



INDIA NIPPON ELECTRICALS LIMITED

**28th ANNUAL REPORT
2012-2013**



INDIA NIPPON ELECTRICALS LIMITED

Board of Directors

Chairman

T K BALAJI

Directors

ARVIND BALAJI (Whole-time Director)

R D FLINT

M NAMATAME

Y TOMITA

K SESHADRI

KG RAGHAVAN

V BALARAMAN

G CHIDAMBAR

N S MURTHY

R VIJAYARAGHAVAN

Audit Committee

K G RAGHAVAN

(Chairman)

K SESHADRI

V BALARAMAN

G CHIDAMBAR

N S MURTHY

Investors' Grievance Committee

T K BALAJI

(Chairman)

K SESHADRI

G CHIDAMBAR

Manager

SUBHASIS DEY

Chief Financial Officer & Company Secretary

S SAMPATH

Auditors

M/s. BRAHMAYYA & CO

48, Masilamani Road, Balaji Nagar

Royapettah

Chennai 600 014

Cost Auditor

K SURYANARAYANAN

Bankers

BANK OF BARODA

ICICI BANK LIMITED

AXIS BANK LIMITED

Listing of Shares with

Madras Stock Exchange Ltd., Chennai

National Stock Exchange of India Ltd., Mumbai

Bombay Stock Exchange Ltd., Mumbai

Registered Office

`Adlim Centre'

82 Dr. Radhakrishnan Salai, Mylapore

Chennai 600 004

Ph : 044-28110063/28110074

Factories

1. Hosur-Thalli Road

Uliveeranapalli 635 114

Denkanikotta Taluk, Krishnagiri District - Tamilnadu

Ph : 04347 - 233432 - 233438

2. Madukarai Road

Kariamanickam, Nettapakkam Commune

Puducherry 605 106

Ph : 0413 - 2697801-2697827

3. Masani Village

Rewari District, Haryana 122 106

Ph : 01274-240860/240212

Website : www.indianippon.com.

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INDIA NIPPON ELECTRICALS LIMITED

FINANCIAL HIGHLIGHTS OF TEN YEARS PERFORMANCE

₹ lacs

S.No.	Description	Year ended 31st March									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Profit and Loss Account											
1.	Sales (excluding Excise duty)	14956	15066	14419	14319	12023	12792	16908	22885	26005	26802
2.	Other income	608	243	543	532	732	872	620	624	803	890
3.	Total Income (1+2)	15564	15309	14962	14851	12755	13664	17528	23509	26808	27692
4.	Gross Profit before interest, depreciation and tax	3991	3018	2885	2550	2141	1793	2952	3767	4525	4146
5.	Depreciation	476	436	428	364	326	284	357	415	528	613
6.	Profit before interest & tax	3515	2582	2457	2186	1815	1509	2595	3352	3997	3533
7.	Interest	13	10	11	18	11	17	18	17	21	18
8.	Profit before tax	3502	2572	2446	2168	1804	1492	2577	3335	3976	3515
9.	Profit after tax	2499	1847	2025	1845	1502	1175	1992	2543	3130	2837
Balance Sheet											
10.	Net Fixed Assets (including revaluation reserves)	2576	2462	2291	2144	1867	1798	2633	2832	3710	3935
11.	Investments	5647	6353	7749	8546	9962	7272	9999	8857	9344	10968
12.	Net Current Assets	1410	1885	1994	2469	1951	5221	2943	5477	6059	5859
13.	Total (10+11+12)	9633	10700	12034	13159	13780	14291	15575	17166	19113	20762
14.	Share capital	808	808	808	808	808	808	808	808	1131	1131
15.	Reserves & Surplus	8442	9509	10843	11995	12818	13425	14709	16358	17982	19631
16.	Net Worth (14+15) (including revaluation reserves)	9250	10317	11651	12803	13626	14233	15517	17166	19113	20762
17.	Loan funds	383	383	383	356	154	58	58	-	-	
18.	Total	9633	10700	12034	13159	13780	14291	15575	17166	19113	20762
19.	Return on Net Worth (%) (excluding revaluation reserves)	28	19	18	15	11	8	13	15	17	14
20.	Return on Capital Employed (%) (excluding revaluation reserves)	38	25	21	17	14	11	17	20	21	17
21.	Earning per share (₹)	31	23	25	23	19	15	25	22	28	25
22.	Dividend per share (₹)	8.5	8.5	7.5	7.5	7.0	6.0	7.5	9.5	9	9
23.	Book value per share (₹) (excluding revaluation reserves)	109	122	139	153	164	171	187	208	165	180
24.	Fixed Assets Turnover (No. of times)	6	6	6	7	6	7	6	8	7	7
25.	Working Capital Turnover (No. of times)	11	8	7	6	6	2	6	4	4	5
26.	Gross profit as % of total income	26	20	19	17	17	13	17	16	17	15
27.	Net profit as % of total income	16	12	14	12	12	9	11	11	12	10
28.	No. of Employees	521	557	618	539	510	542	646	809	971	927
29.	No. of Shareholders	4088	4516	4576	4760	4828	4827	6052	5806	6289	6295

NB : Share capital raised from ₹8.08 crores to ₹11.31 crores following the allotment of bonus shares during September 2011.



Notice to Shareholders

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Shareholders of the Company will be held on Monday, the 26th August 2013 at Kasturi Srinivasan Hall, (Music Academy Annexe) No.168 (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014 at 10.30 A.M. to transact the following business.

Ordinary Business

1. Adoption of audited accounts for the year ended 31st March 2013 and the Directors' and Auditors' report.

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

RESOLVED THAT the audited Balance Sheet as at 31st March 2013 and the Profit and Loss account of the Company for the year ended on that date, together with the Directors' report and the Auditors' report thereon as presented to the meeting be and are hereby approved and adopted.

2. Declaration of Dividend

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

Resolved that the first and second interim dividends respectively of ₹ 4.00 and ₹ 5.00 per share declared by the Board of Directors of the Company on 6th Feb'13 and 28th May'13 on 11310712 equity shares of ₹ 10/- each fully paid, absorbing a total sum of ₹ 1017.97 lacs (excluding dividend tax of ₹ 169.51 lacs paid) in the aggregate, be and are hereby treated as the final dividend for the year ended 31st March 2013.

3. To appoint Auditors and fix their remuneration

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

RESOLVED THAT the retiring Auditors M/s Brahmayya & Co., Chartered Accountants be and are hereby re-appointed as Auditors of the Company to hold office from the

conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company in addition to travelling and other out-of-pocket expenses actually incurred by them in connection with audit, and fees if any, for the professional services rendered by them in any other capacity from time to time.

4. Election of a Director, liable to retire by rotation

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

RESOLVED THAT Mr R D Flint, who retires by rotation and does not seek re-election, be not re-appointed as a director of the Company.

5. Election of a Director, liable to retire by rotation

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

RESOLVED THAT Mr K Seshadri, be and is hereby appointed as Director of the Company liable for retirement by rotation.

6. Election of a Director, liable to retire by rotation

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

RESOLVED THAT Mr K G Raghavan, be and is hereby appointed as Director of the Company liable for retirement by rotation.

Special Business

7. Appointment of Mr Arvind Balaji as a director not liable to retire by rotation

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

RESOLVED THAT Mr Arvind Balaji, be and is hereby appointed as Director of the Company not liable for retirement by rotation.

8. Appointment of Mr R Vijayaraghavan as a director liable to retire by rotation

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution: RESOLVED THAT Mr R Vijayaraghavan, be and is hereby appointed as Director of the Company liable for retirement by rotation.

9. Appointment of Mr Arvind Balaji as Whole-time Director of the Company u/s 269 of the Companies Act 1956

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution: "Resolved that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), as amended or re-enacted from time to time, read with schedule XIII to the Act, the Company hereby approves the appointment of Mr Arvind Balaji, as a Whole-time Director of the Company for a period of five years, subject to renewal for further periods of five years at a time, with effect from 1st April 2013 on a remuneration, as set out in the agreement dated 1st April 2013 entered into between the Company and Mr. Arvind Balaji and as detailed below:

I. Salary: ₹ 2,00,000 (Rupees two lakhs only) per mensem in the salary range of ₹ 2,00,000- ₹ 4,00,000, for five years, subject to revision from time to time, as may be determined by the Board of Directors of the Company.

II. Commission: Such amount as may be determined by the Board depending on the Company's performance every year.

III. Perquisites:

a. PF, Pensionary and other benefits:

- Company's contribution to provident fund,

which will not exceed 12% of the salary or such other higher rate as may be notified by the Central Government, from time to time.

- Gratuity as per rules of the Company, not exceeding half a month's salary for each completed year of service.
- Earned leave: As per rules of the Company, but not exceeding one month's leave for every eleven months of service. Leave accumulated shall be encashable at the end of the tenure.

b. Entertainment and Travel: Reimbursement of all actual expenses, including expenses incurred by him on entertainment and travelling in the course of the Company's business.

c. Sitting Fees: No sitting fees be paid for attending the meetings of the Board of Directors or Committees thereof.

d. Benefits and Amenities:

- (i) Loan and other schemes – Benefits under loan and other schemes in accordance with the practices, rules and regulations in force, in the Company, from time to time; and
- (ii) Other benefits and amenities – Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.

Total remuneration as aforementioned together with the remuneration drawn from any other company shall not exceed higher of the 5% of the net profits of either of the Companies as computed under section 349 of the Companies Act, 1956 every year.

IV. Minimum Remuneration:

In the event of any loss or inadequacy of profits, the remuneration payable to Mr Arvind Balaji shall be restricted to such amount as may be agreed to by the Board



of Directors and the Whole-Time Director and within the limits prescribed in this regard under Schedule XIII to the Companies Act, 1956.

V. Variation / Modification:

The terms and conditions shall be subject to such variation and/or modification as may be mutually agreed or as may become desirable or necessary or as may be permitted or authorized by or under the Companies Act, 1956, for the time being in force or any statutory modification or re-enactment thereof or any rules and regulations framed there under or otherwise.

10. Commission to Directors

To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

RESOLVED THAT pursuant to the provisions of Articles 118 (b) (ii) of the Articles of Association of the Company, Section 198, Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, be paid to and distributed amongst the Directors (other than Managing/ whole-time Directors) or some or any of them in such amounts or proportions and in such manner as may be decided by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year for a period of five financial years commencing from 1st April 2013.

By order of the Board

S SAMPATH

Chennai
28th May 2013

Chief Financial Officer &
Company Secretary

Notes:

1. A Member entitled to attend and vote at the above meeting is entitled to appoint a proxy and the proxy need not be a member. The instrument appointing proxy and the power of attorney or other authority, if any, should be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd August 2013 to 26th August 2013 [both days inclusive]
3. Consequent upon the amendment to Section 205A read with 205C of the Companies Act, 1956, dividends declared for the year ended 31.03.2007 and for the subsequent years, which remain unclaimed for a period of 7 years will be transferred to the Investors Education and Protection Fund on due dates. Members who have not encashed their dividend warrants are requested to make their claims with the Company by surrendering the unencashed dividend warrants immediately.
4. In terms of Clause 49 of the Listing Agreement with Stock Exchanges, a brief resume of Directors who are proposed to be appointed / re-appointed at this meeting is given below:

SI No.4 of the Notice to Shareholders

Mr R D Flint who also retires by rotation at this Annual General Meeting, does not seek re-election.

SI No. 5 of the Notice to shareholders

Mr K Seshadri (Age 79) holds a Post graduate degree in Economics from the University of Madras. He is a fellow Member of the Institute of Chartered Certified Accountants, U.K., Institute of Cost Management Accountants, U.K., Institute of Company Secretaries, U.K., besides being an Associate Member of the Institute of

INDIA NIPPON ELECTRICALS LIMITED

Company Secretaries of India. He has 50 years of experience in Finance, Company Law and Taxation in Government, Public Sector and Private Sector organisations. He was co-opted as a director by the Board on 23.04.1996. He is a Director in Lucas-TVS Ltd, Delphi-TVS Diesel Systems Ltd, Hastham Swasthi Pvt Ltd, Lucas Indian Service Ltd, PT Automotive Systems Indonesia, Punarvasu Swasthi Pvt Ltd and Synergy Shakthi Renewable Energy Ltd.

He is also the Chairman of the Audit Committee of India Japan Lighting Pvt Ltd and Synergy Shakthi Renewable Energy Ltd and Member of the Audit Committee of Delphi-TVS Diesel Systems Ltd and Lucas Indian Service Ltd. He holds 1874 equity shares in the Company.

He is not a relative to any director of the Company.

The resolution is recommended for the approval of the shareholders.

SI No. 6 of the Notice to shareholders

Mr K G Raghavan (age 58) is a partner of Dua Associates with offices at New Delhi, Mumbai, Chennai, Bangalore, Pune and Gurgaon. He holds a Bachelor's Degree in Commerce and a Bachelor of Law degree from Bangalore University. His areas of specialisation are Corporate and Commercial Law, Arbitration, Intellectual Property Law, Central Excise, Customs, Labour and Constitutional Law and he has represented parties at pleadings before the Supreme Court, High Courts, Company Law Board, MRTP Commission, CEGAT Consumer Fora and Civil Courts. He is a director in Karnataka Hybrid Micro Devices Ltd., Bangalore.

He does not hold any shares in the Company and is not a relative to any director of the Company.

The resolution is recommended for the approval of the shareholders.

Explanatory Note under Section 173 (2) of the Companies Act.

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying notice dated 28th May 2013 and shall be taken as forming part of the notice.

Item No. 7 of the Notice

Mr. Arvind Balaji was born on 8th December 1974 and did his B.E. (Mech.) from Birla Institute of Technology and Science and M.S in Manufacturing System Engineering from Stanford University besides M.B.A. (Finance) from the Wharton School, Pennsylvania.

Mr. Arvind Balaji worked as a staff and Senior Consultant with Oracle Consulting Group of Oracle Corporation between 1998 and 2000 followed by a stint in 2001 as a Summer Associate in Credit Suisse First Boston Technology Group in San Francisco where he acquired valuable experience in the field of mergers and acquisitions. Between 2002 and 2004 he worked as an Associate in Banc of America Securities LLC, New York in the field of Investment Banking.

Mr. Arvind Balaji joined Lucas Indian Service Ltd as Whole-time Director in 2004 and his services were placed at the disposal of Lucas-TVS for appointment as Vice President Business Planning. He became Joint Managing Director of M/s Lucas-TVS Ltd, Chennai in April 2008. He joined India Nippon Electricals Ltd as a director effective 30th October 2012. He is a Joint Managing Director in Lucas-TVS Ltd. He is a Director in Lucas Indian Service Ltd, TVS Automotive Systems Ltd, Synergy Shakthi Renewable Energy Ltd, Delphi-TVS Diesel Systems Ltd, TVS Motor Services Ltd, Harita Arvind Energy Pvt Ltd, Harita Greens Pvt Ltd, India Japan Lighting Pvt Ltd, Punarvasu Swasthi Pvt Ltd and Hastham Swasthi Pvt Ltd. He is the Regional President in Automotive Component Manufacturers Association of India. He is also the Member of the Audit Committee of TVS Motor Services Ltd.



Mr. Arvind Balaji does not hold any shares in the Company.

The Company has received from a shareholder a Notice under Section 257 of the Companies Act, 1956 intimating his intention to propose the appointment of Mr. Arvind Balaji as a Director of the Company, not liable for retirement by rotation, at this meeting and for that purpose to move a resolution set out under item 7 of the Notice.

Interest of Directors

Mr. Arvind Balaji is interested in the resolution relating to his appointment as a Director of the Company besides Mr. T K Balaji, Chairman, who is related to Mr. Arvind Balaji.

The resolution is recommended for the approval of the shareholders.

Item No. 8 of the Notice

Mr R Vijayaraghavan was born on 2nd January 1950. He is an Advocate in Chennai and has been practising Law for over 28 years. He has a vast breadth of experience in the fields of Corporate Law, Mergers and Acquisitions, Tax Laws, Commercial aspects of doing business in India.

He holds a Master Degree in Science from Madurai University and MBA from Syracuse University, USA besides being a Law graduate from Dr. Ambedkar Law College, Chennai.

He holds the position as director in Sanco Trans Limited, Bimetal Bearings Limited, T.Stanes & Company Limited, Lucas TVS Limited, Sundaram-Clayton Limited and Redington (India) Investments Limited.

He is the Chairman of the Audit Committee of Sanco Trans Ltd and a Member of the Audit Committee of T Stanes & Co Ltd and Bimetal Bearings Ltd.

He is also a member of the Remuneration Committee of Bimetal Bearings and T Stanes Co Ltd.

He does not hold any shares in India Nippon Electricals Limited and is not related to any director of the Company.

The Company has received from a shareholder a Notice under Section 257 of the Companies Act, 1956 intimating his intention to propose the appointment of Mr. R Vijayaraghavan as a Director of the Company, liable for retirement by rotation, at this meeting and for that purpose to move a resolution set out under item 8 of the Notice.

Interest of Directors

Mr. R Vijayaraghavan is interested in the resolution relating to his appointment as a Director of the Company.

The resolution is recommended for the approval of the shareholders.

Item No. 9 of the Notice

Mr. Arvind Balaji, Director was appointed as a Whole-time Director of the Company effective 1st April 2013, at the meeting of the Board of Directors of the Company held on 25th March 2013, as per Section 269 of the Companies Act, 1956.

The appointment of Mr. Arvind Balaji as Whole-Time Director and the payment of salary and perquisites to Mr. Arvind Balaji as set out under item 9 of the Notice are recommended for adoption by the members.

The agreement dated 1st April 2013 entered into between the Company and Mr. Arvind Balaji will be available for inspection at the Registered office of the Company on any working day between 10 AM and 12 Noon.

Interest of Directors

Mr. Arvind Balaji is interested in the resolution relating to his appointment as a Whole-time Director of the Company besides Mr. T K Balaji, Chairman, who is related to Mr. Arvind Balaji.

The resolution is recommended for the approval of the shareholders.

Item No. 10 of the Notice

At the AGM held on 21st August 2008, shareholders approved a proposal for payment of commission not exceeding 1% of the net profits of the company to the non-whole time directors of the company for a period of 5 years from 01.04.2008. The validity of the above resolution expired on 31.03.2013.

With the formation of various committees of Directors under corporate governance, the role and responsibilities of non-whole time Directors

have considerably increased and they have been devoting time and attention for improving the operations of the company. Hence, it is considered desirable and necessary to pay remuneration by way of commission to the non-whole time Directors.

Section 309 (4) of the Companies Act, provides that in the case of Directors (other than Managing Director or whole time Director) the company may by special resolution authorise payment of commission.

The above proposal was approved by the Board, at the meeting held on 28th May 2013

The Directors of the Company may be deemed to be interested in the resolution to the extent of commission payable to them.

The resolution is recommended for the approval of the shareholders.



Directors' Report to the Shareholders

Your Directors have pleasure in presenting the Twenty Eighth Annual Report and Audited Accounts for the year ended 31st March 2013.

1. FINANCIAL HIGHLIGHTS

	Year ended 31st March 2013	Year ended 31st March 2012
		₹ lacs
Sales (Net of excise duty)	26802	26005
Profit before depreciation, exceptional items and taxes	4128	4371
Less:		
Depreciation	613	528
Profit before tax & exceptional items	3515	3843
Exceptional items	-	133
Profit before tax	3515	3976
Taxation	678	846
Profit after tax	2837	3130
Profit brought forward from previous year	1532	785
Dividends	1018	1018
Dividend distribution tax	170	165
Transfer to general reserve & share capital	2000	1200
Retained in profit and loss account	1181	1532

2. FINANCIAL AND OPERATIONAL PERFORMANCE

Your Company's sales grew by 3% over the previous year in value terms. Profit before tax and exceptional items, as a percentage of sales,

dropped by around 1.70% over the previous year mainly, due to increase in material and conversion costs given to suppliers not recouped, in full by the customers. Metal prices were on the higher side in the first half of the year resulting in higher material cost. Other expenses were higher primarily due to higher fuel consumption arising out of higher power cuts and higher expenses on new product tooling, purchase of critical spares for plant and machinery, travel for business development etc. Depreciation was more due to capacity expansion in Hosur and Rewari units.

