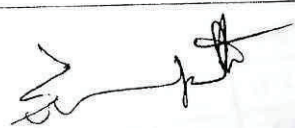
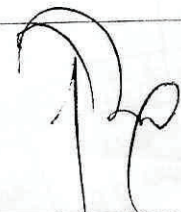


India Nippon Electricals Limited, Chennai-4

FORM A

1.	Name of the Company:	India Nippon Electricals Limited Regd. Office: 'Aalim Centre' No.82, Dr Radhakrishnan Salai Mylapore, Chennai-600004 Tel: 044-28110063/74 Fax:044-28115624 E.mail: inelcorp@inel.co.in ; investorscomplaints@inel.co.in Web: www.indianippon.com CIN: L31901TN1984PLC011021
2.	Annual financial statements for the year ended	31st March 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.

5. Signed by

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

INDIA NIPPON ELECTRICALS LIMITED

Regd. Office: 'Aalim Centre' 2nd Floor, No.82, Dr Radhakrishnan Salai
Mylapore, Chennai-600004 CIN: L31901TN1984PLC011021
Tel: 044-28110063/74. Fax: 044-28115624
E.mail: inelcorp@inel.co.in; investorscomplaints@inel.co.in
Website: www.indianippon.com



Notice to Shareholders

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Shareholders of India Nippon Electricals Limited will be held on Thursday, the 27th August 2015 at Kasturi Srinivasan Hall, (Music Academy Annexe) No.168 (Old No.306), T.T.K. Road, Royapettah, Chennai 600014 at 10.30 A.M. to transact the following business.

Ordinary Business

1. Adoption of audited accounts for the year ended 31st March 2015 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 2015 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 interim dividend of ₹ 4.50 declared and paid for every equity share of face of value of ₹ 10 each, by the Board of Directors of the Company as per Resolution passed on 9th February 2015 be and is hereby noted and confirmed.

Resolved further that the final dividend of ₹ 4.50 for every equity share of ₹ 10 each for the financial year ended 31st March 2015 as recommended by the Board of Directors at their meeting held on 25th May 2015 be and is hereby declared.

3. To ratify the appointment of Auditors

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 Section 139 of the Companies Act 2013 and Rules made thereunder, the re-appointment of M/s Brahmayya & Co., Chartered Accountants (Regn. No.000511S) for the second year out of the total term of three years as approved by the shareholders of the company at the Annual General meeting held on 27th August 2014 be and is hereby ratified.

4. Election of a Director, liable for retirement by rotation

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

RESOLVED THAT Mr T K Balaji (DIN: 0002010), director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Company liable for retirement by rotation.

5. Election of a Director, liable for retirement 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 (DIN: 00301839), director who retires by rotation and being eligible,



offers himself for re-appointment, be and is hereby appointed as Director of the Company liable for retirement by rotation.

Special Business

6. APPOINTMENT OF MR ARVIND BALAJI, AS MANAGING DIRECTOR OF THE COMPANY UNDER SECTIONS 196, 197, 198 AND 203 OF THE COMPANIES ACT 2013

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 196, 197, 198 and 203 read with Schedule V to the Companies Act 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) the Company hereby approves, the appointment of Mr Arvind Balaji as Managing Director with effect from 27th August, 2014 till 31st March 2018 on a remuneration, as detailed below:

I. Basic Salary: ₹ 3,00,000 (Rupees three lakhs only) per mensem in the salary range of 2,00,000-10,00,000, subject to revision from time to time, as may be determined by the Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee.

II. Commission: Such amount as may be determined by the Board, on the recommendation of the Nomination and Remuneration Committee, depending on the Company's performance every year.

III. Perquisites: As set out in the Explanatory Statement annexed hereto, as approved by the Board on the recommendation of the Nomination and Remuneration Committee.

IV. Minimum Remuneration: Where in any financial year, during the currency of his tenure, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary, allowances, commission and perquisites not exceeding the limits specified in Part II of Section II of Schedule V of the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

V. Total remuneration: The total remuneration as aforementioned, together with the remuneration drawn from M/s. Lucas - TVS Limited in his capacity as Joint Managing Director as approved by its shareholders shall not exceed higher of the 5% of the net profits of either of the Companies as computed under Section 198 of the Companies Act, 2013 every year.

7. Ratification of the remuneration of the Cost Auditor for the year 2015-16

To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 2 lacs plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses, for the financial year commencing on 1st April 2015 and ending on 31st March, 2016, as recommended by the Audit Committee and as approved by the Board of Directors of the Company on 25th May 2015, to be paid to Mr K Suryanarayanan, Cost Accountant (Registration No.24946), be and is hereby ratified and confirmed."

By order of the Board

Bengaluru
25th May 2015

S SAMPATH
Chief Financial Officer & Company Secretary

**Notes:**

- a. **A Member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and the proxy need not be a member of the company. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A Member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as Proxy and such person shall not act as a Proxy for any other person or shareholder.**
- b. **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.**
- c. Revenue stamp (Re.1) should be affixed on the Proxy Form. Forms which are not stamped are liable to be considered invalid. It is advisable that the Proxy holder's signature may also be furnished in the Proxy form, for identification purposes.
- d. The Register of Members and Share Transfer Books of the Company will remain closed from 21st August 2015 to 27th August 2015 [both days inclusive] for the purpose of payment of final dividend for 2014-15 and also for the purpose of annual general meeting.
- e. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, dividends declared by the Company, for earlier years, which remain unclaimed for a period of 7 years will be transferred to the Investors Education and Protection Fund on due dates. The particulars of dues dates for transfer of such unclaimed dividends to IEPF are furnished in the Report on Corporate Governance, forming part of the Annual Report. Members who have not encashed their dividend warrants are requested to make their claims with the Company by surrendering the unencashed dividend warrants immediately. Pursuant to Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amount lying with Companies) Rules, 2012, the company will provide/ host the required details of unclaimed amounts referred to under Section 205C (2) of the Companies Act, 1956 on its website and also on the website of the Ministry of Corporate Affairs (MCA) in the relevant form every year.
- f. Members holding shares in physical form, in their own interest, are requested to dematerialise the shares to avail the benefits of electronic holding / trading.
- g. Members, who hold shares in dematerialised form, are requested to quote Depository Account Number (Client ID No.) for recording of attendance at the meeting.
- h. The Notice of the 30th Annual General Meeting of the Company and instructions for remote e-voting, along with the Attendance slip and proxy form, is being sent by electronic mode to all members whose e.mail addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their e.mail addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
- i. 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.
- j. All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company on all working days between 10.00 A.M. and 12.00 noon.
- k. 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.



- i. Members may also note that the Notice of the AGM and the Annual Report will also be available on the Company's website www.indianippon.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send in their requests to investorscomplaints@inel.co.in.
- m. In terms of Clause 49 of the Listing Agreement with Stock Exchanges, a brief resume of Directors who are proposed to be re-appointed at this meeting is given below.

Item no.4 of the Notice to shareholders

Born on 12th July 1948, Mr T K Balaji is a Bachelor of Engineering, securing first rank from Madras University and is also a Master of Business Administration from IIM Ahmedabad with a Gold medal for outstanding scholastic performance. Mr T K Balaji was a member of Development Council for Automobiles & Allied Industries, Government of India. He was the past President of Automotive Component Manufacturers Association of India (ACMA). He had served on the CII National Council for a number of years. He was conferred a Special Award by the FIE Foundation of Maharashtra in March 1995 in recognition of his contribution to the development of automotive component industry.

He does not hold any share in the Company. He is related to Mr Arvind Balaji, Managing Director of the Company in terms of the Companies Act 2013.

He is director of the company since inception and is the Chairman of the Stakeholders Relationship Committee and Member of the Nomination and Remuneration Committee of the Company. He is the Member of the Nomination Committee and Audit Committee of Titan Company Ltd and also Member of the Audit Committee of Sundaram Clayton Ltd.

He is the Chairman and Managing Director of Lucas-TVS Ltd and Managing Director of Delphi-TVS Diesel Systems Ltd. He is the Chairman of Lucas Indian Service Ltd and India Japan Lighting P Ltd. He is the Director of TVS & Sons P Ltd, Sundaram Clayton Ltd, Titan Company Ltd, TVS Automotive Systems Ltd, Sundaram Investment Ltd, TVS Credit Services Ltd, Punarvasu Swasthi P Ltd, Hastham Swasthi P Ltd and Harita Electronics P Ltd.

Item no.5 of the Notice to shareholders

Mr K Seshadri was born on 3rd October 1933. He holds a Post Graduate degree in Economics from the University of Madras. He is a fellow Member of the Institute of Chartered Certified Accountants, UK, Institute of Cost Management Accountants, UK, Institute of Company Secretaries, UK, besides being an Associate Member of the Institute of Company Secretaries of India. He has over 55 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 31st May 1995.

He holds 1874 equity shares of the Company. He is not related to any director of the company. He is the Member of Audit Committee and Stakeholders Relationship Committee of the Company. He is the Member of the Audit Committee of Lucas Indian Service Ltd, Delphi TVS Diesel Systems Ltd. He is the Chairman of the Audit Committee of India Japan Lighting P Ltd and Synergy Shakthi Renewable Energy Ltd.

He is the Director of Lucas TVS Ltd, Delphi TVS Diesel Systems Ltd, Lucas Indian Service Ltd, Synergy Shakthi Renewable Energy Ltd, Hastham Swasthi P Ltd, Punarvasu Swasthi P Ltd and Commissioner of PT Automotive Systems Indonesia.

Explanatory Statements

The following explanatory statements as required under Section 102 of the Companies Act 2013 sets



out all material facts relating to the business under Item nos.6 and 7 of the accompanying Notice dated 25th May 2015.

Item no.6 of the Notice to shareholders

Mr Arvind Balaji was appointed as a Whole-time Director of the Company effective 1st April 2013 for a period of five years, 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 were approved by the members at the AGM held on 26th Aug 2013. He was re-designated as Managing Director of the Company at the meeting of the Board of Directors held on 27th Aug 2014 which requires approval of the members and hence approval is sought for the resolution as set out in item 6 of the Notice. The relevant documents will be available for inspection at the Registered office of the Company on any working day between 10 A.M. and 12 Noon.

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. On his return to India, 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 Ltd for appointment as Vice President Business Planning. He became Joint Managing Director of Lucas-TVS Ltd, Chennai in April 2008. He joined India Nippon Electricals Ltd as a Director effective 30th October 2012 and became the Whole-time Director with effect from 1st April 2013 before becoming Managing Director with effect from 27th August 2014. He is the Member of the Corporate Social Responsibility Committee of the Company.

He is the Joint Managing Director of Lucas-TVS Ltd and Director of Delphi-TVS Diesel Systems Ltd, Lucas Indian Service Ltd, TVS Automotive Systems Ltd, Synergy Shakthi Renewable Energy Ltd, TVS Motor Services Ltd, TVS Training and Services Ltd, Harita Arvind Energy P Ltd, Harita Greens P Ltd, India Japan Lighting P Ltd, Punarvasu Swasthi P Ltd, Hastham Swasthi P Ltd and Automotive Component Manufacturers Association of India.

Details of perquisites payable to Mr. Arvind Balaji, Managing Director:

1. Housing:

- i. The Company shall provide its own furnished residential accommodation free of rent or House Rent Allowance at the rate of 60% of the Basic Salary.
- ii. The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income Tax Rules prevailing from time to time.

2. Leave Travel Assistance: For self and family consisting of wife and children once in a year in accordance with the rules of the Company.

3. Club Fees: Fees for clubs upto a maximum of two clubs. This will not include admission and life membership fees.

4. Personal Accident Insurance: Personal accident insurance as per the rules of the company.

5. Medical Reimbursement: Reimbursement of medical expenses including hospitalization for self and family consisting of wife and children including premium paid on health insurance policies.

**6. 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.

7. Car and Telephone: Provision of chauffeur driven Company car and telephone including mobile phones at the expense of the Company.**8. 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.**9. Sitting Fees:** No sitting fees be paid for attending the meetings of the Board of Directors or Committees thereof.**10. 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.

11. For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, the same shall be evaluated at actual cost.

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

Interest of Directors

Mr Arvind Balaji is interested in the resolution relating to his appointment as Managing 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.

Sl no.7 of the Notice to shareholders

At the meeting of the Board of Directors of the Company held on the 25th May 2015, the Board has approved, after considering the recommendation of the Audit Committee, the appointment of Mr K Suryanarayanan, Cost Accountant (Registration No.24946), for the conduct of the Cost Audit of the Company at a remuneration of ₹ 2 lacs plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending March 31, 2016. The remuneration approved by the Board of Directors needs to be ratified by the shareholders under Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

The resolution at Item No.7 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item No.7.

The resolution is recommended for the approval of the shareholders.

By order of the Board

Bengaluru
25th May 2015

S SAMPATH
Chief Financial Officer & Company Secretary



INSTRUCTIONS FOR MEMBERS OPTING FOR REMOTE E-VOTING:

a)	The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice calling for the Annual General Meeting (AGM) by 'electronic means' and all the businesses may be transacted through e-voting services provided by National Securities Depository Limited (NSDL) in compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014. 'Electronic voting system' means a secured system based process of display of electronic ballots, recording of votes of the Members and the number of votes polled in favour of or against, in such a manner that the entire voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralised server with adequate cyber security. 'Remote e-voting' means the facility of casting votes by a Member using an electronic voting system from a place other than venue of a general meeting.
b)	The facility for voting through ballot paper shall be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
c)	The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date fixed for this purpose, viz., 20 th August 2015.
d)	Mr S Ananthanarayan (CP 1828), Practicing company Secretary, Chennai has been appointed as Scrutinizer for conducting the e-voting process in a fair and transparent manner.
e)	Members are requested to read the instructions given below:
(A)	The instructions for e-voting are as under:
	In case of members' receiving e-mail from NSDL [for members whose email IDs are registered with the Company / Depository Participants]:
(i)	Open e-mail and then open PDF file viz., "India Nippon Electricals Limited –30 th AGM remote e-voting.pdf" with their Client ID or Folio No. as password. The said PDF file contains the User ID and password for e-voting. Please note that the password is an initial password.
(ii)	Launch internet browser by typing the following URL in the address bar: www.evoting.nsdl.com
(iii)	Click on shareholder – Login
(iv)	Enter User ID and password as initial password noted in step (i) above. Click Login.
(v)	Password change menu appears. Change the password with new password with minimum 8 digits / characters or combination thereof. Note the new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.
(vi)	Home page of remote e-voting opens. Go to "remote e-voting" icon and select "Active Remote E-voting Cycles".
(vii)	Select "EVEN" of India Nippon Electricals Limited.
(viii)	Now members are ready for remote e-voting as Cast Vote page opens.
(ix)	Cast the vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
(x)	Upon confirmation, the message "Vote cast successfully" will be displayed.
(xi)	Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.



	(xii)	Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant board resolution / authority letter etc. together with the attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail to 'geetakumar2000@yahoo.com' with a copy marked to evoting@nsdl.co.in and kr.raman@scl.co.in.
	(B)	In case of members receiving physical copy of the Notice of AGM:
	(i)	Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD / PIN

	(ii)	Please follow all steps carefully as explained in sl no.(e) (A) (ii) to (xii) above to cast vote.
(f)		In case of any queries, members may refer to the Frequently Asked Questions (FAQs) for members and remote e-voting user manual for members available at the downloads section of www.evoting.nsdl.com or contact NSDL at the following Telephone No: 022- 24994600.
(g)		If members are already registered with NSDL for remote e-voting, then they can use their existing user ID and password for casting the vote.
(h)		Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
(i)		The remote e-voting period commences on 24 th Aug 2015 from 9 AM and ends on 26 th Aug 2015 by 5 PM. During this period, members holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., 20 th August 2015, may cast their votes electronically. The remote e-voting module will be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.
(j)		Members who have already exercised their voting through remote e-voting can attend the Annual General Meeting but cannot vote again.
(k)		Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e., 20 th August 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in with a copy marked to kr.raman@scl.co.in . However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "forgot user details/ password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.1800-222-990.
(l)		The Scrutinizer will submit his report to the Company after completion of the scrutiny, the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
(m)		As per Clause 35A of the Listing Agreement, the voting results will be submitted to the Stock Exchanges within 48 hours of the conclusion of the AGM. The results declared along with Scrutiniser's report shall be placed on the Company's website www.indianippon.com and on the website of NSDL.

INDIA NIPPON ELECTRICALS LIMITED

Regd. Office: 'Aalim Centre' 2nd Floor, No.82, Dr Radhakrishnan Salai, Mylapore, Chennai – 600 004
CIN: L31901TN1984PLC011021, Email: inelcorp@inel.co.in; investorscomplaints@inel.co.in
Phone: 044-28110063/74, Fax: 044-28115624

ATTENDANCE SLIP

DP ID* & Client id
NAME AND ADDRESS OF THE MEMBER

Folio. No.

No.of shares:

I / We hereby record my / our presence at the 30th ANNUAL GENERAL MEETING of the Company held on Thursday, the 27th August 2015 at 10.30 a.m. at Kasturi Srinivasan Hall (Music Academy Annexe), The Music Academy, New No.168 (Old No.306), TTK Road, Royapettah, Chennai-600 014.

*Applicable for investors holding shares in electronic form.

Signature of Shareholder / Proxy

ELECTRONIC VOTING PARTICULARS		
EVEN (Remote E-Voting Event Number)	USER ID	PASSWORD/PIN

FORM No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

INDIA NIPPON ELECTRICALS LIMITED

Regd. Office: 'Aalim Centre' 2nd Floor, No.82, Dr Radhakrishnan Salai, Mylapore, Chennai – 600 004.
(CIN: L31901TN1984PLC011021)

Name of the Member(s):

Registered address:

E-mail id

Folio no /* Client id

*DP id

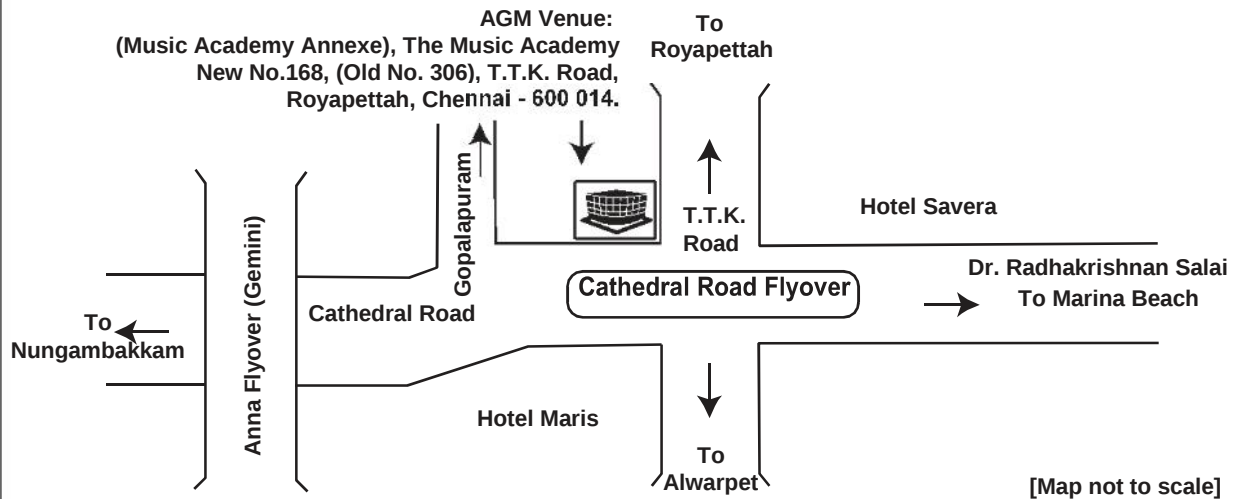
I/We being the member(s) of----- Equity shares of India Nippon Electricals Limited, hereby appoint:

Sl no	Name	Address	Email id	Signature	
1					Or failing him/her
2					Or failing him/her
3					

and whose signature(s) is/are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company, to be held on Thursday, the 27th August 2015 at 10.30 a.m. at Kasturi Srinivasan Hall (Music Academy Annexe), The Music Academy, New No.168 (Old No.306), TTK Road, Royapettah, Chennai-600 014, and at any adjournment thereof in respect of such resolutions as are indicated below:

*Applicable for investors holding shares in electronic form.

Route map for the venue of AGM of India Nippon Electricals Limited to be held on Thursday 27th August 2015 at 10.30 A.M.



