email.
- vi. Members who would like to register themselves as a speaker shall send an email with the details of name, DEMAT account number/folio number, email id, mobile number to [cs@iprings.com](mailto:cs@iprings.com) and only e-mail request alone shall be entertained to enrol as speaker as the portal should be used only to raise questions to be replied by the Company.
- vii. Members who would like to express their views or ask questions may do so by accessing the following web-link <http://portals.iprings.com/investorQuery/> from Wednesday the 02<sup>nd</sup> September 2020 to Tuesday the 22<sup>nd</sup> September 2020 by providing either of their credentials such as name, DP ID and Client ID / folio number, PAN, mobile number, and email address. Members who hold shares of the Company as on 31<sup>st</sup> August 2020 being the cut-off date for this purpose and have registered themselves as a speaker will be allowed to express their views / ask questions during the AGM and they may have to allow camera access during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. The shareholders who have registered themselves as a speaker shareholder will only be allowed to express their views/ask questions during the meeting.

**General Guidelines for shareholders:**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail [rmmukund@gmail.com](mailto:rmmukund@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.
4. Mr R Mukundan, Practicing Company Secretary (Membership No. 7876), has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and casting vote at the meeting in a fair and transparent manner.

5. In case of any queries, Members may refer to the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990. Members, who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/ or contact Mr Amit Vishal, Senior Manager - NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in)/ 022-24994360 / +91 9920264780 or Mr Sagar Ghosalkar, Assistant Manager - NSDL at [sagar.ghosalkar@nsdl.co.in](mailto:sagar.ghosalkar@nsdl.co.in) / 022-24994553 / +91 9326781467.
6. The Scrutinizer shall after the conclusion of e-Voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such report shall then be sent to the Chairman or a person authorized in this regard, within 48 (forty eight) hours from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.
7. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company at [www.iprings.com](http://www.iprings.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to BSE Limited, Mumbai.
8. Pursuant to the Circulars issued by MCA and SEBI, owing to the difficulties involved in dispatching of physical copies of the Notice of the AGM and the Annual Report for the year 2019-20, the said documents are being sent only by email to the Members. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the AGM and the Annual Report for the year 2019-20 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:-
  - (a) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the Company's RTA at [helpdesk@btsindia.co.in](mailto:helpdesk@btsindia.co.in).
  - (b) For Members holding shares in Demat form, please update your email address through your respective Depository Participant/s.
9. In accordance with the provisions of Article 41 of the Articles of Association of the Company, Dr. R Mahadevan will retire by rotation at AGM and being eligible, offer himself for re-appointment; and
10. In terms of the Regulation 36(3) of the Listing Regulations, read with Secretarial Standards on General Meeting, brief profile of the Directors, who are proposed to be reappointed in this AGM, nature of their expertise in specific functional areas, other Directorships and Committee Memberships, their shareholding and relationship with other Directors of the Company are elaborated in the report on corporate governance which forms part of the Annual Report.

By the Order of the Board of Directors

Chennai  
29 JUNE 2020  
Registered Office:  
D 11/12, Industrial Estate  
Maraimalai Nagar, 603 209  
CIN: L28920TN1991PLC020232

CS VANANTHA SUBRAMANIAN  
COMPANY SECRETARY  
ACS: A29770



## DIRECTORS' REPORT

The Directors have pleasure in presenting the **Twenty Ninth Annual Report** together with the Audited Financial Statements for the year ended March 31, 2020 and the Auditor's Report thereon.

### 1. COMPANY PERFORMANCE & COVID IMPACT

Total Revenue of the Company including other income was ₹19,858.88 Lakhs in the Current Year as against ₹ 21,308.60 Lakhs in the previous year. Profit before Tax (PBT) was ₹173.91 Lakhs as against ₹1,103.28 Lakhs in the previous year.

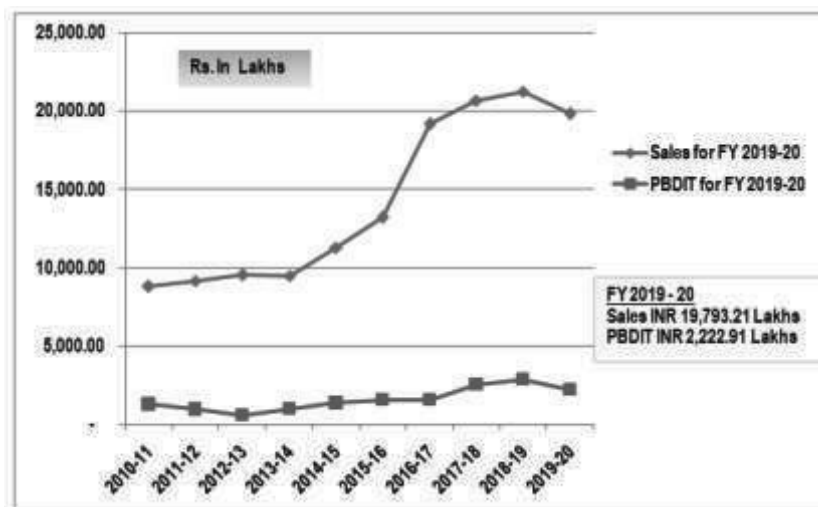
Towards the end of 2019-20 starting 23<sup>rd</sup> March, the Company's operations were halted due to the COVID-19 pandemic. A nationwide lockdown was announced to contain the spread of the virus. Understanding the severity of the crisis, the Company took lot of measures to help and support its customers, employees, dealers, suppliers, and society. The Company also set-up a Business Continuity Task Force and pro-actively rolled-out a slew of measures to ensure health & safety of its employees, suppliers and dealers. Work from home was implemented for almost all executives & managers well on time.

Your Company took initiatives to combat the ill effects of COVID by following stringent protocols of people movement inside the factory premises, providing supplements like masks, gloves, sanitizers to employees and others who are associated with the day to day operations of the factory.

### 2. FINANCIAL RESULTS

	2019-2020 (Rs in Lakhs)	2018-2019 (Rs in Lakhs)
Profit before Finance charges, Depreciation and Tax	2,222.91	2,862.79
Finance charges	943.55	782.59
Depreciation	1,105.45	976.92
Profit / (Loss) before Tax	173.91	1,103.28
Provision for Taxation (Net)	63.80	308.59
Profit / (Loss) after Tax	110.11	794.69
Other Comprehensive Income	(14.61)	(7.53)
Profit/(loss) attributable to Equity Share holders	95.50	787.16

The Sales and Profit before Depreciation, Tax and Interest (PBDIT) for the last 10 years has been provided below showing the consistences of the Company.



### 3. DIVIDEND

The prevailing Business situation and outlook, the surplus earned shall insulate the Company from the uncertain events in the years to come. Accordingly, the Board does not recommend Dividend for the financial year 31st March 2020.

#### 4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

##### REVIEW OF BUSINESS OPERATIONS

The OEM industry in India witnessed a 17% reduction in volumes in the year 2019 – 2020.

This was primarily due to:

- Transition to BS-VI,
- Dampened demand a remnant of Demonetization
- Disruption due to the roll-out of GST, which continued throughout the year

The auto component industry however performed better due to its exposure to other segments such as export markets and replacement markets and was therefore able to curtail its reduction to 11.3% in revenue terms.

Your company outperformed the industry curtailing its reduction in revenues to 6.8 % at Rs 197.93 Cr, primarily due to its business development efforts in the international and domestic automotive markets and posted a Profit after Tax of Rs 1.10 Cr's. This was made possible due to the various austerity measures undertaken, while continuing to invest in technology capabilities, capacities and modernization.

##### FUTURE PROSPECTS

The Core objectives of the Final Draft Automotive Plan, 2016 – 26, issued by the Department of Heavy Industry aims to propel the Indian Automotive industry to be the engine of the “**Make in India**” program. This sector is amongst the foremost drivers of the Manufacturing sector: Over the next decade, the Indian Automotive sector is likely to contribute more than 12% to the country's GDP and comprise more than 40% of its manufacturing sector.

The Indian auto-components industry has experienced robust growth over the last few years. The Automobile component industry's revenue stood at US\$ 56.52 billion in FY19, up from US\$ 35 billion in FY14. The Automotive Mission Plan has set an ambitious target to reach Revenues of USD 200 Bill with Exports contributing nearly USD 80 Bill from the current level of USD 16 Bill by the year 2026. While issues like the current pandemic and temporary muted demand scenario might prove a challenge to achieve these numbers by the target date, the expectation is for the sector to continue in its growth trajectory, given the strong macroeconomic fundamentals and strong government support being lent to the automotive sector.

The continued emphasis by the regulators on cleaner and safer vehicles augurs well for your company and its products. The company continues to invest in technology, capabilities and capacities that will be required to satisfy these global quality and technology requirements.

##### FINANCIAL PERFORMANCE

Your Company has achieved a turnover for the year 2019-20 of ₹ 197.93 Crores which was tad lower than the previous year and ended the same with a Profit after tax of ₹ 110.11 Lakhs while compared to Profit after tax of ₹ 794.69 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 were cordial and no major issues occurred during the financial year.

##### 10 YEAR RECORD

A chart showing 10 years' performance is appended forming part of this Report under the heading “Financial highlights”.

##### DIRECTORS

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

Mr Navin Paul [DIN: 00424944], Independent Director was appointed as an Additional Director by the Board on November 07, 2019 and he will hold office till this Annual General Meeting. By virtue of Section 149 of the Companies Act, 2013, your Directors are seeking Members' approval for appointment of Mr. Navin Paul as an Independent Director for a period of five consecutive years up to November 06, 2024.

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. They have also complied with the Code for Independent Directors prescribed in Schedule IV to 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.

#### **INVESTMENTS MADE BY THE COMPANY**

The Company has made investments to the tune of 1.10 Lakhs and the details of the investments are as follows:-

<b>Sl. No.</b>	<b>Particulars</b>	<b>(₹) In Lakhs</b>
1.	5500 Equity Shares of ₹ 2 Each fully paid in Corporation Bank (Quoted) Market Value being ₹ 9.85 per share	0.54
2.	5600 Equity Shares of ₹ 10 Each fully paid in K.Ramakrishnan Clean Energy Pvt Ltd (Unquoted)	0.56
	<b>TOTAL</b>	<b>1.10</b>

#### **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>.

#### **5. DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility statement, it is hereby stated-

- i. that in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for year under review;
- iii. 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;
- iv. the Directors had prepared the annual accounts for the year ended 31<sup>st</sup> March 2020 on a "going concern" basis;
- v. 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; and
- vi. 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.

## 6. CORPORATE SOCIAL RESPONSIBILITY [CSR]

The Amalgamations Group is alive to the Corporate Social Responsibility to its employees, customers, and all the stake holders. It cares for those affected by natural calamities, cures the needy, trains people for suitable vocations, and helps society to leave better legacies for the new generation. It also proactively promotes public interests, by catalyzing community growth and development.

Some of the key initiatives include 'j' Rehab Centre for Physically Challenged Women, Sri Paramakalyani Hospital and other educational institutions for helping the society.

This company being part of the Amalgamations Group has imbibed the CSR in its culture and has formed a CSR Committee under Section 135 of the Companies Act, 2013. The Company is eligible to spend on their ongoing projects/ programmes, falling within the CSR activities specified under the Act, 2013, as mandated by the Ministry of Corporate Affairs for carrying out the CSR activities.

The Committee formulated and recommended a CSR Policy in terms of Section 135 of the Act, 2013 along with a list of projects / programmes to be undertaken for CSR spending in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR policy and the details of CSR expenditure form part of the Annexure to this report. Members are hereby requested to refer Annexure III of the Director Report.

### 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

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

Chennai  
June 29, 2020

Annexure – I of the Directors' Report to the Shareholders

**PARTICULARS OF CONSERVATION OF ENERGY,  
TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO FOR THE YEAR 2019-20**

**A. CONSERVATION OF ENERGY**

**i. Energy conservation measures taken:**

The manufacturing units of the company have continued their efforts to reduce the energy consumption. Energy conservation initiatives are being planned and implemented across manufacturing locations. Apart from regular practices and measures for energy conservation, many new initiatives were driven across all the units.

**ii. The steps taken by the company for utilizing alternate sources of energy :** The Company has entered into power purchase agreement with M/s. K.Ramakrishnan Clean Energy Private Limited to purchase Clean Energy [Wind Energy] thereby tapping alternate source of energy.

**B. TECHNOLOGY ABSORPTION AND INNOVATION**

i. The Efforts made by the Company towards technology absorption

**RESEARCH & DEVELOPMENT:**

<p>1. Specific areas in which R&amp;D is carried out by the company.</p>	<p>Continuous Research is being undertaken in the following areas:</p> <p><b>Piston Rings:</b> Developed BS VI norms Piston Rings for Engines operating with Diesel, Petrol, Alcohol and CNG fuels in passenger car and truck application. – Energy Conservation Developed new proposals of Taper Side Rails for K15C Engine application. Developed new proposal for Direct PVD Side Rail in SR34 material grade. GN PVD Side Rails with high crowning profile manufactured and under Engine validation</p> <p><b>Orbital Cold Forming</b> Developed intricate geometrical parts like Trac Lok and Negative Draft EDL gear thru OCF process Automation of Final inspection by Gantry line Developed new material S45C for manufacturing Front Wheel Hub Automation of loading and unloading by two Robots in CNC Machining</p>
<p>2. Benefits derived as a result of above R&amp;D</p>	<p><b>Piston Rings:</b> Development of BSVI norms Piston Rings for Engines operating with Diesel, Petrol, Alcohol and resulted in business for TATA 1.5L, K1EA, J1350 CC , Dolphin , Hino &amp; PSA Avtech. Piston Rings Manufactured for 2 piece oil Rings with concavity and step land for better oil scrapping and friction reduction. The Product is in Engine Validation GN PVD Side Rails with high crowning profile manufactured and the parts are under Engine validation Direct PVD Side Rails manufactured in SR34 material grade and the parts are under Engine Validation</p> <p><b>Orbital Cold Forming</b> Development of intricate geometrical parts Trac lok and Negative Draft EDL gears has resulted in entry of new export projects for customers, DANA USA &amp; AAM Thailand. Implementation of auto gauging system in the Final inspection gantry line has improved the Inspection efficiency and accuracy of the product. It has also improved the retrieval of data system and reduced the cost of poor quality. Development of new material S45 has given entry in new verticals. Automation of loading and unloading by two Robots in CNC Machining has resulted in reduction of defects</p>

3. Future Plan of Action:	<p><b>Piston Rings:</b>  Development of low friction hydrogen free DLC coating for all fuel application  Development of alloyed PVD coating for ethanol fuel application  Introduction of Cam Coiling for manufacturing negative Ovality Piston Ring  Creating low cost automation model Cell for 2 Wheeler segment</p> <p><b>Orbital Cold Forming</b>  Development of Ring Rolled blanks for Pole Wheel and Ring Gear  Development of Large Size Commercial Vehicle Differential Gears</p>
4. Expenditure on R&D:	Capital NIL Revenue Rs.49.10 Lakhs/- Total Rs.49.10 Lakhs/- Total R & D Expenditure 0.25% (as a % of Total Turnover)

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (i) Activities relating to Exports                      Exploring additional opportunities for export of Transmission Components to new customers
- (ii) Total Foreign Exchange used and earned
  - Foreign Exchange earned                      Rs. 6411.30 Lakhs
  - Foreign Exchange outgo                      Rs. 3692.13 Lakhs

**ANNEXURE - II TO OF THE DIRECTORS REPORT TO THE SHAREHOLDERS**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31st March 2020**

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

**I. REGISTRATION AND OTHER DETAILS :**

(i)	CIN	:	L28920TN1991PLC020232
(ii)	Registration Date	:	30.01.1991
(iii)	Name of the Company	:	IP RINGS LIMITED
(iv)	Category / Sub-Category of the Company	:	PUBLIC COMPANY LIMITED BY SHARES
(v)	Address of the Registered Office and contact details	:	D 11/12, Industrial Estate, Maraimalai Nagar - 603 209 Ph : 044 - 27452816 / 27452929
(vi)	Whether Listed Company Yes / No	:	YES
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	BTS CONSULTANCY SERVICES PVT LTD I Floor, M S Complex Plot No. 8, Sastri Nagar Nr. 200 Feet Road RTO Kolathur, Chennai - 600 099 Tel: (044) 2556 5121 Fax (044) 2556 5131 E-mail: helpdesk@btsindia.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Parts & Accessories for Motor Vehicles and Engines	34300	100

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

Sl.No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	Amalgamations Pvt Ltd. No. 124, R K Salai, Chennai - 600 004	U35999TN1938PTC000019	Holding Company	5.45	2(46)
2	Simpson & Co. Ltd. 861/862, Anna Salai, Chennai - 600 002	U65991TN1925PLC002345	Holding Company	29.72	2(46)
3	India Pistons Ltd. Sembiam, Chennai - 600 011	U35999TN1949PLC000951	Associate	10.02	2(6)

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

##### (i) Category-wise Shareholding

Sl.No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	<b>A. Promoters</b>									
(1)	<b>Indian</b>									
	(a) Individual / HUF	-	-	-	-	-	-	-	-	-
	(b) Central Govt	-	-	-	-	-	-	-	-	-
	(c) State Govt (s)	-	-	-	-	-	-	-	-	-
	(d) Bodies Corp.	7172057	0	7172057	56.58	7172057	0	7172057	56.58	0.00
	(e) Banks / FI	-	-	-	-	-	-	-	-	-
	(f) Any Other .....	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (1) :-</b>	<b>7172057</b>	<b>0</b>	<b>7172057</b>	<b>56.58</b>	<b>7172057</b>	<b>0</b>	<b>7172057</b>	<b>56.58</b>	<b>0.00</b>
(2)	<b>Foreign</b>									
	(a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
	(b) Other Individuals	-	-	-	-	-	-	-	-	-
	(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
	(d) Banks / FI	-	-	-	-	-	-	-	-	-
	(e) Any Other .....	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (2) :-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	<b>7172057</b>	<b>0</b>	<b>7172057</b>	<b>56.58</b>	<b>7172057</b>	<b>0</b>	<b>7172057</b>	<b>56.58</b>	<b>0</b>
	<b>B. Public Shareholding</b>									
(1)	<b>Institutions</b>									
	(a) Mutual Funds	0	200	200	0.00	0	200	200	0.00	0.00
	(b) Banks / FI	-	-	-	-	-	-	-	-	-
	(c) Central Govt	-	-	-	-	-	-	-	-	-
	(d) State Govt (s)	-	-	-	-	-	-	-	-	-
	(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
	(f) Insurance Companies	0	0	0	0	0	0	0	0	0
	(g) FIs	-	-	-	-	-	-	-	-	-
	(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	(i) Others (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-total (B) (1) :-</b>	<b>0</b>	<b>200</b>	<b>200</b>	<b>0.00</b>	<b>0</b>	<b>200</b>	<b>200</b>	<b>0.00</b>	<b>0.00</b>
(2)	<b>Non-Institutions</b>									
	(a) Bodies Corp.									
	(i) Indian	1709558	400	1709958	13.49	1649754	400	1650154	13.02	-0.47
	(ii) Overseas	-	-	-	-	-	-	-	-	-
	(b) Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	1709854	213297	1923151	15.17	1727288	199654	1926942	15.20	0.03
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	898497	-	898497	7.09	955051	-	955051	7.53	0.45
	(c) Others (HUF/NRI/Clearing Member/IEPF)	267800	2	267802	2.11	267259	2	267261	2.11	0.01
	(d) Foreign Collaborator	704200	0	704200	5.56	704200	0	704200	5.56	0.00
	<b>Sub-total (B) (2) :-</b>	<b>5289909</b>	<b>213699</b>	<b>5503608</b>	<b>43.42</b>	<b>5303552</b>	<b>200056</b>	<b>5503608</b>	<b>43.42</b>	<b>0.01</b>
	<b>Total Public shareholding (B) = (B) (1) + (B) (2)</b>	<b>5289909</b>	<b>213899</b>	<b>5503808</b>	<b>43.42</b>	<b>5303552</b>	<b>200256</b>	<b>5503808</b>	<b>43.42</b>	<b>0.01</b>
	<b>C Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>12461966</b>	<b>213899</b>	<b>12675865</b>	<b>100.00</b>	<b>12475609</b>	<b>200256</b>	<b>12675865</b>	<b>100.00</b>	<b>0.00</b>