3. MANAGEMENT DISCUSSION AND ANALYSIS

a. Economic Overview:

During 2012-13, the economic slowdown persisted, as core industries underperformed due to factors like shortage of power, non-availability of coal on account of stoppage of mining activities in some States due to legal issues and lower agricultural output arising from failure of monsoon in many parts of the country. Corporate sales growth and investments also moderated due to the downturn.

b. Industry structure and developments:

The demand for the two/three wheeler industry remained subdued in 2012-13 due to factors like high interest rate, spiralling fuel prices, low rural income due to below normal monsoons in most regions etc.

During the year, only the scooter segment recorded a double digit growth of around 14%. The motorcycle and moped segments were stagnant while the 3 wheeler segment recorded a negative growth of around 5%.

c. Performance Review:

Your company had a growth of around 3%

in motorcycle segment despite stagnant growth in this segment of industry. This was achieved by ramping up supplies to one of the major motorcycle manufacturers. A higher share of business from the moped segment also helped to achieve a growth of around 10% in this segment. Your Company had a negative growth in scooter segment however, due to changes in the models of one of the major customers where the product of your Company was used and thus the business volume dropping sharply. In the three wheeler segment, your Company had a negative growth of around 2% due to the overall negative growth in this segment. The electronic business grew by around 30% and direct sales to aftermarket by around 20%. Exports at ₹11.6 crores were around 22% more than the previous year and about 60% of it was to the US market.

d. Business Outlook:

While the start of the year was not good for the two wheeler industry, we hope that the growth momentum will pick up in the course of the year.

Last year your Company reported having received a letter of intent from two of the leading two wheeler manufacturers of Japanese origin. Your Company has started supplies to one of them and the customer is also expected to increase the share of business to your Company. Supplies to the other customer are likely to commence in the early part of 2013-14. Your Company has also received enquiries for other products in its range from existing customer and also from other two wheeler manufacturers setting up manufacturing facilities in India. On the export front, your Company is exploring various business options and is expecting to get some new businesses.

e. Human Resources and Industrial Relations:

Regular programs are conducted for skill enhancement and competency development of employees at various levels. A task force has been formed to study the work environment, discuss with workmen and improve their morale and productivity. The industrial relations in all the units of the company continue to be harmonious.

The number of people employed in your Company as on 31st March 2013 was 927.

f. Risks and Concerns:

Economic activity during 2013-14 is expected to show only a modest rise over the previous year, with a pick up likely only in the second half of the year. Although metal prices are softening, costlier imports due to weak rupee as well as increase in power cost are pushing up the cost of production which is not adequately compensated by customers.

Your Company is focussing on development of VAVE products and customers are showing interest in some of those products. Cost control measures have been put in place to reduce cost of production and make the products more competitive.

g. Internal Control System:

Your Company has adequate internal control systems commensurate with its size. The internal auditors periodically review these controls at all the locations of the Company. The Audit Committee reviews their findings at its meetings and takes appropriate corrective measures.

h. Corporate Social Responsibility

Your company contributes to the society at large through donations to reliable organisations which promote the cause of



the downtrodden by running educational institutions and other related activities, as also to institutions supporting physically challenged persons, etc.

Conservation of natural resources and promotion of the cause of green environment are social responsibilities to which your Company stands committed. Hazardous waste generated in the process of manufacturing is disposed off as per Government specified norms through agencies appointed by the Government.

With a view to supporting the green initiative of the Ministry of Corporate Affairs, your Company has written to shareholders to provide their e-mail addresses so as to despatch the annual report in soft form.

i. Cautionary statement

Statements in the Management Discussion and Analysis Report describing your Company's objectives, projections, estimates and expectations are "forward looking statements" within the meaning of applicable securities and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include, among other things, economic conditions affecting demand / supply and prices in the domestic and overseas markets in which your Company operates, changes in Government regulations, tax laws, other statutes and other incidental factors.

4. SUBSIDIARY COMPANY

Your company acquired land in Indonesia through its subsidiary company, PT Automotive Systems Indonesia, with a view to establish manufacturing operations to support TVS

Motors. However, as the volumes have not reached our expectations, we cannot proceed with the same. Our current approvals are valid till March 2014, by which time an appropriate decision will be taken.

The Ministry of Corporate Affairs vide the General Circular No.2/2011/circular no.5/12/2007-CL-III dated 8th February 2011 had granted general exemption from the requirement of attaching the annual report of subsidiary company, subject to fulfilment of conditions stipulated in the circular. Your company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.

The annual accounts of the subsidiary company will be available at the registered office of the Company and of the subsidiary company concerned, if any member or investor wishes to inspect them during the business hours on any working day.

5. ASSOCIATE COMPANY

M/s Synergy Shakthi Renewable Energy Limited (SSREL), in which your Company has made a strategic investment, improved its capacity utilization during FY 2012-13 by procuring biomass through alternate sources and stepping up its plant operations. The company enlarged its customer base by targeting better realizations from short term open access consumers. SSREL has also augmented its revenue by trading in Renewable Energy Certificates (RECs) which showed buoyancy during the first half of the year. With these measures, we are happy to report that your investee Company has been able to achieve profits during the year under review. Going forward, sourcing of biomass fuels of right quality in required volumes at affordable cost would pose challenges. During the current year, many State utilities have also

not been forthcoming in buying RECs from renewable energy generators. The viability of the project is dependent upon support from realisation of revenue through sale of RECs. This, in turn, is subject to effective enforcement of renewable purchase obligations by the regulators. The industry association is in continuous dialogue with the Government and regulatory authorities on the matter, to address these issues.

6. DIVIDEND

Your Company had paid an interim dividend of ₹ 4.00 per share in the month of Mar'13. A further dividend of ₹ 5.00 per share will be paid in June '13. The total dividend of ₹ 9.00 per share is being treated as final dividend for the year. The dividends will absorb a sum of ₹ 1017.97 lacs besides an additional outgo on dividend distribution tax of ₹169.51 lacs.

7. PUBLIC DEPOSITS

Your Company has not accepted any deposits under Section 58A of the Companies Act, 1956 read with Companies [Acceptance of Deposits] Rules 1975.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO AND EARNINGS

Please refer to Annexure-I to the Directors' Report to the Shareholders.

9. PARTICULARS OF EMPLOYEES

None of the employees is drawing remuneration in excess of the amounts specified as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended.

10. CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the 'Report on Corporate Governance' is enclosed as part of this report.

A certificate from the Auditors of Your Company regarding compliance of the conditions of the Corporate Governance as stipulated by Clause 49 of the Listing Agreement is attached to this report.

The certificates required from Head of Operations/ CFO, are also attached to this report.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions under Section 217(2AA) of the Companies Act, 1956 on the Directors' Responsibility Statement, it is hereby confirmed:

- a) that in the preparation of accounts for the financial year ended 31st March 2013 the applicable accounting standards have been followed.
- b) that the Directors have selected the accounting policies and applied them consistently and made judgements 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 under review and of the Profit of the Company, for the year under review.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.



- d) that the Directors have prepared the annual accounts for the year ended 31st March 2013 on a 'going concern' basis.

12. DIRECTORS

Mr. K Seshadri and Mr. KG Raghavan are retiring by rotation at the ensuing Annual General meeting and being eligible offer themselves for re-appointment. Mr. Arvind Balaji was appointed during the year as an additional Director and he will be proposed for appointment as a director not liable to retire by rotation at the ensuing Annual General Meeting. Mr. Arvind Balaji, has also been appointed as a Whole-time Director of the Company u/s 269 of the Companies Act, 1956 effective 1st April 2013. A separate resolution will be proposed for approval of the aforesaid appointment at the ensuing Annual General Meeting.

Mr. RD Flint who also retires by rotation at the ensuing Annual General meeting does not seek re-election.

The Board would like to place on record its appreciation of the valuable contributions made by Mr. RD Flint during his tenure as Director of the Company.

Mr. R Vijayaraghavan was appointed as an Additional Director who will be proposed for appointment as a director liable to retire by rotation at the ensuing Annual General Meeting.

13. AUDITORS

M/s Brahmayya & Co., Chartered Accountants, retire at the conclusion of the Annual General Meeting and are eligible for re-appointment.

14. COST AUDITORS

Ministry of Corporate Affairs (MCA) issued an industry specific Cost Audit Order vide No.52/26/CAB-2010 dated 24th January 2012, thereby requiring all such companies, which are in the manufacturing activities of automotive components to appoint a Cost Auditor for auditing the cost accounting information effective 1st April 2012 for the financial year 2012-13 and file a report with the Central Government on or before 30th September every year.

The Board of Directors have appointed Mr K Suryanarayanan, Practising Cost Accountant, Chennai for carrying out the cost audit of the company for the year 2012-13 and the cost audit report will be filed with the MCA within the stipulated time.

15. GENERAL

Your Directors wish to place on record their appreciation for the good work of all the employees of the Company.

Your Directors also acknowledge the continued support received from Lucas Indian Service Ltd, Chennai, Kokusan Denki Co Ltd., Japan and also wish to thank the Governments at the Centre and in the States of Tamil Nadu, Haryana and Puducherry, Bank of Baroda, ICICI Bank Ltd, Axis Bank Ltd, and SIPCOT for the assistance rendered by them from time to time.

For and on behalf of the Board of Directors

Chennai
28th May 2013

TKBALAJI
Chairman

Annexure I to Directors' Report to the Shareholders

Information as required under Section 217(1) (e) of the Companies Act, 1956:

1. CONSERVATION OF ENERGY

a) The results of Energy Conservation measures taken up during the year under review are:

The power consumed per Standard Unit of Production is being monitored as a part of energy conservation measures and achieved the targeted level of 1.1 EU by implementing various activities like

- ★ Introduction of Auto Timer controller which "Switch OFF" the 100 Tonn Hydraulic Power presses automatically whenever the machine idle time exceeds the predefined time delay.
- ★ Secured an additional 250KVA Electricity Demand from TNEB which resulted in reduction of DG set usage.
- ★ The three tier Rotor curing oven's heating circuit modified and optimized to operate with two tiers.

b) Future plans for energy conservation:

The company is aiming at greater energy conservation by introducing high energy efficient, new technology Riveting Presses, Broaching machines etc.

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- i Your Directors are pleased to mention that your Company has won Golden Award for Excellence in Technology from Automotive Component Manufacturers

Association for the year 2011-12. Your Company has successfully introduced a new Series Regulator (patent applied) in one of the Motorcycle applications. Use of this high efficiency regulator has resulted in improvement of mileage up to 2 Km/l in the vehicle.

Your Company is currently working on various new products which are required for fuel injected vehicles to be introduced in the near future.

ii. Expenditure on R&D:

	₹ lacs
Capital	21.40
Revenue	274.98
Total	296.38
% on net turnover	1.1%

3. FOREIGN EXCHANGE OUTGO AND EARNINGS:

Export Activities

Exports during the year ended 31st March 2013 amounted to ₹ 11.67 crores as against ₹ 9.53 crores of the previous year.

Total foreign exchange used and earned:

The foreign exchange outgo and earnings for the Company for the period under review were ₹ 4064 lacs and ₹ 1114 lacs respectively.

For and on behalf of the Board of Directors

Place: Chennai
Date : 28th May 2013

T K BALAJI
Chairman



Declaration under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct

The Shareholders of the Company

28th May 2013

On the basis of the written representations received from members of the Board and Senior Management Personnel as at 31st March 2013, in terms of Clause 49 of the Listing Agreement, we hereby certify that both the members of the Board and the Senior Management Personnel have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the company as laid down by the Board of Directors.

Subhasis Dey
Head of Operations

S Sampath
Chief Financial Officer

Auditors' Certificate

To the members of India Nippon Electricals Limited

We have examined the compliance of conditions of Corporate Governance by India Nippon Electricals Limited for the year ended on 31st March 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

We state that no investor grievance is pending for a period exceeding one month which is not acted upon against the Company as per the records maintained by Shareholders' / Investors' Grievance Committee.

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

For **BRAHMAYYA & CO.,**
Chartered Accountants,
Registration No.: 000511S

Chennai,
28th May 2013

P S KUMAR
Partner
Membership No.:15590

INDIA NIPPON ELECTRICALS LIMITED

REPORT ON CORPORATE GOVERNANCE

(As required by Clause 49 of the Listing Agreement with the Stock Exchanges)

A. MANDATORY REQUIREMENTS

1. Company's Philosophy:

The Company believes in transparency, accountability, professionalism, risk management and code of ethics, which are the basic principles of Corporate Governance and would constantly endeavour to improve on these aspects.

2. Board of Directors:

The Company has 11 Directors, 3 foreign Directors (two Japanese and one UK national), and 8 resident Directors. All 11 Directors are non-executive Directors.

The Chairman of the Company is a non whole time Director. The Board and Committees meet at regular intervals. Policy formulation, evaluation of performance and control functions vest with the Board, while the Committees oversee operational issues.

3. Attendance of each Director at the Meetings of the Board of Directors and the last Annual General Meeting:

The Board met 6 times between 1st April 2012 and 31st March 2013 as given below:

Date of Meeting	Directors Present
30.05.2012	4
03.08.2012	5
30.08.2012	7
30.10.2012	6
06.02.2013	5
25.03.2013	6

The last AGM was held on 30th August 2012. Seven Directors attended the AGM.

The composition of Board of Directors, their directorship in other Companies and membership in committees (Audit Committees, Shareholders Grievance Committees) and the details of their attendance at the Board Meetings of India Nippon Electricals Ltd are given below:

Name M/s.	Category	Attendance particulars		Number of directorships and committee memberships / chairmanships		
		Board Meeting	Last AGM	Other directorships*	Committee memberships	Committee chairmanships
T K Balaji	Non Executive Director	6	Yes	14	2	Nil
R D Flint	Non Executive Independent Director	0	No	Nil	Nil	Nil
K Nakamura ^	Non Executive Director	0	No	NA	NA	NA
Y Tomita**	Non Executive Director	1	Yes	Nil	Nil	Nil
M Namatame	Non Executive Director	1	Yes	1	Nil	Nil
K Seshadri	Non Executive Director	4	No	7	2	2
V Balaraman	Non Executive Independent Director	5	Yes	6	3	Nil
K G Raghavan	Non Executive Independent Director	1	Yes	1	Nil	Nil
G Chidambar	Non Executive Independent Director	6	Yes	3	Nil	2
N S Murthy	Non Executive Independent Director	6	Yes	1	Nil	Nil
Arvind Balaji +	Non Executive Director	3	N.A.	12	1	Nil
R Vijayaraghavan***	Non Executive Independent Director	NA	N.A.	6	2	1

(N.A.) Not Applicable; (*) includes private companies; (^) resigned effective 1st June 2012, (**) appointed as director effective 1st June 2012, (+) appointed as director effective 30th October 2012. (***) Appointed as director w.e.f. 28th May 2013.

Mr K Seshadri holds 1874 equity shares in India Nippon Electricals Ltd and other Directors do not hold any shares.



4. Audit Committee:

The Committee has 5 members with 4 non-executive independent directors and one non-executive director. The Chairman of the Audit Committee is an Independent Director. The role and terms of reference of the Audit Committee cover the areas mentioned in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

During the year the Committee of Directors met 5 times on 30th May 2012, 3rd Aug 2012, 30th Oct 2012, 6th Feb 2013 and 25th Mar 2013.

The composition of Audit Committee of the Board and the details of their attendance in the meetings of the Audit Committee are given below (01.04.2012 to 31.03.2013):

Sl. No	Name of the Member (M/s)	Status	No. of Meetings Attended
1.	K G Raghavan, Chairman	Non-Executive Independent Director	-
2.	K Seshadri, Member	Non-Executive Director	5
3.	V Balaraman, Member	Non-Executive Independent Director	4
4.	G Chidambar, Member	Non-Executive Independent Director	5
5.	N S Murthy, Member	Non-Executive Independent Director	5

The Company Secretary is the Secretary to the Audit Committee.

5. Shareholders' / Investors' Grievance Committee:

The Board had constituted the Shareholders' / Investors' Grievance Committee comprising the following three Directors which met three times during the year between 1st April 2012 and 31st March 2013:

Sl. No.	Name of the Member	Status	No. of Meetings
1.	Mr. T K Balaji	Chairman	3
2.	Mr. K Seshadri	Member	2
3.	Mr. G Chidambar	Member	3

The Company Secretary is the Secretary to the Investors Grievance Committee.

The functions of the Investors' Grievance Committee are to review and redress Shareholders' / Investors' query / grievance / complaint on matters relating to transfer of shares, non-receipt of balance sheet / dividend warrants, etc., and to approve transfers, transmission, consolidation and splitting of share certificates and to authorise the officials to make necessary endorsements on the share certificates.

The Board has authorised Mr Subhasis Dey, Manager or Mr S Sampath, Compliance Officer of the Company to approve periodically the following:

- Share transfer, transmissions, transpositions of names
- Issue of share certificates-duplicate, consolidation and splitting and
- Other matters connected with share transfers

Investors' Grievance Committee ratifies the transactions at appropriate intervals.

As required by Securities and Exchange Board of India (SEBI) Mr S Sampath, Chief Financial Officer and Company Secretary has been appointed as Compliance Officer. For any clarification, shareholders may contact Mr S Sampath, Chief Financial Officer & Company Secretary. The Company has a dedicated e.mail id for investors' complaints

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– investorscomplaints@inel.co.in and investorscomplaintsstata@scl.co.in effective 1st April 2007, as required vide amended Clause 47(f) of the Listing Agreement.

One complaint of non-receipt of dividend warrants was received and redressed during the financial year 2012-2013. This complaint was addressed to the satisfaction of the concerned investor.

6. Remuneration Committee & Policy:

The Company has not constituted a Remuneration Committee. This is a non-mandatory provision in the Listing Agreement.

The Board of Directors determines the remuneration payable to the Manager taking into account his qualification, experience, expertise, contribution and the prevailing levels of remuneration in companies of corresponding size and standing.

Manager under Section 269 of the Companies Act, 1956:

Mr Subhasis Dey is the Manager of the Company appointed under Section 269 of the Companies Act, 1956 for a period of 5 years from 3rd February 2012.

Whole-time Director of the Company under Section 269 of the Companies Act, 1956:

Mr Arvind Balaji, who was appointed as an additional Director of the company effective 30th Oct 2012 in the category of non-retiring director, has been appointed as a Whole-time Director pursuant to Section 269 and other applicable provisions of the Companies Act 1956 for a period of five years, subject to renewal for further periods of five years at a time, with effect from 1st April 2013.

Non Executive Directors:

Non-Executive Directors are paid remuneration by way of commission, not exceeding 1% of the net profits computed in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956. Further, for payment of such commission from 01.04.2013 to 31.03.2018, a special resolution for approval is placed before the Annual General Meeting to be held on 26th August 2013.

Provision has been made in the accounts towards commission to the Directors for the period ended 31st March 2013 as given below:

Name of the Directors (M/s)	Amount (₹ lacs)
T K Balaji, Chairman	4.00
K Seshadri	4.00
K G Raghavan	4.00
V Balaraman	6.00
G Chidambar	6.00
N S Murthy	4.00
Arvind Balaji	2.00
Total	30.00

The Commission has been determined taking all relevant factors into account, including responsibilities discharged and participation in the Company's affairs.

