



INDIA NIPPON ELECTRICALS LIMITED

**27th ANNUAL REPORT
2011-2012**

Domestic Customers



Global Customers





INDIA NIPPON ELECTRICALS LIMITED

Board of Directors

Chairman

T K BALAJI

Directors

R D FLINT

M NAMATAME

K NAKAMURA

K SESHADRI

KG RAGHAVAN

V BALARAMAN

G CHIDAMBAR

N S MURTHY

Audit Committee

K G RAGHAVAN

(Chairman)

K SESHADRI

V BALARAMAN

G CHIDAMBAR

N S MURTHY

Investors' Grievance Committee

T K BALAJI

(Chairman)

K SESHADRI

G CHIDAMBAR

Manager

SUBHASIS DEY

Chief Financial Officer & Company Secretary

S SAMPATH

Auditors

M/s. BRAHMAYYA & CO

48, Masilamani Road, Balaji Nagar

Royapettah

Chennai 600 014

Bankers

BANK OF BARODA

ICICI BANK LIMITED

AXIS BANK LIMITED

Listing of Shares with

Madras Stock Exchange Ltd., Chennai

National Stock Exchange of India Ltd., Mumbai

Bombay Stock Exchange Ltd., Mumbai

Registered Office

'Aalim Centre'

82 Dr. Radhakrishnan Salai, Mylapore

Chennai 600 004

Ph : 044-28110063/28110074

e mail: inelcorp@inel.co.in

Factories

1. Hosur-Thalli Road

Uliveeranapalli 635 114

Denkanikotta Taluk, Krishnagiri District - Tamilnadu

Ph : 04347 - 233432 - 233438

email: inelhsr@inel.co.in

2. Madukarai Road

Kariamanickam, Nettapakkam Commune

Puducherry 605 106

Ph : 0413 - 2697801-2697827

3. Masani Village

Rewari District, Haryana 122 106

Ph : 01274-240860/240212

Website : www.indianippon.com

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INDIA NIPPON ELECTRICALS LIMITED

FINANCIAL HIGHLIGHTS OF TEN YEARS PERFORMANCE

₹ lacs

S.No.	Description	Year ended 31st March									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Profit and Loss Account											
1.	Sales (excluding Excise duty)	14554	14956	15066	14419	14319	12023	12792	16908	22885	26005
2.	Other income	459	608	243	543	532	732	872	620	624	803
3.	Total Income (1+2)	15013	15564	15309	14962	14851	12755	13664	17528	23509	26808
4.	Gross Profit before interest, depreciation and tax	4103	3991	3018	2885	2550	2141	1793	2952	3767	4525
5.	Depreciation	327	476	436	428	364	326	284	357	415	528
6.	Profit before interest & tax	3776	3515	2582	2457	2186	1815	1509	2595	3352	3997
7.	Interest	39	13	10	11	18	11	17	18	17	21
8.	Profit before tax	3737	3502	2572	2446	2168	1804	1492	2577	3335	3976
9.	Profit after tax	2770	2499	1847	2025	1845	1502	1175	1992	2543	3130
Balance Sheet											
10.	Net Fixed Assets (including revaluation reserves)	1905	2576	2462	2291	2144	1867	1798	2633	2832	3710
11.	Investments	4674	5647	6353	7749	8546	9962	7272	9999	8857	9344
12.	Net Current Assets	1330	1410	1885	1994	2469	1951	5221	2943	5477	6059
13.	Total (10+11+12)	7909	9633	10700	12034	13159	13780	14291	15575	17166	19113
14.	Share capital	808	808	808	808	808	808	808	808	808	1131
15.	Reserves & Surplus	6718	8442	9509	10843	11995	12818	13425	14709	16358	17982
16.	Net Worth (14+15) (including revaluation reserves)	7526	9250	10317	11651	12803	13626	14233	15517	17166	19113
17.	Loan funds	383	383	383	383	356	154	58	58	-	-
18.	Total	7909	9633	10700	12034	13159	13780	14291	15575	17166	19113
19.	Return on Net Worth (%) (excluding revaluation reserves)	39	28	19	18	15	11	8	13	15	17
20.	Return on Capital Employed (%) (excluding revaluation reserves)	51	38	25	21	17	14	11	17	20	21
21.	Earning per share (₹)	34	31	23	25	23	19	15	25	22	28
22.	Dividend per share (₹)	8.5	8.5	8.5	7.5	7.5	7.0	6.0	7.5	9.5	9
23.	Book value per share (₹) (excluding revaluation reserves)	88	109	122	139	153	164	171	187	208	165
24.	Fixed Assets Turnover (No. of times)	8	6	6	6	7	6	7	6	8	7
25.	Working Capital Turnover (No. of times)	11	11	8	7	6	6	2	6	4	4
26.	Gross profit as % of total income	27	26	20	19	17	17	13	17	16	17
27.	Net profit as % of total income	18	16	12	14	12	12	9	11	11	12
28.	No. of Employees	485	521	557	618	539	510	542	646	809	971
29.	No. of Shareholders	3987	4088	4516	4576	4760	4828	4827	6052	5806	6289

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



Notice to Shareholders

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Shareholders of the Company will be held on Thursday, the 30th August 2012 at Kasturi Srinivasan Hall, (Music Academy Annexe) No.168 (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014 at 10.30 A.M. to transact the following business.

Ordinary Business

1. Adoption of audited accounts for the year ended 31st March 2012 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 2012 and the Profit and Loss account of the Company for the year ended on that date, together with the Directors' report and the Auditors' report thereon as presented to the meeting be and are hereby approved and adopted.

2. Declaration of Dividend

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

Resolved that the first and second interim dividends respectively of ₹4.00 and ₹5.00 per share declared by the Board of Directors of the Company on 3rd Feb'12 and 30th May'12 on 11310712 equity shares of ₹10/- each fully paid, absorbing a total sum of ₹1017.97 lacs (excluding dividend tax of ₹165.15 lacs paid) in the aggregate, be and are hereby treated as the final dividend for the year ended 31st March 2012.

3. To appoint Auditors and fix their remuneration

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

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

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

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

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

RESOLVED THAT Mr N S Murthy, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

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

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

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

Special Business

6. Appointment of Mr Y Tomita as a director liable to retire by rotation

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

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

7. Appointment of Mr Subhasis Dey as Manager u/s 269 of the Companies Act 1956

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

"Resolved that subject to the provisions of Section 269 and other applicable provisions of the Companies Act 1956 read

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with schedule XIII to the Companies Act, Mr Subhasis Dey be and is hereby appointed as Manager of the Company for a period of 5 years from 3rd February 2012 up to 2nd February 2017 and he shall work under the overall supervision and directions of the Board of Directors and his duties will be handling of day to day affairs of the Company and reporting the activities of the Company regularly to the Board and discharge various duties, the Board may entrust to him from time to time.

Resolved further that subject to the limits contained in sections 198 and 309 of the Companies Act, 1956, read with part II of Schedule XIII, his remuneration by way of salary and allowance will comprise the following:

Sl. No	Description	Rs Per Month
i.	Basic Salary	77,000
ii.	House rent allowance	48,000
iii.	Other allowances	66,500

Resolved further that in addition to the above remuneration, Mr Subhasis Dey will also be entitled to the following perquisites:

Sl. No	Description	Rs Per Month
i.	Gas and Electricity	5,000
ii.	Subscription to Books and Periodicals	3,500
iii.	Leave travel Assistance	10,000
iv.	Club Subscription	At actuals
v.	Premium on Personal Accident Insurance	At actuals
vi.	Premium for medical expenses for self and family	At actuals

Resolved further that Mr Subhasis Dey will also be paid a lump sum for any financial year of the Company as may be decided by the Board of Directors which was ₹2 lacs for the year 2011-12.

Resolved further that Mr Subhasis Dey is entitled to Company's contribution to provident fund, gratuity and encashment of un-availed leave at the end of the tenure as per the rules framed by the Company.

Resolved further that Mr Subhasis Dey will also be provided with Company's car for official duties and telephone at residence (including payment for local and long distance official calls) which shall not be included in the computation of perquisites.

Resolved further that in the event of loss or inadequacy of profits for any financial year, the Board of Directors shall revise the remuneration payable to the Manager during such financial year in such manner as agreed to between the Board of Directors and the Manager and such remuneration shall be within the limits prescribed for this purpose under Schedule XIII to the Companies Act, 1956.

Resolved further that the Manager be entitled to reimbursement of all actual expenses, including travelling, entertainment and other out of pocket expenses incurred in the course of the Company's business as per the rules framed by the Company.

Resolved further that the Board of Directors of the Company may revise the remuneration payable to him during the currency of present tenure of office provided that the remuneration by way of salary perquisites and other allowance and benefits shall not exceed the limits prescribed under Schedule XIII and such other applicable provisions of



the Companies Act 1956 as amended and that may be in force, from time to time.

By order of the Board

S SAMPATH

Chennai
30th May 2012

Chief Financial Officer &
Company Secretary

Notes:

1. A Member entitled to attend and vote at the above meeting is entitled to appoint a proxy and the proxy need not be a member. The instrument appointing proxy and the power of attorney or other authority, if any, should be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 28th August 2012 to 30th August 2012 [both days inclusive]
3. Consequent upon the amendment to Section 205A read with 205C of the Companies Act, 1956, dividends declared for the year ended 31.03.2006 and for the subsequent years, which remain unclaimed for a period of 7 years will be transferred to the Investors Education and Protection Fund on due dates. Members who have not encashed their dividend warrants are requested to make their claims with the Company by surrendering the unencashed dividend warrants immediately.
4. In terms of Clause 49 of the Listing Agreement with Stock Exchanges, a brief resume of Directors who are proposed to be appointed / re-appointed at this meeting is given below:

SI No.4 of the Notice to Shareholders

Mr N S Murthy was born on 11th May 1928. He holds a Bachelor of Science degree and worked as a Graduate Trainee in Lucas, UK between 1949 and 1952. Later he served Lucas Indian

Service Ltd for over 4 decades from 1952 and retired as Executive Director in 1990. Currently he is a director in Delphi TVS Diesel Systems Ltd.

SI No. 5 of the Notice to shareholders

Mr Ganesan Chidambar was born on 23rd March 1931. He holds a Master's degree in Mathematics from the University of Delhi. He is also an Associate from the Institute of Actuaries, London besides being a Fellow of the Institute of Actuaries of India and Associate of Insurance Institute of India. Mr Ganesan Chidambar started his career as an Officer in Ruby General Insurance Company Ltd. Delhi which was taken over by LIC of India consequent to its nationalisation. He held several positions in LIC of India and retired in 1991 as Managing Director of LIC of India after a tenure of about 2 years. Mr Ganesan Chidambar currently is a Director of Mahaveer Finance Ltd, Royal Soft Services Ltd and Coromandel Stampings and Stones Ltd.

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

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying notice dated 30th May 2012 and shall be taken as forming part of the notice.

SI No. 6 of the Notice to shareholders

Mr Yuji Tomita was born on 17th September 1962. He holds a Bachelor degree in Engineering. He joined Kokusan Denki Co Ltd., Japan in April 1985 and served as Manager till September 2008. From October 2008 onwards, he is the Officer and General Manager of Kokusan Denki Co. Ltd., Japan. He is not holding directorship in any other companies.

Mr Y Tomita was appointed with effect from 1st June 2012 as a director of the Company in the casual vacancy caused by the resignation of Mr K Nakamura. Mr Tomita does not hold any shares in the Company.

The Company has received from a shareholder a Notice under Section 257 of the Companies

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Act, 1956 intimating his intention to propose the appointment of Mr Yuji Tomita as a Director of the Company, liable to retire by rotation, at this meeting and for that purpose to move a resolution set out under item 6 of the Notice.

Keeping in view of his expertise and experience in automobile ancillary industry, the Board considers it desirable that the Company should avail the services of Mr Y Tomita.

Interest of Directors

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

The resolution is recommended for the approval of the shareholders.

SI No. 7 of the Notice to shareholders

As per Section 269 of the Companies Act, 1956 read with Rule 10A, a Company with a paid up Share Capital of ₹5 Crores or above shall have a Managing Director or a Whole Time Director or a Manager.

Consequent upon the resignation of Mr G Murali as Manager of the Company, the Board appointed Mr Subhasis Dey as Manager of the Company at a meeting held on 3rd February 2012 subject to the provisions of the Companies Act, 1956 with effect from 3rd February 2012 for a period of 5 years at a remuneration,

which does not exceed the limits prescribed in Schedule XIII to the Companies Act, 1956.

Mr Subhasis Dey (age 50 years) graduated from Regional Engineering College, Durgapur in Electrical Engineering in 1983. He also holds Post Graduate Diploma in Business Management in addition to Certificate in Quality Management from British Standards Institute (UK) and Lead Assessor in Automotive Quality Systems from Omnex (USA).

Mr Subhasis Dey joined Tata Motors in 1983 as a Graduate Engineer Trainee and worked in various capacities till 2005 but for a brief period of about 3 years in between during which period he served Metaldyne Corporation of USA, a major automotive manufacturer supplying to global car makers worldwide. At the time of his departure from Tata Motors in 2005, he was heading the vendor development function for their Passenger Car Business based in Pune. He joined Lucas-TVS Ltd in 2005 as General Manager-Business Development/ Marketing and was deputed to your company in 2008. He is currently heading the Operations of your Company.

The resolution set out under item no.7 of the Notice is recommended for adoption by the members.



Directors' Report to the Shareholders

Your Directors have pleasure in presenting the Twenty Seventh Annual Report and Audited Accounts for the year ended 31st March 2012.

1. FINANCIAL HIGHLIGHTS

	Year ended 31st March 2012	Year ended 31st March 2011
	₹ lacs	
Sales (Net of excise duty)	26005	22885
Profit before depreciation, exceptional items and taxes	4371	3750
Less:		
Depreciation	528	415
Profit before tax & exceptional items	3843	3335
Exceptional items	133	-
Profit before tax	3976	3335
Taxation	846	792
Profit after tax	3130	2543
Profit brought forward from previous year	785	836
Dividends	1018	767
Dividend distribution tax	165	127
Transfer to general reserve & share capital	1200	1700
Retained in profit and loss account	1532	785

2. OPERATIONS

Your Company's sales grew by 14% over the previous year, from ₹228.85 crores to ₹260.05 crores. Profit before tax and exceptional items at ₹38.43 crores showed an improvement of 15% over the previous year.

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a. Economic Overview:

GDP growth moderated during the year compared to 2010-11 and is expected to be around 7%. The main cause for the decline in the trend of growth has been identified, by the Reserve Bank of India, as the emergence of significant supply bottlenecks on a number of fronts like infrastructure, energy, mining and labour besides difficult economic conditions in Europe.

b. Industry structure and developments:

The growth of two and three wheeler industry during the year under review was in double digits though lower than the previous year. The scooter segment showed the highest rate of growth at 25% followed by motorcycles, mopeds and 3 wheelers respectively at 14%, 12% and 10%.

c. Performance Review:

Sales of your Company's products to the 2/3 Wheeler segments registered a growth of around 13% with the Scooter segment recording the highest growth of over 30%.

Your Company continued to record healthy growth in its business in electronics during the year under review. Direct sales in the aftermarket recorded a growth of over 30% on account of the various initiatives taken by your company. Exports at ₹9.5 crores were 25% more than the previous year. Additional capacities were created in two of the manufacturing units during the year under review and capacity expansion has been planned in the third unit during the year 2012-13.

d. Business Outlook:

Your company's share of business with some of the major two and three wheelers manufacturers in the country is expected to have a significant growth in the year 2012-13. Your company has also received letter of intent from two of the leading two wheelers manufacturers of Japanese origin, who have ambitious growth plans for India. Enquiries for the company's products have also been received from other international manufacturers who are setting up manufacturing units in India.