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

##### (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	India Pistons Ltd.	25,35,173	20.00	0	12,69,885	10.02	0	-9.98
2	Tractors & Farm Equipment Ltd.	14,40,192	11.36	0	14,40,192	11.36	0	0.00
3	Simpson & Co., Ltd.	25,01,712	19.74	0	37,67,000	29.72	0	9.98
4	Amalgamations Pvt Ltd.	6,91,380	5.45	0	6,91,380	5.45	0	0.00
5	The United Nilgiri Tea Estates Co Ltd.	3,600	0.03	0	3,600	0.03	0	0.00
	<b>Total</b>	<b>71,72,057</b>	<b>56.58</b>	<b>0</b>	<b>71,72,057</b>	<b>56.58</b>	<b>0</b>	<b>0.00</b>

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

Sl.No.	Name of the Promoter	No. of Shares held at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
	<b>India Pistons Ltd</b> At the beginning of the year	25,35,173	20.00	25,35,173	20.00
1	Datewise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer / Bonus / Sweat Equity, etc.)	05-Apr-2019	-12,65,288	12,69,885	-9.98
		<b>Interse Transfer</b>			
	<b>Simpson &amp; Co. Ltd</b> At the beginning of the year	25,01,712	19.74	25,01,712	19.74
2	Datewise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer / Bonus / Sweat Equity, etc.)	05-Apr-2019	12,65,288	37,67,000	9.98
		<b>Interse Transfer</b>			

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

Opening Balance (01.04.2019) (%of Total Shares of the Company)	Date of Increase/ Decrease	Reasons for Increase or Decrease	No. of Shares	% of Total Shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
<b>ENAM SECURITIES &amp; SECURITIES PVT. LTD.</b> 10,66,552 (8.41%)	-	-	-	-	-	-	10,66,552	8.41
<b>NIPPON PISTON RING CO. LTD</b> 7,04,200 (5.56%)	-	-	-	-	-	-	7,04,200	5.56
<b>GAGANDEEP CREDIT CAPITAL PVT LTD</b> 2,44,510 (1.93%)	-	-	-	-	-	-	2,44,510	1.93
<b>ANVIL FINTRADE PVT LTD</b> 2,34,530 (1.85%)	-	-	-	-	-	-	2,34,530	1.85
<b>BHAVANI KRISHNAMOORTHY</b> 1,44,900 (1.14%)	-	-	-	-	-	-	1,44,900	1.14
<b>M ANANTHARAMAKRISHNAN</b> 1,00,200 (0.79%)	-	-	-	-	-	-	1,00,200	0.79
<b>NVESTOR EDUCATION AND PROTECTION FUND AUTHORITY</b> 77,225 (0.61%)	26/07/19	Transferred	(100)	0.00	(100)	0.00	77,125	0.61
<b>JAGDISH AMRITLAL SHAH</b> 48,472 (0.38%)	17/07/19 18/10/19	Purchase Purchase	923 440	0.01 0.00	49,395 49,835	0.39 0.39	49,835	0.39
<b>MALLIKA SRINIVASAN</b> 47,550 (0.38%)		-	-	-	-	-	47,550	0.38
<b>SHRIRAM MURALI</b> 47,500 (0.38)	-	-	-	-	-	-	47,550	0.38

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

Sl. No.	Name of the Directors / KMPs (M/s.)	Opening Balance (01.04.2019) (% of Total Shares of the Company)	Date of Dealing	Purchase or Sale	No. of Shares	% of Total Shares of the Company	Cumulative		Closing Balance (31.03.2020)	
							No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	N Venkataramani	44,250 (0.35%)	-	-	-	-	-	-	44,250	0.35
2.	A Venkataramani	33,120 (0.26%)	-	-	-	-	-	-	33,120	0.26
3.	R Mahadevan	1,080 (0.01%)	-	-	-	-	-	-	1,080	0.01
4.	PM Venkatasubramanian	-	-	-	-	-	-	-	-	-
5.	Sandhya Shekhar	-	-	-	-	-	-	-	-	-
6.	Yoshio Onodera	-	-	-	-	-	-	-	-	-
7.	Vikram Vijayaraghavan	-	-	-	-	-	-	-	-	-
8.	Navin Paul	-	-	-	-	-	-	-	-	-
9.	Jayasankar Shivakumar (#)	-	-	-	-	-	-	-	-	-
10.	R Venkataraman	-	-	-	-	-	-	-	-	-
11.	S Priyamvatha (##)	106 (0.00%)	-	-	-	-	-	-	106	0.00
12.	V Anantha Subramanian	-	-	-	-	-	-	-	-	-

(#) Mr. Jayasankar Shivakumar ceased to be a director of the Company with effect from 31<sup>st</sup> January 2020

(##) Mrs. S Priyamvatha ceased to be Company Secretary of the Company with effective from 31<sup>st</sup> May 2019

**V. INDEBTEDNESS**

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

(₹)

	Secured Loans excluding deposits	Deposits	Unsecured Loans	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	79,84,51,935	-	2,50,00,010	82,34,51,945
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	34,93,689	-	-	34,93,689
<b>Total ( i + ii + iii)</b>	<b>80,19,45,624</b>	<b>-</b>	<b>2,50,00,010</b>	<b>82,69,45,634</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	30,21,05,661	-	-	30,21,05,661
• Reduction	(28,25,13,078)	-	(99,99,996)	(29,25,13,074)
<b>Net Change</b>	<b>1,95,92,583</b>	<b>-</b>	<b>(99,99,996)</b>	<b>95,92,587</b>
<b>Indebtedness at the end of the financial year</b>				
(I) Principal Amount	81,80,44,518	-	1,50,00,014	83,30,44,532
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	42,21,003	-	-	42,21,003
<b>Total ( i + ii + iii)</b>	<b>82,22,65,521</b>	<b>-</b>	<b>1,50,00,014</b>	<b>83,72,65,535</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and / or Manager :**

(₹)

Sl.No.	Particulars of Remuneration	Name of MD / WTD / Manager : A Venkataramani, MD	
		A Venkataramani, MD	Total Amount
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961	92,33,333 33,72,699 -	92,33,333 33,72,699 -
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as a % of profit - others, specify	- - -	- - -
5	Others, please specify	-	-
	Total (A)	1,26,06,032	1,26,06,032
	Ceiling as per the Act	5% of Net Profit of the Co. as per Sec.197 of the Cos Amendment Act 2017	

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**B. Remuneration to other Directors :**

(₹)

Sl.No.	Particulars of Remuneration	Name of Directors					Total Amount
		P M Venkatasubramanian	J Shivakumar	Sandhya Shekhar	Vikram Vijayaraghavan	Navin Paul	
1	Independent Directors - Fee for attending Board / Committee Meetings - Commission - Others, please specify	1,40,000 0 0	1,10,000 0 0	1,35,000 0 0	80,000 0 0	60,000 0 0	5,25,000 0 0
	Total (1)	1,40,000	1,10,000	1,35,000	80,000	60,000	5,25,000
2.	Other Non-Executive Directors - Fee for attending Board / Committee Meetings - Commission - Others, please specify	N Venkataramani 50,000 0 0	R Mahadevan 70,000 0 0	Yoshio Onodera 0 0 0	0 0 0	0 0 0	1,20,000 0 0
	Total (2)	50,000	70,000	0	0	0	1,20,000
	Total (B) = (1+2)	1,90,000	1,80,000	1,35,000	80,000	60,000	6,45,000

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

(₹)

Sl.No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary		CFO	Total
		Old	New		
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961	3,59,531 - -	3,48,623 24,000 -	34,61,690 54,600 -	41,69,844 78,600 -
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as a % of profit - others, specify	- - -	- - -	- - -	- - -
5	Others, please specify	-	-	-	-
	Total	3,59,531	3,72,623	35,16,290	42,48,444

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

NIL

**ANNEXURE - III OF THE DIRECTORS' REPORT TO THE SHAREHOLDERS**

**Particulars of Corporate Social Responsibility activities carried out by the Company in terms of Section 135 of the Companies Act, 2013**

1. A brief outline of the Company's CSR Policy:

This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for the transformation and sustainable development of the rural communities at large.

2. Overview of projects or programs proposed to be undertaken:

Focus areas relate to Rural Development Projects, economic development, quality education, health care, conservation of environment and the creation, maintenance of infrastructure, art, culture and protection of places of public and historical importance.

3. COVID Related Relief Measures taken by the Company:

The Company issued relief materials to various beneficiaries in order to tide over the lockdown situation. The Company further issued PPE's like Face Masks, Hand Gloves, and Sanitizers to employees, contractors and others those who visit company premises. As a part of ensuring Safety and Health, daily temperatures are monitored before entering the factory and any variations are treated as per the Government guidelines related to COVID.



4. Web-link to the CSR policy and projects or programmes is provided in page no. 45 of this Annual Report.

5. Composition of the CSR Committee:

Sl. No.	Name of the Member (M/s.)	Designation	Status
1.	N Venkataramani	Chairman & Non Executive Director	Chairman
2.	N Venkataramani	Non Independent Director	Member
3.	Dr Sandhya Shekhar	Non Independent Director	Member

6. Average net profit of the Company for the last three financial years ₹. 2,66,98,706

7. Prescribed CSR Expenditure (2% of the amount as in item 5 above) ₹. 5,33,974

8. Details of CSR spent during the financial year:

- (a) Total amount spent for the financial year ₹. 6,45,237
- (b) Amount unspent, if any Not Applicable
- (c) Manner in which the amount spent during the financial year is detailed below:

CSR Project or activity identified	Assistance in the form of finance as well as Skill development to deserving candidates which falls under the Scope (ii) of CSR policy of the Company
Sector in which the Project is covered	Economic Development, Education and Skill development
Areas in which Projects/ Programmes undertaken:	Local Area: Maraimalai Nagar
State & District	Tamil Nadu Chengalpattu District

9. In case the company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report – Not applicable

10. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

To discharge the duties cast under provisions of the Act, 2013, members of the CSR Committee visit places where the implementing agencies are doing service.

Chennai  
29th June 2020

For and on behalf of the Board of Directors  
N VENKATARAMANI  
Chairman [Non-Executive]  
Chairman of CSR Committee

## REPORT ON CORPORATE GOVERNANCE

### Annexure - IV of the Directors' Report to the Shareholders

#### 1. Company's Philosophy on Code of Governance

As part of Amalgamations Group, the Company has a strong legacy of fair, transparent and ethical governance practices. The Company's philosophy on corporate governance is founded on the fundamental ideologies of the Group viz., Trust, Value, Exactness and Passion for Customers. The Company believes in ensuring corporate fairness, transparency, professionalism, accountability and propriety in total functioning of the Company, which are pre-requisites for attaining sustainable growth in this competitive corporate world. Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. The Company would constantly Endeavour to improve on these aspects. Good corporate governance, acting in accordance with the principles of responsible management which aimed at increasing enterprise value on a sustainable basis, is an essential requirement. The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct an Ethics and Code of Conduct to Regulate, Monitor and Report trading by Insiders for prevention of insider trading by the Directors and Designated Persons and Code of practices for fair disclosure of unpublished price sensitive information and various other policies available on the Company's website [www.iprings.com](http://www.iprings.com).

#### 2. Board of Directors

The Board of Directors (the Board), which consists of eminent persons with considerable professional expertise and experience, provides leadership and guidance to the management, thereby enhancing stakeholders' value.

##### 2.1. Composition of Board of Directors

The Board has sought to balance its composition and tenure, and that of its Committees and to refresh them gradually from time to time so that they can benefit from the experience of longer serving Directors, and the fresh external perspectives and insights from newer appointees.

As on 31<sup>st</sup> March 2020, the total strength of the board was Eight. As the Company has an Non- Executive Chairman viz., Mr. N Venkataramani, Chairman and Managing Director, the Board is required in terms of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), to have at least one-third of its Directors as independent directors and also to have at least one Woman Director.

During the year, Mr Jayasankar Shivakumar [DIN: 07155490], an Independent Director of the Company resigned on 31<sup>st</sup> January 2020, due to age related problems.

The Board has four Non-Executive Independent Directors (NE-ID) viz., Mr P M Venkatasubramanian, Dr Sandhya Shekhar, Mr Vikram Vijayaraghavan and Mr Navin Paul.

The board also has three Non-Executive Non- Independent Directors (NE- NID), viz., Mr N Venkataramani, Dr R Mahadevan and Mr. Yoshio Onodera.

Mr A Venkataramani, Managing Director is the Executive Non Independent Director Thus; the composition of the Company's Board is in conformity with the Listing Regulations.

Non-Executive Directors are drawn from a wide range of industries and background including financial services, and have a wealth of experience of complex organizations. Many of the Company's Board members have experience of long-cycle industries, which is of great assistance in understanding the industry in which the Company operates. The Company is committed to the diversity of its Boardroom.

Mr.PM Venkatasubramanian was re-appointed by the Shareholders through Postal Ballot on 28<sup>th</sup> March 2019 for the second term of 2 consecutive years from 01<sup>st</sup> April 2019 to 31<sup>st</sup> March 2021 as NE-ID of the Company in terms of Section 149 of the Companies Act, 2013 (the Act 2013) on the same terms of appointment and remuneration by way of fees and profit related commission, if any.

As required under Regulation 16 of the Listing Regulations, it is also ensured that Independent Directors of the Company do not hold non independent directorship position in another company, where any non-independent director of the Company is an independent director.

In accordance with the provisions of the Act, 2013 and the Articles of Association of the Company, Dr R Mahadevan NE-ID is liable to retire by rotation at the ensuing AGM, and being eligible, offer himself for reappointment.

## 2.2. Board Meetings:

Board and Committee meetings through video conferencing or other audio visual means were made available to the Directors. For restricted items of businesses, Directors participation through VC is permitted in the discussions wherever necessary quorum of Directors was physically present at the meeting.

Due to the COVID situation, the Company approved the March Quarter Accounts [Audited] and the committee meetings through Video Conference based on the relaxation issued by SEBI and MCA.

The Company, regularly places before the Board for its review, all the information as required under Part A of Schedule II to Listing Regulations, such as annual operating plans, CAPEX budget and its quarterly updates, quarterly financial results, minutes of meetings of Committees of the Board, information on recruitment and remuneration of senior officers one level below the Board, any significant development in Human Resources / Industrial Relations, show-cause, demand and prosecution notices and penalty notices which are materially important, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any, etc.

Comprehensively drafted notes for each agenda item along with the pre-agenda materials, wherever necessary, are circulated well in advance to the Committee /Board, to enable them for making value addition as well as exercising their business judgment in the Committee / Board meetings.

Presentations are also being made on the Company's Operations, Marketing Strategy, Risk Management, Internal Financial Controls, etc., in Board / Audit Committee meetings.

During the year 2019-20, the Board met five times viz., 16<sup>th</sup> May 2019, 25<sup>th</sup> July 2019, 07<sup>th</sup> November 2019, 30<sup>th</sup> November 2019 and 31<sup>st</sup> January 2020, and the gap between two meetings did not exceed one hundred and twenty days. Besides, the NE-IDs held a separate meeting on 21<sup>st</sup> February 2020, in compliance with the provisions of the Act, 2013 and Regulation 25(3) of Listing Regulations. All the NE-IDs were present at the meeting.

## 2.3. Attendance and other directorships:

The details of attendance of the directors at the board meetings during the year and at the last AGM held on 25<sup>th</sup> July 2019 and other directorships and committee memberships / chairmanships as on 31<sup>st</sup> March 2020 are as follows:

Director	Board Meetings	Last Annual General Meeting	Other Directorships*	Name of the Listed Companies and the category of directorship	Committee Memberships*	Committee Chairmanships**
N Venkataramani (DIN 00001639)	5	Yes	11	Bimetal Bearings Ltd. - Director	2	1
A Venkataramani (DIN 00277816)	5	Yes	6	–	–	–
R Mahadevan (DIN 00001690)	4	Yes	6	–	1	1
Yoshio Onodera (DIN 07509662)	–	No	–	–	–	–
P M Venkatasubramanian (DIN 00124505)	5	Yes	2	Bimetal Bearings Ltd – Independent Director	4	2
Sandhya Shekhar (DIN 06986369)	5	Yes	3	Bimetal Bearings Ltd – Independent Director	0	0
Vikram Vijayaraghavan [w.e.f. 16.05.2019](DIN 01944894)	4	Yes	9	–	1	1
Navin Paul [w.e.f. 07.11.2019](DIN 00424944)	3	No	1	–	–	–

\* Represents includes private companies and companies incorporated outside India

\*\* includes committees where the director holds the position of Chairman

-For the membership and chairpersonship in Committees, Audit Committee and Stakeholders' Relationship Committee have only been considered as per Regulation 26 of the Listing Regulations. Also, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 have been excluded.



None of the Directors on the Board is a member of more than ten committees or Chairman of more than five committees across all the companies in which they are directors. Chairmanships / Memberships of Committees include only Audit and Stakeholders' Relationship Committee as covered under Regulation 26 of the Listing Regulations, as per the disclosures made by the Directors. Chairman Mr. N. Venkataramani and Managing Director Mr. A Venkataramani are related to each other. None of the other Directors is related to any other Director on the Board.

None of the NEDs holds directorships in more than eight listed entities and serves as an Independent director in more than seven listed entities. As far as, managing director / whole time director in the Company are concerned, they do not serve as an independent director in more than three listed entities.

**2.4. Access to information and updation to Directors:**

The Board reviews all the information provided periodically for discussion and consideration at its meetings in terms of the Listing Regulations. Functional heads are present whenever necessary and apprise all the Directors about the developments. They also make presentations to the Board and Audit Committee of Directors.

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the Statutory Auditors of the Company are placed and discussed with functional heads, by the Committee / Board. The Board also reviews the declarations made by the Chairman and Managing Director and the Company Secretary regarding compliance with all applicable laws on quarterly basis. Decisions taken at the meetings of the Board / Committee are communicated to the functional heads. Action taken report on decisions of previous meetings was placed at every succeeding meeting of the Board / Committee for reporting the compliance.

**2.5. Access to information and updation to Directors:**

The Board reviews all the information provided periodically for discussion and consideration at its meetings in terms of the Listing Regulations. Functional heads are present whenever necessary and apprise all the Directors about the developments. They also make presentations to the Board and Audit Committee of Directors.

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the Statutory Auditors of the Company are placed and discussed with functional heads, by the Committee / Board. The Board also reviews the declarations made by the Chairman and Managing Director and the Company Secretary regarding compliance with all applicable laws on quarterly basis. Decisions taken at the meetings of the Board / Committee are communicated to the functional heads. Action taken report on decisions of previous meetings was placed at every succeeding meeting of the Board / Committee for reporting the compliance.

**2.6. Familiarization program**

Familiarization program is made available to the Directors covering such topics on Board's role, Board's composition and conduct, Board's risks and responsibilities, to ensure that they are fully informed on current governance issues. The details of familiarization program are available on the Company's website in the link as provided in page no. 45 of this Annual Report.

**2.7. Principal / core skills / expertise / competence of the Board of Directors:**

While evaluating the Board as a whole, it was ensured that the existing Board members have relevant core skills/ expertise/ competencies as required in the context of its business (es) and sector(s) to function effectively.

Skill	Description
Leadership/Strategy	Experience of playing leadership roles in large businesses, with competencies around strategy development & implementation, sales & marketing, business administration/operations and Organizations and people management.
Automotive Experience	Strong knowledge and experience in automotive industry and in managing business operations of a sizeable organization in the business of manufacture and sale of automobiles.
Financial	Practical knowledge and experience in Corporate Finance, accounting and reporting and internal financial controls, including strong ability to asses financial impact of decision making and ensure profitable and sustainable growth.
Governance	Board level experience in reputed organizations, with strong understanding and experience in directing the management in the best interests of the Company and its stakeholders and in upholding high standards of governance.
Regulatory	Strong expertise and experience in corporate law and regulatory compliance in India and overseas (including industry specific laws).