7. Sitting Fees Paid:

Remuneration by way of Sitting Fee for attending Board/ Committee Meetings paid to non-executive Directors for the year ended 31st March 2013 is tabulated hereunder:



Name of the Directors (M/s)	Board ₹	Audit Committee ₹	Investors Grievance Committee ₹	Total ₹
T K Balaji, Chairman	42,000	-	18,000	60,000
K Seshadri	28,000	30,000	12,000	70,000
K G Raghavan	7,000	-	-	7,000
V Balaraman	35,000	24,000	-	59,000
G Chidambar	42,000	30,000	18,000	90,000
N S Murthy	42,000	30,000	-	72,000
Arvind Balaji	21,000	-	-	21,000
Total	2,17,000	1,14,000	48,000	3,79,000

8. Annual General Meetings:

8.1 The last three Annual General Meetings were held as under:

Meeting	Year	Location	Date	Time
25th AGM	2010	Kasturi Srinivasan Hall 168 (Old 306), TTK Road Chennai 600 014	26th Aug 2010	10.30 AM
26th AGM	2011	Vani Mahal Mini Hall 103, GN Road, Chennai-600017	8th Sep 2011	10.30 AM
27th AGM	2012	Kasturi Srinivasan Hall 168 (Old 306), TTK Road Chennai 600 014	30th Aug 2012	10.30 AM

8.2 Special resolutions passed in the previous annual general meetings:

During the last three years viz., 2009-2010 to 2011-2012, no approval of the shareholders was obtained by passing special resolutions.

8.3 Postal Ballot:

M/s Sundaram Clayton Ltd. (SCL), are the Registrars and Share Transfer Agents for India Nippon Electricals Ltd., who maintain the members register and record the transfer of shares and conduct all related activities. The register of members, which is a statutory record under Section 163 of the Companies Act, 1956 was also being maintained by them at No. 22 Railway Colony 3rd Street, Mehta Nagar, Chennai 600029. SCL decided to shift the share registry work to 'Jayalakshmi Estates', No. 29, Haddows Road, Chennai 600 006 with effect from 15th April 2013 and will henceforth maintain our records at their new place. Hence, pursuant to Section 163 of the Companies Act 1956 consent of the shareholders was obtained through the process of postal ballot for Keeping the statutory registers and documents at the place of the Share Transfer Agent (STA), in terms of Section 163 (1) and other applicable provisions of the Companies Act, 1956 effective 15th April 2013.

Mr S Ananthanaryan, Practising Company Secretary was appointed as a Scrutinizer for this purpose who conducted the Postal Ballot exercise in a fair and transparent manner.

The Company announced the result of the special resolution passed by way of Postal Ballot in terms of Section 192A read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, by the shareholders of the Company in the following manner, in one national English daily circulating in substantially the whole of India (Business Line) and in one vernacular language (Tamil) Dinamani.

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Particulars		Number of votes cast for the special resolution as setout in the Notice dated 27th Feb 2013
Total votes of eligible members		1,13,10,712
Total valid votes exercised		79,09,270
Votes cast for the resolution	In figures	79,05,922
	In %	99.96
Votes cast against the resolution	In figures	3,348
	In %	0.04

The shareholders of the Company have, therefore approved the special resolution as stated above with the requisite majority on 10th April 2013, being the date of declaration of the result.

The company posted the result of the postal ballot on their website www.indianippon.com for the information of the shareholders.

8.4 No item of business in relation to matters specified in Clause 49 of the Listing Agreement with the Stock Exchanges and or Section 192A of the Companies Act, 1956 which requires voting by postal ballot is included in the notice convening the AGM of the Company.

9. Disclosures:

a. There were no transactions of material nature with the promoters, Directors or

the management or their subsidiaries or relatives, etc., potentially conflicting with Company's interest at large, during the year.

b. There were no instances of non-compliance on any matter related to the capital market, during the last three years.

10. Means of Communication:

a) Quarterly results were published in Business Line and the Tamil version of the same was published in Dinamani. The Company has opted to publish the audited annual results for the year ended 31st March 2013 within the stipulated time and therefore has not published the last quarter unaudited results.

b) The quarterly results and also the annual audited results are published in the Company's website viz. www.indianippon.com.

11. General Information for Shareholders :

1.	Date, Time and Venue of the Annual General Meeting	26th August 2013 (Monday) at 10.30 AM At Kasturi Srinivasan Hall, (Music Academy Annexe), No.168 TTK Road, Royapettah, Chennai-600014
2.	Financial Reporting for the Quarter ending: 30th June 2013 30th September 2013 31st December 2013 31st March 2014	1st fortnight of Aug 2013 1st fortnight of Nov 2013 1st fortnight of Feb 2014 May 2014



3.	Period of Book Closure	23rd August 2013 to 26th August 2013 (both days inclusive)	
4.	1st Interim Dividend (₹ 4 per share)		
	Declared on 06.02.2013	Record Date 19.02.2013	Payment Date 26.02.2013
	2nd Interim Dividend (₹ 5 per share)		
	Declared on 28.05.2013	Record Date 11.06.2013	Payment Date 18.06.2013
The above ₹ 9 per share dividend is recommended as final dividend.			

11.1 The Company's Equity Shares are listed on the following stock exchanges

- Madras Stock Exchange Ltd, Chennai
- Bombay Stock Exchange Ltd, Mumbai
- National Stock Exchange of India Ltd, Mumbai

11.2 Symbol at stock exchanges:

National Stock Exchange of India Ltd INDNIPPON EQ

Madras Stock Exchange Ltd -

Bombay Stock Exchange Ltd 1823/99 Scrip code
532240

11.3 Demat ISIN in NSDL and CDSL:

INE092B01017

11.4 Annual Listing Fees for the year ended March 2013 have been paid to the above Stock Exchanges.

12. Share Price Data:

Share Price in ₹ Nominal Value of Share ₹ 10

Month	National Stock Exchange of India Ltd.		Bombay Stock Exchange Ltd.	
	High	Low	High	Low
Apr'12	181.00	166.50	178.75	168.00
May'12	181.00	160.05	179.75	160.10
Jun'12	177.90	164.35	178.50	162.10
Jul'12	177.95	164.20	175.65	164.00
Aug'12	189.90	160.00	190.00	161.10
Sep'12	211.00	176.15	197.90	179.90
Oct'12	197.85	181.00	199.00	185.90
Nov'12	190.00	173.70	193.80	179.95
Dec'12	186.00	173.50	186.00	174.00
Jan'13	192.45	173.20	192.00	174.00
Feb'13	190.00	160.60	190.00	165.00
Mar'13	178.30	162.00	176.00	164.65

Share price performance in comparison to broadbased indices – NSE Nifty and BSE Sensex.

Company's share price performance in comparison to NSE Nifty based on the share price as on 31st March, during the last 2 years is as follows:

Date	Company's Share Price Close (₹)	Nifty Points (Close)	Percentage Change in	
			Company's share price	Nifty
31.03.2012	169	5296	(31)	(9)
31.03.2013	171	5683	1	7

Company's share price performance in comparison to BSE Sensex based on the share price as on 31st March, during the last 2 years is as follows:

Date	Company's Share Price Close (₹)	Sensex Points (Close)	Percentage Change in	
			Company's share price	Sensex
31.03.2012	171	17404	(30)	(10)
31.03.2013	170	18836	(1)	8

INDIA NIPPON ELECTRICALS LIMITED

13. Distribution of Equity Share holding as on 31st March 2013:

Number of Shares held	No. of Share holders	% of Share holders	No. of Shares held	Share holding (%)
1 – 100	2566	40.763	94867	0.839
101-500	1899	30.167	467613	4.134
501-1000	1341	21.303	1055992	9.336
1001-2000	265	4.210	397409	3.514
2001-3000	109	1.732	269938	2.387
3001-4000	35	0.556	121399	1.073
4001-5000	21	0.334	95967	0.848
5001-10000	32	0.508	221472	1.958
10001 & above	27	0.429	8586055	75.911
Total	6295	100.000	11310712	100.000

14. Pattern of Equity Shareholding as on 31st March 2013:

Shareholders	No. of Shares held	% of Total Shares held
NRIs	83268	0.73
Promoter Company	5188666	45.87
Directors and Relatives	3730	0.04
Collaborator	2320500	20.52
Nationalised Banks	-	-
Mutual funds	-	-
Financial Institutions	35000	0.31
Foreign Venture Capital Investors	-	-
Corporate Bodies	680179	6.01
Resident Individuals	2999369	26.52
Total	11310712	100.0

15. Share Transfer System :

Securities and Exchange Board of India [SEBI] in its circular No.D & CC / FITTC / Cir-15 dated 27th December 2002 had stipulated that a Company should have a common agency for handling the share registry work for both physical and electronic transfers i.e., either in-house or by way of a SEBI registered Registrar and Transfer Agent [RTA].

The Board of Directors appointed M/s Sundaram-Clayton Ltd [SCL] as Share Transfer Agents to carry out the registry work pertaining to transfer of shares and to provide connectivity with the depositories for handling transactions taking place in electronic form.

With effect from 15th Oct'2004 M/s Sundaram-Clayton Ltd (SCL), (Registration No. INR200003942 issued by SEBI) located at 'Jayalakshmi Estates', I Floor, No. 29, Haddows Road, Chennai 600 006. Tel (44) 28272233, 28284959, Fax (44) 28257121, have been acting as a Registrar and Share Transfer Agents [RTA] for providing the connectivity with NSDL and CDSL and also for transfer of shares held in physical form. The agreement entered into by the company with the RTA is being renewed once in three years and the current agreement is valid till 15th Oct 2013.

Share transfer is normally effected within a maximum period of 15 days from the date of receipt, if the documents submitted are in order. The Investors Grievance Committee approves share transfers / transmissions at the Committee meeting.

16. Dematerialisation of Shares and Liquidity:

Your Company's shares have been compulsorily dematerialised effective 28.04.2001. In accordance with SEBI Circular No.SEBI/Cir/ISD/3/2011 dated June 17, 2011 and the amendments thereof, the entire shareholding of promoters has been dematerialised during the year. As on 31.03.2013, there were 1,08,80,698 shares in electronic mode, including 75,09,166 shares held by promoters. Shares held in electronic mode accounted for 96.20% of total holding. The shareholding pattern in physical and demat is as given under:



Shares in Nos.

	Particulars	Physical Mode	Electronic mode	Total holding
a)	No. of shareholders as on 31.03.2013	651	5644	6295
b)	Promoters holding			
	M/s Lucas Indian Service Ltd, Chennai		5188666	5188666
	M/s Kokusan Denki Company Ltd, Japan		2320500	2320500
c)	Non Promoters holding	430014	3371532	3801546
	Total (b+c)	430014	10880698	11310712
	%	3.80	96.20	100
	% of shares held in electronic mode		96.20	

17. Plant Locations :

1. India Nippon Electricals Ltd
Hosur-Thalli Road, Uliveeranapalli
Hosur 635 114
Denkanikotta Taluk
Krishnagiri Dist. Tamilnadu
Tel: (4347) 233438
investorscomplaints@inel.co.in
2. India Nippon Electricals Ltd
Madukarai Road, Kariamanickam Village
Nettapakkam Commune
Puducherry 605 106
Tel : (413) 2699052
3. India Nippon Electricals Ltd
Masani Village, Rewari District,
Haryana 122 106
Tel: (1274) 240860
4. Address for Investors Correspondence:
India Nippon Electricals Ltd
82, Dr. Radhakrishnan Salai
Mylapore, Chennai 600 004
Ph. (44) 2811 0063 / 28 11 0074
Fax. (44) 2811 5624
E.mail: inelcorp@inel.co.in,
investorscomplaints@inel.co.in

5. For investors complaints
investorscomplaints@inel.co.in, and
investorscomplaintssta@scl.co.in

B. NON MANDATORY REQUIREMENT

a. Whistle Blower Policy:

The Company had formulated a Whistle Blower Policy during the year Apr 2007-Mar 2008 and the policy mainly covers the information on suspected unethical and improper practices or wrongful conduct, which employees, in good faith, believe exist.

- b. The company follows treatment as prescribed in the accounting standards for the preparation of final accounts, notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006 with relevant provisions of the Companies Act 1956.

- c. As required under Section 266A of the Companies Act 1956, the Directors Identification Numbers have to be obtained by the directors. The Director Identification Numbers of all the directors of India Nippon Electricals Ltd are as under:

<u>Director name (Mr)</u>	<u>DIN</u>
T K Balaji	00002010
K Seshadri	00301839
K G Raghavan	00359471
V Balaraman	00267829
G Chidambar	00017015
N S Murthy	00583761
Arvind Balaji	00557711
R D Flint	00627285
M Namatame	03353077
Y Tomita	05309262
R Vijayaraghavan	00026763

d. Quarterly / Half-Yearly Results:

The quarterly / half-yearly results of the Company are published in one English newspaper having wide circulation and in one Tamil newspaper. These results are published in the website though they are not sent to the shareholders individually.

C. GENERAL

a. Prevention of insider trading and code of corporate disclosure practices:

SEBI formulated the SEBI (Insider Trading) Regulations 1992 which came into force with effect from November, 1992. These regulations were made applicable to all the listed Companies. To strengthen these regulations and to create a framework for prevention of insider trading, SEBI amended the existing regulations, with effect from 20th February 2002.

In terms of the amended regulations, INEL adopted a code of conduct

- i. for prevention of insider trading and
- ii. corporate disclosure practices

at the Board Meeting held on 27.06.2002. The Company has appointed a Compliance Officer for this purpose. Buying and selling of securities are prohibited for a period of 15 days prior to the Board Meeting and 24 hours after the publication of the results by specified persons, i.e. Directors/ Officers/ designated employees who shall maintain confidentiality of all price sensitive information coming into their possession or control. Changes in shareholding by the specified persons are reported to the Board by the Compliance Officer.

Shares lodged for transfer are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialisation of

securities are processed and the confirmation is given to the depositories within 7 days. Grievances received from shareholders and other miscellaneous correspondence on changes of addresses, mandates etc, is processed by the Share Transfer Department of the Company within 7 days.

b. Secretarial Audit:

SEBI by the Circular D&CC/FITT/CIR-16/2002, dated 31st December 2002, directed all the Companies to carry out a secretarial audit by a qualified Chartered Accountant or Company Secretary to cover the following aspects and certify among others that:

- i. the total shares held in NSDL, CDSL and in the physical form tally with the issued / paid up capital
- ii. the register of members is updated
- iii. the dematerialisation requests have been confirmed within 21 days and by explaining the reasons if any, for pending beyond 21 days

The Audit Report titled Report on Reconciliation of Share Capital should contain changes in share capital consequent to rights, bonus, preferential issues, buy-back of shares, amalgamation and de-merger, etc. during the quarter. The auditor has to report, whether in-principle approval for listing the shares has been obtained from the Stock Exchanges in respect of further issue of capital.

The Report on Reconciliation of Share Capital was submitted by the Company to the Stock Exchanges on a quarterly basis and for the quarter ended 31st March 2013, this was submitted on 8th April 2013.

c. Request to Investors

Members who have not encashed their



dividend warrants in respect of dividends declared for the year ended 31st March 2007 and for any financial year thereafter may contact the Company and surrender their warrants for payment or write to the Company with folio number and details. Members are requested to note that the dividend not claimed for a period of seven years from the date they became due for payment shall be transferred to Investor Education and Protection Fund [IEPF] in terms of Section 205C of the Companies Act, 1956. Information in respect of unclaimed dividends due for remittance into IEPF is given below

Particulars of unclaimed dividend of India Nippon Electricals Limited:

Financial Year	Date of Declaration	% of dividend	Date of transfer to special account	Date of transfer to IEPF
2006-07				
1st Interim	29.12.2006	45	03.02.2007	03.02.2014
2nd interim	22.03.2007	30	27.04.2007	27.04.2014
2007-08				
1st interim	25.12.2007	45	30.01.2008	30.01.2015
2nd interim	21.03.2008	25	20.04.2008	20.04.2015
2008-09				
1st interim	26.12.2008	30	31.01.2009	31.01.2016
2nd interim	24.04.2009	30	30.05.2009	30.05.2016
2009-10				
1st interim	21.12.2009	35	25.01.2010	25.01.2017
2nd interim	27.04.2010	40	02.06.2010	02.06.2017
2010-11				
1st interim	29.12.2010	50	03.02.2011	03.02.2018
2nd interim	25.03.2011	35	30.04.2011	30.04.2018
3rd interim	27.05.2011	10	02.07.2011	02.07.2018
2011-12				
1st interim	03.02.2012	40	10.03.2012	10.03.2019
2nd interim	30.05.2012	50	05.07.2012	05.07.2019
2012-13				
1st interim	06.02.2013	40	14.03.2013	14.03.2020
2nd interim	28.05.2013	50	03.07.2013	03.07.2020

Investors are requested to note the following:

- Investors holding shares in physical mode are requested to communicate the change of address, if any, directly to the Registered Office of the Company at the above address.
- As required by SEBI, investors, who have not furnished so far, are advised to furnish details of their bank account number, name and address of the bank for incorporating the same in the dividend warrants. This information is required to avoid wrong credits being obtained by unauthorised persons.
- Investors who have not availed nomination facility are requested to fill in the nomination form and submit the same to the Company along with the requisite proof of nomination.
- Investors are requested to note that any dividend which remains unencashed for a period of seven years will be transferred to 'Investor Education and Protection Fund' in terms of Section 205C of the Companies Act, 1956.
- Those who have not encashed their warrants may contact the Company immediately and surrender their warrants for further action.
- Investors holding shares in electronic form are requested to deal only with their depository participant in respect of change of address, nomination facility and furnishing bank account number, etc.

FINANCIAL STATEMENTS **(Standalone)**



Independent Auditor's Report

To the Members of India Nippon Electricals Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of India Nippon Electricals Limited (the Company) which comprises the Balance Sheet as at March 31, 2013, and the statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements,

whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting policies generally accepted in India:

- (a) in the case of the Balance Sheet, of the affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statements, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:

INDIA NIPPON ELECTRICALS LIMITED

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statements dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, Statement of profit and loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act 1956;
- e. On the basis of written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause(g) of sub-section (1) of section 274 of the Companies Act 1956.

For **BRAHMAYYA & CO.,**
Chartered Accountants,
Registration No.: 000511S

P S KUMAR
Partner

Chennai
28th May 2013

Membership No.:15590



Annexure referred to in paragraph 1 of our report of even date

1. The provisions of the following clauses of Companies (Auditor's Report) Order, 2003 as amended are not applicable to the company for the year.
 - a. Clause 4(vi) with regard to acceptance of deposits from the public since the company has not accepted any deposits.
 - b. Clause 4(x) with regard to accumulated losses since the company's net-worth is positive and the company has not incurred cash losses during the year.
 - c. Clause 4 (xii) with regard to the loans granted against pledge of securities since no loans have been granted by the company.
 - d. Clause 4 (xiii) with regard to the special statutes applicable to the chit funds and nidhis since the company has not carried on such business.
 - e. Clause 4 (xiv) with regard to trading in securities since the company did not carry on such activities.
 - f. Clause 4(xv) with regard to guarantee given for loans taken by others from bank or financial institutions as the company has not given any guarantees.
 - g. Clause 4(xvi) with regard to term loans and applications of funds obtained since the company has not obtained any such loans.
 - h. Clause 4(xvii) with regard to funds obtained on short term basis used for long term investment since the company has not raised such fund during the year.
 - i. Clause 4(xviii) with regard to the preferential allotment of shares to specified parties since no allotment of shares was made during the year.
 - j. Clause 4(xix) with regard to securities to be created in respect of debentures since no debentures were issued during the year;
 - k. Clause 4(xx) with regard to money raised by public issue since no money was raised by public issue during the year.
2. The company has maintained proper records showing full particulars including quantitative details and the situation of fixed assets. The company has a regular programme of physical verification of its fixed assets at reasonable intervals. In accordance with this programme, the fixed assets were verified during the year and no material discrepancies were noticed on such verification.
3. The company has not during the year disposed off substantial part of the fixed assets, which would give rise to the question of impairment of the status of the company as a going concern.
4. The management has conducted physical verification of inventory at reasonable intervals.
5. The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
6. On the basis of the examination of the records of the inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of accounts.
7. The company has made an unsecured, inter-corporate deposit with a company in which a director of the company is interested as director. The amount involved is Rs.3 crores which was the opening balance and also the maximum amount of deposit during the year. In our opinion the rate of interest and other terms and conditions are prima facie not prejudicial

INDIA NIPPON ELECTRICALS LIMITED

to the interest of the company. This deposit has been returned to the company during the year and interest was paid regularly.

