



# **INDIA NIPPON ELECTRICALS LIMITED**

**31st ANNUAL REPORT  
2015-2016**

## DOMESTIC



## EXPORT





## INDIA NIPPON ELECTRICALS LIMITED

### Board of Directors

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

### Audit Committee

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

### Stakeholders Relationship Committee

T K BALAJI, Chairman  
K SESHADRI  
G CHIDAMBAR

### Nomination & Remuneration Committee

V BALARAMAN, Chairman  
T K BALAJI  
R VIJAYARAGHAVAN

### CSR COMMITTEE

G CHIDAMBAR, Chairman  
ARVIND BALAJI  
JAYSHREE SURESH

### Chief Financial Officer

ELANGO SRINIVASAN

### Company Secretary

S SAMPATH

### Auditors

M/s. BRAHMAYYA & CO  
48, Masilamani Road, Balaji Nagar  
Royapettah  
Chennai 600 014

### Cost Auditor

K SURYANARAYANAN

### Secretarial Auditor

B. Chandra

### Bankers

BANK OF BARODA  
ICICI BANK LIMITED  
AXIS BANK LIMITED

### Listing of Shares with

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

### Registered Office

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

### Subsidiary Company

PT Automotive Systems Indonesia

### Associate Company

Synergy Shakthi Renewable Energy P. Ltd.

### Factories

1. Hosur-Thalli Road  
Uliveeranapalli 635 114  
Denkanikotta Taluk, Krishnagiri District - Tamilnadu  
Ph : 04347 - 233432 - 233438  
2. Madukarai Road  
Kariamanickam, Nettapakkam Commune  
Puducherry 605 106  
Ph : 0413 - 2697801-2697827  
3. Masani Village  
Rewari District, Haryana 122 106  
Ph : 01274-240860/240212

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## INDIA NIPPON ELECTRICALS LIMITED

### FINANCIAL HIGHLIGHTS OF TEN YEARS PERFORMANCE

₹ lacs

S.No.	Description	Year ended 31 <sup>st</sup> March									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Profit and Loss Account</b>											
1.	Sales (excluding Excise duty)	14319	12023	12792	16908	22885	26005	26802	26153	32653	<b>33820</b>
2.	Other income	532	732	872	620	624	803	890	846	690	<b>822</b>
3.	Total Income (1+2)	14851	12755	13664	17528	23509	26808	27692	26999	33343	<b>34642</b>
4.	Gross Profit before interest, depreciation and tax	2550	2141	1793	2952	3767	4525	4146	3183	3978	<b>4174</b>
5.	Depreciation	364	326	284	357	415	528	613	562	775	<b>665</b>
6.	Profit before interest & tax	2186	1815	1509	2595	3352	3997	3533	2621	3203	<b>3509</b>
7.	Interest	18	11	17	18	17	21	18	12	16	<b>14</b>
8.	Profit before tax	2168	1804	1492	2577	3335	3976	3515	2609	3187	<b>3495</b>
9.	Profit after tax	1845	1502	1175	1992	2543	3130	2837	1966	2266	<b>2533</b>
<b>Balance Sheet</b>											
10.	Net Fixed Assets (including revaluation reserves)	2144	1867	1798	2633	2832	3710	3935	3970	4236	<b>4301</b>
11.	Investments	8546	9962	7272	9999	8857	9344	10968	11913	14178	<b>15696</b>
12.	Net Current Assets	2469	1951	5221	2943	5477	6059	5859	5654	4160	<b>3883</b>
13.	Total (10+11+12)	13159	13780	14291	15575	17166	19113	20762	21537	22574	<b>23880</b>
14.	Share capital	808	808	808	808	808	1131	1131	1131	1131	<b>1131</b>
15.	Reserves & Surplus	11995	12818	13425	14709	16358	17982	19631	20406	21443	<b>22749</b>
16.	Net Worth (14+15) (including revaluation reserves)	12803	13626	14233	15517	17166	19113	20762	21537	22574	<b>23880</b>
17.	Loan funds	356	154	58	58	-	-	-	-	-	-
18.	Total	13159	13780	14291	15575	17166	19113	20762	21537	22574	<b>23880</b>
19.	Return on Net Worth (%) (excluding revaluation reserves)	15	11	8	13	15	17	14	9	10	<b>11</b>
20.	Return on Capital Employed (%) (excluding revaluation reserves)	17	14	11	17	20	21	17	12	14	<b>15</b>
21.	Earning per share (₹)	23	19	15	25	22	28	25	17	20	<b>22</b>
22.	Dividend per share (₹)	7.5	7.0	6.0	7.5	9.5	9	9	9	9	<b>9</b>
23.	Book value per share (₹) (excluding revaluation reserves)	153	164	171	187	208	165	180	187	196	<b>208</b>
24.	Fixed Assets Turnover (No. of times)	7	6	7	6	8	7	7	7	8	<b>8</b>
25.	Working Capital Turnover (No. of times)	6	6	2	6	4	4	5	5	8	<b>9</b>
26.	Gross profit as % of total income	17	17	13	17	16	17	15	12	12	<b>12</b>
27.	Net profit as % of total income	12	12	9	11	11	12	10	7	7	<b>7</b>
28.	No. of Shareholders	4760	4828	4827	6052	5806	6289	6295	6427	7247	<b>7656</b>

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

## INDIA NIPPON ELECTRICALS LIMITED

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

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### Notice to Shareholders

NOTICE is hereby given that the Thirty First Annual General Meeting of the Shareholders of India Nippon Electricals Limited will be held on Saturday the 27<sup>th</sup> August 2016 at Satguru Gnanananda Hall, 314, T.T.K. Road, Chennai 600018 at 10.35 A.M. to transact the following business.

#### Ordinary Business

**1. Adoption of audited accounts for the year ended 31<sup>st</sup> March 2016 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 31<sup>st</sup> March 2016 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 for the year 2015-16**

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 Rs.4 and Rs.5 declared by the Board of Directors of the company on 29<sup>th</sup> January 2016 and 26<sup>th</sup> March 2016 on 11310712 equity shares of Rs.10 each fully paid, absorbing a total sum of Rs.1017.97 lacs (excluding dividend tax of Rs.209.09 lacs paid) in the aggregate, be and are hereby treated as the final dividend for the year ended 31<sup>st</sup> March 2016.

**3. To ratify the appointment of Auditors, Ms Brahmayya & Co., Chennai**

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

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

## INDIA NIPPON ELECTRICALS LIMITED

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### 4. Election of Mr T Momose as Director, liable for retirement by rotation

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

RESOLVED THAT Mr T Momose (DIN: 06984707), director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Company liable for retirement by rotation.

### SPECIAL BUSINESS

### 5. Appointment of Mr Mukesh Kumar Somani as a Director not liable for retirement by rotation:

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

Resolved that Mr Mukesh Kumar Somani (DIN: 06608983), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as Director of the Company not liable for retirement by rotation.

### 6. Ratification of the remuneration of Mr K Suryanarayanan, the Cost Auditor for the year 2016-17

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

"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.2.20 lacs plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses, for the financial year commencing on 1st April 2016 and ending on 31st March, 2017, as recommended by the Audit Committee and as approved by the Board of Directors of the Company on 28<sup>th</sup> May 2016, to be paid to Mr K Suryanarayanan, Cost Accountant (Registration No.24946), be and is hereby ratified and confirmed."

Chennai  
28th May 2016

By order of the Board  
S SAMPATH  
Company Secretary



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## NOTES:

- a. **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. A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than ten percent of the total share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.**
- b. The Register of Members and Share Transfer Books of the Company will remain closed from 21<sup>st</sup> August 2016 to 27<sup>th</sup> August 2016 [both days inclusive] for the purpose of annual general meeting.
- c. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, dividends declared for the year ended 31<sup>st</sup> March 2010 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.
- d. In terms of SEBI (LODR) Regulations 2015, a brief resume of Mr T Momose who is proposed to be re-appointed as director at this meeting and Mr Mukesh Kumar Somani, who is being appointed as a director not liable for retirement by rotation, is given below.
- e. The Notice of the 31<sup>st</sup> Annual General Meeting of the Company and instructions for remote e-voting, along with the Attendance slip and proxy form, is being sent by electronic mode to all members whose e.mail addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their e.mail addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
- f. 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.
- g. All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company on all working days between 10.00 am and 12.00 noon.
- h. 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.

### **Item no.4 of the Notice to shareholders**

Mr Tadayo Momose was born on 29<sup>th</sup> Sep 1959. He holds a Bachelor degree in Law and Economics from Chiba University, Japan. He served Nissan Motor Co Ltd, Japan from 1982 to

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2014. He joined Mahle Electric Drives Japan Corporation (erstwhile Kokusan Denki Co Ltd, Japan) in April 2014 as Operating Officer/ Dy. General Manager of Sales division.

He does not hold any share in the Company. He is not related to any director of the company in terms of the Companies Act 2013.

The resolution is recommended for the approval of the shareholders.

### **EXPLANATORY STATEMENTS**

**THE FOLLOWING EXPLANATORY STATEMENTS AS REQUIRED UNDER SECTION 102 OF THE COMPANIES 2013 SET OUT ALL MATERIAL FACTS RELATING TO THE BUSINESS UNDER ITEM NOS.5 AND 6 OF THE ACCOMPANYING NOTICE DATED 28<sup>TH</sup> MAY 2016.**

#### **ITEM NO.5 OF THE NOTICE TO SHAREHOLDERS**

Mr Mukesh Kumar Somani was born on 16<sup>th</sup> October 1970. He holds a Bachelor degree in Commerce and is a Chartered Accountant and a Company Secretary. He started his career in the year 1994 as a Senior Project Executive with Indbank Merchant Banking Services Ltd, Mumbai and Delhi and served for 4 years; he thereafter served Vintron Informatics Ltd., Delhi as AGM Finance from 1998 until 2003. He was the Finance Manager in Maruti Suzuki, Gurgaon for 2 years upto 2005 after which he served Emirates Shipping Agencies India & CSAV Group, Delhi as CFO & Company Secretary for 5 years before joining as Sr. GM - Finance & Corporate Affairs with Subros Limited, Delhi in 2010. He joined MAHLE Holding India in the year 2012 and is an India Region CFO (Director) & Company Secretary.

He does not hold any share in the Company. He is not related to any director of the company in terms of the Companies Act 2013.

#### **INTEREST OF DIRECTORS**

Mr Mukesh Kumar Somani is interested in this resolution.

The resolution is recommended for the approval of the shareholders.

#### **ITEM NO.6 OF THE NOTICE TO SHAREHOLDERS**

At the meeting of the Board of Directors of the Company held on the 28<sup>th</sup> May 2016, the Board has approved, after considering the recommendation of the Audit Committee, the appointment of Mr K Suryanarayanan, Cost Accountant (Registration No.24946), for the conduct of the Cost Audit of the Company at a remuneration of Rs.2.20 lacs plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending March 31, 2017. The remuneration approved by the Board of Directors needs to be ratified by the shareholders under Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

The resolution at Item No.6 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.





None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item No.6.

The resolution is recommended for the approval of the shareholders.

#### **INSTRUCTIONS FOR MEMBERS OPTING FOR REMOTE E-VOTING:**

a)	<p>The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice calling for the Annual General Meeting (AGM) by 'electronic means' and all the businesses may be transacted through e-Voting services provided by National Securities Depository Limited (NSDL) in compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014.</p> <p>'Electronic voting system' means a secured system based process of display of electronic ballots, recording of votes of the Members and the number of votes polled in favour of or against, in such a manner that the entire voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralised server with adequate cyber security.</p> <p>'Remote e-voting' means the facility of casting votes by a Member using an electronic voting system from a place other than venue of a general meeting.</p>
b)	<p>The facility for voting through ballot paper shall be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.</p>
c)	<p>The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date fixed for this purpose, viz., 20<sup>th</sup> August 2016.</p>
d)	<p>Mr S Ananthanarayan (CP 1828), Practicing company Secretary, Chennai has been appointed as Scrutinizer for conducting the e-Voting process in a fair and transparent manner.</p>
(e)	<p>Members are requested to read the instructions given below:</p>
(A)	<p>The instructions for e-voting are as under:</p>
	<p>In case of members' receiving e-mail from NSDL [for members whose email IDs are registered with the Company / Depository Participant(s)]:</p>

## INDIA NIPPON ELECTRICALS LIMITED

(i)	Open e-mail and then open PDF file viz., "India Nippon Electricals Limited –31st AGM remote e-Voting.pdf" with their Client ID or Folio No. as password. The said PDF file contains the User ID and password for e-Voting. Please note that the password is an initial password.
(ii)	Launch internet browser by typing the following URL in the address bar: ww.evoting.nsdl.com
(iii)	Click on shareholder – Login
(iv)	Enter User ID and password as initial password noted in step (i) above. Click Login.
(v)	Password change menu appears. Change the password with new password with minimum 8 digits / characters or combination thereof. Note the new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.
(vi)	Home page of remote e-voting opens. Go to "remote e-voting" icon and select "Active Remote E-voting Cycles".
(vii)	Select "EVEN" of India Nippon Electricals Limited.
(viii)	Now members are ready for remote e-Voting as Cast Vote page opens.
(ix)	Cast the vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
(x)	Upon confirmation, the message "Vote cast successfully" will be displayed.
(xi)	Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.
(xii)	Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant board resolution / authority letter etc. together with the attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail to 'geetakumar2000@yahoo.com' with a copy marked to <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> and <a href="mailto:kr.raman@scl.co.in">kr.raman@scl.co.in</a> .



(B)	In case of members receiving physical copy of the Notice of AGM:
(i)	Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:

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

(ii)	Please follow all steps carefully as explained in sl no.(e) (A) (ii) to (xii) above to cast vote.
(f)	In case of any queries, members may refer to the Frequently Asked Questions (FAQs) for members and remote e-Voting user manual for members available at the downloads section of <a href="http://www.evoting.nsdl.com">www.evoting.nsdl.com</a> or contact NSDL at the following Telephone No: 022-24994600.
(g)	If members are already registered with NSDL for remote e-Voting, then they can use their existing user ID and password for casting the vote.
(h)	Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
(i)	The remote e-Voting period commences from 9 AM on 24 <sup>th</sup> Aug 2016 and ends by 5 PM on 26 <sup>th</sup> Aug 2016. During this period, members holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., 20 <sup>th</sup> August 2016, may cast their votes electronically. The remote e-Voting module will be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.
(j)	Members who have already exercised their voting through remote e-voting can attend the Annual General Meeting but cannot vote again.

## INDIA NIPPON ELECTRICALS LIMITED

(k)	<p>Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e., 20<sup>th</sup> August 2016, may obtain the login ID and password by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> with a copy marked to <a href="mailto:kr.raman@scl.co.in">kr.raman@scl.co.in</a>.</p> <p>However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "forgot user details/ password" option available on <a href="http://www.evoting.nsdl.com">www.evoting.nsdl.com</a> or contact NSDL at the following toll free no.1800-222-990.</p>
(l)	<p>The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.</p>
(m)	<p>In terms of Regulation 44 of SEBI (LODR) Regulations 2015, the results of the remote e-voting are to be submitted to the Stock Exchanges within 48 hours of the conclusion of the AGM. The results declared along with Scrutiniser's report shall be placed on the Company's website <a href="http://www.indianippon.com">www.indianippon.com</a> and on the website of NSDL.</p>



## Directors' Report to the Shareholders

Your Directors have pleasure in presenting the 31<sup>st</sup> Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March 2016.

### 1. FINANCIAL HIGHLIGHTS

	₹ lacs	
	Year ended 31 <sup>st</sup> Mar '16	Year ended 31 <sup>st</sup> Mar' 15
Sales (Net of excise duty)	33820	32653
Profit before depreciation, exceptional items and taxes	4160	3962
Less:		
Depreciation	665	775
Profit before tax & exceptional items	3495	3187
Exceptional items	-	-
Profit before tax	3495	3187
Taxation	962	921
Profit after tax	2533	2266
Profit brought forward from previous year	1343	1199
Dividends	1018	1018
Dividend distribution tax	209	204
Transfer to general reserve & share capital	1300	900
Retained in profit and loss account	1349	1343

### 2. FINANCIAL AND OPERATIONAL PERFORMANCE

Your Company's sales has gone up as compared to the previous year by 3.57% in value terms. Profit before tax and exceptional items, has increased by around 9.7% over the previous year

because of increased level of sales and cost reduction initiatives undertaken.

### 3. MANAGEMENT DISCUSSION AND ANALYSIS

#### a. Overall economic view:

The Indian economy continued to battle with many challenges such as muted demand from industry, rising inflation, sagging FDI and contracted consumption from consumers. Though the repo rates have been slashed by RBI, banks chose not to pass it on to the customers. This has not spurred the demand from the customers with the hope interest rates will fall in future. Manufacturing and Industrial activities remained sluggish like last year mainly due to depressed rural demand on account of two consecutive years of poor monsoon.

#### b. Industry structure and developments:

Two wheeler industry has witnessed moderate growth of 2% as compared to the previous year. Scooter segment registered a positive growth of 12% whereas the Motor cycle, Three wheeler and Moped had registered negative growth of 1.5%,1.6% and 2.3% respectively against the positive growth witnessed last year.

#### c. Performance Review:

Your company's sales grew by 4% compared to two/three wheeler industry growth of 2% . The company had grown in motor cycle and three wheeler segments mainly due to higher share of business from various customers. However, scooter and moped segments have not grown much in terms of value

but the company has retained the share of business with key customer. The company was successful in increasing the export business by 54%. The direct sales to aftermarket also recorded a growth of 36% by expanding the dealer network and the product portfolio.

**d. Business Outlook:**

The long term prospects for Indian economy are expected to be positive. Manufacturing industry will have sustained growth in the medium term. In the short term, growth in automotive industry appears to be clouded in view of the unclear market conditions due to introduction of new strict emission norms. Two factors are expected to boost consumption viz. increased spending from higher wage levels mainly coming out of implementation of seventh pay commission and expected good monsoon. Downward trend in interest rates, inflation and good governance are also expected to help the growth of industry. Indian Government is in advanced stages of preparing for GST implementation which is expected to result in reduction in manufacturing cost of components. The company stands to gain from the improving economic environment and investing in technologies and delivering higher value to customers by enabling them to stay ahead of global competition.

Your company has been successful in developing and securing the business for EGR controllers for small diesel engines to meet forthcoming BS IV emission norms.

Your company has also been identified for development of ECU for the EFI system jointly with our technical partner, by one of the two wheeler manufacturers for their popular model of motorcycle as well as by another US based engine manufacturer. The company plans to invest in design and development of these new technology products.

The company has further identified its electronic range of products as a potential growth segment and offered innovative value propositions to customers which are expected to fetch more businesses. On the cost front, your company is taking aggressive cost reduction and productivity improvement initiatives to make its products more competitive.

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

**e. Human Resources and Industrial Relations:**

The long term wage settlement for Hosur and Rewari have been completed successfully. The long term wages settlement at the Pondicherry plant is due and negotiations are under way. The industrial relations in all the units of the company continue to be harmonious.

The total number of people employed in the company as on 31<sup>st</sup> March 2016 was 506.



**f. Risks and Concerns:**

The excessive drought witnessed recently has affected the agricultural production in most parts of India. This may leave the consumers, especially in rural markets, with less savings resulting in contraction of demand and high inflation in food prices. The effects of this has already started becoming evident with distinct slow down in the demand of two wheelers in rural market. Expectations of normal monsoon conditions during the current year might improve the demand in later half of the year. Economic outlook indicates that rupee depreciation will continue and correspondingly high oil prices, which may affect the automotive industry. While on one hand the labour costs are going up due to increase in minimum wages in many states, the intensifying competition for the range of products manufactured by the company on the other hand creates pressure on customer pricing. These pose challenges to maintain the profitability, as customers may not fully offset the cost escalations.