The Board is well structured to ensure a high degree of diversity by age, gender, educational qualification, professional background, present activity, sector expertise and special skills (classification).

Board comprises range and balance of skills, experience, knowledge, gender, social-economic backgrounds and independence. This needs to be backed by a diversity of personal attributes, including sound judgement, honesty and courage

**Professional Background & Skills / expertise / competency of Directors:**

Name of the Directors	Brief Description about the Directors
Mr. N Venkataramani – Chairman	<ul style="list-style-type: none"> <li>• He joined India Pistons in the year 1967 and holding Managing Directorship since 1982. He is also the Chairman of George Oakes Limited. He also serves on the Board of Bimetal Bearings Ltd., Amalgamations Valeo, and other flagship companies of Amalgamations Group</li> <li>• He has a Honors Degree in Mathematics from Delhi University</li> <li>• He specialized in Mechanical Engineering and obtained B.Sc. (Hons) and M.Sc., Degrees from the University of London. He also holds a Diploma in Production Technology from the Imperial College of London.</li> <li>• A fellow member of the Institute of Mechanical Engineers, U.K</li> </ul>
Mr. A Venkataramani – Managing Director	<ul style="list-style-type: none"> <li>• A British national who joined the Company in 2010 and is a Director in India Pistons Ltd in early 1989 and instrumental in steering the company in terms of Digitization, Business strategy and renewed Mission.</li> <li>• He did his MBA from USB Chicago. Since joining IPL, he has been at the forefront of the company's efforts in successfully implementing systems and procedures based on TPM, TQM &amp; Lean manufacturing in all locations.</li> <li>• He plays a vital role in Madras Management Association, ACMA and various other forums.</li> </ul>
Dr R Mahadevan – Non-Executive Director	<ul style="list-style-type: none"> <li>• He joined the Company in 1995 and instrumental in giving expert advice as a professional consultant and technical person.</li> <li>• A Mechanical Engineer from IIT, Chennai, and a PhD in IC Engines, Dr. Mahadevan has recently been honored as a Fellow of the Society of Automotive Engineers. He lends unparalleled technical support to IPL &amp; The Amalgamations Group besides serving on the board of IPL, IP Rings &amp; other companies within the group as Group Technology Director.</li> </ul>
Mr. Yoshio Onodera – Non-Executive Director	<ul style="list-style-type: none"> <li>• He represents Nippon Piston Co Ltd, Japan and is instrumental in extending the technical expertise of Nippon Pistons, Japan</li> </ul>
Mr. P.M. Venkatasubramanian	<ul style="list-style-type: none"> <li>• He joined the Company in 2002 as an Independent Director and serves in Independent Director the Board of Bimetal Bearings Limited as an Independent Auditor</li> <li>• He had served as the Chairman and Managing Director of General Insurance Corporation of India and has diversified his experience in areas of insurance, Finance and Human Resources.</li> <li>• He holds a post graduate degree in Commerce and is a fellow member of the Insurance Institute of the India, Mumbai.</li> </ul>
Dr Sandhya Shekhar – Independent Director	<ul style="list-style-type: none"> <li>• She joined the Company in 2014 and is serving the Boards of Simpson &amp; Co Ltd, Bimetal Bearings Ltd and Amco Batteries Limited.</li> <li>• She holds a Directorate in Information Technology and was the first CEO of IIT Madras Research Park.</li> <li>• She is also an expert in the area of Knowledge and Innovative Strategy</li> <li>• She is instrumental in giving expert advice on steering the Digitization and other strategic areas.</li> </ul>
Mr. Vikram Vijayaraghavan – Independent Director	<ul style="list-style-type: none"> <li>• He joined the Company in 2019 and is serving the Boards of Murugappa Holdings Ltd, Redington (India) Investments Ltd and several Software entities.</li> <li>• He is holding a Bachelor of Law and holds MS [Computer Science &amp; Electrical Engineering] at Stanford University.</li> <li>• He is an Advocate, specialized in Corporate and Taxation and Consultation at one of the leading tax firms in South India.</li> <li>• He is the Chairman of Audit Committee and is pivotal in providing technical advice to the Company.</li> </ul>

Name of the Directors	Brief Description about the Directors
Mr. Navin Paul – Independent Director	<ul style="list-style-type: none"> <li>• He joined the Company in 2019 and is associated with the Technology and Regulatory Advocacy Committee of ACMA.</li> <li>• He is a Qualified Engineer and holds MBA in the field of Marketing.</li> <li>• He also held various pivotal roles in Bosch, Escorts, Ashok Leyland, and TI Engineering.</li> <li>• He specializes in Trend Monitoring, Technology Road maps, Business enabler.</li> <li>• He plays a pivotal role of guiding the Board in terms of Business Development due to his rich experience</li> </ul>

## 2.8. Code of Business Conduct and Ethics for Members of the Board and Senior Management Personnel:

The Company has in place a Code of Business Conduct and Ethics for Members of the Board and Senior Management Personnel (the Code) approved by the Board.

The Company's Code of Conduct embodies its values and expectations to which its corporate standards and employee policies are aligned.

The Code has been communicated to Directors and the Senior Management Personnel. An updated version of Code of Conduct, which is available on Company's website, is always under review and amended by the Board from time to time.

The Code has also been displayed on the Company's website in the link as provided in page no. 45 of this Annual Report.

All the Members of the Board and Senior Management Personnel have confirmed compliance with the Code for the year ended 31<sup>st</sup> March 2020. The Annual Report contains a declaration to this effect signed by the Managing Director of the Company.

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

In terms of Regulation 36(3) of the Listing Regulations, a brief resume of director proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, other directorships and committee memberships, shareholdings and relationships, if any, with other Directors are provided in the Notice convening AGM of the Company.

## 2.10. Committees of the Board:

The Board has, in order to make a focused attention on business and for better governance and accountability, constituted the following mandatory committees viz., Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and non-mandatory Committee, viz., Share Transfer Committee, Sub Committee (For Rights Issue which was event based committee).

The terms of reference of these Committees are determined by the Board and their performance is being reviewed. Meetings of each of these Committees are convened by the respective Chairman of the Committee, informs the Board about the summary of discussions held in the Committee Meetings. The minutes of the Committee Meetings are placed before the subsequent Board meetings.

## 3. Audit Committee

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosure and transparency, integrity and quality of financial reporting.

### 3.1. Brief description of terms of reference:

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process and *inter alia* performs the following functions:

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommending the appointment, remuneration and terms of appointment of auditors of the Company;

- (c) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
- Matters required to be included in the Director's Responsibility Statement in terms of clause (c) of sub-section (3) of Section 134 of the Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinion, if any, in the draft audit report.
- (d) Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- (e) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- (f) Approving or subsequently modifying any transactions of the Company with related parties;
- (g) Scrutinizing the inter-corporate loans and investments;
- (h) Reviewing the valuation of undertakings or assets of the Company, wherever it is necessary;
- (i) Evaluating internal financial controls and risk management systems;
- (j) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (k) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (l) Discussing with internal auditors of any significant findings and follow up thereon;
- (m) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or any failure of internal control systems of a material nature and reporting the matter to the Board;
- (n) Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (o) Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (p) Reviewing the functioning of the Whistle Blower Mechanism;
- (q) Approving the appointment of CFO after assessing the qualifications, experience and background of the candidate; and
- (r) Monitoring the end use of funds raised through Public Offers and related matters.

In addition, reviewing of such other functions as envisaged under Section 177 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 as amended and Regulation 18 of the Listing Regulations.

The subjects reviewed and recommended in the meetings of the Audit Committee were apprised to the Board by the Chairman of the Committee, for its approval. All the recommendations made by the Committee during the year under review, were accepted by the board.

### **3.2. Composition, name of the Chairman and Members:**

The Board at its meeting held on 31<sup>st</sup> January 2020 appointed Mr. Vikram Vijayaraghavan, one of the Independent Directors of the Company as Chairman of the Committee consequent to the relinquishment of Chairmanship of Mr. PM Venkatasubramanian, who continues as a member of the Committee. The composition of the Committee is in accordance with the requirements of the Regulation 18 of the Listing Regulations read with Section 177 of the Act, 2013.

Mr. PM Venkatasubramanian, the then Chairman of the Committee was present at the last AGM held on 25<sup>th</sup> July 2019 to answer the Shareholders' queries.

CSV Anantha Subramanian, Company Secretary acts as Secretary of the Committee.

As at 31<sup>st</sup> March 2020, the Committee consists of 4 Directors. The names and members of the Committee are as follows:

Mr. Vikram Vijayaraghavan	Chairman [w.e.f. 31.01.2020]	Non Executive - Independent
Mr. P M Venkatasubramanian	Member	Non Executive – Independent
Dr R Mahadevan	Member	Non Executive
Dr Sandhya Shekhar	Member	Non Executive – Independent
Mr J Shivakumar	Member [till 31.01.2020]	Non Executive – Independent

**3.3.** The particulars of meetings and attendance by the members of the Committee, during the year under review, are given in the table below:

Date of the Meetings	Members Present				
	Vikram	PMV	Mahadevan	Sandhya Shekhar	J Shivakumar
16.05.2019	NA	✓	✓	✓	✓
25.07.2019	NA	✓	✓	✓	✓
07.11.2019	NA	✓	LOA	✓	✓
31.01.2020	NA	✓	✓	✓	LOA

#### **4. Disclosures**

##### **4.1. Materially significant related party transactions:**

All transactions entered into with related parties (RPTs), as defined under the Act, 2013 and the Listing Regulations during the financial year 2019-20 were in the ordinary course of business and at arm's length and do not attract the provisions of Section 188 of the Act, 2013 and the rules made thereunder.

There were no materially significant transactions with the related parties during the year, which were in conflict of interest, and hence no approval of the Company was required in terms of the Listing Regulations.

The transactions with the related parties, namely its promoters, its holding, subsidiary and associate companies etc., of routine nature have been reported in the Annual Report, as per Indian Accounting Standard 24 (IND AS 24) notified vide the Companies (Indian Accounting Standard) Rules, 2015.

Details of material related party transactions are enclosed as part of accounts for the year ended 31<sup>st</sup> March 2020.

##### **Related Party Transaction Policy**

The Board has formulated a policy on related party transactions. The Audit Committee reviews and approves transactions between the Company and related parties, as defined under the Listing Regulations, to ensure that the terms of such RPTs would reasonably be expected of transactions negotiated or at arm's length and in the ordinary course of business. The Audit Committee meets prior to each scheduled Board meeting to review all RPTs of the Company on a quarterly basis.

In terms of Regulation 23 of the Listing Regulations, all RPTs for the succeeding financial year, with clear threshold limit, are regularly placed before the Audit Committee meeting convened during last quarter of the financial year for its approval and recommendation to the Board for its approval, wherever required. RPTs entered during the financial year are reviewed at the same meeting for any upward revision in the threshold limit.

It was also ensured that none of RPTs involving payments with respect to brand usage or royalty during the financial year, exceeded five percent of the annual consolidated turnover of the Company as per the previous audited financial statements of the Company.

##### **4.2. Disclosure of accounting treatment:**

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated February 16, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015, the Company has adopted "IND AS" with effect from 1<sup>st</sup> April 2016. Accordingly, the financial statements for the year 2019-20 have been prepared in compliance with the said Rules.

#### **4.3. Instances of non-compliances, if any:**

There were no instances of non-compliance by the Company or penalty and stricture imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets, during last three years.

#### **4.4. Disclosure by Senior Management Personnel:**

The Senior Management Personnel have made disclosures to the Board relating to all material, financial and other transactions stating that they did not have personal interest that could result in conflict of interest with the Company at large.

#### **4.5. CEO and CFO Certification:**

The Director and CEO and Chief Financial Officer of the Company have certified to the Board on financial and other matters in accordance with Regulation 33 of the Listing Regulations for the financial year ended 31<sup>st</sup> March 2020.

#### **4.6. Compliance with mandatory / non-mandatory requirements:**

The Company has complied with all applicable mandatory requirements in terms of the Listing Regulations. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed in this Report.

#### **4.7. Code of Conduct for Prevention of Insider Trading:**

In compliance with SEBI (Prohibition of Insider Trading) Regulations 2015, as amended, the Company has a comprehensive Code of Conduct for Prevention of Insider Trading and the same is being strictly adhered to by the designated persons as defined under this Code.

The Board at its meeting held on 29<sup>th</sup> June 2020, amended both the Code of Practices and Procedures for fair disclosure of "Unpublished Price Sensitive Information" (UPSI) and the Code of Conduct to regulate, monitor and report trading by insiders to maintain consistency and statutory amendments to be reflected in the policies and to make it upto date and more comprehensive.

The Code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the shares of the Company.

The Company follows closure of trading window from the end of every quarter till 48 hours after the declaration of financial results. The Company has been advising the Designated Persons covered by the Code not to trade in Company's securities during the closure of trading window period.

#### **4.8. Management Discussion and Analysis Report, Familiarization Programme and Whistle Blower Policy:**

All the above Report / Policies form part of the Directors' Report.

#### **4.9. Disclosure of Whistle Blower Policy:**

The Company has not received any complaint that are administered by the Vigil Mechanism Policy adopted by the Company.

Copy of the said Policy is available on the Company's website in the link as provided in page no. 45 of this Annual Report.

### **5. Nomination and Remuneration Committee (NRC)**

#### **5.1. Composition of the Committee:**

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

Mr. P M Venkatasubramanian	Chairman	Non Executive - Independent
Dr R Mahadevan	Member	Non Executive
Dr Sandhya Shekhar	Member	Non Executive – Independent
Mr. J Shivakumar	Member	Non Executive – Independent [till 31.01.2020]

Mr. J Shivakumar, the then Chairman of the Committee was present at the last AGM held on 25<sup>th</sup> July 2019 to answer the shareholders queries.

**5.2. Brief description of terms of reference:**

The broad terms of reference of the Nomination & Remuneration Committee are as follows:

- Guiding the Board for laying down the terms and conditions in relation to the appointment and removal of Director(s), Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) of the Company.
- Evaluating the performance of the Director(s) and providing necessary report to the Board for its further evaluation and consideration.
- Recommending to the Board on remuneration payable to the Director(s), KMP and SMP of the Company based on (i) the Company's structure and financial performance and (ii) remuneration trends and practices that prevail in peer companies across the automobile industry.
- Retaining, motivating and promoting talent amongst the employees and ensuring long term sustainability of talented SMP by creation of competitive advantage through a structured talent review.

**5.3. The particulars of meetings and attendance by the members of the Committee, during the year under review, are given in the table below:**

Date of the Meetings	Members Present			
	PMV	Mahadevan	Sandhya Shekhar	J Shivakumar
16.05.2019	✓	✓	✓	✓
07.11.2019	✓	LOA	✓	✓
30.11.2019	✓	✓	✓	✓

**5.4. Evaluation Criteria:**

- NRC laid down the criteria for evaluating the performance of every Director, Committees of the Board and the Board as a whole and also the performance of KMP and SMP.
- The performance evaluation of the Board as a whole was assessed based on the criteria like its composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow-up action, quality of information, governance issues, performance and reporting by various committees set up by the Board.
- NRC prescribed a peer evaluation methodology by way of set of questionnaire to evaluate the performance of individual Directors, Committee(s) of the Board, Chairman and the Board as a whole, and the Board carried out the performance evaluation as per the methodology.
- The performance evaluation of individual director was carried out based on his / her commitment to the role and fiduciary responsibilities as a board member, attendance and active participation, strategic and lateral thinking, contribution and recommendations given professionally, heading / acting as member of various Committees etc.
- The performance of SMP was measured against their achievement of the business plans approved by the Board during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements.
- NRC has the overall responsibility for evaluating and approving the compensation plans, policies and programmes applicable to SMP. NRC also delegated its authority to Managing Director, wherever appropriate, for this purpose.

**5.5. Remuneration to Directors:**

The remuneration payable to Managing Director [MD] is fixed by the Board and is within the limits approved by the shareholders in terms of the relevant provisions of the Act, 2013.

**I. Managing Director [Executive & No Sitting Fee]**

Particulars	Managing Director (₹)
Fixed Component Salary	92,33,333
Perquisites	33,72,699
Variable Component – Commission	–
<b>Total</b>	<b>1,26,06,032</b>

## II. Non – Executive Directors

Apart from the sitting fees, the Non – Executive Directors are eligible for commission as per the provisions of Section 197 of the Companies Act, 2013. Compensation paid to the 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.

Director	Sitting Fee	Commission	No. of Shares Held
Mr. N Venkataramani	50,000	–	44,250
Mr. Yoshio Onodera	–	–	–
Dr R Mahadevan	70,000	–	1,080
Mr. PM Venkatasubramanian	1,40,000	–	–
Dr Sandhya Shekhar	1,35,000	–	–
Mr. J Shivakumar – upto 31.01.2020	1,10,000	–	–
Mr. Vikram Vijayaraghavan	80,000	–	–
Mr. Navin Paul [w.e.f. 07.11.2019]	60,000	–	–

### 6. Stakeholders Relationship Committee:

#### 6.1. Composition of the Committee:

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

Dr R Mahadevan	Chairman	Non Executive
Mr A Venkataramani	Member	Executive
PM Venkatasubramanian	Member	Non Executive Independent (wef 16/05/2019)

Dr R Mahadevan, member of the Committee representing the Chairman of the Committee was present at the last AGM held on 25<sup>th</sup> July 2019 to answer shareholders queries.

#### 6.2. The particulars of meetings and attendance by the members of the Committee, during the year under review, are given in the table below:

Date of Meeting	Members Present		
	Mahadevan	A Venkataramani	PMV
31.01.2020	✓	✓	✓

#### 6.3. As required by the Listing Regulations, Mr V Anantha Subramanian, Company Secretary is the Compliance Officer of the Company, who oversees the redressal of investor grievances.

For any clarification / complaint, the shareholders may contact the Company Secretary.

#### 6.4. The Company has appointed an external Share Transfer Agent [STA] M/s. BTS Consultancy Services Pvt. Ltd who oversees all the Share Transfers and other Depository related activities. The Company receives the reports on quarterly basis from STA and reviews the same. The role of the Stakeholder Relationship Committee is to oversee the overall compliance related to Stakeholders Relationship.

SRC oversees and reviews all the matters connected with issue of duplicate share certificates and other issues pertaining to shares. The Company, as a matter of policy, disposes of investors' complaints within a span of seven days.

#### 6.5. No queries and complaints were received during the financial year ended 31<sup>st</sup> March 2020 and no queries were pending at the year end.



6.6. All requests for dematerialization of shares were carried out within the stipulated time period and no request for dematerializing the share certificates was pending as on 31<sup>st</sup> March, 2020.

**6.7. Reconciliation of Share Capital Audit:**

A Practicing Company Secretary carries out Reconciliation of Share Capital (RSC) Audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The reports are being regularly placed before the board for its perusal.

The RSC audit reports confirmed that the total issued and listed capital was in agreement with the total number of shares in physical form and in dematerialized form held with NSDL and CDSL. The Said Share Capital Reconciliation reports were duly filed with the Bombay Stock Exchange on Quarterly basis.

**7. Corporate Social Responsibility Committee:**

**7.1 Composition of the Committee:**

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

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

7.2 During the year, the Committee met on 30th April 2019 and all the members were present at the meeting. The details of CSR Policy, initiatives and spending are spelt out in Annexure-III to the Directors Report.