On the export front, your Company's products have been well received by a North American customer and this is likely to provide further business in 2012-13. Business with other overseas customers is also expected to record a positive growth in 2012-13.

In view of these developments, your Directors expect a growth of about 20% in 2012-13.

e. Human Resources and Industrial Relations:

The long term wage settlement for unionised employees of Hosur, Puducherry and Rewari units have been completed during the year harmoniously.

The number of people employed in your Company as on 31st March 2012 was 971.

f. Risks and Concerns:

Global prices of crude and petroleum products have been going up sharply and will have an impact on the growth of the automobile industry. Although Reserve Bank of India has announced a 50 basis point reduction in interest rates, concern has been expressed about likely re-emergence of inflation which may limit the scope for further reduction. The power situation in States like Tamil Nadu is impacting the cost of production significantly. Weakening of the rupee has also pushed up the cost of imports. To recoup the cost increases fully from the customers continues to be difficult thereby bringing margins under pressure.

Your Company's engineers continue to develop VA/VE products as an alternate to expensive raw materials like rare earth magnets to overcome the cost pressure.

g. Internal Control System:

Your Company has adequate internal control systems commensurate with its size. The internal auditors periodically review these controls at all the locations of the Company.

The Audit Committee reviews their findings at its meetings and takes corrective measures as necessary.



h. Financial / Operational Performance:

Particulars	2011-12		2010-11	
	₹ lacs	%	₹ lacs	%
Sales (Net of Excise Duty)	26005	97.00	22885	97.34
Other income	803	3.00	624	2.66
Total Income	26808	100.00	23509	100.00
Raw Material Consumed	17741	66.18	15343	65.26
Staff cost	2646	9.87	2260	9.61
Stores & Tools Consumed	391	1.46	311	1.32
Power & Fuel	382	1.42	367	1.56
Repairs & Maintenance	293	1.09	275	1.17
Marketing expenses	221	0.82	535	2.28
Other Expenses	740	2.76	649	2.76
Provision for Diminution in value of investments	2	0.01	-	-
Interest	21	0.08	19	0.08
Depreciation	528	1.97	415	1.77
Total Expenditure	22965	85.66	20174	85.81
Profit Before Tax & exceptional items	3843	14.34	3335	14.19
Exceptional items	133	0.50	-	-
Profit Before Tax	3976	14.84	3335	14.19
Provision for Taxation (including deferred tax)	846	3.16	792	3.37
Profit After Tax	3130	11.68	2543	10.82

The exceptional item of ₹133 lakhs refers to the profit made on the price offered by the Government of Haryana for the compulsory acquisition of 1.8125 acres of land belonging to your Company for laying of roads

i. Corporate Social Responsibility

Your company contributes to the society at large through donations to reliable organisations who promote the cause of the downtrodden by running educational institutions and other related activities, as also to institutions supporting physically challenged persons, etc.

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

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

j. **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 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. INTERNATIONAL APPRECIATION

The 'smart regulator' developed through in-house R&D by your company has won an award from a well known motorcycle maker from Japan, for fuel efficiency. A certificate in appreciation of the development has been given to the joint venture partner of your company, M/s Kokusan Denki, acknowledging this development by your company in India. The customer is also keen to promote the use of this regulator in its products manufactured in other parts of the world.

5. PT AUTOMOTIVE SYSTEMS INDONESIA (PT ASI)

Your Company has obtained approval from the designated authorities at Indonesia for extension of time by two more years for commencing commercial production which is expiring in March 2014. Your Company is continuing to explore various options and an appropriate decision will be made.

The Ministry of Corporate Affairs vide its General Circular No.2/2011/circular no.5/12/2007-CL-III dated 8th February 2011 has granted general exemption from the requirement of attaching the annual report

of subsidiary company, subject to fulfilment of conditions stipulated in the circular. Your company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.

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

6. ASSOCIATE COMPANY

As indicated in the last year's report, in the context of the growing need to reduce dependence on conventional sources of energy and on environmental grounds, the Central Government is accelerating initiatives to promote use of renewable sources of energy from the Twelfth Plan (2012-17). Introduction of Renewable Purchase Obligation (RPO) for industrial consumers and state distribution utilities alongside Renewable Energy Certificates (REC) scheme for the renewable power generators is a step in this direction. Mandatory compliance of RPO commencing from FY 2011-12 is expected to gather momentum in the coming years. The Ministry of New and Renewable Energy is also in the process of formulating a National Biomass Mission policy framework to support biomass-based power generators on issues ranging from long term fuel security to viable energy tariffs for this sector.

Synergy Shakthi Renewable Energy Limited (SSREL), in which your Company has made a strategic investment, has gradually improved its capacity utilization during the second half of the year under review by securing alternate sources of biomass and fine tuning its operations. SSREL has also received accreditation from the regulatory authorities for trading in RECs to which it



would be entitled based on energy sold to its customers. Realization from en-cashing the certificates by sale to the obligated entities is expected to support the long term viability of your investee company.

7. DIVIDEND

Your Company had paid an interim dividend of ₹4.00 per share in the month of February '12. A further dividend of ₹5 per share will be paid in June '12. The total dividend of ₹9 per share is being treated as final dividend for the year. The dividends will absorb a sum of ₹1017.97 lacs besides an additional outgo on dividend distribution tax of ₹165.15 lacs.

8. BONUS SHARES

During the year, your Company issued and allotted 32,31,632 equity shares of ₹10/- each as bonus shares on 22nd September 2011 in the ratio of 2 equity shares for every 5 equity shares held to the eligible shareholders as on the record date i.e. 21st September 2011 by capitalizing an equivalent amount standing to the credit of the general reserve account of the Company. As a result, the Company's share capital now stands at ₹11.31 crores. The said issue and allotment of bonus shares was completed within the stipulated period of two months of its declaration by the Board of Directors in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

9. PUBLIC DEPOSITS

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

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

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

11. PARTICULARS OF EMPLOYEES

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

12. CORPORATE GOVERNANCE

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

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

The certificate required from CEO/ CFO, is also attached to this report.

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) that in the preparation of accounts for the financial year ended 31st March 2012 the applicable accounting standards have been followed.
- b) that the Directors have selected the accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company, at the end of the financial year under review and of the Profit of the Company, for the year under review.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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- d) that the Directors have prepared the annual accounts for the year ended 31st March 2012 on a 'going concern' basis.

14. DIRECTORS

Mr. K Nakamura has resigned from the Board of Directors and Mr Y Tomita has been inducted in the casual vacancy caused by his resignation effective 1st June 2012. Mr Y Tomita, will be proposed for appointment as a Director liable to retire by rotation in the ensuing Annual General Meeting.

Mr. N S Murthy and Mr. G Chidambar are retiring by rotation at the ensuing Annual General meeting and being eligible offer themselves for re-appointment.

15. AUDITORS

M/s Brahmayya & Co., Chartered Accountants, retire at the conclusion of the

Annual General Meeting and are eligible for re-appointment.

16. GENERAL

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

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

For and on behalf of the Board of Directors

Chennai
30th May 2012

T K BALAJI
Chairman



Annexure I to Directors' Report to the Shareholders

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

1. CONSERVATION OF ENERGY

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

The power consumed per Standard Unit of Production has recorded reduction during 2011-12 by implementing measures such as:

- ★ Replacement of MV lamps on the shop floor with energy efficient magnetic induction lamps.
- ★ Introduction of automatic pressure controlled steam generator at the canteen.
- ★ By sourcing energy requirement with Green Energy (renewable energy) through third party power purchase.

b) Future plans for energy conservation:

Your company is planning for enhanced conservation of energy by adopting measures such as installation of energy efficient Induction lamps / LED lamps on the shop floor as appropriate. Solar heating system for washing machines, canteen as also introduction of induction heating ovens to replace the conventional ovens are also being evaluated.

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- i. Your Company has commenced supplies of "Smart Regulator" (regulator with digital control) to a well known motorcycle maker

from Japan through our joint venture partner, Kokusan Denki Co. Ltd. Japan. The product has won an award from the customer for the contribution it has made for improvement to fuel efficiency.

Your company is actively pursuing introduction of the recently developed series regulator for various applications. Having refined this product further, an application for patent has been filed.

ii. Expenditure on R&D:

	₹ lacs
Capital	27.52
Revenue	199.88
	<u>227.40</u>
% on net turnover	0.9%

3. FOREIGN EXCHANGE OUTGO AND EARNINGS:

Export Activities

Exports during the year ended 31st March 2012 amounted to ₹9.53 crores as against ₹7.63 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 ₹3895 lacs and ₹952 lacs respectively.

For and on behalf of the Board of Directors

Chennai
30th May 2012

T K BALAJI
Chairman

INDIA NIPPON ELECTRICALS LIMITED

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

The Shareholders of the Company

30th May 2012

On the basis of the written representations received from members of the Board and Senior Management Personnel as at 31st March 2012, in terms of Clause 49 of the Listing Agreement, we hereby certify that both the members of the Board and the Senior Management Personnel have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the company as laid down by the Board of Directors.

Subhasis Dey
Chief Executive Officer

S Sampath
Chief Financial Officer

Auditors' Certificate

To the members of India Nippon Electricals Limited

We have examined the compliance of conditions of Corporate Governance by India Nippon Electricals Limited for the year ended on 31st March 2012 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

P S KUMAR
Partner
Membership No.: 15590

Chennai,
30th May 2012



REPORT ON CORPORATE GOVERNANCE

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

A. MANDATORY REQUIREMENTS

1. Company's Philosophy:

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

2. Board of Directors:

The Company has 9 Directors, 3 foreign Directors (two Japanese and one UK national), and 6 resident Directors. All 9 Directors are non-executive Directors.

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

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

The Board met 7 times between 1st April 2011 and 31st March 2012 as given below:

Date of Meeting	Directors Present
27.05.2011	4
27.07.2011	6
08.08.2011	6
08.09.2011	6
11.11.2011	6
03.02.2012	6
30.03.2012	6

The last AGM was held on 8th September 2011. Six Directors attended the AGM.

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

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

(N.A.) Not Applicable; (*) includes private companies; (**) including committees where the Director is also Chairman; (***) Mr Y Tomita appointed as director effective 1st June 2012.

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

INDIA NIPPON ELECTRICALS LIMITED

4. Audit Committee:

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

During the year the Committee of Directors met 5 times on 27th May 2011, 27th July 2011, 11th November 2011, 3rd February 2012 and 30th March 2012.

The composition of Audit Committee of the Board and the details of their attendance in the meetings of the Audit Committee are given below (01.04.2011 to 31.03.2012):

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

The Company Secretary is the Secretary to the Audit Committee.

5. Remuneration Committee & Policy:

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

The Board of Directors determines the remuneration payable to the Manager taking

into account his qualification, experience, expertise, contribution and the prevailing levels of remuneration in Companies of corresponding size and standing.

Manager under Section 269 of the Companies Act, 1956:

Mr G Murali, whose appointment as Manager was approved by the shareholders in the AGM held on 21st August 2008 for a period of 5 years w.e.f. 01.04.2008 resigned effective 3rd February 2012. The Board has appointed Mr Subhasis Dey as Manager for a period of 5 years from 3rd February 2012.

A subject seeking approval of the shareholders for the appointment and remuneration of Mr Subhasis Dey, as Manager for a period of 5 years effective 3rd February 2012 is included in the Notice of the Annual General Meeting to be held on 30th August 2012.

6. Bonus Shares Allotment Committee:

The Board at its meeting held on 8th September 2011 constituted a Committee titled, 'Bonus Shares Allotment Committee' for issue of bonus shares in the proportion of 2 bonus equity shares for every 5 equity shares held, pursuant to the resolution of the shareholders passed at the Annual General Meeting of the Company held on 8th September 2011. The Committee allotted 3231632 bonus equity shares of ₹10 each, having distinctive numbers from 8474681 to 11706312 to those shareholders whose names appear in the Register of Members of the company as on the Record Date i.e., 21st September 2011 as per the list provided by M/s Sundaram Clayton Ltd, the Share Transfer Agent of the Company.

Fractional shares: An aggregate of 913 new equity shares representing fractions in the



bonus issue pertaining to 2264 shareholders allotted to Mr K Seshadri, as a Trustee for fractional shareholders, for sale at prevailing market prices. Mr K Seshadri Trustee sold the shares in the stock market and the realisation thereof distributed among the shareholders in proportion to their fractional entitlements.

Non Executive Directors:

Non-Executive Directors are paid remuneration by way of commission not exceeding 1% of the net profits computed in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956.

Payment of such commission for a period of five years from 01.04.2008 to 31.03.2013 was approved by the shareholders at their meeting held on 21st August 2008.

Provision has been made in the accounts towards commission to the Directors for the period ended 31st March 2012 as given below:

Name of the Directors	Amount ₹ lacs
Mr. T K Balaji, Chairman	4.00
Mr. K Seshadri	4.00
Mr. K G Raghavan	6.00
Mr. V Balaraman	6.00
Mr. G Chidambar	6.00
Mr. N S Murthy	4.00
Total	30.00

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

7. Shareholders' / Investors' Grievance Committee:

The Board had constituted the Shareholders' / Investors' Grievance Committee comprising the following three Directors which met four times during the year between 1st April 2011 and 31st March 2012:

Sl. No.	Name of the Member	Status	No. of Meetings
1.	Mr. T K Balaji	Chairman	4
2.	Mr. K Seshadri	Member	3
3.	Mr. G Chidambar	Member	4

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

The Board has authorised Mr G Murali, President or Mr S Sampath, Compliance Officer of the Company to approve periodically the following:

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

Investors' Grievance Committee ratifies the transactions at appropriate intervals.

As required by Securities and Exchange Board of India (SEBI) Mr S Sampath, Chief Financial Officer and Company Secretary has been appointed as Compliance Officer. For any clarification, shareholders may contact Mr S Sampath, Chief Financial Officer & Company Secretary. The Company

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has a dedicated e.mail id for investors' complaints – investorscomplaints@inel.co.in and investorscomplaintsst@inel.co.in effective 1st April 2007, as required vide amended Clause 47(f) of the Listing Agreement.

Six complaints were received and redressed during the financial year 2011-2012 as detailed below:

Nature of complaints received and redressed		
Non receipt of dividend warrants	Non receipt of Bonus share certificates	Non-receipt of Annual report
4	1	1

All the complaints were addressed to the satisfaction of the concerned investors.