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

**g. Risk Management Policy:**

Your Company takes cognizance of each business risk and has a risk management plan and policy in line with the overall objectives of the Company.

The Company tracks the ever changing business risks and evaluates their impact on business results. Mitigation plan and counter measures are prepared and monitored to keep the impact minimal. Your Company had also formulated Risk Management Policy to identify and address the various risks.

**h. Internal Control System and their adequacy:**

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

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

Your Company has started implementing ERP to improve internal control systems and accuracy of information on costs in real time which will help to analyse and exercise better control.

**i. Internal financial control:**

The company has established internal financial framework including internal controls over financial reporting and anti-fraud framework. The framework is reviewed regularly by the management

and strengthened, from time to time to ensure adequacy and effectiveness of internal financial controls.

### **j. Corporate Social Responsibility**

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

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

### **k. Cautionary statement**

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

## **4. SUBSIDIARY COMPANY AND ASSOCIATE COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS**

### **4.1 Subsidiary Company**

The efforts taken by the subsidiary of your company, PT Automotive Systems

Indonesia to get some business opportunities were not fruitful as the manufacturers of two wheelers in that country have their own sources for the products in the range of its manufacture. As the approval given by the Government authorities of Indonesia is valid only till March 2017, it has been decided to take necessary steps to liquidate the subsidiary. In this regard, attention is drawn to note no.5 under "Other Disclosure" against Note no.8 to the accounts. The details relating to the subsidiary have been provided in the prescribed form as part of the accounts.

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

### **4.2. Associate Company**

Synergy Shakthi Renewable Energy Private Limited (SSREPL) was not in operation since June 2015 due to restrictions on sale of power to third parties, unviable tariff offered by TNEB and adverse changes in regulatory policies. As a result, the associate company incurred a loss of ₹ 389.46 lakhs as against a profit of ₹ 70.52 lakhs during the previous year.

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





#### **4.3. Consolidated Financial Statements**

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

#### **5. DIVIDEND**

Your Company had paid two interim dividends of ₹4 and ₹ 5 per share totalling to ₹9 per share during the year. Your directors recommend consideration of the same as total dividend for the year. The total dividend for the year will absorb a sum of ₹ 1017.96 lacs besides an additional outgo on dividend distribution tax of ₹ 209.09 lacs.

#### **6. PUBLIC DEPOSITS**

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

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

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

#### **8. PARTICULARS OF EMPLOYEES**

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

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

#### **9. ANNUAL RETURN**

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

#### **10. CORPORATE GOVERNANCE**

Pursuant to the Listing Regulations 2015, 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 the SEBI (LODR) Regulations 2015, is attached to this report as Annexure 6.

The certificate required from Managing Director is also attached to this report.

#### **11. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the

end of the Financial Year and of the profit of the Company for that period;

- iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the Directors had prepared the Annual Accounts on a going-concern basis;
- v. That the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- vi. That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 12. DIRECTORS

Mr. Tadayo Momose, will be retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. Mukesh Kumar Somani was inducted into the Board of Directors in the Board meeting held on 28<sup>th</sup> May 2016 in the casual vacancy caused by the

resignation of Mr. Masaru Namatame, He will be proposed for appointment as a non-retiring Director in the Annual General Meeting. The Company has received a notice from a shareholder to appoint Mr. Mukesh Kumar Somani as a Director along with the requisite deposit amount.

The Board places on record its appreciation of the valuable contributions provided by Mr. Masaru Namatame during his tenure as Director.

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

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013 and SEBI (LODR) Regulations 2015.

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

The terms of appointment is available on the website of the company viz., [www.indianippon.com](http://www.indianippon.com).

#### 12.3 Number of meeting of the Board

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

#### 12.4 Board Evaluation

The Nomination & Remuneration Committee (N&RC) of the company approved an evaluation policy which



provides for evaluation of the Board, the Committees of the Board and individual directors.

Pursuant to Sch IV of the Companies Act 2013, the independent directors of the company convened on 26th March 2016 an exclusive meeting without the attendance of non-independent Directors and members of management and reviewed

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

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

### **13. AUDITORS**

#### **(i) Statutory Auditors**

Pursuant to Section 139 of the Companies Act, 2013 and Rules made thereunder, M/s Brahmaya & Co., Chartered Accountants, were appointed for a period of three years from the conclusion of the 29<sup>th</sup> Annual General Meeting held

on 27<sup>th</sup> August 2014 until the conclusion of the 32<sup>nd</sup> Annual General Meeting. Their continuation in the appointment is placed for ratification in the ensuing Annual General Meeting as required under the Act.

#### **(ii) Cost Auditor**

Mr. K Suryanarayanan who was appointed as Cost Auditor for the financial year 2015-16 will be submitting his report within the time limit applicable under the Companies (Audit and Auditors) Rules 2014. He has been appointed as cost auditor for the financial year 2016-17 also and a remuneration of ₹ 2.20 lacs has been fixed for the audit. The ratification of his remuneration is included as an item in the Notice of the Annual General Meeting as required under Section 148 (3) of the Companies Act 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules 2014.

#### **(iii) Secretarial Auditor & the Secretarial Audit Report**

Ms. B Chandra, Practicing Company Secretary was appointed as Secretarial Auditor by the Board of Directors for the financial year 2015-16 whose report is attached separately to this report (Annexure 7).

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

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

## INDIA NIPPON ELECTRICALS LIMITED

### 14. Particulars of Contracts or Arrangements With Related Parties

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

#### 14.1 Policy on Related Party Transactions of the Company

The Company has a policy on Related Party Transactions and the same is

displayed on the Company's website viz., [www.indianippon.com](http://www.indianippon.com).

### 15. PARTICULARS OF LOANS, GUARANTEES U/S 186:

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

### 16. PARTICULARS OF INVESTMENTS U/S 186

The investments made by the company during the period 2015-16 are depicted below. The same is well within the prescribed limits under provisions of Section 186 of the Companies Act 2013.

S.no	Investments made in	Amount (In ₹ lacs)	60% of Paid up capital and Free Reserves	100% of Free Reserves	Remarks
1	Equity instruments	4632.06			
2	Bonds	2162.54			
3	Venture capital funds	901.93			
4	Mutual funds	7999.77			
	Total	15696.30	13275	20993	



#### **17. EMPLOYEE STOCK OPTION:**

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

#### **18. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

As per the requirements of the Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act 2013 and Rules made thereunder, your Company has constituted Internal Complaints Committee. During the year under review, your Company has not received any complaints of sexual harassment from any of the women employees of the Company.

#### **19. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

The Board shall have minimum 3 and maximum 12 Directors.

The Nomination and Remuneration Committee of your Company has laid down criteria and qualification for appointment of Directors and Key

Managerial Personnel. The person for such appointment should possess adequate qualification, expertise, experience and integrity.

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

#### **20. ACKNOWLEDGEMENTS**

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

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

For and on behalf of the Board of Directors

Chennai  
28th May 2016

**T K BALAJI**  
DIN No.:00002010  
Chairman

**Annexure 1 to Directors' Report to the Shareholders**

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

**1. CONSERVATION OF ENERGY**

**a) The results of energy conservation measures taken up during the year under review are:**

The power consumed per Standard Unit of Production is being monitored as a part of energy conservation measures and achieved the targeted level of 0.85 EU by implementing various activities like

- Commissioning of 100KW Roof Top Solar PV system to utilize the solar energy.
- Commissioning of 1.0 KLD Solar hot water system for canteen steam Boiler.
- Provided a Thyristor drive controller to the FWM "A", "B" & "C" lines Rotor Curing ovens.

**b) Future plans for energy conservation:**

The company is planning to invest in Wind Energy supplies to the extent of 90% of its total consumption to bring down the power cost. The UV treated Polycarbonate sheets will be provided to the shop floor roofing to avail the natural lighting in the plant. Also planning to conserve natural resource and implement "Reduce, Reuse & Recycling" concept across all locations.

**2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

- Seeding work carried out in the past few years working with Customers addressing their requirements has resulted in the following new products / systems

- A unique CDI based EFI ECU for general purpose engine market: Business awarded for development and introduction
- A cost effective Integrated Inductive Ignition and controller: Product introduced and has helped our company to increase market share
- A pulley driven PM alternator: Working with few new Customers for development
- An integrated Regulator and EGR controller to address Bharat IV emission norms for single cylinder Diesel Engines slated for introduction in 2017
- High efficiency system demonstrated and being further developed for suitable application

ii. Expenditure on R&D:	₹ lacs
Capital	9.53
Revenue	440.86
Total	450.39
% on net turnover	1.3%

**3. FOREIGN EXCHANGE OUTGO AND EARNINGS:**

**Export Activities**

Exports during the year ended 31<sup>st</sup> March 2016 amounted to ₹ 17.79 crores as against ₹ 12.09 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 ₹ 3,797 lacs and ₹1,765 lacs respectively.

For and on behalf of the Board of Directors

Chennai  
28th May 2016

**T K BALAJI**  
DIN No.:00002010  
Chairman



## Annexure 2 to Directors' Report

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

Name (Mr.)	Age Yrs.	Designation	Date of commencement of employment	Remuneration (Gross) ₹ lacs	Qualification	Experience (Yrs)	Previous employment
Employed throughout the year							
Arvind Balaji	41	Managing Director	27 <sup>th</sup> Aug 2014	106.73	B.E. (Mech), M.S. and MBA (Finance)	16	Joint Managing Director - M/s Lucas-TVS Ltd since 18 <sup>th</sup> April 2008.

#### Notes:

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

For and on behalf of the Board of Directors

Chennai  
28th May 2016

**T K BALAJI**  
DIN No.:00002010  
Chairman

**Disclosure under Rule 5 (1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014**

₹ lacs

Sl. No.	Name of Director / KMP	Designation	% Increase in remuneration	Ratio to median remuneration	% Increase in PAT
1.	Mr. T K Balaji	Chairman	25%	1:0.8	
	Mr. Arvind Balaji	Managing Director	51.9%	1:23	11.8
	Mr. K Seshadri	Non Independent Director	25%	1:0.8	
	Mr. V Balaraman	Independent Director	10%	1:1.2	
	Mr. G Chidambar	-do-	10%	1:1.2	
	Mr. K G Raghavan	-do-	NIL	1:1.1	
	Mr. R Vijayaraghavan	-do-	10%	1:1.2	
	Ms. Jayshree Suresh	-do-	10%	1:1.2	
	Mr. Elango Srinivasan	CFO	NIL	NA	11.8
	Mr. S Sampath	CS	NIL	NA	11.8
2.	Percentage increase in median remuneration of employee				8.0%
3.	Explanation on the relationship between average increase in remuneration and company performance		Salary increases during the year were in line with Company's performance as well as Company's market competitiveness.		
4.a.	Average percentile increase already made in the salaries of employees other than the managerial personnel		7.1%		
4.b.	Percentile increase in the managerial remuneration		38.0%		
5.	The key parameters for any variable component of remuneration availed by the directors		The commission payable to directors is fixed by the Board of Directors taking into account their attendance, contribution to the performance of the company etc.		
6.	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of such director		NA		
7.	The total number of permanent employees on the rolls of the Company as on 31 <sup>st</sup> March 2016 was 506				
8.	It is hereby affirmed that the remuneration paid during the year is as per the remuneration policy of the Company				
9.	Variation in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year (based on NSE closing price)				
	Particulars	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015	% change	
	Market Capitalisation (in ₹ Crores)	413.97	476.18	(13.06)	
	Price Earnings Ratio	16.12	21.10	(23.60)	
	Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer				3660%





## Annexure 4

### FORM MGT - 9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2016  
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

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

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

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

Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
Manufacture of electronic Ignition Systems for two-wheelers, three wheelers and portable engines.	85.11	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	PT Automotive Systems Indonesia	Foreign Company	Subsidiary company	99.97	2(87)
2.	Synergy Shakthi Renewable Energy P Ltd	U40108TN1995PTC030884	Associate Company	40%	2(6)

## INDIA NIPPON ELECTRICALS LIMITED

### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a. Individual / HUF									
b. Central Govt									
c. State Govt(s).									
d. Bodies Cop.	5188666	-	5188666	45.87	5188666	-	5188666	45.87	
e. Banks/ FI									
f. Any other									
Sub-total (A) (1)	5188666	-	5188666	45.87	5188666	-	5188666	45.87	
<b>(2) Foreign</b>									
a. NRIs-Individuals									
b. Other – Individuals									
c. Bodies Corp.	2320500	-	2320500	20.52	2320500	-	2320500	20.52	
d. Banks / FI									
e. Any other									
Sub-Total (A) (2)	2320500	-	2320500	20.52	2320500	-	2320500	20.52	
<b>Total shareholding of promoter (A) = (A) (1) + (A) (2)</b>	<b>7509166</b>	<b>-</b>	<b>7509166</b>	<b>66.39</b>	<b>7509166</b>	<b>-</b>	<b>7509166</b>	<b>66.39</b>	
<b>B Public shareholding</b>									
<b>1. Institutions</b>									
a. Mutual Funds									
b. Banks / FI	35215	-	35215	0.31	35000	-	35000	0.31	-
c. Central Govt.									
d. State Govt(s)									
e. Venture Capital Funds									
f. Insurance companies									
g. Foreign portfolio investor- corporate	9000	-	9000	0.08	9000	-	9000	0.08	-
h. Foreign Venture									
l Capital funds									
j. Others (specify)									
<b>Sub-total (B) (1)</b>	<b>44215</b>	<b>-</b>	<b>44215</b>	<b>0.39</b>	<b>44000</b>	<b>-</b>	<b>44000</b>	<b>0.39</b>	<b>-</b>



<b>2. Non-Institutions</b>										
a)	Bodies Corp									
(i)	Indian	637217	1934	639151	5.65	647324	1934	649258	5.74	0.09
(ii)	Overseas									
b)	Individuals									
i)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	495009	-	495009	4.38	518646	-	518646	4.59	0.21
ii)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	2188605	381155	2569760	22.72	2191777	344917	2536694	18.93	3.79
c)	Others (specify)									
i)	Clearing member									
ii)	Trust									
iii)	Foreign national									
iv)	HUF									
v)	Non-resident Indians	48461	4950	53411	0.47	47998	4950	52948	0.47	-
	<b>Sub-total (B) (2)</b>	<b>3369292</b>	<b>388039</b>	<b>3757331</b>	<b>33.22</b>	<b>3405745</b>	<b>351801</b>	<b>3757546</b>	<b>29.73</b>	<b>-</b>
	<b>Total public shareholding (B) = (B) (1) + (B) (2)</b>	<b>3413507</b>	<b>388039</b>	<b>3801546</b>	<b>33.61</b>	<b>3449745</b>	<b>351801</b>	<b>3801546</b>	<b>30.12</b>	<b>-</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>										
	<b>Grand Total(A+B+C)</b>	<b>10922673</b>	<b>388039</b>	<b>11310712</b>	<b>100</b>	<b>10958911</b>	<b>351801</b>	<b>11310712</b>	<b>-</b>	<b>-</b>

**(i) Shareholding of Promoters**

S no	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Lucas Indian Service Ltd	5188666	45.87	-	5188666	45.87	-	-
2	Kokusan Denki Co Ltd	2320500	20.52	-	2320500	20.52	-	-
	Total	7509166	66.39		7509166	66.39		

## INDIA NIPPON ELECTRICALS LIMITED

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

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

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

S No	Name of shareholders	Shareholding at the beginning of the year		Date wise Increase / (Decrease)			Cumulative shareholding during the year	%
		No. of shares	% of total shares of the company	Date	No. of shares	Reason		
1	Prescient Securities P Ltd	147072	1.30	-	-	-	147072	1.30
2	Harita Sheela P Ltd	116130	1.03				116130	1.03
3	Ketu R Mehta	105000	0.93				105000	0.93
4	Ramesh P Mehta	105000	0.93				105000	0.93
5	Harita Balaji P Ltd	82391	0.73				82391	0.73
6	Mayank R Mehta	70000	0.62				70000	0.62
7	The Venkatesh Co Ltd	55245	0.49				55245	0.49
8	NBI Industrial Finance Co Ltd	50372	0.45				50372	0.45
9	General Insurance Corporation of India	35000	0.31				35000	0.31



10	Yodhav Sachdev	Nil	Nil	26.06.2015	1000	Transferred/ purchased	1000	0.01
				30.06.2015	40000	Transferred/ Purchased	41000	0.36
				10.07.2015	600	Transferred/ Purchased	41600	0.37
				28.08.2015	400	Transferred/ Purchased	42000	0.37
				09.10.2015	1000	Transferred/ Purchased	43000	0.38
				16.10.2015	98	Transferred/ Purchased	43098	0.38

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

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
	DIRECTORS					
1	T K BALAJI	-	-	No change during the year	-	-
2	ARVIND BALAJI	-	-	No change during the year	-	-
3	M NAMATAME	-	-	No change during the year	-	-
4	T MOMOSE	-	-	No change during the year	-	-
5	K SESHADRI	1874	0.02	No change during the year	1874	0.02
6	KG RAGHAVAN	-	-	No change during the year	-	-
7	V BALARAMAN	-	-	No change during the year	-	-
8	G CHIDAMBAR	-	-	No change during the year	-	-
9	R VIJAYARAGHAVAN	-	-	No change during the year	-	-
10	JAYSHREE SURESH	-	-	No change during the year	-	-
	Key Managerial Personnel			No change during the year		
1	S SAMPATH, CS	-	-	No change during the year	-	-
2	ELANGO SRINIVASAN, CFO	50	0.0004	No change during the year	50	0.0004

## INDIA NIPPON ELECTRICALS LIMITED

### V. INDEBTEDNESS

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

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

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S no.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount ₹ lacs
1.	Gross Salary	Mr Arvind Balaji	46.73
	a. salary as per provisions contained in Section 17 (1) of the Income-tax Act	Managing Director	
	b. Value of perquisites u/s 17 (2) of the Income-tax Act 1961		-
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission		60.00
	As % of profit		1.7%
	Others, specify		-
5.	Others, please specify		-
	Total (A)		106.73
	Ceiling as per the Act		172.37



## B. Remuneration to other Directors:

Sl no.	Particulars of remuneration	Name of directors					Total amount ₹ lacs
		Mr. K G Raghavan	Mr. V Balaraman	Mr. G Chidambar	Mr. R Vijayaraghavan	Ms. Jayshree Suresh	
1.	Independent directors						
	Fee for attending board / committee meetings	0.42	1.35	2.34	1.59	0.99	6.69
	Commission	5.00	5.50	5.50	5.50	5.50	27.00
	Others, please specify	-	-	-	-	-	-
	Total (1)	5.42	6.85	7.84	7.09	6.49	33.69
2.	Other Non-executive Directors	Mr T K Balaji	Mr K Seshadri				
	Fee for attending board / committee meetings	1.62	1.71				3.33
	Commission	3.75	3.75				7.50
	Others, please specify	-	-				-
	Total (2)	5.37	5.46				10.83
	Total B = (1+2)						44.52
	Total Managerial Remuneration (A+B)						151.25
	Overall ceiling as per the Act						206.87

Ceiling excludes sitting fees.