8. The company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
9. In our opinion and according to the information given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
10. Based on the audit procedures applied by us and according to the information and explanation provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
11. In our opinion and according to the information and explanation given to us, the transactions made in the pursuance of the contracts or arrangements entered in the register maintained under section 301 and exceeding the value of Five lakh rupees in respect of any party during the year have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time.
12. In our opinion, the company has an internal audit system commensurate with the size and the nature of the business.
13. On the basis of the records, we are of the opinion that prima facie cost records and accounts prescribed by the Central Government of India under section 209(1) (d) of the Companies Act, 1956 have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
14. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investors' Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty. There were no arrears as on 31st March, 2013.
15. Based on the audit procedures and on the information and explanations given by the management, we furnish below the details of dues of sales Tax / Service Tax / Excise Duty / Cess / Local area Development Tax, which have not been deposited on account of disputes.



Sl. No	Name of the Statute	Nature of dues	Financial Year to which relates	Amount due (₹)	Forum where dispute is pending
1.	Service tax	Disallowance of Service Tax credit availed.	2005-06 and 2006-07	11,49,084	CESTAT
2.	Service tax	Disallowance of Service Tax credit availed.	2006-07	27,142	Commissioner of Central Excise (Appeals).
3.	Service tax	Disallowance of Service Tax credit availed.	2007-08	1,49,985	Office of the Superintendent Central Excise
4.	Service tax	Disallowance of Service Tax credit availed.	2011-12	14,41,089	Additional Commissioner Central Excise
5.	Excise Duty	Disallowance of CENVAT credit on capital goods and non-reversal of CENVAT credit.	2001-02 to 2004-05	1,26,601	Assistant Commissioner of Central Excise
6.	Excise Duty	Non-reversal of CENVAT credit.	2005-06	12,39,367	Joint Commissioner Central Excise
7.	Excise Duty	Short reversal of CENVAT on Capital Goods.	2006-07	1,47,653	Deputy Commissioner Central Excise
8.	Local Area Development Tax	Local Area Development Tax Assessment demand	2003-04 and 2004-05	41,300	Joint Excise Taxation Commissioner.

16. Based on our verification and according to the information and explanations given by the management, the Company did not have any dues to financial institutions nor were there any borrowings from banks. The Company has not issued any debentures during the year.

17. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For **BRAHMAYYA & CO.,**
Chartered Accountants,
Registration No.: 000511S

P S KUMAR
Partner
Membership No.: 15590

Chennai
28th May 2013

INDIA NIPPON ELECTRICALS LIMITED

Balance Sheet as at 31st March 2013

Particulars	Note No	As at 31.03.2013 ₹ lacs	As at 31.03.2012 ₹ lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	1131.07	1131.07
(b) Reserves and Surplus	2	19631.34	17982.10
(c) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities	4	-	-
(d) Long term provisions	5	68.12	91.65
(4) Current Liabilities			
(a) Short-term borrowings	6	-	-
(b) Trade payables	7	3007.47	3189.07
(c) Other current liabilities	8	114.37	103.90
(d) Short-term provisions	9	841.72	861.43
Total		24794.09	23359.22
II.ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	3633.71	3058.22
(ii) Intangible assets	11	-	-
(iii) Capital work-in-progress		301.20	651.82
(iv) Intangible assets under development			
(b) Non-current investments	12	7919.47	7450.60
(c) Deferred tax assets (net)	13	259.52	241.96
(d) Long term loans and advances	14	92.62	74.76
(e) Other non-current assets	15	156.72	151.07
(2) Current assets			
(a) Current investments	16	3048.47	1893.08
(b) Inventories	17	1513.53	1786.47
(c) Trade receivables	18	4995.56	4608.23
(d) Cash and cash equivalents	19	2341.36	2683.07
(e) Short-term loans and advances	20	389.95	590.37
(f) Other current assets	21	141.98	169.57
Total		24794.09	23359.22

T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN	ARVIND BALAJI <i>Wholetime Director</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 000511S
Chennai 28th May 2013	N S MURTHY <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>	P S KUMAR <i>Partner</i> Membership No.15590



Statement of Profit and Loss for the year ended 31st March 2013

Particulars	Note No	2012-2013 ₹ lacs	2011-2012 ₹ lacs
I. Revenue from operations	22	30068.40	28814.21
Less: Excise Duty		<u>3167.91</u>	<u>2741.06</u>
		26900.49	26073.15
II. Other Income	23	791.67	734.94
III. Total Revenue	(I + II)	<u>27692.16</u>	<u>26808.09</u>
Expenses:			
Cost of materials consumed	24	18404.80	17876.16
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(2.04)	(135.37)
Other Manufacturing Expenses	25	1492.05	1202.54
Employee benefits expense	26	2673.70	2645.52
Finance costs	27	18.14	21.31
Depreciation and amortization expense	10 & 11	612.67	527.70
Other expenses	28	977.79	826.65
IV.Total Expenses		<u>24177.11</u>	<u>22964.51</u>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	3515.05	3843.58
VI. Exceptional Items (Profit on compulsory acquisition of Land in earlier year)			132.61
VII. Profit before extraordinary items and tax	(V + VI)	<u>3515.05</u>	<u>3976.19</u>
VIII. Extraordinary Items		-	-
IX. Profit before tax	(VII-VIII)	<u>3515.05</u>	<u>3976.19</u>
X. Tax expense:			
(1) Current tax		710.00	805.00
(2) Deferred tax		(17.56)	21.10
(3) Income tax for earlier years		<u>(14.11)</u>	<u>20.07</u>
		678.33	846.17
XI. Profit for the period from continuing operations	(IX-X)	2836.72	3130.02
XII. Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from discontinuing operations	(XI-XII-XIII)	-	-
XV. Profit for the period after tax	(XI + XIV)	<u>2836.72</u>	<u>3130.02</u>
XVI. Earnings per equity share of face value ₹10/-:			
(1) Basic		25.08	27.67
(2) Diluted		-	-
T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN N S MURTHY <i>Directors</i>	ARVIND BALAJI <i>Wholetime Director</i> S SAMPATH <i>CFO and Company Secretary</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 000511S P S KUMAR <i>Partner</i> Membership No. 15590
Chennai 28th May 2013			

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2013 ₹ lacs	As at 31.03.2012 ₹ lacs
NOTES :		
1. Share Capital :		
a Authorised Share Capital:		
15000000 number of Equity shares of ₹ 10 each	1500.00	1500.00
b Issued, Subscribed and Fully Paid up Share Capital:		
11310712 number of Equity shares of ₹ 10 each	1131.07	1131.07
c Par Value per Share ₹	10.00	10.00
d Number of equity shares at the beginning of the year	11310712	8079080
Add: Rights issue	-	-
Bonus issue	-	3231632
Less: Buy back	-	-
Number of equity shares at the end of the year	11310712	11310712
All shares are of the same nature ranking pari passu		
e % of Shares held by		
Holding company	Nil	Nil
Ultimate holding company	Nil	Nil
Subsidiary company	Nil	Nil
Associates of holding company	Nil	Nil
Associates of ultimate holding company	Nil	Nil
f Number of shares held by share holders holding more than 5% of total shares		
Name of the share holder	nos.current yr	nos.previous yr
Lucas Indian Service Ltd, India	5188666	5188666
Kokusan Denki Co Ltd, Japan	2320500	2320500
g Shares reserved for (specify the number of shares and terms)		Number of shares
Issue under options :	Nil	Nil
Contracts / Commitments	Nil	Nil
Disinvestments	Nil	Nil
Term		
Issue under options :	Nil	
Contracts / Commitments	Nil	
Disinvestments	Nil	
h Details during the last 5 years:		
Nil	Equity shares of ₹ each allotted as fully paid up in pursuant to contract(s) without payment being received in cash.	
3231632	Equity shares of ₹ 10 each allotted as fully paid up by way of bonus shares.	
Nil	Equity shares of ₹ each were bought back	
i Terms of Conversion of Nil (security) convertible into equity / preference		
Date	No of security	Terms
		farthest date of conversion to earliest date of conversion
j Amount of Calls unpaid ₹	Nil	Nil
(i) Calls unpaid by directors ₹	Nil	Nil
(ii) Calls unpaid by officers ₹	Nil	Nil
k No of shares Forfeited :	Nil	Nil
amount originally paid up :	Nil	Nil



2. Reserves and Surplus	As at 31.03.2013		As at 31.03.2012	
	₹ lacs		₹ lacs	
a Capital reserve - Cash	15.00		15.00	
Subsidy - SIPCOT				
Opening balance				
Add: Addition / (reduction)	-		-	
Closing balance		15.00		15.00
b Capital redemption reserve				
Opening balance	39.56		39.56	
Add: Addition / (reduction)	-		-	
Closing balance		39.56		39.56
c Security premium reserve				
Opening balance	-		-	
Add: Addition / (reduction)	-		-	
Closing balance		-		-
d Debenture Redemption reserve				
Opening balance	-		-	
Add: Addition / (reduction)	-		-	
Closing balance		-		-
e Revaluation reserve				
Opening balance	395.46		395.46	
Add: Addition / (reduction)	-		-	
Closing balance		395.46		395.46
f Share Options Outstanding account				
Opening balance	-		-	
Add: Addition / (reduction)	-		-	
Closing balance		-		-
g General reserve (Uncommitted)				
Opening balance	16000.14		15123.30	
Less: Capitalised as Bonus shares	-		323.16	
	16000.14		14800.14	
Add: transfer from profit & loss account	2,000.00		1200.00	
Closing balance		18000.14		16000.14
h Surplus from Profit & Loss account (Uncommitted)				
Opening balance	1531.94		785.04	
Add: Current year surplus	2836.72	4368.66	3130.02	3915.06
Less: Transfer to general reserve	2,000.00		1200.00	
Interim/final dividend	1017.97		1017.97	
Dividend tax provision	169.51	3187.48	165.15	2383.12
Closing balance		1181.18		1531.94
		19631.34		17982.10

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2013 ₹ lacs	As at 31.03.2012 ₹ lacs
3. Long term Borrowings		
a Bonds / Debentures	-	-
b Term Loans		
(i) From Banks	-	-
(ii) From other parties	-	-
c Deferred payment liabilities	-	-
d Deposits	-	-
e Loans and advances from related parties	-	-
f Long term maturities of finance lease obligations	-	-
g other loans and advances	-	-
4. Other long term liabilities		
a Trade payables		
b Others	-	-
	-	-
5. Long term provisions		
a Provision for employee benefits		
- Leave encashment	68.12	91.65
b others	-	-
	<u>68.12</u>	<u>91.65</u>
6. Short term borrowings		
a Loans repayable on demand		
from banks	-	-
from others	-	-
b Loans and advances from related parties	-	-
c Deposits	-	-
d Other loans and advances	-	-
	-	-
7. Trade Payables		
Trade Payables	3007.47	3189.07
	<u>3007.47</u>	<u>3189.07</u>

The Company has sent circulars to suppliers/vendors for getting information as required under "Micro, Small and Medium Enterprises Development Act 2006". No vendor has given registration details. However, they have indicated the status of undertaking as defined under the Act. With the available information, the amount outstanding as on 31st March 2013 is ₹ 152.72 lacs (Previous year - ₹ 196.84 lacs). Further no interest has been paid or is payable in the opinion of the Management to such parties as per the provisions of the said Act.



8. Other Current Liabilities

	As at 31.03.2013 ₹ lacs	As at 31.03.2012 ₹ lacs
a Current maturities of long term debt	-	-
b Current maturities of Finance lease obligations	-	-
c Interest accrued but not due on borrowings	-	-
d Interest accrued and due on borrowings	-	-
e Income received in advance	-	-
f Unpaid dividends	30.77	26.55
g Application money received for allotment of securities/ due for refund / interest accrued thereon	-	-
h Unpaid matured deposits and interest accrued there on	-	-
i Unpaid matured debentures and interest accrued there on	-	-
j Other payables	83.60	77.35
	<u>114.37</u>	<u>103.90</u>

Details of Other payables :

Excise duty/service tax/TNVAT payable	27.48	33.35
TDS/TCS	23.10	11.39
Professional Tax payable	3.02	2.61
Commission to Directors	30.00	30.00
	<u>83.60</u>	<u>77.35</u>

9. Short term provisions

a Provisions for employee benefits - Gratuity & Leave encashment	29.39	53.46
b Others (Specify)		
Provision for warranty	91.68	91.68
Provision for income tax	-	-
Provision for Sales tax	-	-
Provision for fringe benefit	59.00	59.00
Provision for dividend	565.54	565.54
Provision for dividend tax	96.11	91.75
	<u>841.72</u>	<u>861.43</u>

Other disclosure :

Product Warranty :

Opening balance	91.68	91.68
Additions	12.24	13.79
Utilizations	12.24	13.79
Reversals	-	-
Closing balance	<u>91.68</u>	<u>91.68</u>

10. Tangible Assets	Gross Value			Depreciation			Closing balance	
	Opening balance 01.04.2012	Additions during the year	Disposals during the year	Total 31.03.2013	Opening balance 01.04.2012	Additions during the year	Disposals during the year	Total 31.03.2013
a Land	1021.69			1021.69	0.00			-
b Building	1171.39	340.77		1512.16	668.84	65.76		734.60
c Plant & Equipments	5626.07	758.42	8.33	6376.16	4211.60	503.26	8.26	4706.60
d Furniture & Fixtures	141.38	76.96		218.34	95.89	22.17		118.06
e Vehicles	89.67	0.00	12.00	77.67	55.40	8.84	7.64	100.28
f Office Equipments	247.36	16.75	1.57	262.54	207.61	12.64	1.26	218.99
Total	8297.56	1192.90	21.90	9468.56	5239.34	612.67	17.16	5834.85
Figures for the previous year	7580.81	797.56	80.81	8297.56	4776.21	527.70	64.57	5239.34
								3058.22
								-

₹ lacs

Other disclosure :

The fixed assets were revalued in the year 1992-93 by which the value of the assets were written up by ₹ 230.71 lacs after technical assessment with the corresponding credit being given to Revaluation Reserve. These assets were fully written off in the books of accounts as on 31st March 1997. In the year 1997-98, the fixed assets comprising of plant and machinery and electrical installations were revalued again after a technical assessment by which the values of these assets were written up by ₹ 233.30 lacs with the corresponding credit being given to Revaluation Reserve. As mentioned in accounting policy sino.29 (h)(iii), depreciation is computed on the revalued amounts and is charged off to the statement of profit and loss in full without withdrawing any amount from the revaluation reserve. The additional amount charged as depreciation for the year is ₹ 1.29 lacs (previous year ₹ 1.22 lacs).

₹ lacs

11. Intangible Assets	Gross Value			Depreciation			Closing balance	
	Opening balance 01.04.2012	Additions during the year	Disposals during the year	Total 31.03.2013	Opening balance 01.04.2012	Additions during the year	Disposals during the year	Total 31.03.2013
a Goodwill	-	-	-	-	-	-	-	-
b Brands / Trademarks	-	-	-	-	-	-	-	-
c Computer Software	-	-	-	-	-	-	-	-
d Mastheads and publishing titles	-	-	-	-	-	-	-	-
e Mining rights	-	-	-	-	-	-	-	-
f Copyrights, patents and other intellectual property rights, services & operating rights	-	-	-	-	-	-	-	-
g Recipes, formulae, models, designs & prototypes	-	-	-	-	-	-	-	-
h Licenses & franchise	-	-	-	-	-	-	-	-
i Others	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Figures for the previous year								



12. Non-current investments

	As at 31.03.2013 ₹ lacs	As at 31.03.2012 ₹ lacs
(i) Trade Investments	NIL	NIL
(ii) Other Investments		
a Investment in property	NIL	NIL
b Investment in equity instruments		
Subsidiary Company :		
PT Automotive Systems Indonesia (27000 Shares acquired during the year 06-07) (Cost of Purchase Rp.914300-Indonesian Rupiah)	1207.98	1,207.98
Other than Subsidiary Company :		
Lucas TVS Ltd (97351 Shares)	2824.08	2824.08
Synergy Shakthi Renewable Energy Ltd (6000000 shares ₹ 10/-each)	600.00	600.00
c Investment in preference shares	NIL	NIL
d Investment in government or trust securities	NIL	NIL
e Investment in debentures or bonds		
India Infrastructure Finance Corporation Ltd (2060 Nos - 6.85% Tax Free Bonds)	2109.54	2,109.54
National Highways Authority of India (12362 Nos - 8.10% Tax Free Bonds)	123.62	123.62
Hudco (Taxfree) 2022 (50000 Nos - 8.10% Tax Free Bonds)	530.89	NIL
f Investment in Mutual funds	NIL	NIL
g Investment in partnership firms	NIL	NIL
h Other non-current investments		
Venture Capital Funds		
TVS Shriram Growth Fund Scheme 1A (42757.67 nos each ₹ 1000/-)	427.58	487.21
TVS Shriram Growth Fund Scheme 1B (7500 nos of ₹ 1000/- each)	75.00	75.00
ICICI India Advantage Fund (20778 Nos each ₹ 100/-)	20.78	23.17
	<u>7,919.47</u>	<u>7,450.60</u>

Other disclosure :

1 Aggregate value of Quoted investments	Nil	Nil
2 Market value of the Quoted investments	Nil	Nil
3 Aggregate value of Unquoted investments	7,919.47	7,450.60

INDIA NIPPON ELECTRICALS LIMITED

13. Deferred Tax Assets

	As at 31.03.2013 ₹ lacs	As at 31.03.2012 ₹ lacs
a Deferred Tax Assets (net)	259.52	241.96
	<u>259.52</u>	<u>241.96</u>

Other disclosure :

As mentioned in item 29 (I) of Accounting Policy statement, the company is accounting for taxes in accordance with the Accounting Standards 22 "Accounting for Taxes on Income" notified under company (Accounting Standards) Rules 2006. Accordingly, an amount of ₹ 17.56 lacs has been credited to the profit and loss account for the year under review towards Deferred Tax. As at 31st March 2013, the amount in Deferred Tax account is ₹ 259.52 lacs as detailed below:

	As at 31.03.2013 ₹ lacs	As at 31.03.2012 ₹ lacs
Rebates and Discounts	57.03	57.03
Leave encashment	26.79	39.09
Depreciation	153.85	121.55
Early Separation Scheme	3.18	10.03
Others	18.67	14.26
	<u>259.52</u>	<u>241.96</u>

14. Long term loans and advances

a Capital Advance	-	-
b Sundry deposits	31.79	27.45
c Loans and advances to related parties	-	-
d Advance Income Tax and Tax deducted at source (net) (*)	60.83	47.31
e Other loans and advances	-	-
	<u>92.62</u>	<u>74.76</u>

(*) Net of provision for taxation of ₹ 2305 lacs (Previous year - ₹ 1915 lacs).

15. Other non-current assets

a Long term trade receivables	-	-
b Income Receivables	-	-
c Other receivables *	151.42	145.77
d Advance for capital expenditure	5.30	5.30
	<u>156.72</u>	<u>151.07</u>

* amount receivable on compulsory acquisition of Land in earlier year.