7.A. Sitting Fees Paid:

Remuneration by way of Sitting Fee for attending Board/ Committee Meetings paid to non-executive Directors for the year ended 31st March 2012 is tabulated hereunder:

Name of the Directors	Board ₹	Audit Committee ₹	Investors Grievance Committee ₹	Bonus Shares Allotment Committee ₹	Total ₹
Mr. T K Balaji, Chairman	49000	-	24000	-	73000
Mr. K Seshadri	42000	24000	18000	6000	90000
Mr. K G Raghavan	42000	18000	-	-	60000
Mr. V Balaraman	49000	30000	-	6000	85000
Mr. G Chidambaram	49000	30000	24000	6000	109000
Mr. N S Murthy	42000	30000	-	-	72000
Total	273000	132000	66000	18000	489000

8. Annual General Meetings:

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

Meeting	Year	Location	Date	Time
24th AGM	2009	Kasturi Srinivasan Hall 168 (Old 306), TTK Road, Chennai - 600 014	31st Aug 2009	12 Noon
25th AGM	2010	Kasturi Srinivasan Hall 168 (Old 306), TTK Road, Chennai - 600 014	26th Aug 2010	10.30 AM
26th AGM	2011	Vani Mahal Mini Hall 103, GN Road, Chennai-600017	8th Sep 2011	10.30 AM

8.2 Special resolutions passed in the previous annual general meetings :

During the last three years viz., 2008-2009 to 2010-2011, approval of the shareholders was obtained by passing special resolutions in respect of the following:

Year	Subject matter of special resolution	Date of AGM
2008-2009	Alteration of the Articles of Association of the Company	31st Aug 2009
2009-2010	Nil	26th Aug 2010
2010-2011	Nil	8th Sep 2011

8.3 There was no requirement to seek the approval of Shareholders by postal ballot in the last year.

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



9. Disclosures:

- a. There were no transactions of material nature with the promoters, Directors or the management or their subsidiaries or relatives, etc., potentially conflicting with Company's interest at large, during the year.
- b. There were no instances of non-compliance on any matter related to the capital market, during the last three years.

10. Means of Communication:

- a) Quarterly results were published in Business Line and the Tamil version of the same was published in Dinamani. The Company has opted to publish the audited annual results for the year ended 31st March 2012 within the stipulated time and therefore has not published the last quarter unaudited results.
- b) The quarterly results and also the annual audited results are published in the Company's website viz. www.indianippon.com.

11. General Information for Shareholders :

1.	Date, Time and Venue of the Annual General Meeting	30th August 2012 (Thursday) at 10.30 A.M at Kasturi Srinivasan Hall, (Music Academy Annexe) No.168 (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014
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2.	Financial Reporting for the Quarter ending: 30th June 2012 30th September 2012 31st December 2012 31st March 2013	1st fortnight of Aug 2012 1st fortnight of Nov 2012 1st fortnight of Feb 2013 May 2013
3.	Period of Book Closure	28th August 2012 to 30th August 2012 (both days inclusive)
4.	1st Interim Dividend (₹4 per share)	
	Declared on 03.02.2012	Record Date 15.02.2012 Payment Date 22.02.2012
	2nd Interim Dividend (₹5 per share)	
	Declared on 30.05.2012	Record Date 12.06.2012 Payment Date 19.06.2012
The above ₹9 per share dividend is recommended as final dividend.		

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

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

11.2 Trade Symbol at stock exchanges:

National Stock Exchange of India Ltd INDNIPPON EQ
 Madras Stock Exchange Ltd -
 Bombay Stock Exchange Ltd 1823/99

11.3 Demat ISIN in NSDL and CDSL:

INE092B01017

11.4 Annual Listing Fees for the year ended March 2012 have been paid to the above Stock Exchanges.

12. Share Price Data:

Share Price in ₹ Nominal Value of Share ₹10

INDIA NIPPON ELECTRICALS LIMITED

Month	National Stock Exchange of India Ltd.		Bombay Stock Exchange Ltd.	
	High	Low	High	Low
Apr'11	285.00	241.10	285.00	242.00
May'11	293.00	251.00	284.90	250.00
Jun'11	276.00	222.60	266.00	240.60
Jul'11	304.00	237.40	303.80	244.85
Aug'11	286.45	225.50	282.70	241.55
Sep'11	283.25	165.25	274.95	165.70
Oct'11	178.95	156.40	179.70	157.55
Nov'11	180.00	156.65	174.00	156.20
Dec'11	173.15	145.30	171.95	146.80
Jan'12	166.00	146.50	165.00	145.00
Feb'12	187.00	161.50	180.00	165.60
Mar'12	176.40	160.35	175.75	165.00

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

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

Date	Company's Share Price Close (₹)	Nifty Points (Close)	Percentage Change in	
			Company's share price	Nifty
31.03.2011	244	5833	20	11
31.03.2012	169	5296	(31)	(9)

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

Date	Company's Share Price Close (₹)	Sensex Points (Close)	Percentage Change in	
			Company's share price	Sensex
31.03.2011	243	19445	19	11
31.03.2012	171	17404	(30)	(10)

13. Distribution of Equity Share holding as on 31st March 2012:

Number of Shares held	No. of Share holders	% of Share holders	No. of Shares held	Share holding (%)
1 – 100	2442	38.83	89858	0.79
101-500	2004	31.87	484639	4.29
501-1000	1359	21.61	1062120	9.39
1001-2000	277	4.41	415221	3.67
2001-3000	102	1.62	253529	2.24
3001-4000	35	0.56	121012	1.08
4001-5000	14	0.22	62092	0.55
5001-10000	30	0.47	210870	1.86
10001 & above	26	0.41	8611371	76.13
Total	6289	100.00	11310712	100.00

14. Pattern of Equity Shareholding as on 31st March 2012:

Shareholders	No. of Shares held	% of Total Shares held
NRIs	73291	0.65
Promoter Company	5188666	45.87
Directors and Relatives	5586	0.05
Collaborator	2320500	20.52
Nationalised Banks	119	0.00
Mutual funds	213143	1.88
Financial Institutions	35000	0.31
Foreign Venture Capital Investors	-	-
Corporate Bodies	507281	4.48
Resident Individuals	2967126	26.24
Total	11310712	100.0

15. Share Transfer System :

Securities and Exchange Board of India [SEBI] in its circular No.D & CC / FITT / 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), [located at No.22, Railway Colony 3rd Street, Mehta Nagar, Chennai-600 029. Telefax (44) 2374 1889, Tel (44) 23742939], 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 present approval received by RTA (Registration no. INR200003942) from SEBI expires on 20th April 2013. The agreement entered into by the company with the RTA is being renewed once in three years and the current agreement is valid till 15th Oct 2013.

Share transfer is normally effected within a maximum period of 30 days from the date of receipt, if the documents submitted are in order. The Investors Grievance Committee approves share transfers / transmissions at the Committee meeting.

16. Dematerialisation of Shares and Liquidity:

Your Company's shares have been compulsorily dematerialised effective 28.04.2001. In accordance with SEBI Circular No. SEBI/Cir/ISD/3/2011 dated June 17, 2011 and the amendments thereof, the entire shareholding of promoters has been dematerialised during the year. As on 31.03.2012, there were 1,08,57,616 shares in electronic mode, including 75,09,166 shares held by promoters. Shares held in electronic mode accounted for 95.99% 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 31.03.2012	673	5616	6289
b)	Promoters holding			
	M/s Lucas Indian Service Ltd, Chennai		5188666	5188666
	M/s Kokusan Denki Company Ltd, Japan		2320500	2320500
c)	Non Promoters holding	453096	3348450	3801546
	Total (b+c)	453096	10857616	11310712
	%	4.01	95.99	100
	% of shares held in electronic mode	95.99		

16. 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,

INDIA NIPPON ELECTRICALS LIMITED

investorscomplaints@inel.co.in

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

B. NON MANDATORY REQUIREMENT

a. Whistle Blower Policy:

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

- b. The company follows treatment as prescribed in the accounting standards for the preparation of final accounts, notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006 with relevant provisions of the Companies Act 1956.
- c. As required under Section 266A of the Companies Act 1956, the Directors Identification Numbers have to be obtained by the directors. The Director Identification Numbers of all the directors of India Nippon Electricals Ltd are as under:

<u>Director name</u>	<u>DIN</u>
Shri T K Balaji	00002010
Shri K Seshadri	00301839
Shri K G Raghavan	00359471
Shri V Balaraman	00267829
Shri G Chidambar	00017015
Shri N S Murthy	00583761
Shri R D Flint	00627285
Shri M Namatame	03353077
Shri K Nakamura	02187569
Shri Y Tomita	05309262

d. Quarterly / Half-Yearly Results:

The quarterly / half-yearly results of the

Company are published in one English newspaper having wide circulation and in one Tamil newspaper. These results are published in the website though they are not sent to the shareholders individually.

C. GENERAL

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

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

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

- for prevention of insider trading and
- corporate disclosure practices

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

Shares lodged for transfer are normally processed within 10 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialisation of securities are processed and the confirmation



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

b. Secretarial Audit:

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

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

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

The Report on Reconciliation of Share Capital was submitted by the Company to the Stock Exchanges on a quarterly basis and for the quarter ended 31st March 2012, this was submitted on 7th April 2012.

c. Request to Investors

Members who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March 2006

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

Particulars of unclaimed dividend of India Nippon Electricals Limited:

Financial Year	Date of Declaration	% of dividend	Date of transfer to special account	Date of transfer to IEPF
2005-2006				
1st interim	27.12.2005	45	02.02.2006	02.02.2013
2nd interim	20.03.2006	30	25.04.2006	25.04.2013
2006-2007				
1st Interim	29.12.2006	45	03.02.2007	03.02.2014
2nd interim	22.03.2007	30	27.04.2007	27.04.2014
2007-2008				
1st interim	25.12.2007	45	30.01.2008	30.01.2015
2nd interim	21.03.2008	25	20.04.2008	20.04.2015
2008-2009				
1st interim	26.12.2008	30	31.01.2009	31.01.2016
2nd interim	24.04.2009	30	30.05.2009	30.05.2016
2009-2010				
1st interim	21.12.2009	35	25.01.2010	25.01.2017
2nd interim	27.04.2010	40	02.06.2010	02.06.2017
2010-2011				
1st interim	29.12.2010	50	03.02.2011	03.02.2018
2nd interim	25.03.2011	35	30.04.2011	30.04.2018
3rd Interim	27.05.2011	10	02.07.2011	02.07.2018
2011-2012				
1st interim	03.02.2012	40	10.03.2012	10.03.2019
2nd interim	30.05.2012	50	05.07.2012	05.07.2019

Investors are requested to note the following:

- Investors holding shares in physical mode

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are requested to communicate the change of address, if any, directly to the Registered Office of the Company at the above address.

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

FINANCIAL STATEMENTS

Auditor's Report to the Members of India Nippon Electricals Limited

1. We have audited the attached Balance Sheet of India Nippon Electricals Limited, as at 31st March 2012, and also the Profit and Loss account and the Cash Flow Statement for the year ended on the date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. As Informed to us and based on the verification of records, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2012;
 - b. In the case of the Profit and Loss Account, of the profit of the company for the year ended on that date; and
 - c. In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

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

P S KUMAR
Partner

Chennai,
30th May 2012

Membership No.: 15590



Annexure referred to in paragraph 3 of our report of even date

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

have been properly dealt with in the books of accounts.

7. The company has made an unsecured, inter-corporate deposit with a company in which a director of the company is interested as director. The amount involved is ₹3 crores which is also the closing balance and the maximum amount due during the year. In our opinion the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the company. The principal amount is not due for repayment and interest is being paid regularly.
8. The Company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
9. In our opinion and according to the information given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
10. Based on the audit procedures applied by us and according to the information and explanation provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
11. In our opinion and according to the information and explanation given to us, the transactions made in the pursuance of the contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of Five lakh rupees in respect of any party during the year have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time.
12. In our opinion, the company has an internal audit system commensurate with the size and the nature of the business.
13. On the basis of the records, we are of the opinion that prima facie cost records and accounts prescribed by the Central Government of India under section 209(1) (d) of the Companies Act, 1956 have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
14. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investors' Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty . There were no arrears as on 31st March, 2012.
15. Based on the audit procedures and on the information and explanations given by the management, we furnish below the details of dues of Sales Tax / Service Tax / Excise Duty / Cess/Local area Development Tax, which have not been deposited on account of disputes.



S. No.	Name of the Statute	Nature of dues	Period to which relates (Financial Year)	Amount Due (Rs)	Forum where dispute is pending
1	Service Tax	Interest on reversal of Service tax credit availed	2004-05	7,820	Commissioner of Central Excise(Appeals).
2	Service Tax	Non-payment of service tax on Royalty and technical know-how	2000-01 to 2003-04	11,16,582	Assistant Commissioner of Central Excise
3	Service Tax	Disallowance of Service Tax credit availed.	2007-08 to 2009-10	3,58,962	Assistant Commissioner of Central Excise
4	Service tax	Disallowance of Service Tax credit availed.	2005-06 and 2006-07	1,10,208	CESTAT
5	Service tax	Disallowance of Service tax credit availed.	2005-06 to 2008-09	10,66,018	Commissioner of Appeals (Central excise)
6	Service Tax	Disallowance of Service Tax Credit availed.	2007-08	1,49,985	Office of the Superintendent Central Excise
7	Excise Duty	Disallowance of CENVAT credit on capital goods and non-reversal of CENVAT credit.	2001-02 to 2004-05 and 2009-10	1,53,861	Assistant Commissioner of Central Excise
8	Excise Duty	Non-reversal of CENVAT credit.	2005-06	12,39,367	Joint Commissioner Central Excise
9	Excise Duty	Short reversal of CENVAT on Capital Goods.	2006-07	1,47,653	Deputy Commissioner Central Excise
10	Local Area Development Tax	Local Area Development Tax Assessment demand	2003-04 and 2004-05	41,300	Joint Excise Taxation Commissioner

16. Based on our verification and according to the information and explanations given by the management, the Company did not have any dues to financial institutions nor were there any borrowings from banks. The Company has not issued any debentures during the year.
17. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

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

Chennai,
30th May 2012

P S KUMAR
Partner
Membership No.: 15590

INDIA NIPPON ELECTRICALS LIMITED

Balance Sheet as at 31st March 2012

Particulars	Note No	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	1131.07	807.91
(b) Reserves and Surplus	2	17982.10	16358.36
(c) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities	4	-	-
(d) Long term provisions	5	91.65	48.55
(4) Current Liabilities			
(a) Short-term borrowings	6	-	-
(b) Trade payables	7	3189.07	3134.14
(c) Other current liabilities	8	103.90	99.06
(d) Short-term provisions	9	861.43	575.14
Total		23359.22	21023.16
II.ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	3058.22	2804.60
(ii) Intangible assets	11	-	-
(iii) Capital work-in-progress		651.82	27.04
(iv) Intangible assets under development			
(b) Non-current investments	12	7450.60	7116.60
(c) Deferred tax assets (net)	13	241.96	263.06
(d) Long term loans and advances	14	74.76	81.27
(e) Other non-current assets	15	151.07	5.30
(2) Current assets			
(a) Current investments	16	1893.08	1740.09
(b) Inventories	17	1786.47	1718.45
(c) Trade receivables	18	4608.23	3826.54
(d) Cash and cash equivalents	19	2683.07	2763.12
(e) Short-term loans and advances	20	589.42	544.02
(f) Other current assets	21	170.52	133.07
Total		23359.22	21023.16