**8. Annual General Meetings:**

8.1 Location and time where AGMs were held during the last three years:

Year	GM	Location	Date	Time
2017-18	AGM	D-11/12, Industrial Estate,	26.07.2018	11:30 AM
2018-19	EGM	D-11/12, Industrial Estate, Maraimalai Nagar – 603 209	28.03.2019	03:00 PM
2018-19	AGM		25.07.2019	11:30 AM

**8.2 Special resolutions the previous three AGMs:**

During the last three years, 2017-18 to 2018-19 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject Matter of Special Resolution	Date of AGM
2016 – 17	NIL	27.07.2017
2017 – 18	(i) Re-appointment of Mr. J Shivakumar as an Independent Director for the 2 <sup>nd</sup> Term (ii) Variation in the terms of appointment of Mr. A Venkataramani, Managing Director (iii) Commission to Non Executive Directors	26.07.2018
2018 – 19	<b>EGM Held through Postal Ballot / E-Voting</b> (i) Continuation of Directorship by Mr. N Venkataramani [DIN: 00001639] as a Director of the Company from April 01, 2019 (ii) Continuation of Directorship by Dr. R Mahadevan [DIN: 00001690] as a Director of the Company from April 01, 2019 (iii) Re-appointment of Mr. PM Venkatasubramanian [DIN: 00001579] as an Independent Director and continuation of Directorship from April 01, 2019	28.03.2019
2018 – 19	(i) Re-appointment of Dr. Sandhya Shekhar [DIN: 06986369] as an Independent Director and continuation of Directorship from September 29, 2019 (ii) Re-appointment of Mr. A Venkataramani [DIN: 00277816] as the Managing Director for the period 01.11.2019 to 31.10.2022 (iii) Managerial Remuneration to Dr N Gowrishankar, former Whole Time Director for the year 2013 – 14: - Waiver of recovery of excess remuneration (iv) Managerial Remuneration to Mr. A Venkataramani [DIN: 00277816], Managing Director for the year 2013 – 14: - Waiver of recovery of excess remuneration	25.07.2019

**9. Means of communication to shareholders:**

The Board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

**9.1 Quarterly results:**

The unaudited quarterly financial results of the Company were published in English and Regional newspapers.

**9.2 Newspapers wherein results are normally published:**

The results are normally published in English Newspapers viz., The Financial Express and Regional Newspaper viz. Makkal Kural.

**9.3 Website:**

The Company has in place a website [www.iprings.com](http://www.iprings.com). This website contains the basic information about the Company, viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under Regulation 46 of the Listing Regulations. The Company ensures that the contents of this website are periodically updated.

**10. General shareholder information:**

**10.1 Annual General Meeting:**

Day, Date and time : Thursday,  
24<sup>th</sup> September 2020, 11.30 A.M.  
Through Video Conferencing/  
Other Audio Visual Means

**10.2** Financial year : 1<sup>st</sup> April to 31<sup>st</sup> March

Financial calendar : 2020-21

Financial reporting : Financial calendar  
for the quarter ending

\*30<sup>th</sup> June 2020 : Before 14<sup>th</sup> August 2020

30<sup>th</sup> September 2020 : Before 14<sup>th</sup> November 2020

31<sup>st</sup> December 2020 : Before 14<sup>th</sup> February 2021

31<sup>st</sup> March 2021 : Before 30<sup>th</sup> May 2021

\* Dates will vary subject to the relaxations if made available by SEBI in this regard

**10.3 Particulars of dividend payment:**

Due to the prevailing financial position of the Company, Dividend was not declared this year.

**10.4 Listing on Stock Exchanges:**

Name & Address of the Stock Exchange	Stock Code
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001. India Tel.: 91 22 2272 1233 Fax : 91 22 2272 1919	523638
ISIN allotted by Depositories (Company ID Number)	INE 558 A01019

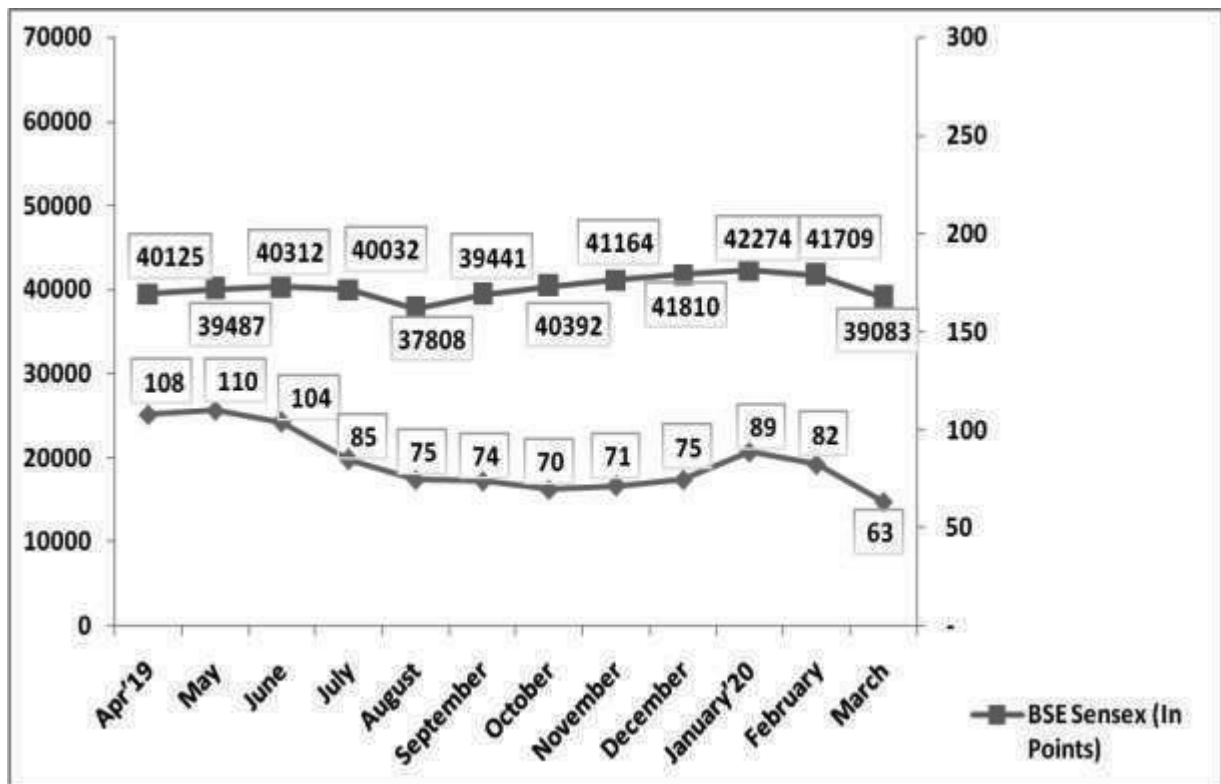
(Note: Annual listing fees and custodial charges for the year 2019-20 were duly paid to the above Stock Exchange and Depositories)

**10.5 Market Price Data :**

(in ₹)

Month	BSE Indices		IP Rings Share Price BSE Limited	
	High Price	Low Price	High (Rs.)	Low IRs.)
April 2019	39,487.45	38,460.25	108.00	95.00
May 2019	40,124.96	36,956.10	109.90	87.00
June 2019	40,312.07	38,870.96	103.80	80.00
July 2019	40,032.41	37,128.26	85.00	54.00
August 2019	37,807.55	36,102.35	74.75	54.10
September 2019	39,441.12	35,987.80	74.00	57.15
October 2019	40,392.22	37,415.83	69.70	56.00
November 2019	41,163.79	40,014.23	71.45	57.10
December 2019	41,809.96	40,135.37	74.75	57.20
January 2020	42,273.87	40,476.55	88.85	65.50
February 2020	41,709.30	38,219.97	82.45	58.95
March 2020	39,083.17	25,638.90	63.45	29.30

**10.6 Share performance in comparison to broad based indices – BSE Sensex**



#### 10.7 Share Transfer Agents and Share Transfer System:

- (a) BTS Consultancy Services, which has been registered with SEBI as Share Transfer Agents in Category II, has been appointed as the STA with a view to rendering prompt and efficient service to the investors and in compliance with Regulation 7 of the Listing Regulations. The shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company effective 30<sup>th</sup> January 2008.
- (b) All matters connected with the shares, dividends and other matters are being handled by STA located at the address mentioned in this report.
- (c) All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors are processed by STA within 7 days. Other miscellaneous correspondence relating to change of addresses, mandates etc., is processed by STA within 15 days.
- (d) Certificates have also been received from a company secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.
- (e) The Company, as required under Regulation 6(2)(d) of the Listing Regulations, has designated the following e-mail IDs, **cs@iprings.com / investor@iprings.com** in for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- (f) Shareholders are, therefore, requested to correspond with STA for transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this Report.

#### 10.8 Shareholding pattern of the Company as on 31<sup>st</sup> March 2020:

Category of Shareholder	No. of Shareholders	No. of Shares held	%
<b>Promoter and Promoter Group</b>			
Bodies Corporate	5	71,72,057	56.58
<b>Total (A)</b>	<b>5</b>		
<b>Public Shareholding</b>			
Mutual Funds	1	200	0.00
<b>Total Institutions (B)</b>	<b>1</b>	<b>200</b>	<b>0.00</b>
Bodies Corporate	68	16,50,154	13.02
Individuals holding nominal capital in excess of ₹ 2 Lakhs	14	6,72,83	35.31
Individuals holding nominal capital upto ₹ 2 Lakhs	7308	22,09,160	17.43
Clearing members	10	4,940	0.04
HUF	248	1,69,425	1.34
Non-Resident Indians	46	15,771	0.12
Foreign Collaborator	1	7,04,200	5.56
IEPF	1	77,125	0.61
<b>Total Non-Institutions (C)</b>	<b>7696</b>	<b>55,03,608</b>	<b>43.42</b>
<b>Total Public Shareholding D = (B+C)</b>	<b>7697</b>	<b>55,03,808</b>	<b>43.42</b>
<b>Grand Total (A+D)</b>	<b>7702</b>	<b>1,26,75,865</b>	<b>100.00</b>

**Details of Shareholding as on March 31, 2020:**

No of Shares	No of Shareholders	Percentage	Total Number of Shares	Percentage
Upto 1000	7,269	94.38	10,62,327	8.38
1001 – 2000	186	2.41	2,78,588	2.20
2001 – 3000	94	1.22	2,29,680	1.81
3001 – 4000	30	0.39	1,05,761	0.83
4001 – 5000	24	0.31	1,10,911	0.87
5001 – 10000	50	0.65	3,53,903	2.79
Above 10000	49	0.64	105,34,695	83.11
<b>Total</b>	<b>7,702</b>	<b>100.00</b>	<b>126,75,865</b>	<b>100.00</b>

**10.9 Dematerialization of shares and liquidity:**

The promoter holding consisting of 71,72,057 Equity Shares of ₹10/- each is in dematerialized form. Out of 55,03,808 Equity Shares of ₹ 10/- each held by persons other than promoters 53,03,552 Equity Shares have been dematerialized as on 31<sup>st</sup> March 2020 accounting for 98.42%.

**10.10** The Company has not issued any Global Depository Receipt / American Depository Receipt/Warrant or any convertible instrument, which is likely to have impact on the Company's Equity.

**10.11 Other Disclosures:**

- Pecuniary relationships or transactions with Non-Executive Independent Directors vis-a-vis the Company during the year under review, do not exceed the threshold limit as laid down under the Listing Regulations and the same have been reported in the notes to the accounts.
- During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.
- Company is a net exporter. The exposure of the Currency Risk along with the Forex Transactions is reviewed by the Audit Committee on regular basis.
- The Company has not entered into any commodity derivatives with any of the bankers and hence the disclosure of exposure in commodity risks faced by the Company is not required, as directed in the SEBI Circular dated 15<sup>th</sup> November 2018.

**10.12 Plant Location:**

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

**10.13 Address for investor correspondence:**

**Registered Office**

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

**10.14 E-Mail for Investors**

investor@iprings.com

**Website**

www.iprings.com

**10.15 Certificate from Practicing Company Secretary:**

The Company has received a certificate from the Secretarial Auditor of the Company stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

**10.16 Fees paid to Statutory Auditor on a consolidated basis:**

During the year, the Company has paid ₹6.85 lakhs to the Statutory Auditors for all services received by the Company excluding other certifications and reimbursement of expenses.

#### **10.17 Sexual Harassment at workplace:**

During the year under review, the Company has not received any complaints in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **10.18 Disclosure on compliance with the issue of Debt securities for incremental borrowings by Large Corporate:**

As on March 31, 2020 the Company was not considered as Large Corporate and the necessary Disclosures were filed with BSE to that effect.

### **11. Non-mandatory disclosures**

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

#### **11.1 The Board:**

The Company has a Non- Executive Chairman. The Non-Executive Non-Independent Directors [NE-NIDs], of the Company are liable to retire by rotation and if eligible, offer themselves for reappointment. Specific tenure has been fixed for the Non-Executive Independent Directors [NE-IDs] in terms of Section 149 of the Act, 2013 and during this period, they will not be liable to 'retire by rotation' as per Sections 150(2), 152(2) read with Schedule IV to the Act, 2013.

#### **11.2 Shareholder rights:**

The half-yearly results of the Company are published in newspapers as soon as they are approved by the Board and are also uploaded on the Company's website namely [www.iprings.com](http://www.iprings.com). The results are not sent to the shareholders individually.

#### **11.3 Audit qualifications:**

The financial statements of the Company are unmodified.

#### **11.4 Reporting of internal auditor:**

The internal auditor is regularly reporting his observations directly to the audit committee.

### **12. Request to shareholders**

Shareholders are requested to follow the general safeguards / procedures as detailed hereunder in order for the Company to serve them efficiently and avoid risks while dealing in the securities of the Company.

#### **12.1 DEMAT of Shares:**

Shareholders are requested to convert their physical holding to Demat/ electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.

#### **12.2 Registration of Electronic Clearing Service (ECS) mandate:**

SEBI has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through ECS to investors wherever ECS and bank details are available. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of / change in such bank details. Members who wish to change such bank account details are therefore requested to advise their DPs about such change, with complete details of bank account.

ECS helps in quick remittance of dividend without possible loss/delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the STA or their respective Dps.

#### **12.3 Transfer of shares in physical mode:**

SEBI has amended relevant provisions of the Listing Regulations to disallow listed companies from accepting request for transfer of securities which are held in physical form with effect from April 1, 2019.

The shareholders, who continue to hold shares in physical form even after this date, will not be able to lodge the shares with the Company for further transfer. Therefore, such shareholders will need to convert them to Demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form will be accepted by the Company.

#### **12.4 Consolidation of multiple folios:**

Shareholders, who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Share Transfer Agent – STA [M/s. BTS Consultancy Services Pvt Ltd.

### 12.5 Registration of nominations:

Nomination in respect of shares, as per Section 72 of the Act, 2013 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his/ her nominee without having to go through the process of obtaining succession certificate / probate of the Will, etc.

It would therefore be in the best interest of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form SH-13 to STA. This form will be made available on request. Investors holding shares in Demat form are advised to contact their DPs for making nominations.

### 12.6 Updation of address:

Shareholders are requested to update their addresses registered with the Company, directly through the STA, to receive all communications promptly.

Shareholders, holding shares in electronic form, are requested to deal only with their DPs in respect of change of address and furnishing bank account number, etc.

### 12.7 SMS Alerts:

Shareholders are requested to note that NSDL and CDSL have announced the launch of SMS alert facility for Demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their Demat accounts a day after the transaction. These alerts will be sent to those account holders who have provided their mobile numbers to their DPs. No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely [www.nsdl.co.in](http://www.nsdl.co.in) and [www.cdslindia.com](http://www.cdslindia.com) respectively.

### 12.8 Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation. As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 124(6) of the Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority Accordingly a sum of ₹ 1,31,081 being unclaimed dividend, was transferred to IEPF during the year 2019-20.

## 13. TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF) AUTHORITY

As per Section 124(6) of the Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended from time to time, all the shares in respect of which dividend has remained unpaid/ unclaimed for seven consecutive years or more are required to be transferred to a Demat Account opened in the name of IEPF Authority with Punjab National Bank by the Ministry of Corporate Affairs.

In case the dividends are not claimed within the due date(s) mentioned above, necessary steps will be initiated by the Company to transfer shares held by the members to IEPF. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF. As required under the said provisions, all subsequent corporate benefits that accrues in relation to the above shares will also be credited to the said IEPF Account.

In the event of transfer of shares and the unclaimed dividends to IEPF, shareholders are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF-5, as per the following procedures:

1. Download the Form IEPF - 5 from the website of IEPF (<http://www.iepf.gov.in>) for filling the claim for refund of shares and dividends.
2. Read the instructions provided on the website / instructions kit along with the e-form carefully before filling the form.
3. After filling/completing the form save it on your computer and submit the duly completed form by following the instructions given in the upload link on the website.
4. On successful uploading, the acknowledgment will be generated indicating the SRN. This SRN is to be used for future tracking of the form.

5. Printout of the duly completed IEPF - 5 and the acknowledgment issued after uploading the form will have to be submitted together with an Indemnity Bond in original along with the other documents as mentioned in the Form IEPF-5 to the Nodal Officer of the Company in an envelope marked "Claim for refund from IEPF Authority".

In the process, general information about the Company which has to be provided is as under.

- |     |  |   |   |
|-----|--|---|---|
| (a) | Corporate Identification Number (CIN) of Company | – | L28920TN1991PLC020232   |
| (b) | Name of the company                              | – | IP RINGS LIMITED  |
| (c) | Address of Registered Office of the Company      | – | D 11/ 12, Industrial Estate,<br>Maraimalai Nagar – 603 209<br>Chengalpattu District,<br>Tamil Nadu, India |
| (d) | email ID of the company                          | – | investor@iprings.com  |

Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules, 2012, the Company shall provide/host the required details of unclaimed dividend amount referred in relevant sections of the Act, 2013 on its website and also in the Ministry of Corporate Affairs website in the relevant form every year.

#### COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

To

The Shareholders of IP Rings Limited,  
Chennai

On the basis of the written declarations received from members of the Board and Senior Management Personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, it is hereby certified that both the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31<sup>st</sup> March 2020.

Chennai  
June 29, 2020

**A Venkataramani**  
**Managing Director**



## **IAUDITOR'S CERTIFICATE ON COMPLIANCE OF THE PROVISIONS OF THE CODE OF CORPORATE GOVERNANCE**

### **INDEPENDENT AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (AS AMENDED)**

#### **TO THE MEMBERS OF IP RINGS LIMITED**

1. The Corporate Governance Report prepared by IP RINGS LIMITED ("the Company"), contains details as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2020. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

#### **Management's Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

#### **Auditors' Responsibility**

4. Our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the condition of Corporate Governance, as stipulated in the Listing Regulation.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include but not limited to verification of secretarial records and financial information of the Company and obtaining necessary representations and declarations from directors including independent directors of the Company.
8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

#### **Opinion**

9. Based on the procedures performed by us as referred in paragraph 7 and 8 above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 1 above.