16. Current investments

As at 31.03.2013 As at 31.03.2012

	₹ lacs	₹ lacs
a Investment in equity instruments	-	-
b Investment in preference shares	-	-
c Investment in Government or trust securities	-	-
d Investment in debentures or bonds	-	-
e Investment in Mutual funds		
ICICI Emerging Sector Fund (4222 Units ₹ 100/- each)	4.22	4.22
Sundaram Energy Opportunity Fund (500000 Units ₹ 10/- each)		50.00
Sundaram Ultra Short Term Investment Plan Daily Dividend (483243.569 Units ₹ 10/- each)	48.50	204.42
ICICI Prudential Interval Fund II Quarterly Income Plan D Institutional Dividend (100 Units ₹ 10/- each)		0.01
ICICI Prudential Floating Rate Plan C Daily Dividend (70016.114 Units ₹ 100/- each)		70.06
IDFC Fixed Maturity Plan Thirteen months Series 7 - Growth (2200000 Units ₹ 10/- each)	220.00	220.00
JP Morgan India Short Term Income Fund - Monthly Dividend (3002676233) (2147555.217 Units ₹ 10/- each)	216.47	202.19
Kotak Fixed Maturity Plan Series 54 - Growth (1000000 Units ₹ 10/- each)		100.00
Kotak Quarterly Interval Plan - Series III Dividend (4497796.08 Units ₹ 10/- each)		450.00
SBI Debt Fund Series -370 days - 12 Dividend (5000000 Units ₹ 10/- each)		500.00
L&T Short Term Income Fund - Dividend (1115012.936 Units ₹ 10/- each)	111.97	105.35
Reliance FHF 22 - Series 2 -Growth (4005285.325 Units ₹ 10/- each)	400.53	
Birla Sun Life Dynamic Bond Fund -Ret-Mthly Dividend (2938051.476 Units ₹ 10/- each)	309.70	
Birla Sun Life Cash Plus -IP-Daily Dividend (104862.454 Units ₹ 100/- each)	105.07	
IDFC SSIF -Short Term Income-Plan B-Mthly Dividend (1000980.020 Units ₹ 10/- each)	101.38	
Kotak Floater -LT-Daily Dividend (6908186.728 Units ₹ 10/- each)	696.33	
Kotak Bond Short Term Plan - Growth (1039695.69 Units ₹ 20/- each)	220.00	
IDFC SSIF -MTP Income-Plan B-Mthly Dividend (1021800.719 Units ₹ 10 each)	104.47	
IDFC SSIF -MTP Income-Plan B-Mthly Dividend (2961218.991 Units ₹ 10 each)	307.14	
DWS Short Maturity Fund Reg - Qtly Dividend (1970758.595 Units ₹ 10 each)	205.10	
f Investment in partnership firms		
g Other non-current investments (specify)		
Aggregate provision for diminution in value of investments	3,050.88	1,906.25
	2.41	13.17
	<u>3,048.47</u>	<u>1,893.08</u>

Other disclosure:

Basis of valuation of individual investments		
Aggregate value of Quoted investments	Nil	Nil
Market value of Quoted investments	Nil	Nil
Aggregate value of Unquoted investments	3,048.47	1,893.08

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	As at 31.03.2013	As at 31.03.2012
17. Inventories	₹ lacs	₹ lacs
a Raw materials	950.25	1197.91
b Raw materials - Goods in transit	21.55	55.91
c Work in progress	266.30	285.85
d Finished goods	163.75	101.79
e Finished goods in transit	107.33	140.76
f Stock in trade (in respect of goods acquired for trading)	-	-
g Stores & Spares	4.35	4.25
	<u>1513.53</u>	<u>1786.47</u>
18. Trade receivables		
a Trade receivables Unsecured outstanding for a period exceeding six months		
- Considered good	51.43	54.47
- Considered doubtful	-	-
	<u>51.43</u>	<u>54.47</u>
Less: Provision for doubtful debts	-	-
	<u>51.43</u>	<u>54.47</u>
Other receivables considered good	4944.13	4553.76
	<u>4995.56</u>	<u>4608.23</u>
b Trade receivable secured		
1. Considered good	-	-
2. Doubtful	-	-
c Debts due by		
1. Director or other officers of the company	-	-
2. Any of the above jointly / severally along with any other person	-	-
3. Firms / private company in which director is a partner / director / member	-	-
	<u>4995.56</u>	<u>4608.23</u>
19. Cash and Bank Balances		
a Cash and cash equivalents		
i. Balance with banks		
In current account	213.09	120.95
ii. Cash in hand	0.71	1.24
iii. Cheques, drafts in hand	-	-
b Other Bank Balances:		
in Fixed deposit (less than 12 months)	2087.46	1925.00
in Fixed deposit (more than 12 months)	0.33	600.33
in Margin money deposit accounts	9.00	9.00
in Dividend warrant accounts	30.77	26.55
c Others	-	-
	<u>2341.36</u>	<u>2683.07</u>



20. Short-term loans and advances		As at 31.03.2013	As at 31.03.2012
		₹ lacs	₹ lacs
a	Loans and advance to related parties	-	-
b	Advances/Loans to Employees	114.10	74.59
c	Inter corporate deposit with associate company	-	300.00
d	Balance with excise and customs	132.95	142.36
e	Other advances	142.90	73.42
		<u>389.95</u>	<u>590.37</u>
21. Other current assets			
a	Vat tax input credit	3.48	2.31
b	Prepaid expenses	28.08	23.75
d	Interest accrued	110.42	143.51
e	Other receivables	-	-
		<u>141.98</u>	<u>169.57</u>
22. Revenue from operations		2012-2013	2011-2012
		₹ lacs	₹ lacs
a	Sale of Products		
	Export Sales	1166.49	953.19
	Domestic Sales	28803.27	27792.61
b	Sale of Services	-	-
		<u>29969.76</u>	<u>28745.80</u>
c	Other operating revenues	98.64	68.41
		<u>30068.40</u>	<u>28814.21</u>
23. Other Income			
a	Interest Income	446.49	445.97
b	Dividend Income	324.91	233.00
c	Net gain / (loss) on sale of investment	19.34	31.13
d	Net gain / loss on foreign currency transaction	0.00	17.58
e	Profit on sale of fixed assets	0.93	7.22
f	Other non operating income	-	0.04
		<u>791.67</u>	<u>734.94</u>

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	2012-2013	2011-2012
	₹ lacs	₹ lacs
24. Cost of Materials consumed		
a Opening Stock of Raw Materials	1197.91	1271.99
b Purchases	18157.14	17802.08
	<u>19355.05</u>	<u>19074.07</u>
c Less: Closing stock of raw Material	950.25	1197.91
	<u>18404.80</u>	<u>17876.16</u>
25. Other Manufacturing Expenses		
a Stores and consumables	443.12	390.95
b Power and fuel	555.46	381.88
c Repairs to buildings	86.34	60.35
d Repairs to machinery	187.87	186.66
e Repairs others	63.08	45.96
f Royalty	85.25	59.62
g Technical know how and support fee	6.33	4.91
h Other expenses	64.60	72.21
	<u>1492.05</u>	<u>1202.54</u>
26. Employee Benefits expense		
a Salaries, wages, bonus and allowances	2030.62	2041.76
b Contribution to Provident fund and other funds	177.94	194.33
c Staff Welfare expenses	465.14	409.43
	<u>2673.70</u>	<u>2645.52</u>
Other disclosure :		
Remuneration to Manager included in the above		
a Salary	10.80	13.86
b HRA & Other allowances	21.26	31.26
c Other perquisites	0.94	0.22
d Contribution to Provident Fund	1.30	1.67
e Contribution to Gratuity and Superannuation	2.65	3.41
	<u>36.95</u>	<u>50.42</u>



27. Finance costs		2012-2013	2011-2012
		₹ lacs	₹ lacs
a	Interest Expense	5.41	1.03
b	Other borrowing cost	-	-
c	Bank charges	12.73	20.28
		<u>18.14</u>	<u>21.31</u>
28. Other expenses			
a	Rent	14.36	12.97
b	Repairs to Vehicles	8.33	9.60
c	Insurance	48.78	39.69
d	Rates and taxes (excluding taxes on income)	12.37	15.86
e	Communication expenses	62.28	48.78
f	Postage, Printing & Stationery	44.97	46.31
g	Sitting fees	3.79	4.89
h	Legal & professional charges	74.95	59.00
i	Travelling & conveyance expenses	142.30	139.38
j	Donation	41.05	30.83
k	Recruitment expenses	7.51	9.60
l	Remuneration to watch and ward	56.61	44.83
m	Wealth Tax	34.59	24.69
n	Commisson to Directors	30.00	30.00
o	After sales service expenses	12.24	13.79
p	Commission & discount	121.18	56.81
q	Freight outwards	156.00	145.95
r	Advertisement	6.56	4.26
s	Audit fees		
a)	Statutory Audit	8.00	8.00
b)	Tax Audit	1.50	1.50
c)	Cost Audit	1.00	-
d)	Company law matters	-	-
e)	Management services	-	-
f)	Other services	3.55	1.75
g)	Reimbursement of Expenses	1.85	1.67
t	Provision for diminution in value of investments	-	2.42
u	Other expenses	84.02	74.07
		<u>977.79</u>	<u>826.65</u>

29. Accounting Policies :

a) Basis of Accounting :

The financial statements of the Company have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India (GAAP). The financial statements comply with the relevant provisions of the Companies Act 1956 (the Act) and the mandatory Accounting Standards and statements issued by the Central Government of India under Companies (Accounting Standards) Rules 2006. Accrual system of accounting is generally followed to record income and expenditure.

Cash flows are reported using the indirect method whereby profit before tax is adjusted for the effects of transactions of non -cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

b) Use of estimates :

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results are known/materialize.

c) Fixed Assets and Intangible Assets :

- i) Fixed assets are stated at cost of acquisition less accumulated depreciation and amortisation. Direct costs are capitalised till the assets are ready to be put to use. Interest cost if any is capitalized as per the Accounting Standard 16, "Borrowing costs".
- ii) All Plant & Machinery including electrical installations acquired upto 1996-97 are shown at the replacement cost based on technical assessment and assets acquired after 1996-97 are shown at acquisition cost..
- iii) Other fixed assets acquired upto 1992-93 are shown at the replacement cost based on technical assessment and assets acquired after 1992-93 are shown at acquisition cost.

d) Investments

Long term investments are carried at cost with decline in value other than temporary being provided in the statement of profit and loss account. Current investments are carried at the lower of cost and fair market value with provision being made for diminution in value in the statement of profit and loss.



e) Inventories:

- i) Raw materials, components and Stores are generally valued at least of cost or net realisable value. However, if the cost of the finished goods into which these materials are incorporated exceeds the net realisable value of the finished goods then the materials are written down to their net realisable value. Cost is arrived on weighted average basis.
- ii) Work-in-progress is valued at lower of cost and net realisable value. Cost is arrived at material cost plus labour and appropriate element of overheads
- iii) Finished goods in warehouse and finished goods in transit are valued at lower of cost and net realisable value. Cost is arrived at material cost plus labour and appropriate element of overheads and Excise duty
- iv) Loose Tools are written off in full in the year of purchase.
- v) Inventories are stated after adequate provision for non-moving, obsolete, surplus and defective items

f) Revaluation Reserve:

The Revaluation Reserve is created on writing up of asset values with the corresponding credit being given to Revaluation Reserve. As mentioned in item (h) below, no amount of depreciation is adjusted to the Revaluation Reserve. As and when an asset is sold, discarded or scrapped, the necessary adjustments are made to the Revaluation Reserve.

g) Government Grants

- i) Subsidy received from Government as contribution towards capital outlay for setting up industry in a backward area is treated as capital reserve.
- ii) Subsidy received for purchase of specific assets is reduced from the cost of the assets.

h) Depreciation :

- i) Depreciation on fixed assets is provided on written down value method at the rates prescribed in Schedule XIV of the Companies Act., 1956.
- ii) Depreciation on additions to fixed assets during the year is provided for the whole year.
- iii) Depreciation is charged on the revalued amounts of assets to the profit and loss account without any adjustment being made to the Revaluation Reserve.
- iv) Depreciation on disposals to fixed assets is provided till the date of such sale/deletion

i) Impairment of Assets :

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

j) Research and development :

All expenditure including capital expenditure is charged off to profit and loss account.

k) Borrowing costs

Borrowing costs incurred for acquiring, constructing and producing a qualifying asset are capitalised. Other borrowing costs are charged off to the statement of Profit and Loss in the year in which they are incurred.

l) Taxation

The company is accounting for taxes in accordance with the Accounting Standard AS 22 "Accounting for Taxes on income" notified under Company (Accounting Standards) Rules 2006. Consequently, the tax provision includes the income tax payable on the estimated taxable income as well as the tax impact arising on account of timing differences thus ensuring that the income and taxes thereon are matched.

m) Foreign Currency Transactions:

Transactions denominated in foreign currencies are generally accounted at the exchange rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currency at the year end are restated at the exchange rate prevailing on the Balance Sheet date. Any difference arising at the time of settlement/restatement is recognised in the statement of profit and loss. In the case of forward contracts, the differences between the transaction exchange rate and the forward rate is recognised as income or expense over the life of the contract.

The company also enters into foreign currency transactions as hedges against firm commitments/highly probable forecast cash flows from time to time as per its requirements of risk management. The losses or gains arising out of these transactions as at the end of the financial year in respect of contracts that are outstanding are marked to market and taken to the statement of profit and loss. However, where hedges are proved to be effective, the loss or gain is taken to the reserves and surplus in the balance sheet initially at the end of the financial year and accounted in the statement of profit and loss in the period in which underlying transactions matures.

n) Revenue Recognition :

a) Sales shown in the Profit and Loss Account exclude sales tax. Sales made on FOR basis are accounted on the basis of goods acknowledged to have been received by customers before the year end. Goods not taken delivery by customers before the end of the year are treated as finished goods in transit. Price increases from customers are accounted in the year of receipt. Price reductions/discounts are accounted in the year in which the Company accepts claims.

b) Dividends are accounted when the right to receive is established.



o) Employee Benefits :

i) Short term employee benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

ii) Post-Employment benefit Plans

Payments to defined contribution retirement benefit schemes (provident fund) are charged as an expense as they fall due.

For defined benefit schemes (Gratuity), the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortised on straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the scheme.

p) Early Separation Scheme :

The expenditure on Early Separation scheme is charged off to the statement of profit and loss in the year in which it is incurred.

q) Contingencies and Provisions :

Contingent losses arising on Assessment are recorded when it is probable that the liability has been incurred and the amount can be reasonably estimated. A Provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

30. Disclosure required Under Accounting Standard 15 "Employee Benefits" :

The company has provided long term employee benefits on the basis of actuarial valuation carried out as per Projected Unit Credit Method.

The disclosure required under Accounting Standard 15 "Employees Benefits" notified in the Companies (Accounting Standards) Rules 2006 are given below:

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(a) Defined Contribution Plan

I. Provident fund :

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Employee's Provident Fund scheme administered by Government of India equal to a specified percentage of the covered employee's salary.

II. Superannuation fund :

Eligible employees receive benefits from the superannuation fund, which is a defined contribution plan. Aggregate contributions alongwith interest thereon are paid at retirement, death, incapacitation or termination of employment. The Company makes yearly contributions to the Superannuation Fund Scheme administered by Life Insurance Corporation of India. Liabilities with regard to the Superannuation fund are determined by the Life Insurance Corporation of India as at the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the Life Insurance Corporation of India's Employees Superannuation Fund.

The Company recognised ₹ 12047571 for Provident Fund and superannuation fund contribution in the statement of profit and loss.

(b) Defined benefit plan

Gratuity :

The Company provides a gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the Life Insurance Corporation of India's Employees Gratuity Fund Trust (the "Trust"). Trustees administer contributions by means of a group gratuity policy with Life Insurance Corporation of India.

The following table set out the status of the gratuity plan as required under AS 15:

a) Change in benefit obligations :

Particulars	Gratuity Plan ₹ lacs
Projected benefit obligation, beginning of the year	258.23
Service Cost	18.29
Interest Cost	20.66
Actuarial (gain)/loss	33.89
Benefits paid	(4.06)
Projected benefit obligation, end of the year	327.01

**b) Change in plan assets :**

Particulars	Gratuity Plan ₹ lacs
Plan assets at beginning of the year at fair value	231.05
Expected return on plan assets	23.08
Actuarial gain/(loss)	-
Employer's contributions	57.30
Benefits paid	(4.06)
Plan assets at end of the year, at fair value	307.37

c) Reconciliation of present value of the obligation and the fair value of the plan assets

	₹ lacs
Fair value of plan assets at the end of the year	307.37
Present value of the defined benefit obligations at the end of the period	327.01
Liability recognized in the balance sheet	(19.64)

d) Gratuity cost for the year ended March 31, 2013

Particulars	Gratuity Plan ₹ lacs
Service cost	18.29
Interest cost	20.66
Expected return on plan assets	(23.08)
Actuarial (gain)/loss	33.89
Net cost	49.76
Actual return on plan assets	9.25%

e) Investment details of plan assets :

Deposited with Life Insurance Corporation of India (Group gratuity policy) :

f) Assumptions

Particulars	Gratuity Plan
Discount rate	8%
Salary escalation rate	5%
Estimated rate of return on plan assets	8%

Note : 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.

(c) Leave encashment

The Employees of the Company are entitled to compensated absence. Employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods

INDIA NIPPON ELECTRICALS LIMITED

or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 30 days. The Company records an obligation for compensated absences in the period in which employees render services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The liability has been actuarially evaluated and accounted in the books.

- 31.** The company is in the business of manufacturing electronic ignition systems and therefore there is only one business segment. While the company sells its products in the domestic and export markets and to OEMs, in view of the fact that there is no significant variation in the risks and returns profile of these markets, it is considered that there are no different geographical segments.

32. Details of related party transactions during the year :

Name of the related party	Description of relationship	Nature of transactions	Volume of transactions ₹ lacs	Amount due to as on 31.03.2013 ₹ lacs	Amount due from as on 31.03.2013 ₹ lacs
1) Kokusan Denki Company Limited (Technical and financial collaborator)	Joint venture of the company	a) Technical know-how fees b) Support fee c) Royalty d) Purchase of raw materials & components e) Sales	Nil 6.33 85.25 337.24 8.98	Nil 2.47 Nil 21.94	4.32
2) PT Automotive Systems Indonesia	Subsidiary of the Company		-	-	-
3) Synergy Shakthi Renewable Energy Ltd	Associate Company	a) Purchase of Electricity	79.79	-	-
4) Lucas Indian Service Ltd	Joint venture of the company	a) Sales	-	-	-
5) Mr. Subhasis Dey	Manager	Salary	36.95		



33. Derivative instruments and unhedged foreign currency exposure :

	As at 31.03.2013	As at 31.03.2012
	₹ lacs	₹ lacs
i) Derivative instruments that are outstanding	Nil	Nil
ii) The company has been entering into forward contracts as a hedge against accounts payable/ accounts receivable in foreign currencies and firm commitments/ highly probable forecasted transactions of cash outflows expected to arise in future.		
iii) Unhedged foreign currency exposure/the foreign currency exposures that are not hedged by a derivative instrument or otherwise		
a) Receivables outstanding	326.60	262.08
b) Payables outstanding	59.05	120.93

34. Sales excludes sales tax. Sales tax collected and paid ₹ 890.74 lacs (Previous year ₹ 814.44 lacs)

35. Expenditure on R&D

	2012-2013	2011-2012
	₹ lacs	₹ lacs
a) Capital Expenditure	21.40	27.52
b) Revenue Expenditure		
* Salary	205.78	146.73
* Electricity	12.46	6.19
* Travel	15.56	7.63
* Outsourcing expenses	1.08	2.54
* Revenue & others	40.10	36.79
	<u>274.98</u>	<u>199.88</u>
Total R & D expenditure (a) + (b)	296.38	227.40

36. Investments :

The Company is considering various options for activating the Indonesian subsidiary. In the opinion of the Directors, the value of the land is not less than the investment made by the Company. Hence, no losses are expected on this investment.