T K BALAJI
Chairman

K. SESHADRI

G CHIDAMBAR

N S MURTHY

Chennai
30th May 2012

Directors

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



Statement of Profit and Loss for the year ended 31st March 2012

Particulars	Note No	2011-2012 ₹ lacs	2010-2011 ₹ lacs
I. Revenue from operations	22	28814.21	25360.50
Less: Excise Duty		<u>2741.06</u>	<u>2418.17</u>
		26073.15	22942.33
II. Other Income	23	<u>734.94</u>	<u>566.72</u>
III. Total Revenue	(I + II)	<u>26808.09</u>	<u>23509.05</u>
Expenses:			
Cost of materials consumed	24	17876.16	15372.49
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(135.37)	(29.42)
Other Manufacturing Expenses	25	1202.54	1091.31
Employee benefits expense	26	2645.52	2259.96
Finance costs	27	21.31	18.62
Depreciation and amortization expense	10 & 11	527.70	414.79
Other expenses	28	<u>826.65</u>	<u>1046.28</u>
IV. Total Expenses		<u>22964.51</u>	<u>20174.03</u>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	3843.58	3335.02
VI. Exceptional Items (Profit on compulsory acquisition of Land in earlier year)		132.61	-
VII. Profit before extraordinary items and tax	(V + VI)	<u>3976.19</u>	<u>3335.02</u>
VIII. Extraordinary Items		-	-
IX. Profit before tax	(VII-VIII)	<u>3976.19</u>	<u>3335.02</u>
X. Tax expense:			
(1) Current tax		805.00	790.00
(2) Deferred tax		21.10	(2.28)
(3) Income tax for earlier years		<u>20.07</u>	<u>3.80</u>
		846.17	791.52
XI. Profit for the period from continuing operations	(IX-X)	3130.02	2543.50
XII. Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from discontinuing operations	(XI-XII-XIII)	-	-
XV. Profit for the period after tax	(XI+XIV)	<u>3130.02</u>	<u>2543.50</u>
XVI. Earnings per equity share of face value ₹10/-:			
(1) Basic		27.67	22.49
(2) Diluted		-	-

T K BALAJI
Chairman

K. SESHADRI

G CHIDAMBAR

N S MURTHY

Chennai
30th May 2012

Directors

S SAMPATH

CFO and Company Secretary

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

P S KUMAR

Partner

Membership No. 15590

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
NOTES :		
1. Share Capital :		
a Authorised Share Capital:		
15000000 number of Equity shares of ₹ 10 each	1500.00	1500.00
b Issued, Subscribed and Fully Paid up Share Capital:		
11310712 number of Equity shares of ₹ 10 each	1131.07	807.91
c Par Value per Share ₹	10.00	10.00
d Number of equity shares at the beginning of the year	8079080	8079080
Add: Rights issue	0	0
Bonus issue	3231632	0
Less: Buy back	0	0
Number of equity shares at the end of the year	11310712	8079080
All shares are of the same nature ranking pari passu		
e % of Shares held by		
Holding company	Nil	Nil
Ultimate holding company	Nil	Nil
Subsidiary company	Nil	Nil
Associates of holding company	Nil	Nil
Associates of ultimate holding company	Nil	Nil
f Number of shares held by share holders holding more than 5% of total shares		
Name of the share holder	Nos. current year	Nos. previous year
Lucas Indian Service Ltd, India	5188666.00	3706190.00
Kokusan Denki Co Ltd, Japan	2320500.00	1657500.00
g Shares reserved for (specify the number of shares and terms)		Number of shares
Issue under options :	Nil	Nil
Contracts / Commitments	Nil	Nil
Disinvestments	Nil	Nil
Term		
Issue under options :	Nil	
Contracts / Commitments	Nil	
Disinvestments	Nil	
h Details during the last 5 years:		
Nil	Equity shares of ₹ each allotted as fully paid up in pursuant to contract(s) without payment being received in cash.	
3231632	Equity shares of ₹ 10 each allotted as fully paid up by way of bonus shares.	
Nil	Equity shares of ₹ each were bought back	
i	Terms of Conversion of Nil (security) convertible into equity / preference	
Date	No of security	Terms
		farthest date of conversion to earliest date of conversion
j	Amount of Calls unpaid ₹	
(i)	Calls unpaid by directors ₹	
(ii)	Calls unpaid by officers ₹	
k	No of shares Forfeited :	
	amount originally paid up :	



2. Reserves and Surplus		As at 31.03.2012		As at 31.03.2011	
		₹ lacs		₹ lacs	
a	Capital reserve - Cash	15.00		15.00	
	Subsidy - SIPCOT				
	Opening balance				
	Add: Addition / (reduction)	-		-	
	Closing balance		15.00		15.00
b	Capital redemption reserve				
	Opening balance	39.56		39.56	
	Add: Addition / (reduction)	-		-	
	Closing balance		39.56		39.56
c	Security premium reserve				
	Opening balance	-		-	
	Add: Addition / (reduction)	-		-	
	Closing balance		-		-
d	Debenture Redemption reserve				
	Opening balance	-		-	
	Add: Addition / (reduction)	-		-	
	Closing balance		-		-
e	Revaluation reserve				
	Opening balance	395.46		395.46	
	Add: Addition / (reduction)	-		-	
	Closing balance		395.46		395.46
f	Share Options Outstanding account				
	Opening balance	-		-	
	Add: Addition / (reduction)	-		-	
	Closing balance		-		-
g	General reserve (Uncommitted)				
	Opening balance	15123.30		13423.30	
	Less: Capitalised as Bonus shares	323.16		-	
		<u>14800.14</u>		<u>13423.30</u>	
	Add: transfer from profit & loss account	1,200.00		1700.00	
	Closing balance		16000.14		15123.30
h	Surplus from Profit & Loss account (Uncommitted)				
	Opening balance	785.04		836.20	
	Add: Current year surplus	<u>3130.02</u>	3915.06	<u>2543.50</u>	3379.70
	Less: Transfer to general reserve	1,200.00		1700.00	
	Interim/final dividend	1017.97		767.51	
	Dividend tax provision	<u>165.15</u>	<u>2383.12</u>	<u>127.15</u>	<u>2594.66</u>
	Closing balance		<u>1531.94</u>		<u>785.04</u>
			<u>17982.10</u>		<u>16358.36</u>

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
3. Long term Borrowings		
a Bonds / Debentures	-	-
b Term Loans		
(i) From Banks	-	-
(ii) From other parties	-	-
c Deferred payment liabilities	-	-
d Deposits	-	-
e Loans and advances from related parties	-	-
f Long term maturities of finance lease obligations	-	-
g other loans and advances	-	-
4. Other long term liabilities		
a Trade payables		
b Others	-	-
5. Long term provisions		
a Provision for employee benefits		
- Leave encashment	91.65	48.55
b others	-	-
	<u>91.65</u>	<u>48.55</u>
6. Short term borrowings		
a Loans repayable on demand		
from banks	-	-
from others	-	-
b Loans and advances from related parties	-	-
c Deposits	-	-
d Other loans and advances	-	-
7. Trade Payables		
Trade Payables	3189.07	3134.14
	<u>3189.07</u>	<u>3134.14</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 2012 is ₹196.84 lacs (Previous year - ₹157.86 lacs). Further no interest has been paid or is payable in the opinion of the Management to such parties as per the provisions of the said Act.



8. Other Current Liabilities

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ 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	26.55	22.44
g Application money received for allotment of securities/ due for refund / interest accrued thereon	-	-
h Unpaid matured deposits and interest accrued there on	-	-
i Unpaid matured debentures and interest accrued there on	-	-
j Other payables	77.35	76.62
	<u>103.90</u>	<u>99.06</u>

Details of Other payables :

Excise duty/service tax/TNVAT payable	33.35	35.32
TDS/TCS	11.39	16.95
Professional Tax payable	2.61	2.35
Commission to Directors	30.00	22.00
	<u>77.35</u>	<u>76.62</u>

9. Short term provisions

a Provisions for employee benefits - Gratuity & Leave encashment	53.46	28.79
b Others (Specify)		
Provision for warranty	91.68	91.68
Provision for income tax	-	-
Provision for Sales tax	-	-
Provision for fringe benefit	59.00	78.00
Provision for dividend	565.54	363.56
Provision for dividend tax	91.75	13.11
	<u>861.43</u>	<u>575.14</u>

Other disclosure :

Product Warranty :

Opening balance	91.68	91.68
Additions	13.79	15.38
Utilizations	13.79	15.38
Reversals	-	-
Closing balance	<u>91.68</u>	<u>91.68</u>

₹ lacs

10. Tangible Asset	Gross Value			Depreciation			Closing balance		
	Opening balance 01.04.2011	Additions during the year	Disposals during the year	Total 31.03.2012	Opening balance 01.04.2011	Additions during the year	Disposals during the year	As on 31.03.2012	As on 31.03.2011
a Land	1034.86		13.17	1021.69				-	1021.69
b Building	1020.04	151.35		1171.39	606.39	62.45		668.84	502.55
c Plant & Equipments	5104.59	581.57	60.09	5626.07	3840.10	429.14	57.64	4211.60	1414.47
d Furniture & Fixtures	111.84	29.54		141.38	85.84	10.05		95.89	45.49
e Vehicles	71.52	25.70	7.55	89.67	50.14	12.19	6.93	55.40	34.27
f Office Equipments	237.96	9.40		247.36	193.74	13.87		207.61	39.75
Total	7580.81	797.56	80.81	8297.56	4776.21	527.70	64.57	5239.34	3058.22
Figures for the previous year	7028.48	586.16	33.83	7580.81	4395.23	414.79	33.81	4776.21	2804.60
									-

Other disclosure :

The fixed assets were revalued in the year 1992-93 by which the value of the assets were written up by ₹230.71 lacs after technical assessment with the corresponding credit being given to Revaluation Reserve. These assets were fully written off in the books of accounts as on 31st March 1997. In the year 1997-98, the fixed assets comprising of plant and machinery and electrical installations were revalued again after a technical assessment by which the values of these assets were written up by ₹233.30 lacs with the corresponding credit being given to Revaluation Reserve. As mentioned in accounting policy sl.no.29 (h)(iii), depreciation is computed on the revalued amounts and is charged off to the statement of profit and loss in full without withdrawing any amount from the revaluation reserve. The additional amount charged as depreciation for the year is ₹1.22 lacs (previous year ₹1.71 lacs).

₹ lacs

11. Intangible Asset	Gross Value			Depreciation			Closing balance			
	Opening balance 01.04.2011	Additions during the year	Disposals during the year	Total 31.03.2012	Opening balance 01.04.2011	Additions during the year	Disposals during the year	Total 31.03.2012	As on 31.03.2011	As on 31.03.2011
a Goodwill	-	-	-	-	-	-	-	-	-	-
b Brands / Trademarks	-	-	-	-	-	-	-	-	-	-
c Computer Software	-	-	-	-	-	-	-	-	-	-
d Mastheads and publishing titles	-	-	-	-	-	-	-	-	-	-
e Mining rights	-	-	-	-	-	-	-	-	-	-
f Copyrights, patents and other intellectual property rights, services & operating rights	-	-	-	-	-	-	-	-	-	-
g Recipes, formulae, models, designs & prototypes	-	-	-	-	-	-	-	-	-	-
h Licenses & franchise	-	-	-	-	-	-	-	-	-	-
i Others	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Figures for the previous year										



12. Non-current investments

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
(i) Trade Investments	NIL	NIL
Subsidiary Company :		
PT Automotive Systems Indonesia (27000 ordinary shares of Rp.914300-Indonesian Rupiah per share)	1207.98	1207.98
Associate Company :		
Synergy Shakthi Renewable Energy Ltd (6000000 shares of ₹10/- each)	600.00	600.00
(ii) Other Investments		
a Investment in property	NIL	NIL
b Investment in equity instruments		
Other Company :		
Lucas TVS Ltd (97351 Equity Shares of ₹100 each)	2824.08	2824.08
c Investment in preference shares	NIL	NIL
d Investment in government or trust securities	NIL	NIL
e Investment in debentures or bonds		
India Infrastructure Finance Corporation Ltd (2060 Nos - 6.85% Tax Free Bonds)	2109.54	2109.54
National Highways Authority of India (12362 Nos - 8.20% Tax Free Bonds)	123.62	NIL
f Investment in Mutual funds	NIL	NIL
g Investment in partnership firms	NIL	NIL
h Other non-current investments		
Venture Capital Funds		
TVS Shriram Growth Fund Scheme 1A (48721 Units of ₹1000/- each)	487.21	350.00
TVS Shriram Growth Fund Scheme 1B (7500 Units of ₹1000/- each)	75.00	NIL
ICICI India Advantage Fund (23166 Units of ₹100/- each)	23.17	25.00
	<u>7450.60</u>	<u>7116.60</u>

Other disclosure :

1 Aggregate value of Quoted investments	Nil	Nil
2 Market value of the Quoted investments	Nil	Nil
3 Aggregate value of Unquoted investments	7450.60	7116.60

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13. Deferred Tax Assets	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
a Deferred Tax Assets (net)	241.96	263.06
	<u>241.96</u>	<u>263.06</u>

Other disclosure :

As mentioned in item 29 (I) of Accounting Policy statement, the company is accounting for taxes in accordance with the Accounting Standards 22 "Accounting for Taxes on Income" notified under company (Accounting Standards) Rules 2006. Accordingly, an amount of ₹21.10 lacs has been debited to the profit and loss account for the year under review towards Deferred Tax. As at 31st March 2012, the amount in Deferred Tax account is ₹241.96 lacs as detailed below :

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
Rebates and Discounts	57.03	58.35
Leave encashment	39.09	20.63
Depreciation	121.55	93.34
Provision for doubtful debts	-	52.26
Provision for obsolete stock	-	3.54
Early Separation Scheme	10.03	22.30
Others	14.26	12.64
	<u>241.96</u>	<u>263.06</u>

14. Long term loans and advances

a Capital Advance	-	-
b Sundry deposits	27.45	26.28
c Loans and advances to related parties	-	-
d Advance Income Tax and Tax deducted at source (net) (*)	47.31	54.99
e Other loans and advances	-	-
	<u>74.76</u>	<u>81.27</u>

* Net of provision for taxation of ₹1915 lacs
(Previous year - ₹2050 lacs).