** I/We wish my/our above proxy to vote for the following resolutions in the manner as indicated in the box below:

Ordinary Business	For	Against
1. Adoption of audited financial statements for the year ended 31st March 2015 and the reports of Directors' and Auditors thereon		
2. Declaration of dividend for the year 2014-2015.		
3. Re-appointment of M/s Brahmayya & Co., Chartered Accountants, Chennai as Auditors of the Company		
4. Re-appointment of Mr T K Balaji as Director, who retires by rotation		
5. Re-appointment of Mr K Seshadri as Director, who retires by rotation		
Special Business:		
6. Appointment of Mr Arvind Balaji, as Managing Director of the Company		
7. Ratification of the remuneration payable to Mr K Suryanarayanan, Practicing Cost Accountant as Cost Auditor for the year 2015-16		

Signed this day of 2015

Signature of shareholder

Affix
Revenue Stamp

Notes:

Signature of proxy holder

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company or at the Office of the Share Transfer Agent at "Jayalakshmi Estates" 29, Haddows Road, Chennai 600 006, not less than 48 hours before the commencement of the meeting.
2. A proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than 10% of the total paid up share capital of the Company carrying voting rights. A member holding more than 10% of the total paid up share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.
- **4. It is optional to put a ☒ in the appropriate column against the resolutions indicated in the Box, If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person, if he so wishes.
6. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



INDIA NIPPON ELECTRICALS LIMITED

Board of Directors

T K BALAJI, Chairman
ARVIND BALAJI, Managing Director
M NAMATAME
T MOMOSE
K SESHADRI
KG RAGHAVAN
V BALARAMAN
G CHIDAMBAR
R VIJAYARAGHAVAN
JAYSHREE SURESH, Woman Director

Audit Committee

K G RAGHAVAN, Chairman
K SESHADRI
V BALARAMAN
G CHIDAMBAR
R VIJAYARAGHAVAN

Stakeholders Relationship Committee

T K BALAJI, Chairman
K SESHADRI
G CHIDAMBAR

Nomination & Remuneration Committee

V BALARAMAN, Chairman
T K BALAJI
R VIJAYARAGHAVAN

CSR COMMITTEE

G CHIDAMBAR, Chairman
ARVIND BALAJI
JAYSHREE SURESH

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

Secretarial Auditor

B. Chandra

Bankers

BANK OF BARODA
ICICI BANK LIMITED
AXIS BANK LIMITED

Listing of Shares with

National Stock Exchange of India Ltd., Mumbai
Bombay Stock Exchange Ltd., Mumbai

Registered Office

'Aalim Centre', 82 Dr. Radhakrishnan Salai,
Mylapore, Chennai 600 004
Ph: 044-28110063/28110074 Fax: 044-28115624
E.mail: inelcorp@inel.co.in,
investorscomplaints@inel.co.in
CIN: L31901TN1984PLC011021
Website : www.indianippon.com.

Subsidiary Company

PT Automotive Systems Indonesia

Associate Company

Synergy Shakthi Renewable Energy Ltd.

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

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INDIA NIPPON ELECTRICALS LIMITED

FINANCIAL HIGHLIGHTS OF TEN YEARS PERFORMANCE

₹ lacs

S.No.	Description	Year ended 31 st March									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Profit and Loss Account											
1.	Sales (excluding Excise duty)	14419	14319	12023	12792	16908	22885	26005	26802	26153	32653
2.	Other income	543	532	732	872	620	624	803	890	846	690
3.	Total Income (1+2)	14962	14851	12755	13664	17528	23509	26808	27692	26999	33343
4.	Gross Profit before interest, depreciation and tax	2885	2550	2141	1793	2952	3767	4525	4146	3183	3978
5.	Depreciation	428	364	326	284	357	415	528	613	562	775
6.	Profit before interest & tax	2457	2186	1815	1509	2595	3352	3997	3533	2621	3203
7.	Interest	11	18	11	17	18	17	21	18	12	16
8.	Profit before tax	2446	2168	1804	1492	2577	3335	3976	3515	2609	3187
9.	Profit after tax	2025	1845	1502	1175	1992	2543	3130	2837	1966	2266
Balance Sheet											
10.	Net Fixed Assets (including revaluation reserves)	2291	2144	1867	1798	2633	2832	3710	3935	3970	4236
11.	Investments	7749	8546	9962	7272	9999	8857	9344	10968	11913	14178
12.	Net Current Assets	1994	2469	1951	5221	2943	5477	6059	5859	5654	4160
13.	Total (10+11+12)	12034	13159	13780	14291	15575	17166	19113	20762	21537	22574
14.	Share capital	808	808	808	808	808	808	1131	1131	1131	1131
15.	Reserves & Surplus	10843	11995	12818	13425	14709	16358	17982	19631	20406	21443
16.	Net Worth (14+15) (including revaluation reserves)	11651	12803	13626	14233	15517	17166	19113	20762	21537	22574
17.	Loan funds	383	356	154	58	58	-	-	-	-	-
18.	Total	12034	13159	13780	14291	15575	17166	19113	20762	21537	22574
19.	Return on Net Worth (%) (excluding revaluation reserves)	18	15	11	8	13	15	17	14	9	10
20.	Return on Capital Employed (%) (excluding revaluation reserves)	21	17	14	11	17	20	21	17	12	14
21.	Earning per share (₹)	25	23	19	15	25	22	28	25	17	20
22.	Dividend per share (₹)	7.5	7.5	7.0	6.0	7.5	9.5	9	9	9	9
23.	Book value per share (₹) (excluding revaluation reserves)	139	153	164	171	187	208	165	180	187	196
24.	Fixed Assets Turnover (No. of times)	6	7	6	7	6	8	7	7	7	8
25.	Working Capital Turnover (No. of times)	7	6	6	2	6	4	4	5	5	8
26.	Gross profit as % of total income	19	17	17	13	17	16	17	15	12	12
27.	Net profit as % of total income	14	12	12	9	11	11	12	10	7	7
28.	No. of Shareholders	4576	4760	4828	4827	6052	5806	6289	6295	6427	7247

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



Directors' Report to the Shareholders

Your Directors have pleasure in presenting the Thirtieth Annual Report and Audited Accounts for the year ended 31st March 2015.

1. FINANCIAL HIGHLIGHTS

	₹ Lacs	
	Year ended 31 st March '15	Year ended 31 st March '14
Sales (Net of excise duty)	32653	26153
Profit before depreciation, exceptional items and taxes	3962	3172
Less:		
Depreciation	775	562
Profit before tax & exceptional items	3187	2610
Exceptional items	-	-
Profit before tax	3187	2610
Taxation	921	644
Profit after tax	2266	1966
Profit brought forward from previous year (*)	1199	1181
Dividends	1018	1018
Dividend distribution tax	204	173
Transfer to general reserve & share capital	900	750
Retained in profit and loss account	1343	1206

(*) Consequent to the adoption of the revised estimates of useful life of fixed assets as stipulated in Sch. II of the Companies Act, 2013, with effect from 1st April 2014, an amount of ₹ 6.86 lacs arising out of realignment with useful life as prescribed has been debited to the opening balance of retaining earnings.

2. FINANCIAL AND OPERATIONAL PERFORMANCE

Your Company's sales has gone up as compared to the previous year by 24.9% in value terms. Profit before tax and exceptional items has increased by around 22.1% over the previous year because of increased level of sales and

cost reduction initiatives undertaken. Your company also increased production capacity in Rewari to meet the higher demand from the customers.

3. MANAGEMENT DISCUSSION AND ANALYSIS

a. Overall economic view:

The Indian economy continued to battle with many challenges such as muted demand from industry, higher inflation during the first half of the year and contracted consumption from consumers. Interest rates had softened from third quarter and oil prices moved downward throughout the year. Manufacturing and industrial activities remained sluggish mainly due to depressed rural demand on account of monsoon failure last year and apprehensions of monsoon normalcy during the current year.

b. Industry structure and developments:

While the industry enjoyed robust growth early in the year, a significant slowdown has been noticed since the last quarter of the financial year under consideration, especially given the soft economic environment and weak rural economy. The two wheeler industry recorded an overall growth of around 10%; led by a 28% growth in scooter segment followed by motorcycle with around 4% growth. Three wheeler and Moped had registered growth of 14% and 3% respectively against the negative growth witnessed last year. Overall automotive industry also witnessed tapered demand towards the later part of the last quarter.

c. Performance Review:

Your company had a growth of around 85% in scooter segment mainly due to higher share of business from the various customers. Improvement in share of business from key customers coupled with a faster growth than the industry by two of them also helped

INDIA NIPPON ELECTRICALS LIMITED

the company to register substantial overall growth compared to previous year. The direct sales to aftermarket also recorded a growth of around 50%. Your Company had recorded 29% growth in Motorcycle segment mainly due to higher share of business with the customers; far exceeding the overall motorcycle segment growth. Excise duty reduction and reduction in oil prices helped the company to perform better. Exports registered a sale of ₹ 12.09 crores against the previous year's sale of ₹ 10.91 crores.

d. Business Outlook:

The long term prospects for Indian economy are expected to be positive due to demographic dividend which will continue to drive demand across industries. Manufacturing industry will have sustained growth in the medium term. In the short term, growth in automotive industry appears to be moderate due to increasing trend in oil prices and depreciation of rupee, as also subdued rural growth as already mentioned. However, it is expected to be compensated by downward trend in interest rates, inflation and good governance. Indian Government is in advanced stages of preparing for GST implementation which is expected to result in reduction in manufacturing cost of components. The company stands to gain from the improving economic environment and investing in technologies and delivering higher value to customers by enabling them to stay ahead of global competition.

Your company has been awarded new businesses by a major two wheeler manufacturer in India and has also been shortlisted as potential source for the entire ignition system of its proposed low cost motorcycle by another leading customer. The company has been identified for

development of ECU for the EFI system jointly with its Italian technical partner, by one of the two wheeler manufacturers for their popular model of motorcycle as well as by another US based engine manufacturer. The company has further identified its electronic range of products as a potential growth segment and offered innovative value propositions to customers which are expected to fetch more businesses. On the cost front, your company is taking aggressive cost reduction and productivity improvement initiatives to make its products more competitive.

Your company has developed excellent business relationship with the US based customer because of sterling performance on quality and delivery. On account of this, new businesses have been awarded by the customer which are expected to help the growth of export business in a significant way.

An assembly plant located in MIDC, Kolhapur in the State of Maharashtra is in the final stages of commissioning, primarily to service the requirements of customers based in Maharashtra.

e. Human Resources and Industrial Relations:

The long term wage settlement has fallen due for revision at Hosur and Puducherry units. The long term wages settlement at the Rewari plant is also due from April 2015. The Unions at all three locations have given their charters of demand and negotiations are in advanced stages. The industrial relations in all the units of the company continue to be harmonious.

The total number of people employed in the company as on 31st March 2015 was 508.

f. Risks and Concerns:

The excess unseasonal rainfall witnessed recently has affected the agricultural production in most parts of India. This



may leave the consumers, especially in rural markets, with less savings resulting in contraction of demand and high inflation in food prices. The effects of this has already started becoming evident with distinct slow down in the demand of two wheelers in rural market. Economic outlook indicates that rupee depreciation will continue and correspondingly high oil prices, which may affect the automotive industry. While on one hand the input costs are going up, the intensifying competition for the range of products manufactured by the company on the other hand creates pressure on customer pricing. These pose challenges to maintain the profitability, as customers may not fully offset the cost escalations.

Your Company is focussing on development of newer range of products which offer customers good value propositions, improving productivity and cost reduction in every possible area of operation to protect the bottom line.

g. Risk Management Policy:

Your Company takes cognizance of each business risk and has a risk management plan and policy in line with the overall objectives of the Company. The Company tracks the ever changing business risks and evaluates their impact on business results. Mitigation plan and counter measures are prepared and monitored to keep the impact minimal. Your Company had also formulated Risk Management Policy to identify and address the various risks.

h. Internal Control System and their adequacy:

Your Company views internal audit as a continuous process to keep the management regularly appraised on the existence, adequacy and effectiveness of the internal control systems/processes in the Company.

Based on the annual review and feedback received from the units and statutory auditors, audit plan is prepared and updated every year and approved by the Audit Committee. Internal auditors independently verify and test the adequacy and operating effectiveness of internal control systems and this provides assurance to the Audit Committee of continued compliance. The internal audit reports are also shared with statutory auditors.

Your Company has started implementing ERP to improve internal control systems and accuracy of information on costs in real time which will help to analyse and exercise better control. The ERP is expected to 'go live' in the early part of next year.

i. Internal financial control:

The Company has established internal financial framework including internal controls over financial reporting and anti-fraud framework. The framework is reviewed regularly by the management and strengthened from time to time to ensure adequacy and effectiveness of internal financial controls.

j. Corporate Social Responsibility

Your Company has constituted the Corporate Social Responsibility Committee (CSR Committee) and laid down the CSR policy which is available on the Company's website. Your Company has fully spent the amount it is required to spend on activities listed in Schedule VII of the Companies Act, 2013.

The annual report on CSR activities is annexed to this report as 'Annexure -5 '

k. 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

INDIA NIPPON ELECTRICALS LIMITED

securities laws 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 AND ASSOCIATE COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Subsidiary Company

The subsidiary of your company, PT Automotive Systems Indonesia is exploring various business opportunities in that country as it also has a large two wheeler population and an appropriate decision will be taken within the time granted by the Governmental authorities of Indonesia. The Government authorities of Indonesia have given time till March 2017 for the decision to be reached. The details relating to the subsidiary have been provided in the prescribed form as part of the accounts.

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.

4.2 Associate Company

M/s Synergy Shakthi Renewable Energy Limited (SSREL), in which your Company has made a strategic investment, reported a profit of ₹ 70.52 lacs for its financial year ended 31st March 2015 which has been recognised appropriately in the consolidated

accounts. During the year under review, their plant generated 41.31 million units of power that represented 53% PLF as against previous year's 72%. The drop is due to temporary suspension of third party sales by the state utility during the second quarter of the year on account of partial withdrawal of power cuts. SSREL also augmented its revenue by trading in Renewable Energy Certificates (RECs) where the market underperformed due to ineffective enforcement of Renewable Purchase Obligations (RPOs) by the regulatory authorities. Based on the renewable energy sector's representations to the Government and other regulatory agencies, it is hoped that appropriate measures will be in place to provide a fillip to the REC market with an effective enforcement of RPOs in the near future.

Financial position of the subsidiary and the associate company are provided in AOC-1 as required under Section 129 (3) of the Companies Act 2013 as part of the financial statements.

4.3 Consolidated Financial Statements

The Consolidated Financial Statements of the Company prepared in accordance with the provisions of Section 129 (3) of the Companies Act 2013 and relevant Accounting Standards issued by the Institute of Chartered Accountants of India form part of the Annual Report.

5 DIVIDEND

Your Company had paid an interim dividend of ₹ 4.50 per share in the month of Feb'15. A final dividend of ₹ 4.50 per share has been recommended by the Board of Directors for approval of the shareholders. If approved, the total dividend for the year will be ₹ 9 per



share absorbing a sum of ₹ 1017.97 lacs besides an additional outgo on dividend distribution tax of ₹ 203.56 lacs.

6 PUBLIC DEPOSITS

Your Company has not accepted any deposits falling within the ambit of Section 73 of the Companies Act, 2013 read with Companies [Acceptance of Deposits] Rules 2014.

7 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO AND EARNINGS

Please refer to Annexure-1 to the Directors' Report to the Shareholders.

8 PARTICULARS OF EMPLOYEES

The information required under Section 197 (12) of the Companies Act, 2013 and the rules made thereunder, as amended, has been given in Annexure 2 appended hereto and forms part of this report.

The Comparative Analysis of the remuneration paid to Directors and Key Managerial Personnel with the Company's performance is given in Annexure 3.

9 ANNUAL RETURN

Extract of Annual Return is given as Annexure 4 to this report.

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 as Annexure 6.

The certificates required from Managing Director / CFO, are also attached to this report.

11. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 (5) of the Companies Act, 2013, the Board of Directors hereby confirm:-

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

INDIA NIPPON ELECTRICALS LIMITED

12. DIRECTORS

Mr. T K Balaji, who opted to retire by rotation in the Board meeting held on 23rd May 2014 and Mr. K Seshadri, will be retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

At the Annual General Meeting held on 27th August 2014 the members had appointed the existing Independent Directors M/S K G Raghavan, V Balaraman, G Chidambar, R Vijayaraghavan and Ms. Jayshree Suresh as Independent Directors under the Act, each for a term of five years with effect from that date.

All Independent Directors, on appointment, were issued letter of appointment setting out the terms of appointment, duties, remuneration etc which was acknowledged by them.

12.1 Declaration by Independent Directors as required u/s 149:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013 and Clause 49 of the listing agreement.

12.2 Terms of appointment of Independent Directors of India Nippon Electricals Limited

The terms of appointment is available on the website of the company viz., www.indianippon.com.

12.3 Number of meeting of the Board

Six meetings of the Board were held during the year. For details of the meetings of the Board, please refer to the corporate governance report, which forms part of this report.

12.4 Board Evaluation

The Nomination & Remuneration Committee (N&RC) of the company approved an evaluation policy which provides for evaluation of the Board, the Committees of the Board and individual directors.

Pursuant to Sch IV of the Companies Act 2013, the independent directors of the company convened on 23rd March 2015 an exclusive meeting without the attendance of non-independent Directors and members of management to review.

- (i) the performance of non-independent Directors and the Board as a whole;
- (ii) the performance of the Chairman of the Company; and
- (iii) Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

On the same day, the performance evaluation of the independent directors was also done by the entire Board excluding the directors being evaluated.

13. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	31 st March 2015	31 st March 2014	% change
Market capitalisation (in ₹ crores)	476.18	226.21	110.50
Price Earnings Ratio	21.10	11.51	83.32



14. AUDITORS

(i) Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013 and Rules made thereunder, M/s Brahmayya & Co., Chartered Accountants, were appointed for a period of three years from the conclusion of the 29th Annual General Meeting held on 27th August 2014 until the conclusion of the 32nd Annual General Meeting. Their continuation in the appointment is placed for ratification in the ensuing Annual General Meeting as required under the Act.

(ii) Cost Auditor

The Board of Directors on the recommendation of the Audit Committee has appointed Mr. K Suryanarayanan as Cost Auditor for the financial year 2015-16 and fixed his remuneration, as cost audit is applicable for the products manufactured by the company vide notification dated 31st December 2014 issued by the Ministry of Corporate Affairs, Govt. of India. The ratification of his remuneration is included as an item in the Notice of the Annual General Meeting as required under Section 148 (3) of the Companies Act 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules 2014.

(iii) Secretarial Auditor & the Secretarial Audit Report

Ms. B Chandra, Practicing Company Secretary was appointed as Secretarial

Auditor by the Board of Directors for the financial year 2014-15 whose report is attached separately to this report (Annexure 7).

(iv) Qualification/reservation/adverse remark in Audit Report

There were no qualification / reservation / adverse remark in the auditor's report or in the secretarial audit report.

15. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions with related parties are in the ordinary course of business and on arm's length basis and there are no 'material' contracts or arrangements or transactions at arm's length basis and thus disclosure in form AOC – 2 is not required.

15.1 Policy on Related Party Transactions of the Company

The Company has a policy on Related Party Transactions and the same is displayed on the Company's website viz., www.indianippon.com.

16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/S 186:

The Company has not given any loans or guarantee as specified under Section 186 of the Companies Act 2013.

The investments made by the Company during the period 2014-15 are depicted below. The same is well within the prescribed limits under provisions of Section 186 of the Act.

INDIA NIPPON ELECTRICALS LIMITED

S.no	Loans, Guarantees & Investments made in	Amount (In ₹ Lacs)	60% of Paid up capital and Free Reserves	100% of Free Reserves	Remarks
1	Investment in equity instruments	4632.06			
2	Investments in bonds	2162.55			
3	Investments in venture capital funds	627.58			
4	Investments in mutual funds	6755.31			
	Total	14177.50	12652.31	19956.12	

17. EMPLOYEE STOCK OPTION:

There is no scheme of employees' stock option in your Company.

18. Policy on Directors' Appointment and Remuneration including criteria for determining qualifications, Positive Attributes, Independence of Directors, Key Managerial Personnel and Other Employees

The Board shall have minimum 3 and maximum 12 Directors.

The Nomination and Remuneration Committee of your Company has laid down criteria and qualification for appointment of Directors and Key Managerial Personnel. The person for such appointment should possess adequate qualification, expertise, experience and integrity.

The Managing Director of the Company is entitled to monthly remuneration and commission based on the profit computed in the manner prescribed under the Companies Act, 2013 and subject to the overall ceiling specified in Section 198 of the Act. All other Directors are entitled to sitting fees for attending the meetings of

the Board of Directors and its Committees and also to commission based on the profit subject to the ceiling as specified in Section 198 of the Companies Act, 2013.

Some of the additional reports as required under the Companies Act 2013 and forming part of the Directors Report are attached to this report.

19. ACKNOWLEDGEMENTS

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

Bengaluru
25th May 2015

T K BALAJI
Chairman



Annexure 1 to Directors' Report to the Shareholders

Information as required under Section 134 of the Companies Act, 2013:

1. CONSERVATION OF ENERGY

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 0.90 EU by implementing various activities like

1. Modified the two tier cooling conveyor system into single tier system in two Rotor lines
2. Converted one Hydraulic operated Broaching system to Electrical VFD controlled system
3. Eliminated one OD dust collection system by redesigning the stator assembly layout.
4. Stopped usage of higher capacity Air compressor on holidays and used mini Air compressor.

b) Future plans for energy conservation:

The company is aiming at greater energy conservation by practicing energy conservation measures like providing VFD Drives to 100T Hydraulic presses, installing a roof top solar PV system & installing a solar thermal system for canteen boiler & Rotor washing machines.