INDIA NIPPON ELECTRICALS LIMITED

	2012-2013		2011-2012	
	₹ lacs		₹ lacs	
37. (i) Contingent liabilities				
a Claims against the company not acknowledged as debt	-		-	
b Letter of Credit	72.14		34.39	
c Letter of Guarantee	-		1.65	
d Sales tax demand in appeal	0.41		0.41	
e Excise Duty/Service Tax	26.89		43.50	
f Other money for which the company is contingently liable	2.00		2.00	
(ii) Commitments				
a Estimated amount of contracts remaining to be executed on capital account and not provided for	159.85		520.04	
b Uncalled liability on shares and other investments partly paid	0.01		0.01	
c other commitments (specify)	-		-	
38. a) Details of raw materials and components consumed				
Flywheel cup	1,804.38		2,233.41	
Copper wire	2,319.54		2,328.00	
Others	14,280.88		13,314.75	
	18,404.80		17,876.16	
		%		%
Imported	3,936.68	21	3,484.67	19
Indigenous	14,468.12	79	14,391.49	81
	18,404.80	100	17,876.16	100
b) Work in progress				
As such components/raw materials	87.33		118.74	
Parts of Electronic Ignition System	178.97		167.11	
	266.30		285.85	
c) Finished goods and in transit				
Flywheel Magneto	140.76		133.41	
Capacitor Discharge Ignition Unit/Electronic Control Unit	82.42		75.10	
Others	47.90		34.04	
	271.08		242.55	
39 Stores, spares and tools consumed				
		%		%
Imported	10.62	2	16.51	4
Indigenous	432.50	98	374.44	96
	443.12	100	390.95	100



	2012-2013	2011-2012
	₹ lacs	₹ lacs
40 Value of CIF imports made during the year		
Raw Materials	438.06	403.67
Components & Spare parts	3069.50	2804.13
Capital goods	241.13	343.30
41 Expenses incurred in foreign currency		
Royalty	82.87	46.48
Know-how & support fee	4.72	6.03
Professional & Consultation fees	-	-
Foreign Travel	12.44	9.22
Research and Development expenses	-	4.74
Expenses reimbursed	5.95	110.58
42 Amount of interim/proposed dividend to		
Equity share holders	(₹ 9 Per share)	(₹ 9 Per share)
Preference share holders	Nil	Nil
Arrears of fixed cumulative dividends on preference shares	-	-
43 Securities issued		
1 Amount issued:	Nil	Nil
2 Purpose of the issue:	Nil	Nil
3 Amount not utilised for the said purpose:	Nil	Nil
4 Amount as specified in 3 is invested / used in :	Nil	Nil
44 Amount remitted in Foreign exchange		
1 On account of dividend		
2nd interim dividend 2011-12/2010-11 (₹ lacs)	116.03	58.01
3rd and final dividend - /2010-11	-	16.58
1st interim dividend 2012-13/2011-12	92.82	92.82
2 Total number of non - resident share holders	1	1
3 Number of shares held by persons mentioned in (2)	2320500	2320500
4 Year of dividend declared		
2nd interim dividend	2011-12	2010-11
3rd interim dividend	-	2010-11
1st interim dividend	2012-13	2011-12
45 Note on Earnings per share		
Profit after tax (A)	2836.72	3130.02
Number of equity shares of ₹10 each at the beginning of the year	11310712	8079080
Number of equity shares of ₹10 each at the end of the year (B)	11310712	11310712
Earnings per share (basic and diluted in Rupees) (A/B)	25.08	27.67
(*) EPS is adjusted for both the years on account of issue of Bonus shares during the year as per AS20		

INDIA NIPPON ELECTRICALS LIMITED

	2012-2013	2011-2012
	₹ lacs	₹ lacs
46 Earnings in Foreign Exchange		
Export of goods calculated on FOB Basis	1114.45	952.22
Royalty, Know-how, professional & Consultation fees	-	-
Interest & Dividend income	-	-
Other income (Specify)	-	-
47 Particulars of sale of products		
Flywheel Magneto	14681.05	14461.17
Capacitor Discharge Ignition Units/Electronic control Unit	8100.61	7517.46
Others	4020.19	4026.11
	<u>26801.85</u>	<u>26004.74</u>

48. Previous year figures have been regrouped/reclassified wherever necessary.

T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN	ARVIND BALAJI <i>Wholetime Director</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 000511S
Chennai 28th May 2013	N S MURTHY <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>	P S KUMAR <i>Partner</i> Membership No. 15590



Cash flow statement for the year ended 31st March 2013

Pursuant to Clause 32 of the Listing Agreement

	Year ended 31.03.2013 ₹ lacs	Year ended 31.03.2012 ₹ lacs
A. Cash Flow from Operating Activities :		
Net Profit before tax and extraordinary items	3,515.05	3,976.19
Adjustments for		
Add: - Depreciation	612.67	527.70
- Interest & Finance Charges		
- Lease Rent Paid	-	-
- (Profit)/Loss on sale/Writeoff fixed assets	(0.93)	(7.22)
- Dividend Received	(324.91)	(233.00)
- Interest Received	(446.49)	(445.97)
- (Profit)/Loss on sale of investments(net)	(19.34)	(31.13)
- Provision for diminution in value of investments	-	2.42
Operating Profit before Working Capital changes	3,336.05	3,788.99
Adjustments for - Trade & Other Receivables	(616.68)	(949.10)
- Inventories	272.94	(68.02)
- Trade Payables and other liabilities	197.47	(204.54)
Cash generated from Operations	3,189.78	2,567.33
Income Tax paid	(726.51)	(785.73)
Net Cash from Operating Activities- A	<u>2,463.27</u>	<u>1,781.60</u>
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(842.29)	(1,422.34)
Sale of Fixed Assets	5.67	10.30
(Purchase) / Sale of Investments (net)	(1,604.72)	(458.27)
Interest/Dividend Received	815.25	624.27
Net Cash from /(used) in Investment Activities -B	<u>(1,626.09)</u>	<u>(1,246.04)</u>

INDIA NIPPON ELECTRICALS LIMITED

	Year ended 31.03.2013 ₹ lacs	Year ended 31.03.2012 ₹ lacs
C. Cash Flow from Financing Activities :		
Repayment of Long Term Borrowings		
Unsecured Loan Repayment	-	-
Lease Rent Paid	-	-
Interest Paid	-	-
Dividends Paid	(1,017.97)	(533.22)
Dividend Tax	(165.14)	(86.50)
Net Cash used in Financing Activities-C	(1,183.11)	(619.72)
D. Net (decrease)/Increase in Cash Equivalents (A+B+C)	(345.93)	(84.16)
E. Cash & Cash Equivalents as at 1st April, 2012 (Opening Balance)	2,656.52	2,740.68
F. Cash & Cash Equivalents as at 31st March, 2013 (Closing Balance)	2,310.59	2,656.52

Notes : Cash & Cash equivalents as on 31.03.2013 and 31.03.2012 do not include the balances in the unpaid dividend account.

T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN	ARVIND BALAJI <i>Wholetime Director</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 000511S
Chennai 28th May 2013	N S MURTHY <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>	P S KUMAR <i>Partner</i> Membership No. 15590

AUDITORS' CERTIFICATE :

We have verified the above statement of India Nippon Electricals Ltd. derived from the audited financial statements for the year ended 31st March, 2013 and found the same in accordance therewith and also with the requirements of clause 32 of the Listing agreements with stock exchanges.

For **Brahmayya & Co**
Chartered Accountants
Registration No: 000511S

Chennai
28th May 2013

P S KUMAR
Partner
Membership No. 15590



Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Company

- | | | |
|---|--|-----------------------------------|
| 1 | Name of the Company | : PT Automotive Systems Indonesia |
| 2 | Financial Year of the subsidiary company | : 31.03.2013 |
| 3 | (a) Number of equity shares held in (Nos)
the subsidiary company by holding
Company at the above date
% Holding (equity) | : 27000

: 99.97% |
| | (b) Number of preference shares (Nos)
held in the subsidiary company by holding
Company at the above date (%) Holding (preference) | : Nil |
| 4 | The net aggregate of profits less losses of the subsidiary company so far as it concerns the members of holding company: | |

(i) Dealt with in the accounts of the holding Company amounted to:

- | | | |
|-----|--|-------|
| (a) | For the subsidiary's financial year ended on 31.03.2013 (₹ lacs) | : Nil |
| (b) | For the previous financial years of the subsidiary since it became subsidiary (₹ lacs) | : Nil |

(ii) Not dealt with in the accounts of the holding company amounted to :

- | | | |
|-----|--|-----------------|
| (a) | for the subsidiary's financial year ended 31.03.2013 (₹ lacs) | : ₹ 29.50 lacs |
| (b) | for the previous financial years of the subsidiary since it became subsidiary (₹ lacs) | : (₹15.35 lacs) |

- 5 As the financial year of subsidiary Company coincides with the financial year of the holding Company, Section 212 (5) of the Companies Act, 1956 is not applicable.

INDIA NIPPON ELECTRICALS LIMITED

CONSOLIDATED INFORMATION RELATING TO SUBSIDIARY COMPANY :

Sl. No	Particulars	Amount in Indonesian Rupiah	Equivalent amount in Indian Rupees
		As on 31st March 2013 (*)	
1	Capital	24694328700	138576879
2	Reserves	(162216022)	(910306)
3	Total Assets	24602952005	138064101
4	Total Liabilities	70839327	397528
5	Details of Investments (except in case of investment in subsidiaries)	Nil	Nil
6	Turnover	798911735	4557349
7	Profit/(Loss) before taxation	486992644	2778023
8	Income Tax/Deferred Tax	30194897	172245
9	Profit /(Loss) after taxation	517187541	2950268
10	Proposed Dividend	Nil	Nil

* Balance sheet item has been converted by using closing rate (1 INR (Indian Rupee) = IDR.178.19949) and profit and Loss account item has been converted in Indian Rupees by using the average rate (1 INR = IDR.175.30186) during the year 2012-13.

The Ministry of Corporate Affairs vide its General Circular No.2/2011/circular no.5/12/2007-CL-III dt.8th February 2011 has granted general exemption from the requirements of attaching the annual report of subsidiary company, subject to fulfilment of conditions stipulated in the circular. Your company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. The annual accounts of the subsidiary company will be available at the registered office of the company and of the subsidiary company concerned, if any member or investor wishes to inspect them during the business hours on any working day.

T K BALAJI
Chairman

K SESHADRI
G CHIDAMBAR

V BALARAMAN

N S MURTHY
Directors

ARVIND BALAJI
Wholetime Director

Chennai
28th May 2013

S SAMPATH
CFO and Company Secretary

FINANCIAL STATEMENTS **(Consolidated)**

Independent Auditor's Report

To the Board of Directors of India Nippon Electricals Limited

We have audited the accompanying consolidated financial statements of India Nippon Electricals Limited ("the Company") which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of

material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

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

We did not audit the financial statements of the subsidiary company whose financial statements reflect total assets of Rs. 13, 80, 64,101 as at 31st March 2013 and total revenues of Rs. 45,57,349 and net cash inflows amounting to Rs. 23,02,242, for the financial year ended on that date. The revenue comprises interest income and gains on foreign exchange, sales being nil as the company has not commenced manufacturing operations. Further we did not audit the financial statements of an associate whose financial statements reflects the consolidated entity's share of profits of Rs. 82,63,427 for the year ended 31st March 2013. These financial statements and other financial information have been audited by other qualified auditors whose reports have been furnished to us by the management, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary and associate is based solely on the reports of such auditors.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS)



21, "Consolidated Financial Statements" and Accounting Standards (AS) 23, "Accounting for Investments in Associates in consolidated Financial Statements" prescribed by Companies (Accounting Standards) Rules, 2006 as per section 211 (3C) of the Companies Act, 1956 and on the basis of the separate audited financial statements of India Nippon Electricals Limited, its subsidiary company and the associate included in the aforesaid consolidation.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and

fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- b. In the case of consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- c. In the case of the consolidated cash Flow Statements, of the cash flows for the year ended on that date.

For **BRAHMAYYA & CO.,**
Chartered Accountants,
Registration No.: 000511S

P S KUMAR
Partner
Membership No.:15590

Chennai
28th May 2013

INDIA NIPPON ELECTRICALS LIMITED

Consolidated Balance Sheet as at 31st March 2013

Particulars	Note No	As at 31.03.2013 ₹ lacs	As at 31.03.2012 ₹ lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	1131.07	1131.07
(b) Reserves and Surplus	2	19295.70	17507.04
(c) Minority Interest		0.46	0.45
(d) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities	4	-	-
(d) Long term provisions	5	68.12	91.65
(4) Current Liabilities			
(a) Short-term borrowings	6	-	-
(b) Trade payables	7	3011.29	3193.34
(c) Other current liabilities	8	114.37	103.90
(d) Short-term provisions	9	841.72	861.43
Total		24462.73	22888.88
II.ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	4235.13	3632.78
(ii) Intangible assets	11	-	-
(iii) Capital work-in-progress		301.20	651.82
(iv) Intangible assets under development			
(b) Non-current investments	12	6280.65	5729.15
(c) Deferred tax assets (net)	13	259.52	241.96
(d) Long term loans and advances	14	92.49	74.69
(e) Other non-current assets	15	156.72	151.07
(2) Current assets			
(a) Current investments	16	3048.47	1893.08
(b) Inventories	17	1513.53	1786.47
(c) Trade receivables	18	4995.56	4608.23
(d) Cash and cash equivalents	19	2966.85	3285.55
(e) Short-term loans and advances	20	469.89	663.82
(f) Other current assets	21	142.72	170.26
Total		24462.73	22888.88

T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN N S MURTHY <i>Directors</i>	ARVIND BALAJI <i>Wholetime Director</i> S SAMPATH <i>CFO and Company Secretary</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 000511S P S KUMAR <i>Partner</i> Membership No. 15590
Chennai 28th May 2013			



Statement of Profit and Loss for the year ended 31st March 2013

Particulars	Note No	2012-2013 ₹ lacs	2011-2012 ₹ lacs
I. Revenue from operations	22	30068.40	28814.21
Less : Excise Duty		3167.91	2741.06
		<u>26900.49</u>	<u>26073.15</u>
II. Other Income	23	822.11	773.47
III. Total Revenue	(I + II)	<u>27722.60</u>	<u>26846.62</u>
Expenses:			
Cost of materials consumed	24	18404.80	17876.16
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(2.04)	(135.37)
Other Manufacturing Expenses	25	1492.05	1202.54
Employee benefits expense	26	2673.70	2645.52
Finance costs	27	18.24	21.39
Depreciation and amortization expense	10 & 11	636.81	551.84
Other expenses	28	980.33	865.51
IV.Total Expenses		<u>24203.89</u>	<u>23027.59</u>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	3518.71	3819.03
VI. Exceptional Items (Profit on compulsory acquisition of Land in earlier year)			132.61
VII. Profit before extraordinary items and tax	(V + VI)	<u>3518.71</u>	<u>3951.64</u>
VIII. Extraordinary Items			
IX. Profit before tax	(VII-VIII)	<u>3518.71</u>	<u>3951.64</u>
X. Tax expense:			
(1) Current tax		710.00	805.00
(2) Deferred tax		(17.41)	25.00
(3) Income tax for earlier years		<u>(14.10)</u>	<u>20.07</u>
		678.49	850.07
XI. Profit for the period from continuing operations	(IX-X)	2840.22	3101.57
XII. Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from discontinuing operations	(XI-XII-XIII)	-	-
XV. Profit for the period after tax	(XI+XIV)	<u>2840.22</u>	<u>3101.57</u>
XVI.Minority Interest		(0.01)	(0.01)
XVII. Share of loss in associate company		82.63	(154.49)
		<u>2922.86</u>	<u>2947.09</u>
XVIII. Earnings per equity share of face value ₹10/-:			
(1) Basic		25.11	27.42
(2) Diluted		-	-

T K BALAJI
Chairman

K SESHADRI
G CHIDAMBAR
V BALARAMAN

N S MURTHY
Directors

Chennai
28th May 2013

ARVIND BALAJI
Wholetime Director

S SAMPATH
CFO and Company Secretary

As per our report of even date
For **Brahmayya & Co**
Chartered Accountants
Registration No: 000511S

P S KUMAR
Partner
Membership No. 15590

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2013 ₹ lacs	As at 31.03.2012 ₹ lacs
NOTES :		
1. Share Capital :		
a Authorised Share Capital:		
15000000 number of Equity shares of ₹10 each	1500.00	1500.00
b Issued, Subscribed and Fully Paid up Share Capital:		
11310712 number of Equity shares of ₹10 each	1131.07	1131.07
c Par Value per Share ₹	10.00	10.00
d Number of equity shares at the beginning of the year	11310712	8079080
Add: Rights issue	-	-
Bonus issue	-	3231632
Less: Buy back	-	-
Number of equity shares at the end of the year	11310712	11310712
All shares are of the same nature ranking pari passu		
e % of Shares held by		
Holding company	Nil	Nil
Ultimate holding company	Nil	Nil
Subsidiary company	Nil	Nil
Associates of holding company	Nil	Nil
Associates of ultimate holding company	Nil	Nil
f Number of shares held by share holders holding more than 5% of total shares		
Name of the share holder	nos.current yr	nos.previous yr
Lucas Indian Service Ltd, India	5188666	5188666
Kokusan Denki Co Ltd, Japan	2320500	2320500
g Shares reserved for (specify the number of shares and terms)		Number of shares
Issue under options :	Nil	Nil
Contracts / Commitments	Nil	Nil
Disinvestments	Nil	Nil
Terms		
Issue under options :	Nil	
Contracts / Commitments	Nil	
Disinvestments	Nil	
h Details during the last 5 years:		
Nil Equity shares of ₹ each allotted as fully paid up in pursuant to contract(s) without payment being received in cash.		
3231632 Equity shares of ₹10 each allotted as fully paid up by way of bonus shares.		
Nil Equity shares of ₹ each were bought back		
i Terms of Conversion of Nil (security) convertible into equity / preference		
Date No of security Terms		farthest date of conversion to earliest date of conversion
j Amount of Calls unpaid ₹	Nil	Nil
(i) Calls unpaid by directors ₹	Nil	Nil
(ii) Calls unpaid by officers ₹	Nil	Nil
k No of shares Forfeited :	Nil	Nil
amount originally paid up :	Nil	Nil



2. Reserves and Surplus		As at 31.03.2013		As at 31.03.2012	
		₹ lacs		₹ lacs	
a	Capital reserve - Cash	15.00		15.00	
	Subsidy - SIPCOT				
	Opening balance				
	Add: Addition / (reduction)	-		-	
	Closing balance		15.00		15.00
b	Capital redemption				
	reserve				
	Opening balance	39.56		39.56	
	Add: Addition / (reduction)	-		-	
	Closing balance		39.56		39.56
c	Security premium reserve				
	Opening balance	-		-	
	Add: Addition / (reduction)	-		-	
	Closing balance		-		-
d	Debenture Redemption				
	reserve				
	Opening balance	-		-	
	Add: Addition / (reduction)	-		-	
	Closing balance		-		-
e	Revaluation reserve				
	Opening balance	395.46		395.46	
	Add: Addition / (reduction)	-		-	
	Closing balance		395.46		395.46
f	Foreign currency				
	translation reserve				
	Opening balance	390.46		237.98	
	Add: Addition / (reduction)	53.28		152.48	
	Closing balance		443.74		390.46
g	General reserve				
	(Uncommitted)				
	Opening balance	15951.29		15074.45	
	Less: Capitalised as Bonus				
	shares	-		323.16	
		-		-	
	Add: Transfer from profit &				
	loss account	2,000.00		1200.00	
	Closing balance		17951.29		15951.29
h	Surplus from Profit & Loss				
	account				
	(Uncommitted)				
	Opening balance	715.27		151.30	
	Add: Current year surplus	2922.86	3638.13	2947.09	3098.39
	Less: Transfer to general				
	reserve	2,000.00		1200.00	
	Interim/final dividend	1017.97		1017.97	
	Dividend tax provision	169.51	3187.48	165.15	2383.12
	Closing balance		450.65		715.27
			19295.70		17507.04

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2013 ₹ lacs	As at 31.03.2012 ₹ lacs
3 Long term Borrowings		
a Bonds / Debentures	-	-
b Term Loans		
(i) From Banks	-	-
(ii) From other parties	-	-
c Deferred payment liabilities	-	-
d Deposits	-	-
e Loans and advances from related parties	-	-
f Long term maturities of finance lease obligations	-	-
g other loans and advances	-	-
4 Other long term liabilities		
a Trade payables	-	-
b Others	-	-
5 Long term provisions		
a Provision for employee benefits		
- Leave encashment	68.12	91.65
b others	-	-
	<u>68.12</u>	<u>91.65</u>
6 Short term borrowings		
a Loans repayable on demand		
from banks	-	-
from others	-	-
b Loans and advances from related parties	-	-
c Deposits	-	-
d other loans and advances	-	-
7 Trade Payables		
Trade Payables	3011.29	3193.34
	<u>3011.29</u>	<u>3193.34</u>

The Company has sent circulars to suppliers/vendors for getting information as required under "Micro, Small and Medium Enterprises Development Act 2006". No vendor has given registration details. However, they have indicated the status of undertaking as defined under the Act. With the available information, the amount outstanding as on 31st March 2013 is ₹ 152.72 lacs (Previous year - ₹ 196.84 lacs). Further no interest has been paid or is payable in the opinion of the Management to such parties as per the provisions of the said Act.