#### **Other Matters and Restriction on use**

10. This Report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

11. This Report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

For M.S. Krishnaswami & Rajan  
Chartered Accountants  
Firm Registration No.01554S  
UDIN: 20026453AAAADM4825

June 29, 2020  
Chennai

M.S.Murali – Partner  
Membership No.26453

#### CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,

The Board of Directors  
IP Rings Limited  
D 11/12, Industrial Estate  
Maraimalai Nagar, 603 209

We certify that we have reviewed the financial statements prepared based on the Indian Accounting Standards for the year ended 31st March 2020 and to the best of our knowledge and belief:

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. these statements together present a true and fair view of the Company's affairs and are in compliance with applicable Indian Accounting Standards, Laws and Regulations.
3. No transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
5. We have indicated to the Auditors and the Audit Committee:
  - (a) significant changes, if any, in internal control over financial reporting during the year;
  - (b) significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
  - (c) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

A. Venkataramani  
Managing Director

R. Venkataraman  
Chief Financial Officer

Chennai  
June 29, 2020

**UPDATES ON COMPANY POLICIES:**

<p><b>TERMS OF APPOINTMENT OF Ids</b> <a href="https://iprings.com/investors/code-of-conduct/">https://iprings.com/investors/code-of-conduct/</a></p>	<p><b>DIRECTORS FAMILIARIZATION PROGRAM</b> <a href="https://iprings.com/investors/code-of-conduct/">https://iprings.com/investors/code-of-conduct/</a></p>
<p><b>POLICY ON VIGIL MECHANISM / WHISTLE BLOWER POLICY</b> <a href="https://iprings.com/investors/code-of-conduct/">https://iprings.com/investors/code-of-conduct/</a></p>	<p><b>CODE OF BUSINESS CONDUCT AND ETHICS</b> <a href="https://iprings.com/investors/code-of-conduct/">https://iprings.com/investors/code-of-conduct/</a></p>
<p><b>ANNUAL RETURN</b> <a href="https://iprings.com/investors/annual-reports/">https://iprings.com/investors/annual-reports/</a></p>	<p><b>RELATED PARTY TRANSACTION POLICY</b> <a href="https://iprings.com/investors/code-of-conduct/">https://iprings.com/investors/code-of-conduct/</a></p>
<p><b>CSR POLICY</b> <a href="https://iprings.com/investors/code-of-conduct/">https://iprings.com/investors/code-of-conduct/</a></p>	<p><b>NOMINATION AND REMUNERATION POLICY</b> <a href="https://iprings.com/investors/code-of-conduct/">https://iprings.com/investors/code-of-conduct/</a></p>

**CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE**

(In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No.	Name of the Director	DIN	Date of Appointment in the Company
1	N Venkataramani	00001639	30.01.1991
2	A Venkataramani	00277816	27.10.2010
3	R Mahadevan	00001690	14.07.1995
4	Yoshio Onodera	07509662	27.05.2016
5	P M Venkatasubramanian	000015792	5.03.2002
6	Sandhya Shekhar	06986369	30.09.2014
7	Vikram Vijayaraghavan	01944894	16.05.2019
8	Navin Paul	00424944	07.11.2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

R Mukundan  
Company Secretary in Practice

Membership No.: 7876 / CP No.: 12635  
UDIN: A007876B000392084

Place: Chennai  
Date: 28.06.2020

### Secretarial Audit Report

(For the Financial year ended on March 31, 2020)

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

To,

The Members

IP Rings Limited

D 11-12, Industrial Estate, Maraimalai Nagar,  
Kancheepuram District - 603209.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IP Rings Ltd.** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2020** and made available to me, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- 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 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (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, 2015;
  - (c) 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;
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- vi. Other vital laws applicable specifically to the Company:

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

**I report that**, during the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines and Standards mentioned above.

**I further report that**, there were no events / actions in pursuance of:

- (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, requiring compliance thereof by the Company during the audit period.

**I further report that**, the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this Audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals.

**I 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.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

**I further report that**, based on the information provided and the representation made by the Company and also on the review of the compliance certificates / reports taken on record by the Board of Directors of the Company, in my opinion, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : CHENNAI  
Date : 28-06-2020

**R MUKUNDAN**  
ACS No. 7876/C CP No. 12635  
UDIN: A007876B000392073

**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.

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process 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. I believe that the process and practices, followed by me provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management Representation Letter 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. My examination was limited to the verification of procedure 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 : 28-06-2020

**R MUKUNDAN**  
ACS No. 7876/C CP No. 12635  
UDIN: A007876B000392073

**M.S. Krishnaswami & Rajan**

*Chartered Accountants*

GB, Anand Apartments

JP Avenue, 6th Street, Dr. Radha Krishnan Road,  
Mylapore, Chennai - 600 004

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

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

**Opinion**

We have audited the accompanying Financial Statements of **IP RINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended ("IND AS") and other Accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Emphasis of Matter**

We draw your attention to Note 44 of the Financial Statements which explains the uncertainties and the management's assessment of the potential impact due to lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation and consequently the Company's financial statements are highly dependent upon future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matter Description	Response to Key Audit Matter
<p><b>1. Inventories:</b></p> <p>Inventories (net of provisions) of Rs. 3797.15 Lacs constitute 40.29% of the current assets of the company as at 31<sup>st</sup> March 2020. The Inventory is lying at various locations and needed to be verified in the lockdown situation arising out of Covid-19 Pandemic.</p> <p>There was no production or movement of materials from/out of the Factory after March 31,2020 in view of the Lockdown and consequently, management asserted that the physically verified Inventory in May 2020 subjected to roll-over procedures would fairly reflect the Inventory on the Balance Sheet date.</p>	<p><b>Our audit procedures in respect of this matter included:</b></p> <ul style="list-style-type: none"> <li>• We tested the Controls over Inventory movement from/out of Factory.</li> <li>• We observed the physical verification process at factory (being a location of financial significance) in May 2020 immediately after lifting of the lockdown.</li> <li>• We checked the rollback procedures performed on the Inventory verified to satisfy ourselves on the Inventory reflected as at March 31,2020.</li> <li>• Testing the inventory provisioning and challenging the assumptions for inventory valuation basis non-moving/slow-moving items.</li> <li>• Review the policy of the management for physical verification and the documents related to management's physical count procedure followed.</li> <li>• Sample testing of management physical verification report.</li> <li>• Identifying obsolete inventory, if any.</li> </ul> <p><b>Conclusion</b></p> <p>Based on the above procedures performed above, we conclude that the valuation of inventory is fair and in terms of accounting policy available evidence.</p>
<p><b>2. Allowance for inventory obsolescence</b></p> <p>Refer to note 4 of the financial statements.</p> <p>The Company holds significant inventories and records allowance for identified and estimated inventory obsolescence.</p> <p>As at 31<sup>st</sup> March 2020, the Company had inventories of Rs. 3971.23 lakhs.</p> <p>The Company provides for obsolescence of Inventory considering the inventory on hand, existing/probable customer orders, the production plan, and expected utilization in production and expected sales over a period of 2 year. Further the estimates are validated by technological changes/legislative changes in the auto business and trends of the obsolescence in the past. The obsolescence covers inventory under Raw material, work-in-progress, and finished goods. Given the significant judgment involved in management's assessment, the allowance for inventory obsolescence is identified as a key audit matter.</p>	<p><b>Our audit procedures in respect of this matter included:</b></p> <p>Understood management policy and process for identification of providing of obsolete inventory, including performing testing of controls to assess the effectiveness of the same. Reviewed the management's judgment applied in calculating the value of inventory obsolescence, taking into consideration the expected changes in auto industry and management assessment of the present and future condition of the inventory. Assessed the adequacy of the relevant disclosure in the notes to the financial statements.</p> <p><b>Conclusion</b></p> <p>Based on the above procedures performed, we consider the provision for inventory obsolescence to be reasonable.</p>

Key Audit Matter Description	Response to Key Audit Matter
<p><b>3. Revenue Recognition</b></p> <p>Reference may be made to Note 48(10) of significant accounting policies and Note 20 and 27 to the financial statements of the Company.</p> <p>Revenue recognition is inherently an area of audit risk, which we have substantially focused on mainly covering the aspects of cut off.</p> <p>Considering the above impact of Ind AS 115 and cut-off are key audit matters.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures relating to revenue comprised of test of controls and substantive procedures including the following:</p> <ol style="list-style-type: none"> <li>i. We performed procedures to assess the design and internal controls established by the management and tested the operating effectiveness of relevant controls related to the recognition of revenue.</li> <li>ii. Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls.</li> <li>iii. We have tested, on a sample basis, whether specific revenue transactions around the reporting date has been recognized in the appropriate period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes, customer acknowledgement/proof of acceptance and the terms of sales.</li> <li>iv. We have also validated subsequent credit notes and sales returns up to the date of this Report to ensure the appropriateness and accuracy of the revenue recognition.</li> <li>v. We tested journal entries on a sample basis to identify any unusual or irregular items.</li> <li>vi. We also considered the adequacy of the disclosures in Company's financial statements in relation to Ind AS 115 and were satisfied they meet the disclosure requirements.</li> </ol> <p><b>Conclusion</b></p> <p>Based on the procedures performed above, we did not find any material exceptions with regards to timing of revenue recognition and disclosure requirement of Ind AS 115 in the financial statements.</p>
<p><b>4. Actuarial valuation</b></p> <p>Reference may be made to Note 12 of significant accounting policies and Note 36 to the financial statements of the Company.</p> <p>Key assumptions applied to the valuation of the liabilities being the discount rate, inflation rate and mortality /life expectancy used to value Company's pension obligation (before deducting scheme assets) would have a significant impact on the net pension deficit. The risk is that these assumptions are inappropriate resulting in an inappropriate valuation of scheme liability.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures comprised of the following:</p> <ul style="list-style-type: none"> <li>• We determined whether the key assumptions are reasonable.</li> <li>• External actuaries were engaged to determine the amount of pension provisions.</li> <li>• We assessed the objectivity of the experts, gained an understanding of their work and the suitability of the results as audit evidence for the relevant assertions.</li> <li>• We examined the data made available to the experts for completeness and accuracy and gained an understanding of the process to determine the calculation and inputs used.</li> </ul> <p><b>Conclusion</b></p> <p>Based on the procedures performed above, we did not find any material exceptions with regards to the use of assumptions and actuarial valuation.</p>

Key Audit Matter Description	Response to Key Audit Matter
<p><b>5. Impairment in Trade Receivables</b></p> <p>Reference may be made to Note 5 to the financial statements of the Company.</p> <p>The Company is exposed to potential risk of financial loss when there is the risk of default on receivables from the customers for which the Management would make specific provision against individual balances with reference to the recoverable amount. Such provision/allowance for credit losses is based on historical experience adjusted to reflect current and estimated future economic conditions.</p> <p>For the purpose of impairment assessment, significant judgments and assumptions, including the credit risks of customers, the timing and amount of realization of these receivables, are required for the identification of impairment events and the determination of the impairment charge.</p> <p>Also during the year the company had to consider credit reports and other related credit information of its customers on the possible effect of the pandemic relating to COVID-19.</p> <p>In view of the above, we identified allowance for credit losses as a key audit matters since significant judgment is exercised in calculating the expected credit losses/impairment charge.</p>	<p><b>Principal Audit Procedures</b></p> <p>We have performed the following procedures in relation to the recoverability of trade receivables and computing allowance for credit losses :</p> <ul style="list-style-type: none"> <li>• Tested the effectiveness of the control over the methodology for computing the allowance for credit losses, including consideration of the economic conditions and completeness and accuracy of information used in the estimation of probability of default.</li> <li>• Tested the accuracy of aging of trade receivables at year end on a sample basis.</li> <li>• Obtained a list of outstanding receivables and identified any debtors with financial difficulty through discussion with management.</li> <li>• Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers, publicly available information and latest correspondence with customers and to consider if any additional provision should be made.</li> <li>• Tested subsequent settlement of trade receivables after the balance sheet date on a sample basis.</li> </ul> <p><b>Conclusion</b></p> <p>Based on the above procedures we found the key judgments and assumptions used by management in the recoverability assessment of trade receivables to be supportable based on the available evidence and consequently are satisfied on the sufficiency of provisions/allowance for credit losses.</p>

#### Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### Management's Responsibility for the Financial Statements.

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

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

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

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

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

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

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

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

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

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

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

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

1. As required by Section 143 (3) of the Companies Act, 2013, based on our audit we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including other Comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the relevant rules issued thereunder.

- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.
- (f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, remuneration paid by the company to its directors during the year is in compliance with the provisions of Section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanation given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements. (Refer Note 28)
  - The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2020.
  - Following are the instances of delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

Particulars	Due date	Date of remittance	Delay (No. of days)	Amount (Rs. in lakhs)
Dividend	31/08/2019	15/11/2019	75 Days	1.31

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **M.S. Krishnaswami & Rajan**  
Chartered Accountants  
Registration No. 01554S  
UDIN:20026453AAAADM4825  
**M.S. Murali**  
Partner  
Membership No. 26453

Date : June 29, 2020  
Place : Chennai

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

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

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

We have audited the Internal Financial Controls Over Financial Reporting of **IP RINGS LIMITED** (“the Company”) as of March 31, 2020 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

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

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

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

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

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### For M.S.Krishnaswami & Rajan

Chartered Accountants  
Registration No. 01554S  
UDIN:20026453AAAADM4825

M.S. Murali - *Partner*  
Membership No. 26453  
June 29, 2020

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## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of IP RINGS LIMITED ("the Company") for the year ended March 31, 2020).

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

- (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
  - (b) The Company has a programme of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed during the year on such verification.
  - (c) According to the information and explanations given to us and the records examined by us we report that title deeds of all immovable property belonging to the Company are held in the name of the Company as at the end of the year.
2. As explained to us, the inventories, other than the Goods in transit, have been physically verified at the year-end by the management and no material discrepancies were noticed on such physical verification. Goods-in-transit is evidenced by documents drawn/raised by the Supplier.
  3. According to information and explanation given to us, the Company has not granted any loans, secured or unsecured to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
  4. According to information and explanation given to us, the Company has not granted any loans, secured or unsecured, furnished guarantees or provided security to any party covered by provisions of sections 185 and 186 of the Companies Act, 2013. Hence reporting on whether there is a compliance with the said provisions does not arise.
  5. According to information and explanations given to us, the Company has not accepted any deposits during the year and there are no unclaimed deposits as at March 31, 2020 to which the provisions of section 73 to 76 or any other relevant provisions of the Companies Act are applicable. Accordingly, the provisions of clause (v) of paragraph 3 of the Order are not applicable to the Company.
  6. As per the information and explanation given to us, the maintenance of the cost records has been specified by the Central Government under Section 148(1) of the Act in respect of certain products of the Company. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended and prescribed by the Central Government under Section 148(1) of the Act and are of opinion that prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of Cost records with a view to determine whether they are accurate and complete.

7. According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:
- (a) The company is regular in depositing amounts of undisputed statutory dues including provident fund, employees' state insurance, income-tax, Goods and Service tax, Customs duty, cess and other material statutory dues as applicable to it with the appropriate authorities during the year. There were no material undisputed amounts payable in respect of the aforesaid statutory dues outstanding as at March 31, 2020 for a period of more than six months from the date they became payable.
- (b) There are no dues of Excise Duty, Goods and Services tax, Sales tax, or Customs Duty, which have not been deposited on account of any dispute with the relevant authorities. Details of Income tax, Service tax, Provident fund dues and Value added tax that have not been deposited on account of disputes are as under:

Name of the Statute	Nature of Dues	Amount (In Rs. Lakhs) of Disputed dues	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Interest on Income tax	20.02	AY1999-00	High Court of Madras
Income Tax Act, 1961	Interest on Income tax	0.66	AY2003-04	High Court of Madras
Income Tax Act, 1961	Interest on Income tax	2.50	AY 2004-05	High Court of Madras
Income Tax Act, 1961	Interest on Income tax	1.72	AY 2005-06	High Court of Madras
Income Tax Act, 1961	Interest on Income tax	2.32	AY 2007-08	Assessing Officer
Income Tax Act, 1961	Income tax & Interest thereon	0.96	AY 2009-10	High Court of Madras
Income Tax Act, 1961	Income tax	0.01	AY 2014-15	Assessing Officer
Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Interest/ Damages	22.44	FY 2014-15	Employees' Provident Fund Tribunal, New Delhi
The Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	1.30	FY 2007-08	Appellate Deputy Commissioner
Finance Act, 1991	Service Tax	7.81	FY 2012-13 to 2015-16	Central Excise and Service tax Appellate Tribunal

8. In our opinion and according to information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company does not have any borrowings from Government or by way of Debentures.
9. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments).
10. During the course of our examination of the books of account and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance, of fraud by the Company or material fraud on the Company by its officers or employees noticed or reported during the year nor have we been informed of any such case by the Management.
11. The Managerial Remuneration has been paid / provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
12. The Company is not a Nidhi Company and accordingly the provisions of Clause 3(xii) of the Order are not applicable to the Company.



13. In our opinion and according to the information and explanations given to us all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable. The details of the transactions during the year have been disclosed in the Financial Statements as required by the applicable Accounting Standards. (Refer Note 46 to Financial Statements).
14. During the year, the Company has not made any preferential allotment or private placement of shares (covered by section 42 of the Companies Act, 2013) or fully or partly convertible debentures during the year under review. Hence, reporting under clause 3(xiv) of the Order is not applicable.
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions during the year with directors or persons connected with them. Hence reporting on whether there is compliance with provisions of section 192 of the Companies Act, 2013 does not arise.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **M. S. Krishnaswami & Rajan**  
*Chartered Accountants*  
Registration No. 01554S  
UDIN:20026453AAAADM4825

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

Date : June 29, 2020  
Place : Chennai

## BALANCE SHEET

ASSETS	Particulars	Note No.	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
<b>Non-current assets</b>				
	Property, Plant and Equipment	1A	11,846.50	11,726.64
	Capital work-in-progress	1A	1,938.53	176.13
	Right-of-use assets	1B	30.37	–
	Intangible assets	1C	28.93	49.93
	Financial assets			
	– Investments	2A	1.10	2.14
	– Loans	2B	6.30	–
	Other non-current assets	3	445.12	763.09
<b>Current assets</b>				
	Inventories	4	3,797.15	4,046.71
	Financial assets			
	(i) Trade receivables	5	3,805.37	4,942.98
	(ii) Cash and cash equivalents	6	1,189.10	562.04
	(iii) Bank balances other than (ii) above	7	1.07	1.31
	(iv) Other financial assets	8	211.73	131.42
	Other current assets	9	419.05	371.03
	<b>TOTAL ASSETS</b>		<u>23,720.32</u>	<u>22,773.42</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
	Equity Share capital	10	1,267.59	1,267.59
	Other equity	11	8,837.49	8,894.80
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
	Financial liabilities			
	(i) Borrowings	12	2,959.07	3,428.09
	(ii) Lease liabilities	12.1	17.08	–
	Provisions	13	106.43	81.81
	Deferred tax liabilities (Net)	14	95.25	117.00
<b>Current liabilities</b>				
	Financial liabilities			
	(i) Borrowings	15	3,963.04	3,773.35
	(ii) Trade payables	16		
	(a) Total outstanding dues of Micro and Small Enterprises		47.40	199.94
	(b) Total outstanding dues other than Micro and Small Enterprises		2,844.71	3,279.52
	(iii) Other financial liabilities	17	3,462.95	1,605.84
	Other current liabilities	18	80.49	95.78
	Provisions	19	38.82	29.70
	<b>TOTAL EQUITY AND LIABILITIES</b>		<u>23,720.32</u>	<u>22,773.42</u>

The accompanying notes form an integral part of the financial statements

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

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

M S Murali  
Partner  
Membership No. 26453

Chennai  
June 29, 2020

N. VENKATARAMANI (DIN 00001639)  
P. M. VENKATASUBRAMANIAN (DIN 00001579)  
VIKRAM VIJAYARAGHAVAN (DIN 01944894)  
Directors

V ANANTHA SUBRAMANIAN  
Company Secretary

A. VENKATARAMANI (DIN 00277816)  
Managing Director

R. VENKATARAMAN  
Chief Financial Officer

## STATEMENT OF PROFIT AND LOSS

Particulars	Note No.	For the Year ended March 31, 2020 ₹ in lakhs	For the Year ended March 31, 2019 ₹ in lakhs
<b>Income</b>			
Revenue From Operations	20	19,793.21	21,209.27
Other Income	21	65.67	99.33
<b>Total Income</b>		<b>19,858.88</b>	<b>21,308.60</b>
<b>Expenses</b>			
Cost of Materials Consumed	22	5,721.27	6,876.75
Changes in Inventories of Finished goods and Work-in-Progress	23	585.19	(310.82)
Employee Benefits Expense	24	2,856.87	2,897.34
Finance Costs	25	943.55	782.59
Depreciation and Amortisation Expense	1.A, 1.B, 1.C	1,105.45	976.92
Other Expenses	26	8,472.64	8,982.54
<b>Total Expenses</b>		<b>19,684.97</b>	<b>20,205.32</b>
<b>Profit/ (loss) before exceptional items and tax</b>		<b>173.91</b>	<b>1,103.28</b>
Exceptional items		-	-
<b>Profit/ (loss) before tax</b>		<b>173.91</b>	<b>1,103.28</b>
<b>Tax Expense:</b>			
Current tax – Current Year		51.71	241.49
– Previous Year		37.10	-
MAT Credit Entitlement		(46.48)	(238.63)
Deferred tax		21.47	305.73
<b>Total Tax expense</b>		<b>63.80</b>	<b>308.59</b>
<b>Profit/ (loss) for the year</b>	(A)	<b>110.11</b>	<b>794.69</b>
<b>Other Comprehensive Income (OCI)</b>			
A (i) Items that will not be reclassified to Profit or Loss			
– Remeasurement of Defined Benefit Plans		(18.80)	(10.28)
– Fair valuation of investments valued through OCI		(1.04)	(0.11)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		5.23	2.86
B (i) Items that will be reclassified to profit or loss			
– Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		-	-
<b>Total Other Comprehensive Income</b>	(B)	<b>(14.61)</b>	<b>(7.53)</b>
<b>Total Comprehensive Income</b>	(A+B)	<b>95.50</b>	<b>787.16</b>
Profit / (loss) attributable to equity share holders		<b>110.11</b>	<b>794.69</b>
<b>Earnings per Equity Share, Face Value of the Share Rs.10/-</b>			
– Basic & Diluted	42	0.87	6.27