## C. Remuneration to Key Managerial Personnel Other Than MD/ Manager/ WTD.

S no	Particulars of Remuneration	Key Managerial Personnel (₹ lacs)	
		Mr S Sampath CS	Mr Elango Srinivasan, CFO
1.	Gross Salary		
	a. salary as per provisions contained in Section 17 (1) of the Income-tax Act	24.98	32.71
	b. Value of perquisites u/s 17 (2) of the Income-tax Act 1961	0.84	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission As % of profit Others, specify	-	-
5.	Others, please specify	-	-
	Total	25.82	32.71

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

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

1)	<p>A brief outline of the company’s CSR policy, including overview of projects or programs proposed to be undertaken:</p> <p>India Nippon Electricals Limited stands committed to the social and economic development of the communities in which it operates. The company’s commitment towards this includes contributing to Institutions which are engaged in activities aligned to the activities forming part of its CSR policies.</p>
2)	<p>Web-link to the CSR policy and projects or programmes: <a href="http://www.indianippon.com/CSRPolicy.htm">http://www.indianippon.com/CSRPolicy.htm</a></p>
3)	<p>The composition of the CSR Committee</p> <p>Mr G Chidambar, Independent Director - Chairman</p> <p>Mr Arvind Balaji, Managing Director – Member</p> <p>Dr (Mrs) Jayshree Suresh, Independent Director – Member</p>
4)	<p>Average net profit of the company for last three financial years: ₹ 3011.97 lacs</p>
5)	<p>Prescribed CSR expenditure (two percent of the amount as in item 4 above): ₹ 60.24 lacs</p>
6)	<p>Details of CSR spent during the financial year</p> <p>( a ) Total amount to be spent for the financial year: ₹ 60.24 lacs</p> <p>( b ) Amount unspent, if any : NIL</p> <p>( c ) Manner in which the amount spent during the financial year is detailed below:</p>





(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S no.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) local area or other (2) specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) direct expenditure on projects or programs. (2) overheads	Cumulative expenditure up to the reporting period	Amount spent: direct or through implementing agency
1.	Item (ii) of Sch VII	Promoting education	Tamil Nadu, Tiruvarur Dist., Manjakudi village (a small village in Tiruvarur Dist, one of the most backward districts of TN)	₹ 60 lacs	₹ 60 Lacs	₹ 60 Lacs	Spent through Swami Dayananda Educational Trust (SDET). The Trust provides quality education to the economically backward sections in this area through Arts and Science College and three schools.
2.	Item (i) of Sch VII	Promoting health care	Madhakondapalli, Krishnagiri Dist, TN	₹ 1.50 lacs	₹ 1.50 lacs	₹ 1.50 lacs	Direct

- 7) In case the company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.  
N.A.
- 8) The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.

**Arvind Balaji**  
Managing Director

**G Chidambar**  
Chairman, CSR Committee

**Compliance Certificate**

To the Members of India Nippon Electricals Limited.

We have examined the compliance of conditions of Corporate Governance by India Nippon Electricals Limited as stipulated in Clause 49 of the Listing Agreement of the said Company with stock Exchanges for the period 1st April 2015 to 30th November 2015 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for the period 1st December 2015 to 31st March 2016.

The compliance of the 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 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 / Regulations.

We state that no investor grievance is pending for a period exceeding one month which is not acted upon by the Company as per the records maintained by the Stakeholders Relationship Committee.

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

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

Chennai  
28th May 2016

**P S Kumar**  
Partner  
M.No.15590



## Annexure 7 to Directors Report

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2016

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

To  
The Members,  
INDIA NIPPON ELECTRICALS LIMITED,  
AALIM CENTRE,  
82, DR RADHAKRISHNAN SALAI,  
MYLAPORE, CHENNAI 600004

Dear Sir,

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Companies Act 1956 (to the extent applicable)
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

## INDIA NIPPON ELECTRICALS LIMITED

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- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (with effect from 15<sup>th</sup> May 2015);
  - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - d. The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015 (with effect from 1<sup>st</sup> December 2015)

We are informed that the company, during the year, was not required to comply with the following regulations and consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009
  - b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
  - c. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008
  - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - e. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;
- (vii) The Company has its factories located in Hosur, Puducherry and Masani Village, Rewari District, which manufacture Electronic Ignition System for two wheelers, three wheelers and portable engines. The Company is in the process of setting up systems and processes for ensuring compliance with the laws applicable specifically to the industry in which the Company operates over and above the existing system of submission of compliance reports by the Chief Operating officer and Chief Financial officer of the Company to the Board of Directors and review of the compliance by the Internal auditor. Based on a review of the compliance reports given by Internal Auditors submitted to the Board and the compliance reports made by the Chief Operating officer and Chief Financial officer of the Company which are submitted to the Board of Directors of the Company, I report that the Company has complied with the provisions of the following statutes and the rules made thereunder to the extent it is applicable to them:



- 
- The Environment (Protection) Act, 1986
  - The Water (Prevention and Control of Pollution) Act, 1974
  - The Air (Prevention and Control of Pollution) Act, 1981
  - Factories Act, 1948
  - Industrial Disputes Act, 1947
  - The Payment of Wages Act, 1936
  - The Minimum Wages Act, 1948
  - Employees' State Insurance Act, 1948
  - The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
  - The Payment of Bonus Act, 1965
  - The Payment of Gratuity Act, 1972
  - The Contract Labour (Regulation & Abolition) Act, 1970
  - The Maternity Benefit Act, 1961
  - The Child Labour (Prohibition & Regulation) Act, 1986
  - The Industrial Employment (Standing Order) Act, 1946
  - The Employees' Compensation Act, 1923
  - The Apprentices Act, 1961
  - Equal Remuneration Act, 1976
  - The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
  - Conferment of Permanent Status Act, 1981
  - The Municipality/Local Act
  - The Public Liability Insurance Act, 1991
  - The Legal Metrology Act, 2009
  - Workmens' Compensation Act, 1923
  - Personal Injuries compensation Insurance Act

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements (Old agreements upto 30<sup>th</sup> November 2015 and new agreement with effect from 1<sup>st</sup> December 2015) entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

## INDIA NIPPON ELECTRICALS LIMITED

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I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition are in line with the provisions of the Companies Act, 2013 and all other applicable regulations.

Though the Company has not conducted any formal program for the independent Directors, presentation on topics of relevance like IND AS, CARO, IFC have been made in audit committee/ Board meetings for the benefit of independent Directors to familiarize them on such important matters.

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

Based on the minutes made available to us, we report that majority decision is carried through and that there were no dissenting votes from any Board member that were required to be captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor, report deviations, if any, to the Board, take corrective actions and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Chennai  
Date : 28.5.2016

Signature:  
Name of Company Secretary in Practice : B.CHANDRA  
ACS No. : 20879  
C P No. : 7859



## **Declaration pursuant to SEBI (LODR) Regulations 2015 read with Sch V (D) of Listing Regulations regarding adherence to the Code of Business Conduct and Ethics of the Company**

The Shareholders of the Company

On the basis of the written representations received from members of the Board and Senior Management Personnel as at 31st March 2016, in terms of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 read with Schedule V (D) of the Listing Regulations, it is hereby certified that both the members of the Board and 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.

**Arvind Balaji**  
Managing Director

### **CERTIFICATE OF MD / CFO**

The Board of Directors  
India Nippon Electricals Ltd  
Aalim Centre, 82 Dr Radhakrishnan Salai  
Mylapore, Chennai – 600004

Date: 28<sup>th</sup> May 2016

We hereby certify, for the financial year ended 31<sup>st</sup> March 2016, on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year April 2015-March 2016 which are fraudulent, illegal or in violation of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls.
5. We have evaluated the effectiveness of the internal control systems of the Company
6. We have disclosed to the auditors and the Audit Committee, deficiencies, of which we are aware, in the design or operation of the internal control systems.
7. We have taken the required steps to rectify these internal control deficiencies.
8. We further certify that:
  - (a) There have been no significant changes in internal control during the year;
  - (b) There have been no significant changes in accounting policy;
  - (c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control systems.

**Arvind Balaji**  
Managing Director

**Elango Srinivasan**  
Chief Financial Officer

### REPORT ON CORPORATE GOVERNANCE

#### IN TERMS OF SEBI Listing Obligations and Disclosure Requirements (LODR) REGULATIONS 2015 READ WITH SCHEDULE V TO LISTING REGULATIONS

#### 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.A. Board of Directors:

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

The Chairman of the company is a non whole-time director. However, since he is a nominee of the promoter, in terms of Reg 17 of SEBI (LODR) Reg 2015, the Board is required to have fifty percent of its directors as independent directors. The company has 9 Directors as on 31st March 2016 including a Japanese national and a Managing Director. The Board has five independent directors one of whom is a woman director.

Mr Arvind Balaji, who is not liable to retire by rotation was appointed as Whole-time Director for a period of 5 years w.e.f. 1st Apr 2013 subject to renewal for further periods of five years at a time. The Board of Directors at their meeting held on 27th Aug 2014 re-designated him as Managing Director pursuant to the provisions of the Companies Act 2013 read with Schedule V to the Companies Act 2013, with effect from 1st April 2013, which was approved by the shareholders in the AGM held on 27th August 2015.

Independent Directors were appointed in the AGM held on 27th Aug' 2014 for a period of 5 years. Other Directors who are on the Board as on 31st March 2016 are liable to retire by rotation.

The Board and Committees meet at regular intervals. Policy formulation, evaluation of performance and control functions vest with the Board, while the Committees oversee operational issues.

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

The company regularly places, before the Board for its review, all the information as required under Part A of Schedule II to SEBI LODR Regulations such as annual operating plans, capex budget and its quarterly updates, quarterly results, minutes of meetings of audit committee and other committees of the Board, information on recruitment and remuneration of senior officers just below the level of Board, any significant development in Human Resources /





Industrial Relations, Show cause, demand prosecution notices and penalty notices which are materially important, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances, if any, etc.

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

Presentations are also being made by the business heads on the Company's operations, marketing strategy, IT strategy, Internal Financial Controls in Committees / Board Meetings.

## **2.B. Key managerial Personnel of the company:**

Mr Arvind Balaji, Managing Director

Mr Elango Srinivasan, CFO

Mr S Sampath, CS

## **3. Familiarisation program**

The company regularly communicates with all Independent Directors to provide detailed understanding of the activities of the company including specific projects either at the meeting of the Board of Directors or otherwise. The induction process is designed to build an understanding of the company's business and the markets to equip the Directors to perform their role on the Board effectively. Independent Directors are also taken through various business situations, nature of the industry, business model etc by way of presentations and discussions. The details are available in the Company's website: [www.indianippon.com](http://www.indianippon.com).

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

### **4.1. Board meeting attendance:**

The Board met 6 times between 1<sup>st</sup> April 2015 and 31<sup>st</sup> March 2016 as given below:

Date of meeting	Directors present
25.05.2015	6
03.08.2015	6
27.08.2015	9
28.10.2015	7
29.01.2016	8
26.03.2016	7

## INDIA NIPPON ELECTRICALS LIMITED

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

Last AGM: The last AGM was held on 27<sup>th</sup> August 2015 and all the Directors attended the AGM.

The composition of Board of Directors, number of their other directorships and membership in Committees (Only Audit Committees & Stakeholders Relationship Committees) and the details of their attendance at the Board Meetings, AGMs of India Nippon Electricals Ltd are given below:

Name (Mr./ Mrs.)	Category	Attendance particulars		Number of directorships and committee memberships/ chairmanships		
		Board meeting	Last AGM	Other directorships*	Committee memberships	Committee chairmanships
T K Balaji DIN : 00002010	Non Executive Director	6	Yes	13	2	Nil
Arvind Balaji DIN : 00557711	Managing Director	6	Yes	13	Nil	Nil
T Momose DIN : 06984707	Non Executive Director	2	Yes	Nil	Nil	Nil
M Namatame@ DIN : 03353077	Non Executive Director	1	Yes	-	-	-
K Seshadri DIN : 00301839	Non Executive Director	5	Yes	7	2	2
V Balaraman DIN : 00267829	Non Executive Independent Director	5	Yes	7	6	2
K G Raghavan DIN : 00359471	Non Executive Independent Director	2	Yes	1	Nil	Nil
G Chidambar DIN : 00017015	Non Executive Independent Director	6	Yes	2	-	1
R Vijayaraghavan DIN : 00026763	Non Executive Independent Director	5	Yes	8	3	5
Jayshree Suresh DIN : 06861217	Non Executive Independent Director	5	Yes	1	-	-

(\* ) includes private companies; (@) resigned effective 28.10.2015.

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

The number of directorships and Committee memberships of all directors, including independent directors are within the limits specified in the Companies Act 2013 and SEBI (LODR) Regulations, 2015 as per the declarations received from them.



## 4.2. Committees of the Board

The Board Committees have been constituted to deal with specific areas / activities which need a closer review. The Board Committees are set up under the formal approval of the Board to carry out the clearly defined roles. The Chairman of the respective Committees informs the Board about the summary of the discussions held in the Committee meetings. The minutes of the meetings of all Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

## 5. Audit Committee

**5.1.** 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 as mentioned Regulation 18 of SEBI (LODR) Regulations 2015 read with Part C of Sch II of Listing Regulations and Section 177 of the Companies Act, 2013.

### 5.2. Terms of Reference:

The role of the Audit Committee includes overseeing the financial reporting process and disclosure of financial information in compliance with listing and legal requirements, review of financial statements including major accounting entries involving judgement by management and audit observations, review of the financial statements of unlisted subsidiary, scrutiny of inter-corporate loans & investments, approval of related party transactions, review of internal audit process and findings, valuation of assets/ undertakings etc. The role of the Audit Committee also includes recommending the appointment of auditors and their remuneration to the Board. The Committee also reviews terms of appointment, scope of audit, internal financial controls and their adequacy, risk management process and vigil mechanism.

The Company Secretary is the Secretary to the Audit Committee. The Committee of Directors met 5 times during the year 2015-16 on 25.05.2016, 03.08.2015, 28.10.2015, 29.01.2016, 19.03.2016.

### 5.3. The composition of Audit Committee of the Board and the details of their attendance in the meetings of the Audit Committee are given below:

Name of Director	Status	No. of meetings attended	Date of meeting
Mr K G Raghavan, Chairman	Non-Executive Independent Director	1	29.01.2016
Mr V Balaraman, Member	Non-Executive Independent Director	4	25.05.2015, 28.10.2015, 29.01.2016 19.03.2016

## INDIA NIPPON ELECTRICALS LIMITED

Name of Director	Status	No. of meetings attended	Date of meeting
Mr G Chidambar, Member	Non-Executive Independent Director	5	25.05.2015, 03.08.2015, 28.10.2015, 29.01.2016, 19.03.2016
Mr R Vijayaraghavan, Member	Non-Executive Independent Director	5	25.05.2015, 03.08.2015, 28.10.2015, 29.01.2016, 19.03.2016
Mr K Seshadri, Member	Non-Executive Director	4	03.08.2015, 28.10.2015, 29.01.2016, 19.03.2016

### 6. Stakeholders Relationship Committee

The Committee has 3 Directors as members and met 4 times during the year 2015-16 on 04.04.2015, 06.07.2015, 12.10.2015, 12.01.2016.

#### 6.1. The details of attendance of directors in the meetings are as given below

Name of the Member (M/s)	Status	No. of meetings attended	Date of meeting
T K Balaji, Chairman	Non-Executive Director	4	04.04.2015, 06.07.2015, 12.10.2015, 12.01.2016
K Seshadri, Member	Non-Executive Director	4	04.04.2015, 06.07.2015, 12.10.2015, 12.01.2016
G Chidambar, Member	Non-Executive Independent Director	4	04.04.2015, 06.07.2015, 12.10.2015, 12.01.2016

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

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

The Board has authorised Mr Ravinder Sharma, Chief Operating Officer, Mr Elango Srinivasan, Chief Financial Officer and Mr S Sampath, Company Secretary & Compliance Officer of the Company to approve periodically the following and the Stakeholders Relationship Committee ratifies the transactions at appropriate intervals:

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



As required by Securities and Exchange Board of India (SEBI) Mr S Sampath, Company Secretary has been appointed as Compliance Officer. For any clarification, shareholders may contact Mr S Sampath, Company Secretary. The Company has a dedicated e.mail id for investors' complaints – investorscomplaints@inel.co.in and investorscomplaintssta@scl.co.in effective 1<sup>st</sup> April 2007, in terms of Regulation 6 of SEBI (LODR) Regulations 2015.

During the financial year 2015-2016, the company received 3 complaints from the shareholders (non receipt of dividend and annual report) and these were redressed to the satisfaction of the concerned Shareholders.

## 7. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSR Committee) has 3 directors as members with Chairman being Mr G Chidambar, an Independent director. The CSR policy of the company has been approved by the Board of Directors and is available on the website of the company viz., [www.indianippon.com](http://www.indianippon.com). During the year 2015-16, the CSR Committee met 3 times on 03.08.2015, 29.01.2016, 26.03.2016.

Name of the Member	Status	No. of meetings attended	Dates of meeting
Mr G Chidambar, Chairman of the CSR Committee	Non Executive Independent Director	3	03.08.2015, 29.01.2016, 26.03.2016
Mr Arvind Balaji, Member	Managing Director	3	03.08.2015, 29.01.2016, 26.03.2016
Dr (Mrs.) Jayshree Suresh, Member	Non Executive Independent Director	2	03.08.2015, 29.01.2016

## 8. Nomination & Remuneration Committee

### 8.1. Composition of the Committee

The Nomination & Remuneration Committee (N&RC) has 3 directors with the Chairman of the NRC being Mr V Balaraman, an independent director. The Committee of directors met 2 times on 25.05.2015, 03.08.2015

Name of the Member (M/s)	Status	No. of meetings attended	Date of meeting
V Balaraman, Chairman	Non-Executive Independent Director	1	25.05.2015
T K Balaji, Member	Non-Executive Director	2	25.05.2015, 03.08.2015
R Vijayaraghavan, Member	Non-Executive Independent Director	2	25.05.2015, 03.08.2015

### **8.2 The Committee performs the role as envisaged in Section 178 of the Companies Act 2013. The broad terms of reference of the NRC are as under:**

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

### **8.3. The role / scope of the NRC is as follows:**

- To make recommendations to the Board with respect to incentive compensation plans for Managing director and remuneration of non-executive director(s).
- To identify persons who are qualified to become director(s), KMPs and SMPs of the company.
- To recommend to the Board for appointment /removal of director(s), KMPs and SMPs of the company.
- To recommend to the Board a policy for remuneration of director(s), KMPs and SMPs of the company.

### **8.4. Evaluation Criteria**

The N&RC laid down the criteria for evaluation of the performance of every director including independent directors in terms of attendance, participation and contribution towards the overall performance of the company.

## **9. Remuneration of Directors**

### **9.1 Managing Director:**

- Remuneration

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



- Basic Pay
- Perquisites and allowances
- Commission
- Retirement benefits

The details of monthly remuneration of Managing Director is given in the annexure to the Directors Report.

As per the terms of appointment, the Board of Directors at their meeting held on 28<sup>th</sup> May 2016 approved payment of commission of ₹ 60 lakhs to Mr Arvind Balaji, Managing Director for the year 2015-16 and provision has been made in the books for the same.

## 9.2. Non-Executive Directors:

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

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

### a. Commission:

Non-Executive Directors are paid remuneration by way of commission not exceeding 1% of the net profits computed in accordance with the provisions of Section 198 of the Companies Act, 2013. Further, for payment of such commission for 5 years from 01.04.2013, approval had been obtained from the shareholders at the Annual General Meeting held on 26<sup>th</sup> August 2013.

Provision has been made in the accounts towards commission to the Directors for the period ended 31<sup>st</sup> March 2016 as given below. The Commission has been determined taking all relevant factors into account, including responsibilities discharged and participation in the Company's affairs.