15. Other non-current assets

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

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



16. Current investments

As at 31.03.2012 As at 31.03.2011

	₹ lacs	₹ lacs
a Investment in equity instruments	-	-
b Investment in preference shares	-	-
c Investment in Government or trust securities	-	-
d Investment in debentures or bonds	-	-
e Investment in Mutual funds		
ICICI Emerging Sector Fund (4222 Units of ₹100/- each)	4.22	4.22
Sundaram Energy Opportunity Fund (500000 Units of ₹10/- each)	50.00	50.00
Sundaram Ultra Short Term Investment Plan Daily Dividend (2036708.27 Units of ₹10/- each)	204.42	-
ICICI Prudential Interval Fund II Quarterly Income Plan D Institutional Dividend (100 Units of ₹10/- each)	0.01	0.01
ICICI Prudential Floating Rate Plan C Daily Dividend (70016.114 Units of ₹100/- each)	70.06	208.92
IDFC Fixed Maturity Plan Thirteen months Series 7 - Growth (2200000 Units of ₹10/- each)	220.00	-
JP Morgan India Short Term Income Fund - Monthly Dividend (3002676233) (2005303.008 Units of ₹10/- each)	202.19	-
Kotak Fixed Maturity Plan Series 54 - Growth (1000000 Units of ₹10/- each)	100.00	-
Kotak Quarterly Interval Plan - Series III Dividend (4497796.08 Units of ₹10/- each)	450.00	-
SBI Debt Fund Series -370 days - 12 Dividend (5000000 Units of ₹10/- each)	500.00	500.00
Fidelity Short Term Income Fund - Dividend (1049216.962 Units of ₹10/- each)	105.35	-
UTI FTIF - Series VII - Plan 3 - Growth Plan (1000000 Units of ₹10/- each)	-	100.00
Prudential ICICI Banking and PSU Debit Fund Weekly Dividend (1057989.231 Units of ₹10/- each)	-	105.88
Prudential ICICI Flexible Income Plan - Premium Daily Dividend (137238.646 Units of ₹100/- each)	-	145.15
ICICI Prudential FMP-S55-1 year-Plan F Growth (2000000 Units of ₹10 each)	-	200.00
Sundaram BNP Paribas select small CAP Fund - Dividend (250000 Units of ₹10/- each)	-	25.00
Sundaram FTP Plan AR (367 days) (2000000 Units of ₹10 each)	-	200.00
Templeton India Ultra Short Bond Fund IP-Dividend (2114299 Units of ₹10/- each)	-	211.66
f Investment in partnership firms	-	-
g Other current investments	-	-
	<u>1906.25</u>	<u>1750.84</u>
Aggregate provision for diminution in value of investments	<u>13.17</u>	<u>10.75</u>
	<u>1893.08</u>	<u>1740.09</u>

Other disclosure:

Basis of valuation of individual investments	Nil	Nil
Aggregate value of Quoted investments	Nil	Nil
Market value of Quoted investments	Nil	Nil
Aggregate value of Unquoted investments	1893.08	1740.09

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17. Inventories

	As at 31.03.2012	As at 31.03.2011
	₹ lacs	₹ lacs
a Raw materials	1197.91	1275.18
b Raw materials - Goods in transit	55.91	45.73
c Work in progress	285.85	176.32
d Finished goods	101.79	71.02
e Finished goods in transit	140.76	146.06
f Stock in trade (in respect of goods acquired for trading)	-	-
g Stores & Spares	4.25	4.14
	<u>1786.47</u>	<u>1718.45</u>

18. Trade receivables

a Trade receivables Unsecured outstanding for a period exceeding six months		
- Considered good	54.47	15.31
- Considered doubtful	-	153.76
	<u>54.47</u>	<u>169.07</u>
Less: Provision for doubtful debts	-	153.76
	<u>54.47</u>	<u>15.31</u>
Other receivables considered good	4553.76	3811.23
	<u>4608.23</u>	<u>3826.54</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>4608.23</u>	<u>3826.54</u>

19. Cash and Bank Balances

a Cash and cash equivalents		
i. Balance with banks		
In current account	120.95	180.41
ii. Cash in hand	1.24	0.94
iii. Cheques, drafts in hand	-	-
b Other Bank Balances:		
in Fixed deposit (less than 12 months)	1925.00	2550.00
in Fixed deposit (more than 12 months)	600.33	0.33
in Margin money deposit accounts	9.00	9.00
in Dividend warrant accounts	26.55	22.44
c Others	-	-
	<u>2683.07</u>	<u>2763.12</u>



20. Short-term loans and advances

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
a Loans and advance to related parties	-	-
b Advances/Loans to Employees	74.59	31.67
c Inter corporate deposit with associate company	300.00	300.00
d Balance with excise and customs	141.41	107.75
e Other advances	73.42	104.60
	<u>589.42</u>	<u>544.02</u>

21. Other current assets

a Vat tax input credit	2.31	4.85
b Prepaid expenses	23.75	24.83
c Service Tax credit (excess)	0.95	2.00
d Interest accrued	143.51	101.39
e Other receivables	-	-
	<u>170.52</u>	<u>133.07</u>

22. Revenue from operations

	2011-2012 ₹ lacs	2010-2011 ₹ lacs
a Sale of Products		
Export Sales	953.19	762.70
Domestic Sales	27792.61	24540.64
b Sale of Services	-	-
	<u>28745.80</u>	<u>25303.34</u>
c Other operating revenues	68.41	57.16
	<u>28814.21</u>	<u>25360.50</u>

23. Other Income

a Interest Income	445.97	267.66
b Dividend Income	233.00	265.64
c Net gain / (loss) on sale of investment	31.13	28.51
d Net gain / loss on foreign currency transaction	17.58	3.56
e Profit on sale of fixed assets	7.22	1.35
f Other non operating income	0.04	-
	<u>734.94</u>	<u>566.72</u>

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	2011-2012	2010-2011
	₹ lacs	₹ lacs
24. Cost of Materials consumed		
a Opening Stock of Raw Materials	1271.99	666.77
b Purchases	17802.08	15977.71
	<u>19074.07</u>	<u>16644.48</u>
c Less: Closing stock of raw Material	1197.91	1271.99
	<u>17876.16</u>	<u>15372.49</u>
25. Other Manufacturing Expenses		
a Stores and consumables	390.95	311.22
b Power and fuel	381.88	366.57
c Repairs to buildings	60.35	58.09
d Repairs to machinery	186.66	170.16
e Repairs others	45.96	47.00
f Royalty	59.62	44.12
g Technical know how and support fee	4.91	6.97
h Other expenses	72.21	87.18
	<u>1202.54</u>	<u>1091.31</u>
26. Employee Benefits expense		
a Salaries, wages, bonus and allowances	2041.76	1776.44
b Contribution to Provident fund and other funds	194.33	129.18
c Staff Welfare expenses	409.43	354.34
	<u>2645.52</u>	<u>2259.96</u>
Other disclosure :		
Remuneration to Manager included in the above		
a Salary	13.86	11.40
b HRA & Other allowances	31.26	20.17
c Other perquisites	0.22	0.23
d Contribution to Provident Fund	1.67	1.37
e Contribution to Gratuity and Superannuation	3.41	2.80
	<u>50.42</u>	<u>35.97</u>



27. Finance costs	2011-2012	2010-2011
	₹ lacs	₹ lacs
a Interest Expense	1.03	1.76
b Other borrowing cost	-	-
c Net Loss / (Gain) on foreign currency transaction	-	-
d Bank charges	20.28	16.86
	<u>21.31</u>	<u>18.62</u>
28. Other expenses		
a Rent	12.97	10.02
b Repairs to Vehicles	9.60	7.99
c Insurance	39.69	34.58
d Rates and taxes (excluding taxes on income)	15.86	7.92
e Communication expenses	48.78	53.89
f Postage, Printing & Stationery	46.31	42.55
g Sitting fees	4.89	3.70
h Legal & professional charges	59.00	59.62
i Travelling & conveyance expenses	139.38	112.34
j Donation	30.83	25.23
k Recruitment expenses	9.60	7.53
l Remuneration to watch and ward	44.83	40.08
m Bad Debts written off: 153.76		
Less: Provision existing 153.76	-	-
n Wealth Tax	24.69	24.77
o Commission to Directors	30.00	22.00
p After sales service expenses	13.79	15.38
q Commission & discount	56.81	104.09
r Freight outwards	145.95	404.93
s Advertisement	4.26	9.19
t Audit fees		
a) Statutory Audit	8.00	4.00
b) Tax Audit	1.50	0.75
c) Company law matters	-	-
d) Management services	-	-
e) Other services	1.75	1.65
f) Reimbursement of Expenses	1.67	0.73
u Provision for diminution in value of investments	2.42	-
v Other expenses	74.07	53.34
	<u>826.65</u>	<u>1046.28</u>

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29. Accounting Policies :

a) Basis of Accounting :

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

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

b) Use of estimates :

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

c) Fixed Assets and Intangible Assets :

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

d) Investments

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

e) Inventories:

- i) Raw materials, components and Stores are generally valued at least of cost or net realisable value. However, if the cost of the finished goods into which these materials are incorporated



exceeds the net realisable value of the finished goods then the materials are written down to their net realisable value. Cost is arrived on weighted average basis.

- ii) Work-in-progress is valued at lower of cost and net realisable value. Cost is arrived at material cost plus labour and appropriate element of overheads
- iii) Finished goods in warehouse and finished goods in transit are valued at lower of cost and net realisable value. Cost is arrived at material cost plus labour and appropriate element of overheads and Excise duty
- iv) Loose Tools are written off in full in the year of purchase.
- v) Inventories are stated after adequate provision for non-moving, obsolete, surplus and defective items

f) Revaluation Reserve:

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

g) Government Grants

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

h) Depreciation :

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

i) Impairment of Assets :

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

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

j) Research and development :

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

k) Borrowing costs

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

l) Taxation

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

m) Foreign Currency Transactions:

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

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

n) Revenue Recognition :

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

o) Employee Benefits :

- i) Short term employee benefits:

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



ii) Post-Employment benefit Plans

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

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

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

p) Early Separation Scheme :

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

q) Contingencies and Provisions :

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

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

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

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

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

(a) Defined Contribution Plan

I. Provident fund :

Eligible employees receive benefits from a provident fund, which is a defined contribution plan.

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Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Employee's Provident Fund scheme administered by Government of India equal to a specified percentage of the covered employee's salary.

II. Superannuation fund :

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

The Company recognised ₹13620298 for Provident Fund and superannuation fund contribution in the statement of profit and loss.

(b) Defined benefit plan

Gratuity :

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

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

a) Change in benefit obligations :

Particulars	Gratuity Plan ₹ lacs
Projected benefit obligation, beginning of the year	189.46
Service Cost	14.23
Interest Cost	15.15
Actuarial (gain)/loss	42.30
Benefits paid	(2.91)
Projected benefit obligation, end of the year	258.23



b) Change in plan assets :

Particulars	Gratuity Plan ₹ lacs
Plan assets at beginning of the year at fair value	174.61
Expected return on plan assets	17.89
Actuarial gain/(loss)	0
Employer's contributions	41.46
Benefits paid	(2.91)
Plan assets at end of the year, at fair value	231.05

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

	₹ lacs
Fair value of plan assets at the end of the year	231.05
Present value of the defined benefit obligations at the end of the period	258.23
Liability recognized in the balance sheet	(27.18)

d) Gratuity cost for the year ended March 31, 2012

Particulars	Gratuity Plan ₹ lacs
Service cost	14.23
Interest cost	15.15
Expected return on plan assets	(17.89)
Actuarial (gain)/loss	42.30
Net cost	53.79
Actual return on plan assets	9.25%

e) Investment details of plan assets :

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

f) Assumptions

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

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

(c) Leave encashment

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

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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.

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

32. Details of related party transactions during the year :

Name of the related party	Description of relationship	Nature of transactions	Volume of transactions ₹ lacs	Amount due to as on 31.03.2012 ₹ lacs	Amount due from as on 31.03.2012 ₹ lacs
1) Kokusan Denki Company Limited (Technical and financial collaborator)	Joint venture of the company	a) Technical know-how fees b) Support fee c) Royalty d) Purchase of raw materials & components e) Sales	Nil 4.91 59.62 413.72 19.89	Nil 1.41 Nil 3.06	Nil
2) PT Automotive Systems Indonesia	Subsidiary of the Company		-	-	-
3) Synergy Shakthi Renewable Energy Ltd	Associate Company	a) Inter corporate deposit b) Interest on ICD c) Purchase of Electricity	300.00 27.00 71.99	- - -	300.00 3.93 -
4) Lucas Indian Service Ltd	Joint venture of the company	a) Sales	3.79	-	0.01
5) Mr. G Murali	Manager	Salary	45.98		
Mr Subhasis Dey	Manager	Salary	4.44		



33. Derivative instruments and unhedged foreign currency exposure :

	As at 31.03.2012	As at 31.03.2011
	₹ lacs	₹ lacs
i) Derivative instruments that are outstanding	Nil	Nil
ii) The company has been entering into forward contracts as a hedge against accounts payable/ accounts receivable in foreign currencies and firm commitments/ highly probable forecasted transactions of cash outflows expected to arise in future.		
iii) Unhedged foreign currency exposure/the foreign currency exposures that are not hedged by a derivative instrument or otherwise		
a) Receivables outstanding	262.08	258.11
b) Payable outstanding	120.93	191.40

34. Sales excludes sales tax. Sales tax collected and paid ₹ 814.44 lacs (Previous year ₹ 639.61 lacs)

35. Expenditure on R&D

	2011-2012	2010-2011
	₹ lacs	₹ lacs
a) Capital Expenditure	27.52	32.22
b) Revenue Expenditure		
* Salary	146.73	99.04
* Electricity	6.19	7.23
* Travel	7.63	12.78
* Outsourcing expenses	2.54	2.78
* Revenue & others	36.79	28.64
	<u>199.88</u>	<u>150.47</u>
Total R & D expenditure (a) + (b)	227.40	182.69

36. Investments :

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

Considering that the investment of India Nippon Electricas Limited in Synergy Shakthi Renewable

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Energy Limited is a long term investment and that the investment is a strategic investment, no provision is considered necessary to recognise the loss of Synergy Shakthi Renewable Energy Limited.

	2011-2012		2010-2011	
	₹ lacs		₹ lacs	
37. (i) Contingent liabilities				
a Claims against the company not acknowledged as debt	-		-	
b Letter of Credit	34.39		43.89	
c Letter of Guarantee	1.65		7.14	
d Sales tax demand in appeal	0.41		0.41	
e Excise Duty/Service Tax	43.50		134.36	
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	520.04		155.72	
b Uncalled liability on shares and other investments partly paid	0.01		0.01	
c other commitments (specify)	-		-	
38. a) Details of raw materials and components consumed				
Flywheel cup	2,233.41		1,923.89	
Copper wire	2,328.00		2,304.97	
Others	13,314.75		11,143.63	
	<u>17,876.16</u>		<u>15,372.49</u>	
		%		%
Imported	3,484.67	19	3,785.12	25
Indigenous	<u>14,391.49</u>	<u>81</u>	<u>11,587.37</u>	<u>75</u>
	17,876.16	100	15,372.49	100
b) Work in progress				
As such components/raw materials	118.74		85.17	
Parts of Electronic Ignition System	<u>167.11</u>		<u>91.15</u>	
	285.85		176.32	
c) Finished goods and in transit				
Flywheel Magneto	133.41		79.31	
Capacitor Discharge Ignition Unit/Electronic Control Unit	75.10		88.90	
Others	<u>34.04</u>		<u>48.87</u>	
	242.55		217.08	
39 Stores, spares and tools consumed				
		%		%
Imported	16.51	4	18.18	6
Indigenous	<u>374.44</u>	<u>96</u>	<u>293.04</u>	<u>94</u>
	390.95	100	311.22	100



	2011-2012	2010-2011
	₹ lacs	₹ lacs
40 Value of CIF imports made during the year		
Raw Materials	403.67	395.69
Components & Spare parts	2804.13	2541.70
Capital goods	343.30	331.15
41 Expenses incurred in foreign currency		
Royalty	46.48	38.34
Know-how & support fee	6.03	6.37
Professional & Consultation fees	-	2.82
Foreign Travel	9.22	8.79
Research and Development expenses	4.74	3.12
Expenses reimbursed	110.58	-
42 Amount of interim/proposed dividend to		
Equity share holders	(₹ 9 Per share)	(₹ 9.50 Per share)
Preference share holders	Nil	Nil
Arrears of fixed cumulative dividends on preference shares	-	-
43 Securities issued		
Amount issued:	Nil	Nil
Purpose of the issue:	Nil	Nil
Amount not utilised for the said purpose:	Nil	Nil
Amount as specified in 3 is invested / used in :	Nil	Nil
44 Amount remitted in Foreign exchange		
On account of dividend		
2nd interim dividend 2010-11 / 2009-10 (Rs lacs)	58.01	66.30
3rd and final dividend 2010-11	16.58	-
1st interim dividend 2011-12 / 2010-11	92.82	82.88
Total number of non - resident share holders	1	1
Number of shares held persons mentioned in (2)	2320500	1657500
Year of dividend declared		
2nd interim dividend	2010-11	2009-10
3rd interim dividend	2010-11	-
1st interim dividend	2011-12	2010-11
45 Note on Earnings per share		
Profit after tax (A)	3130.02	2543.50
Number of equity shares of ₹10 each at the beginning of the year	8079080	8079080
Number of equity shares of ₹10 each at the end of the year (B)	11310712	8079080
Earnings per share (basic and diluted in Rupees) (A/B)	27.67	22.49
(*) EPS is adjusted for both the years on account of issue of Bonus shares during the year as per AS20		

INDIA NIPPON ELECTRICALS LIMITED

	2011-2012	2010-2011
	₹ lacs	₹ lacs
46 Earnings in Foreign Exchange		
Export of goods calculated on FOB Basis	952.22	506.40
Royalty, Know-how, professional & Consultation fees	-	-
Interest & Dividend income	-	-
Other income (Specify)	-	-
47 Particulars of sale of products		
Flywheel Magneto	14461.17	13046.17
Capacitor Discharge Ignition Units/Electronic control Unit	7517.46	6077.04
Others	4026.11	3761.96
	<u>26004.74</u>	<u>22885.17</u>

48. Consequent upon the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 have been prepared as per Revised Schedule VI. Accordingly, the previous year figures which had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956 for the purposes of the financial statements for the year ended March 31, 2011 have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles.