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

For M S Krishnaswami & Rajan  
Chartered Accountants  
Firm Registration No: 01554S  
M S Murali  
Partner  
Membership No. 26453  
Chennai  
June 29, 2020

N. VENKATARAMANI (DIN 00001639)  
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Company Secretary

A. VENKATARAMANI (DIN 00277816)  
Managing Director  
R. VENKATARAMAN  
Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

Particulars	2019 – 2020 ₹ in lakhs	2018 – 2019 ₹ in lakhs
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/ (Loss) before tax</b>	173.91	1,103.28
<b>Adjustments for :</b>		
Provision for Doubtful debts made / written back	6.62	20.73
Bad debts written off	49.10	18.63
Provision for Inventory	122.38	51.70
Unrealised exchange fluctuation	273.14	44.40
Depreciation	1,105.45	976.92
Interest Expense	844.05	741.09
Interest Income	(54.38)	(62.67)
Loss/(Profit) on sale of fixed assets	5.19	2.87
<b>Operating profit/(Loss) before working capital changes</b>	2,525.46	2,896.95
<b>Adjustments for changes in :</b>		
Decrease/ (Increase) in Trade receivables	1,137.91	(255.66)
(Increase) / Decrease in Inventories	127.18	(587.38)
(Increase) /Decrease in Other Financial Assets	(86.61)	32.99
(Increase)/Decrease in Other Current Assets	(48.02)	(46.82)
Increase / (Decrease) in Non Current provisions	24.62	(6.94)
Increase / (Decrease) in Lease liabilities	31.57	–
Increase / (Decrease) in Trade Payables	(598.98)	344.98
Increase / (Decrease) in Other Financial Liabilities	189.47	(54.00)
(Decrease) in Other Current Liabilities	(15.29)	(10.80)
Increase / (Decrease) in Current Provisions	9.12	26.20
<b>Cash flow from operations</b>	3,296.43	2,339.52
Income Tax paid	(47.91)	(266.94)
<b>Net Cash Flow from Operating Activities</b> [A]	3,248.52	2,072.58
<b>Cash Flows from Investing Activities</b>		
Payments for acquisition of assets	(3,062.71)	(3,057.43)
Movement in ROU	44.93	–
Receipts from disposal of fixed Assets	15.51	10.79
(Increase) / Decrease in Other Non Current Assets - Capital advances	285.56	795.20
Increase / (Decrease) in Capital Creditors	1,165.89	(11.13)
Interest received	54.38	62.67
<b>Net Cash Flow (used in) Investing Activities</b> [B]	(1,496.44)	(2,199.90)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

		2019 – 2020 ₹ in lakhs	2018 – 2019 ₹ in lakhs
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Long term borrowings		1,008.85	2,000.99
Repayment of long term borrowings		(1,303.08)	(1,237.84)
Short term borrowings – Net		166.31	131.88
Interest paid		(844.05)	(733.13)
Dividends including tax thereon paid*		(151.74)	–
Dividend remitted to IEPF		(1.31)	(3.30)
<b>Net Cash Flow from Financing Activities</b>	<b>(C)</b>	<b>(1,125.02)</b>	<b>158.60</b>
<b>D. NET CASH INFLOW</b>	<b>(A+B+C)</b>	<b>627.06</b>	<b>31.28</b>
<b>E. Opening Cash and Cash Equivalents</b>	<b>(D)</b>	<b>562.04</b>	<b>530.76</b>
<b>Closing Cash and Cash Equivalents</b>	<b>(E)</b>	<b>1,189.10</b>	<b>562.04</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(E-D)</b>	<b>627.06</b>	<b>31.28</b>

\*Net of earmarked balances

Previous figures have been regrouped/reclassified wherever necessary

The accompanying notes form an integral part of the financial statements

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

For M S Krishnaswami & Rajan  
Chartered Accountants  
Firm Registration No: 01554S  
M S Murali  
Partner  
Membership No. 26453  
Chennai  
June 29, 2020

N. VENKATARAMANI (DIN 00001639)  
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R. VENKATARAMAN  
Chief Financial Officer

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

### A. EQUITY SHARE CAPITAL

(₹ in lakhs)			
Balance as at April 01, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019	Balance as at March 31, 2020
1,276.59	-	1,267.59	1,267.59

### B. OTHER EQUITY

PARTICULARS	(₹ in lakhs)				Total	
	Reserves & Surplus		Items of other comprehensive Income			
	General Reserve	Securities Premium Reserve	Retained Earnings	Remeasurement of defined benefit plans		Fair Value Adjustment for investment
Balance as at 01.04.2018	3,015.27	5,302.25	(155.55)	(55.13)	0.80	8,107.64
Profit / (loss) after Tax	-	-	794.69	-	-	794.69
Other Comprehensive Income	-	-	-	(7.42)	(0.11)	(7.53)
<b>Balance as at 31.03.2019</b>	<b>3,015.27</b>	<b>5,302.25</b>	<b>639.14</b>	<b>(62.55)</b>	<b>0.69</b>	<b>8,894.80</b>
Balance as at 01.04.2019	3,015.27	5,302.25	639.14	(62.55)	0.69	8,894.80
Profit / (loss) after Tax	-	-	110.11	-	-	110.11
Other Comprehensive Income	-	-	-	(13.57)	(1.04)	(14.61)
Dividends including tax thereon	-	-	(152.81)	-	-	(152.81)
<b>Balance as at 31.03.2020</b>	<b>3,015.27</b>	<b>5,302.25</b>	<b>569.44</b>	<b>(76.12)</b>	<b>(0.35)</b>	<b>8,837.49</b>

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

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

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

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

M S Murali  
Partner  
Membership No. 26453

N. VENKATARAMANI (DIN 00001639)  
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Chennai  
June 29, 2020

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

**1. (A) PROPERTY, PLANT AND EQUIPMENT (PPE)** (2019-20 – in ₹ lakhs)

DESCRIPTION	GROSS CARRYING AMOUNT				DEPRECIATION / IMPAIRMENT				NET CARRYING AMOUNT
	01.04.2019	Additions / Reclassification	Disposals	31.03.2020	Upto 31.03.2019	Charge during the year	Disposals	Upto 31.03.2020	As at 31.03.2020
Land - Freehold	33.90	-	-	33.90	-	-	-	-	33.90
Buildings	2,470.03	111.85	-	2,581.88	210.74	96.82	-	307.56	2,274.32
Plant & Machinery	10,867.91	1,020.51	(52.58)	11,835.84	2,468.04	830.34	(31.88)	3,266.50	8,569.34
Electrical Installations	882.57	10.65	-	893.22	168.95	74.70	-	243.65	649.57
Furniture & Fixtures	97.34	8.48	-	105.82	26.33	9.79	-	36.12	69.70
Vehicles	229.40	17.71	-	247.11	54.88	29.10	-	83.98	163.13
Office Equipment	211.73	35.85	-	247.58	137.30	23.74	-	161.04	86.54
<b>TOTAL</b>	<b>14,792.88</b>	<b>1,205.05</b>	<b>(52.58)</b>	<b>15,945.35</b>	<b>3,066.24</b>	<b>1,064.49</b>	<b>(31.88)</b>	<b>4,098.85</b>	<b>11,846.50</b>
Capital Work - in - Progress									1,938.53

**1. (A) PROPERTY, PLANT AND EQUIPMENT (PPE)**

(2018-19 – in ₹ lakhs)

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

1. The Company makes periodical assessment of the PPE considering product and technological obsolescence, process change, replacement and Beyond Economic Repair (BER) and other factors and accordingly, brings down the carrying value to its current fair value less cost of disposal to recognize the impairment, if any, through Statement of profit and loss . Impairment loss recognised during the year Rs.Nil (2019-Nil).

2. For amount of contractual commitments for the acquisition of PPE [Refer Note 29]

3. Interm of Ind AS 101 and the Clarifications issued by the Institute of Chartered Accountants of India, the carrying value of all PPE as on April 01, 2015 (i.e Gross cost less Depreciation/ amortisation upto that date) as per previous GAAP has been considered as deemed cost on the date of transition to Ind AS. The data above is accordingly stated.

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

**1. (B) NON-CURRENT ASSETS – RIGHT OF USE OF ASSETS** (2019-20 – in ₹ lakhs)

DESCRIPTION	GROSS CARRYING AMOUNT			DEPRECIATION / IMPAIRMENT			NET CARRYING AMOUNT As at 31.03.2020	
	01.04.2019	Additions	Disposals	31.03.2020	Upto 31.03.2019	Charge during the year		Disposals / Adjustments
Right-to-use Asset – Server & Storage	–	44.93	–	44.93	–	14.56	–	14.56
<b>TOTAL</b>	–	44.93	–	44.93	–	14.56	–	14.56
								30.37
								30.37

Note : Addition during the year is pursuant to application of Ind AS 116 – Lease effective from April 1, 2019 – Refer Note 45.



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

**1. (C) INTANGIBLE ASSETS**

(2019-20 – in ₹ lakhs)

DESCRIPTION	GROSS CARRYING AMOUNT			AMORTISATION / IMPAIRMENT			NET CARRYING AMOUNT		
	01.04.2019	Additions	Disposals	31.03.2020	Upto 31.03.2019	Charge during the year	Disposals	Upto 31.03.2020	As at 31.03.2020
<b>INTANGIBLE ASSETS</b>									
Technical Knowhow Fee	111.54	5.40	–	116.94	111.54	1.23	–	112.77	4.17
Product Development – Acquired	0.01	–	–	0.01	0.01	–	–	0.01	–
Product Development – Internally Generated	105.86	–	–	105.86	55.93	25.17	–	81.10	24.76
<b>TOTAL</b>	<b>217.41</b>	<b>5.40</b>	<b>–</b>	<b>222.81</b>	<b>167.48</b>	<b>26.40</b>	<b>–</b>	<b>193.88</b>	<b>28.93</b>
Intangible assets under development									–

**1. (C) INTANGIBLE ASSETS**

(2018-19 – in ₹ lakhs)

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

- The Company makes periodical assessment of the PPE considering product and technological obsolescence, process change, replacement and Beyond Economic Repair (BER) and other factors and accordingly, brings down the carrying value to its current fair value less cost of disposal to recognize the impairment, if any, through Statement of profit and loss. Impairment loss recognised during the year Rs.Nil (2019-Nil).
- For amount of contractual commitments for the acquisition of PPE [Refer Note 29]
- Terms of Ind AS 101 and the Clarifications issued by the Institute of Chartered Accountants of India, the carrying value of all PPE as on April 01, 2015 (i.e Gross cost less Depreciation/ amortisation upto that date) as per previous GAAP has been considered as deemed cost on the date of transition to Ind AS. The data above is accordingly stated.

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

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
<b>2A. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS</b>		
<b>Investments carried at fairvalue through OCI</b>		
(a) 5,500 (2019: 5,500) equity shares of ₹.2 (2019: ₹.2) each fully paid in Corporation Bank (Quoted) – Market Value being ₹.9.85 per share (2019: ₹.28.75 per share)	0.54	1.58
(b) 5,600 (2019: 5,600) equity shares of ₹.10 (2019: ₹. 10) each fully paid in K. Ramakrishnan Clean Energy. Pvt. Ltd. (Unquoted)	0.56	0.56
	<u>1.10</u>	<u>2.14</u>
<b>2B. NON-CURRENT FINANCIAL ASSETS – LOANS</b>		
Security Deposits	6.30	–
	<u>6.30</u>	<u>–</u>
<b>3. NON-CURRENT ASSETS - OTHERS</b>		
(a) Capital Advances	124.80	410.36
(b) Advance Income Tax (net of provision)	320.32	352.73
	<u>445.12</u>	<u>763.09</u>
<b>4. INVENTORIES*</b>		
(a) Raw materials	1,127.48	1,077.08
(b) Work-in-progress	921.18	1,011.12
(c) Finished goods	530.36	1,025.61
(d) Stores	1,047.24	771.95
(e) Loose tools	170.89	160.95
	<u>3,797.15</u>	<u>4,046.71</u>
Goods in Transit Comprises of		
Raw materials	155.39	83.52
Finished Goods	11.56	92.93
*Net of provision made for slow and non moving stock		
<b>Movement in provision is as follows:</b>		
Opening	51.70	–
Add: Additions	122.38	51.70
Closing	<u>174.08</u>	<u>51.70</u>
Cost of material consumed (including cost of purchased goods) during the year is ₹.6,306.46 lakhs (2018-19: ₹.6,565.93 lakhs) reflected in Notes 22 and 23.		
Refer Notes 12(a) for details of inventories pledged as security for liabilities		
<b>5. TRADE RECEIVABLES</b>		
(a) Unsecured considered good	3,805.37	4,942.98
(b) Unsecured considered doubtful	27.35	20.73
(c) Less: Allowance for Credit Loss	(27.35)	(20.73)
	<u>3,805.37</u>	<u>4,942.98</u>
Note:		
Movement in loss allowance is as follows:		
Opening	20.73	–
Add: Additions	6.62	20.73
Closing	<u>27.35</u>	<u>20.73</u>
Refer Note 46(c) for receivables from related parties		

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

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
<b>6. CASH AND CASH EQUIVALENTS</b>		
(a) Cash on hand	0.31	0.39
(b) Balances with banks in Current accounts	1,188.79	561.65
	<u>1,189.10</u>	<u>562.04</u>
<b>7. OTHER BANK BALANCES</b>		
Earmarked balances for dividend	1.07	1.31
	<u>1.07</u>	<u>1.31</u>
<b>8. CURRENT FINANCIAL ASSETS - OTHERS</b>		
Unsecured Considered good, unless otherwise stated		
(a) Security Deposits		
Lease Rent Deposits	44.37	22.61
Other Deposits	113.30	107.50
	<u>157.67</u>	<u>130.11</u>
(b) Employee Advances	2.32	0.55
(c) EPCG Refund receivable	51.67	-
(c) Other loans and advances	0.07	0.76
Other loans and advances – Considered Doubtful	16.81	16.81
Less: Provision for Doubtful Advances	(16.81)	(16.81)
	<u>0.07</u>	<u>0.76</u>
	<u>211.73</u>	<u>131.42</u>
<b>9. OTHER CURRENT ASSETS</b>		
(a) Prepaid expenses	26.20	51.20
(b) Balances with government authorities	27.17	73.33
(c) Export incentive / MEIS Licence	28.59	139.76
(d) Supplier Advances	108.55	99.82
(e) Others*	228.54	6.92
	<u>419.05</u>	<u>371.03</u>

\*Includes GST Credit to be availed

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

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs		
<b>10. SHARE CAPITAL</b>				
Authorised				
2,00,00,000 (2019: 2,00,00,000) Equity Shares of ₹.10 each	2,000.00	2,000.00		
	<u>2,000.00</u>	<u>2,000.00</u>		
Issued, Subscribed and fully paid up				
1,26,75,865 (2019: 1,26,75,865) Equity shares of ₹.10 each fully paid up	1,267.59	1,267.59		
	<u>1,267.59</u>	<u>1,267.59</u>		
<b>1. Reconciliation of number of Equity shares subscribed</b>				
Balance as at the beginning of the year (Nos.)	126,75,865	126,75,865		
Add: Issued during the year	—	—		
Balance as at the end of the year (Nos.)	<u>126,75,865</u>	<u>126,75,865</u>		
<b>2. Shares issued in preceding 5 years</b>				
On 12.01.17, the Company invited its shareholders to subscribe to a rights issue of 56,33,718 equity shares at an issue price of ₹ 88.75 per share, with such shares to be issued to rank paripassu for dividends after 16.02.17. The issue was fully subscribed. Aggregate number and class of equity shares allotted for consideration other than cash, bonus etc.. In the five years immediately preceding the Balance Sheet date as on March 31, 2020 is NIL (2019-NIL)				
<b>3. Details of Equity shares held by its holding company including shares held by subsidiaries or associates of the holding company in aggregate</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>		
	No. of Shares	%	No. of Shares	%
<b>Shareholder – Relationship</b>				
Simpson & Co., Ltd. – Holding Company	37,67,000	29.72	25,01,712	19.74
Tractors & Farm Equipment Limited – Fellow Subsidiary	14,40,192	11.36	14,40,192	11.36
India Pistons Ltd. – Fellow Subsidiary	12,69,885	10.02	25,35,173	20.00
Amalgamations Pvt. Ltd. – Ultimate Holding Company	6,91,380	5.45	6,91,380	5.45
<b>4. Shareholders holding more than 5% of the total share capital</b>				
<b>Name of the Shareholder</b>				
Simpson & Co. Ltd.	37,67,000	29.72	25,01,712	19.74
Tractors & Farm Equipment Limited	14,40,192	11.36	14,40,192	11.36
India Pistons Ltd.	12,69,885	10.02	25,35,173	20.00
Enam Shares & Securities Pvt Ltd.	10,66,552	8.41	10,66,552	8.41
Nippon Piston Ring Co., Ltd.	7,04,200	5.56	7,04,200	5.56
Amalgamations Pvt. Ltd.	691,380	5.45	6,91,380	5.45
<b>5. Rights, preferences and restrictions in respect of equity shares issued by the Company.</b>				
The equity shareholders are entitled to receive dividend as and when declared, a right to vote in proportion of holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue and the provisions of the Companies Act, 2013.				

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

	Note	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
<b>11. Other Equity*</b>			
General Reserve	A	3,015.27	3,015.27
Securities Premium Reserve	B	5,302.25	5,302.25
Retained Earnings & OCI	C	519.97	577.28
<b>Total</b>		<b>8837.49</b>	<b>8,894.80</b>

\* Refer Statement of Changes in equity for additions / deletions in each reserve.

- (A) General reserve is created from time to time by transferring profits from retained earnings and can be utilised for the purposes such as payment of dividends.
- (B) Securities Premium Reserve represents premium received on equity shares issued which can be utilised only in accordance with the provisions of the Companies Act, 2013 for specified purposes.
- (C) Retained Earnings is generally available for distribution of dividend subject to the provisions of the Companies Act, 2013.

### 12. NON- CURRENT FINANCIAL LIABILITIES – BORROWINGS

#### Secured

##### Term Loans

From Banks	2,660.01	2,649.57
From Financial Institutions	249.06	628.52

#### Unsecured

##### Term Loans

From Banks	50.00	150.00
	<b>2,959.07</b>	<b>3,428.09</b>

### 12(a). Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	
<b>Term Loans</b>	<b>Terms of repayment and security</b>
From Banks	The term loans are availed for purchase of assets relating to Capital Projects and are secured by hypothecation of specific assets purchased out of the said loan. The weighted average rate of interest of these loan is around 6.63%. Per annum. The loans availed for purchase of Vehicles are secured by hypothecation of vehicles purchased out of the said loan. The weighted average rate of interest of these loan is around 8.71%. Per annum.
From Financial Institutions	Loan taken from other parties for working capital are secured by hypothecation of specific asset. The weighted average rate of interest of these loan is around 10.75%. Per annum.

#### Details of security for the Secured short-term borrowings:

##### Loans repayable on demand from Banks:

Cash Credit	First pari-paasu charge on working capital assets viz. inventory, book debts and other current assets with other lenders under multiple banking arrangements. The weighted average rate of interest of these loan is around 8.50%. Per annum.
Working Capital Demand loan	Hypothecation of stock and book debts on pari-paasu basis. The weighted average rate of interest of these loan is around 6.67%. Per annum.