Name of the Directors	Amount (₹Lacs)
Mr T K Balaji, Chairman	3.75
Mr K Seshadri	3.75
Mr K G Raghavan	5.00
Mr V Balaraman	5.50
Mr G Chidambar	5.50
Mr R Vijayaraghavan	5.50
Ms Jayshree Suresh	5.50
Total	34.50

## INDIA NIPPON ELECTRICALS LIMITED

There was no pecuniary relationship or transactions of the Non-Executive Directors with the company during the year 2015-16.

### b. Sitting fees:

Remuneration by way of Sitting Fee for attending Board/ Committee Meetings paid to non-executive Directors for the year ended 31st March 2016 is tabulated hereunder:

Name of the Directors (Mr/ Mrs.)	₹					Total
	Board	Audit Committee	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	
T K Balaji	90,000	-	48,000	24,000	-	1,62,000
K Seshadri	75,000	48,000	48,000	-	-	1,71,000
K G Raghavan	30,000	12,000	-	-	-	42,000
V Balaraman	75,000	48,000	-	12,000	-	1,35,000
G Chidambar	90,000	60,000	48,000	-	36,000	2,34,000
R Vijayaraghavan	75,000	60,000	-	24,000	-	1,59,000
Jayshree Suresh	75,000	-	-	-	24,000	99,000
Total	5,10,000	2,28,000	1,44,000	60,000	60,000	10,02,000

## 10. Disclosures:

### a) Related party transactions (RPT Policy):

All transactions entered into with related parties, as defined under the Companies Act 2013 and Listing Regulations during the financial year 2015-16 were in the ordinary course of business and at an arm's length pricing basis and do not attract the provisions of Section 188 of the Act 2013 and the rules made thereunder.

All Related party transactions are placed before the Audit Committee for prior approval on a quarterly basis.

There were no materially significant transactions with the related parties, during the year, which were in conflict with the interests of the company and that require an approval of the company in terms of the provisions of Section 188 of the Act 2013 and the rules made thereunder and also the Listing Regulations.

The transactions with the related parties, namely its promoters, and subsidiary company etc., of routine nature have been reported elsewhere in the annual report, as per the applicable Accounting Standards issued by Companies (Accounting Standards) Rules 2006.





The RPT policy as approved by the Board of Directors is available on the website of the company viz., [www.indianippon.com](http://www.indianippon.com).

**b) Vigil Mechanism:**

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

- c) There were no transactions of material nature with the promoters, directors or the management or their subsidiaries or relatives, etc, potentially conflicting with company's interest at large, during the year.
- d) There were no instances of non-compliance on any matter related to the capital market, during the last three years.
- e) Prevention of insider trading and code of corporate disclosure practices:

Pursuant to SEBI (Prohibition of Insider Trading) Regulations 2015, the company adopted a code of conduct for prevention of insider trading and corporate disclosure practices. The code of conduct is available on the website of the company. The company has appointed the Company Secretary as Compliance Officer for this purpose. Buying and selling of securities are prohibited for a period of 15 days prior to the Board meeting and 48 hours after the publication of the results, by specified persons i.e., directors/officers/ designated employees, who shall maintain confidentiality of all price sensitive information coming into their possession or control. Changes in shareholding by the specified persons are reported to the Board by the Compliance Officer.

The company has also formulated a code of practises and procedures for fair disclosure of 'unpublished price sensitive information' and a code of conduct to regulate, monitor and report trading by insider in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations 2015. The Code has been communicated to directors, SMP. The code has also been displayed on the company's website viz., [www.indianippon.com](http://www.indianippon.com).

**f) Subsidiary company:**

The minutes of the Board meetings of the subsidiary are shared with the Board of Directors. The financial statements of the subsidiary company is presented to the Audit

Committee. the company does not have a material subsidiary, having a net worth exceeding 20% of the consolidated net worth or income of 20% of the consolidated income of your company.

**g) Quarterly report on Share Capital Audit:**

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

- i. the total shares held in NSDL, CDSL and in the physical form tally with the issued / paid up capital
- ii. the register of members is updated
- iii. the dematerialisation requests have been confirmed within 15 days and by explaining the reasons if any, for pending beyond 15 days

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

The Report on Reconciliation of Share Capital was submitted by the Company to the Stock Exchanges on a quarterly basis within 30 days through on-line submission from the end of each quarter and for the quarter ended 31st March 2016, this was submitted on 15th April 2016.

- h)** There were no non-compliances by the company and no instances of penalties and strictures imposed on the company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital market during the last three years.
- i)** The senior management personnel have made disclosures to the Board relating to all material, financial and other transactions stating that they did not have personal interest that could result in a conflict with the interest of the company.
- j)** During the year, the Board in line with the requirements of the Listing Regulations has formulated the following policies:
  - \* Policy for determining 'materiality' for disclosure of events / information to Stock Exchanges.
  - \* Policy for preservation and archival of documents.
- k)** Management Discussion & Analysis report, details of separate meeting of independent directors, board evaluation, risk management policy form part of the Directors report.



- l) The Company has complied with all applicable mandatory requirement in terms of SEBI (LODR) Reg. 2015 and adopted non mandatory requirements in an appropriate manner as applicable.
- m) The Company has in place the Code of Business Conduct for members of the Board and Senior Management personnel approved by the Board which has been communicated to directors and the senior management personnel. The Code has also been displayed on the Company's website in the following link [www.indianippon.com](http://www.indianippon.com). All the members of the Board and Senior Management personnel have confirmed compliance with the Code of Business Conduct for the year ended 31st March 2016. The annual report contains a declaration to this effect signed by the Managing Director.

### 11. Annual General Meetings:

The last three Annual General Meetings were held as under:

Meeting	Year	Location	Date	Time
28 <sup>th</sup> AGM	2013	Kasturi Srinivasan Hall 168 (Old 306), TTK Road, Chennai 600 014	26 <sup>th</sup> Aug 2013	10:30 AM
29 <sup>th</sup> AGM	2014	Kasturi Srinivasan Hall 168 (Old 306), TTK Road, Chennai 600 014	27 <sup>th</sup> Aug 2014	10:30 AM
30 <sup>th</sup> AGM	2015	Kasturi Srinivasan Hall 168 (Old 306), TTK Road, Chennai 600 014	27 <sup>th</sup> Aug 2015	10:30 AM

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

During the last three years viz., 2012-2013 to 2014-2015, approval of the shareholders was obtained by passing special resolutions in respect of the following:

Year	Subject matter of special resolution	Date of AGM
2012-2013	Commission to Directors	26 <sup>th</sup> Aug 2013
2013-2014	Nil	27 <sup>th</sup> Aug 2014
2014-2015	Nil	27 <sup>th</sup> Aug 2015

### 13. Postal Ballot

- a) None of the subjects placed before the shareholders in the last / ensuing annual general meeting/ required / requires approval by a Postal Ballot.
- b) No item of business in relation to matters specified in SEBI (LODR) Regulations 2015 and or Section 110 of the Companies Act, 2013 which requires voting by postal ballot is included in the notice convening the AGM of the Company for the year 2015-16.

## INDIA NIPPON ELECTRICALS LIMITED

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### 14. Means of Communication:

- a) The unaudited quarterly results were published in Business Line and the Tamil version of the same was published in Dinamani.
- b) Website: The quarterly results and also the annual audited results are published in the Company's website viz. [www.indianippon.com](http://www.indianippon.com). The Website also contains other details as may be required under Reg. 46 & SEBI (LODR) Regulations.

### 15. General Information for Shareholders:

Date, Time and Venue of the Annual General Meeting	27 <sup>th</sup> August 2016 at 10:35 A.M. Satguru Gnanananda Hall (Naradha Gana Sabha-Main Hall) 314, T.T.K. Road Chennai-600018
Financial Reporting for the Quarter ending: 30 <sup>th</sup> June 2016 30 <sup>th</sup> September 2016 31 <sup>st</sup> December 2016 31 <sup>st</sup> March 2017	1 <sup>st</sup> fortnight of Aug 2016 1 <sup>st</sup> fortnight of November 2016 1 <sup>st</sup> fortnight of February 2017 May 2017
1 <sup>st</sup> Interim Dividend for 2015-2016 @ ₹ 4 per share	Declared by Board: 29 <sup>th</sup> Jan 2016 Record Date: 11 <sup>th</sup> Feb 2016 Payment date: 18 <sup>th</sup> Feb 2016
2 <sup>nd</sup> interim dividend for 2015-2016 @ ₹ 5 per share	Declared by Board: 26 <sup>th</sup> Mar 2016 Record Date: 7 <sup>th</sup> Apr 2016 Payment date: 13 <sup>th</sup> Apr 2016
Book closure period for the purpose of AGM	From 21 <sup>st</sup> August 2016 to 27 <sup>th</sup> August 2016 (both days inclusive)

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

- BSE Ltd, Mumbai under trading symbol: 532240
- National Stock Exchange of India Ltd, Mumbai under trading symbol: INDNIPPON

17. Demat ISIN in NSDL and CDSL: INE092B01017

18. Listing fee for 2015-2016: Annual Listing Fees for the year ended March 2016 have been paid to BSE Ltd and NSE Ltd.



## 19. Share price data:

Share Price in ₹ Nominal Value of Share ₹ 10

Month	National Stock Exchange of India Ltd.		BSE Ltd	
	High	Low	High	Low
Apr'15	488.00	390.10	487.00	392.00
May'15	420.50	386.30	425.00	382.60
Jun'15	411.00	360.10	405.00	360.00
Jul'15	495.10	375.00	494.00	380.00
Aug'15	499.00	350.00	499.00	353.00
Sep'15	408.80	345.10	400.00	350.00
Oct'15	399.00	356.10	402.00	355.20
Nov'15	431.00	351.00	432.00	349.30
Dec'15	428.00	381.60	428.00	375.10
Jan'16	430.40	340.00	433.00	340.00
Feb'16	406.40	315.00	409.00	315.00
Mar'16	396.00	341.20	400.00	336.10

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 31<sup>st</sup> March, during the last few years is as follows:

Date	Company's Share Price Close (₹)	Nifty Points (Close)	Percentage Change in	
			Company's share price	Nifty
31.03.2014	200	6704	17	18
31.03.2015	421	8491	111	27
31.03.2016	366	7738	(13)	(9)

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

Date	Company's Share Price Close (₹)	Sensex Points (Close)	Percentage Change in	
			Company's share price	Sensex
31.03.2014	199	22386	17	19
31.03.2015	420	27957	111	25
31.03.2016	359	25342	(15)	(9)

## INDIA NIPPON ELECTRICALS LIMITED

### 20. Distribution of Equity Share holding as on 31st March 2016:

Number of Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	Share holding (%)
1 – 100	4063	53.07	139229	1.23
101-500	1908	24.92	498507	4.41
501-1000	1209	15.79	955164	8.44
1001-2000	268	3.50	411451	3.64
2001-3000	88	1.15	221184	1.96
3001-4000	30	0.39	105486	0.93
4001-5000	21	0.27	95514	0.84
5001-10000	42	0.55	296656	2.62
10001 & above	27	0.36	8587521	75.93
Total	7656	100	11310712	100

### 21. Pattern of Equity Shareholding as on 31st March 2016:

Shareholders	No. of Shares held	% of Total shares held
NRIs	52948	0.46
Promoter Company	5188666	45.87
Directors and Relatives	3730	0.04
Collaborator	2320500	20.52
Nationalised Banks	-	-
Mutual funds	-	-
Financial Institutions	35000	0.31
Foreign portfolio investor-corporate	9000	0.08
Corporate Bodies	649258	5.74
Resident Individuals	3051610	26.98
Total	11310712	100.0

### 22. Share Transfer System:

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



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

With effect from 15th Oct'2004 M/s Sundaram-Clayton Ltd (SCL), [Registration No.INR200003942 issued by SEBI] currently located at 'Jayalakshmi Estates' I Floor, No.29, Haddows Road, Chennai-600006. Tel: (44) 28272233, 28284959, Fax: (44) 28257121, have been acting as a Registrar and Share Transfer Agents [RTA] for providing the connectivity with NSDL and CDSL and also for transfer of shares held in physical form. The agreement entered into by the company with the RTA is being renewed once in three years and the current agreement is valid till 15th Oct 2016.

Share transfer is normally effected within a maximum period of 15 days from the date of receipt, if the documents submitted are in order. The Stakeholders Relationship Committee approves share transfers / transmissions at the Committee meeting. All requests for dematerialisation of securities are processed and the confirmation is given to the depositories within 7 days. Grievances received from shareholders and other miscellaneous correspondence on changes of addresses, mandates etc, is processed by the RTA within 7 days.

### 23. Dematerialisation of Shares and Liquidity:

Your Company's shares have been compulsorily dematerialised effective 28.04.2001. In accordance with SEBI Circular No.SEBI/Cir/ISD/3/2011 dated June 17, 2011 and the amendments thereof, the entire shareholding of promoters has been dematerialised. As on 31.03.2016, there were 10958911 shares in electronic mode, including 75,09,166 shares held by promoters. Shares held in electronic mode accounted for 96.89% 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 31.03.2016	575	7081	7656
b)	Promoters holding			
	M/s Lucas Indian Service Ltd, Chennai		5188666	5188666
	M/s Mahle Electric Drives Japan Corporation (formerly known as Kokusan Denki Company Ltd)		2320500	2320500
c)	Non Promoters holding	351801	3449745	3801546
	Total (b+c)	351801	10958911	11310712
	%	3.11	96.89	100

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### 24. Plant Locations:

India Nippon Electricals Ltd

Hosur-Thalli Road, Uliveeranapalli, Hosur 635 114. Denkanikotta Taluk. Krishnagiri Dist. Tamilnadu. Tel: (4347) 233438. E.mail: inelshr@inel.co.in, investorscomplaints@inel.co.in

India Nippon Electricals Ltd

Madukarai Road, Kariamanickam Village, Nettapakkam Commune. Puducherry 605 106. Tel: (413) 2699052.

India Nippon Electricals Ltd

Masani Village, Rewari District. Haryana 122 106. Tel: (1274) 240860

Address for Investors Correspondence:

India Nippon Electricals Ltd - CIN: L31901TN1984PLC011021

82, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004. Ph. (44) 2811 0063 / 28 11 0074

Fax. (44) 2811 5624. E.mail: inelcorp@inel.co.in, investorscomplaints@inel.co.in.

For investors complaints: investorscomplaints@inel.co.in and

investorscomplaintsstata@scl.co.in

### B. NON MANDATORY REQUIREMENT

a) The company follows treatment as prescribed in the accounting standards for the preparation of final accounts, notified u/s 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

b) 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) Request to Investors

Members who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March 2010 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 124 of the Companies Act, 2013. Information in respect of unclaimed dividends due for remittance into IEPF is given below. Particulars of unclaimed dividend of India Nippon Electricals Limited.





Financial Year	Date of Declaration	% of dividend	Date of transfer to special account	Date of transfer to IEPF	As of 31.03.2016 ₹
2009-10					
1st interim	21.12.2009	35	25.01.2010	25.01.2017	1,33,911
2nd interim	27.04.2010	40	02.06.2010	02.06.2017	1,69,832
2010-11					
1 <sup>st</sup> interim	29.12.2010	50	03.02.2011	03.02.2018	2,25,685
2 <sup>nd</sup> interim	25.03.2011	35	30.04.2011	30.04.2018	1,60,329
3 <sup>rd</sup> interim	27.05.2011	10	02.07.2011	02.07.2018	50,840
2011-12					
1 <sup>st</sup> interim	03.02.2012	40	10.03.2012	10.03.2019	2,75,716
2 <sup>nd</sup> interim	30.05.2012	50	05.07.2012	05.07.2019	3,13,940
2012-13					
1 <sup>st</sup> interim	06.02.2013	40	14.03.2013	14.03.2020	3,05,268
2 <sup>nd</sup> interim	28.05.2013	50	03.07.2013	03.07.2020	3,72,740
2013-14					
1 <sup>st</sup> interim	28.01.2014	40	05.03.2014	05.03.2021	3,34,876
2 <sup>nd</sup> interim	23.05.2014	50	28.06.2014	28.06.2021	3,95,590
2014-15					
1 <sup>st</sup> interim	09.02.2015	45	17.03.2015	17.03.2022	4,22,783
Final dividend	25.05.2015	45	02.10.2015	02.10.2022	4,19,593
2015-16					
1 <sup>st</sup> interim	29.01.2016	40	05.03.2016	05.03.2023	4,70,472
2 <sup>nd</sup> interim	26.03.2016	50	01.05.2016	01.05.2023	*

(\*) Paid in April 2016

**Investors are requested to note the following:**

- Investors holding shares in physical mode are requested to communicate the change of address, if any, directly to the Registered Office of the Company at the above address.
- As required by SEBI, investors, who have not furnished so far, are advised to furnish details of their bank account number, name and address of the bank for incorporating the same in the dividend warrants. This information is required to avoid wrong credits being obtained by unauthorised persons.

## INDIA NIPPON ELECTRICALS LIMITED

- 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 124 of the Companies Act, 2013.
- Those who have not encashed their warrants may contact the Company immediately and surrender their warrants for further action.
- Investors holding shares in electronic form are requested to deal only with their depository participant in respect of change of address, nomination facility and furnishing bank account number, etc.
- In terms of SEBI (LODR) Regulations, 2015, a suspense account has been opened and all the unclaimed shares have been transferred. The voting rights on such shares shall remain frozen till the rightful owners claim the shares.

Particulars	Physical	
	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1 <sup>st</sup> April 2015	51	13598
Number of shareholders who approached the company for transfer of shares and shares transferred from suspense account during the year	-	-
Number of shareholders and aggregate number of shares transferred to the unclaimed suspense account during the year	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 <sup>st</sup> March 2016	51	13598



## Independent Auditor's Report

### To the Members of India Nippon Electricals Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of India Nippon Electricals Limited (the Company) which comprises the Balance Sheet as at March 31, 2016, the statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

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

## INDIA NIPPON ELECTRICALS LIMITED

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considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2016 and its profit and its cash flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements:

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statements dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with rule 7 of the companies (accounts) Rules 2014;
- e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2016 taken on record by the board of directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016 from being appointed as a director in terms of Sec 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure-B"; and
- g. With respect to the other matters to be included in the auditor's report



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in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements – Refer Note : 33 to the financial statements disclosing Contingent Liabilities;

- ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Place of signature : Chennai  
Date of signature : 28<sup>th</sup> May 2016

**(P S Kumar)**  
Partner  
Membership Number:15590

### Annexure–A referred to in paragraph 1 of our report of even date.

The provisions of the following clauses of Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year.

- a) Clause 3(v) with regard to acceptance of deposits, since the Company has not accepted any deposits.
- b) Clause 3(viii) with regard to default in repayment of dues to a financial institution, Bank, the Government, and dues to Debenture Holders since the Company has not borrowed any amount during the year.
- c) Clause 3(ix) with regard to Money raised by way of initial public offer or further public offer (including debt instruments) and term loans during the year since no such moneys were raised.
- d) Clause 3(xii) with regard to compliance by Nidhi Company since the company is not a Nidhi company.
- e) Clause 3(xiv) with regard to preferential allotment, private placement of shares, or allotment of fully or partly convertible debentures since the Company has not made any such preferential allotment, or private placement of shares and debentures during the year.
- f) Clause 3(xvi) since the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.
  - (i) (a) The Company has maintained proper records showing full particulars including quantitative details and the situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets at reasonable intervals. The fixed assets are physically verified by the external agency, which in our opinion, is reasonable having regard to the size of the group and nature of its assets . No material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
  - (ii) (a) The management has conducted physical verification of inventory at reasonable intervals.
  - (b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.