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- i. A unique Fuel Injection System with minimal changes to carburetor system was

demonstrated to an overseas customer and we are pursuing introduction.

Product developed for an adjacent market has gone well with one of the customers and are progressing further development.

We were working on a step improvement in efficiency of the generating system. There was a delay in this development and we hope to catch up this year.

ii. Expenditure on R&D:

	₹ lacs
Capital	27.63
Revenue	346.11
Total	373.74
% on net turnover 1.1%	

3. FOREIGN EXCHANGE OUTGO AND EARNINGS:

Export Activities

Exports during the year ended 31st March 2015 amounted to ₹ 12.09 crores as against ₹ 10.91 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 ₹ 3268 lacs and ₹ 1213 lacs respectively.

For and on behalf of the Board of Directors

Place : Bengaluru

Date : 25th May 2015

T K BALAJI
Chairman

INDIA NIPPON ELECTRICALS LIMITED

Annexure 2 to Directors' Report

Particulars of employees as per section 197 (12) of the Companies Act, 2013.

Name (Mr.)	Age Yrs.	Designation	Date of employment	Remuneration (Gross) ₹ lacs	Qualification	Experience (Yrs)	Previous employment
Employed throughout the year							
Arvind Balaji	40	Managing Director	27 th Aug 2014	70.24*	B.E. (Mech), M.S. and MBA (Finance)	15	Joint Managing Director - M/s. Lucas - TVS Ltd., since 18th April 2008

(*) Includes remuneration drawn in his capacity as whole-time Director prior to 27th August, 2014.

Notes:

1. Years of experience also include experience prior to joining the company.
2. Remuneration comprises salary, contribution to provident fund, superannuation fund and commission
3. He is entitled to gratuity as per rules.
4. He is related to Mr T K Balaji, Chairman of the company
5. Nature of employment is contractual.
6. He is not holding either individually or together with spouse and dependent children, more than 2% of the equity shares of the company

For and on behalf of the Board of Directors

Bengaluru
25th May 2015

T K BALAJI
Chairman



Annexure 3

A. Remuneration to Managing Director:

Sl. No.	Particulars	Name of MD: Shri Arvind Balaji Amount in ₹ Lacs
1.	Gross Salary	40.24
2.	Commission	30.00
3.	Total	70.24
4.	Percentage increase in remuneration	25.09%
5.	Percentage increase in median remuneration of employees	7.63%
6.	Percentage increase in PAT	15.25%
7.	Ratio of the remuneration to the median remuneration	1:16

B. Remuneration of Key Managerial Personnel

Sl. No.	Particulars	Name & Designation: Shri S Sampath – Chief Financial Officer & Company Secretary
		₹ Lacs
1.	Gross Salary	25.80
2.	Commission	0.00
3.	Total	25.80
4.	Percentage increase in remuneration	7.87%
5.	Percentage increase in median remuneration of employees	7.63%
6.	Percentage increase in PAT	15.25%

C. The total number of people employed in the company as on 31st March 2015 was 508.

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

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

I. REGISTRATION AND OTHER DETAILS:

CIN	L31901TN1984PLC011021
Registration Date	12 th July 1984
Name of the Company	India Nippon Electricals Ltd
Category / Sub-Category of the Company	Manufacturing
Address of the Registered office and contact details	Aalim Centre, 2 nd Floor No.82, Dr Radhakrishnan Salai Mylapore, Chennai-600004 Tel : 28110063/74. Fax:28115624 e.mail: inelcorp@inel.co.in
Whether listed company Yes / No	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Sundaram Clayton Ltd Jayalakshmi Estates 29 Haddows Road, Chennai-600006. Tel: 28272233 / 28284959 Fax:28257121 e.mail:kr.raman@scl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Manufacture of electronic Ignition Systems for two-wheelers, three wheelers and portable engines.	85.11	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	PT Automotive Systems Indonesia	-	Subsidiary company	99.97	2(87)
2.	Synergy Shakthi Renewable Energy Ltd	U65993TN1995PLC030884	Associate Company	40%	2(6)



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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	5188666	-	5188666	45.87	5188666	-	5188666	45.87	-
e) Banks / FI									
f) Any Other....									
Sub-total (A) (1):-	5188666		5188666	45.87	5188666	-	5188666	45.87	-
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.	2320500	-	2320500	20.52	2320500	-	2320500	20.52	-
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):-	2320500	-	2320500	20.52	2320500	-	2320500	20.52	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	7509166	-	7509166	66.39	7509166	-	7509166	66.39	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI	35000	-		0.31	35215	-	35215	0.31	-
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs					9000	-	9000	0.08	0.08
h) Foreign Venture									
Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	35000	-		0.31	44215	-	44215	0.39	0.08

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2. Non-Institutions									
a) Bodies Corp.	689642	1934		6.12	637217	1934	639151	5.65	0.47
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	441088	-	441088	3.90	495009	-	495009	4.38	0.48
ii) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2151039	401848	2552887	22.57	2188605	381155	2569760	22.72	0.15
c) Others (specify)									
(C-i) Clearing member									
(C-ii) Trust									
(C-iii) Foreign Nationals									
(C-iv) HUF									
(C-v) Non-Resident Indians	76045	4950	80995	0.71	48461	4950	53411	0.47	0.24
Sub-total (B)(2):-	3357814	408732	3766546	33.30	3369292	388039	3757331	33.22	0.08
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3392814	408732	3801546	33.61	3413507	388039	3801546	33.61	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	10901980	408732	11310712	100	10922673	388039	11310712	-	-

(ii) Shareholding of Promoters

S. No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1	Lucas Indian Service Ltd	5188666	45.87	-	5188666	45.87	-	-
2	Kokusen Denki Co Ltd	2320500	20.52	-	2320500	20.52	-	-



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

Sl. No.		Shareholding at the beginning of the year		Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g allotment / transfer / bonus/ sweat equity etc):	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1.	At the beginning of the year	7509166	66.39	No change during the year	7509166	66.39
2.	At the end of the year	7509166	66.39	No change during the year	7509166	66.39

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

S no	Name of shareholders	Shareholding at the beginning of the year		Date wise Increase / (Decrease)			Cumulative shareholding during the year	Share holding at the end of the year	%
		No. of shares	% of total shares of the company	Date	No. of shares	Reason			
1	Prescient Securities P Ltd	-	-	09.05.14 07.11.14 14.11.14 21.11.14	2,00,000 (24,800) (26,213) (1915)	Purchase Sold Sold Sold	2,00,000 1,75,200 1,48,987 1,47,072	1,47,072	0.63 1.55 1.32 1.30
2	Harita Sheela P Ltd	1,16,130	1.03	-	-	-		1,16,130	1.03
3	Ketu R Mehta	1,05,000	0.93	-	-	-		1,05,000	0.93
4	Ramesh P Mehta	1,05,000	0.93	-	-	-		1,05,000	0.93
5	Harita Balaji P Ltd	82,391	0.73	-	-	-		82,391	0.73
6	Mayank R Mehta	70,000	0.62	-	-	-		70,000	0.62
7	The Venkatesh Co Ltd	55,245	0.49	-	-	-		55,245	0.49
8	NBI Industrial Finance Co Ltd	50,372	0.45	-	-	-		50,372	0.45
9	Yodhav Sachdev	-	-	07.11.14 05.12.14 19.12.14	22,000 9,219 4,781	Purchase Purchase Purchase	22000 31219 36000	36000	0.19 0.28 0.32
10	General Insurance Corporation of India	35,000	0.31	-	-	-		35,000	0.31

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(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc);	Cumulative Shareholding during the year	
	DIRECTORS	No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1	T K BALAJI	-	-	No change during the year	-	-
2	ARVIND BALAJI	-	-	No change during the year	-	-
3	M NAMATAME	-	-	No change during the year	-	-
4	T MOMOSE	-	-	No change during the year	-	-
5	K SESHADRI	1874	0.02	No change during the year	1874	0.02
6	KG RAGHAVAN	-	-	No change during the year	-	-
7	V BALARAMAN	-	-	No change during the year	-	-
8	G CHIDAMBAR	-	-	No change during the year	-	-
9	R VIJAYARAGHAVAN	-	-	No change during the year	-	-
10	JAYSHREE SURESH	-	-	No change during the year	-	-
	Key Managerial Personnel					
1	S SAMPATH, CFO & CS	-	-	No change during the year	-	-

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i. Principal Amount				
ii. Interest due but not paid	-	-		
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	--	-	-	-
Change in Indebtedness during the financial year	-	-		
• Addition				
• Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i. Principal Amount	-	-	-	-
ii. Interest due but not paid				
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S.no.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount ₹ lacs
1.	Gross Salary a. salary as per provisions contained in Section 17 (1) of the Income-tax Act	Mr Arvind Balaji	40.24
	b. Value of perquisites u/s 17 (2) of the Income-tax Act 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - As % of profit - Others, specify		30.00 0.95% -
5.	Others, please specify		-
	Total		70.24
	Ceiling as per the Act		158.65

B. Remuneration to other Directors:

S no	Particulars	Mr. T K Balaji	Mr. K Seshadri	Mr. K G Raghavan	Mr. V Balaraman	Mr. G Chidambaram	Mr. R Vijayaraghavan	Ms. Jayshree Suresh	Total
		₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs
1.	Sitting Fees	1.38	1.47	0.42	1.50	1.86	1.23	0.87	8.73
2.	Commission	3.00	3.00	5.00	5.00	5.00	5.00	5.00	31.00
3.	Total Remuneration	4.38	4.47	5.42	6.50	6.86	6.23	5.87	39.73
4.	Percentage increase in remuneration (excluding sitting fees)	-14%	-14%	11%	-	-	-	First year	27%
5.	Percentage increase in median remuneration of employees	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%
6.	Percentage increase in PAT	15.25%	15.25%	15.25%	15.25%	15.25%	15.25%	15.25%	15.25%
7.	Overall ceiling as per the Act.								31.73*

* Ceiling excludes sitting fees.

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The explanation on the relationship between average increase in remuneration and company performance: The company's PAT has grown from ₹ 1965.77 lacs to ₹ 2265.58 lacs i.e. 15.25%. The total remuneration to other Directors is more than previous year by 27% due to addition of new Director eligible to draw commission. If we eliminate that there is no increase in aggregate remuneration to other Directors.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD.

S. No.	Particulars of Remuneration	Key Managerial Personnel Mr. S. Sampath, CFO & CS
		Total Amount ₹ lacs
1.	Gross Salary	25.80
	a. salary as per provisions contained in Section 17 (1) of the Income-tax Act	
	b. Value of perquisites u/s 17 (2) of the Income-tax Act 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- As % of profit	-
	- Others, specify	
5.	Others, please specify	-
	Total	25.80

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NIL



Annexure 5

The report on CSR activities as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014

1)	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken: India Nippon Electricals Limited stands committed to the social and economic development of the communities in which it operates. The company's commitment towards this includes contributing to Institutions which are engaged in activities aligned to the activities forming part of its CSR policies.						
2)	Web-link to the CSR policy and projects or programmes: http://www.indianippon.com/CSRPolicy.htm						
3)	The composition of the CSR Committee i) Mr G Chidambar, Independent Director - Chairman ii) Mr Arvind Balaji, Managing Director – Member iii) Dr (Mrs) Jayshree Suresh, Independent Director – Member						
4)	Average net profit of the company for last three financial years: ₹ 3260.19 lacs						
5)	Prescribed CSR expenditure (two percent of the amount as in item 3 above): ₹ 65.20 lacs						
6)	Details of CSR spent during the financial year						
	(a)	Total amount to be spent for the financial year: ₹ 65.20					
	(b)	Amount unspent, if any : NIL					
	(c)	Manner in which the amount spent during the financial year is detailed below:					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S no.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) local area or other (2) specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) direct expenditure on projects or programs. (2) overheads	Cumulative expenditure up to the reporting period	Amount spent: direct or through implementing agency

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1.	Item (ii) of Sch VII	Promoting education	Tamil Nadu, Tiruvarur Dist., Manjakudi village (a small village in Tiruvarur Dist, one of the most backward districts of TN)	₹ 66 lacs	(1) ₹ 66 Lacs (2) NIL	₹ 66 lacs	Spent through Swami Dayananda Educational Trust (SDET). The Trust provides quality education to the economically backward sections in this area through Arts and Science College and three schools.
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- 7) In case the company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
N.A.
- 8) The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.

Arvind Balaji
Managing Director

G Chidambar
Chairman, CSR Committee



Annexure 6 to Directors Report

Auditor's 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 2015 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

Bengaluru
25th May 2015

P S KUMAR
Partner
Membership No. 15590

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. INDIA NIPPON ELECTRICALS LIMITED, CIN L31901TN1984PLC011021 ("the company"). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my/our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. The other laws as may be applicable specifically to the company are:- Based on the compliance reports made available to the undersigned and the compliance reports by the functional heads of the Company including in the factories, the Top Management/Board of Directors of the Company, I/we report that the Company has substantially complied with the provisions of those Acts that are applicable to factories manufacturing auto components such as Motor Vehicles Act 1988, Explosives Act 1884, The Motor Transport Workers Act 1961, The Petroleum Act, Environmental Protection Act 1986, laws related to maintenance of including Factories Act, Laws related to Human resources including Employees Provident Fund Act, Employees State Insurance Act and Tax laws.

I/we have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standard on Meetings of the Board of Directors (SS- 1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI).
- ii. The Listing Agreements entered into by the Company with the Stock Exchange(s) namely Bombay Stock Exchange (BSE) & National Stock Exchange (NSE).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Listing Agreement with Stock Exchanges, Guidelines, Standards, etc. mentioned above subject to the following observations:

I/we further report that

- 1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- 2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- 3. I/we further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Chennai
Date : 25th May 2015

Name of Company Secretary in practice : B. Chandra
ACS No. : 20879
CP No. : 7859

INDIA NIPPON ELECTRICALS LIMITED

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

The Shareholders of the Company

25th May 2015

On the basis of the written representations received from members of the Board and Senior Management Personnel as at 31st March 2015, 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.

Aravind Balaji
Managing Director

S Sampath
Chief Financial Officer



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 Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the company. The Board has been vested with requisite powers and authorities and duties towards this end.

The Chairman of the Company is a non Whole-time Director. However, since he is a nominee of the promoter, in terms of Clause 49 of the Listing Agreement, the Board is required to have fifty percent of its directors as independent directors. The Company has 10 Directors including 2 foreign Directors (Japanese nationals) and a Managing Director. The Board has five independent directors one of whom is a Woman 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.

Mr T K Balaji, Chairman of the Company is related to Mr Arvind Balaji, Managing Director. Other directors are not related to each other.

3. Familiarisation program

The company regularly communicates with all Independent Directors to provide

detailed understanding of the activities of the company including specific projects either at the meeting of the Board of Directors or otherwise. The induction process is designed to build an understanding of the company's business and the markets to equip the Directors to perform their role on the Board effectively. Independent Directors are also taken through various business situations, nature of the industry, business model etc by way of presentations and discussions.

The details of directors induction and familiarisation are available on the company's website at www.indianippon.com.

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

4.1 Board meeting attendance

The Board met 6 times between 1st April 2014 and 31st March 2015 as given below.

Date of Meeting	Directors Present
23.05.2014	7
06.08.2014	4
27.08.2014	9
30.10.2014	8
09.02.2015	7
23.03.2015	8

The company informs the Directors through the notice of the meeting regarding the options available to them to participate through video conferencing mode in the meetings except in respect of matters not to be dealt with through video conferencing.

4.2 Last AGM: The last AGM was held on 27th August 2014. Nine Directors attended the AGM.

INDIA NIPPON ELECTRICALS LIMITED

4.3 The composition of Board of Directors, their directorship in other Companies and membership in Committees (Audit Committees, Stakeholders Relationship Committees) and the details of their attendance at the Board Meetings of India Nippon Electricals Ltd and the Annual General Meeting are given below:

Name Mr./ Mrs.	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	13	3	Nil
Arvind Balaji	Managing Director	6	Yes	13	Nil	Nil
T Momose	Non Executive Director	1	Yes	Nil	Nil	Nil
M Namatame	Non Executive Director	1	Yes	1	Nil	Nil
K Seshadri	Non Executive Director	5	Yes	7	2	2
V Balaraman	Non Executive Independent Director	6	Yes	8	7	3
K G Raghavan	Non Executive Independent Director	2	No	1	Nil	Nil
G Chidambar	Non Executive Independent Director	6	Yes	3	0	2
R Vijayaraghavan	Non Executive Independent Director	5	Yes	8	3	5
Jayshree Suresh	Non Executive Independent Woman Director	5	Yes	0	0	0

(*) includes private companies;

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

The number of directorships and Committee memberships of all directors, including independent directors, are within the limits specified in the Act, as per the declarations received from them.

5. 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 177 of the Companies Act, 2013.

During the year the Audit Committee met 4 times on 23rd May 2014, 6th Aug 2014, 30th Oct 2014 and 9th Feb 2015.

Date of meeting	No. of Directors present
23 rd May 2014	4
6 th Aug 2014	2
30 th Oct 2014	5
9 th Feb 2015	4

The composition of Audit Committee of the Board and the details of attendance in the meetings are given below (01.04.2014 to 31.03.2015):



Sl. No.	Name of the Director (M/s)	Status	No. of meetings attended
1.	K G Raghavan, Chairman	Non-Executive Independent Director	1
2.	V Balaraman, Member	Non-Executive Independent Director	4
3.	G Chidambar, Member	Non-Executive Independent Director	4
4.	R Vijayaraghavan, Member	Non-Executive Independent Director	3
5.	K Seshadri, Member	Non-Executive Director	3

The Company Secretary is the Secretary to the Audit Committee.

6. Stakeholders Relationship Committee:

The Stakeholders Relationship Committee has 3 Directors as members as detailed below. The Committee met 3 times on 1st July 2014, 1st Oct' 2014 and 1st Jan' 2015 during the year 2014-2015.

Sl. No	Name of the Member (M/s)	Status	Directors present
1.	T K Balaji, Chairman	Non-Executive Director	3
2.	K Seshadri, Member	Non-Executive Director	2
3.	G Chidambar, Member	Non-Executive Independent Director	3

The Company Secretary is the Secretary to the Stakeholders Relationship Committee.

The functions of the Stakeholders Relationship 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, Chief Executive Officer or Mr S Sampath, Compliance Officer of the Company to approve periodically the following and the

Stakeholders Relationship Committee ratifies the transactions at appropriate intervals:

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

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

During the financial year 2014-2015, the company received a complaint from a shareholder (non receipt of 2nd interim dividend for 2013-14) and this was redressed to the satisfaction of the concerned investor.

7. Corporate Social Responsibility Committee

The Board of Directors during the year 2014-15 constituted the Corporate Social Responsibility Committee (CSR Committee) with the following directors as its members.

Mr G Chidambar, Chairman
Mr Arvind Balaji, Member
Dr (Mrs.) Jayshree Suresh, Member

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The first meeting of the CSR Committee was held on 18th March 2015 which was attended by all the members. The CSR policy of the company has been approved by the Board of Directors and the policy is available on the website of the company viz., www.indianippon.com.

8. Nomination & Remuneration Committee

During the year 2014-15, the Board of Directors at their meeting held on 6th August 2014 constituted Nomination & Remuneration Committee (N&RC) comprising 3 directors with the Chairman of the N&RC being Mr V Balaraman, an independent director. The Committee of directors met 3 times as detailed below:

Sl. No	Name of the Member (M/s)	Status	No. of meetings attended	Date of meeting
1.	V Balaraman, Chairman	Non-Executive Independent Director	3	27 th Aug 2014, 30 th Oct 2014, 23 rd Mar 2015
2.	T K Balaji, Member	Non-Executive Director	3	27 th Aug 2014, 30 th Oct 2014, 23 rd Mar 2015
3.	R Vijayaraghavan, Member	Non-Executive Independent Director	3	27 th Aug 2014, 30 th Oct 2014, 23 rd Mar 2015

During the year, in accordance with the requirements of Section 178 of the Act and Clause 49 of the Listing Agreement, the Committee formulated a Nomination & Remuneration Policy to govern the terms of nominations/ appointment and remuneration of (i) Directors; (ii) Key Managerial Personnel; (iii) Sr. Management Personnel of the company. The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is aligned with the existing industry practice.

The N&RC Policy of the company has been approved by the Board of Directors at their meeting held on 30th Oct 2014.

Managing Director

- Mr Arvind Balaji was appointed as the Whole-time Director for a period of 5 years w.e.f. 1st April 2013 subject to renewal for further periods of five years at a time. The Board of Directors at their meeting held on 27th Aug 2014 re-designated Mr Arvind Balaji, as Managing Director pursuant to the
- provisions of the Companies Act 2013 read with schedule V to the Companies Act 2013, with effect from 1st April 2013.

Remuneration to Managing Director

The Board on the recommendation of the N&RC shall review and approve the remuneration payable to the Managing Director within the overall limits approved by the shareholders.