#### Terms of Repayment

##### Loan Description

- a. Term Loans - Banks  
b. Term Loans- other parties  
c. Unsecured Term Loan from Bank

#### Repayment Terms

- Both monthly and Quarterly installment  
Monthly installment  
Monthly installment

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

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
<b>12.1 NON- CURRENT FINANCIAL LIABILITIES - LEASE LIABILITIES</b>		
Lease liabilities (Refer note 45)	17.08	-
	<u>17.08</u>	<u>-</u>
<b>13. NON CURRENT PROVISIONS</b>		
<b>Provision for Employee benefits</b>		
Compensated Absences	106.43	81.81
	<u>106.43</u>	<u>81.81</u>
<b>14. DEFERRED TAX (ASSET) / LIABILITY</b>		
<b>Deferred Tax Asset:</b>		
Unabsorbed depreciation	(531.25)	(531.70)
Expenses allowable on payment	(51.64)	(31.02)
Provision for Inventory and debtors	(48.43)	-
MAT Credit	(489.32)	(446.10)
	<u>(1,120.64)</u>	<u>(1,008.82)</u>
<b>Deferred Tax Liability:</b>		
Depreciation and amortisation on PPE & Intangibles	1,215.89	1,125.82
<b>Net Deferred Tax Liability / (Asset)</b>	<u>95.25</u>	<u>117.00</u>
* The company has recognised deferred tax asset for Unabsorbed depreciation considering the future projected profitability.		
<b>15. CURRENT BORROWINGS</b>		
<b>Secured</b>		
Loans repayable on demand *		
– From Banks	2,963.04	2,773.35
<b>Unsecured</b>		
Loans repayable on demand *		
– From Banks	1,000.00	1,000.00
	<u>3,963.04</u>	<u>3,773.35</u>
* Refer Note 12 for security details		
<b>16. TRADE PAYABLES</b>		
Trade Payables to Micro, Small & Medium Enterprises (Refer Note 34)	47.40	199.94
Acceptances	377.74	318.27
Trade Payables – Others	2,284.74	2,462.21
Trade Payables – Due to related parties*	33.27	34.01
Bills Payable	148.96	465.03
	<u>2,892.11</u>	<u>3,479.46</u>
* Refer Note 46 (c)		
<b>17. OTHER FINANCIAL LIABILITIES</b>		
Current Maturities of Long term Debt		
– From Banks	1,028.87	615.32
– From Other Parties	379.45	417.75
Lease liabilities (Refer note 45)	14.49	-
Interest accrued but not due on borrowings	42.57	41.08
Capital Creditors	1,423.34	164.24
Unclaimed dividend	1.07	1.31
Dues towards Funded Gratuity - LIC	18.16	20.03
Employee related payables	324.49	212.03
Other payables	230.51	134.08
	<u>3,462.95</u>	<u>1,605.84</u>

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

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs	
<b>18. OTHER CURRENT LIABILITIES</b>			
Statutory dues	77.56	86.94	
Contract liabilities –Current Advances (Refer Note 27)	2.93	8.84	
	<u>80.49</u>	<u>95.78</u>	
<b>19. CURRENT PROVISIONS</b>			
<b>Provision for Employee benefits</b>			
Compensated Absences	38.82	29.70	
	<u>38.82</u>	<u>29.70</u>	
<b>19.1. Movement in Provision for Compensated Absences in Note 13 and Note 19 is as follows</b>			
	Opening	Additions (net of utilisation)	Closing
March 2020	111.51	33.74	145.25
March 2019	92.25	19.26	111.51
<b>20. REVENUE FROM OPERATIONS</b>	For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs	
(a) <b>Sale of Products</b>			
Rings Sales	5,607.91	6,779.32	
OCF Sales	11,650.19	11,408.74	
Piston Pin Sales	1,260.66	1,232.85	
Tooling Sales	492.44	658.40	
(b) <b>Sale of Services</b>	353.05	558.09	
(c) <b>Other operating revenues</b>			
Export Incentives	248.82	410.57	
Scrap Sales	180.14	161.30	
	<u>19,793.21</u>	<u>21,209.27</u>	
<b>21. OTHER INCOME</b>			
(a) Interest income	54.38	62.67	
(b) Liabilities no longer required written back	7.92	28.20	
(c) Other non operating income	3.37	8.46	
	<u>65.67</u>	<u>99.33</u>	
<b>22. COST OF MATERIALS CONSUMED</b>			
(a) Opening Stock	1,077.08	972.60	
(b) Add: Purchases	5,771.67	6,981.23	
(c) Less: Closing Stock	1,127.48	1,077.08	
	<u>5,721.27</u>	<u>6,876.75</u>	
<b>23. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>			
(a) (Increase) / Decrease in Work-in-Progress	89.94	(17.85)	
(b) (Increase) / Decrease in Finished Goods	495.25	(292.97)	
	<u>585.19</u>	<u>(310.82)</u>	

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

	For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
<b>24. EMPLOYEE BENEFITS EXPENSE</b>		
(a) Salaries and wages	2,318.90	2,328.18
(b) Contribution to provident and other funds	152.10	165.64
(c) Staff welfare expenses	385.87	403.52
	<u>2,856.87</u>	<u>2,897.34</u>
<b>25. FINANCE COSTS</b>		
(a) Interest expenses	778.92	686.00
(b) Interest on leases	4.45	-
(c) Exchange loss regarded as adjustment to interest costs	99.50	41.50
(d) Other borrowing costs	60.68	55.09
	<u>943.55</u>	<u>782.59</u>
<b>26. OTHER EXPENSES</b>		
Sub-Contracting Expenses	2,568.95	2,675.91
Power and Fuel	967.86	982.40
Stores Consumed	2,299.42	2,612.13
Exchange (Gain)/Loss	116.49	79.92
Rent	225.29	197.03
Rates and Taxes	73.59	51.32
Insurance	78.87	71.38
Travelling and Conveyance	300.80	347.60
Packing and Forwarding	234.60	277.22
Advertisement	3.97	3.58
Royalty	118.26	214.10
Consultation Fee	260.92	163.13
Directors' Sitting Fees	6.45	5.56
Freight	247.95	264.37
Payment to Auditors		
Statutory Audit Fee	5.35	5.35
Tax Audit Fees	1.50	1.50
Certification Fees (including taxation matters)	7.85	6.20
Repairs and Maintenance		
– Buildings	38.02	38.88
– Machinery & Electrical Installations	331.83	333.68
– Vehicles	35.60	38.02
– Computer System	69.68	106.18
Warranty Claims	3.56	-
Bad Debts written off	45.42	18.63
Provision for doubtful receivables made/ (written back)	6.62	20.73
Loss on Sale of Assets	5.19	2.87
CSR Expenses	6.45	-
Research and Development expense	49.10	42.98
Commission to Non Whole Time Directors	-	9.00
Miscellaneous Expenses	363.05	412.87
	<u>8,472.64</u>	<u>8,982.54</u>



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

Particulars	March 31, 2020 ₹ in lakhs	March 31, 2019 ₹ in lakhs
<b>27. REVENUE FROM CONTRACTS WITH CUSTOMERS:</b>		
<b>27.1 Disaggregated revenue information</b>		
<b>Type of goods and service</b>		
(a) Sale of products		
Rings Sales	5,607.91	6,779.32
OCF Sales	11,650.19	11,408.74
Piston Pin Sales	1,260.66	1,232.85
Tooling Sales	492.44	658.40
(b) Revenue from services		
– Others (Jobwork)	353.05	558.09
(c) Other operating revenues		
– Scrap sales	180.14	161.30
<b>Total revenue from contract with customers</b>	<u>19,544.39</u>	<u>20,798.70</u>
India	13,058.59	14,725.57
Outside India	6,485.80	6,073.13
<b>Total revenue from contract with customers</b>	<u>19,544.39</u>	<u>20,798.70</u>

Particulars	March 31, 2020		March 31, 2019	
	At a point in time	Over a period of time	At a point in time	Over a period of time
<b>Timing of revenue recognition</b>				
– Sale of products	19,191.34	–	20,240.61	–
– Revenue from Services - Job Work	353.05	–	558.09	–
<b>Total revenue from contract with customers</b>	<u>19,544.39</u>	–	<u>20,798.70</u>	–

Particulars	March 31, 2020	March 31, 2019
<b>27.2 Contract balances</b>		
Trade receivables	3,805.37	4,942.98
Contract liabilities	2.93	8.84

Trade receivables are non-interest bearing and are generally as per terms of contract.

Contract liabilities are Amounts received from customers in respect of obligation to be performed by the Company.

Particulars	March 31, 2020	March 31, 2019
<b>27.3 Reconciliation of revenue recognised in the statement of profit and loss with the contracted price</b>		
Revenue as per contracted price	19,544.39	20,798.70
<b>Adjustments</b>		
Rebates and discounts	–	–
<b>Revenue from contract with customers</b>	<u>19,544.39</u>	<u>20,798.70</u>
Export Incentives	248.82	410.57
<b>Total Revenue from Operations as per Note 20</b>	<u>19,793.21</u>	<u>21,209.27</u>

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

	Year ended March 31, 2020 (₹ in lakhs)	Year ended March 31, 2019 (₹ in lakhs)
<b>28. CONTINGENT LIABILITY</b>		
<b>Claims against the Company not acknowledged as debts</b>		
(a) Bills Discounted	513.77	596.00
(b) Outstanding Letters of Credit	30.09	300.20
(c) Bank Guarantees	2.30	2.30
(d) Income Tax matters under appeal	28.19	181.55
(e) Claims due from Custom authorities	-	44.20
(f) Employees' Provident Fund	-	12.93
(g) Export Promotion Capital Goods (EPCG) obligation (Refer Note 43)	-	339.11
(h) The impact of the retrospective operation of the amendment to the Payment of Bonus Act, 1965 for the financial year 2014-15 has not been considered in accounts in view of stay granted by Madras and High Courts in India. Future cash outflows in respect of the above are determinable only on receipt of judgment/decisions pending with various forums/authorities.		
<b>29. COMMITMENTS</b>		
Capital commitments (net of advances) not provided for	294.23	1,634.63
The outflow in respect of the above is not practicable to ascertain in the view of uncertainty involved.		
<b>30. VALUE OF IMPORTS CALCULATED ON CIF BASIS :</b>		
Raw materials	1,425.15	1,721.24
	<u>1,425.15</u>	<u>1,721.24</u>
Stores consumed	128.71	210.30
Spare parts	82.05	99.29
<b>Total Components and spare parts</b>	<u>210.76</u>	<u>309.59</u>
Capital goods	1,644.16	569.59
<b>31. EXPENDITURE IN FOREIGN CURRENCY (ON PAYMENT BASIS)</b>		
Royalty	94.61	190.94
Travel	55.57	72.14
Professional Fee / Technical Services	230.28	83.54
Capital Expenditure / Advance	28.99	619.75
Others	2.61	3.01
	<u>412.06</u>	<u>969.38</u>
<b>32. DETAILS OF CONSUMPTION OF IMPORTED AND INDIGENOUS ITEMS :</b>		
<b>Imported</b>		
Raw materials	1,906.27	1,563.15
Spares & Loose tools	100.10	77.23
	<u>2,006.37</u>	<u>1,640.38</u>
<b>Indigenous</b>		
Raw materials	4,400.19	5,002.78
Spares & Loose tools	2,199.32	2,534.90
	<u>6,599.51</u>	<u>7,537.68</u>
<b>33. EARNINGS IN FOREIGN EXCHANGE :</b>		
Export of goods calculated on FOB basis	6,411.30	5,850.62
	<u>6,411.30</u>	<u>5,850.62</u>

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

	Year ended March 31, 2020 ₹ in lakhs	Year ended March 31, 2019 ₹ in lakhs
<b>34. Disclosures required under the Micro, Small &amp; Medium Development Act, 2006.</b>		
The company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:		
The Principal amount (19-20 : ₹. 47.04 lakhs ; 18-19 : ₹. 193.80 lakhs) and the interest due (19-20 : ₹. 0.36 lakhs; 18-19 : ₹.6.14 lakhs) thereon remain unpaid to suppliers at the end of each accounting year.	47.40	199.94
The amount of Interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of payment made to the supplier beyond the appointed day during the accounting year.	6.14	5.18
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding to the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	0.03	5.58
The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.36	6.14
The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure u/s 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	0.36	6.14
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. i.e Details available in the vendor database on the Company's web portal		
<b>35. INCOME TAXES RELATING TO CONTINUING OPERATIONS</b>		
<b>Income tax recognized in profit or loss</b>		
Current tax	88.81	241.49
MAT Credit entitlement	(46.48)	(238.63)
Deferred tax	21.47	305.73
Total income tax expense recognized in the current year	<u>63.80</u>	<u>308.59</u>
<b>The income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
<b>Profit/(loss) before tax from continuing operations</b>	173.91	1,103.28
Income tax expense calculated at %	27.82	27.82
Income tax expense	48.38	306.93
Effect of expenses that are deductible in determining taxable profit of the current year	(69.46)	(150.03)
Effect of the Company being taxed at lower tax rate (minimum alternate tax) as the profits under tax laws are lower than the book profits	-	(79.77)
Effect of unabsorbed depreciation / loss of previous years utilized in current year	0.45	159.43
Others	47.33	72.02
Adjustments recognized in the current year in relation to the current tax of prior years	37.10	-
<b>Income tax expense recognized in profit or loss (relating to continuing operations)</b>	<u>63.80</u>	<u>308.59</u>
The tax rate used for the reconciliations above is the corporate tax rate of 27.82% (for the year 2019-20) and 27.82% (for the year 2018-19) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.		

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

	Year ended March 31, 2020 ₹ in lakhs	Year ended March 31, 2019 ₹ in lakhs
<b>35. INCOME TAXES RELATING TO CONTINUING OPERATIONS – (Contd.)</b>		
<b>Income tax recognized in other comprehensive income</b>		
<b>Current tax</b>		
Remeasurement of defined benefit obligation	-	-
<b>Deferred tax</b>		
Remeasurement of defined benefit obligation	(5.23)	(2.86)
<b>Total income tax recognised in other comprehensive income</b>	<u>(5.23)</u>	<u>(2.86)</u>
<b>Deferred tax balances</b>		
The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:		
Deferred tax assets (including MAT credit)	(1,120.64)	(1,008.82)
Deferred tax liabilities	1,215.89	1,125.82
	<u>95.25</u>	<u>117.00</u>

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

### 36. EMPLOYEE BENEFITS

#### Defined Contribution Plan

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

Particulars	March 31, 2020	March 31, 2019
Employer's Contribution to Provident Fund	110.54	114.41
Employer's Contribution to Superannuation Fund	19.24	17.80

#### Defined Benefit Plan

##### Gratuity :

The Company operates gratuity plan through approved gratuity fund with Life Insurance Corporation of India. Every employee is entitled to the benefit in accordance with the payment of Gratuity Act, 1972, as applicable from time to time, except in the case of Managing Director where there is no maximum limit. The present value of obligation is determined based on actuarial valuation.

##### Leave Salary Encashment :

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

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

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

Investment risk	:	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	:	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	:	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	:	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
<b>36. EMPLOYEE BENEFITS – (Contd.)</b>		
<b>Retirement benefit plans continued...</b>		
The principal assumptions used for the purposes of the actuarial valuations were as follows.		
<b>Gratuity and Compensated absences</b>		
Discount rate(s)	7.25%	7.50%
Expected rate(s) of salary increase	5.00%	5.00%
The estimates of future salary increases, considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:		
<b>Gratuity</b>		
Current service cost	21.71	19.80
Past service cost	–	–
Net interest expense	24.81	23.12
Return on plan assets (excluding amounts included in net interest expense)	(24.20)	(23.12)
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>22.32</b>	<b>19.80</b>
The above expense for the year are included under 'Contribution to provident, gratuity and other funds' in the 'employee benefits expense' in statement of profit or loss.		
<b>Remeasurement on the net defined benefit liability comprising:</b>		
Actuarial(gains)/losses arising from obligations	18.80	10.29
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>18.80</b>	<b>10.29</b>
	<b>41.12</b>	<b>30.09</b>
The remeasurement of the net defined benefit liability is included in other comprehensive income.		
<b>Compensated Absences</b>		
Current service cost	–	–
Net interest expense	7.28	6.45
Actuarial (gains)/losses arising from changes in financial assumptions	4.77	9.65
Actuarial (gains)/losses arising from experience adjustments	32.87	5.84
	<b>44.92</b>	<b>21.94</b>
Recognised in Statement of Profit & Loss	44.92	21.94
Recognised in Other Comprehensive Income	–	–
The above expenses for the year are included under 'Salaries, wages and bonus' in the 'employee benefits expense' in statement of profit or loss.		
The amount included in the statement of financial position arising from the Company's obligation in respect of its defined benefit plans is as follows:		
<b>Gratuity</b>		
Present value of defined benefit obligation	377.24	330.75
Fair value of plan assets	359.08	310.72
Net liability arising from defined benefit obligation (funded)	<b>18.16</b>	<b>20.03</b>
Gratuity is reflected in Gratuity Fund under current financial liabilities. [Refer notes 17].		
<b>Compensated Absences</b>		
Present value of defined benefit obligation	145.25	111.51
Net liability arising from defined benefit obligation (funded)	<b>145.25</b>	<b>111.51</b>
The above provisions are reflected under 'Provision for employee benefits' in "other non-current provisions" and in "short-term provisions". [Refer notes 13 and 19]		

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

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
<b>36. EMPLOYEE BENEFITS – (Contd.)</b>		
<b>Movements in the present value of the defined benefit obligation in the current year were as follows:</b>		
<b>Gratuity</b>		
Opening defined benefit obligation	330.75	308.94
Current service cost	21.71	19.80
Interest cost	24.81	23.12
Actuarial(gains)/losses arising from obligations	18.80	10.29
Benefits paid	(18.83)	(31.40)
<b>Closing defined benefit obligation</b>	<u>377.24</u>	<u>330.75</u>
<b>Compensated Absences</b>		
Opening defined benefit obligation	111.51	92.25
Current service cost	–	–
Interest cost	7.28	6.45
Actuarial (gains)/losses arising from changes in financial assumptions	4.77	9.65
Actuarial (gains)/losses arising from experience adjustments	32.87	5.84
Benefits paid	(11.18)	(2.67)
<b>Closing defined benefit obligation</b>	<u>145.25</u>	<u>111.51</u>
<b>Movements in the fair value of the plan assets in the current year were as follows:</b>		
<b>Gratuity</b>		
Opening fair value of plan assets	310.72	295.60
Return on plan assets (excluding amounts included in net interest expense)	24.20	23.17
Contributions	42.99	23.35
Benefits paid	(18.83)	(31.40)
<b>Closing fair value of plan assets</b>	<u>359.08</u>	<u>310.72</u>

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

The actual return on plan assets was ₹.24.20 lakhs (2018-19: ₹.23.17 lakhs).

### 37. FINANCIAL INSTRUMENTS

#### Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, non-convertible debt securities and other long-term/short-term borrowings.