- (c) On the basis of the examination of the records of the inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of The Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of Companies Act, 2013, with respect to the loans and investments made.
- (v) On the basis of the records, we are of the opinion that prima facie cost records and accounts specified by the Central Government of India under sub-section (1) of section 148 of the Companies Act, 2013 have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- (vi) (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, cess and other statutory dues.
- (b) Based on the audit procedures and on the information and explanations given by the management, we furnish below the details of dues of Service Tax / Duty of Excise / Local area Development Tax / Income Tax , which have not been deposited on account of disputes.

<b>Statute</b>	<b>Nature of dues</b>	<b>Period to which relates (Financial Year)</b>	<b>Amount due In ₹</b>	<b>Forum where dispute is pending</b>
Service tax under Finance Act ,1994	Disallowance of Service Tax credit availed.	2005-06 and 2006-07	12,48,611	CESTAT
Service tax under Finance Act ,1994	Disallowance of Service Tax credit availed.	2006-07	27,142	Commissioner of Central Excise (Appeals).
Service tax under Finance Act ,1994	Disallowance of Service Tax Credit availed.	2007-08 2012-13	1,49,985	Office of the Superintendent Central Excise
Central Excise Act 1944	Disallowance of CENVAT credit on capital goods and non-reversal of CENVAT credit.	2001-02 to 2004-05	1,26,601	Assistant Commissioner of Central Excise

## INDIA NIPPON ELECTRICALS LIMITED

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

- (vii) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (viii) Based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (ix) Based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (x) Based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.

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

Place of signature : Chennai  
Date of signature : 28<sup>th</sup> May 2016

**(P S Kumar)**  
Partner  
Membership Number:15590





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## **Annexure–B to the Independent Auditors' Report**

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

We have audited the internal financial controls over financial reporting of India Nippon Electricals Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

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

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

## INDIA NIPPON ELECTRICALS LIMITED

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

### Meaning of Internal Financial Controls over Financial Reporting

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

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

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

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

Place of signature : Chennai  
Date of signature : 28<sup>th</sup> May 2016

**(P S Kumar)**  
Partner  
Membership Number: 15590



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## **FINANCIAL STATEMENTS**

## INDIA NIPPON ELECTRICALS LIMITED

### Standalone Balance Sheet as at 31<sup>st</sup> March 2016

Particulars	Note No	As at	As at
		31.03.2016	31.03.2015
		₹ lacs	₹ lacs
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	1,131.07	1,131.07
(b) Reserves and Surplus	2	22,749.27	21,443.25
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long term provisions	3	200.72	170.78
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables	4		
Dues of Micro & Small Enterprises		200.55	232.84
Dues other than Micro & Small Enterprises		3,657.88	2,746.35
(c) Other current liabilities	5	2,506.26	1,491.66
(d) Short-term provisions	6	395.33	860.43
<b>Total</b>		<b>30,841.08</b>	<b>28,076.37</b>
<b>II. Assets</b>			
<b>(1) Non-current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible assets	7	3,906.44	4,175.57
(ii) Intangible assets		189.02	-
(iii) Capital work-in-progress		205.79	60.70
(iv) Intangible assets under development		-	-
(b) Non-current investments	8	8,546.53	8,272.18
(c) Deferred tax assets	9	445.05	386.92
(d) Long term loans and advances	10	57.86	49.46
(e) Other non-current assets	11	12.93	12.12
<b>(2) Current Assets</b>			
(a) Current investments	12	7,149.77	5,905.30
(b) Inventories	13	2,492.02	1,804.91
(c) Trade receivables	14	6,069.20	6,334.16
(d) Cash and cash equivalents	15	1,049.24	378.19
(e) Short-term loans and advances	16	541.76	526.98
(f) Other current assets	17	175.45	169.87
<b>Total</b>		<b>30,841.08</b>	<b>28,076.37</b>

See accompanying notes to Financial Statements

T K BALAJI  
Chairman

ARVIND BALAJI  
Managing Director

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

ELANGO SRINIVASAN  
Chief Financial Officer

S SAMPATH  
Company Secretary

**P S KUMAR**  
Partner  
Membership No.15590

Chennai  
28<sup>th</sup> May 2016



## Standalone Statement of Profit and Loss for the Year-Ended 31<sup>st</sup> March 2016

Particulars	Note No	2015-16 ₹ lacs	2014-15 ₹ lacs
I. Revenue from Operations	18	38,219.78	36,607.49
Less: Excise Duty		<u>4,254.69</u>	<u>3,834.34</u>
		33,965.09	32,773.15
II. Other Income	19	<u>676.75</u>	<u>569.24</u>
<b>III. Total Revenue</b>	<b>( I + II )</b>	<b><u>34,641.84</u></b>	<b><u>33,342.39</u></b>
IV. Expenses			
Cost of materials consumed	20	23,569.73	22,902.73
Purchase of Stock-in-Trade		-	-
Changes in inventories of	21		
- Finished Goods (Including In-transit)		(116.47)	(194.36)
- Work-in-progress		(133.66)	5.78
- Stock in Trade		-	-
Other Manufacturing Expenses	22	1,564.34	1,666.59
Employee Benefit Expense	23	3,938.20	3,457.50
Finance Cost	24	14.22	15.54
Depreciation and amortization Expense	7	664.67	774.85
Other Expenses	25	<u>1,645.47</u>	<u>1,527.03</u>
<b>IV. Total Expenses</b>		<b><u>31,146.50</u></b>	<b><u>30,155.66</u></b>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	<u>3,495.33</u>	<u>3,186.73</u>
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax	(V+VI)	3,495.33	3,186.73
VIII. Extraordinary Items		-	-
IX. Profit before tax (PBT)	(VII-VIII)	3,495.33	3,186.73
X. Tax Expense			
(1) Current tax		998.04	930.00
(2) Deferred tax		(58.13)	(96.07)
(3) Income tax for earlier years		<u>22.35</u>	<u>87.24</u>
		962.26	921.17
XI. Profit for the period from continuing operations	(IX-X)	2,533.07	2,265.56
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 (PAT)	(XI+XIV)	<u>2,533.07</u>	<u>2,265.56</u>
XVI. Earnings per equity share of face value ₹ 10/-:			
(1) Basic		22.40	20.03
(2) Diluted		22.40	20.03

See accompanying notes to Financial Statements

T K BALAJI  
Chairman

ARVIND BALAJI  
Managing Director

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

ELANGO SRINIVASAN  
Chief Financial Officer

S SAMPATH  
Company Secretary

**P S KUMAR**  
Partner  
Membership No.15590

Chennai  
28<sup>th</sup> May 2016

## INDIA NIPPON ELECTRICALS LIMITED

### Standalone Cash Flow Statement for the Year Ended 31<sup>st</sup> March 2016

S No.	DESCRIPTION	YEAR ENDED 31.03.2016 ₹ lacs	YEAR ENDED 31.03.2015 ₹ lacs
<b>A. Cash Flow from Operating Activities:</b>			
	Net Profit before tax and extraordinary items	3,495.33	3,186.73
	Adjustments for		
	Add: - Depreciation	664.67	774.85
	- Interest & Finance Charges	-	-
	- Lease Rent Paid	-	-
	- (Profit)/Loss on sale/Writeoff of fixed assets	(1.97)	(1.92)
	- Dividend Received	(258.88)	(207.00)
	- Interest Received	(196.36)	(242.64)
	- (Profit)/Loss on sale of investments(net)	(148.92)	(116.09)
	- Provision for diminution in value of investments	(1.59)	(1.58)
	- Write-back provisions	(39.62)	-
	<b>Operating Profit before Working Capital changes</b>	3,512.65	3,392.35
	Adjustments for - Trade & Other Receivables	320.41	272.35
	- Inventories	(687.10)	(106.38)
	- Trade Payables and other liabilities	1,413.22	269.49
	Cash generated from Operations	4,559.17	3,827.81
	Income Tax paid	(858.98)	(842.72)
	Cash Flow before extraordinary items	3,700.20	2,985.09
	Extraordinary items	-	-
	<b>Net Cash from Operating Activities- A</b>	3,700.20	2,985.09
<b>B. Cash Flow from Investing Activities:</b>			
	Purchase of Fixed Assets	(738.78)	(1,048.16)
	Sale of Fixed Assets	10.90	1.92
	(Purchase) / Sale of Investments (net)	(1,669.33)	(2,147.32)
	Profit on Sale of Investment	148.92	-
	Re-payment of Inter Corporate Deposit	-	1,000.00
	Interest / Dividend Received	469.33	441.36
	<b>Net Cash from /(used) in Investment Activities -B</b>	(1,778.95)	(1,752.20)



S No.	DESCRIPTION	YEAR ENDED	YEAR ENDED
		31.03.2016	31.03.2015
		₹ lacs	₹ lacs
<b>C. Cash Flow from Financing Activities:</b>			
	Repayment of Long Term Borrowings		
	Unsecured Loan Repayment	-	-
	Lease Rent Paid	-	-
	Interest Paid	-	-
	Dividends Paid	(1,526.95)	(961.39)
	Dividend Tax	(195.74)	(178.67)
	<b>Net Cash used in Financing Activities-C</b>	<b>(1,722.69)</b>	<b>(1,140.06)</b>
D.	Net (decrease)/Increase in Cash Equivalents (A+B+C)	198.56	92.83
E.	Cash & Cash Equivalents as at 1-April-2015 (Opening Balance)	199.97	107.14
F.	Cash & Cash Equivalents as at 31-March-2016 (Closing Balance)	398.53	199.97

**Reconciliation of Cash and Cash Equivalents:**

₹ lacs

Particulars	YEAR ENDED	YEAR ENDED
	31-Mar-16	31-Mar-15
Cash and Bank balances as per Balance Sheet (To refer Note No.15)	1,049.24	378.19
<u>Less:</u> Bank balances not considered as cash and cash equivalents as defined in AS 3 on Cash Flow Statement		
in earmarked accounts		
- Unpaid dividends	(607.35)	(38.06)
- Margin Money	(9.00)	(9.00)
- In Fixed Deposit (Less than 12 Months)	-	(100.00)
- In Fixed Deposit (More than 12 Months)	(1.12)	(0.33)
- Escrow Account	(33.24)	(30.83)
Cash and Cash Equivalents	398.53	199.97

Note : The above Cash Flow Statement has been prepared under Indirect method as set out in Accounting Standard-3 on Cash Flow Statement notified Under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014

T K BALAJI  
Chairman

ARVIND BALAJI  
Managing Director

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

ELANGO SRINIVASAN  
Chief Financial Officer

S SAMPATH  
Company Secretary

**P S KUMAR**  
Partner  
Membership No.15590

Chennai  
28<sup>th</sup> May 2016

## INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2016 ₹ lacs	As at 31.03.2015 ₹ lacs
<b>1 Share Capital</b>		
<b>a Authorised Share Capital:</b>		
15,000,000 number of Equity shares of ₹ 10 each	1,500.00	1,500.00
<b>b Issued, Subscribed and Fully Paid up Share Capital:</b>		
11,310,712 number of Equity shares of ₹ 10 each	1,131.07	1,131.07
<b>c Par Value per Share</b>	10.00	10.00
<b>d Number of equity shares at the beginning of the year</b>	11,310,712	11,310,712
Add : Rights issue	-	-
Bonus issue	-	-
Less: Buy back	-	-
Number of equity shares at the end of the year	<u>11,310,712</u>	<u>11,310,712</u>
All shares are of the same nature ranking pari passu		
<b>e % of Shares held by</b>		
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
<b>f Number of shares held by shareholders holding more than 5% of total shares</b>		
<Name of the Share holder>	<nos. current yr>	<nos. previous yr>
Lucas Indian Service Ltd, India	5,188,666	5,188,666
Mahle Electric Drives Japan Corpn., Japan (formerly Kokusan Denki Co Ltd, Japan)	2,320,500	2,320,500
<b>g Shares reserved for (specify the number of shares and terms)</b>		
	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	





	<b>As at 31.03.2016 ₹ lacs</b>				<b>As at 31.03.2015 ₹ lacs</b>
<b>h Details of shares allotted/bought back during the five years proceeding the balance sheet date</b>					
Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
A) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash					
B) Equity shares of ₹ 10 each allotted as fully paid up by way of bonus shares					3,231,632
C) Aggregate number of shares bought back					
<b>i Terms of Conversion of Nil (security) convertible into equity / preference</b>					
Date	No of security	Terms	farthest date of conversion to earliest date of conversion		
<b>j Amount of Calls unpaid ₹</b>					
(i) Calls unpaid by directors ₹			NIL		NIL
(ii) Calls unpaid by officers ₹			NIL		NIL
<b>k No of shares Forfeited :</b>					
Amount originally paid up :			NIL		NIL

## INDIA NIPPON ELECTRICALS LIMITED

<b>2 Reserves and Surplus</b>	<b>As at 31.03.2016</b>		<b>As at 31.03.2015</b>	
	<b>₹ lacs</b>		<b>₹ lacs</b>	
a Capital Reserve - Cash Subsidy - SIPCOT *				
Opening Balance	15.00		15.00	
Add: Addition / (Reduction)	-		-	
Closing Balance		15.00		15.00
b Capital Redemption Reserve				
Opening Balance	39.56		39.56	
Add: Addition / (Reduction)	-		-	
Closing Balance		39.56		39.56
c Security Premium Reserve				
Opening Balance	-		-	
Add: Addition / (Reduction)	-		-	
Closing Balance		-		-
d Debenture Redemption reserve				
Opening Balance	-		-	
Add: Addition / (Reduction)	-		-	
Closing Balance		-		-
e Revaluation reserve *				
Opening Balance	395.46		395.46	
Add: Addition / (Reduction)	-		-	
Closing Balance		395.46		395.46
f Share Options Outstanding account				
Opening Balance	-		-	
Add: Addition / (Reduction)	-		-	
Closing Balance		-		-
g General Reserve (Uncommitted)				
Opening Balance	19,650.14		18,750.14	
Less: Capitalised as Bonus shares				
	<u>19,650.14</u>		<u>18,750.14</u>	
Add: Transfer from P&L Account	1,300.00		900.00	
Closing Balance		20,950.14		19,650.14
h Surplus from Profit & Loss Account (Uncommitted)				
Opening Balance	1,343.09		1,205.94	
Add : Current year surplus	2,533.07	3,876.16	2,265.56	3,471.50
Less : Transfer to General Reserve	<u>(1,300.00)</u>		<u>(900.00)</u>	
Interim/final dividend	(1,017.96)		(1,017.96)	
Dividend Tax provision	(209.09)		(203.57)	
Transfer to Retained Earnings (**)	-	(2,527.05)	(6.87)	(2,128.41)
Closing Balance		<u>1,349.11</u>		<u>1,343.09</u>
		<u>22,749.27</u>		<u>21,443.25</u>

(\*) For accounting policy refer Note No. 26(g) and 26(h)

(\*\*) Consequent to the adoption of the revised estimates of useful life of fixed assets as stipulated in Schedule II to the Companies Act, 2013 with effect from 1st April 2014 an amount of ₹ 6.87 lacs (₹ 4.54 lacs net of Deferred Tax) being the net sum of adjustments to written down value of assets arising out of realignment with useful life of assets as prescribed has been debited to the opening balance of retained earnings. Refer note under Note No.7.



	<b>As at 31.03.2016 ₹ lacs</b>	<b>As at 31.03.2015 ₹ lacs</b>
<b>3 Long Term Provisions</b>		
a Provision for employee benefits		
- Leave encashment	141.72	111.78
- Gratuity	-	-
- Fringe Benefit Tax	59.00	59.00
	<u>200.72</u>	<u>170.78</u>
<b>4 Trade Payables</b>		
Trade Payables	<u>3,858.43</u>	<u>2,979.19</u>
	<u>3,858.43</u>	<u>2,979.19</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 31-Mar-2016 is ₹ 200.55 Lacs (Previous year- ₹ 232.84 Lacs) Further, No interest has been paid or is payable in the opinion of the Management to such parties as per the provisions of the said Act.

#### **5 Other Current Liabilities**

a Current maturities of long term debt	-	-
b Current maturities of Finance lease obligations	-	-
c Interest accrued but not due on borrowings	-	-
d Interest accrued and due on borrowings	-	-
e Income received in advance	-	-
f Unpaid dividends	607.35	38.06
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 Liabilities	57.90	-
k Other Payables	<u>1,841.00</u>	<u>1,453.60</u>
	<u>2,506.26</u>	<u>1,491.66</u>

## INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2016 ₹ lacs	As at 31.03.2015 ₹ lacs
<b>Details of Other payables:</b>		
Excise Duty/Service Tax/Sales Tax	141.82	159.65
Tax Deducted at Source/Tax Collected at Source	35.94	23.73
Professional Tax	22.86	4.54
Employee Dues (Includes PF/ESI)	36.30	247.85
Provision - Customer	122.28	33.39
Provision - Payroll	640.26	388.25
Provision - Other Expenses	517.84	433.97
Earnest Money Deposit	35.76	30.83
Tool Advance Payable	71.12	67.83
State Cheque/Retention Money	7.19	2.56
Dividend Tax Payable	115.13	-
Commission to Directors	94.50	61.00
	<u>1,841.00</u>	<u>1,453.60</u>
<b>6 Short term Provisions</b>		
Provisions for employee benefits		
- Gratuity	56.48	34.16
- Leave encashment	87.55	21.08
- Payroll	9.18	-
Provision for Income Tax - Net (*)	150.43	102.73
Provision for Warranty (*)	91.68	91.68
Provision for Dividend	-	508.98
Provision for Dividend Tax	-	101.78
	<u>395.33</u>	<u>860.43</u>
(*) Provision for taxation of ₹ 2,486 Lacs (Previous year 3,234 Lacs) is net of Advance tax and Tax deducted at source of ₹ 2,337 Lacs (Previous year 3,131 Lacs)		
<b>Other disclosure:</b>		
<b>Product Warranty:</b>		
Opening Balance	91.68	91.68
Additions	6.70	7.39
Utilizations	(6.70)	(7.39)
Closing Balance	<u>91.68</u>	<u>91.68</u>



₹ Lacs

7 Tangible Asset	Gross Block			Depreciation Block			Net Block				
	Opening Balance 01.04.2015	Additions during the Period	Disposal during the Period	Closing Balance 31.03.2016	Opening Balance 01.04.2015	Additions during the Period	Transfer to Retained Earnings	Disposals during the Period	Closing Balance 31.03.2016	As on 31.03.2016	As on 31.03.2015
a Land	1,239.82	-	-	1,239.82	-	-	-	-	-	1,239.82	1,239.82
b Building	1,938.00	37.47	-	1,975.48	964.62	95.20	-	-	1,059.81	915.66	973.38
c Plant & Equipments	6,956.68	286.71	72.43	7,170.96	5,120.96	494.98	-	70.15	5,545.79	1,625.17	1,835.72
d Furniture & Fixtures	263.36	23.89	-	287.25	173.71	16.30	-	-	190.01	97.23	89.65
e Vehicles	64.10	15.47	10.57	69.00	53.51	6.32	-	4.86	54.96	14.03	10.59
f Office Equipments	282.10	18.01	4.01	296.10	255.69	28.76	-	2.87	281.58	14.52	26.41
<b>Total</b>	<b>10,744.07</b>	<b>381.55</b>	<b>87.02</b>	<b>11,038.60</b>	<b>6,568.50</b>	<b>641.54</b>	-	<b>77.89</b>	<b>7,132.15</b>	<b>3,906.44</b>	<b>4,175.57</b>
<b>Figures for the year 2014-15</b>	<b>9,986.31</b>	<b>1,041.78</b>	<b>284.03</b>	<b>10,744.07</b>	<b>6,070.80</b>	<b>774.85</b>	<b>6.87</b>	<b>284.03</b>	<b>6,568.50</b>	<b>4,175.57</b>	<b>3,915.52</b>

**Other disclosure:**

The fixed assets were revalued in the year 1992-93 by which the value of the assets was written up by ₹ 230.71 Lacs after technical assessment with the corresponding credit being given to Revaluation Reserve. These assets were fully written off in the books of accounts as on 31st March 1997. In the year 1997-98, the fixed assets comprising of plant and machinery and electrical installations were revalued again after a technical assessment by which the values of these assets were written up by ₹ 233.30 Lacs with the corresponding credit being given to Revaluation Reserve. As mentioned in accounting policy sl.no.26 (i)(iii), depreciation is computed on the revalued amounts and is charged off to the statement of profit and loss in full without withdrawing any amount from the revaluation reserve.