T K BALAJI
Chairman

K. SESHADRI

G CHIDAMBAR

N S MURTHY

Directors

Chennai
30th May 2012

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



Cash flow statement for the year ended 31st March 2012

Pursuant to Clause 32 of the Listing Agreement

	Year ended 31.03.2012 ₹ lacs	Year ended 31.03.2011 ₹ lacs
A. Cash Flow from Operating Activities :		
Net Profit before tax and extraordinary items	3,976.19	3,335.02
Adjustments for		
Add: - Depreciation	527.70	414.79
- Interest & Finance Charges	-	-
- Lease Rent Paid	-	-
- (Profit)/Loss on sale/Writeoff fixed assets	(7.22)	(1.35)
- Dividend Received	(233.00)	(265.64)
- Interest Received	(445.97)	(267.66)
- (Profit)/Loss on sale of investments(net)	(31.13)	214.11
- Provision for diminution in value of investments	2.42	(242.62)
Operating Profit before Working Capital changes	3,788.99	3,186.65
Adjustments for - Trade & Other Receivables	(949.10)	(1,367.00)
- Inventories	(68.02)	(657.44)
- Trade Payables and other liabilities	(204.54)	678.94
Cash generated from Operations	2,567.33	1,841.15
Income Tax paid	(785.73)	(766.95)
Net Cash from Operating Activities- A	<u>1,781.60</u>	<u>1,074.20</u>
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(1,422.34)	(613.19)
Sale of Fixed Assets	10.30	1.36
(Purchase) / Sale of Investments (net)	(458.27)	1,170.80
Interest/Dividend Received	624.27	433.95
Net Cash from /(used) in Investment Activities -B	<u>(1,246.04)</u>	<u>992.92</u>

INDIA NIPPON ELECTRICALS LIMITED

	Year ended 31.03.2012 ₹ lacs	Year ended 31.03.2011 ₹ lacs
C. Cash Flow from Financing Activities :		
Repayment of Long Term Borrowings		
Unsecured Loan Repayment	-	(57.85)
Lease Rent Paid	-	-
Interest Paid	-	-
Dividends Paid	(533.22)	(727.11)
Dividend Tax	(86.50)	(167.73)
Net Cash used in Financing Activities-C	(619.72)	(952.69)
D. Net (decrease)/Increase in Cash Equivalents (A+B+C)	(84.16)	1,114.43
E. Cash & Cash Equivalents as at 1st April, 2011 (Opening Balance)	2,740.68	1,626.25
F. Cash & Cash Equivalents as at 31st March, 2012 (Closing Balance)	2,656.52	2,740.68

Notes :

Cash & Cash equivalents as on 31.03.2012 and 31.03.2011 do not include the balances in the unpaid dividend account.

T K BALAJI
Chairman

K. SESHADRI

G CHIDAMBAR

N S MURTHY

Chennai
30th May 2012

Directors

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

AUDITORS' CERTIFICATE :

We have verified the above statement of India Nippon Electricals Ltd. derived from the audited financial statements for the year ended 31st March, 2012 and found the same in accordance therewith and also with the requirements of clause 32 of the Listing agreements with stock exchanges.

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

Chennai
30th May 2012

P S KUMAR

Partner

Membership No. 15590



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

- | | | |
|---|---|------------------------------------|
| 1 | Name of the Company | : P T Automotive Systems Indonesia |
| 2 | Financial Year of the subsidiary company | : 31.03.2012 |
| 3 | (a) Number of equity shares held in (Nos)
the subsidiary company by holding
Company at the above date
% Holding (equity) | : 27000

: 99.97% |
| | (b) Number of preference shares (Nos)
held in the subsidiary company by holding
Company at the above date (%) Holding (preference) | : Nil |
| 4 | The net aggregate of profits less losses of the subsidiary company so far as it concerns the members of holding company: | |
| | (i) Dealt with in the accounts of the holding Company amounted to: | |
| | (a) For the subsidiary's financial year ended on 31.03.2012 (₹ lacs) | : Nil |
| | (b) For the previous financial years of the subsidiary since it became subsidiary (₹ lacs) | : Nil |
| | (ii) Not dealt with in the accounts of the holding company amounted to : | |
| | (a) for the subsidiary's financial year ended 31.03.2012 (₹ lacs) | : ₹20.22 lacs |
| | (b) for the previous financial years of the subsidiary since it became subsidiary (₹ lacs) | : (₹35.57 lacs) |
| 5 | As the financial year of subsidiary Company coincides with the financial year of the holding Company, Section 212 (5) of the Companies Act, 1956 is not applicable. | |

INDIA NIPPON ELECTRICALS LIMITED

CONSOLIDATED INFORMATION RELATING TO SUBSIDIARY COMPANY :

Sl. No	Particulars	Amount in Indonesian Rupiah	Equivalent amount in Indian Rupees
		As on 31st March 2012 (*)	
1	Capital	24694328700	138051519
2	Reserves	(679403563)	(3798147)
3	Total Assets	24091898550	134683686
4	Total Liabilities	76973413	430313
5	Details of Investments (except in case of investment in subsidiaries)	Nil	Nil
6	Turnover	707265125	3853262
7	Profit/(Loss) before taxation	442190282	2409103
8	Income Tax/Deferred Tax	(70951681)	(386553)
9	Profit /(Loss) after taxation	371238601	2022551
10	Proposed Dividend	Nil	Nil

* Balance sheet item has been converted by using closing rate (1 INR (Indian Rupee) = IDR.178.87763) and profit and Loss account item has been converted in Indian Rupees by using the average rate (1 INR = IDR.183.54973) during the year 2011-12.

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

T K BALAJI
Chairman

K. SESHADRI

G CHIDAMBAR

N S MURTHY

Chennai
30th May 2012

Directors

S SAMPATH
CFO and Company Secretary



Report of the Auditors to the Board of Directors of India Nippon Electricals Limited on the Consolidated Financial Statements.

1. We have audited the attached consolidated Balance Sheet of India Nippon Electricals Limited and its subsidiary company as at 31st March 2012 and also the related Profit and Loss Account and the Cash Flow Statement for the year ended on the date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary company whose financial statements reflect total assets of ₹13,46,83,686. as at 31st March 2012 and total revenues of ₹38,53,262 and net cash inflows amounting to ₹73,70,759 for the financial year ended on that date. The revenue comprises interest income and gains on foreign exchange, sales being nil as the company has not commenced manufacturing operations. Further we did not audit the financial statements of an associate whose financial statements reflect the consolidated entity's share of loss of ₹ 1,54,48,786 for the year ended 31st March 2012. These financial statements and other financial information have been audited by other qualified auditors whose reports have been furnished to us by the management, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary and associate is based solely on the reports of such auditors.
4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" prescribed by Companies (Accounting Standards) Rules, 2006 as per section 211 (3C) of the Companies Act, 1956 and on the basis of the separate audited financial statements of India Nippon Electricals Limited, its subsidiary company and the associate included in the aforesaid consolidation.
5. In our opinion, based on our audit and the reports of the other auditors, to the best of our information and according to the explanations given to us, the consolidated financial statements referred to above give a true and fair view in conformity with generally accepted accounting principles in India:
 - (i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
 - (ii) in the case of consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

P S KUMAR
Partner

Membership No.: 15590

Chennai,
30th May 2012

INDIA NIPPON ELECTRICALS LIMITED

Consolidated Balance Sheet as at 31st March 2012

Particulars	Note No	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	1131.07	807.91
(b) Reserves and Surplus	2	17507.04	15913.75
(c) Minority Interest		0.45	0.40
(d) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities	4	-	-
(d) Long term provisions	5	91.65	48.55
(4) Current Liabilities			
(a) Short-term borrowings	6	-	-
(b) Trade payables	7	3193.34	3135.22
(c) Other current liabilities	8	103.90	99.06
(d) Short-term provisions	9	861.43	575.14
Total		22888.88	20580.03
II.ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	3632.78	3332.10
(ii) Intangible assets	11	-	-
(iii) Capital work-in-progress		651.82	27.04
(iv) Intangible assets under development			
(b) Non-current investments	12	5729.15	5549.64
(c) Deferred tax assets (net)	13	241.96	263.06
(d) Long term loans and advances	14	74.69	81.27
(e) Other non-current assets	15	151.07	5.30
(2) Current assets			
(a) Current investments	16	1893.08	1740.09
(b) Inventories	17	1786.47	1718.45
(c) Trade receivables	18	4608.23	3826.54
(d) Cash and cash equivalents	19	3285.55	3291.89
(e) Short-term loans and advances	20	662.87	610.97
(f) Other current assets	21	171.21	133.68
Total		22888.88	20580.03

T K BALAJI
Chairman

K. SESHADRI

G CHIDAMBAR

N S MURTHY

Chennai
30th May 2012

Directors

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



Statement of Profit and Loss for the year ended 31st March 2012

Particulars	Note No	2011-2012 ₹ lacs	2010-2011 ₹ lacs
I. Revenue from operations	22	28814.21	25360.50
Less : Excise Duty		2741.06	2418.17
		26073.15	22942.33
II. Other Income	23	773.47	572.48
III. Total Revenue	(I + II)	26846.62	23514.81
Expenses:			
Cost of materials consumed	24	17876.16	15372.49
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(135.37)	(29.42)
Other Manufacturing Expenses	25	1202.54	1091.31
Employee benefits expense	26	2645.52	2259.96
Finance costs	27	21.39	18.67
Depreciation and amortization expense	10 & 11	551.84	438.93
Other expenses	28	865.51	1102.31
IV.Total Expenses		23027.59	20254.25
V. Profit before exceptional and extraordinary items and tax	(III - IV)	3819.03	3260.56
VI. Exceptional Items (Profit on compulsory acquisition of Land in earlier year)		132.61	-
VII. Profit before extraordinary items and tax	(V+VI)	3951.64	3260.56
VIII. Extraordinary Items		-	-
IX. Profit before tax	(VII-VIII)	3951.64	3260.56
X. Tax expense:			
(1) Current tax		805.00	790.00
(2) Deferred tax		25.00	(0.86)
(3) Income tax for earlier years		20.07	3.80
		850.07	792.94
XI. Profit for the period from continuing operations	(IX-X)	3101.57	2467.62
XII. Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from discontinuing operations	(XI-XII -XIII)	-	-
XV. Profit for the period after tax	(XI+XIV)	3101.57	2467.62
XVI.Minority Interest		(0.01)	(0.01)
XVII. Share of loss in associate company		(154.49)	(310.13)
		2947.09	2157.50
XVIII. Earnings per equity share of face value ₹10/-:			
(1) Basic		27.42	21.82
(2) Diluted		-	-

T K BALAJI
Chairman

K. SESHADRI

G CHIDAMBAR

N S MURTHY

Chennai
30th May 2012

Directors

S SAMPATH
CFO and Company Secretary

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

P S KUMAR

Partner

Membership No.15590

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
NOTES :		
1. Share Capital :		
a Authorised Share Capital:		
15000000 number of Equity shares of ₹10 each	1500.00	1500.00
b Issued, Subscribed and Fully Paid up Share Capital:		
11310712 number of Equity shares of ₹10 each	1131.07	807.91
c Par Value per Share ₹	10.00	10.00
d Number of equity shares at the beginning of the year	8079080	8079080
Add: Rights issue	0	0
Bonus issue	3231632	0
Less: Buy back	0	0
Number of equity shares at the end of the year	11310712	8079080
All shares are of the same nature ranking pari passu		
e % of Shares held by		
Holding company	Nil	Nil
Ultimate holding company	Nil	Nil
Subsidiary company	Nil	Nil
Associates of holding company	Nil	Nil
Associates of ultimate holding company	Nil	Nil
f Number of shares held by share holders holding more than 5% of total shares		
Name of the share holder	Nos. current year	Nos. previous year
Lucas Indian Service Ltd, India	5188666.00	3706190.00
Kokusan Denki Co Ltd, Japan	2320500.00	1657500.00
g Shares reserved for (specify the number of shares and terms)		Number of shares
Issue under options :	Nil	Nil
Contracts / Commitments	Nil	Nil
Disinvestments	Nil	Nil
Terms		
Issue under options :	Nil	
Contracts / Commitments	Nil	
Disinvestments	Nil	
h Details during the last 5 years:		
Nil Equity shares of ₹ each allotted as fully paid up in pursuant to contract(s) without payment being received in cash.		
3231632 Equity shares of ₹10 each allotted as fully paid up by way of bonus shares.		
Nil Equity shares of ₹ each were bought back		
i Terms of Conversion of Nil (security) convertible into equity / preference		
Date No of security Terms		farthest date of conversion to earliest date of conversion
j Amount of Calls unpaid ₹	Nil	Nil
(i) Calls unpaid by directors ₹	Nil	Nil
(ii) Calls unpaid by officers ₹	Nil	Nil
k No of shares Forfeited :	Nil	Nil
amount originally paid up :	Nil	Nil



2. Reserves and Surplus		As at 31.03.2012		As at 31.03.2011	
		₹ lacs		₹ lacs	
a	Capital reserve - Cash	15.00		15.00	
	Subsidy - SIPCOT				
	Opening balance				
	Add: Addition / (reduction)	-		-	
	Closing balance		15.00		15.00
b	Capital redemption				
	reserve				
	Opening balance	39.56		39.56	
	Add: Addition / (reduction)	-		-	
	Closing balance		39.56		39.56
c	Security premium reserve				
	Opening balance	-		-	
	Add: Addition / (reduction)	-		-	
	Closing balance		-		-
d	Debenture Redemption				
	reserve				
	Opening balance	-		-	
	Add: Addition / (reduction)	-		-	
	Closing balance		-		-
e	Revaluation reserve				
	Opening balance	395.46		395.46	
	Add: Addition / (reduction)	-		-	
	Closing balance		395.46		395.46
f	Foreign currency				
	translation reserve				
	Opening balance	237.98		237.98	
	Add: Addition / (reduction)	152.48		-	
	Closing balance		390.46		237.98
g	General reserve				
	(Uncommitted)				
	Opening balance	15074.45		13349.12	
	Less: Capitalised as Bonus				
	shares	323.16		-	
	Add: Excess provision	-		25.33	
	written back				
	Add: Transfer from profit &				
	loss account	1,200.00		1700.00	
	Closing balance		15951.29		15074.45
h	Surplus from Profit & Loss				
	account				
	(Uncommitted)				
	Opening balance	151.30		588.47	
	Add: Current year surplus	2947.09	3098.39	2157.50	2745.97
	Less: Transfer to general				
	reserve	1,200.00		1700.00	
	Interim/final dividend	1017.97		767.51	
	Dividend tax provision	165.15	2383.12	127.16	2594.67
	Closing balance		715.27		151.30
			17507.04		15913.75

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
3 Long term Borrowings		
a Bonds / Debentures	-	-
b Term Loans		
(i) From Banks	-	-
(ii) From other parties	-	-
c Deferred payment liabilities	-	-
d Deposits	-	-
e Loans and advances from related parties	-	-
f Long term maturities of finance lease obligations	-	-
g other loans and advances	-	-
	-	-
4 Other long term liabilities		
a Trade payables		
b Others	-	-
	-	-
5 Long term provisions		
a Provision for employee benefits		
- Leave encashment	91.65	48.55
b others	-	-
	<u>91.65</u>	<u>48.55</u>
6 Short term borrowings		
a Loans repayable on demand		
from banks	-	-
from others	-	-
b Loans and advances from related parties	-	-
c Deposits	-	-
d other loans and advances	-	-
	-	-
7 Trade Payables		
Trade Payables	3193.34	3135.22
	<u>3193.34</u>	<u>3135.22</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 2012 is ₹196.84 lacs (Previous year - ₹157.86 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.