8 Other Current Liabilities

As at 31.03.2013 As at 31.03.2012

₹ lacs ₹ lacs

a Current maturities of long term debt	-	-
b Current maturities of Finance lease obligations	-	-
c Interest accrued but not due on borrowings	-	-
d Interest accrued and due on borrowings	-	-
e Income received in advance	-	-
f Unpaid dividends	30.77	26.55
g Application money received for allotment of securities/ due for refund / interest accrued thereon	-	-
h Unpaid matured deposits and interest accrued there on	-	-
i Unpaid matured debentures and interest accrued there on	-	-
j Other payables	83.60	77.35
	<u>114.37</u>	<u>103.90</u>

Details of Other payables :

Excise duty/service tax/TNVAT payable	27.48	33.35
TDS/TCS	23.10	11.39
Professional Tax payable	3.02	2.61
Commission to Directors	30.00	30.00
	<u>83.60</u>	<u>77.35</u>

9 Short term provisions

a Provisions for employee benefits		
- Gratuity & Leave encashment	29.39	53.46
b Others (Specify)		
Provision for warranty		
Provision for income tax	91.68	91.68
Provision for Sales tax	-	-
Provision for fringe benefit	59.00	59.00
Provision for dividend	565.54	565.54
Provision for dividend tax	96.11	91.75
	<u>841.72</u>	<u>861.43</u>

Other disclosure :

Product Warranty :

Opening balance	91.68	91.68
Additions	12.24	13.79
Utilizations	12.24	13.79
Reversals	-	-
Closing balance	<u>91.68</u>	<u>91.68</u>

10	Tangible Assets	Gross Value			Depreciation			Closing balance	
		Opening balance 01.04.2012	Additions during the year	Disposals during the year	Total 31.03.2013	Opening balance 01.04.2012	Additions during the year	Disposals during the year	Total 31.03.2013
a	Land - Freehold	1021.69			1021.69				
b	Land - Leasehold	598.70	26.86		625.56	24.14	24.14	24.14	24.14
c	Building	1171.39	340.77		1512.16	668.84	65.76	734.60	734.60
d	Plant & Equipments	5626.07	758.42	8.33	6376.16	4211.60	503.26	4706.60	4706.60
e	Furniture & Fixtures	141.38	76.96		218.34	95.89	22.17	118.06	118.06
f	Vehicles	89.67	0.00	12.00	77.67	55.40	8.84	56.60	56.60
	Office Equipments	247.36	16.75	1.57	262.54	207.61	12.64	218.99	218.99
	Total	8896.26	1219.76	21.90	10094.12	5263.48	636.81	41.30	5858.99
	Figures for the previous year	8132.45	844.62	80.81	8896.26	4800.35	551.84	88.71	5263.48

Other disclosure :

The fixed assets were revalued in the year 1992-93 by which the value of the assets were written up by ₹ 230.71 lacs after technical assessment with the corresponding credit being given to Revaluation Reserve. These assets were fully written off in the books of accounts as on 31st March 1997. In the year 1997-98, the fixed assets comprising of plant and machinery and electrical installations were revalued again after a technical assessment by which the values of these assets were written up by ₹ 233.30 lacs with the corresponding credit being given to Revaluation Reserve. As mentioned in accounting policy s.no.29 (h)(iii), depreciation is computed on the revalued amounts and is charged off to the statement of profit and loss in full without withdrawing any amount from the revaluation reserve. The additional amount charged as depreciation for the year is ₹ 1.29 lacs (previous year ₹ 1.22 lacs).

11	Intangible Assets	Gross Value			Depreciation			Closing balance	
		Opening balance 01.04.2012	Additions during the year	Disposals during the year	Total 31.03.2013	Opening balance 01.04.2012	Additions during the year	Disposals during the year	Total 31.03.2013
a	Goodwill	-	-	-	-	-	-	-	-
b	Brands / Trademarks	-	-	-	-	-	-	-	-
c	Computer Software	-	-	-	-	-	-	-	-
d	Masterheads and publishing titles	-	-	-	-	-	-	-	-
e	Mining rights	-	-	-	-	-	-	-	-
f	Copyrights, patents and other intellectual property rights, services & operating rights	-	-	-	-	-	-	-	-
g	Recipes, formulae, models, designs & prototypes	-	-	-	-	-	-	-	-
h	Licenses & franchise	-	-	-	-	-	-	-	-
i	Others	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-
	Figures for the previous year	-	-	-	-	-	-	-	-



12. Non-current investments

	As at 31.03.2013 ₹ lacs	As at 31.03.2012 ₹ lacs
(i) Trade Investments		
Associate Company		
Synergy Shakthi Renewable Energy Ltd	86.53	241.02
Less : Share of loss in associate	-	154.49
	86.53	86.53
Add: Share of gain in associate	82.63	169.16
		-
(ii) Other Investments		
a Investment in property		
b Investment in equity instruments		
Other than Subsidiary Company :		
Lucas TVS Ltd Equity shares	2824.08	2824.08
c Investment in preference shares		
d Investment in government or trust securities		
e Investment in debentures or bonds	2233.16	2233.16
f Investment in Mutual funds		
g Investment in partnership firms		
h Other non-current investments	1054.25	585.38
	6280.65	5729.15

Other disclosure :

1 Aggregate value of Quoted investments	Nil	Nil
2 Market value of the Quoted investments	Nil	Nil
3 Aggregate value of Unquoted investments	6280.65	5729.15

13. Deferred Tax Assets

	As at 31.03.2013 ₹ lacs	As at 31.03.2012 ₹ lacs
a Deferred Tax Assets (net)	259.52	241.96
	259.52	241.96

Other disclosure :

As mentioned in item 29 (1) of Accounting Policy statement, the company is accounting for taxes in accordance with the Accounting Standards 22 "Accounting for Taxes on Income" notified under company (Accounting Standards) Rules 2006. Accordingly, an amount of ₹ 17.56 lacs has been credited to the profit and loss account for the year under review towards Deferred Tax. As at 31st March 2013, the amount in Deferred Tax account is ₹ 259.52 lacs as detailed below:

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2013	As at 31.03.2012
	₹ lacs	₹ lacs
Rebates and Discounts	57.03	57.03
Leave encashment	26.79	39.09
Depreciation	153.85	121.55
Early Separation Scheme	3.18	10.03
Others	18.67	14.26
	<u>259.52</u>	<u>241.96</u>
14. Long term loans and advances	As at 31.03.2013	As at 31.03.2012
	₹ lacs	₹ lacs
a Capital Advance	-	-
b Sundry deposits	31.79	27.45
c Loans and advances to related parties	-	-
d Other loans and advances	-	-
e Advance Income Tax and Tax deducted source (net) (*)	60.70	47.24
	<u>92.49</u>	<u>74.69</u>
(*) Net of provision for taxation of ₹ 2305 lacs (Previous year - ₹ 1915 lacs).		
15. Other non-current assets		
a Long term trade receivable		
b Income Receivables	-	-
c Other receivables *	151.42	145.77
d Advance for capital expenditure	5.30	5.30
	<u>156.72</u>	<u>151.07</u>
* amount receivable on compulsory acquisition of Land in earlier year.		
16. Current investments		
a Investment in equity instruments	-	-
b Investment in preference shares	-	-
c Investment in government or trust securities	-	-
d Investment in debentures or bonds	-	-
e Investment in Mutual funds	3050.88	1906.25
f Investment in partnership firms	-	-
g Other current investments	-	-
Less: Aggregate provision for diminution in value of investments	(2.41)	(13.17)
	<u>3048.47</u>	<u>1893.08</u>
Other disclosure :		
Basis of valuation of individual investments		
Aggregate value of Quoted investments	Nil	Nil
Market value of Quoted investments	Nil	Nil
Aggregate value of Unquoted investments	3048.47	1893.08



17. Inventories

As at 31.03.2013 As at 31.03.2012

	₹ lacs	₹ lacs
a Raw materials	950.25	1197.91
b Raw materials - Goods in transit	21.55	55.91
c Work in progress	266.30	285.85
d Finished goods	163.75	101.79
e Finished goods in transit	107.33	140.76
f Stock in trade (in respect of goods acquired for trading)	-	-
g Stores & Spares	4.35	4.25
	<u>1513.53</u>	<u>1786.47</u>

18. Trade receivables

a Trade receivables Unsecured		
outstanding for a period exceeding six months		
- Considered good	51.43	54.47
- Considered doubtful	-	-
	<u>51.43</u>	<u>54.47</u>
Less: Provision for doubtful debts	-	-
	<u>51.43</u>	<u>54.47</u>
Other receivables considered good	4944.13	4553.76
	<u>4995.56</u>	<u>4608.23</u>
b Trade receivables secured		
1 Considered good	-	-
2 Doubtful	-	-
Allowance for bad & doubtful under each head		
c Debts due by		
1 Director or other officers of the company	-	-
2 Any of the above jointly / severally along with any other person	-	-
3 Firms / private company in which director is a partner / director / member	-	-
	<u>4995.56</u>	<u>4608.23</u>

19. Cash and Bank Balances

a Cash and cash equivalents		
i Balance with banks In current account	213.09	120.95
ii Cash in hand	0.71	1.24
iii Cheques, drafts in hand		
b Other Bank Balances:		
in Fixed deposit (less than 12 months)	2712.95	2527.48
in Fixed deposit (more than 12 months)	0.33	600.33
in Margin money	9.00	9.00
in Dividend warrant account	30.77	26.55
c Others	-	-
	<u>2966.85</u>	<u>3285.55</u>

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	As at 31.03.2013	As at 31.03.2012
	₹ lacs	₹ lacs
20. Short-term loans and advances		
a Loans and advance to related parties	-	-
b Advances/Loans to Employees	114.10	74.59
Inter corporate deposit with associate company	-	300.00
c Balance with excise and customs	132.95	142.36
d Prepaid taxes VAT in Indonesia	79.94	73.45
e Other advances	142.90	73.42
	<u>469.89</u>	<u>663.82</u>
21. Other current assets		
Vat tax input credit	3.48	2.31
Prepaid expenses	28.08	23.75
Interest accrued	111.16	144.20
	<u>142.72</u>	<u>170.26</u>
22. Revenue from operations	2012-2013	2011-2012
	₹ lacs	₹ lacs
a Sale of Products		
Export Sales	1166.49	953.19
Domestic Sales	28803.27	27792.61
b Sale of Services	-	-
	<u>29969.76</u>	<u>28745.80</u>
c Other operating revenues	98.64	68.41
	<u>30068.40</u>	<u>28814.21</u>
23. Other Income		
a Interest Income	456.44	454.60
b Dividend Income	324.91	233.00
c Net gain / (loss) on sale of investment	19.34	31.13
d Net gain / loss on foreign currency transaction	20.49	47.48
e Profit on sale of fixed assets	0.93	7.22
f Other non operating income	-	0.04
	<u>822.11</u>	<u>773.47</u>
24. Cost of Materials consumed		
Opening Stock of Raw Materials	1197.91	1271.99
Purchases	<u>18157.14</u>	<u>17802.08</u>
	19355.05	19074.07
Less: Closing stock of raw Material	<u>950.25</u>	<u>1197.91</u>
	<u>18404.80</u>	<u>17876.16</u>



25. Other Manufacturing Expenses

	2012-2013 ₹ lacs	2011-2012 ₹ lacs
Stores and consumables	443.12	390.95
Power and fuel	555.46	381.88
Repairs to buildings	86.34	60.35
Repairs to machinery	187.87	186.66
Repairs others	63.08	45.96
Royalty	85.25	59.62
Technical know how and support fee	6.33	4.91
Other expenses	64.60	72.21
	<u>1492.05</u>	<u>1202.54</u>

26. Employee Benefit Expense

Salaries, wages, Bonus and allowances	2030.62	2041.76
Contribution to Provident fund and other funds	177.94	194.33
Staff Welfare expenses	465.14	409.43
	<u>2673.70</u>	<u>2645.52</u>

Other disclosure :

Remuneration to Manager included in the above

Salary	10.80	13.86
HRA & Other allowances	21.26	31.26
Other perquisites	0.94	0.22
Contribution to Provident Fund	1.30	1.67
Contribution to Gratuity and Superannuation	2.65	3.41
	<u>36.95</u>	<u>50.42</u>

27. Finance costs

a Interest Expenses	5.41	1.03
b Other borrowing cost	-	-
c Bank charges	12.83	20.36
	<u>18.24</u>	<u>21.39</u>

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28. Other expenses	2012-2013	2011-2012
	₹ lacs	₹ lacs
Rent	14.36	12.97
Repairs to Vehicles	8.33	9.60
Insurance	48.78	39.69
Rates and taxes (excluding, taxes on income)	12.37	40.36
Communication expenses	62.28	48.78
Postage, Printing & Stationery	44.97	46.31
Sitting fees	3.79	4.89
Legal & professional charges	79.02	64.96
Travelling & conveyance expenses	142.30	139.38
Donation	41.05	30.83
Recruitment expenses	7.51	9.60
Remuneration to watch and ward	56.61	44.83
Wealth Tax	34.59	24.69
Amortisation of Land right	-	1.48
Estate Service fee	10.93	5.09
Commisson to Directors	30.00	30.00
After sales service expenses	12.24	13.79
Commission & discount	121.18	56.81
Freight outwards	156.00	145.95
Advertisement	6.56	4.26
Audit fees		
a) Statutory Audit	8.00	8.00
b) Tax Audit	1.50	1.50
c) Cost Audit	1.00	-
d) Company law matters	-	-
e) Management services	-	-
f) Other services	3.55	1.75
g) Reimbursement of Expenses	1.85	1.67
Provision for diminution in value of investments	-	2.42
Other expenses	71.56	75.90
	<u>980.33</u>	<u>865.51</u>



29.Accounting Policies

a) Basis of Accounting :

The financial statements of the company have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India (GAAP). The financial statements comply with the relevant provisions of the Companies Act 1956 (the Act) and the mandatory Accounting Standards and statements issued by the Central Government of India under Companies (Accounting Standard) Rules 2006. Accrual system of accounting is generally followed to record income and expenditure.

Cash flows are reported using the indirect method whereby profit before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

b) Use of estimates :

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results are known/materialize.

c) Fixed Assets and Intangible Assets :

- i) Fixed assets are stated at cost of acquisition less accumulated depreciation and amortisation. Direct costs are capitalised till the assets are ready to be put to use. Interest cost if any is capitalized as per the Accounting Standard 16, "Borrowing costs".
- ii) All Plant & Machinery including electrical installations acquired upto 1996-97 are shown at the replacement cost based on technical assessment and assets acquired after 1996-97 are shown at acquisition cost.
- iii) Other fixed assets acquired upto 1992-93 are shown at the replacement cost based on technical assessment and assets acquired after 1992-93 are shown at acquisition cost.
- iv) Leasehold land is amortised over the life of primary period of the lease.

d) Investments

Long term investments are carried at cost with decline in value other than temporary being provided in the profit and loss account. Current investments are carried at the lower of cost and fair market value with provision being made for diminution in value in the profit and loss account.

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e) Inventories:

- i) Raw Materials and components and stores are generally valued at least of cost or net realisable value. However, if the cost of the finished goods into which these materials are incorporated exceeds the net realisable value of the finished goods then the materials are written down to their net realisable value. Cost is arrived on weighted average basis.
- ii) Work-in-progress is valued at lower of cost and net realisable value. Cost is arrived at material cost plus labour and appropriate element of overheads.
- iii) Finished goods are valued at lower of cost and net realisable value. Cost is arrived at material cost plus labour and appropriate element of overheads and Excise duty.
- iv) Loose Tools are written off in full in the year of purchase.
- v) Inventories are stated after adequate provision for non-moving, obsolete, surplus and defective items

f) Revaluation Reserve: (Refer note 29 c)

The Revaluation Reserve is created on writing up of asset values with the corresponding credit being given to Revaluation Reserve. As mentioned in item (h) below, no amount of depreciation is adjusted to the Revaluation Reserve. As and when an asset is sold, discarded or scrapped, the necessary adjustments are made to the Revaluation Reserve.

g) Government Grants

- i) Subsidy received from Government as contribution towards capital outlay for setting up industry in a backward area is treated as capital reserve.
- ii) Subsidy received for purchase of specific assets is reduced from the cost of the assets.

h) Depreciation :

- i) Depreciation on fixed assets is provided on written down value method at the rates prescribed in Schedule XIV of the Companies Act., 1956.
- ii) Depreciation on additions to fixed assets during the year is provided for the whole year.
- iii) Depreciation is charged on the revalued amounts of assets to the profit and loss account without any adjustment being made to the Revaluation Reserve.
- iv) Depreciation on deletions to fixed assets is provided till the date of such sale/deletion.

i) Impairment of Assets :

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is increased or reversed



depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

j) Research and development :

All expenditure including capital expenditure is charged off to profit and loss account.

k) Borrowing costs

Borrowing costs incurred for acquiring, constructing and producing a qualifying asset are capitalised. Other borrowing costs are charged off to the Profit and Loss Account in the year in which they are incurred.

l) Taxation

The company is accounting for taxes in accordance with the Accounting Standard AS 22 "Accounting for Taxes on income" notified under Company (Accounting Standards) Rules 2006. Consequently, the tax provision includes the income tax payable on the estimated taxable income as well as the tax impact arising on account of timing differences thus ensuring that the income and taxes thereon are matched.

m) Foreign Currency Transactions:

Transactions denominated in foreign currencies are generally accounted at the exchange rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currency at the year end are restated at the exchange rate prevailing on the Balance Sheet date. Any difference arising at the time of settlement/restatement is recognised in the profit and loss account. In the case of forward contracts, the differences between the transaction exchange rate and the forward rate is recognised as income or expense over the life of the contract.

The company also enters into foreign currency transactions as hedges against firm commitments/highly probable forecast cash flows from time to time as per its requirements of risk management. The losses or gains arising out of these transactions as at the end of the financial year in respect of contracts that are outstanding are marked to market and taken to the profit and loss account. However, where hedges are proved to be effective, the loss or gain is taken to the reserves and surplus in the balance sheet initially at the end of the financial year and accounted in the profit and loss account in the period in which underlying transactions matures.

n) Revenue Recognition :

- a) Sales shown in the Profit and Loss Account exclude sales tax. Sales made on FOR basis are accounted on the basis of goods acknowledged to have been received by customers before the year end. Goods not taken delivery by customers before the end of the year are treated as finished goods in transit. Price increases from customers are accounted

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in the year of receipt. Price reductions/discounts are accounted in the year in which the Company accepts claims.

b) Dividends are accounted when the right to receive is established.

o) Employee Benefits :

i) Short term employee benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

ii) Post-Employment benefit Plans :

Payments to defined contribution retirement benefit schemes (provident fund) are charged as an expense as they fall due.

For defined benefit schemes (Gratuity), the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the Profit and Loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortised on straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the scheme.

p) Early Separation Scheme :

The expenditure on Early Separation scheme is charged off to the profit and loss account in the year in which it is incurred.

q) Contingencies and Provisions :

Contingent losses arising on Assessment are recorded when it is probable that the liability has been incurred and the amount can be reasonably estimated.

A Provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.