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

7(A) Intangible Asset	Gross Block			Depreciation Block			Net Block				
	Opening Balance 01.04.2015	Additions during the Period	Disposal during the Period	Closing Balance 31.03.2016	Opening Balance 01.04.2015	Additions during the Period	Transfer to Retained Earnings	Disposals during the Period	Closing Balance 31.03.2016	As on 31.03.2016	As on 31.03.2015
a SAP	-	164.94	-	164.94	-	16.49	-	-	16.49	148.44	-
b Other Software	-	47.20	-	47.20	-	6.63	-	-	6.63	40.58	-
<b>Total</b>	<b>-</b>	<b>212.14</b>	<b>-</b>	<b>212.14</b>	<b>-</b>	<b>23.12</b>	<b>-</b>	<b>-</b>	<b>23.12</b>	<b>189.02</b>	<b>-</b>
<b>Figures for the year 2014-15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Accounting policy for tangible and Intangible Assets refer note no 26 (d)

## INDIA NIPPON ELECTRICALS LIMITED

### 8 Non-Current Investments

₹ lacs

	Subsidiary/ Associate/ Others	No. of Shares/Units as at		Extent of holding (%) as at		Face Value (₹)	As at	As at	
		31.03.16	31.03.15	31.03.16	31.03.15		31.03.16	31.03.15	
Investments are carried at cost									
<b>(a) Trade Investments</b>									
PT Automotive Systems Indonesia Ltd.,	Subsidiary	27,000	27,000	99.97%	99.97%	4,474.00	1,207.98	1,207.98	
Lucas TVS Ltd.,	Others	97,351	97,351	-	-	100.00	2,824.08	2,824.08	
Synergy Shakthi Renewable Energy Pvt. Ltd.,	Associate	6,000,000	6,000,000	40%	40%	10.00	600.00	600.00	
<b>(b) Other Investments</b>									
Investment in Debentures or Bonds:									
National Highways Authority of India	Others	12,362	12,362	-	-	1,000.00	123.62	123.62	
Hudco ( Taxfree ) 2022	Others	50,000	50,000	-	-	1,000.00	530.89	530.89	
Indian Railway Finance Corporation Ltd.,	Others	50,000	50,000	-	-	1,000.00	500.00	500.00	
India Infrastructure Finance Corporation Ltd .,	Others	50,000	50,000	-	-	1,000.00	500.00	500.00	
Power Finance Corporation Limited Series 1	Others	50,000	50,000	-	-	1,000.00	508.03	508.03	
<b>Other Non-current Investments</b>									
Investment in Venture Capital Funds:									
TVS Shriram Growth Fund Scheme 1A	Others	40,193	42,758	-	-	1,000.00	401.93	427.58	
TVS Shriram Growth Fund Scheme 1B	Others	7,500	7,500	-	-	1,000.00	500.00	200.00	
<b>Investment in Mutual Funds:</b>									
ICICI Prudential FMP Services (73~391 days)	Others	7,000,000	7,000,000	-	-	10.00	700.00	700.00	
Reliance FHF XXV - Series 18 - Growth	Others	1,500,000	1,500,000	-	-	10.00	150.00	150.00	
<b>Total</b>							<b>8,546.53</b>	<b>8,272.18</b>	

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 8,546.53 8,272.18
- 4 Aggregate Net Annualised Value of Investments in Mutual Funds 1,010.51 933.52
- 5 The Company has taken an in-principle decision to wind up the subsidiary company in Indonesia, i.e. P.T. Automotive Systems Indonesia in view of the non-viability of the project for which it was incorporated. The main assets in the books of the subsidiary are- land, which is standing at the value (as on 31.3.2016 exchange rate) of ₹ 555.48 Lacs, and bank deposits, which are standing at the value (as on 31.3.2016 exchange rate) of ₹ 744.95 Lacs- aggregating to ₹ 1,300.43 Lacs, as against the investment of ₹ 1,207.98 Lacs in the subsidiary. The auditors of the subsidiary have qualified the financial statements of the subsidiary on account of the fact that the financial statements have been prepared on a "Going concern" basis although a decision to wind up has been taken. In the opinion of the Directors of the company i.e. India Nippon Electricals Limited, based on the examination of the matter, the value of the assets will be sufficient to cover the cost of investment in the subsidiary and hence no provision is considered necessary.



	<b>As at 31.03.2016 ₹ lacs</b>	<b>As at 31.03.2015 ₹ lacs</b>
<b>9 Deferred Tax Assets</b>		
a Deferred Tax Assets	445.05	386.92
	<u>445.05</u>	<u>386.92</u>

**Other disclosure:**

As mentioned in item 26 (m) of Accounting Policy statement, the company is accounting for taxes in accordance with the Accounting Standards 22 "Accounting for Taxes on Income" notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, an amount of ₹ 58.13 Lacs has been credited to the statement of Profit and Loss for the year under review towards Deferred Tax Asset. As at 31st March 2016, the amount in deferred tax account is ₹ 445.05 Lacs as detailed below:

a Rebates and Discounts	57.03	57.03
b Leave Encashment	67.71	44.66
c Depreciation	224.45	212.92
d Early Separation Scheme	10.35	12.23
e Others	85.51	60.08
	<u>445.05</u>	<u>386.92</u>

For accounting policy refer note no 26 (m)

**10 Long term Loans and Advances**

a Capital Advance	-	-
b Sundry Deposits	57.86	49.46
c Loans and advances to related parties	-	-
d Advance Income Tax and Tax deducted at source (Net)	-	-
e Other loans and advances	-	-
	<u>57.86</u>	<u>49.46</u>

**11 Other Non-Current Assets**

a Long term trade receivable	-	-
b Income Receivables	-	-
c Other receivables	7.63	6.82
d Advance for capital expenditure	5.30	5.30
	<u>12.93</u>	<u>12.12</u>

## INDIA NIPPON ELECTRICALS LIMITED

### 12 Current Investments

		₹ lacs				
	Subsidiary/ Associate/ Others	No. of Shares/Units		Face value	As at	As at
		31.03.16	31.03.15	(₹)	31.03.16	31.03.15
<b>Investment in Mutual funds</b>						
Axis - Short Term Inst. - G	Others	3,155,260	-	10.00	500.00	-
Birla Sun Life Dynamic Bond Fund - Ret - Growth	Others	3,975,352	2,789,494	20.00	917.06	617.06
Birla Sun Life Cash Plus - IP - Daily Dividend	Others	127,769	104,585	100.00	128.02	104.79
Birla Sun Life Short Term Fund - Growth Reg. Plan	Others	1,674,992	929,280	50.00	850.00	450.00
DWS Treasury Investment Reg - Daily Dividend	Others	-	1,092,154	10.00	-	111.07
ICICI Emerging Sector Fund	Others	4,222	4,222	100.00	3.66	3.66
ICICI Pru Flexible Income Regular - Daily Dividend	Others	-	110,518	100.00	-	116.86
ICICI Pru Short - Term Regular - DM	Others	5,596,794	3,380,172	10.00	1,029.62	409.41
IDFC Money Manager Investments B - G	Others	2,537,582	2,537,582	20.00	500.00	500.00
IDFC SSIF - Medium Term Regular - G	Others	6,086,958	1,011,190	10.00	961.63	206.99
JP Morgan India Short Term Income Fund Growth	Others	-	4,497,920	10.00	-	619.78
DWS Short Maturity Fund Regular - Qly. Dividend	Others	-	2,244,343	10.00	-	233.59
Kotak Bond Short Term Plan - Growth	Others	2,831,461	2,831,461	20.00	700.00	700.00
IDFC SSIF - Medium Term Plan Regular - Qly. Dividend	Others	13,311	3,291,374	10.00	242.06	341.43
Kotak Bond Short Term Plan - Regular - DM	Others	3,125,111	2,974,688	10.00	317.68	302.47
Reliance Liquid Fund - Treasury Plan - Daily Dividend	Others	-	32,036	1,500.00	-	489.74
Reliance Short Term Fund - Growth	Others	3,949,079	2,838,425	20.00	1,000.00	700.00
SBI Premier Liquid - Daily Dividend	Others	3,731	3,503	1,000.00	0.04	0.03
					7,149.77	5,906.89
Aggregate Provision for diminution in value of Investments					-	1.59
					7,149.77	5,905.30

Investments are carried at cost (Less) provision for diminution wherever applicable

#### **Other disclosure:**

Basis of valuation of individual investments		
Aggregate value of Quoted investments	NIL	NIL
Market value of the Quoted investments	NIL	NIL
Aggregate value of Unquoted investments	7149.77	5905.30
Aggregate Net Annualised Value of Investments in Mutual Funds	7825.72	6000.37





	<b>As at 31.03.2016 ₹ lacs</b>	<b>As at 31.03.2015 ₹ lacs</b>
<b>13 Inventories</b>		
[For basis of valuation, refer note no.26(f)]		
a. Raw Materials	1,626.01	1,182.65
b. Raw Materials - Goods in Transit	31.08	45.80
c. Work in Progress	308.31	174.65
d. Finished Goods	305.76	234.82
e. Finished Goods in Transit	207.85	162.33
f. Stock in Trade	-	-
g. Stores & Spares	13.02	4.67
	<u>2,492.02</u>	<u>1,804.91</u>
<b>14 Trade Receivables</b>		
a. Trade Receivables Unsecured		
Outstanding for a period exceeding Six Months		
- Considered Good	45.07	19.82
- Considered Doubtful	-	-
	<u>45.07</u>	<u>19.82</u>
Less: Provision for Doubtful debts	-	-
	<u>45.07</u>	<u>19.82</u>
Other Receivables considered Good	<u>6,024.13</u>	<u>6,314.34</u>
	<u>6,069.20</u>	<u>6,334.16</u>
b. Trade Receivable secured		
1. Considered good	-	-
2. Doubtful	-	-
c. Debts due by		
1. Director or other officers of the company	-	-
2. Any of the above jointly / severally along with any other person	-	-
3. Firms / private company in which director is a partner / director / member	-	-
	<u>6,069.20</u>	<u>6,334.16</u>
<b>15 Cash and Bank Balances</b>		
a. Cash and Cash Equivalents		
i. Balance with banks		
In current account	396.44	198.84
ii. Cash in hand	2.09	1.13
iii. Cheques, drafts in hand	-	-
Sub Total	<u>398.53</u>	<u>199.97</u>
b. Earmarked Balances with Banks		
in Fixed Deposit with Escrow Account	33.24	30.83
in Dividend Warrant Account	607.35	38.06
c. Margin Money	9.00	9.00
d. in Fixed Deposit (Less than 12 Months)	-	100.00
e. in Fixed Deposit (More than 12 Months)	1.12	0.33
	<u>1,049.24</u>	<u>378.19</u>

## INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2016 ₹ lacs	As at 31.03.2015 ₹ lacs
<b>16 Short-term Loans and Advances</b>		
a. Loans and advance to related parties	-	-
b. Advances/Loans to Employees	75.52	101.99
c. Advance Income Tax	-	-
d. Inter Corporate Deposit	-	-
e. Balance with Excise and Customs	178.08	138.59
f. Other Advances		
- Sales Tax Receivable	4.41	4.41
- Vendor advance	283.75	282.00
	<u>541.76</u>	<u>526.98</u>
<b>17 Other Current Assets</b>		
a. Vat Tax input Credit	5.47	2.72
b. Prepaid Expenses	77.62	61.17
c. Interest Accrued	86.07	100.16
d. Other Receivables - (TDS, Electricity Deposits, Taxes)	6.29	5.83
	<u>175.45</u>	<u>169.87</u>
<b>18 Revenue from Operations</b>		
	<b>2015-16</b> ₹ lacs	<b>2014-15</b> ₹ lacs
a. Sale of Products		
Export Sales	1,778.64	1,209.12
Domestic Sales	36,295.71	35,278.05
b. Sale of Services	-	-
	<u>38,074.35</u>	<u>36,487.18</u>
Less: Excise duty paid	4,254.69	3,834.34
	<u>33,819.66</u>	<u>32,652.83</u>
c. Other Operating Revenues	145.43	120.32
	<u>33,965.09</u>	<u>32,773.15</u>
<b>19 Other Income</b>		
	<b>2015-16</b> ₹ lacs	<b>2014-15</b> ₹ lacs
a. Interest Income	197.74	242.64
b. Dividend Income	258.88	207.00
c. Net Gain / (Loss) on Sale of Investment	148.92	116.09
d. Net Gain / (Loss) on Foreign Currency transaction	19.75	-
e. Profit on Sale of Fixed Assets	1.97	1.92
f. Other Non-operating Income	49.48	1.58
	<u>676.75</u>	<u>569.24</u>



	2015-16 ₹ lacs	2014-15 ₹ lacs
<b>20 Cost of Materials Consumed</b>		
a. Opening Stock of Raw Materials	1,182.65	1,262.88
b. Add: Purchases	24,044.17	22,822.50
	<u>25,226.82</u>	<u>24,085.38</u>
c. Less: Closing stock of Raw Material	1,657.08	1,182.65
	<u>23,569.73</u>	<u>22,902.73</u>
<b>21 Changes in Inventories</b>		
<b>Inventories at the End</b>		
Finished Goods (Includes In-transit)	513.61	397.14
Work in Progress	308.31	174.65
	<u>821.92</u>	<u>571.79</u>
<b>Inventories at the Beginning</b>		
Finished Goods	397.15	202.78
Work in Progress	174.65	180.42
	<u>571.79</u>	<u>383.20</u>
Net (Increase) / Decrease	<u>(250.13)</u>	<u>(188.59)</u>
<b>22 Other Manufacturing Expenses</b>		
a. Stores and Consumables	430.17	512.58
b. Power and Fuel	558.55	531.74
c. Repairs to Building	95.14	104.34
d. Repairs to Machinery	184.33	197.28
e. Repairs Others	47.45	56.74
f. Royalty	108.75	106.62
g. Technical Know How and Support Fee	44.78	66.06
h. Other Expenses	95.17	91.23
	<u>1,564.34</u>	<u>1,666.59</u>
<b>23 Employee Benefits Expense</b>		
a. Salaries, Wages, Bonus and Allowances	3,110.68	2,733.34
b. Contribution to Provident Fund and Other Funds	259.75	227.49
c. Staff Welfare Expenses	567.76	496.67
	<u>3,938.20</u>	<u>3,457.50</u>

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	2015-16 ₹ lacs	2014-15 ₹ lacs
<b>24 Finance costs</b>		
a. Interest Expense	0.94	2.87
b. Other Borrowing Cost	-	-
c. Bank Charges	13.29	12.67
	<u>14.22</u>	<u>15.54</u>
<b>25 Other Expenses</b>		
a. Rent	24.15	13.56
b. Repairs to Vehicles	8.49	8.48
c. Insurance	66.78	46.79
d. Rates and Taxes	27.50	17.02
e. Communication & Postage	54.80	76.37
f. Printing & Stationery	38.03	40.55
g. Sittng Fees	10.02	8.49
h. Legal & Professional Charges	155.17	93.84
i. Travelling & Conveyance	251.15	200.77
j. Expenditure towards Corporate Social Responsibilities	61.50	66.00
k. Donation	4.34	0.60
l. Recruitment	12.86	30.75
m. Remuneration to Watch and Ward	95.73	77.21
n. Net Gain/Loss on Foreign Currency	21.75	48.74
o. Wealth Tax	-	33.66
p. Commisison to Directors	94.50	61.00
q. After Sales Service Expenses (Warranty)	8.79	7.39
r. Commission & Discount	371.34	420.43
s. Freight Outwards	153.64	149.74
t. Advertisement	5.28	9.79
u. Audit Fees		
a) Statutory Auditors:		
i) Statutory Audit (includes fee for audit of consolidated financial statements)	11.20	9.20
ii) Tax Audit	2.00	1.50
iii) Other Attestation Matters	2.40	1.50
iv) Other services	2.37	1.13
v) Reimbursement of Expenses	2.19	1.03
b) Cost Audit	2.00	2.00
c) Secretarial Audit	1.75	1.75
v. Other Expenses	155.75	97.75
	<u>1,645.47</u>	<u>1,527.03</u>



## 26 Accounting Policies:

### a) Basis of Accounting:

The financial statements of the Company have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India (GAAP). The financial statements comply with the relevant provisions of the Companies Act, 2013 (the Act) and the mandatory Accounting Standards and statements issued by the Central Government of India under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accrual system of accounting is generally followed to record income and expenditure.

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

### b) Use of estimates:

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

### c) Operating cycle for current and non-current classification:

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

### d) Fixed Assets and Intangible Assets:

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

- iv) Acquired intangible assets representing software are recorded at their acquisition price and are amortized over their estimated useful lives not exceeding ten years, on a Straight Line basis, commencing from the date the assets are available for their use. The useful lives of the assets are reviewed by the Management at each Balance Sheet date. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss. Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates.

Accordingly, the ERP software is amortized over a period of ten years and other software over their useful lives estimated by the Management, which are generally lower than ten years.

**e) Investments:**

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

**f) Inventories:**

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

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

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



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#### **h) Government Grants:**

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

#### **i) Depreciation:**

- i) Depreciation on fixed assets is provided on written down value method based on the useful life of the assets prescribed in Schedule II of the Companies Act, 2013.
- ii) Depreciation on additions to fixed assets during the year is provided for the whole year.
- iii) Depreciation is charged on the revalued amounts of assets to the profit and loss account without any adjustment being made to the Revaluation Reserve.
- iv) Depreciation on disposals to fixed assets is provided till the date of such sale/deletion.

#### **j) Impairment of Assets:**

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

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

#### **k) Research and Development:**

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

#### **l) Borrowing Costs:**

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

### **m) Taxation:**

The company is accounting for taxes in accordance with the Accounting Standard AS 22 "Accounting for Taxes on income" notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Consequently, the tax provision includes the income tax payable on the estimated taxable income as well as the tax impact arising on account of timing differences thus ensuring that the income and taxes thereon are matched.

### **n) Foreign Currency Transactions:**

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

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

### **o) Revenue Recognition:**

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

### **p) Employee Benefits:**

#### **i) Short term employee benefits:**

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





## ii) **Post-Employment benefit Plans**

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

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

## q) **Early Separation Scheme:**

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

## r) **Contingencies and Provisions:**

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

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

## 27 **Disclosure required under Accounting Standard 15 “Employee Benefits”:**

The company has provided for long term employee benefits on the basis of actuarial valuation carried out as per Projected Unit Credit Method. The disclosure required under Accounting Standard 15 “Employees Benefits” notified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 are given below:

### (a) **Defined Contribution Plan:**

#### I. **Provident fund:**

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Employee’s Provident Fund

scheme administered by Government of India equal to a specified percentage of the covered employee's salary.

### II. Superannuation fund:

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

The Company recognised ₹ 188.06 Lacs (LY-159.61 Lacs) for Provident Fund and superannuation fund contribution in the statement of profit and loss.