8 Other Current Liabilities

As at 31.03.2012 As at 31.03.2011

	₹ lacs	₹ lacs
a Current maturities of long term debt	-	-
b Current maturities of Finance lease obligations	-	-
c Interest accrued but not due on borrowings	-	-
d Interest accrued and due on borrowings	-	-
e Income received in advance	-	-
f Unpaid dividends	26.55	22.44
g Application money received for allotment of securities/ due for refund / interest accrued thereon	-	-
h Unpaid matured deposits and interest accrued there on	-	-
i Unpaid matured debentures and interest accrued there on	-	-
j Other payables	77.35	76.62
	<u>103.90</u>	<u>99.06</u>

Details of Other payables :

Excise duty/service tax/TNVAT payable	33.35	35.32
TDS/TCS	11.39	16.95
Professional Tax payable	2.61	2.35
Commission to Directors	30.00	22.00
	<u>77.35</u>	<u>76.62</u>

9 Short term provisions

a Provisions for employee benefits		
- Gratuity & Leave encashment	53.46	28.79
b Others (Specify)		
Provision for warranty	91.68	91.68
Provision for income tax	-	-
Provision for Sales tax	-	-
Provision for fringe benefit	59.00	78.00
Provision for dividend	565.54	363.56
Provision for dividend tax	91.75	13.11
	<u>861.43</u>	<u>575.14</u>

Other disclosure :

Product Warranty :

Opening balance	91.68	91.68
Additions	13.79	15.38
Utilizations	13.79	15.38
Reversals	-	-
Closing balance	<u>91.68</u>	<u>91.68</u>

₹ lacs

10 Tangible Asset	Gross Value			Depreciation			Closing balance	
	Opening balance 01.04.2011	Additions during the year	Disposals during the year	Total Rs lacs 31.03.2012	Opening balance 01.04.2011	Provided during the year	Disposals during the year	Total As on 31.03.201231.03.2011
a Land - Freehold	1034.86		13.17	1021.69		24.14	24.14	1021.69 1034.86
b Land - Leasehold	551.64	47.06		598.70	24.14	24.14	24.14	574.56 527.50
c Building	1020.04	151.35		1171.39	606.39	62.45		668.84 502.55
d Plant & Equipments	5104.59	581.57	60.09	5626.07	3840.10	429.14	57.64	4211.60 1264.49
e Furniture & Fixtures	111.84	29.54		141.38	85.84	10.05		95.89 45.49
f Vehicles	71.52	25.70	7.55	89.67	50.14	12.19	6.93	55.40 34.27
Office Equipments	237.96	9.40		247.36	193.74	13.87		207.61 39.75
Total	8132.45	844.62	80.81	8896.26	4800.35	551.84	88.71	5263.48 3332.10
Figures for the previous year	7561.28	605.00	33.83	8132.45	4419.37	438.93	57.95	4800.35 3332.10

Other disclosure :

The fixed assets were revalued in the year 1992-93 by which the value of the assets were written up by ₹230.71 lacs after technical assessment with the corresponding credit being given to Revaluation Reserve. These assets were fully written off in the books of accounts as on 31st March 1997. In the year 1997-98, the fixed assets comprising of plant and machinery and electrical installations were revalued again after a technical assessment by which the values of these assets were written up by ₹233.30 lacs with the corresponding credit being given to Revaluation Reserve. As mentioned in accounting policy sl.no.29(h)(iii), depreciation is computed on the revalued amounts and is charged off to the statement of profit and loss in full without withdrawing any amount from the revaluation reserve. The additional amount charged as depreciation for the year is ₹1.22 lacs (previous year ₹1.71 lacs).

11 Intangible Asset	Gross Value			Depreciation			Closing balance	
	Opening balance 01.04.2011	Additions during the year	Disposals during the year	Total 31.03.2012	Opening balance 01.04.2011	Additions during the year	Disposals during the year	Total As on 31.03.201231.03.2011
a Goodwill	-	-	-	-	-	-	-	-
b Brands / Trademarks	-	-	-	-	-	-	-	-
c Computer Software	-	-	-	-	-	-	-	-
d Mastheads and publishing titles	-	-	-	-	-	-	-	-
e Mining rights	-	-	-	-	-	-	-	-
f Copyrights, patents and other intellectual property rights, services & operating rights	-	-	-	-	-	-	-	-
g Recipes, formulae, models, designs & prototypes	-	-	-	-	-	-	-	-
h Licenses & franchise	-	-	-	-	-	-	-	-
i Others	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Figures for the previous year	-	-	-	-	-	-	-	-



12. Non-current investments

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs	
(i) Trade Investments			
Associate Company			
Synergy Shakthi Renewable Energy Ltd	241.02	600.00	
Less : Initial recognition	-	74.18	
	241.02	525.82	
Add: Excess provision written back	-	25.33	
	241.02	551.15	
Less: Share of loss in associate	154.49	310.13	241.02
(ii) Other Investments			
a Investment in property			
b Investment in equity instruments			
Other than Subsidiary Company :			
Lucas TVS Ltd Equity shares	2824.08	2824.08	
c Investment in preference shares			
d Investment in government or trust securities			
e Investment in debentures or bonds	2233.16	2109.54	
f Investment in Mutual funds			
g Investment in partnership firms			
h Other non-current investments	585.38	375.00	
	5729.15	5549.64	

Other disclosure :

1 Aggregate value of Quoted investments	Nil	Nil
2 Market value of the Quoted investments	Nil	Nil
3 Aggregate value of Unquoted investments	5729.15	5549.64

13. Deferred Tax Assets

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
a Deferred Tax Assets (net)	241.96	263.06
	241.96	263.06

Other disclosure :

As mentioned in item 29 (I) of Accounting Policy statement, the company is accounting for taxes in accordance with the Accounting Standards 22 "Accounting for Taxes on Income" notified under company (Accounting Standards) Rules 2006. Accordingly, an amount of ₹21.10 lacs has been debited to the profit and loss account for the year under review towards Deferred Tax. As at 31st March 2012, the amount in Deferred Tax account is ₹241.96 lacs as detailed below:

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2012	As at 31.03.2011
	₹ lacs	₹ lacs
Rebates and Discounts	57.03	58.35
Leave encashment	39.09	20.63
Depreciation	121.55	93.34
Provision for doubtful debts	-	52.26
Provision for obsolete stock	-	3.54
Early Separation Scheme	10.03	22.30
Others	14.26	12.64
	<u>241.96</u>	<u>263.06</u>
14. Long term loans and advances	As at 31.03.2012	As at 31.03.2011
	₹ lacs	₹ lacs
a Capital Advance	-	-
b Sundry deposits	27.45	26.28
c Loans and advances to related parties	-	-
d Other loans and advances	-	-
e Advance Income Tax and Tax deducted source (net) (*)	47.24	54.99
	<u>74.69</u>	<u>81.27</u>
* Net of provision for taxation of ₹1915 lacs (Previous year - ₹2050 lacs)		
15. Other non-current assets		
a Long term trade receivable	-	-
b Income Receivables	-	-
c Other receivables *	145.77	-
d Advance for capital expenditure	5.30	5.30
	<u>151.07</u>	<u>5.30</u>
* amount receivable on compulsory acquisition of Land in earlier year.		
16. Current investments		
a Investment in equity instruments	-	-
b Investment in preference shares	-	-
c Investment in government or trust securities	-	-
d Investment in debentures or bonds	-	-
e Investment in Mutual funds	1906.25	1750.84
f Investment in partnership firms	-	-
g Other current investments	-	-
Less: Aggregate provision for diminution in value of investments	(13.17)	(10.75)
	<u>1893.08</u>	<u>1740.09</u>
Other disclosure :		
Basis of valuation of individual investments		
Aggregate value of Quoted investments	Nil	Nil
Market value of Quoted investments	Nil	Nil
Aggregate value of Unquoted investments	1893.08	1740.09



17. Inventories

As at 31.03.2012 As at 31.03.2011

	₹ lacs	₹ lacs
a Raw materials	1197.91	1275.18
b Raw materials - Goods in transit	55.91	45.73
c Work in progress	285.85	176.32
d Finished goods	101.79	71.02
e Finished goods in transit	140.76	146.06
f Stock in trade (in respect of goods acquired for trading)	-	-
g Stores & Spares	4.25	4.14
	<u>1786.47</u>	<u>1718.45</u>

18. Trade receivables

a Trade receivables Unsecured		
outstanding for a period exceeding six months		
- Considered good	54.47	15.31
- Considered doubtful	-	153.76
	<u>54.47</u>	<u>169.07</u>
Less: Provision for doubtful debts	-	153.76
	<u>54.47</u>	<u>15.31</u>
Other receivables considered good	4553.76	3811.23
	<u>4608.23</u>	<u>3826.54</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>4608.23</u>	<u>3826.54</u>

19. Cash and Bank Balances

a Cash and cash equivalents		
i Balance with banks In current account	120.95	180.41
ii Cash in hand	1.24	0.94
iii Cheques, drafts in hand		
b Other Bank Balances:		
in Fixed deposit (less than 12 months)	2527.48	3078.77
in Fixed deposit (more than 12 months)	600.33	0.33
in Margin money	9.00	9.00
in Dividend warrant account	26.55	22.44
c Others	-	-
	<u>3285.55</u>	<u>3291.89</u>

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20. Short-term loans and advances

- a Loans and advance to related parties
- b Advances/Loans to Employees
Inter corporate deposit with associate company
- c Balance with excise and customs
- d Prepaid taxes VAT in Indonesia
- e Other advances

As at 31.03.2012 As at 31.03.2011

₹ lacs	₹ lacs
-	-
74.59	31.67
300.00	300.00
141.41	107.75
73.45	66.95
73.42	104.60
<u>662.87</u>	<u>610.97</u>

21. Other current assets

- Vat tax input credit
- Prepaid expenses
- Service Tax credit (excess)
- Interest accrued

2.31	4.85
23.75	24.83
0.95	2.00
144.20	102.00
<u>171.21</u>	<u>133.68</u>

22. Revenue from operations

- a Sale of Products
Export Sales
Domestic Sales
- b Sale of Services
- c Other operating revenues

2011-2012 ₹ lacs	2010-2011 ₹ lacs
953.19	762.70
27792.61	24540.64
-	-
<u>28745.80</u>	<u>25303.34</u>
68.41	57.16
<u>28814.21</u>	<u>25360.50</u>

23. Other Income

- a Interest Income
- b Dividend Income
- c Net gain / (loss) on sale of investment
- d Net gain / loss on foreign currency transaction
- e Profit on sale of fixed assets
- f Other non operating income

454.60	276.98
233.00	265.64
31.13	28.51
47.48	-
7.22	1.35
0.04	-
<u>773.47</u>	<u>572.48</u>

24. Cost of Materials consumed

- Opening Stock of Raw Materials
- Purchases
- Less: Closing stock of raw Material

1271.99	666.77
17802.08	15977.71
<u>19074.07</u>	<u>16644.48</u>
1197.91	1271.99
<u>17876.16</u>	<u>15372.49</u>



25. Other Manufacturing Expenses

	2011-2012	2010-2011
	₹ lacs	₹ lacs
Stores and consumables	390.95	311.22
Power and fuel.	381.88	366.57
Repairs to buildings.	60.35	58.09
Repairs to machinery.	186.66	170.16
Repairs others	45.96	47.00
Royalty	59.62	44.12
Technical know how and support fee	4.91	6.97
Other expenses	72.21	87.18
	<u>1202.54</u>	<u>1091.31</u>

26. Employee Benefit Expense

Salaries, wages, Bonus and allowances	2041.76	1776.44
Contribution to Provident fund and other funds	194.33	129.18
Staff Welfare expenses	409.43	354.34
	<u>2645.52</u>	<u>2259.96</u>

Other disclosure :

Remuneration to Manager included in the above

Salary	13.86	11.40
HRA & Other allowances	31.26	20.17
Other perquisites	0.22	0.23
Contribution to Provident Fund	1.67	1.37
Contribution to Gratuity and Superannuation	3.41	2.80
	<u>50.42</u>	<u>35.97</u>

27. Finance costs

a Interest Expenses	1.03	1.76
b Other borrowing cost	-	-
c Net Loss / (Gain) on foreign currency transaction	-	-
d Bank charges	20.36	16.91
	<u>21.39</u>	<u>18.67</u>

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28. Other expenses	2011-2012 ₹ lacs	2010-2011 ₹ lacs
Rent.	12.97	10.02
Repairs to Vehicles	9.60	7.99
Insurance.	39.69	34.58
Rates and taxes (excluding taxes on income)	40.36	31.89
Communication expenses	48.78	53.89
Postage, Printing & Stationery	46.31	42.55
Sitting fees	4.89	3.70
Legal & professional charges	64.96	62.60
Travelling & conveyance expenses	139.38	112.34
Donation	30.83	25.23
Recruitment expenses	9.60	7.53
Remuneration to watch and ward	44.83	40.08
Bad Debts written off:	153.76	
Less: Provision existing	<u>153.76</u>	-
Net gain/loss on foreign currency transactions	-	20.17
Wealth Tax	24.69	24.77
Amortisation of Land right	1.48	1.38
Estate Service fee	5.09	4.64
Commisson to Directors	30.00	22.00
After sales service expenses	13.79	15.38
Commission & discount	56.81	104.09
Freight outwards	145.95	404.93
Advertisement	4.26	9.19
Audit fees		
a) Statutory Audit	8.00	4.00
b) Tax Audit	1.50	0.75
c) Company law matters	-	-
d) Management services	-	-
e) Other services	1.75	1.65
f) Reimbursement of Expenses	1.67	0.73
Provision for diminution in value of investments	2.42	-
Other expenses	75.90	56.23
	<u>865.51</u>	<u>1102.31</u>



29. Accounting Policies

a) Basis of Accounting :

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

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

b) Use of estimates :

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

c) Fixed Assets and Intangible Assets :

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

d) Investments

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

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e) Inventories:

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

f) Revaluation Reserve: (Refer note 29 c)

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

g) Government Grants

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

h) Depreciation :

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

i) Impairment of Assets :

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



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

j) Research and development :

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

k) Borrowing costs

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

l) Taxation

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

m) Foreign Currency Transactions:

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

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

n) Revenue Recognition :

- a) Sales shown in the Profit and Loss Account exclude sales tax. Sales made on FOR basis are accounted on the basis of goods acknowledged to have been received by customers

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before the year end. Goods not taken delivery by customers before the end of the year are treated as finished goods in transit. Price increases from customers are accounted in the year of receipt. Price reductions/discounts are accounted in the year in which the Company accepts claims.