The remuneration structure to the MD shall include the following components:

- Basic Pay
- Perquisites and Allowances
- Commission (applicable to MD)
- Retirement benefits
- Annual performance bonus (applicable to KMP only)
- As per the terms of appointment, the Board of Directors at their meeting held on 25th May 2015 approved payment of commission of ₹ 30 lakhs to Mr Arvind Balaji, Managing Director for the year 2014-15 and provision has been made in the books for the same.



- The item of appointment of Managing Director has been included in the Notice to shareholders for approval.
- Mr Subhasis Dey who was holding the position of Manager under the Companies Act, resigned effective 27th August 2014.
- Key Managerial Personnel of the Company:** Mr Arvind Balaji, Managing Director and Mr S Sampath, Chief Financial Officer & Company Secretary

Non Executive Directors:

The Board, on the recommendation of the N&RC, shall review and approve the remuneration payable to the Non-executive Directors of the company within the overall limits approved by the shareholders.

Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof. The Non-Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

a. Commission:

Non-Executive Directors are paid remuneration by way of commission not exceeding 1% of the net profits computed in accordance with the provisions of Section 198 of the Companies Act, 2013. Further, for payment of such commission for 5 years from 01.04.2013, approval had been obtained from the

shareholders at the Annual General Meeting held on 26th August 2013.

Provision has been made in the accounts towards commission to the Directors for the period ended 31st March 2015 as given below:

Name of the Directors	Amount (₹ Lacs)
Mr T K Balaji, Chairman	3.00
Mr K Seshadri	3.00
Mr K G Raghavan	5.00
Mr V Balaraman	5.00
Mr G Chidambar	5.00
Mr R Vijayaraghavan	5.00
Mrs Jayshree Suresh	5.00
Total	31.00

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

Remuneration policy: Pursuant to Clause 49 (VIII) (C) of the Listing Agreement, there was no pecuniary relationship or transactions of the Non-Executive Directors with the company during the year 2014-15.

b. Sitting Fees:

Remuneration by way of Sitting Fee for attending Board/ Committee Meetings paid to non-executive Directors for the year ended 31st March 2015 is tabulated hereunder:

Name of the Directors (Mr/ Mrs.)	₹					Total
	Board	Audit Committee	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	
T K Balaji	82000	-	30000	36000	-	148000
K Seshadri	67000	30000	24000	-	-	121000
K G Raghavan	30000	12000	-	-	-	42000
V Balaraman	82000	42000	-	36000	-	160000
G Chidambar	82000	42000	30000	-	12000	166000
R Vijayaraghavan	67000	30000	-	36000	-	133000
Jayshree Suresh	67000	-	-	-	12000	79000
Total	477000	156000	84000	108000	24000	849000

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10. Disclosures:

A. RELATED PARTY TRANSACTION POLICY (RPT Policy)

The RPT policy, as approved by the Board of Directors is available on the website of the company viz., www.indianippon.com.

B. VIGIL MECHANISM:

The company has established a vigil mechanism, also called the Whistle Blower Policy which is adopted by the Board and is made available in the website of the company. Your company has established a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. It provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. The Whistle Blower Policy is available on the website of the company viz., www.indianippon.com.

C 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.

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

E. 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 at the Board Meeting held on 27th June 2002 for prevention of insider trading and corporate disclosure practices. The Code of Conduct is available on the website of the company. 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.

The Company has also formulated a Code of Practises and Procedures for fair disclosure of 'unpublished price sensitive Information' and a Code of Conduct to regulate, monitor and report trading by insider in accordance with the requirements of the new SEBI (Prohibition of Insider Trading) Regulations 2015.

F. Quarterly report on Share Capital 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 15 days and by explaining the reasons if any, for pending beyond 15 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 2015, this was submitted on 5th April 2015.

11. Annual General Meetings: The last three Annual General Meetings were held as under:

Meeting	Year	Location	Date	Time
27 th AGM	2012	Kasturi Srinivasan Hall 168 (Old 306), TTK Road, Chennai 600 014	30 th Aug 2012	10.30 AM
28 th AGM	2013	Kasturi Srinivasan Hall 168 (Old 306), TTK Road, Chennai 600 014	26 th Aug 2013	10:30 AM
29 th AGM	2014	Kasturi Srinivasan Hall 168 (Old 306), TTK Road, Chennai 600 014	27 th Aug 2014	10:30 AM

12. Special resolutions passed in the previous annual general meetings:

During the last three years, approval of the shareholders was obtained by passing special resolutions in respect of the following:

Year	Subject matter of special resolution	Date of AGM
2011-2012	Nil	30 th Aug 2012
2012-2013	Commission to Directors	26 th Aug 2013
2013-2014	Nil	27 th Aug 2014

13. Postal Ballot:

There was no requirement to seek the approval of shareholders by postal ballot during 2013-14.

14. No item of business in relation to matters specified in Clause 49 of the Listing Agreement with the Stock Exchanges and

or Section 110 of the Companies Act, 2013 which requires voting by postal ballot is included in the notice convening the AGM of the Company.

15. Means of Communication:

- 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 2015 within the stipulated time and therefore has not published the last quarter unaudited results.
- The quarterly results and the annual audited results are available in the Company's website viz. [www. indianippon.com](http://www.indianippon.com).

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16. General Information for Shareholders:

a.	Date, Time and Venue of the Annual General Meeting	27 th August 2015 @ 10.30 AM at the Kasturi Srinivasan Hall (Music Academy Annex), No.168, T.T.K. Road, Royapettah, Chennai-600014
b.	Financial Reporting for the Quarter ending: 30 th June 2015 30 th September 2015 31 st December 2015 31 st March 2016	1 st fortnight of Aug 2015 1 st fortnight of November 2015 1 st fortnight of February 2016 May 2016
c.	1 st Interim Dividend for 2014-2015 @ ₹ 4.50 per share	Declared by Board: 9 th Feb 2015 Record Date: 20 th Feb 15 Payment date: 27 th Feb 15
d.	Final dividend for 2014-2015 @ ₹ 4.50 per share subject to approval by the shareholders at the ensuing AGM	Recommended by Board: 25 th May 2015 Shareholders approval at AGM: 27 th Aug 2015 Book Closure period for dividend: 21 st Aug 2015-27 th Aug 2015 Payment date: 4 th Sep 2015
e.	Book closure period for the purpose of payment of final dividend to shareholders and also for the purpose of Annual General Meeting	From 21 st August 2015 to 27 th August 2015 (both days inclusive)

17. Voluntary delisting of the stocks of the company from Madras Stock Exchange Ltd (MSE):

During the year 2014-15, the company applied for voluntary delisting of the stocks of the company from Madras Stock Exchange Ltd. Following our application, MSE sent a letter confirming that the stocks of the company have been delisted effective 26th March 2015.

18. Shares of the company are listed on the following Stock Exchanges:

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

19. Trade Symbol at Stock Exchanges:

Bombay Stock Exchange Ltd 532240
National Stock Exchange of
India Ltd INDNIPPON

20. Demat ISIN in NSDL and CDSL:INE092B01017

21. Listing fee for 2014-2015:

Annual Listing Fees for the year ended March 2015 have been paid to the above Stock Exchanges.

22. 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'14	205.00	185.00	205.45	186.10
May'14	226.80	182.10	227.00	180.20
Jun'14	253.00	204.10	253.00	205.00
Jul'14	268.95	225.00	268.95	215.00
Aug'14	306.00	238.00	307.70	238.10
Sep'14	348.00	291.50	349.00	297.00
Oct'14	436.00	299.10	437.90	322.00
Nov'14	500.00	415.10	500.00	405.20
Dec'14	504.30	366.90	505.25	380.05
Jan'15	504.80	447.10	512.00	446.40
Feb'15	474.00	391.05	471.50	397.00
Mar'15	443.00	378.00	441.00	382.50



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 few years is as follows:

Date	Company's Share Price Close (₹)	Nifty Points (Close)	Percentage Change in	
			Company's share price	Nifty
31.03.2013	171	5683	1	7
31.03.2014	200	6704	17	18
31.03.2015	421	8491	111	27

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

Date	Company's Share Price Close (₹)	Sensex Points (Close)	Percentage Change in	
			Company's share price	Sensex
31.03.2013	170	18836	(1)	8
31.03.2014	199	22386	17	19
31.03.2015	420	27957	111	25

23. Distribution of Equity Share holding as on 31st March 2015:

Number of Shares held	No. of Share holders	% of Share holders	No. of Shares held	Share holding (%)
1 – 100	3662	50.53	125974	1.11
101-500	1854	25.58	482631	4.27
501-1000	1246	17.19	990859	8.76
1001-2000	279	3.85	431372	3.81
2001-3000	87	1.20	220727	1.95
3001-4000	34	0.47	117986	1.04
4001-5000	19	0.26	86571	0.77
5001-10000	39	0.54	282248	2.50
10001 & above	27	0.38	8572344	75.79
Total	7247	100	11310712	100

24. Pattern of Equity Shareholding as on 31st March 2015:

Shareholders	No. of Shares held	% of Total shares held
NRIs	53411	0.47
Promoter Company	5188666	45.87
Directors and Relatives	3730	0.04
Collaborator	2320500	20.52
Nationalised Banks	100	0.00
Mutual funds	-	-
Financial Institutions	35115	0.31
Foreign Venture Capital Investors		
Corporate Bodies	639151	5.65
Foreign Portfolio Investor- Corporate	9000	0.08
Resident Individuals	3061039	27.06
Total	11310712	100.0

25. 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

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'Jayalakshmi Estates' I Floor, No.29, Haddows Road, Chennai-600006. 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 2016.

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 Stakeholders Relationship Committee approves share transfers / transmissions at the Committee meeting. 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.

26. 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. As on 31.03.2015, there were 1,09,22,673 shares in electronic mode, including 75,09,166 shares held by promoters. Shares held in electronic mode accounted for 96.57% 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 31.03.2015	612	6635	7247
b)	Promoters holding M/s Lucas Indian Service Ltd, Chennai M/s Kokusan Denki Company Ltd, Japan		5188666 2320500	5188666 2320500
c)	Non Promoters holding	388039	3413507	3801546
	Total (b+c)	388039	10922673	11310712
	%	3.43	96.57	100

27. Plant Locations:

1. India Nippon Electricals Ltd
Hosur-Thalli Road, Uliveeranapalli
Hosur 635 114. Denkanikotta Taluk
Krishnagiri Dist. Tamilnadu. Tel: (4347) 233438
E.mail: inelhsr@inel.co.in,
sampath.s@inel.co.in;
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
Website: www.indianippon.com ;
CIN: L31901TN1984PLC011021
5. For investors complaints:
investorscomplaints@inel.co.in, and
investorscomplaintsstata@scl.co.in



B. NON MANDATORY REQUIREMENT

- The company follows treatment as prescribed in the accounting standards for the preparation of final accounts, notified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- The Director Identification Numbers of all the directors of India Nippon Electricals Ltd are as under:

Director name (Mr/ Ms)	DIN
T K Balaji	00002010
K Seshadri	00301839
K G Raghavan	00359471
V Balaraman	00267829
G Chidambar	00017015
Arvind Balaji	00557711
M Namatame	03353077
T Momose	06969962
R Vijayaraghavan	00026763
Jayshree Suresh	06861217

c. 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.

d. Request to Investors

Members who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March 2009 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 123 of the Companies Act, 2013. 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	As of 31.03.2015 ₹
2007-08 2 nd interim	21.03.2008	25	20.04.2008	20.04.2015	86,291
2008-09 1 st interim 2 nd interim	26.12.2008 24.04.2009	30 30	31.01.2009 30.05.2009	31.01.2016 30.05.2016	1,09,353 1,33,323
2009-10 1 st interim 2 nd interim	21.12.2009 27.04.2010	35 40	25.01.2010 02.06.2010	25.01.2017 02.06.2017	1,34,261 1,76,480
2010-11 1 st interim 2 nd interim 3 rd interim	29.12.2010 25.03.2011 27.05.2011	50 35 10	03.02.2011 30.04.2011 02.07.2011	03.02.2018 30.04.2018 02.07.2018	2,27,040 1,63,641 51,553
2011-12 1 st interim 2 nd interim	03.02.2012 30.05.2012	40 50	10.03.2012 05.07.2012	10.03.2019 05.07.2019	2,82,620 3,14,290
2012-13 1 st interim 2 nd interim	06.02.2013 28.05.2013	40 50	14.03.2013 03.07.2013	14.03.2020 03.07.2020	3,16,684 3,73,685
2013-14 1 st interim 2 nd interim	28.01.2014 23.05.2014	40 50	05.03.2014 28.06.2014	05.03.2021 28.06.2021	3,54,040 4,19,380
2014-15 1 st interim	09.02.2015	45	17.03.2015	17.03.2022	6,63,224

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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 123 of the Companies Act, 2013.
- 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.
- In terms of Clause 5A of the Listing Agreement, a suspense account has been opened and all the unclaimed shares have been transferred. The voting rights on the shares in the suspense account as on 31st March 2015 shall remain frozen till the rightful owners of such shares claim the shares.

Particulars	Physical	
	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1 st April 2014	51	13598
Number of shareholders who approached the company for transfer of shares and shares transferred from suspense account during the year	-	-
Number of shareholders and aggregate number of shares transferred to the unclaimed suspense account during the year	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2015	51	13598



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, 2015, the statement of Profit and Loss, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements:

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;
- c) The Balance Sheet, the 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with rule 7 of the companies (accounts) Rules 2014.
- e) On the basis of the written representations received from the directors as on 31st March 2015 taken on record by the board of directors, none of the directors is disqualified as on 31st March 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements - Refer Note 34 to the financial statements disclosing contingent liabilities;
 - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

P S KUMAR

Partner

Membership No. 15590

Bengaluru
25th May 2015



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

The provisions of the following clauses of Companies (Auditor's Report) Order, 2015 are not applicable to the company for the year.

- a) Clause 3(v) with regard to acceptance of deposits from the public since the company has not accepted any deposits.
- b) Clause 3(viii) with regard to accumulated losses since the company's net-worth is positive and the company has not incurred cash losses during the year or in the preceding financial year.
- c) Clause 3(ix) with regard to default in repayment of dues to a financial institution or Bank or Debenture Holders since the company has not borrowed any amounts during the year.
- d) Clause 3(x) with regard to guarantee given for loans taken by others from banks or financial institutions as the company has not given any guarantees.
- e) Clause 3(xi) with regard to term loans and applications of funds obtained since the company has not obtained any such loans.
- (i) (a) The company has maintained proper records showing full particulars including quantitative details and the situation of fixed assets.
- (b) The company has a regular programme of physical verification of its fixed assets at reasonable intervals. As explained to

us, the fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of two years, which in our opinion, is reasonable having regard to the size of the group and the nature of its assets. No material discrepancies were noticed on such verification.

- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) 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.
- (c) 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.
- (iii) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of The Companies Act, 2013.
- (iv) In our opinion and according to the information given to us, there is adequate internal control system commensurate with

INDIA NIPPON ELECTRICALS LIMITED

the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.

- (v) On the basis of the records, we are of the opinion that prima facie cost records and accounts specified by the Central Government of India under sub-section (1) of Section 148 of the Companies Act, 2013 have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- (vi) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and cess. There were no dues in arrears for a period of more than six months as on 31st March, 2015.
- (b) Based on the audit procedures and on the information and explanations given by the management, we furnish below the details of dues of Service Tax / Duty of Excise / Local area Development Tax / Income Tax which have not been deposited on account of disputes.

Statute	Nature of dues	Period to which relates (Financial Year)	Amount due (₹)	Forum where dispute is pending
Service tax under Finance Act ,1994	Disallowance of Service Tax credit availed.	2005-06 and 2006-07	12,48,611	CESTAT
Service tax under Finance Act ,1994	Disallowance of Service Tax credit availed.	2006-07	27,142	Commissioner of Central Excise (Appeals).
Service tax under Finance Act ,1994	Disallowance of Service Tax Credit availed.	2007-08	1,49,985	Office of the Superintendent Central Excise
Central Excise Act 1944	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
Central Excise Act 1944	Non-reversal of CENVAT credit.	2005-06	12,39,367	Joint Commissioner Central Excise
Central Excise Act 1944	Short reversal of CENVAT on Capital Goods.	2006-07	1,47,653	Deputy Commissioner Central Excise
Local Area Development Tax of Haryana state.	Local Area Development Tax Assessment demand	2003-04 and 2004-05	41,300	Joint Excise Taxation Commissioner
Service tax under Finance Act ,1994	Disallowance of Service Tax credit availed.	2011-12	14,41,089	Additional Commissioner Central Excise



The Income Tax Act, 1961.	Disallowance under Section 14A Apportionment of R&D Expenditure and Disallowance of Royalty	2010-11	79,47,960	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961.	Disallowance under Section 14A Apportionment of R&D Expenditure and Disallowance of Royalty	2011-12	80,52,340	Commissioner of Income Tax (Appeals)

- (c) The Company has, with respect to the amounts required to be transferred to the Investor Education and Protection Fund, transferred such funds within time in accordance with the relevant provisions of the Companies Act 1956 and rules made thereunder.
- (vii) 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

Bengaluru
25th May 2015

P S KUMAR
Partner
Membership No. 15590

INDIA NIPPON ELECTRICALS LIMITED

Balance Sheet as at 31st March 2015

Particulars	Note No	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	1,131.07	1,131.07
(b) Reserves and Surplus	2	21,443.33	20,406.14
(2) Non-Current Liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities		-	-
(c) Other Long term liabilities		-	-
(d) Long term provisions	3	203.82	106.91
(3) Current Liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	4	4,075.08	3,158.39
(c) Other current liabilities	5	534.82	1,058.59
(d) Short-term provisions	6	827.38	784.17
Total		28,215.50	26,645.27
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7	4,175.58	3,915.52
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		60.70	54.31
(iv) Intangible assets under development		-	-
(b) Non-current investments	8	8,272.19	8,259.36
(c) Deferred tax assets	9	386.92	290.85
(d) Long term loans and advances	10	49.46	115.71
(e) Other non-current assets	11	12.12	12.12
(2) Current assets			
(a) Current investments	12	5,905.31	3,653.14
(b) Inventories	13	1,804.92	1,698.54
(c) Trade receivables	14	6,473.25	5,912.39
(d) Cash and cash equivalents	15	378.19	1,114.24
(e) Short-term loans and advances	16	532.81	1,513.11
(f) Other current assets	17	164.05	105.98
Total		28,215.50	26,645.27

See accompanying notes to Financial Statements

T K BALAJI Chairman	G CHIDAMBAR V BALARAMAN R VIJAYARAGHAVAN	ARVIND BALAJI Managing Director	As per our report of even date For Brahmayya & Co Chartered Accountants Registration No: 000511S
Bengaluru 25 th May 2015	JAYSHREE SURESH Directors	S SAMPATH CFO and Company Secretary	P S KUMAR Partner Membership No. 15590



Profit and Loss statement for the year ended 31st March 2015

Particulars	Note No	2014-2015 ₹ lacs	2013-2014 ₹ lacs
I. Revenue from operations	18	36,607.49	29,218.01
Less: Excise Duty		<u>3,834.34</u>	<u>2,951.12</u>
		32,773.15	26,266.89
II. Other Income	19	<u>569.24</u>	<u>731.96</u>
III. Total Revenue (I + II)		<u>33,342.39</u>	<u>26,998.85</u>
IV. Expenses:			
Cost of materials consumed	20	22,902.73	18,283.09
Changes in inventories of finished goods and work-in-progress	21	(188.60)	154.18
Other Manufacturing Expenses	22	1,666.59	1,341.50
Employee benefit expense	23	3,457.50	2,950.99
Finance costs	24	15.54	12.36
Depreciation and amortization expense	7	774.85	562.19
Other expenses	25	<u>1,527.03</u>	<u>1,085.10</u>
IV. Total Expenses		<u>30,155.64</u>	<u>24,389.41</u>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	<u>3,186.75</u>	<u>2,609.44</u>
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax	(V-VI)	3,186.75	2,609.44
VIII. Extraordinary Items		-	-
IX. Profit before tax	(VII-VIII)	3,186.75	2,609.44
X. Tax expense:			
(1) Current tax		930.00	675.00
(2) Deferred tax		(96.07)	(31.33)
(3) Income tax for earlier years		<u>87.24</u>	<u>-</u>
		921.17	643.67
XI. Profit for the period from continuing operations	(IX-X)	2,265.58	1,965.77
XII. Profit from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit from discontinuing operations	(XII-XIII)	-	-
XV. Profit for the period after tax	(XI+XIV)	<u>2,265.58</u>	<u>1,965.77</u>
XVI. Earnings per equity share of face value ₹ 10/-:			
(1) Basic		20.03	17.38
(2) Diluted		20.03	17.38

See accompanying notes to Financial Statements

T K BALAJI Chairman	G CHIDAMBAR V BALARAMAN R VIJAYARAGHAVAN	ARVIND BALAJI Managing Director	As per our report of even date For Brahmayya & Co Chartered Accountants Registration No: 000511S
Bengaluru 25 th May 2015	JAYSHREE SURESH Directors	S SAMPATH CFO and Company Secretary	P S KUMAR Partner Membership No. 15590