### (b) Defined benefit plan:

#### Gratuity:

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

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

#### a) Change in benefit obligations:

Particulars	₹ lacs	
	2015-16	2014-15
Projected benefit obligation, beginning of the year	430.30	374.10
Service Cost	26.90	24.67
Interest Cost	34.42	29.93
Actuarial (gain)/loss	15.24	14.05
Benefits paid	(16.63)	(12.45)
Projected benefit obligation, end of the year	490.23	430.30



**b) Change in plan assets:**

Particulars	₹ lacs	
	2015-16	2014-15
Plan assets at beginning of the year at fair value	424.54	361.38
Expected return on plan assets	36.57	32.89
Actuarial gain/(loss)	-	-
Employer's contributions	65.16	42.72
Benefits paid	(16.63)	(12.45)
Plan assets at end of the year, at fair value	509.64	424.54

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

Particulars	₹ lacs				
	2015-16	2014-15	2013-14	2012-13	2011-12
Fair value of plan assets at the end of the year	509.64	424.54	369.45	307.37	231.05
Present value of the defined benefit obligations at the end of the period	490.23	430.30	374.10	327.01	258.23
Asset/(Liability) recognized in the balance sheet	19.41	(5.76)	(4.65)	(19.64)	(27.18)

**d) Gratuity cost for the year ended March 31, 2016:**

Particulars	₹ lacs	
	2015-16	2014-15
Service cost	26.90	24.67
Interest cost	34.42	29.93
Expected return on plan assets	(36.57)	(32.89)
Actuarial (gain)/loss	15.24	14.05
Net cost	39.99	35.76
Actual return on plan assets (%)	9.25	9.25

**e) Investment details of plan assets:**

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

## INDIA NIPPON ELECTRICALS LIMITED

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### f) Assumptions:

Particulars	₹ lacs	
	2015-16	2014-15
Discount rate	8%	8%
Salary escalation rate	5%	5%
Estimated rate of return on plan assets	8%	8%

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

### (c) Leave encashment:

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

**28.** The Company is in the business of manufacturing Electronic Ignition Systems and therefore there is only one business segment. While the Company sells its products in the domestic and export markets, in view of the fact that, there is no significant variation in the risks and returns profile of these markets, it is considered that, there are no different geographical segments

### 29. Related Party Disclosures:

Related Parties and their relationship:

Joint Venturers of the Company	: Mahle Electric Drives Japan Corpn. (MEDJC) (formerly Kokusan Denki Co, Ltd, Japan) Lucas Indian Service Ltd (LIS)
Subsidiary of the Company	: PT Automotive Systems Indonesia (PT ASI)
Associate Company	: Synergy Shakthi Renewable Energy Pvt. Ltd., (SSREL)
Key Managerial Personnel (KMP)	: Mr Arvind Balaji - Managing Director Mr Elango Srinivasan - Chief Financial Officer Mr S Sampath - Company Secretary
Enterprise over which KMP has significant influence	: Lucas TVS Limited (LTVS)



Notes forming part of Financial Statements for the year ended 31st March 2016 :

Disclosure in respect of transactions with related parties for the period 01-Apr-2015 to 31-Mar-2016.

₹ lacs

Description	Joint Venturers of the company		Subsidiary of the company		Associate Company		Enterprise over which KMP has significant influence		Firm in which Director is a Partner		KMP with significant influence	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Transactions during the Year												
<b>MEDJC:</b>												
Support fee	9.78	24.41	-	-	-	-	-	-	-	-	-	-
Royalty	108.75	106.62	-	-	-	-	-	-	-	-	-	-
Purchase of Raw Materials	166.16	218.22	-	-	-	-	-	-	-	-	-	-
Dividend paid	313.33	220.47	-	-	-	-	-	-	-	-	-	-
Sales	126.69	11.02	-	-	-	-	-	-	-	-	-	-
<b>LIS</b>												
Professional Service	6.27	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	700.41	492.88	-	-	-	-	-	-	-	-	-	-
PT ASI	-	-	-	-	-	-	-	-	-	-	-	-
<b>SSREL</b>												
Purchase of Electricity	-	-	-	-	-	-	-	-	-	-	-	-
<b>LTVS</b>												
Rent paid	-	-	-	-	-	-	12.52	13.17	-	-	-	-
Expenses reimbursed	-	-	-	-	-	-	284.55	279.92	-	-	-	-
Compensation received	-	-	-	-	-	-	-	61.21	-	-	-	-
Services rendered	-	-	-	-	-	-	338.42	327.65	-	-	-	-
Inter Corporate Deposit	-	-	-	-	-	-	-	-	-	-	-	-
Dividend received	-	-	-	-	-	-	97.35	77.88	-	-	-	-
<b>KMP</b>												
Remuneration paid	-	-	-	-	-	-	-	-	-	-	165.26	114.73

## INDIA NIPPON ELECTRICALS LIMITED

### 30. Derivative instruments and unhedged foreign currency exposure:

	<b>31.03.16</b>	<b>31.03.15</b>
	<b>₹ lacs</b>	<b>₹ lacs</b>
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.	<b>₹ lacs</b>	<b>₹ lacs</b>
a) Receivables outstanding	431.76	413.11
b) Payable outstanding	211.44	121.71

**31.** Sales excludes sales tax. Sales tax collected and paid ₹ 1,278.78 Lacs (Previous year ₹ 1,147.37 Lacs)

### 32. Expenditure on R&D:

	<b>2015-16</b>	<b>2014-15</b>
		₹ lacs
a) Capital	9.53	27.63
b) Revenue:		
Salary	294.40	246.20
Electricity	7.79	8.33
Travel	17.99	25.89
Outsourcing	17.10	2.11
Revenue & Others	103.58	63.58
	<u>440.86</u>	<u>346.11</u>
<b>Total R &amp; D expenditure (a) + (b)</b>	<u>450.39</u>	<u>373.74</u>

### 33. Contingent liabilities & Commitments

	<b>2015-16</b>	<b>2014-15</b>
		₹ lacs
(i) Contingent liabilities		
a) Claims against the company not acknowledged as debt	-	-
b) Letter of Credit	46.38	64.63
c) Letter of Guarantee	-	-
d) Sales Tax demand in appeal	0.41	0.41
e) Excise Duty/Service Tax	13.26	23.99
f) Other money for which the company is contingently liable	2.00	2.00



	2015-16	2014-15
(ii) Commitments		
a Estimated amount of contracts remaining to be executed on capital account and not provided for	70.06	416.71
b Uncalled liability on shares and other investments partly paid	-	0.01
c Other commitments	-	-

**34.** The agreement with the Union of Workmen at Hosur plant of the company is under negotiation with the Management for the period commencing from 1st October 2013. Pending the finalisation of the same, an estimated amount has been provided for the year ended 31st March 2016. Pending finalization of the amount, the Plant Performance Incentive Payment also is provided on estimated basis for the year ended 31st March 2016.

**35. a) Details of Raw materials and Components consumed**

	2015-16 ₹ lacs	%	2014-15 ₹ lacs	%
Raw Material	3,307.84		2,472.76	
Components	5,422.33		3,100.22	
Others	14,839.56		17,329.75	
	<u>23,569.73</u>		<u>22,902.73</u>	
Imported	3,277.68	14	3,063.04	13
Indigenous	20,292.05	86	19,839.69	87
	<u>23,569.73</u>	100	<u>22,902.73</u>	100

**b) Work in progress**

As such Components / Raw Materials	100.01	70.42
Sub-Assembly (Parts of Electronic Ignition System)	208.30	104.23
	<u>308.31</u>	<u>174.65</u>

**c) Finished Goods and FG-in-Transit**

Flywheel Magneto	252.28	185.74
Capacitor Discharge Ignition Unit/ Electronic Control Unit	193.87	133.46
Others	67.46	77.95
	<u>513.61</u>	<u>397.15</u>

## INDIA NIPPON ELECTRICALS LIMITED

	2015-16 ₹ lacs	%	2014-15 ₹ lacs	%
<b>36. Stores, Spares and Tools consumed</b>				
Imported	2.32	1	22.17	4
Indigenous	427.85	99	490.41	96
	<u>430.17</u>	<u>100</u>	<u>512.58</u>	<u>100</u>
<b>37. Value of CIF imports made during the year</b>				
Raw Materials	684.17		563.06	
Components, Tools, Consumables & Spares	2,600.12		2,251.18	
Capital Goods	21.75		74.52	
<b>38. Expenditure incurred in foreign currency</b>				
Royalty	116.50		87.49	
Technical know-how & Support fee	44.78		46.04	
Professional & Consultation fees	-		6.96	
Foreign Travel	16.55		18.70	
Expenses reimbursed	-		-	
<b>39. Amount of interim/proposed dividend to</b>				
Equity share holders	₹ 9 Per share		₹ 9 Per share	
Preference share holders	- NIL -		- NIL -	
Arrears of fixed cumulative dividends on preference shares	-		-	
<b>40. Securities issued:</b>				
1 Amount issued:		- NIL -		- NIL -
2 Purpose of the issue:		- NIL -		- NIL -
3 Amount not utilised for the said purpose:		- NIL -		- NIL -
4 Amount as specified in 3 is invested / used in :		- NIL -		- NIL -
<b>41. Amount remitted in Foreign exchange:</b>				
1 On account of dividend				
2nd interim dividend 2014-15 (₹ lacs)		104.44		116.03
1st & 2nd interim dividend 2015-16 (₹ lacs)		208.89		104.44
2 Total number of Non - resident share holders		1		1
3 Number of shares held persons mentioned in (2)		2,320,500		2,320,500
4 Year of dividend declared				
2nd interim dividend		2014-15		2013-14
1st & 2nd interim dividend		2015-16		2014-15





	<b>2015-16</b>	<b>2014-15</b>
	<b>₹ lacs</b>	<b>₹ lacs</b>
Profit after tax (A) (₹ lacs)	2,533.07	2,265.56
Number of equity shares of ₹ 10 each at the beginning of the year	11,310,712	11,310,712
Number of equity shares of ₹ 10 each at the end of the year (B)	11,310,712	11,310,712
Earnings per share (basic and diluted in Rupees) (A/B)	22.40	20.03

#### 43. Earnings in Foreign Exchange:

1. Export of goods calculated on FOB Basis	1,764.90	1,212.67
2. Royalty, Technical know-how, Professional & Consultation fees	-	-
3. Interest & Dividend income	-	-
4. Other income (Specify)	-	-

#### 44. Particulars of Sale of Products:

Flywheel Magneto	20,625.62	20,940.99
Capacitor Discharge Ignition Units/Electronic Control Unit	5,266.77	5,986.93
Others	7,927.30	5,724.88
	<u>33,819.69</u>	<u>32,652.80</u>

#### 45. Details of CSR Expenditure:

- Gross amount required to be spent by the Company during the year ₹ 60.00 Lacs
- Amount spent during the year on:

Category	2015-2016		2014-2015	
	In Cash ₹ lacs	Yet to be paid in Cash ₹ lacs	In Cash ₹ lacs	Yet to be paid in Cash ₹ lacs
(i) Construction/Acquisition of Asset	- NIL -	- NIL -	- NIL -	- NIL -
(ii) On purposes other than (i) above	61.50	- NIL -	66.00	- NIL -

#### 46. Previous year figures have been regrouped / reclassified wherever necessary

T K BALAJI  
Chairman

ARVIND BALAJI  
Managing Director

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

ELANGO SRINIVASAN  
Chief Financial Officer

S SAMPATH  
Company Secretary

**P S KUMAR**  
Partner  
Membership No.15590

Chennai  
28<sup>th</sup> May 2016

## INDIA NIPPON ELECTRICALS LIMITED

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

1	Name of Associate	Synergy Shakthi Renewable Energy Pvt. Ltd.,
2	Latest Audited Balance Sheet date	31-Mar-16
3	Share of Associate/Joint Ventures held by the Company on the year end:	
	- No. of shares	6,000,000
	- Amount of investment in Associate	₹ 600 Lacs
	- Extent of Holding %	40%
4	Description of how there is significant influence	Control of 30% of total Share Capital
5	Reason why the associate is not consolidated	Consolidated in accordance with Accounting Standard 23 (Equity method of accounting)
6	Networth attributable to shareholding as per latest audited balance sheet	₹ 320.64 Lacs
7	Profit / (Loss) for the year:	
	i. Considered in Consolidation	₹ (155.78) Lacs
	ii. Not considered in Consolidation	₹ (233.68) Lacs

T K BALAJI  
Chairman

ARVIND BALAJI  
Managing Director

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

ELANGO SRINIVASAN  
Chief Financial Officer

S SAMPATH  
Company Secretary

**P S KUMAR**  
Partner  
Membership No.15590

Chennai  
28<sup>th</sup> May 2016



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

- 1 Name of the Subsidiary P T Automotive Systems Indonesia
- 2 Reporting period for the subsidiary concerned 1-Apr-2015 To 31-Mar-2016
- 3 Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries  
Currency : IDR  
Exchange rate:  
1 INR = IDR 200.68 (Balance Sheet)  
1 INR = IDR 207.32 (Profit and Loss)

	Amount in Indonesian Rupiah	Equivalent amount in Indian Rupees
	As on 31-March-2016	
4 Share Capital	24,694,328,700	120,838,266
5 Reserves & Surplus	1,315,386,267	8,769,499
6 Total Assets	26,097,114,165	130,043,280
7 Total Liabilities	87,399,198	435,515
8 Investments	- NIL -	- NIL -
9 Turnover	- NIL -	- NIL -
10 Profit before Taxation	(217,499,990)	(1,049,116)
11 Provision for Taxation	-	-
12 Profit after Taxation	(217,499,990)	(1,049,116)
13 Proposed Dividend	- NIL -	- NIL -
14 % of share holding	99.97%	

Note: PT Automotive Systems Indonesia is yet to commence operations

T K BALAJI  
Chairman

ARVIND BALAJI  
Managing Director

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

ELANGO SRINIVASAN  
Chief Financial Officer

S SAMPATH  
Company Secretary

**P S KUMAR**  
Partner  
Membership No.15590

Chennai  
28<sup>th</sup> May 2016

### **Independent Auditor's Report To the Members of India Nippon Electricals Limited**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of India Nippon Electricals Limited ("hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") its associate comprising the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### **Management's Responsibility for the Consolidated Financial Statements**

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

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amount and the disclosures in the consolidated financial statements. The procedures



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

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

### **Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate as at 31<sup>st</sup> March 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

### **Other Matters**

We did not audit the financial statements of the subsidiary, whose financial statement

reflects total assets of ₹ 13,00,43,280 as at March 31, 2016, total revenues of ₹ 27,58,218 and net cash flows amounting to ₹ 25,58,965 for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 1, 55,78,325 for the year ended 31<sup>st</sup> March 2016, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and an associate, and our report in terms of sub-sections (3) and (11) of section 143 of the Act, insofar as it relates to the aforesaid subsidiary and associate, is based solely on the reports of the other auditors.

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

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

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.

## INDIA NIPPON ELECTRICALS LIMITED

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- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, and associate company, none of the directors of the Group companies, and its associate company is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statements disclose the impact of pending litigation on the consolidated financial position of the Group, and its Associate Refer Note : 33 to the financial statements disclosing contingent liabilities.
  - (ii) The Group and its Associate have made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding company and its Associate Company. As the subsidiary is a foreign company, it did not have any obligations under the said Fund.

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

Place of signature : Chennai  
Date of signature : 28<sup>th</sup> May 2016

**(P S Kumar)**  
Partner  
Membership Number:15590



## Annexure- to the Independent Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of India Nippon Electricals Limited ("the Holding Company") and its associate company, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and

detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

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

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

obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, the Holding Company and its associate company , which are companies





incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

### Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the associate company, which is incorporated in India, is based on the corresponding report of the auditor of such Company incorporated in India. As the subsidiary is a foreign company, it did not have any obligations under section 143(3)(i) of the Act.

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

Place of signature : Chennai  
Date of signature : 28<sup>th</sup> May 2016

**(P S Kumar)**  
Partner  
Membership Number: 15590

## INDIA NIPPON ELECTRICALS LIMITED

### Consolidated Balance Sheet as at 31<sup>st</sup> March 2016

Particulars	Note No	As at	As at
		31.03.2016	31.03.2015
		₹ lacs	₹ lacs
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	1,131.07	1,131.07
(b) Reserves and Surplus	2	22,356.59	21,149.59
<b>(2) Minority Interest</b>		0.40	0.39
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long term provisions	3	200.72	170.78
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables	4		
Dues of Micro & Small Enterprises		200.55	232.84
Dues other than Micro & Small Enterprises		3,662.21	2,754.69
(c) Other current liabilities	5	2,506.26	1,491.66
(d) Short-term provisions	6	395.33	861.84
<b>Total</b>		<b>30,453.13</b>	<b>27,792.85</b>
<b>II. Assets</b>			
<b>(1) Non-current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible assets	7	4,461.92	4,688.44
(ii) Intangible assets		189.02	-
(iii) Capital work-in-progress		205.79	60.70
(iv) Intangible assets under development		-	-
(b) Non-current investments	8	6,858.15	6,739.58
(c) Deferred tax assets	9	445.05	386.92
(d) Long term loans and advances	10	57.86	49.46
(e) Other non-current assets	11	12.93	12.12
<b>(2) Current Assets</b>			
(a) Current investments	12	7,149.77	5,905.30
(b) Inventories	13	2,492.02	1,804.91
(c) Trade receivables	14	6,069.19	6,334.18
(d) Cash and cash equivalents	15	1,794.19	1,097.54
(e) Short-term loans and advances	16	541.76	543.84
(f) Other current assets	17	175.45	169.87
<b>Total</b>		<b>30,453.13</b>	<b>27,792.85</b>

See accompanying notes to Financial Statements

T K BALAJI  
Chairman

ARVIND BALAJI  
Managing Director

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

ELANGO SRINIVASAN  
Chief Financial Officer

S SAMPATH  
Company Secretary

**P S KUMAR**  
Partner  
Membership No.15590

Chennai  
28<sup>th</sup> May 2016



## Consolidated Statement of Profit and Loss for the Year-Ended 31<sup>st</sup> March 2016

Particulars	Note No	2015-16 ₹ lacs	2014-15 ₹ lacs
I. Revenue from Operations	18	38,219.78	36,607.49
Less: Excise Duty		<u>4,254.69</u>	<u>3,834.34</u>
		33,965.09	32,773.15
II. Other Income	19	<u>704.33</u>	<u>681.62</u>
<b>III. Total Revenue</b>	<b>(I + II)</b>	<b><u>34,669.42</u></b>	<b><u>33,454.77</u></b>
<b>IV. Expenses</b>			
Cost of materials consumed	20	23,569.73	22,902.73
Purchase of Stock-in-Trade		-	-
Changes in inventories of	21		
- Finished Goods (Including In-transit)		(116.47)	(194.36)
- Work-in-progress		(133.66)	5.78
- Stock in Trade		-	-
Other Manufacturing Expenses	22	1,564.34	1,666.59
Employee Benefit Expense	23	3,938.20	3,457.50
Finance Cost	24	14.32	15.59
Depreciation and amortization Expense	7	664.67	798.99
Other Expenses	25	<u>1,683.45</u>	<u>1,601.33</u>
<b>IV. Total Expenses</b>		<b><u>31,184.58</u></b>	<b><u>30,254.15</u></b>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	3,484.84	3,200.63
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax	(V+VI)	3,484.84	3,200.63
VIII. Extraordinary Items		-	-
IX. Profit before tax (PBT)	(VII-VIII)	<u>3,484.84</u>	<u>3,200.63</u>
X. Tax Expense			
(1) Current tax		998.04	931.26
(2) Deferred tax		(58.13)	(97.23)
(3) Income tax for earlier years		<u>22.35</u>	<u>87.24</u>
		962.26	921.28
XI. Profit for the period from continuing operations	(IX-X)	2,522.58	2,279.35
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 (PAT)	(XI+XIV)	<u>2,522.58</u>	<u>2,279.35</u>
XVI. Share of Profit / (Loss) in Associate Company		<u>(155.78)</u>	<u>28.21</u>
XVII. Profit after Tax and Share of Profit/(Loss) in Associate		<u>2,366.80</u>	<u>2,307.56</u>
XVIII. Profit attributable to:			
- Owners of the Company		2,366.79	2,307.56
- Minority Interest		<u>0.004</u>	<u>0.004</u>
		<u>2,366.80</u>	<u>2,307.56</u>
XVI. Earnings per equity share of face value ₹ 10/-:			
(1) Basic		20.93	20.40
(2) Diluted		20.93	20.40