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

o) Employee Benefits :

i) Short term employee benefits:

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

ii) Post-Employment benefit Plans :

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

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

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

p) Early Separation Scheme :

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

q) Contingencies and Provisions :

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

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



30. Principles of consolidation

SI No	Name of the Company	Country of incorporation	% share-holding of INEL	Category
1	P T Automotive Systems Indonesia	Indonesia	99.97%	Subsidiary
2	Syergy Shakthi Renewable Energy Ltd	India	40.00%	Associate

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 as at the date of the Balance Sheet of the Subsidiary and income and expenditure items are translated at the average of the monthly closing rates of exchange for the year. The resulting exchange difference is classified as foreign exchange translation reserve.

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

INVESTMENT IN SYNERGY SHAKTHI RENEWABLE ENERGY LTD (Associate)

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

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

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32. Details of related party transactions during the year :

Name of the related party	Description of relationship	Nature of transactions	Volume of transactions ₹ lacs	Amount due to as on 31.03.2012 ₹ lacs	Amount due from as on 31.03.2012 ₹ lacs
1) Kokusan Denki Company Limited (Technical and financial collaborator)	Joint venture of the company	a) Technical know-how fees b) Support fee c) Royalty d) Purchase of raw materials & components e) Sales	Nil 4.91 59.62 413.72 19.89	Nil 1.41 Nil 3.06	Nil
2) PT Automotive Systems Indonesia	Subsidiary of the Company		-	-	-
3) Synergy Shakthi Renewable Energy Ltd	Associate Company	a) Inter corporate deposit b) Interest on ICD c) Purchase of Electricity	300.00 27.00 71.99	- - -	300.00 3.93 -
4) Lucas Indian Service Ltd	Joint venture of the company	a) Sales	3.79	-	0.01
5) Mr. G Murali	Manager	Salary	45.98		
Mr Subhasis Dey	Manager	Salary	4.44		

33. Derivative instruments and unhedged foreign currency exposure :

	31.03.2012 ₹ lacs	31.03.2011 ₹ 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	262.08	258.11
b) Payable outstanding	120.93	191.40

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

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

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

(a) Defined Contribution Plan

I. Provident fund :

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

II. Superannuation fund :

Eligible employees receive benefits from the superannuation fund, which is a defined contribution plan. Aggregate contributions alongwith interest thereon are paid at retirement, death, incapacitation or termination of employment. The Company makes yearly contributions to the Superannuation Fund Scheme administered by Life Insurance Corporation of India. Liabilities with regard to the Superannuation fund are determined by the Life Insurance Corporation of India as 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 ₹13620298 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.

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

a) Change in benefit obligations :

Particulars	Gratuity Plan ₹ lacs
Projected benefit obligation, beginning of the year	189.46
Service Cost	14.23
Interest Cost	15.15
Actuarial (gain)/loss	42.30
Benefits paid	(2.91)
Projected benefit obligation, end of the year	258.23

b) Change in plan assets :

Particulars	Gratuity Plan ₹ lacs
Plan assets at beginning of the year at fair value	174.61
Expected return on plan assets	17.89
Actuarial gain/(loss)	-
Employer's contributions	41.46
Benefits paid	(2.91)
Plan assets at end of the year, at fair value	231.05

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

	Gratuity Plan ₹ lacs
Fair value of plan assets at the end of the year	231.05
Present value of the defined benefit obligations at the end of the period	258.23
Liability recognized in the balance sheet	(27.18)

d) Gratuity cost for the year ended March 31, 2012

Particulars	Gratuity Plan ₹ lacs
Service cost	14.23
Interest cost	15.15
Expected return on plan assets	(17.89)
Actuarial (gain)/loss	42.30
Net cost	53.79



Actual return on plan assets

9.25%

e) Investment details of plan assets :

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

f) Assumptions

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

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

(c) Leave encashment

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

35. Expenditure on R&D

	2011-2012 ₹ lacs	2010-2011 ₹ lacs
a) Capital Expenditure	27.52	32.22
b) Revenue Expenditure		
* Salary	146.73	99.04
* Electricity	6.19	7.23
* Travel	7.63	12.78
* Outsourcing expenses	2.54	2.78
* Revenue & others	36.79	28.64
	<u>199.88</u>	<u>150.47</u>
Total R & D expenditure (a) + (b)	227.40	182.69

INDIA NIPPON ELECTRICALS LIMITED

36. Consequent upon the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 have been prepared as per Revised Schedule VI. Accordingly, the previous year figures which had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956 for the purposes of the financial statements for the year ended March 31, 2011 have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles.

T K BALAJI
Chairman

K. SESHADRI

G CHIDAMBAR

N S MURTHY

Directors

Chennai
30th May 2012

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



Consolidated Cash flow statement for the year ended 31st March 2012

Pursuant to Clause 32 of the Listing Agreement

	Year ended 31.03.2012 ₹ lacs	Year ended 31.03.2011 ₹ lacs
A. Cash Flow from Operating Activities :		
Net Profit before tax and extraordinary items	3,951.64	3,260.56
Adjustments for		
Add: - Depreciation	551.84	438.93
- Interest & Finance Charges	-	-
- Lease Rent Paid	-	-
- (Profit)/Loss on sale/Writeoff fixed assets	(7.22)	(1.35)
- Dividend Received	(233.00)	(265.64)
- Interest Received	(454.60)	(276.98)
-(Profit)/Loss on sale of investments(net)	(31.13)	214.11
-Provision for diminution in value of investments	2.42	(242.62)
-Adjustment for Exchange Fluctuation	141.36	85.49
-Land Amortisation and Depreciation	(71.13)	(42.95)
Operating Profit before Working Capital changes	3,850.18	3,169.55
Adjustments for - Trade & Other Receivables	(948.34)	(1,366.62)
- Inventories	(68.02)	(657.44)
- Trade Payables and other liabilities	(201.32)	678.54
Cash generated from Operations	2,632.50	1,824.03
Income Tax paid	(785.73)	(766.95)
Net Cash from Operating Activities- A	1,846.77	1,057.08
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(1,422.34)	(613.20)
Sale of Fixed Assets	10.30	1.36
(Purchase) / Sale of Investments (net)	(458.27)	1,170.80
Interest/Dividend Received	632.81	443.43
Net Cash from /(used) in Investment Activities -B	(1,237.50)	1,002.39

INDIA NIPPON ELECTRICALS LIMITED

	Year ended 31.03.2012 ₹ lacs	Year ended 31.03.2011 ₹ lacs
C. Cash Flow from Financing Activities :		
Repayment of Long Term Borrowings		
Unsecured Loan Repayment	-	(57.85)
Lease Rent Paid	-	-
Interest Paid	-	-
Dividends Paid	(533.22)	(727.11)
Dividend Tax	(86.50)	(167.73)
Net Cash used in Financing Activities-C	(619.72)	(952.69)
D. Net (decrease)/Increase in Cash Equivalents (A+B+C)	(10.45)	1,106.78
E. Cash & Cash Equivalents as at 1st April, 2011 (Opening Balance)	3,269.45	2,162.67
F. Cash & Cash Equivalents as at 31st March, 2012 (Closing Balance)	3,259.00	3,269.45

Notes :

Cash & Cash equivalents as on 31.03.2012 and 31.03.2011 do not include the balances in the unpaid dividend account.

T K BALAJI <i>Chairman</i>	K. SESHADRI	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 000511S
	G CHIDAMBAR	
Chennai 30th May 2012	N S MURTHY <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>
		P S KUMAR <i>Partner</i> Membership No. 15590

AUDITORS' CERTIFICATE :

We have verified the above statement of India Nippon Electricals Ltd. derived from the audited financial statements for the year ended 31st March, 2012 and found the same in accordance therewith and also with the requirements of clause 32 of the Listing agreements with stock exchanges.

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

Chennai
30th May 2012

P S KUMAR
Partner
Membership No. 15590



INDIA NIPPON ELECTRICALS LIMITED

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

NAME AND ADDRESS

--

27th ANNUAL GENERAL MEETING
 30th August 2012 at 10.30 A.M.
 Kasturi Srinivasan Hall, (Music Academy
 Annexe) No.168 (Old No.306), T.T.K. Road,
 Royapettah, Chennai 600 014

ADMISSION SLIP

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

FOLIO NO.

HOLDING

☐

MEMBER

☐

PROXY

NAME OF THE PROXY (IN CAPITAL LETTERS)

I hereby register my presence at the meeting

Signature of the Member/Proxy



INDIA NIPPON ELECTRICALS LIMITED

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

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

.....
of.....in the

district ofor failing

himof.....district

ofas

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

Signed thisday of August 2012.

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

FOR OFFICE USE

Proxy No.

Date of receipt

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PROXY FORM

FOLIO NO.

HOLDING

--	--

Affix
Revenue
Stamp

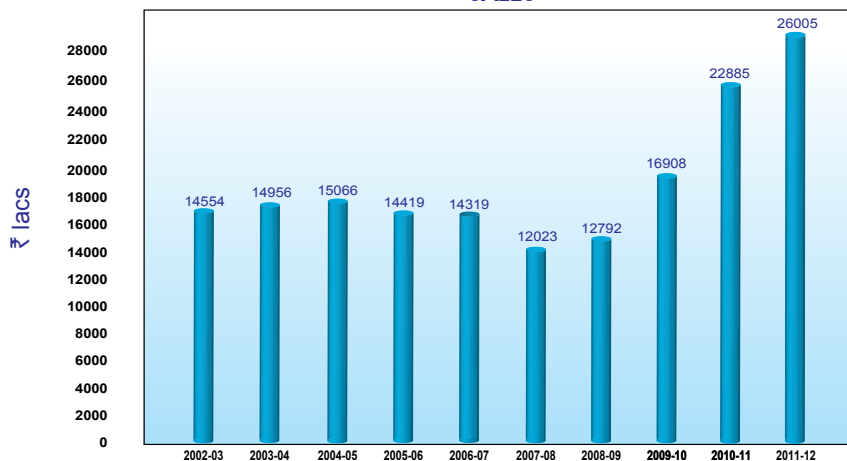
Signature

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



FINANCIAL HIGHLIGHTS - 2003 - 2012

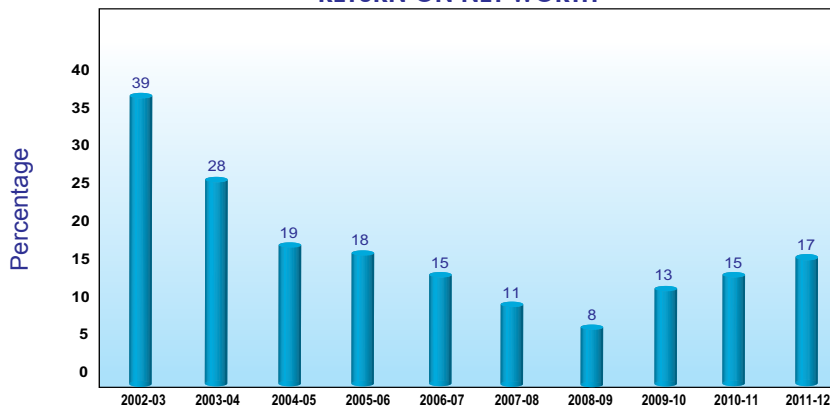
SALES



NETWORTH*



RETURN ON NET WORTH*

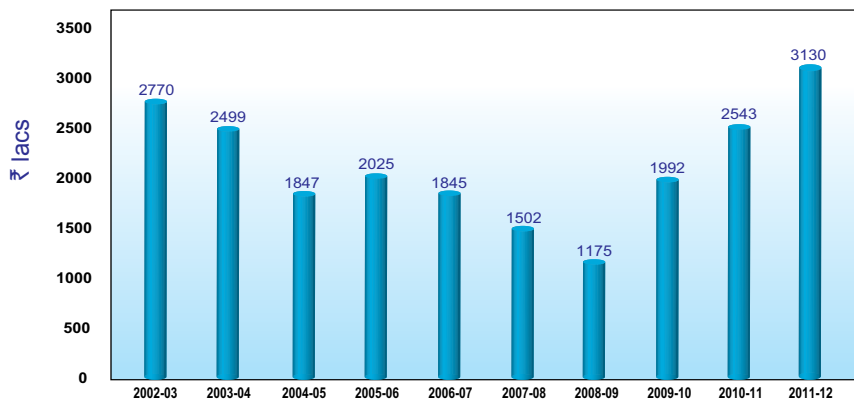


* Exclusive of revaluation reserves

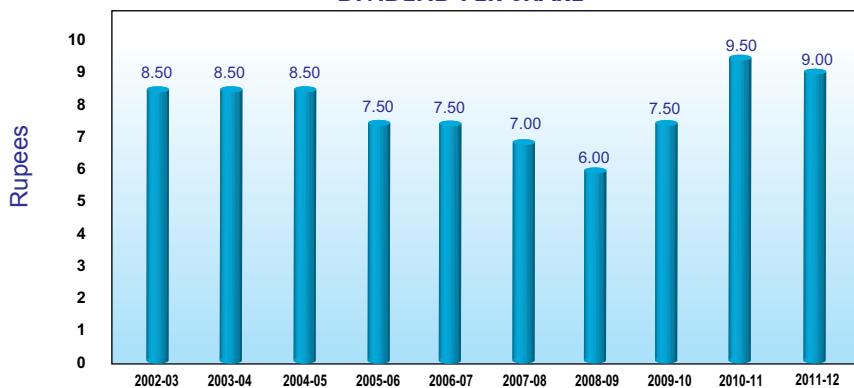


FINANCIAL HIGHLIGHTS - 2003 - 2012

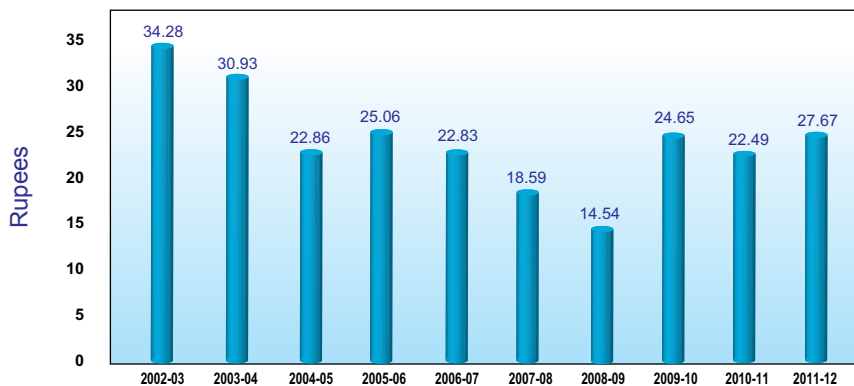
PROFIT AFTER TAX



DIVIDEND PER SHARE



EARNING PER SHARE



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

No. of Equity Shares of Rs. 10/- each :

31.03.2002 - 47,52,000

31.03.2003 - 80,79,080

31.03.2012 - 1,13,10,712

Recent new models launched by customers using INEL products