INDIA NIPPON ELECTRICALS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	YEAR ENDED 31.03.2015 ₹ lacs	YEAR ENDED 31.03.2014 ₹ lacs
A. Cash Flow from Operating Activities:		
Net Profit before tax and extraordinary items	3,186.75	2,609.44
Adjustments for		
Add: - Depreciation	774.85	562.19
- Interest & Finance Charges	-	-
- Lease Rent Paid	-	-
- (Profit)/Loss on sale/Writeoff of fixed assets	(1.92)	(1.54)
- Dividend Received	(207.00)	(280.14)
- Interest Received	(242.64)	(400.74)
- (Profit)/Loss on sale of investments(net)	(116.10)	(14.22)
- Provision for diminution in value of investments	(1.58)	0.75
Operating Profit before Working Capital changes	<u>3,392.36</u>	<u>2,475.74</u>
Adjustments for - Trade & Other Receivables	272.35	(900.26)
- Inventories	(106.38)	(185.01)
- Trade Payables and other liabilities	269.49	1,058.25
Cash generated from Operations	<u>3,827.82</u>	<u>2,448.72</u>
Income Tax paid	(842.72)	(691.43)
Net Cash from Operating Activities - A	<u>2,985.10</u>	<u>1,757.29</u>
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(1,048.16)	(597.50)
Sale of Fixed Assets	1.92	5.94
(Purchase) / Sale of Investments (net)	(2,147.32)	(1,931.08)
Repayment of Inter corporate deposit	1,000.00	-
Interest/Dividend Received	441.36	698.66
Net Cash from /(used) in Investment Activities - B	<u>(1,752.20)</u>	<u>(1,823.98)</u>



	YEAR ENDED 31.03.2015 ₹ lacs	YEAR ENDED 31.03.2014 ₹ lacs
C. Cash Flow from Financing Activities:		
Repayment of Long Term Borrowings		
Unsecured Loan Repayment	-	-
Lease Rent Paid		
Interest Paid	-	-
Dividends Paid	(961.41)	(1,017.97)
Dividend Tax	(178.67)	(173.00)
Net Cash used in Financing Activities-C	<u>(1,140.08)</u>	<u>(1,190.97)</u>
D. Net (decrease)/Increase in Cash Equivalents (A+B+C)	92.82	(1,257.66)
E. Cash & Cash Equivalents as at 1st April, 2014 (Opening Balance)	107.15	1,364.81
F. Cash & Cash Equivalents as at 31st March 2015 (Closing Balance)	<u>199.97</u>	<u>107.15</u>

Reconciliation of cash and cash equivalents

₹ lacs

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Cash and Bank balances as per Balance Sheet (Refer Note No.15)	378.19	1,114.24
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 on cash flow statement in earmarked accounts		
- unpaid dividends	38.06	32.85
- escrow account	30.83	28.46
- margin money	9.00	9.00
- fixed deposit (less than 12 months)	100.00	936.45
- fixed deposit (more than 12 months)	0.33	0.33
Cash and cash equivalents	<u>199.97</u>	<u>107.15</u>

Note : The above cash flow statement has been prepared under indirect method as set out in Accounting Standard 3 on cash flow statement notified Under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

T K BALAJI Chairman	G CHIDAMBAR V BALARAMAN R VIJAYARAGHAVAN	ARVIND BALAJI Managing Director	As per our report of even date For Brahmayya & Co Chartered Accountants Registration No: 000511S
Bengaluru 25 th May 2015	JAYSHREE SURESH Directors	S SAMPATH CFO and Company Secretary	P S KUMAR Partner Membership No.15590

INDIA NIPPON ELECTRICALS LIMITED

Notes :	As at 31.03.2015	As at 31.03.2014			
	₹ lacs	₹ lacs			
1 Share Capital					
a Authorised Share Capital:					
15000000 number of Equity shares of ₹ 10 each	1,500.00	1,500.00			
b Issued, Subscribed and Fully Paid up Share Capital:					
11310712 number of Equity shares of ₹ 10 each	1,131.07	1,131.07			
c Par Value per Share ₹	10.00	10.00			
d Number of equity shares at the beginning of the year	11,310,712	11,310,712			
Add: Rights issue	-	-			
Bonus issue	-	-			
Less: Buy back	-	-			
Number of equity shares at the end of the year	11,310,712	11,310,712			
All shares are of the same nature ranking pari passu					
e The Company has only one class of share capital, i.e. equity shares of par value ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.					
f % 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			
g 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	5,188,666	5,188,666			
Kokusan Denki Co Ltd, Japan	2,320,500	2,320,500			
h Shares reserved for (specify the number of shares and terms)					
Issue under options :	Nil	Number of shares Nil			
Contracts / Commitments	Nil	Nil			
Disinvestments	Nil	Nil			
Terms					
Issue under options :	Nil				
Contracts / Commitments	Nil				
Disinvestments	Nil				
i Details of shares allotted/bought back during the five years preceding the balance sheet date					
Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
A) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
B) Equity shares of ₹ 10 each allotted as fully paid up by way of bonus shares	-	-	-	3,231,632	-
C) Aggregate number of shares bought back	-	-	-	-	-
j Terms of Conversion of Nil (security) convertible into equity / preference					
Date	No of security	Terms	farthest date of conversion to earliest date of conversion		
k Amount of Calls unpaid ₹					
(i) Calls unpaid by directors ₹			Nil		Nil
(ii) Calls unpaid by officers ₹			Nil		Nil
l No of shares Forfeited :					
amount originally paid up :			Nil		Nil



2 Reserves and Surplus		As at 31.03.2015	As at 31.03.2014
		₹ lacs	₹ lacs
a Capital reserve - Cash Subsidy - SIPCOT			
Opening balance	15.00		15.00
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	18,750.14		18,000.14
Less: Capitalised as Bonus shares			
	<u>18,750.14</u>		<u>18,000.14</u>
Add: transfer from profit & loss account	900.00		750.00
Closing balance		19,650.14	18,750.14
h Surplus from Profit & Loss account (Uncommitted)			
Opening balance	1,205.98		1,181.18
Add: Current year surplus	<u>2,265.58</u>	3,471.56	<u>1,965.77</u>
Less: Transfer to general reserve	900.00		750.00
Transfer to retained earnings (*)	6.86		
Interim/final dividend	1,017.97		1,017.97
Dividend tax provision	<u>203.56</u>	<u>2,128.39</u>	<u>173.00</u>
Closing balance		<u>1,343.17</u>	<u>1,205.98</u>
		<u>21,443.33</u>	<u>20,406.14</u>

(*) Consequent to the adoption of the revised estimates of useful life of fixed assets as stipulated in Schedule II to the Companies Act, 2013 with effect from 1st April 2014 an amount of ₹ 6.86 lacs (₹ 4.54 lacs net of Deferred Tax) being the net sum of adjustments to WDV of assets arising out of realignment with useful life of assets as prescribed has been debited to the opening balance of retained earnings. Refer note under Note No.7.

INDIA NIPPON ELECTRICALS LIMITED

3 Long term provisions	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
a Provision for employee benefits		
- Leave encashment	110.66	47.91
- Gratuity	34.16	-
- Fringe Benefit Tax	59.00	59.00
	<u>203.82</u>	<u>106.91</u>

4 Trade Payables

Trade Payables	4,075.08	3,158.39
	<u>4,075.08</u>	<u>3,158.39</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 2015 is ₹ 232.84 lacs (Previous year - ₹ 209.17 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.

5 Other Current Liabilities	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ 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	38.06	32.85
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 Book overdraft with bank	-	800.48
k Other payables	496.76	225.26
	<u>534.82</u>	<u>1058.59</u>

Details of Other payables :

Excise duty/service tax/TNVAT payable	146.64	57.26
TDS/TCS	36.73	33.37
Professional Tax payable	4.54	3.01
Employee Dues	247.85	80.12
Commission to Directors	61.00	51.50
	<u>496.76</u>	<u>225.26</u>



6 Short term provisions

	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
a Provisions for employee benefits		
- Gratuity	-	14.40
- Leave encashment	22.20	16.44
b Others (Specify)		
Provision for warranty	91.68	91.68
Provision for income tax (*) and tax deducted at source (net)	102.73	-
Provision for Sales tax	-	-
Provision for fringe benefit	-	-
Provision for dividend	508.99	565.54
Provision for dividend tax	101.78	96.11
	<u>827.38</u>	<u>784.17</u>

(*) Provision for taxation of ₹ 3234 lacs (Previous year - ₹ 2980 lacs) is net of advance tax and tax deducted at source of ₹ 3131 lacs.

Other disclosure :

Product Warranty :

Opening balance	91.68	91.68
Additions	7.39	8.13
Utilizations	7.39	8.13
Closing balance	<u>91.68</u>	<u>91.68</u>

	Gross Value				Depreciation				Closing balance		
7 Tangible assets	Opening balance 01.04.2014 ₹ lacs	Additions during the year ₹ lacs	Disposals during the year ₹ lacs	Total 31.03.2015 ₹ lacs	Opening balance 01.04.2014 ₹ lacs	Additions during the year ₹ lacs	Transfer to Retained Earning account	Disposals during the year ₹ lacs	Total 31.03.2015 ₹ lacs	As on 31.03.2015 ₹ lacs	As on 31.03.2014 ₹ lacs
a Land	1,239.81	-	-	1,239.81	-	-	-	-	-	1,239.81	1,239.81
b Building	1,820.20	117.92	0.08	1,938.04	841.99	97.94	24.76	0.08	964.61	973.43	978.21
c Plant & Equipments	6,329.41	894.62	267.34	6,956.69	4,802.75	613.09	(27.60)	267.34	5,120.90	1,835.79	1,526.66
d Furniture & Fixtures	252.65	14.51	3.81	263.35	142.49	33.65	1.41	3.81	173.74	89.61	110.16
e Vehicles	64.88	0.61	1.38	64.11	48.88	5.71	-	1.38	53.21	10.90	16.00
f Office Equipments	279.36	14.11	11.41	282.06	234.68	24.46	8.29	11.41	256.02	26.04	44.68
Total	9,986.31	1,041.77	284.02	10,744.06	6,070.79	774.85	6.86	284.02	6,568.48	4,175.58	3,915.52
Figures for the previous year	9,468.56	844.38	326.63	9,986.31	5,834.85	562.19	-	326.25	6,070.79	3,915.52	-

Other disclosure :

The fixed assets were revalued in the year 1992-93 by which the value of the assets was 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 sl.no.26 (i)(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.

Consequent to the adoption of the revised estimates of useful life of fixed assets as stipulated in Schedule II to the Companies Act, 2013 with effect from 1st April 2014 an amount of ₹ 4.54 lacs (net of deferred tax) being the net sum of adjustments to WDV of assets arising out of realignment with useful life of assets as prescribed has been debited to the opening balance of retained earnings. Consequent to the above, the charge for depreciation is higher by ₹ 128.14 lacs for year ended 31st March 2015.



8. Non-current investments

	Subsidiary/ Associate/ Others	No. of shares/Units As at 31.03.15	As at 31.03.14	Extent of holding (%) As at 31.03.15	As at 31.03.14	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
Investments are carried at cost							
(i) Trade Investments							
Investments in Equity Instruments:							
PT Automotive Systems Indonesia	Subsidiary	27,000	27,000	99.97%	99.97%	1,207.98	1,207.98
Lucas TVS Ltd	Others	97,351	97,351	8.19%	8.19%	2,824.08	2,824.08
Synergy Shakthi Renewable Energy Ltd	Associate	6,000,000	6,000,000	40%	40%	600.00	600.00
(ii) Other Investments							
a Investment in debentures or bonds							
National Highways Authority of India (Taxfree)	Others	12,362	12,362	-	-	123.62	123.62
Hudco (Taxfree) 2022	Others	50,000	50,000	-	-	530.89	530.89
Indian Railway Finance Corporation Limited (Taxfree)	Others	50,000	50,000	-	-	500.00	500.00
India Infrastructure Finance Corporation Ltd (Taxfree)	Others	50,000	50,000	-	-	500.00	500.00
Power Finance Corporation Limited Series 1 (Taxfree)	Others	50,000	Nil	-	-	508.04	Nil
b Other non-current investments							
Investments in Venture Capital Funds:							
TVS Shriram Growth Fund Scheme 1A	Others	42,758	42,758	-	-	427.58	427.58
TVS Shriram Growth Fund Scheme 1B	Others	20,000	7,500	-	-	200.00	75.00
ICICI India Advantage Fund	Others	Nil	18,701	-	-	Nil	18.70
Investments in Mutual funds:							
ICICI Prudential FMP Series 73-391 days Plan G Reg	Others	7,000,000	7,000,000	-	-	700.00	700.00
Kotak Floater -LT-Daily Dividend	Others	Nil	5,450,990	-	-	Nil	549.44
Reliance FHF XXV - Series 18 Growth	Others	1,500,000	1,500,000			150.00	150.00
Sundaram Ultra Short Term Investment Plan Daily Dividend	Others	Nil	518,753	-	-	Nil	52.07
						8,272.19	8,259.36
Other disclosure:							
1 Aggregate value of Quoted investments						Nil	Nil
2 Market value of Quoted investments						Nil	Nil
3 Aggregate value of Unquoted investments						8,272.19	8,259.36

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9 Deferred Tax Assets

	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
Deferred Tax Assets (net)	386.92	290.85
	<u>386.92</u>	<u>290.85</u>

Other disclosure :

As mentioned in item 26 (m) of Accounting Policy statement, the company is accounting for taxes in accordance with the Accounting Standards 22 "Accounting for Taxes on Income" notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, an amount of ₹ 96.07 lacs has been credited to the statement of profit and loss for the year under review towards Deferred Tax Asset. As at 31st March 2015, the amount in deferred tax account is ₹ 386.92 lacs as detailed below:

	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
Rebates and Discounts	57.03	57.03
Leave encashment	44.66	21.25
Depreciation	212.92	165.75
Early Separation Scheme	12.23	16.66
Others	60.08	30.16
	<u>386.92</u>	<u>290.85</u>

10 Long term loans and advances

(unsecured considered good)		
a Capital Advance		
b Security deposits	49.46	38.45
c Loans and advances to related parties	-	-
d Advance Income Tax and Tax deducted at source (net) (*)	-	77.26
e Inter corporate deposit	-	-
f Other loans and advances	-	-
	<u>49.46</u>	<u>115.71</u>

(*) Advance tax and tax deducted at source for the previous period are net of provision for taxation of ₹ 2980 lacs for the corresponding period.

11 Other non-current assets

a Long term trade receivable		
b Income Receivables	-	-
c Other receivables	6.82	6.82
d Advance for capital expenditure	5.30	5.30
	<u>12.12</u>	<u>12.12</u>



12 Current investments

Investments are carried at cost less provision for diminution wherever applicable

Investment in Mutual funds

	Subsidiary/ Associate/ Others	No. of shares/Units As at 31.03.15	As at 31.03.14	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
Birla Sun Life Dynamic Bond Fund -Ret-Growth	Others	2,789,494	1,548,912	617.06	317.06
Birla Sun Life Cash Plus -IP-Daily Dividend	Others	104,585	Nil	104.79	Nil
Birla Sun Life Short Term Fund - Growth Regular Plan	Others	929,280	640,909	450.00	300.00
DWS Short Maturity Fund Reg - Growth	Others	Nil	940,450	Nil	200.00
DWS Treasury Fund Investment Reg -Daily Dividend	Others	1,092,154	1,027,645	111.07	104.48
DWS Short Maturity Fund Reg - Quarterly Dividend	Others	2,244,343	2,101,257	233.59	218.67
Less: Diminution in value of investments				-	233.59
ICICI Emerging Sector Fund	Others	4,222	4,222	3.66	3.66
ICICI Prudential Flexible Income - Reg - Daily Dividend	Others	110,518	103,748	116.86	109.70
ICICI Prudential Short Term Reg - DM	Others	3,380,172	Nil	409.43	Nil
Less: Diminution in value of investments				(1.37)	408.06
IDFC Money Manager Investment B - G	Others	2,537,582	2,537,582	500.00	500.00
IDFC FTP Series 81 Regular Plan - Growth	Others	Nil	1,003,697	Nil	100.37
IDFC SSIF Medium - term Reg Growth	Others	1,011,190	2,221,473	206.99	451.99
IDFC SSIF-MTP Reg-Quarterly-Dividend	Others	3,291,374	3,066,803	341.43	318.06
JP Morgan India Short term Income fund - Growth	Others	4,497,920	1,676,687	619.78	219.77
Kotak Bond Short Term Plan-Reg-DM	Others	2,974,688	Nil	302.47	Nil
Less: Diminution in value of investments				(0.22)	302.25
Reliance Liquid Fund-Treasury Plan-Daily Dividend	Others	32,036	9,586	489.74	146.54
Kotak Bond Short Term Plan - Growth	Others	2,831,461	1,039,696	700.00	220.00
Reliance Short Term Fund -Growth	Others	2,838,425	2,020,879	700.00	446.00
SBI Premier Liquid -DD	Others	3,503	Nil	0.03	Nil
				5,905.31	3,653.14

Other disclosure :

Basis of valuation of individual investments

Aggregate value of Quoted investments

Market value of the Quoted investments

Aggregate value of Unquoted investments

Nil	Nil
Nil	Nil
5,905.31	3,653.14

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13 Inventories		As at 31.03.2015	As at 31.03.2014
		₹ lacs	₹ lacs
(For mode of valuation, refer note no.26 f)			
a	Raw materials	1,182.65	1,262.88
b	Raw materials - Goods in transit	45.80	48.01
c	Work in progress	174.65	180.42
d	Finished goods	234.82	156.71
e	Finished goods in transit	162.33	46.07
f	Stock in trade (in respect of goods acquired for trading)	-	-
g	Stores & Spares	4.67	4.45
		<u>1,804.92</u>	<u>1,698.54</u>
14 Trade receivables			
a	Trade receivables Unsecured outstanding for a period exceeding six months		
	- Considered good	19.82	62.03
	- Considered doubtful	-	-
		<u>19.82</u>	<u>62.03</u>
	Less: Provision for doubtful debts	-	-
		<u>19.82</u>	<u>62.03</u>
	Other receivables considered good	6,453.43	5,850.36
		<u>6,473.25</u>	<u>5,912.39</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>6,473.25</u>	<u>5,912.39</u>
15 Cash and Bank Balances			
a.	Cash and cash equivalents		
	i. Balance with banks		
	In current account	198.83	106.62
	ii. Cash in hand	1.13	0.53
	iii. Cheques, drafts in hand	-	-
b	Earmarked balances with Banks		
	in Fixed deposit with Escrow account	30.84	28.46
	in Dividend warrant account	38.06	32.85
c	Margin money	9.00	9.00
d	in Fixed deposit (less than 12 months)	100.00	936.45
e	In Fixed Deposit (more than 12 months)	0.33	0.33
		<u>378.19</u>	<u>1,114.24</u>



16 Short-term loans and advances

(unsecured considered good)

	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
a Loans and advance to related parties	-	-
b Advances/Loans to Employees	101.99	115.36
c Inter corporate deposit with related party	-	1,000.00
d Balance with excise and customs	144.41	310.85
e Other advances		
- Sales Tax receivable	4.41	4.41
- Vendor advance	282.00	82.49
	<u>532.81</u>	<u>1513.11</u>

17 Other current assets

a Vat tax input credit	2.72	0.30
b Prepaid expenses	61.17	13.80
c Interest accrued	100.16	91.88
d Other receivables	-	-
	<u>164.05</u>	<u>105.98</u>

18 Revenue from operations

	2014-2015 ₹ lacs	2013-2014 ₹ lacs
a Sale of Products		
Export Sales	1,209.12	1,090.81
Domestic Sales	35,278.05	28,013.19
b Sale of Services	-	-
	<u>36,487.17</u>	<u>29,104.00</u>
c Other operating revenues	120.32	114.01
	<u>36,607.49</u>	<u>29,218.01</u>

19 Other Income

a Interest Income	242.64	400.74
b Dividend Income	207.00	280.14
c Net gain / (loss) on sale of investment	116.10	14.22
d Net gain / loss on foreign currency transaction	-	35.32
e Profit on sale of fixed assets	1.92	1.54
f Other non operating income	1.58	-
	<u>569.24</u>	<u>731.96</u>

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	2014-2015	2013-2014
	₹ lacs	₹ lacs
20 Cost of Materials consumed		
a Opening Stock of Raw Materials	1,262.88	950.25
b Purchases	<u>22,822.50</u>	<u>18,595.72</u>
	24,085.38	19,545.97
c Less: Closing stock of raw Materials	<u>1,182.65</u>	<u>1,262.88</u>
	<u>22,902.73</u>	<u>18,283.09</u>
21 Changes in inventories		
Inventories at the end of the year :		
Finished goods	397.15	202.78
Work in progress	<u>174.65</u>	<u>180.42</u>
	<u>571.80</u>	<u>383.20</u>
Inventories at the beginning of the year:		
Finished goods	202.78	271.08
Work in progress	<u>180.42</u>	<u>266.30</u>
	<u>383.20</u>	<u>537.38</u>
Net (increase)/decrease	<u>(188.60)</u>	<u>154.18</u>
22 Other Manufacturing Expenses		
a Stores and consumables	512.58	400.39
b Power and fuel	531.74	481.72
c Repairs to building	104.33	90.27
d Repairs to machinery	197.28	168.37
e Repairs others	56.74	42.35
f Royalty	106.62	48.10
g Technical know how and support fee	66.06	9.63
h Other expenses	<u>91.24</u>	<u>100.67</u>
	<u>1,666.59</u>	<u>1,341.50</u>
23 Employee Benefits expense		
a Salaries, wages, bonus and allowances	2,736.32	2,291.73
b Contribution to Provident fund and other funds	224.51	185.93
c Staff Welfare expenses	<u>496.67</u>	<u>473.33</u>
	<u>3,457.50</u>	<u>2950.99</u>