The capital structure of the Company consists of net debt (borrowings as detailed in notes and offset by cash and bank balances) and total equity of the Company. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

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

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
<b>37. FINANCIAL INSTRUMENTS – (Contd.)</b>		
<b>Capital management</b>		
<b>Gearing Ratio:</b>		
Debt (Long-term and short-term borrowings including current maturities)	8,330.43	8,234.51
Add: Book Overdraft	–	253.61
Less: Cash and bank balances	(1,189.10)	(562.04)
Net debt	7,141.33	7,926.08
Total equity	10,105.08	10,162.39
Net debt to total equity ratio	0.71	0.78
Categories of Financial Instruments:		
<b>A. Financial assets</b>		
<b>(a) Measured at amortised cost:</b>		
Cash and bank balances	(1,189.10)	(562.04)
Trade Receivables	3,805.37	4,942.98
Loans	211.73	131.42
<b>(b) Mandatorily measured at fair value through other comprehensive income (FVOCI):</b>		
Investments	1.10	2.14
<b>B. Financial liabilities</b>		
<b>(a) Measured at amortised cost:</b>		
Borrowings	6,922.11	7,201.44
Trade Payables	2,892.11	3,479.46
Current maturity of Long Term Borrowings	1,408.32	1,033.07
Others	3,462.95	1,605.84

### Financial risk management objectives

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

### Market risk

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

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

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

#### Foreign currency risk management:

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

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

As on March 31, 2020

(₹ in lakhs)

Currency	Liabilities	Assets	Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure*	Gross exposure	
USD	3,202.95	1516.62	(1,686.33)
EUR	2.37	11.04	8.67
GBP	–	–	–
JPY	1,312.85	–	(1,312.85)

\*Excludes exposure on Unutilised Letter of Credit aggregating ₹. 17.17 lakhs

As on March 31, 2019

(₹ in lakhs)

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

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

#### Foreign currency sensitivity analysis:

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

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

Currency	Profit or Loss (₹ in lakhs)	
	March 31, 2020	March 31, 2019
USD Impact	(33.52)	(50.04)
EUR Impact	(0.05)	(0.05)
GBP Impact	–	–
JPY Impact	(26.26)	(4.03)

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



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

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

#### Interest rate risk management

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

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

Particulars	March 31, 2020	March 31, 2019
Variable rate Borrowing	3,963.04	3,773.35
Fixed rate Borrowing	4,367.40	4,461.17

#### Interest rate sensitivity analysis

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2020 would decrease/increase by ₹. 24.34 lakhs (March 31, 2019: decrease/increase by ₹.21.26 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

#### Equity price risk

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

#### Credit risk management

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

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

The Company does not have significant credit risk exposure

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

#### Exposure to credit risk

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

#### Liquidity risk management

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

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

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

Particulars	March 31, 2020	March 31, 2019
Expiring within in one year (bank overdraft and other facilities)		
– Secured	4,836.96	3,126.65
– Unsecured	–	–

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

### 37. Financial Instruments – (Contd.)

#### Liquidity tables

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

₹ in lakhs

31-03-20	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	2,892	–	–	2,892
Current maturity of long term borrowings	1,408	–	–	1,408
Other financial liabilities	2,055	–	–	2,055
Borrowings (including interest accrued thereon upto the reporting date)	3,963	2,959	–	6,922
	10,318	2,959	–	13,277

31-03-19	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	3,479	–	–	3,479
Current maturity of long term borrowings	1,033	–	–	1,033
Other financial liabilities	573	–	–	573
Borrowings (including interest accrued thereon upto the reporting date)	3,773	3,428	–	7,201
	8,858	3,428	–	12,286

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

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

### 38. SEGMENT INFORMATION

The Managing Director of the Company has been identified as being the chief operating decision maker. Based on the internal reporting to the Chief operating decision maker, the Company has identified that the Company has only one segment which is manufacture and sale of Auto Component – Piston Rings, Differential Gears, Pole Wheel and other Transmission Components and accordingly there are no other reportable segments. The Company is domiciled in India. Information about entity wide disclosures as mandated under Ind AS 108 are as below: Geographical segment information:

₹ in lakhs

Description	Year	India	USA	Thailand	Rest of the world	Unallocated	Total
Revenue	2019-20	13,058.59	1,765.49	4,644.02	76.29	248.82	19,793.21
	2018-19	14,725.57	2,174.71	3,866.80	31.62	410.57	21,209.27
Assets	2019-20	3,059.42	353.56	360.44	31.95	–	3,805.37
	2018-19	3,870.77	305.96	762.80	3.45	–	4,942.98

Out of the above said revenue three customers represent more than 10% of the gross revenue and in total contribute 52.04% of the gross revenue.

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

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
<b>39. NET DEBT RECONCILIATION:</b>		
1. Cash and cash equivalents	1,190.17	563.35
2. Lease Liability	(31.57)	-
3. Current borrowings	(3,963.04)	(3,773.35)
4. Non-current borrowings	(4,367.39)	(4,461.16)
<b>Net debt</b>	<b>(7,171.83)</b>	<b>(7,671.16)</b>

₹ in lakhs

Particulars	Other assets		Liabilities from financing activities			Total
	Cash and bank overdraft	Liquid investments	Lease Liability	Non-current borrowings	Current borrowings	
<b>Net debt as at March 31, 2019</b>	563.35	-	-	(4,461.16)	(3,773.35)	(7,671.16)
Cash flows	626.82	-	-	93.77	(189.69)	530.90
Acquisition – Ind AS 116	-	-	(31.57)	-	-	(31.57)
Foreign exchange adjustments	-	-	-	-	-	-
Interest expense	-	-	-	449.85	394.20	844.05
Interest paid	-	-	-	(449.85)	(394.20)	(844.05)
Other non-cash movements						
– Acquisitions / disposals	-	-	-	-	-	-
– Fair value adjustments	-	-	-	-	-	-
<b>Net debt as at March 31, 2020</b>	<b>1,190.17</b>	<b>-</b>	<b>(31.57)</b>	<b>(4,367.39)</b>	<b>(3,963.04)</b>	<b>(7,171.83)</b>
Note: Assets represented by positive numbers Liabilities represented by negative numbers						

## 40. RESEARCH AND DEVELOPMENT EXPENDITURE ELIGIBLE U/S 35(2 AB) OF THE INCOME TAX ACT, 1961

₹ in lakhs

Particulars	31-03-20	31-03-19
Revenue		
– Salaries, wages and bonus	-	38.59
– Materials, consumables and spares	-	0.08
– Other Expenditure	-	4.31
<b>TOTAL</b>	<b>-</b>	<b>42.98</b>

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

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

### 41. CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

(a) Gross amount required to be spent by the Company during the year is Rs. 5.00 lakhs.

(b) Amount spent during the year on :

Particulars	In Cash	₹ in lakhs	
		Yet to be paid in cash	Total
1. Construction/acquisition of any asset	–	–	–
2. On Purposes other (1) above	6.45	–	6.45

### 42. BASIC AND DILUTED EARNINGS PER SHARE

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

	Year ended March 31, 2020 ₹ in lakhs	Year ended March 31, 2019 ₹ in lakhs
Profit/(loss) for the year attributable to owners of the Company	110.11	794.69
Adjustments	–	–
Earnings used in the calculation of basic earnings per share	110.11	794.69
Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
Earnings used in the calculation of basic earnings per share from continuing operations	110.11	794.69
	Nos.	Nos.
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	126,75,865	126,75,865
Basic and Diluted Earnings per share (INR)	0.87	6.27

43. 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 had to be fulfilled by August 2014. The Company had sought extension of time to fulfill obligations to the extent of Rs.709.96 lakhs and even during the pendency of its application fully met the outstanding Export Obligations in FY 2015-16. However, as the Company was yet to get formal approval for extension of time limit, these export sales had not been apportioned against the obligation.

During the year, the pendency of extension of time limit for meeting the aforesaid export obligation was taken up with appropriate authorities for resolution. A settlement of all outstanding issues had been reached with extension of time limit granted for certain licences and payment of duty in respect of others.

In terms of Ind AS 20, Accounting for Government Grants, the amount of concessional duty (Government Grant/assistance) under the Export Promotion Capital Goods Scheme determined as payable and paid during the year (Rs.36.01 lakhs) has been added as part of the Cost of the related Plant and Machinery to be depreciated over the remaining useful life of the said asset. Other costs including interest (Rs. 200.49 lakhs) has been recognised in the Statement of Profit and loss of the year. There are no other Obligations/liabilities/Unfulfilled conditions or contingencies attached to the Government Grant subsisting on the Balance Sheet date.

### 44. ESTIMATION UNCERTAINTY RELATING TO COVID 19 PANDEMIC

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity.

In such a situation, the Company has taken due care in concluding on accounting judgements and estimates and while assessing the recoverability of Company's assets such as Trade receivable, Inventories etc., the Company has considered internal and external information upto the date of approval of these financial statements and expects to recover the carrying amount of the assets. The actual impact of the pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally.

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

### 45. DISCLOSURES ON LEASES

Year ended  
March 31, 2020  
₹ in lakhs

#### Company as Lessee

The Company has adopted Ind AS 116 Leases (Refer Note .48 (15)) with effect from April 1, 2019. All other lease arrangements on that date were short term leases and the lease rentals recognized as an expense in the Statement of Profit and Loss. The following are the disclosures in terms of Ind AS 116:

#### 45.1 Payments recognized as expense for non-cancellable lease

Sl.No.	Particulars	
<b>Maturity Analysis of future lease payments</b>		
(a)	Not later than 1 year	14.49
(b)	Later than 1 year and not later than 5 years	17.08
(c)	Later than 5 years	–

#### 45.2 Details of rental payment for contracts for which exemption is availed under IND AS 116 on account of the following

Sl.No.	Particulars	
1	Lease asset for low value asset (less than Rs 5 lakhs)	–
2	Short term leases	225.28

#### 45.3 OTHER DISCLOSURES

Sl.No.	Particulars	Note no.	March 31, 2020 Rs in Lakhs
(a)	Carrying value of right of use of (ROU) asset	1B	30.37
(b)	Depreciation charge for ROU asset	1B	14.56
(c)	Interest expense on lease liability	25	4.45
(d)	Total cashflow during the year for leases grouped in ROU		
(e)	Additions to ROU	1B	44.93
(f)	Lease commitments for short term leases		225.28
(g)	Lease liability outstanding	12.1 & 17	31.57

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than that the company cannot provide the leased asset as security for its borrowings etc, nor can it be subleased without the permission of the lessor.

The lease payment are discounted using the company's incremental borrowing rate(12.75%) being the rate that the company would have to pay to borrow funds necessary to obtain an asset of similar value to ROU asset in a similar economic environment with similar terms, security and conditions.

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

### 46. RELATED PARTY DISCLOSURE

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

Name of the Related Party	Relationship
Simpson & Company Ltd.	Holding Company
Amalgamations Private Ltd.	Holding Company of Simpson & Company Ltd
Addison & Company Limited	Fellow Subsidiary
George Oakes Limited	Fellow Subsidiary
India Pistons Limited	Fellow Subsidiary
IP Pins & Liners Limited	Fellow Subsidiary
Sri Rama Vilas Service Limited	Fellow Subsidiary
Tractors & Farm Equipment Limited	Fellow Subsidiary
Associated Printers (Madras) Pvt Limited	Fellow Subsidiary
The Madras Advertising Company Pvt Limited	Fellow Subsidiary
Speed-A-Way Pvt Limited	Fellow Subsidiary
Bimetal Bearings Limited	Fellow Subsidiary
Amalgamations Repco Limited	Fellow Subsidiary
TAFE Access Limited	Fellow Subsidiary
L.M.Van Moppes Diamond Tools India Pvt Limited	Fellow Subsidiary
IPL Engine Components Pvt Limited	Fellow Subsidiary
IP Rings Ltd. Senior Executives Superannuation Fund	Controlled Trusts
IP Rings Ltd. Employees Gratuity Fund	Controlled Trusts
Mr. A.Venkataramani - Managing Director	Key Managerial Personnel
Mr. R.Venkataraman - Chief Financial Officer	Key Managerial Personnel
Mr. Anantha Subramaniam – Company Secretary (From November 30, 2019)	Key Managerial Personnel
Mrs. S.Priyamvatha - Company Secretary (upto May 31, 2019)	Key Managerial Personnel

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

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

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

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

(₹ in lakhs)

Name of the party	Year	Sale of goods	Rendering of services – Income	Purchase of goods	Purchase of Capital items	Sale of Capital items	Technical fee paid	Receiving of services-Expense
<b>(c) Details of Transactions with Related Parties :</b>								
Bimetal Bearings Limited	2019-20	4.03	5.32	-	-	-	-	-
	2018-19	4.75	0.35	-	-	-	-	-
India Pistons Limited.	2019-20	1,350.04	364.11	627.51	-	-	-	110.71
	2018-19	1,873.81	553.54	830.90	-	-	-	103.47
IPL Engine Components Pvt. Limited	2019-20	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-
George Oakes Limited	2019-20	-	19.14	-	-	-	-	18.00
	2018-19	-	23.97	-	-	-	-	18.00
Simpson & Co. Ltd.	2019-20	166.48	-	-	-	-	-	3.16
	2018-19	201.12	8.73	-	-	-	-	2.82
Tractors & Farm Equipment Limited	2019-20	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	1.97
IP Pins & Liners Limited	2019-20	-	-	-	-	-	-	78.00
	2018-19	-	-	-	-	-	-	78.00
Sri Ram Vilas Service Limited	2019-20	-	-	-	-	-	-	45.13
	2018-19	-	-	-	-	-	-	32.45
Addison & Co. Limited	2019-20	-	-	14.34	-	-	-	-
	2018-19	-	-	14.11	-	-	-	-
Amalgamations Pvt. Limited	2019-20	-	-	-	-	-	-	5.83
	2018-19	-	-	-	-	-	-	4.97
Amalgamation Repco Limited	2019-20	-	5.18	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-
TAFE Access Ltd.	2019-20	-	-	-	32.07	4.34	-	-
	2018-19	-	-	-	-	-	-	-
Associated Printers (M) Pvt. Limited	2019-20	-	-	-	-	-	-	1.34
	2018-19	-	-	-	-	-	-	1.60
Speed-A-Way Pvt. Limited	2019-20	-	-	0.52	-	-	-	-
	2018-19	-	-	3.03	-	-	-	-
The Madras Advertising Company Limited	2019-20	-	-	-	-	-	-	2.18
	2018-19	-	-	-	-	-	-	1.65
LM Van Moppes Diamond Tools India Limited	2019-20	-	-	2.97	-	-	-	-
	2018-19	-	-	5.12	-	-	-	-
IP Rings Ltd. Senior Executives Superannuation Fund	2019-20	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-
IP Rings Ltd. Employees Gratuity Fund	2019-20	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-
A. Venkataramani #	2019-20	-	-	-	-	-	-	126.06
	2018-19	-	-	-	-	-	-	110.03
R. Venkataraman #	2019-20	-	-	-	-	-	-	35.16
	2018-19	-	-	-	-	-	-	32.36
V. Anantha Subramanian #	2019-20	-	-	-	-	-	-	3.73
	2018-19	-	-	-	-	-	-	-
S. Priyamvatha #	2019-20	-	-	-	-	-	-	3.60
	2018-19	-	-	-	-	-	-	18.73

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

(₹ in lakhs)

Name of the party	Year	Management contracts including for deputation of employees-Expense	Loan taken (Loan Repaid)	Outstanding Loans	Dividend Paid	Interest Paid	Issue of Shares	Contribution to Fund	Amounts Outstanding Dr. / (Cr.)
<b>(c) Details of Transactions with Related Parties :</b>									
Bimetal Bearings Limited	2019-20	-	-	-	-	-	-	-	1.17
	2018-19	-	-	-	-	-	-	-	1.65
India Pistons Limited.	2019-20	-	-	-	12.70	-	-	-	762.25
	2018-19	-	-	-	-	-	-	-	997.92
IPL Engine Components Pvt. Limited	2019-20	-	-	-	-	-	-	-	20.73*
	2018-19	-	-	-	-	-	-	-	20.73*
George Oakes Limited	2019-20	-	-	-	-	-	-	-	7.18
	2018-19	-	-	-	-	-	-	-	1.76
Simpson & Co. Ltd.	2019-20	-	-	-	37.67	-	-	-	34.89
	2018-19	-	-	-	-	-	-	-	30.34
Tractors & Farm Equipment Limited	2019-20	-	-	-	14.40	-	-	-	-
	2018-19	-	-	-	-	-	-	-	-
IP Pins & Liners Limited	2019-20	21.42	-	-	-	-	-	-	(7.02)
	2018-19	-	-	-	-	-	-	-	(15.21)
Sri Ram Vilas Service Limited	2019-20	-	-	-	-	-	-	-	(23.48)
	2018-19	-	-	-	-	-	-	-	(9.66)
Addison & Co. Limited	2019-20	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-	(4.58)
Amalgamations Pvt. Limited	2019-20	-	-	-	6.91	-	-	-	(0.25)
	2018-19	-	-	-	-	-	-	-	(0.94)
Amalgamation Repco Limited	2019-20	-	-	-	-	-	-	-	5.60
	2018-19	-	-	-	-	-	-	-	-
TAFE Access Ltd.	2019-20	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-	-
Associated Printers (M) Pvt. Limited	2019-20	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-	(0.09)
Speed-A-Way Pvt. Limited	2019-20	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-	(1.80)
The Madras Advertising Company Limited	2019-20	-	-	-	-	-	-	-	(0.98)
	2018-19	-	-	-	-	-	-	-	(0.81)
LM Van Moppes Diamond Tools India Limited	2019-20	-	-	-	-	-	-	-	(1.35)
	2018-19	-	-	-	-	-	-	-	(0.92)
IP Rings Ltd, Senior Executives Superannuation Fund	2019-20	-	-	-	-	-	-	19.24	(19.24)
	2018-19	-	-	-	-	-	-	17.80	(17.80)
IP Rings Ltd, Employees Gratuity Fund	2019-20	-	-	-	-	-	-	18.16	(18.16)
	2018-19	-	-	-	-	-	-	20.04	(20.04)
A. Venkataramani #	2019-20	-	-	-	-	-	-	-	(0.94)
	2018-19	-	-	-	-	-	-	-	(0.59)
R. Venkataraman #	2019-20	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-	-
V. Anantha Subramanian #	2019-20	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-	-
S. Priyamvatha #	2019-20	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-	-

\* Provided for

# The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.  
47. Figures for the previous year have been regrouped / reclassified wherever necessary to make them comparable with current year figures.



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

### 48. SIGNIFICANT ACCOUNTING POLICIES

#### 1A. Corporate Information:

IP Rings Limited ('the Company') or ('IPR') is engaged in the manufacture of engine and transmission components. The Company has manufacturing plant at 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, in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015, for the year ended 31st March 2020 were adopted by the Company as on 29th June 2020

#### Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and unbilled revenues. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has used as at the date of approval of these financial statements, internal and external sources of information and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

#### 1B. Statement of Significant Accounting Policies.

##### 1. Basis of Preparation:

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

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

#### Compliance with Ind AS

These financial statements (the 'financial statements') have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

- (i) The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. There were no long-term leases entered into by the Company prior to April 1, 2019 and hence Ind AS 116 has become applicable only to new contracts entered into by the Company during the year.
- (ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

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

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

- (iii) Amendment to IndAS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.
- (iv) Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Recent accounting pronouncements

In respect of various amendments to Accounting Standards, the management believes that adoption of those does not have any significant impact for the Company.

### 2. Use of Estimates

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

### 3. Fair Value Measurement

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

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

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

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

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.

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

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

#### 3. Fair Value Measurement

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

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

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

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

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

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

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

###### (iv) Financial liabilities

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

##### (b) Derivative financial instruments

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

###### Cash flow hedge

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

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

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

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

#### Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other Income” line item.

#### 4. Property, Plant and Equipment

- 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 duty/ tax credit availed
- 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.
- 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.
- Depreciation is provided straight line method, based on useful lives of assets in accordance with Schedule II of the Companies Act, 2013. In respect of certain machines extended useful life of 30 years is adopted for claiming depreciation under Schedule II to Companies Act, 2013 based on technical assessment obtained by the Company.
- 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.
- Residual value of 5% is retained in books for all assets other than the assets whose useful life has elapsed as on 01.04.2014 or those assets whose book value has already been reduced below 5% of acquisition cost.

#### 5. Intangibles

The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

#### De-recognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

#### 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.

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

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

#### 6. Impairment

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.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### 7. Investments

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

##### Impairment of Investments

The Company recognises an impairment loss in respect of its investments if there is lower business performance, economic slowdown and increased competition. The recoverable amount of the investments is being determined based on value in use. In assessing value in use, the estimated future cash flows were discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investee for which the estimates of future cash flows have not been adjusted.

#### 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/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 of providing for obsolescence in inventory. 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 stocks at bonded warehouse, includes applicable Customs duty.

#### 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.

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

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

#### 10. Revenue recognition

Ind AS 115 Revenue from Contracts with Customers

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

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

#### Sale of goods

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

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

#### Other Revenues

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

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.

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

#### 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.

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

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

#### 12. Employee benefits

##### (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.

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.

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

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

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

The Company, at the inception of a contract, assesses whether the contract is a lease or not a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 01, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in the future lease payments arising from a change in an index rate, or there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than Rs 5 lakhs in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

### 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 38 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.



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

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

#### 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.

#### 21. Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 22. Government Grants

Government grants (including export incentives) are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

#### 23. Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.



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