30. Principles of consolidation

Sl No	Name of the Company	Country of incorporation	% share-holding of INEL	Category
1	PT Automotive Systems Indonesia	Indonesia	99.97%	Subsidiary
2	Synergy Shakthi Renewable Energy Ltd	India	40.00%	Associate

INVESTMENT IN PT AUTOMOTIVE SYSTEMS INDONESIA (Subsidiary)

The financial statements of PT Automotive Systems Indonesia have been audited by the auditors qualified to conduct audit in accordance with the laws of Indonesia.

The consolidated financial statement of the company and its subsidiary have been prepared on a line by line consolidation by adding the book values of the like items of assets, liabilities, income and expenditure as per the respective audited financial statements of the respective companies.

In translating the financial statements of the foreign entity for incorporation in the consolidated financial statements, the assets and liabilities are translated at the exchange rates prevailing at the date of the Balance Sheet of the Subsidiary and income and expenditure items are translated at the average of the monthly closing rates of exchange for the year. The resulting exchange difference is classified as foreign exchange translation reserve.

The consolidated financial statements have been prepared using uniform accounting policies for transactions and other events in similar circumstances, and where there is divergence in policies in the subsidiary's statements have been restated in accordance with the holding company's policies. The consolidated financial statements are presented to the extent possible, in the manner as the company's individual financial statements.

INVESTMENT IN SYNERGY SHAKTHI RENEWABLE ENERGY LTD (Associate)

As required by Accounting Standard 23 'Accounting for Investments in Associates in Consolidated Financial statement', the company is accounting for its share of losses and profits of the associate under the 'equity' method of accounting as reported in the previous year's consolidated financial statements. While the company is continuing to account for losses and profits under the same method, the company has revisited the manner of the realigning the working results of the associate with itself in view of the disparity in business as permitted by Accounting Standard 23.

31. The company is in the business of manufacturing electronic ignition system and therefore there is only one business segment. While the company sells its products in the domestic and export markets and to OEMs, in view of the fact that there is no significant variation in the risks and returns profile of these markets, it is considered that there are no different geographical segments.

INDIA NIPPON ELECTRICALS LIMITED

32. Details of related party transactions during the year :

Name of the related party	Description of relationship	Nature of transactions	Volume of transactions ₹ lacs	Amount due to as on 31.03.2013 ₹ lacs	Amount due from as on 31.03.2013 ₹ lacs
1) Kokusan Denki Company Limited (Technical and financial collaborator)	Joint venture of the company	a) Technical know-how fees b) Support fee c) Royalty d) Purchase of raw materials & components e) Sales	Nil 6.33 85.25 337.24 8.98	Nil 2.47 Nil 21.94	4.32
2) PT Automotive Systems Indonesia	Subsidiary of the Company		-	-	-
3) Synergy Shakthi Renewable Energy Ltd	Associate Company	a) Purchase of Electricity	79.79	-	-
4) Lucas Indian Service Ltd	Joint venture of the company	a) Sales	-	-	-
5) Mr Subhasis Dey	Manager	Salary	36.95		

33. Derivative instruments and unhedged foreign currency exposure :

	31.03.2013 ₹ lacs	31.03.2012 ₹ lacs
i) Derivative instruments that are outstanding	Nil	Nil
ii) The company has been entering into forward contracts as a hedge against accounts payable/accounts receivable in foreign currencies and firm commitments/ highly probable forecasted transactions of cash outflows expected to arise in future.		
iii) Unhedged foreign currency exposure/the foreign currency exposures that are not hedged by a derivative instrument or otherwise		
	₹ lacs	₹ lacs
a) Receivables outstanding	326.60	262.08
b) Payable outstanding	59.05	120.93



34. Disclosure required Under Accounting Standard 15 "Employee Benefits" :

The company has provided long term employee benefits on the basis of actuarial valuation carried out as per Projected Unit Credit Method.

The disclosure required under Accounting Standard 15 "Employees Benefits" notified in the Companies (Accounting Standards) Rules 2006 are given below:

(a) Defined Contribution Plan

I. Provident fund :

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Employee's Provident Fund scheme administered by Government of India equal to a specified percentage of the covered employee's salary.

II. Superannuation fund :

Eligible employees receive benefits from the superannuation fund, which is a defined contribution plan. Aggregate contributions alongwith interest thereon are paid at retirement, death, incapacitation or termination of employment. The Company makes yearly contributions to the Superannuation Fund Scheme administered by Life Insurance Corporation of India. Liabilities with regard to the Superannuation fund are determined by the Life Insurance Corporation of India as at the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the Life Insurance Corporation of India's Employees Superannuation Fund.

The Company recognised ₹ 12047571 for Provident Fund and superannuation fund contribution in the statement of profit and loss.

(b) Defined benefit plan

Gratuity :

The Company provides a gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the Life Insurance Corporation of India's Employees Gratuity Fund Trust (the "Trust"). Trustees administer contributions by means of a group gratuity policy with Life Insurance Corporation of India.

The following table set out the status of the gratuity plan as required under AS 15:

INDIA NIPPON ELECTRICALS LIMITED

a) Change in benefit obligations :

Particulars	Gratuity Plan ₹ lacs
Projected benefit obligation, beginning of the year	258.23
Service Cost	18.29
Interest Cost	20.66
Actuarial (gain)/loss	33.89
Benefits paid	(4.06)
Projected benefit obligation, end of the year	327.01

b) Change in plan assets :

Particulars	Gratuity Plan ₹ lacs
Plan assets at beginning of the year at fair value	231.05
Expected return on plan assets	23.08
Actuarial gain/(loss)	-
Employer's contributions	57.30
Benefits paid	(4.06)
Plan assets at end of the year, at fair value	307.37

c) Reconciliation of present value of the obligation and the fair value of the plan assets

	Gratuity Plan ₹ lacs
Fair value of plan assets at the end of the year	307.37
Present value of the defined benefit obligations at the end of the period	327.01
Liability recognized in the balance sheet	(19.64)

d) Gratuity cost for the year ended March 31, 2013

Particulars	Gratuity Plan ₹ lacs
Service cost	18.29
Interest cost	20.66
Expected return on plan assets	(23.08)
Actuarial (gain)/loss	33.89
Net cost	49.76
Actual return on plan assets	9.25%



e) Investment details of plan assets :

Deposited with Life Insurance Corporation of India (Group gratuity policy) :

f) Assumptions

Particulars	Gratuity Plan ₹ lacs
Discount rate	8%
Salary escalation rate	5%
Estimated rate of return on plan assets	8%

Note : 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.

(c) Leave encashment

The Employees of the Company are entitled to compensated absence. Employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 30 days. The Company records an obligation for compensated absences in the period in which employees render services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The liability has been actuarially evaluated and accounted in the books.

35. Expenditure on R&D

	2012-2013 ₹ lacs	2011-2012 ₹ lacs
a) Capital Expenditure	21.40	27.52
b) Revenue Expenditure		
* Salary	205.78	146.73
* Electricity	12.46	6.19
* Travel	15.56	7.63
* Outsourcing expenses	1.08	2.54
* Revenue & others	40.10	36.79
	<u>274.98</u>	<u>199.88</u>
Total R & D expenditure (a) + (b)	296.38	227.40

INDIA NIPPON ELECTRICALS LIMITED

36. Previous year figures have been regrouped/reclassified wherever necessary.

T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN	ARVIND BALAJI <i>Wholetime Director</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> <i>Registration No: 000511S</i>
Chennai 28th May 2013	N S MURTHY <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>	P S KUMAR <i>Partner</i> <i>Membership No. 15590</i>



Consolidated Cash flow statement for the year ended 31st March 2013
Pursuant to Clause 32 of the Listing Agreement

	Year ended 31.03.2013 ₹ lacs	Year ended 31.03.2012 ₹ lacs
A. Cash Flow from Operating Activities :		
Net Profit before tax and extraordinary items	3,518.71	3,951.64
Adjustments for		
Add: - Depreciation	636.81	551.84
- Interest & Finance Charges	-	-
- Lease Rent Paid	-	-
- (Profit)/Loss on sale/Writeoff fixed assets	(0.93)	(7.22)
- Dividend Received	(324.91)	(233.00)
- Interest Received	(456.44)	(454.60)
-(Profit)/Loss on sale of investments(net)	(19.34)	(31.13)
-Provision for diminution in value of investments	-	2.42
-Adjustment for Exchange Fluctuation	77.44	141.36
-Land Amortisation and Depreciation	(75.58)	(71.13)
Operating Profit before Working Capital changes	3,355.76	3,850.18
Adjustments for - Trade & Other Receivables	(622.93)	(948.34)
- Inventories	272.94	(68.02)
- Trade Payables and other liabilities	197.12	(201.32)
Cash generated from Operations	3,202.89	2,632.50
Income Tax paid	(726.51)	(785.73)
Net Cash from Operating Activities - A	2,476.38	1,846.77
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(842.29)	(1,422.34)
Sale of Fixed Assets	5.67	10.30
(Purchase) / Sale of Investments (net)	(1,604.72)	(458.27)
Interest/Dividend Received	825.15	632.81
Net Cash from /(used) in Investment Activities - B	(1,616.19)	(1,237.50)

INDIA NIPPON ELECTRICALS LIMITED

	Year ended 31.03.2013 ₹ lacs	Year ended 31.03.2012 ₹ lacs
C. Cash Flow from Financing Activities :		
Repayment of Long Term Borrowings		
Unsecured Loan Repayment	-	-
Lease Rent Paid	-	-
Interest Paid	-	-
Dividends Paid	(1,017.97)	(533.22)
Dividend Tax	(165.14)	(86.50)
Net Cash used in Financing Activities-C	(1,183.11)	(619.72)
D. Net (decrease)/Increase in Cash Equivalents (A+B+C)	(322.92)	(10.45)
E. Cash & Cash Equivalents as at 1st April, 2012 (Opening Balance)	3,259.00	3,269.45
F. Cash & Cash Equivalents as at 31st March, 2013 (Closing Balance)	2,936.08	3,259.00

Notes : Cash & Cash equivalents as on 31.03.2013 and 31.03.2012 do not include the balances in the unpaid dividend account.

T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN	ARVIND BALAJI <i>Wholetime Director</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 000511S
Chennai 28th May 2013	N S MURTHY <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>	P S KUMAR <i>Partner</i> Membership No. 15590

AUDITORS' CERTIFICATE :

We have verified the above statement of India Nippon Electricals Ltd. derived from the audited financial statements for the year ended 31st March, 2013 and found the same in accordance there with and also with the requirements of clause 32 of the Listing agreements with stock exchanges.

As per our report of even date
For **Brahmayya & Co**
Chartered Accountants
Registration No: 000511S

Chennai
28th May 2013

P S KUMAR
Partner
Membership No. 15590



INDIA NIPPON ELECTRICALS LIMITED

'AALIM CENTRE', 82, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004.

NAME AND ADDRESS

--

28th ANNUAL GENERAL MEETING
 26th August 2013 at 10.30 A.M.
 Kasturi Srinivasan Hall, (Music Academy
 Annexe) No.168 (Old No.306), T.T.K. Road,
 Royapettah, Chennai 600 014

ADMISSION SLIP

PLEASE HAND OVER THIS ADMISSION SLIP AT THE ENTRANCE OF THE MEETING HALL

FOLIO NO.

HOLDING

☐

MEMBER

☐

PROXY

NAME OF THE PROXY (IN CAPITAL LETTERS)

I hereby register my presence at the meeting

Signature of the Member/Proxy



INDIA NIPPON ELECTRICALS LIMITED

'AALIM CENTRE', 82, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004.

I / We being a
Member / Members of INDIA NIPPON
ELECTRICALS LIMITED hereby appoint

.....
of.....in the
district ofor failing
himof.....district
ofas

my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the
company to be held at Kasturi Srinivasan Hall, (Music Academy Annexe)
No.168 (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014 at 10.30 A.M.

Signed thisday of July / August 2013.

N.B. The instrument appointing proxy should be deposited at the Registered Office
of the Company not later than 48 hours before the commencement of the Meeting

FOR OFFICE USE

Proxy No.	Date of receipt

PROXY FORM

FOLIO NO.

HOLDING

Affix
Revenue
Stamp

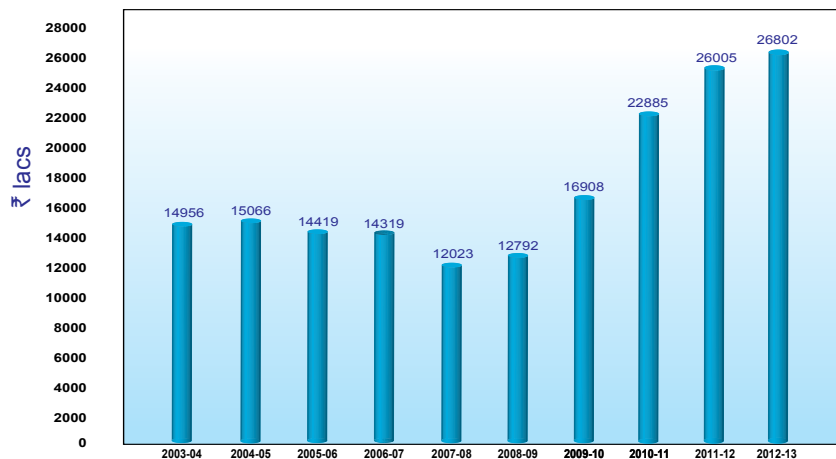
Signature

1. The instrument appointing proxy should reach the registered office of the Company not later than 48 hours before the time fixed for holding the meeting.
2. Members are requested to affix their signature at the space provided on the attendance slip annexed to proxy form and hand over the slip at the entrance of the meeting hall.
3. As a measure of economy, copies of the annual report will not be distributed at the meeting hall. Members are, therefore, requested to bring their copy of the annual report.

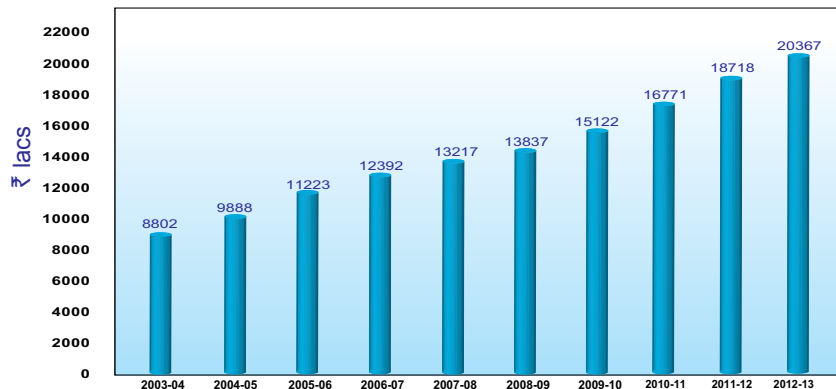


FINANCIAL HIGHLIGHTS - 2004 - 2013

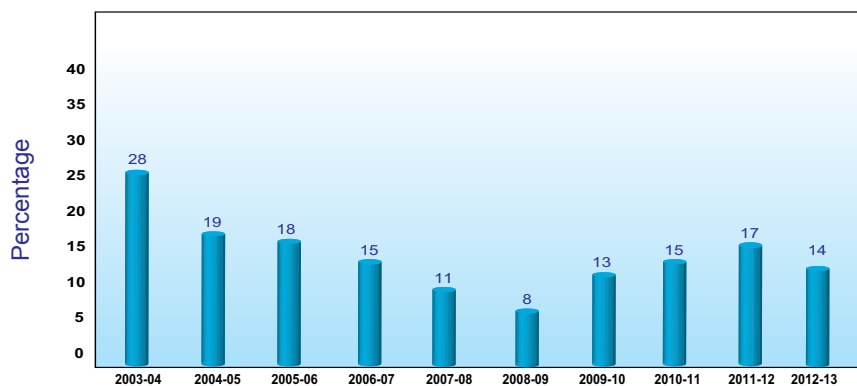
SALES



NETWORTH*



RETURN ON NET WORTH*

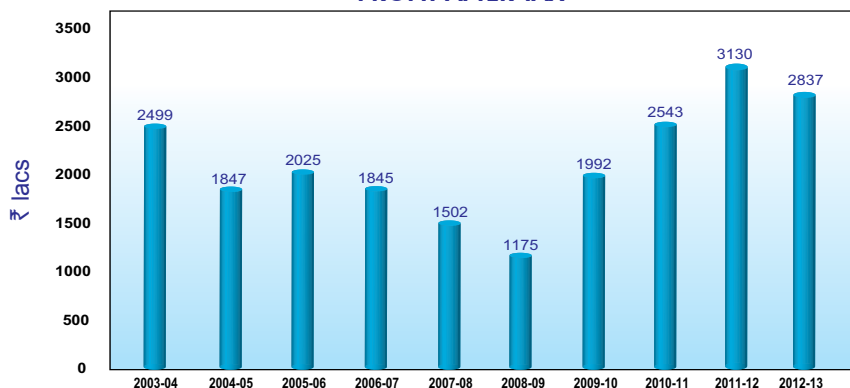


* Exclusive of revaluation reserves

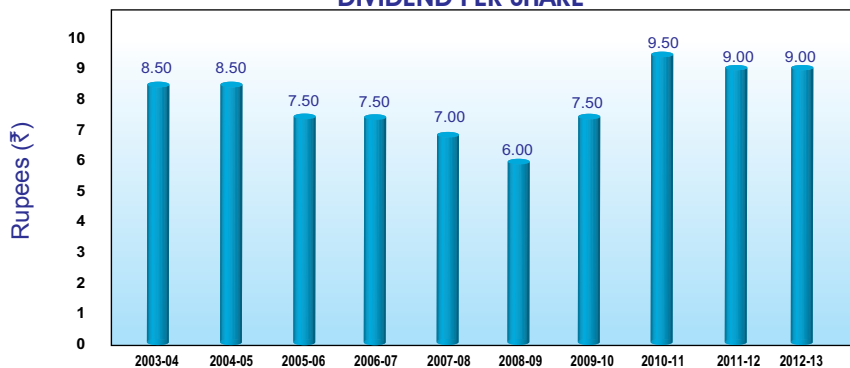


FINANCIAL HIGHLIGHTS - 2004 - 2013

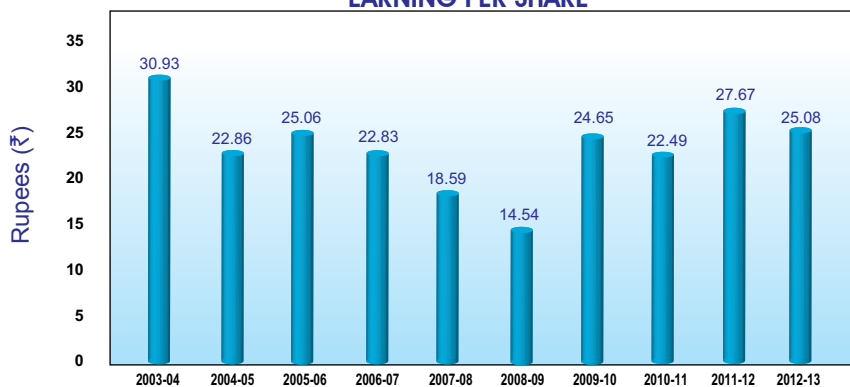
PROFIT AFTER TAX



DIVIDEND PER SHARE



EARNING PER SHARE



Earning per share for 2010-11 has been recalculated as per AS20.

No. of Equity Shares of ₹ 10/- each :

31.03.2003 - 80,79,080

31.03.2012 - 1,13,10,712

ACMA GOLDEN AWARD FOR EXCELLENCE IN TECHNOLOGY



IMEA GOLD AWARD WINNER FOR
AUTO ANCILLARY SECTOR (MEDIUM BUSINESS)





India Nippon Electricals Limited, Chennai-4

Date: July 2, 2013

FORM A

1.	Name of the Company:	India Nippon Electricals Limited Regd. Office: 'Aalim Centre' No.82, Dr Radhakrishnan Salai Mylapore, Chennai-600004.
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.

5. Signed by

<u>Signed by</u>	<u>Signature</u>
• CEO	
• CFO	
• Auditor of the Company	
• Audit Committee Chairman	