24 Finance costs		2014-2015	2013-2014
		₹ lacs	₹ lacs
a	Interest Expense	2.87	1.31
b	Other borrowing cost	-	-
c	Bank charges	12.67	11.05
		<u>15.54</u>	<u>12.36</u>
25 Other expenses			
a	Rent	13.56	14.89
b	Repairs to Vehicles	8.49	8.87
c	Insurance	46.79	47.65
d	Rates and taxes (excluding, taxes on income)	17.02	13.90
e	Communication expenses	76.37	60.86
f	Printing & Stationery	40.55	39.26
g	Sitting fees	8.49	4.23
h	Commisson to Directors	61.00	51.50
i	Legal & professional charges	97.29	81.28
j	Travelling & conveyance expenses	200.77	170.34
k	Donation	0.60	40.30
l	Expenditure towards Corporate Social Responsibilities	66.00	-
m	Recruitment and training expenses	30.75	8.44
n	Remuneration to watch and ward	77.21	63.78
o	Wealth Tax	33.66	33.71
p	After sales service expenses	7.39	8.13
q	Discount to customers	420.43	169.15
r	Freight outwards	149.74	149.83
s	Advertisement	9.79	11.47
t	Net gain / loss on foreign currency transaction	48.74	-
u	Audit fees		
	a) Statutory Audit	9.20	8.00
	b) Tax Audit	1.50	1.50
	c) Cost Audit	-	2.00
	d) VAT Audit	0.30	0.60
	e) Company law matters	-	-
	f) Management services	-	-
	g) Other services	2.63	4.84
	h) Reimbursement of Expenses	1.03	2.26
v	Provision for diminution in value of investments	-	0.75
w	Other expenses	97.73	87.56
		<u>1,527.03</u>	<u>1,085.10</u>

26. 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, 2013 (the Act) and the mandatory Accounting Standards and statements issued by the Central Government of India under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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) Operating cycle for current and non-current classification :

The classification between non-current and current elements of the Balance Sheet is determined by the Operating Cycle, which is deemed to be twelve months in the case of the Company. "Operating Cycle" is defined as the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

d) 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 of qualifying assets 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.



f) 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

g) Revaluation Reserve: (Refer Note No.26 (d))

The Revaluation Reserve is created on writing up of asset values with the corresponding credit being given to Revaluation Reserve. As mentioned in item (i) 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.

h) 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.

i) Depreciation :

- i) Depreciation on fixed assets is provided on written down value method based on the useful life of the assets prescribed in Schedule II of the Companies Act, 2013.
- 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.

j) 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.

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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.

k) Research and development :

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

l) 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.

m) Taxation

The company is accounting for taxes in accordance with the Accounting Standard AS 22 "Accounting for Taxes on income" notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

n) 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.

o) 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.

p) 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.

q) 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.

r) 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.

27 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 under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 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 along with 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 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 ₹ 159.61 lacs 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 :	in ₹ lacs	
Particulars	2014-15	2013-14
Projected benefit obligation, beginning of the year	374.10	327.01
Service Cost	25.40	22.21
Interest Cost	29.93	26.16
Actuarial (gain)/loss	44.91	18.35
Benefits paid	(24.18)	(19.63)
Projected benefit obligation, end of the year	450.16	374.10



b) Change in plan assets :

in ₹ lacs

Particulars	2014-15	2013-14
Plan assets at beginning of the year at fair value	369.45	307.37
Expected return on plan assets	32.36	26.92
Actuarial gain/(loss)	-	-
Employer's contributions	48.07	54.79
Benefits paid	(24.18)	(19.63)
Plan assets at end of the year, at fair value	425.70	369.45

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

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Fair value of plan assets at the end of the year	425.70	369.45	307.37	231.05	174.61
Present value of the defined benefit obligations at the end of the period	450.16	374.10	327.01	258.23	189.46
Liability recognized in the balance sheet	(24.46)	(4.65)	(19.64)	(27.18)	(14.85)

d) Gratuity cost for the year ended March 31, 2015

in ₹ lacs

Particulars	2014-15	2013-14
Service cost	25.40	22.21
Interest cost	29.93	26.16
Expected return on plan assets	(32.36)	(26.92)
Actuarial (gain)/loss	44.91	18.35
Net cost	67.88	39.80
Actual return on plan assets	9.25%	9.25%

e) Investment details of plan assets :

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

f) Assumptions

Particulars	2014-15	2013-14
Discount rate	8%	8%
Salary escalation rate	5%	5%
Estimated rate of return on plan assets	8%	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.

- 28 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.

29 Related Party Disclosures :

Related Parties and their relationship

Joint Venturers of the Company	:	Kokusan Denki Co Ltd (KDCL) Lucas Indian Service Ltd (LIS)
Subsidiary of the Company	:	P T Automotive Systems Indonesia (PT ASI)
Associate Company	:	Synergy Shakthi Renewable Energy Ltd (SSREL)
Key Managerial Personnel (KMP)	:	Mr Subhasis Dey - Manager (*) Mr Arvind Balaji - Managing Director Mr S Sampath - Chief Financial Officer & Company Secretary
Enterprise over which KMP has significant influence	:	Lucas TVS Limited (LTVS)
Firm in which Director is a partner	:	Subbarya Aiyar Padmanabhan & Ramamani Associates (SAPRA)

(*) Mr Subhasis Dey held the position of Manager of the Company until 27th August 2014



Notes forming part of Financial Statements for the year ended 31st March 2015 :

Disclosure in respect of transactions with related parties for the period 01.04.2014 to 31.03.2015.

₹ lacs

Description	Joint Venturers of the company		Subsidiary of the company		Associate Company		Enterprise over which KMP has significant influence		Firm in which Director is a Partner		KMP with significant influence	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Transactions during the year												
KDCL												
Support fee	24.41	9.63	-	-	-	-	-	-	-	-	-	-
Royalty	106.62	48.10	-	-	-	-	-	-	-	-	-	-
Purchase of raw materials and components	218.22	261.46	-	-	-	-	-	-	-	-	-	-
Dividend paid	220.47	208.85	-	-	-	-	-	-	-	-	-	-
Sales	11.02	48.45	-	-	-	-	-	-	-	-	-	-
LIS												
Professional and technical service	-	8.61	-	-	-	-	-	-	-	-	-	-
Dividend paid	492.88	466.98	-	-	-	-	-	-	-	-	-	-
PT ASI												
SSREL												
Purchase of Electricity	-	-	-	-	-	-	-	-	-	-	-	-
LTVS												
Rent paid	-	-	-	-	-	-	13.17	13.17	-	-	-	-
Expenses reimbursed	-	-	-	-	-	-	279.92	214.74	-	-	-	-
Compensation received	-	-	-	-	-	-	61.21	-	-	-	-	-
Services rendered	-	-	-	-	-	-	327.65	260.19	-	-	-	-
Inter Corporate Deposit	-	-	-	-	-	-	-	1,000.00	-	-	-	-
Dividend received	-	-	-	-	-	-	77.88	146.03	-	-	-	-
SAPRA												
Professional charges	-	-	-	-	-	-	-	-	0.45	0.35	-	-
KMP												
Remuneration paid	-	-	-	-	-	-	-	-	-	-	114.73	115.04
											(**)	

(**) Includes remuneration paid to the Managing Director, subject to the approval of his appointment at the forthcoming General Body Meeting.

INDIA NIPPON ELECTRICALS LIMITED

30 Derivative instruments and unhedged foreign currency exposure :

	31.03.2015 ₹ lacs	31.03.2014 ₹ 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	413.11	405.96
b) Payable outstanding	121.71	168.01

31 Sales excludes sales tax. Sales tax collected and paid ₹ 1147.37 lacs (Previous year ₹ 945.22 lacs)

32 Expenditure on R&D

	2014-2015 ₹ lacs	2013-2014 ₹ lacs
a) Capital Expenditure	27.63	54.77
b) Revenue Expenditure		
* Salary	246.20	227.03
* Electricity	8.33	8.95
* Travel	25.89	20.42
* Outsourcing expenses	2.11	1.12
* Revenue & others	63.58	45.90
	<u>346.11</u>	<u>303.42</u>
Total R & D expenditure (a) + (b)	373.74	358.19

33 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.

34 Contingent liabilities & Commitments

(i) Contingent liabilities

a Claims against the company not acknowledged as debt	-	-
b Letter of Credit	64.63	69.72
c Letter of Guarantee	-	-
d Sales tax demand in appeal	0.41	0.41
e Excise Duty/Service Tax	23.99	26.89
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	416.71	509.47
b Uncalled liability on shares and other investments partly paid	0.01	0.01
c other commitments	-	-

35 The agreement with the Union of Workmen at Hosur plant of the company is under negotiation with the Management for the period commencing from 1st October 2013. Pending the finalisation of the same, an estimated amount has been provided for the year ended 31st March 2015. Pending finalization of the amount, the Plant Performance Incentive Payment also is provided on estimated basis for the year ended 31st March 2015



36 a) Details of raw materials and components consumed		2014-2015	2013-2014
		₹ lacs	₹ lacs
Flywheel cup	2,472.76	2,197.34	
Copper wire	3,100.22	2,778.39	
Others	17,329.75	13,307.36	
	<u>22,902.73</u>	<u>18,283.09</u>	
	%	%	
Imported	3,063.04	13	2,726.74
Indigenous	19,839.69	87	15,556.35
	<u>22,902.73</u>	<u>100</u>	<u>18,283.09</u>
b) Work in progress			
As such components/raw materials	70.42	70.53	
Parts of Electronic Ignition System	104.23	109.89	
	<u>174.65</u>	<u>180.42</u>	
c) Finished goods and in transit			
Flywheel Magneto	185.74	101.73	
Capacitor Discharge Ignition Unit/Electronic Control Unit	133.46	55.97	
Others	77.95	45.08	
	<u>397.15</u>	<u>202.78</u>	
37 Stores, spares and tools consumed			
	%	%	
Imported	22.17	4	1.76
Indigenous	490.41	96	398.63
	<u>512.58</u>	<u>100</u>	<u>400.39</u>
38 Value of CIF imports made during the year			
Raw Materials	563.06	389.36	
Components & Spare parts	2,251.18	2,359.09	
Capital goods	74.52	120.39	
39 Expenditure incurred in foreign currency			
Royalty	87.49	32.49	
Know-how & support fee	46.04	9.54	
Professional & Consultation fees	6.96	-	
Foreign Travel	18.70	17.61	
Expenses reimbursed	-	5.98	
40 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	-	-	
41 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	

INDIA NIPPON ELECTRICALS LIMITED

42 Amount remitted in Foreign exchange

	2014-2015 ₹ lacs	2013-2014 ₹ lacs
1 On account of dividend		
2 nd interim dividend 2013-14 / 2012-13 (₹ lacs)	116.03	116.03
1 st interim dividend 2014-15 / 2013-14	104.44	92.82
2 Total number of non - resident share holders	1	1
3 Number of shares held persons mentioned in (2)	2,320,500	2,320,500
4 Year of dividend declared		
2 nd interim dividend	2013-14	2012-13
1 st interim dividend	2014-15	2013-14

43 Note on Earnings per share

Profit after tax (A)	2,265.58	1,965.77
Number of equity shares of ₹ 10 each at the beginning of the year	11,310,712	11,310,712
Number of equity shares of ₹ 10 each at the end of the year (B)	11,310,712	11,310,712
Earnings per share (basic and diluted in Rupees) (A/B)	20.03	17.38

44 Earnings in Foreign Exchange

1 Export of goods calculated on FOB Basis	1,212.67	1,024.21
2 Royalty, Know-how, professional & Consultation fees	-	-
3 Interest & Dividend income	-	-
4 Other income (Specify)	-	-

45 Particulars of sale of products

Flywheel Magneto	20,940.99	16,398.59
Capacitor Discharge Ignition Units/Electronic control Unit	5,986.93	5,205.32
Others	<u>5,724.88</u>	<u>4,548.97</u>
	32,652.80	26,152.88

46 Details of CSR Expenditure:

- a. Gross amount required to be spent by the Company during the year ₹ 65.20 lacs
- b. Amount spent during the year on:

Particulars	In Cash ₹ Lacs	Yet to be paid in cash ₹ Lacs	Total ₹ Lacs
(i) Construction/Acquisition of asset	Nil	Nil	Nil
(ii) On purposes other than (i) above	66.00	Nil	66.00

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

T K BALAJI Chairman	G CHIDAMBAR V BALARAMAN R VIJAYARAGHAVAN	ARVIND BALAJI Managing Director	As per our report of even date For Brahmayya & Co Chartered Accountants Registration No: 000511S
Bengaluru 25 th May 2015	JAYSHREE SURESH Directors	S SAMPATH CFO and Company Secretary	P S KUMAR Partner Membership No. 15590



STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013, RELATED TO ASSOCIATE COMPANY

1	Name of Associate	: Synergy Shakthi Renewable Energy Ltd
2	Latest Audited Balance Sheet date	: 31.03.2015
3	Share of Associate/Joint Ventures held by the Company on the year end	
	- No	: 6000000
	- Amount of investment in Associate	: ₹ 600 lacs
	- Extend of Holding %	: 40%
4	Description of how there is significant influence	: Control of 30% of total share capital
5	Reason why the associate is not consolidated	: Consolidated in accordance with Accounting Standard 23 (equity method of accounting)
6	Networth attributable to shareholding as per latest audited balance sheet	: ₹ 476.43 lacs
7	Profit / Loss for the year	
	i. Considered in Consolidation	: ₹ 28.21 lacs
	ii. Not considered in Consolidation	: ₹ 42.31 lacs

T K BALAJI
Chairman

G CHIDAMBAR

ARVIND BALAJI
Managing Director

V BALARAMAN

R VIJAYARAGHAVAN

Bengaluru
25th May 2015

JAYSHREE SURESH

Directors

S SAMPATH
CFO and Company Secretary

INDIA NIPPON ELECTRICALS LIMITED

STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013, RELATING TO SUBSIDIARY COMPANY

- 1 Name of the Subsidiary : P T Automotive Systems Indonesia
- 2 Reporting period for the subsidiary concerned 01.04.2014 to 31.03.2015
- 3 Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries
 Currency : IDR
 Exchange rate :
 1 INR = IDR 207.58369 (Balance sheet)
 1 INR = IDR 198.49216 (Profit and Loss)

	Amount in Indonesian Rupiah	Equivalent amount in Indian Rupees
As on 31 st March 2015		
4 Share Capital	24694328700	120838266
5 Reserves & Surplus	1532886256	5506992
6 Total assets	26430105958	127322652
7 Total Liabilities	202891002	977394
8 Investments	Nil	Nil
9 Turnover	Nil	Nil
10 Profit before taxation	754991400	3803633
11 Provision for taxation	(500501324)	(2521517)
12 Profit after taxation	254490076	1282116
13 Proposed Dividend	Nil	Nil
14 % of share holding	99.97%	

Note : PT Automotive Systems Indonesia is yet to commence operations

T K BALAJI
Chairman

G CHIDAMBAR
V BALARAMAN
R VIJAYARAGHAVAN

ARVIND BALAJI
Managing Director

Bengaluru
25th May 2015

JAYSHREE SURESH
Directors

S SAMPATH
CFO and Company Secretary



Independent Auditor's Report

To the Board of Directors of India Nippon Electricals Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of India Nippon Electricals Limited ("hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its Associate comprising the consolidated Balance Sheet as at March 31, 2015, 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 (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Boards of Directors of the companies included in the Group and of its Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate

accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those

INDIA NIPPON ELECTRICALS LIMITED

risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls systems over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its Associate as at 31st March 2015 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of the subsidiary, whose financial statement reflects total assets of ₹ 12,73,22,652 as at March 31, 2015, total revenues of ₹ 112,38,684. and

net cash flows amounting to ₹ 35,51,275 for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 28,20,990 for the year ended 31st March 2015, as considered in the consolidated financial statements, in respect of an Associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and the associate, and our report in terms of sub-sections (3) and (11) of section 143 of the Act, insofar as it relates to the aforesaid Subsidiary and Associate, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements.

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable to the Holding company and its Associate based on the comments in the auditor's report of the Associate company. The Companies (Auditor's Report) Order, 2015 is not applicable to the Subsidiary as the Subsidiary is a foreign company.



2. As required by Section 143(3) of the Act, we report, to the extent applicable, that

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its Associate

company, none of the directors of the Holding company, its associate company is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act. As the Subsidiary company is a foreign company, these requirements are not applicable to it.

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigation on the consolidated financial position of the Group, its Associate - Refer Note 33 to the financial statements disclosing contingent liabilities.
 - ii. The Group and its Associate have made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding company and its Associate Company. As the subsidiary is a foreign company, it did not have any obligations under the said Fund.

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

Bengaluru
25th May 2015

P S KUMAR
Partner
Membership No. 15590

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

The provisions of the following clauses of Companies (Auditor's Report) Order, 2015 are not applicable to the Holding company and its Associate for the year. Further, references to the Companies (Auditor's Report) Order, 2015 are not applicable to the Subsidiary as the Subsidiary is a foreign company.

- a) Clause 3(v) with regard to acceptance of deposits from the public the Holding company and the Associate have not accepted any deposits.
- b) Clause 3(viii) with regard to accumulated losses the Holding company's and the Associate's net-worth is positive and they have not incurred cash losses during the year or in the preceding financial year.
- c) Clause 3(ix) with regard to default in repayment of dues to a financial institution or Bank or Debenture Holders, the Holding company has not borrowed any amounts during the year and the Associate company has not defaulted.
- d) Clause 3(x) with regard to guarantee given for loans taken by others from banks or financial institutions the Holding company and the Associate have not given any guarantees.
- e) Clause 3(xi) with regard to term loans and applications of funds obtained the Holding company has not obtained any such loans. The Associate company has utilized the funds for the purposes for which they were obtained.
 - i. The Holding company and its Associate have maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, the fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of two years, which in our opinion, is reasonable having regard to the size of the Holding company and its Associate and the nature of its assets. No material discrepancies noticed on physical verification.
 - ii. The management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventory are reasonable in relation to the size of the Holding company and its Associate and the nature of its business. The Holding company and its Associate are



maintaining proper records of inventory and the material discrepancies noticed on physical verification were properly dealt with in the books of accounts.

- III. The Holding company and its Associate have not granted any loan secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Holding company and its Associate and the nature of their business with regard to the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. On the basis of the records, we are of the opinion that prima facie cost records and accounts specified by the Central Government of India under sub-section (1) of section 148 of the Companies Act, 2013 have been maintained by the Holding Company. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- vi.
 - a) According to the records of the Holding company and its Associate, the Holding company and its Associate have been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service tax, Custom Duty, Excise-Duty, Cess and any other statutory dues with the appropriate authorities during the period. There are no amounts due or outstanding to be transferred to Investor Education and Protection Fund. There are no outstanding statutory dues as at 31st March 2015 for a period of more than six months from the date they become payable.
 - b) Based on the audit procedures and on the information and explanations given by the management, we furnish below the details of dues of Service Tax / Duty of Excise / Local area Development Tax / Income Tax, which have not been deposited on account of disputes relating to the Holding Company. The Associate company did not have such dues.

INDIA NIPPON ELECTRICALS LIMITED

Name of statute	Nature of dues	Period to which relates (Financial Year)	Amount in ₹	Forum where dispute is pending
Service tax under Finance Act, 1994	Disallowance of Service Tax credit availed.	2005-06 and 2006-07	12,48,611	CESTAT
Service tax under Finance Act, 1994	Disallowance of Service Tax credit availed.	2006-07	27,142	Commissioner of Central Excise (Appeals).
Service tax under Finance Act, 1994	Disallowance of Service Tax Credit availed.	2007-08	1,49,985	Office of the Superintendent Central Excise
Central Excise Act 1944	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
Central Excise Act 1944	Non-reversal of CENVAT credit.	2005-06	12,39,367	Joint Commissioner Central Excise
Central Excise Act 1944	Short reversal of CENVAT on Capital Goods.	2006-07	1,47,653	Deputy Commissioner Central Excise
Local Area Development Tax of Haryana state.	Local Area Development Tax Assessment demand	2003-04 and 2004-05	41,300	Joint Excise Taxation Commissioner
Service tax under Finance Act, 1994	Disallowance of Service Tax credit availed.	2011-12	14,41,089	Additional Commissioner Central Excise
Income Tax Act 1961	Disallowance under Section 14A Apportionment of R&D Expenditure and Disallowance of Royalty	2010-11	79,47,960	C.I.T (Appeals)
Income Tax Act 1961	Disallowance under Section 14A Apportionment of R&D Expenditure and Disallowance of Royalty	2011-12	80,52,340	C.I.T (Appeals)

- c) The Holding Company and its Associate have complied with respect to the amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant



provisions of the Companies Act 1956 and rules made thereunder has been transferred to such fund within time.

- (vii) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Holding company and its Associate have been noticed or reported during the year.

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

Bengaluru
25th May 2015

P S KUMAR
Partner
Membership No. 15590

INDIA NIPPON ELECTRICALS LIMITED

Consolidated Balance Sheet as at 31st March 2015

Particulars	Note No	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	1,131.07	1,131.07
(b) Reserves and Surplus	2	21,149.64	20,167.37
(2) Minority Interest		0.39	0.46
(3) Non-Current Liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long term provisions	3	203.82	106.91
(4) Current Liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	4	4,083.44	3,163.52
(c) Other current liabilities	5	534.82	1,058.59
(d) Short-term provisions	6	828.79	784.17
Total		27,931.97	26,412.09
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7	4,688.45	4,480.13
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		60.70	54.31
(iv) Intangible assets under development		-	-
(b) Non-current investments	8	6,739.58	6,698.54
(c) Deferred tax assets (net)	9	386.92	290.85
(d) Long term loans and advances	10	49.46	115.56
(e) Other non-current assets	11	12.12	12.12
(2) Current assets			
(a) Current investments	12	5,905.31	3,653.14
(b) Inventories	13	1,804.92	1,698.54
(c) Trade receivables	14	6,473.25	5,912.39
(d) Cash and cash equivalents	15	1,097.54	1,798.09
(e) Short-term loans and advances	16	549.67	1,591.62
(f) Other current assets	17	164.05	106.80
Total		27,931.97	26,412.09

See accompanying notes to Financial Statements

T K BALAJI Chairman	G CHIDAMBAR V BALARAMAN R VIJAYARAGHAVAN	ARVIND BALAJI Managing Director	As per our report of even date For Brahmayya & Co Chartered Accountants Registration No: 000511S
Bengaluru 25 th May 2015	JAYSHREE SURESH Directors	S SAMPATH CFO and Company Secretary	P S KUMAR Partner Membership No. 15590



Statement of Profit and Loss for the year ended 31st March 2015

Particulars	Note No	2014-2015 ₹ lacs	2013-2014 ₹ lacs
I. Revenue from operations	18	36,607.49	29,218.01
Less: Excise Duty		3,834.34	2,951.12
		<u>32,773.15</u>	<u>26,266.89</u>
II. Other Income	19	632.88	853.55
III. Total Revenue	(I + II)	<u>33,406.03</u>	<u>27,120.44</u>
IV. Expenses:			
Cost of materials consumed	20	22,902.73	18,283.09
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, and work-in-progress	21	(188.60)	154.18
Other Manufacturing Expenses	22	1,666.59	1,341.50
Employee benefits expense	23	3,457.50	2,950.99
Finance costs	24	15.60	12.44
Depreciation and amortization expense	7	798.99	586.33
Other expenses	25	1,552.59	1,105.59
IV.Total Expenses		<u>30,205.40</u>	<u>24,434.12</u>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	3,200.63	2,686.32
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax	(V-VI)	3,200.63	2,686.32
VIII. Extraordinary Items		-	-
IX. Profit before tax	(VII-VIII)	3,200.63	2,686.32
X. Tax expense:			
(1) Current tax		931.26	675.00
(2) Deferred tax		(97.23)	(33.35)
(3) Income tax for earlier years		87.24	-
		<u>921.27</u>	<u>641.65</u>
XI. Profit for the period from continuing operations	(IX-X)	2,279.36	2,044.67
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from discontinuing operations (after Tax)	(XII-XIII)	-	-
XV. Profit for the period after tax	(XI+XIV)	2,279.36	2,044.67
XVI. Share of profit in associate company		28.21	78.01
XVII. Profit after tax and Share of Profit in Associate		<u>2,307.57</u>	<u>2,122.68</u>
XVIII. Profit attributable to :			
- Owners of the Company		2,307.56	2,122.65
- Minority Interest		0.01	0.03
		<u>2,307.57</u>	<u>2,122.68</u>
XIX. Earnings per equity share of face value ₹ 10/-			
(1) Basic		20.40	18.77
(2) Diluted		20.40	18.77

See accompanying notes to Financial Statements

T K BALAJI Chairman	G CHIDAMBAR V BALARAMAN R VIJAYARAGHAVAN JAYSHREE SURESH Directors	ARVIND BALAJI Managing 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
Bengaluru 25 th May 2015			

INDIA NIPPON ELECTRICALS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	YEAR ENDED 31.03.2015 ₹ lacs	YEAR ENDED 31.03.2014 ₹ lacs
A. Cash Flow from Operating Activities:		
Net Profit before tax and extraordinary items	3,200.63	2,686.32
Adjustments for		
Add:		
- Depreciation	798.99	586.33
- Interest & Finance Charges	-	-
- Lease Rent Paid	-	-
- (Profit)/Loss on sale/Writeoff of fixed assets	(1.92)	(1.54)
- Dividend Received	(207.00)	(280.14)
- Interest Received	(259.26)	(416.48)
- (Profit)/Loss on sale of investments(net)	(116.10)	(14.22)
- Provision for diminution in value of investments	(1.58)	0.75
- Adjustment for Exchange Fluctutation	14.12	20.12
- Land Amortisation and Depreciation	(75.88)	(60.94)
Operating Profit before Working Capital changes	<u>3,352.00</u>	<u>2,520.20</u>
Adjustments for - Trade & Other Receivables and Other Bank balances	296.08	(903.65)
- Inventories	(106.38)	(185.01)
- Trade Payables and other liabilities	273.23	1,059.81
Cash generated from Operations	<u>3,814.93</u>	<u>2,491.35</u>
Income Tax paid	(842.72)	(691.43)
Net Cash from Operating Activities- A	<u>2,972.21</u>	<u>1,799.92</u>
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(1,048.16)	(597.50)
Sale of Fixed Assets	1.92	5.94
(Purchase) / Sale of Investments (net)	(2,147.32)	(1,931.01)
Repayment of Inter corporate deposit	1,000.00	-
Interest/Dividend Received	458.80	714.32
Net Cash from /(used) in Investment Activities -B	<u>(1,734.76)</u>	<u>(1,808.25)</u>



	YEAR ENDED 31.03.2015 ₹ lacs	YEAR ENDED 31.03.2014 ₹ lacs
C. Cash Flow from Financing Activities:		
Repayment of Long Term Borrowings		
Unsecured Loan Repayment	-	-
Lease Rent Paid	-	-
Interest Paid	-	-
Dividends Paid	(961.41)	(1,017.97)
Dividend Tax	(178.67)	(173.00)
Net Cash used in Financing Activities-C	<u>(1,140.08)</u>	<u>(1,190.97)</u>
D. Net (decrease)/Increase in Cash Equivalents (A+B+C)	97.37	(1,199.30)
E. Cash & Cash Equivalents as at 1st April, 2014 (Opening Balance)	125.46	1,324.76
F. Cash & Cash Equivalents as at 31st March, 2015 (Closing Balance)	<u>222.83</u>	<u>125.46</u>

Reconciliation of cash and cash equivalents	YEAR ENDED 31.03.2015 ₹ lacs	YEAR ENDED 31.03.2014 ₹ lacs
Cash and Bank balances as per Balance sheet (Refer Note No.15)	1,097.54	1,798.09
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 on cash flow statement		
in earmarked accounts		
- unpaid dividends	38.06	32.85
- escrow account	30.84	28.46
- margin money	9.00	9.00
- fixed deposit (less than 12 months)	796.48	1,601.99
- fixed deposit (more than 12 months)	0.33	0.33
Cash and cash equivalents	<u>222.83</u>	<u>125.46</u>

Note : Note : The above cash flow statements has been prepared under indirect method as set out in Accounting Standard 3 on cash flow statement notified Under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

T K BALAJI Chairman	G CHIDAMBAR V BALARAMAN R VIJAYARAGHAVAN	ARVIND BALAJI Managing Director	As per our report of even date For Brahmayya & Co Chartered Accountants Registration No: 000511S
Bengaluru 25 th May 2015	JAYSHREE SURESH Directors	S SAMPATH CFO and Company Secretary	P S KUMAR Partner Membership No.15590

INDIA NIPPON ELECTRICALS LIMITED

Notes :

As at 31.03.2015
₹ lacs

As at 31.03.2014
₹ lacs

1 Share Capital

a Authorised Share Capital:

15000000 number of Equity shares of ₹ 10 each 1,500.00 1,500.00

b Issued, Subscribed and Fully Paid up Share Capital:

11310712 number of Equity shares of ₹ 10 each 1,131.07 1,131.07

c Par Value per Share ₹

10.00 10.00

d Number of equity shares at the beginning of the year

11,310,712 11,310,712

Add: Rights issue - -

Bonus issue - -

Less: Buy back - -

Number of equity shares at the end of the year 11,310,712 11,310,712

e The Company has only class of share capital, i.e. equity shares of value ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

f % of Shares held by

Holding company Nil Nil

Ultimate holding company Nil Nil

Subsidiary company Nil Nil

Associates company Nil Nil

Associates of holding company Nil Nil

Associates of ultimate holding company Nil Nil

g 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 5,188,666 5,188,666

Kokusan Denki Co Ltd, Japan 2,320,500 2,320,500

h Shares reserved for (specify the number of shares and terms)

Issue under options : Nil Nil

Contracts / Commitments Nil Nil

Disinvestments Nil Nil

Terms

Issue under options : Nil Nil

Contracts / Commitments Nil Nil

Disinvestments Nil Nil

i Details of shares allotted/bought back during the five years preceding the balance sheet date

Particulars 2014-15 2013-14 2012-13 2011-12 2010-11

A) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash - - - - -

B) Equity shares of ₹ 10 each allotted as fully paid up by way of bonus shares - - - 3,231,632 -

C) Aggregate number of shares bought back - - - - -

j Terms of Conversion of Nil (security) convertible into equity / preference

Date No of security Terms farthest date of conversion to earliest date of conversion

k Amount of Calls unpaid ₹

(i) Calls unpaid by directors ₹ Nil Nil

(ii) Calls unpaid by officers ₹ Nil Nil

l No of shares Forfeited :

amount originally paid up : Nil Nil



2 Reserves and Surplus	As at 31.03.2015		As at 31.03.2014	
	₹ lacs		₹ lacs	
a Capital reserve - Cash Subsidy - SIPCOT				
Opening balance	15.00		15.00	
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	383.73		443.74	
Add: Addition / (reduction)	<u>(96.90)</u>		<u>(60.01)</u>	
Closing balance		286.83		383.73
g General reserve (Uncommitted)				
Opening balance	18,701.29		17,951.29	
Less: Capitalised as Bonus shares	-		-	
Add: Excess provision written back	-		-	
Transfer from profit & loss account	<u>900.00</u>		<u>750.00</u>	
Closing balance		19,601.29		18,701.29
h Surplus from Profit & Loss account (Uncommitted)				
Opening balance	632.33		450.65	
Add: Current year surplus	<u>2,307.56</u>	2,939.89	<u>2,122.65</u>	2,573.30
Less: Transfer to general reserve	<u>900.00</u>		<u>750.00</u>	
Transfer to retained earnings (*)	6.86		-	
Interim/final dividend	1,017.97		1,017.97	
Dividend tax provision	<u>203.56</u>	<u>2,128.39</u>	<u>173.00</u>	<u>1,940.97</u>
Closing balance		<u>811.50</u>		<u>632.33</u>
		<u>21,149.64</u>		<u>20,167.37</u>

(*) Consequent to the adoption of the revised estimates of useful life of fixed assets as stipulated in Schedule II to the Companies Act, 2013 with effect from 1st April 2014 an amount of ₹ 6.86 lacs (₹ 4.54 lacs net of Deferred Tax) being the net sum of adjustments to WDV of assets arising out of realignment with useful life of assets as prescribed has been debited to the opening balance of retained earnings. Refer note under Note No. 7.

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
3 Long term provisions		
Provision for employee benefits		
- Leave encashment	110.66	47.91
- Gratuity	34.16	-
- Fringe Benefit Tax	59.00	59.00
	<u>203.82</u>	<u>106.91</u>
4 Trade Payables		
Trade Payables	4,083.44	3,163.52
	<u>4,083.44</u>	<u>3,163.52</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 2015 is ₹ 232.84 lacs (Previous year - ₹ 209.17 lacs). Further no interest has been paid or payable in the opinion of the Management to such parties as per the provisions of the said Act.

5 Other Current Liabilities

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	38.06	32.85
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	Book overdraft with Bank	-	800.48
k	Other payables	496.76	225.26
		<u>534.82</u>	<u>1,058.59</u>

Details of other payables :

	₹ lacs	₹ lacs
Excise duty/service tax/TNVAT payable	146.64	57.26
TDS/TCS	36.73	33.37
Professional Tax payable	4.54	3.01
Employee dues	247.85	80.12
Commission to Directors	61.00	51.50
	<u>496.76</u>	<u>225.26</u>



6 Short term provisions

	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
a Provisions for employee benefits		
- Gratuity	-	14.40
- Leave encashment	22.20	16.44
b Others (Specify)		
Provision for warranty	91.68	91.68
Provision for income tax (*) and tax deducted at source (net)	104.14	
Provision for Sales tax	-	-
Provision for fringe benefit		
Provision for dividend	508.99	565.54
Provision for dividend tax	101.78	96.11
	<u>828.79</u>	<u>784.17</u>

(*) Provision for taxation of ₹ 3235 lacs (Previous year - ₹ 2980 lacs) is net of advance tax and tax deducted at source of ₹ 3131 lacs.

Other disclosure :

Product Warranty :

Opening balance	91.68	91.68
Additions	7.39	8.13
Utilizations	7.39	8.13
Closing balance	91.68	91.68

₹ lacs

	Gross Value				Depreciation				Closing balance		
	Opening balance 01.04.2014	Additions during the year	Disposals during the year	Total 31.03.2015	Opening balance 01.04.2014	Provided during the year	Transfer to Retained Earning account	Disposals during the year	Total 31.03.2015	As at 31.03.2015	As at 31.03.2014
7. Tangible Assets											
a Land - Freehold	1,239.81	-	-	1,239.81	-	-	-	-	-	1,239.81	1,239.81
Land - Leasehold	588.75	-	51.74	537.01	24.14	24.14	-	24.14	24.14	512.87	564.61
b Building	1,820.20	117.92	0.08	1,938.04	841.99	97.94	24.76	0.08	964.61	973.43	978.21
c Plant & Equipments	6,329.41	894.62	267.34	6,956.69	4,802.75	613.09	(27.60)	267.34	5,120.90	1,835.79	1,526.66
d Furniture & Fixtures	252.65	14.51	3.81	263.35	142.49	33.65	1.41	3.81	173.74	89.61	110.16
e Vehicles	64.88	0.61	1.38	64.11	48.88	5.71	-	1.38	53.21	10.90	16.00
f Office Equipments	279.36	14.11	11.41	282.06	234.68	24.46	8.29	11.41	256.02	26.04	44.68
Total	10,575.06	1,041.77	335.76	11,281.07	6,094.93	798.99	6.86	308.16	6,592.62	4,688.45	4,480.13
Figures for the previous year	10,094.12	844.38	363.44	10,575.06	5,858.99	586.33	-	350.39	6,094.93	4,480.13	-

Other disclosure :

The fixed assets were revalued in the year 1992-93 by which the value of the assets was 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 sl.no.26 (i)(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.

Consequent to the adoption of the revised estimates of useful life of fixed assets as stipulated in Schedule II to the Companies Act, 2013 with effect from 1st April 2014 an amount of ₹ 4.54 lacs (net of deferred tax) being the net sum of adjustments to WDV of assets arising out of realignment with useful life of assets as prescribed has been debited to the opening balance of retained earnings. Consequent to the above, the charge for depreciation is higher by ₹ 128.14 lacs for year ended 31st March 2015.



8. Non-current investments	Subsidiary/ Associate/ Others	No. of shares/Units As at 31.03.15	As at 31.03.14	Extent of holding (%) As at 31.03.15		As at 31.03.14	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
Trade Investments :								
Synergy Shakthi Renewable Energy Ltd	Associate	6,000,000	6,000,000	40%	40%		247.17	169.16
							<u>247.17</u>	<u>169.16</u>
Add: Share of gain in associate							28.21	78.01
							275.38	247.17
Lucas TVS Ltd Equity shares	Others	97,351	97,351	8.19%	8.19%		2,824.08	2,824.08
Other Investments :								
Investments in Bonds/ Debentures								
- India Infrastructure Finance Corporation Ltd (Tax Free)	Others	50,000	50,000	-	-		500.00	500.00
- National Highway Authority of India (Tax Free)	Others	12,362	12,362	-	-		123.62	123.62
- Hudco (Tax Free)	Others	50,000	50,000	-	-		530.89	530.89
- Indian Railway Finance Corporation Ltd (Tax Free)	Others	50,000	50,000	-	-		500.00	500.00
- Power Finance Corporation - Series 1 (Tax-free)	Others	50,000	Nil				508.03	-
Other non-current investments	Others	8,429,936	12,246,458				<u>1,477.58</u>	<u>1,972.78</u>
							6,739.58	6,698.54
Other disclosure :								
1 Aggregate value of Quoted investments							Nil	Nil
2 Market value of the Quoted investments							Nil	Nil
3 Agaregate value of Unquoted investments							6739.58	6698.54

During the year under review, the Associate Company viz. Synergy Shakthi Renewable Energy Limited had made a profit of ₹ 70.52 lacs. Considering that the Company has made profits in the preceeding two years as well, and considering the investment is a long-term investment, the provision for diminution in value of investments as per Accounting Standard 13 "Accounting for Investments" does not arise.

9 Deferred Tax Assets

Deferred Tax Assets (net)	386.92	290.85
	<u>386.92</u>	<u>290.85</u>

INDIA NIPPON ELECTRICALS LIMITED

Other disclosure :

As mentioned in item 26 (m) of Accounting Policy statement, the company is accounting for taxes in accordance with the Accounting Standards 22 "Accounting for Taxes on Income" notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, an amount of ₹ 96.07 lacs has been credited to the statement of profit and loss for the year under review towards Deferred Tax Assets. As at 31st March 2015, the amount in deferred tax account is ₹ 386.92 lacs as detailed below:

	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
Rebates and Discounts	57.03	57.03
Leave encashment	44.66	21.25
Depreciation	212.92	165.75
Early Separation Scheme	12.23	16.66
Others	60.08	30.16
	<u>386.92</u>	<u>290.85</u>

10 Long term loans and advances

(unsecured considered good)

	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
a Capital Advance	-	-
b Security deposit	49.46	38.45
c Loans and advances to related parties	-	-
d Other loans and advances	-	-
e Inter Corporate Deposit	-	-
f Advance Income Tax and Tax deducted source (net) (*)	-	77.11
	<u>49.46</u>	<u>115.56</u>

(*) Advance tax and tax deducted at source for the previous year are net of provision for taxation of ₹ 2980 lacs for the corresponding period.

11 Other non-current assets

a Long term trade receivable	-	-
b Income Receivables	-	-
c Other receivables	6.82	6.82
d Advance for capital expenditure	5.30	5.30
	<u>12.12</u>	<u>12.12</u>

12 Current investments

a Investment in equity instruments	-	-
b Investment preference shares	-	-
c Investment in government or trust securities	-	-
d Investment in debentures or bonds	-	-
e Investment in Mutual funds	5,906.90	3,656.30
f Investment in partnership firms	-	-
g Other non-current investments	-	-
Less: Aggregate provision for diminution in value of investments	(1.59)	(3.16)
	<u>5,905.31</u>	<u>3,653.14</u>



Other disclosure :

Basis of valuation of individual investments
Aggregate value of Quoted investments
Market value of the Quoted investments
Aggregate value of Unquoted investments

Nil	Nil
Nil	Nil
<u>5,905.31</u>	<u>3,653.14</u>

13 Inventories

(For mode of valuation, refer note no.26 (f))

	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
a Raw materials	1,182.65	1,262.88
b Raw materials - Goods in transit	45.80	48.01
c Work in progress	174.65	180.42
d Finished goods	234.82	156.71
e Finished goods in transit	162.33	46.07
f Stock in trade (in respect of goods acquired for trading)	-	-
g Stores & Spares	4.67	4.45
	<u>1,804.92</u>	<u>1,698.54</u>

14 Trade receivables

a Trade receivables Unsecured		
outstanding for a period exceeding six months		
- Considered good	19.82	62.03
- Considered doubtful	-	-
	<u>19.82</u>	<u>62.03</u>
Less: Provision for doubtful debts	-	-
	<u>19.82</u>	<u>62.03</u>
Other receivables considered good	<u>6,453.43</u>	<u>5,850.36</u>
	<u>6,473.25</u>	<u>5,912.39</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>6,473.25</u>	<u>5,912.39</u>

15 Cash and Bank Balances

a Cash and cash equivalents		
i Balance with banks		
In current account	221.70	124.93
ii Cash in hand	1.13	0.53
iii Cheques, drafts in hand	-	-

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
b Earmarked balances with Banks		
in Fixed deposit with Escrow account	30.84	28.46
in Dividend warrant account	38.06	32.85
c Margin money	9.00	9.00
d in Fixed deposit (less than 12 months)	796.48	1,601.99
e In Fixed Deposit (more than 12 months)	0.33	0.33
	<u>1,097.54</u>	<u>1,798.09</u>
16 Short-term loans and advances (Unsecured considered good)		
a Loans and advance to related parties		
b Advances/Loans to Employees	101.99	115.36
c Inter corporate deposit with related party	-	1,000.00
d Balance with excise and customs	144.41	310.85
e Prepaid taxes VAT in Indonesia	16.86	78.51
f Other advances		
- Sales Tax receivable	4.41	4.41
- Vendor advance	282.00	82.49
	<u>549.67</u>	<u>1,591.62</u>
17 Other current assets		
Vat tax input credit	2.72	0.30
Prepaid expenses	61.17	13.80
Interest accrued	100.16	92.70
	<u>164.05</u>	<u>106.80</u>
18 Revenue from operations	2014 - 2015 ₹ lacs	2013 - 2014 ₹ lacs
a Sale of Products		
Export Sales	1,209.12	1,090.81
Domestic Sales	35,278.05	28,013.19
b Sale of Services	-	-
	<u>36,487.17</u>	<u>29,104.00</u>
c Other operating revenues	120.32	114.01
	<u>36,607.49</u>	<u>29,218.01</u>
19 Other Income		
a Interest Income	259.26	416.48
b Dividend Income	207.00	280.14
c Net gain / (loss) on sale of investment	116.10	14.22
d Net gain / loss on foreign currency transaction	47.02	141.17
e Profit on sale of fixed assets	1.92	1.54
f Other non operating income	1.58	-
	<u>632.88</u>	<u>853.55</u>



	2014-2015	2013-2014
	₹ lacs	₹ lacs
20 Cost of Materials consumed		
Opening Stock of Raw Materials	1,262.88	950.25
Purchases	22,822.50	18,595.72
	<u>24,085.38</u>	<u>19,545.97</u>
Less: Closing stock of raw Material	1,182.65	1,262.88
	<u>22,902.73</u>	<u>18,283.09</u>
21 Changes in inventories		
Inventories at the end of the year :		
Finished goods	397.15	202.78
Work in progress	174.65	180.42
	<u>571.80</u>	<u>383.20</u>
Inventories at the beginning of the year:		
Finished goods	202.78	271.08
Work in progress	180.42	266.30
	<u>383.20</u>	<u>537.38</u>
Net (increase)/decrease	(188.60)	154.18
22 Other Manufacturing Expenses		
Stores and consumables	512.58	400.39
Power and fuel	531.74	481.72
Repairs to buildings	104.33	90.27
Repairs to machinery	197.28	168.37
Repairs others	56.74	42.35
Royalty	106.62	48.10
Technical know how and support fee	66.06	9.63
Other expenses	91.24	100.67
	<u>1,666.59</u>	<u>1,341.50</u>
23 Employee Benefits expense		
Salaries, wages, bonus and allowances	2,736.32	2,291.73
Contribution to Provident fund and other funds	224.51	185.93
Staff Welfare expenses	496.67	473.33
	<u>3,457.50</u>	<u>2,950.99</u>
24 Finance costs		
a Interest Expenses	2.87	1.31
b Other borrowing cost	-	-
c Net Loss / (Gain) on foreign currency transaction	-	-
d Bank charges	12.73	11.13
	<u>15.60</u>	<u>12.44</u>

INDIA NIPPON ELECTRICALS LIMITED

25 Other expenses	2014-2015	2013-2014
	₹ lacs	₹ lacs
Rent	13.56	14.89
Repairs to Vehicles	8.49	8.87
Insurance	46.79	47.65
Rates and taxes (excluding, taxes on income)	17.02	13.90
Communication expenses	76.36	60.86
Printing & Stationery	40.55	39.26
Sitting fees	8.49	4.23
Commission to Directors	61.00	51.50
Legal & professional charges	102.02	87.50
Travelling & conveyance expenses	200.77	170.34
Donation	0.60	40.30
Expenditure towards Corporate Social Responsibilities	66.00	-
Recruitment and training expenses	30.75	8.44
Remuneration to watch and ward	77.21	63.78
Wealth Tax	33.66	33.71
Estate Service fee	13.80	12.42
After sales service expenses	7.39	8.13
Discount to customers	420.43	169.15
Freight outwards	149.74	149.83
Advertisement	9.79	11.47
Audit fees		
a) Statutory Audit	9.20	8.00
b) Tax Audit	1.50	1.50
c) Cost Audit	-	2.00
d) VAT Audit	0.30	0.60
e) Company law matters	-	-
f) Management services	-	-
g) Other services	1.43	4.84
h) Reimbursement of Expenses	2.23	2.26
Provision for diminution in value of investments	-	0.75
Other expenses	153.51	89.41
	<u>1,552.59</u>	<u>1,105.59</u>

26 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, 2013 (the Act) and the mandatory Accounting Standards and statements issued by the Central



Government of India notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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) Operating cycle for current and non-current classification :

The classification between non-current and current elements of the Balance Sheet is determined by the Operating Cycle, which is deemed to be twelve months in the case of the Company. "Operating Cycle" is defined as the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

d) 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 of qualifying assets 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.

e) Investments

Long term investments are carried at cost with decline in value other than temporary being provided in the statement of profit and loss. 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.

f) 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

g) Revaluation Reserve: (Refer note 26 (d))

The Revaluation Reserve is created on writing up of asset values with the corresponding credit being given to Revaluation Reserve. As mentioned in item (i) 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.

h) 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.

i) Depreciation :

- i) Depreciation on fixed assets is provided on written down value method based on the useful life of the assets prescribed in Schedule II of the Companies Act, 2013.
- 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

j) 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.

k) Research and development :

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

l) 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.

m) Taxation

The company is accounting for taxes in accordance with the Accounting Standard AS 22 "Accounting for Taxes on income" notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

n) 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 except Share Capital. 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.

o) 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.

p) 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.

q) 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.

r) 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.

27 Principles of consolidation

Name of the Company	Country of incorporation	% shareholding of INEL	Category
1. P T 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 except Share Capital 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.

INDIA NIPPON ELECTRICALS LIMITED

Additional information relating to Subsidiary/Associate Companies:

Name of the entity in the	₹ lacs	Net assets(i.e) total assets minus total liabilities as on 31.03.2015		Share in profit or loss 2014-2015	
		As % of consolidated net assets	Amount ₹ lacs	As % of consolidated profit or loss	Amount ₹ lacs
Parent					
India Nippon Electricals Ltd	22281.10				
	1263.45	94.33%	21017.65	98.78%	2279.36
Subsidiaries					
<u>Indian</u>		Nil	Nil	Nil	Nil
<u>Foreign</u>					
PT Automotive Systems Indonesia		5.67%	1263.45	0.56%	12.82
Minority interests in subsidiaries		0.0018%	0.39	0.0004%	0.01
Associates (Investment as per the equity method)					
<u>Indian</u>					
Synergy Shakthi Renewable Energy Ltd		1.24%	275.38	1.22%	28.21
<u>Foreign</u>		Nil	Nil	Nil	Nil
Joint Venture					
There are no Joint Ventures					

28 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.

29 Related Party Disclosures :

Related Parties and their relationship

Joint Venturers of the Company : Kokusan Denki Co Ltd (KDCL)
Lucas Indian Service Ltd (LIS)

Subsidiary of the Company : P T Automotive Systems Indonesia (PT ASI)

Associate Company : Synergy Shakthi Renewable Energy Ltd (SSREL)

Key Managerial Personnel (KMP) : Mr Subhasis Dey - Manager (*)
Mr Arvind Balaji - Managing Director
Mr S Sampath - Chief Financial Officer & Company Secretary

Enterprise over which KMP has significant influence

: Lucas TVS Limited (LTVS)

Firm in which Director is a partner : Subbarya Aiyar Padmanabhan & Ramamani Associates (SAPRA)

(*) Mr Subhasis Dey held the position of Manager of the Company until 27th August 2014



Notes forming part of Financial Statements for the year ended 31st March 2015 :

Disclosure in respect of transactions with related parties for the period 01.04.2014 to 31.03.2015.

₹ lacs

Description	Joint Venturers of the company		Subsidiary of the company		Associate Company		Enterprise over which KMP has significant influence		Firm in which Director is a Partner		KMP with significant influence	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Transactions during the year												
KDCL												
Support fee	24.41	9.63	-	-	-	-	-	-	-	-	-	-
Royalty	106.62	48.10	-	-	-	-	-	-	-	-	-	-
Purchase of raw materials and components	218.22	261.46	-	-	-	-	-	-	-	-	-	-
Dividend paid	220.47	208.85	-	-	-	-	-	-	-	-	-	-
Sales	11.02	48.45	-	-	-	-	-	-	-	-	-	-
LIS												
Professional and technical service	-	8.61	-	-	-	-	-	-	-	-	-	-
Dividend paid	492.88	466.98	-	-	-	-	-	-	-	-	-	-
PT ASI	-	-	-	-	-	-	-	-	-	-	-	-
SSREL												
Purchase of Electricity	-	-	-	-	-	-	-	-	-	-	-	-
LTVS												
Rent paid	-	-	-	-	-	-	13.17	13.17	-	-	-	-
Expenses reimbursed	-	-	-	-	-	-	279.92	214.74	-	-	-	-
Compensation received	-	-	-	-	-	-	61.21	-	-	-	-	-
Services rendered	-	-	-	-	-	-	327.65	260.19	-	-	-	-
Inter Corporate Deposit	-	-	-	-	-	-	-	1,000.00	-	-	-	-
Dividend received	-	-	-	-	-	-	77.88	146.03	-	-	-	-
SAPRA												
Professional charges	-	-	-	-	-	-	-	-	0.45	0.35	-	-
KMP												
Remuneration paid	-	-	-	-	-	-	-	-	-	-	114.73 (**)	115.04

(**) Includes remuneration paid to the Managing Director, subject to the approval of his appointment at the forthcoming General Body Meeting.

30 Derivative instruments and unhedged foreign currency exposure :

	31.03.2015	31.03.2014
	₹ 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.		
	₹ lacs	₹ lacs
iii) Unhedged foreign currency exposure/the foreign currency exposures that are not hedged by a derivative instrument or otherwise		
a) Receivables outstanding	413.11	405.96
b) Payable outstanding	121.71	168.01

31 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 Under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 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 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 ₹ 159.61 lacs 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 :

	in ₹ lacs	
Particulars	2014-15	2013-14
Projected benefit obligation, beginning of the year	374.10	327.01
Service Cost	25.40	22.21
Interest Cost	29.93	26.16
Actuarial (gain)/loss	44.91	18.35
Benefits paid	(24.18)	(19.63)
Projected benefit obligation, end of the year	450.16	374.10

b) Change in plan assets :

	in ₹ lacs	
Plan assets at beginning of the year at fair value	369.45	307.37
Expected return on plan assets	32.36	26.92
Actuarial gain/(loss)	-	-
Employer's contributions	48.07	54.79
Benefits paid	(24.18)	(19.63)
Plan assets at end of the year, at fair value	425.70	369.45

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

in ₹ lacs

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Fair value of plan assets at the end of the year	425.70	369.45	307.37	231.05	174.61
Present value of the defined benefit obligations at the end of the period	450.16	374.10	327.01	258.23	189.46
Liability recognized in the balance sheet	(24.46)	(4.65)	(19.64)	(27.18)	(14.85)

d) Gratuity cost for the year ended March 31, 2015

Particulars	2014-15	2013-14
Service cost	25.40	22.21
Interest cost	29.93	26.16
Expected return on plan assets	(32.36)	(26.92)
Actuarial (gain)/loss	44.91	18.35
Net cost	67.88	39.80
Actual return on plan assets	9.25%	9.25%

e) Investment details of plan assets :

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

f) Assumptions

Particulars	2014-15	2013-14
Discount rate	8%	8%
Salary escalation rate	5%	5%
Estimated rate of return on plan assets	8%	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.

32 Expenditure on R&D

	2014-2015	2013-2014
	₹ lacs	₹ lacs
a) Capital Expenditure	27.63	54.77
b) Revenue Expenditure		
* Salary	246.20	227.03
* Electricity	8.33	8.95
* Travel	25.89	20.42
* Outsourcing expenses	2.11	1.12
* Revenue & others	63.58	45.90
	<u>346.11</u>	<u>303.42</u>
Total R & D expenditure (a) + (b)	373.74	358.19

33 Contingent liabilities & Commitments
(i) Contingent liabilities

a	Claims against the company not acknowledged as debt	-	-
b	Letter of Credit	64.63	69.72
c	Letter of Guarantee	-	-
d	Sales tax demand in appeal	0.41	0.41
e	Excise Duty/Service Tax	23.99	26.89
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	416.71	509.47
b	Uncalled liability on shares and other investments partly paid	0.01	0.01
c	Other commitments	-	-

34 Note on Earnings per share

Profit attributable to equity Share holders (A)	2,307.56	2,122.65
Number of equity shares of ₹ 10 each at the beginning of the year	11,310,712	11,310,712
Number of equity shares of ₹ 10 each at the end of the year (B)	11,310,712	11,310,712
Earnings per share (basic and diluted in Rupees) (A/B)	20.40	18.77



35 Details of CSR Expenditure

a) Gross Amount Required to be spent by the Company during the year : ₹ 65.20 lacs

b) Amount spent during the year on:

Particulars	In Cash ₹ Lacs	Yet to be paid in cash ₹ Lacs	Total ₹ Lacs
(i) Construction/Acquisition of asset	Nil	Nil	Nil
(ii) On purposes other than (i) above	66.00	Nil	66.00

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

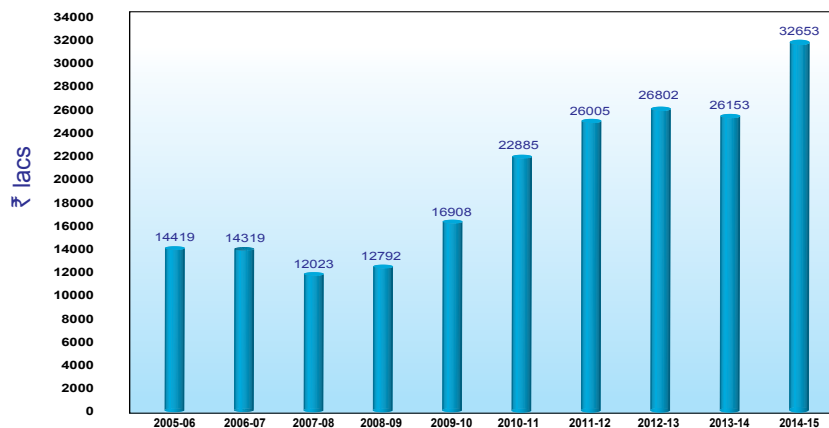
T K BALAJI <i>Chairman</i>	G CHIDAMBAR V BALARAMAN R VIJAYARAGHAVAN	ARVIND BALAJI <i>Managing Director</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 000511S
Bengaluru 25 th May 2015	JAYSHREE SURESH <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>	P S KUMAR <i>Partner</i> Membership No. 15590

NOTES:

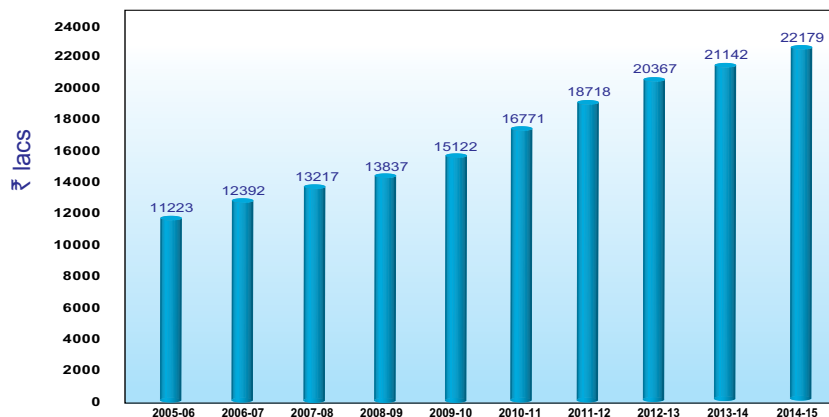


FINANCIAL HIGHLIGHTS - 2006 - 2015

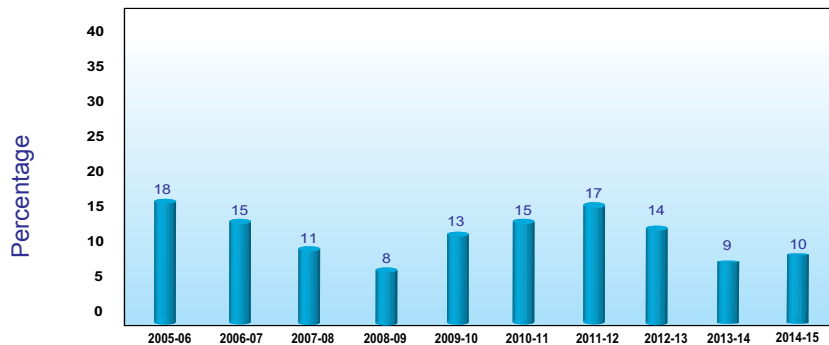
SALES



NETWORTH*



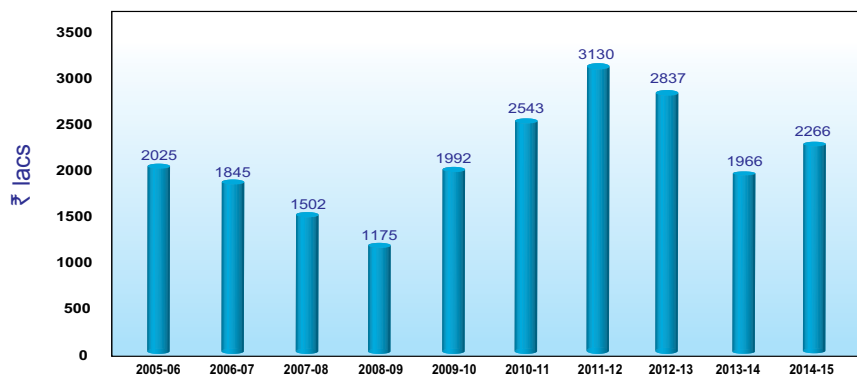
RETURN ON NET WORTH*



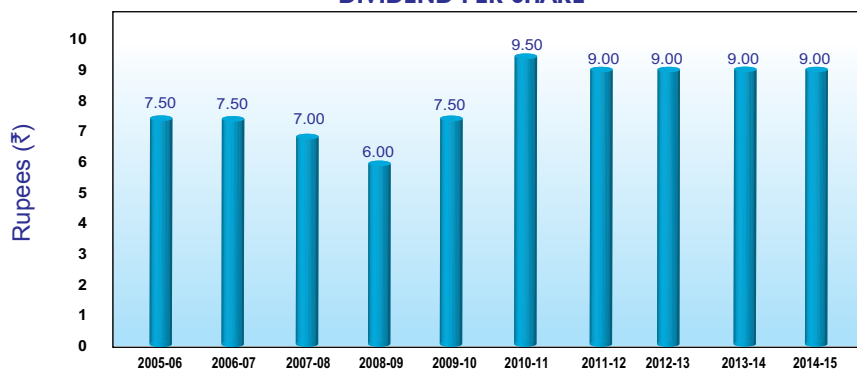
* Exclusive of revaluation reserves

FINANCIAL HIGHLIGHTS - 2006 - 2015

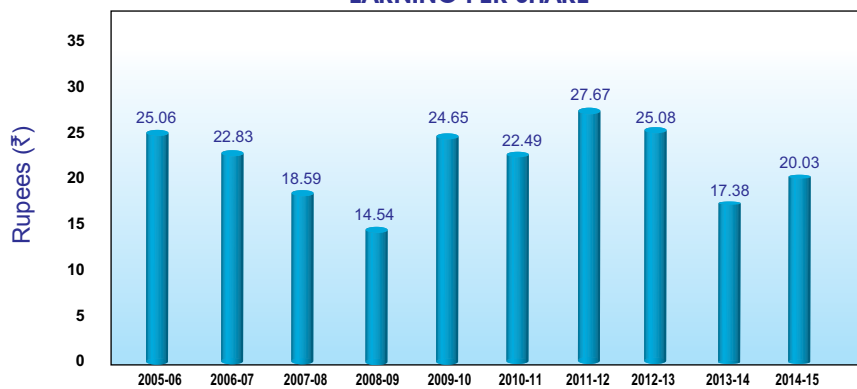
PROFIT AFTER TAX



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