See accompanying notes to Financial Statements

T K BALAJI  
Chairman

ARVIND BALAJI  
Managing Director

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

ELANGO SRINIVASAN  
Chief Financial Officer

S SAMPATH  
Company Secretary

**P S KUMAR**  
Partner  
Membership No. 15590

Chennai  
28<sup>th</sup> May 2016

## INDIA NIPPON ELECTRICALS LIMITED

### Consolidated Cash Flow Statement for the Year Ended 31<sup>st</sup> March 2016

S No.	DESCRIPTION	YEAR ENDED 31.03.2016 ₹ lacs	YEAR ENDED 31.03.2015 ₹ lacs
<b>A. Cash Flow from Operating Activities:</b>			
	Net Profit before tax and extraordinary items	3,484.84	3,200.63
	Adjustments for		
	Add: - Depreciation	664.67	798.99
	- Interest & Finance Charges	-	-
	- Lease Rent Paid	-	-
	- (Profit)/Loss on sale/Writeoff of fixed assets	(1.97)	(1.92)
	- Dividend Received	(258.88)	(207.00)
	- Interest Received	(213.23)	(259.26)
	- (Profit)/Loss on sale of investments(net)	(148.92)	(116.10)
	- Provision for diminution in value of investments	(1.59)	(1.58)
	- Write-back provisions	(39.62)	-
	- Adjustment for Exchange Fluctuation	(8.70)	14.22
	- Land Amortization / Appreciation	(18.47)	(75.88)
	<b>Operating Profit before Working Capital changes</b>	<u>3,458.12</u>	<u>3,352.00</u>
	Adjustments for - Trade & Other Receivables	337.38	296.08
	- Inventories	(687.10)	(106.38)
	- Trade Payables and other liabilities	<u>1,438.22</u>	<u>273.23</u>
	Cash generated from Operations	4,546.61	3,814.93
	Income Tax paid	<u>(858.98)</u>	<u>(842.72)</u>
	Cash Flow before extraordinary items	<u>3,687.64</u>	<u>2,972.21</u>
	Extraordinary items	-	-
	<b>Net Cash from Operating Activities- A</b>	<u>3,687.64</u>	<u>2,972.21</u>
<b>B. Cash Flow from Investing Activities:</b>			
	Purchase of Fixed Assets	(738.78)	(1,048.16)
	Sale of Fixed Assets	10.90	1.92
	(Purchase) / Sale of Investments (net)	(1,669.33)	(2,147.32)
	Profit on Sale of Investment	148.92	-
	Re-payment of Inter Corporate Deposit	-	1,000.00
	Interest / Dividend Received	486.20	458.80
	<b>Net Cash from /(used) in Investment Activities -B</b>	<u>(1,762.09)</u>	<u>(1,734.76)</u>



S No.	DESCRIPTION	YEAR ENDED 31.03.2016 ₹ lacs	YEAR ENDED 31.03.2015 ₹ lacs
<b>C. Cash Flow from Financing Activities:</b>			
	Repayment of Long Term Borrowings		
	Unsecured Loan Repayment	-	-
	Lease Rent Paid	-	-
	Interest Paid	-	-
	Dividends Paid	(1,526.95)	(961.41)
	Dividend Tax	(195.74)	(178.67)
	<b>Net Cash used in Financing Activities-C</b>	<u>(1,722.69)</u>	<u>(1,140.08)</u>
<b>D.</b>	Net (decrease)/Increase in Cash Equivalents (A+B+C)	202.86	97.37
<b>E.</b>	Cash & Cash Equivalents as at 1-April-2015 (Opening Balance)	222.83	125.46
<b>F.</b>	Cash & Cash Equivalents as at 31-March-2016 (Closing Balance)	<u>425.70</u>	<u>222.83</u>

**Reconciliation of Cash and Cash Equivalents:**

Particulars	YEAR ENDED 31.03.2016 ₹ lacs	YEAR ENDED 31.03.2015 ₹ lacs
Cash and Bank balances as per Balance Sheet (To refer Note No.15)	1,794.19	1,097.54
<u>Less:</u> Bank balances not considered as cash and cash equivalents as defined in AS 3 on Cash Flow Statement		
in earmarked accounts		
- Unpaid dividends	(607.35)	(38.06)
- Margin Money	(9.00)	(9.00)
- In Fixed Deposit (Less than 12 Months)	(717.78)	(796.48)
- In Fixed Deposit (More than 12 Months)	(1.12)	(0.33)
- Escrow Account	(33.24)	(30.84)
Cash and Cash Equivalents	<u>425.70</u>	<u>222.83</u>

**Note :** The above Cash Flow Statement has been prepared under Indirect method as set out in Accounting Standard-3 on Cash Flow Statement notified Under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014

T K BALAJI  
Chairman

ARVIND BALAJI  
Managing Director

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

ELANGO SRINIVASAN  
Chief Financial Officer

S SAMPATH  
Company Secretary

**P S KUMAR**  
Partner  
Membership No.15590

Chennai  
28<sup>th</sup> May 2016

## INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2016 ₹ lacs	As at 31.03.2015 ₹ lacs
<b>1 Share Capital</b>		
<b>a Authorised Share Capital:</b>		
15,000,000 number of Equity shares of ₹ 10 each	1,500.00	1,500.00
<b>b Issued, Subscribed and Fully Paid up Share Capital:</b>		
11,310,712 number of Equity shares of ₹ 10 each	1,131.07	1,131.07
<b>c Par Value per Share</b>	10.00	10.00
<b>d Number of equity shares at the beginning of the year</b>	11,310,712	11,310,712
Add : Rights issue	-	-
Bonus issue	-	-
Less: Buy back	-	-
Number of equity shares at the end of the year	11,310,712	11,310,712
All shares are of the same nature ranking pari passu		
<b>e % of Shares held by</b>		
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
<b>f Number of shares held by shareholders holding more than 5% of total shares</b>		
<Name of the Share holder>	<nos. current yr>	<nos. previous yr>
Lucas Indian Service Ltd, India	5,188,666	5,188,666
Mahle Electric Drives Japan Corpn., Japan (formerly Kokusan Denki Co Ltd, Japan)	2,320,500	2,320,500
<b>g Shares reserved for (specify the number of shares and terms)</b>		
	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	



	<b>As at 31.03.2016 ₹ lacs</b>	<b>As at 31.03.2015 ₹ lacs</b>
<b>h Details of shares allotted/bought back during the five years proceeding the balance sheet date</b>		
Particulars	2015-16	2014-15
2013-14	2012-13	2011-12
A) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash		
B) Equity shares of ₹ 10 each allotted as fully paid up by way of bonus shares		3,231,632
C) Aggregate number of shares bought back		
<b>i Terms of Conversion of Nil (security) convertible into equity / preference</b>		
Date	No of security	Terms
		farthest date of conversion to earliest date of conversion
<b>j Amount of Calls unpaid ₹</b>		NIL
(i) Calls unpaid by directors ₹		NIL
(ii) Calls unpaid by officers ₹		NIL
<b>k No of shares Forfeited :</b>		NIL
Amount originally paid up :		NIL

## INDIA NIPPON ELECTRICALS LIMITED

<b>2 Reserves and Surplus</b>	<b>As at 31.03.2016</b>		<b>As at 31.03.2015</b>	
	<b>₹ lacs</b>		<b>₹ lacs</b>	
a Capital Reserve - Cash Subsidy - SIPCOT *				
Opening Balance	15.00		15.00	
Add: Addition / (Reduction)	-		-	
Closing Balance		15.00		15.00
b Capital Redemption Reserve				
Opening Balance	39.56		39.56	
Add: Addition / (Reduction)	-		-	
Closing Balance		39.56		39.56
c Security Premium Reserve				
Opening Balance	-		-	
Add: Addition / (Reduction)	-		-	
Closing Balance		-		-
d Debenture Redemption reserve				
Opening Balance	-		-	
Add: Addition / (Reduction)	-		-	
Closing Balance		-		-
e Revaluation reserve *				
Opening Balance	395.46		395.46	
Add: Addition / (Reduction)	-		-	
Closing Balance		395.46		395.46
f Foreign currency translation reserve				
Opening Balance	286.83		383.73	
Add: Addition / (Reduction)	<u>67.24</u>		<u>(96.90)</u>	
Closing Balance		354.07		286.83
g General Reserve (Uncommitted)				
Opening Balance	19,601.29		18,701.29	
Less: Capitalised as Bonus shares				
	<u>19,601.29</u>		<u>18,701.29</u>	
Add: Transfer from P&L Account	<u>1,300.00</u>		<u>900.00</u>	
Closing Balance		20,901.29		19,601.29
h Surplus from Profit & Loss Account (Uncommitted)				
Opening Balance	811.45		632.29	
Add : Current year surplus	<u>2,366.80</u>	3,178.25	<u>2,307.56</u>	2,939.85
Less : Transfer to General Reserve	<u>(1,300.00)</u>		<u>(900.00)</u>	
Interim/final dividend	(1,017.96)		(1,017.96)	
Dividend Tax provision	(209.09)		(203.57)	
Transfer to Retained Earnings (**)	- <u>(2,527.05)</u>		(6.87) <u>(2,128.41)</u>	
Closing Balance		<u>651.20</u>		<u>811.45</u>
		<u>22,356.59</u>		<u>21,149.59</u>

(\*) For accounting policy refer Note No. 26(g) and 26(h)

(\*\*) Consequent to the adoption of the revised estimates of useful life of fixed assets as stipulated in Schedule II to the Companies Act, 2013 with effect from 1st April 2014 an amount of ₹ 6.87 lacs (₹ 4.54 lacs net of Deferred Tax) being the net sum of adjustments to written down value of assets arising out of realignment with useful life of assets as prescribed has been debited to the opening balance of retained earnings. Refer note under Note No.7.





	<b>As at 31.03.2016 ₹ lacs</b>	<b>As at 31.03.2015 ₹ lacs</b>
<b>3 Long Term Provisions</b>		
a Provision for employee benefits		
- Leave encashment	141.72	111.78
- Gratuity	-	-
- Fringe Benefit Tax	59.00	59.00
	<u>200.72</u>	<u>170.78</u>
<b>4 Trade Payables</b>		
Trade Payables	<u>3,862.76</u>	<u>2,987.53</u>
	<u>3,862.76</u>	<u>2,987.53</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 31-Mar-2016 is ₹ 200.55 Lacs (Previous year-₹ 232.84 Lacs) Further, No interest has been paid or is payable in the opinion of the Management to such parties as per the provisions of the said Act.

#### **5 Other Current Liabilities**

a Current maturities of long term debt	-	-
b Current maturities of Finance lease obligations	-	-
c Interest accrued but not due on borrowings	-	-
d Interest accrued and due on borrowings	-	-
e Income received in advance	-	-
f Unpaid dividends	607.35	38.06
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 Liabilities	57.90	-
k Other Payables	<u>1,841.00</u>	<u>1,453.60</u>
	<u>2,506.26</u>	<u>1,491.66</u>

## INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2016 ₹ lacs	As at 31.03.2015 ₹ lacs
<b>Details of Other payables:</b>		
Excise Duty/Service Tax/Sales Tax	141.82	159.65
Tax Deducted at Source/Tax Collected at Source	35.94	23.73
Professional Tax	22.86	4.54
Employee Dues (Includes PF/ESI)	36.30	247.85
Provision - Customer	122.28	33.39
Provision - Payroll	640.26	388.25
Provision - Other Expenses	517.84	433.97
Earnest Money Deposit	35.76	30.83
Tool Advance Payable	71.12	67.83
Stale Cheque/Retention Money	7.19	2.56
Dividend Tax Payable	115.13	-
Commission to Directors	94.50	61.00
	<u>1,841.00</u>	<u>1,453.60</u>

### 6 Short term Provisions

Provisions for employee benefits		
- Gratuity	56.48	34.16
- Leave encashment	87.55	21.08
- Payroll	9.18	-
Provision for Income Tax - Net (*)	150.43	104.14
Provision for Warranty (*)	91.68	91.68
Provision for Dividend	-	508.98
Provision for Dividend Tax	-	101.78
	<u>395.33</u>	<u>861.84</u>

(\*) Provision for taxation of ₹ 2,486 Lacs (Previous year 3,235 Lacs) is net of Advance tax and Tax deducted at source of ₹ 2,337 Lacs (Previous year 3,131 Lacs)

#### Other disclosure:

##### Product Warranty:

Opening Balance	91.68	91.68
Additions	6.70	7.39
Utilizations	<u>(6.70)</u>	<u>(7.39)</u>
Closing Balance	<u>91.68</u>	<u>91.68</u>



₹ Lacs

7 Tangible Asset	Gross Block				Depreciation Block				Net Block		
	Opening Balance 01.04.2015	Additions during the Period	Disposal during the Period	Closing Balance 31.03.2016	Opening Balance 01.04.2015	Additions during the Period	Transfer to Retained Earnings	Disposals during the Period	Closing Balance 31.03.2016	As on 31.03.2016	As on 31.03.2015
	a Land	1,776.83	18.47	-	1,795.30	-	-	-	-	-	1,795.30
b Building	1,938.00	37.47	-	1,975.48	964.62	95.20	-	-	1,059.81	915.66	973.38
c Plant & Equipments	6,956.68	286.71	72.43	7,170.96	5,120.96	494.98	-	70.15	5,545.79	1,625.17	1,811.58
d Furniture & Fixtures	263.36	23.89	-	287.25	173.71	16.30	-	-	190.01	97.23	89.65
e Vehicles	64.10	15.47	10.57	69.00	53.51	6.32	-	4.86	54.96	14.03	10.59
f Office Equipments	282.10	18.01	4.01	296.10	255.69	28.76	-	2.87	281.58	14.52	26.41
<b>Total</b>	<b>11,281.08</b>	<b>400.02</b>	<b>87.02</b>	<b>11,594.08</b>	<b>6,568.50</b>	<b>641.54</b>	-	<b>77.89</b>	<b>7,132.15</b>	<b>4,461.92</b>	<b>4,688.44</b>
<b>Figures for the year 2014-15</b>	<b>10,575.06</b>	<b>1,041.78</b>	<b>335.77</b>	<b>11,281.08</b>	<b>6,070.80</b>	<b>798.99</b>	<b>6.87</b>	<b>284.03</b>	<b>6,592.64</b>	<b>4,688.44</b>	<b>4,480.13</b>

**Other disclosure:**

The fixed assets were revalued in the year 1992-93 by which the value of the assets was written up by ₹ 230.71 Lacs after technical assessment with the corresponding credit being given to Revaluation Reserve. These assets were fully written off in the books of accounts as on 31st March 1997. In the year 1997-98, the fixed assets comprising of plant and machinery and electrical installations were revalued again after a technical assessment by which the values of these assets were written up by ₹ 233.30 Lacs with the corresponding credit being given to Revaluation Reserve. As mentioned in accounting policy sl.no.26 (i)(iii), depreciation is computed on the revalued amounts and is charged off to the statement of profit and loss in full without withdrawing any amount from the revaluation reserve.

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

7(A) Intangible Asset	Gross Block				Depreciation Block				Net Block		
	Opening Balance 01.04.2015	Additions during the Period	Disposal during the Period	Closing Balance 31.03.2016	Opening Balance 01.04.2015	Additions during the Period	Transfer to Retained Earnings	Disposals during the Period	Closing Balance 31.03.2016	As on 31.03.2016	As on 31.03.2015
	a SAP	-	164.94	-	164.94	-	16.49	-	-	16.49	148.44
b Other Software	-	47.20	-	47.20	-	6.63	-	-	6.63	40.58	-
<b>Total</b>	<b>-</b>	<b>212.14</b>	<b>-</b>	<b>212.14</b>	<b>-</b>	<b>23.12</b>	<b>-</b>	<b>-</b>	<b>23.12</b>	<b>189.02</b>	<b>-</b>
<b>Figures for the year 2014-15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Accounting policy for tangible and Intangible Assets refer note no 26 (d)

## INDIA NIPPON ELECTRICALS LIMITED

Particulars		No. of Shares/Units as at		Face Value (₹)	Extent of holding (%) as at		As at		
		31.03.2016	31.03.2015		31.03.2016	31.03.2015	31.03.2016	31.03.2015	
<b>8 Non-Current Investments</b>		₹ lacs							
<b>(a)</b>	<b>Investments are carried at cost</b>								
	<b>Trade Investments</b>								
	Synergy Shakti Renewable Energy Private Limited	6,000,000	6,000,000	10.00	40%	40%	275.38	247.17	
	<u>Add:</u>								
	Share of gain in Associate								
	<u>Less:</u>								
	Share of loss in Associate								
	<b>Net value of Investment</b>								
	Lucas TVS Limited	97,351	97,351	100.00	8.19%	8.19%	275.38	2,824.08	
<b>(b)</b>	<b>Other Investments</b>								
	<b>Investment in Debentures or Bonds</b>								
	National Highways Authority of India	12,362	12,362	1,000.00	-	-	123.62	123.62	
	Hudco ( Taxfree ) 2022	50,000	50,000	1,000.00	-	-	530.89	530.89	
	Indian Railway Finance Corporation Ltd.,	50,000	50,000	1,000.00	-	-	500.00	500.00	
	India Infrastructure Finance Corporation Ltd.,	50,000	50,000	1,000.00	-	-	500.00	500.00	
	Power Finance Corporation Limited Series 1	50,000	50,000	1,000.00	-	-	508.03	508.03	
	<b>Other Non-current Investments</b>								
	<b>Investments in Venture Capital Funds:</b>								
	TVS Shriram Growth Fund Scheme 1A	40,193	42,758	1,000.00	-	-	401.93	427.58	



TVS Shriram Growth Fund Scheme 1B	Others	7,500	7,500	1,000.00	-	500.00	200.00
<b>Investments in Mutual Funds:</b>							
ICICI Prudential FMP Services (73~391 days)	Others	7,000,000	7,000,000	10.00	-	700.00	700.00
Reliance FHF XXV - Series 18 - Growth	Others	1,500,000	1,500,000	10.00	-	150.00	150.00
						6,858.15	6,739.58

#### 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 6858.15 6739.58
- 4 Aggregate Net Annualised Value of Investments in Mutual Funds 1010.51 933.52

5 The Company has taken an in-principle decision to wind up the subsidiary company in Indonesia, i.e. P.T. Automotive Systems Indonesia in view of the non-viability of the project for which it was incorporated. The main assets in the books of the subsidiary are land, which is standing at the value (as on 31.3.2016 exchange rate) of ₹ 555.48 Lacs, and bank deposits, which are standing at the value (as on 31.3.2016 exchange rate) of ₹ 744.95 Lacs aggregating to ₹ 1,300.43 Lac, as against the investment of ₹ 1,207.98 Lacs in the subsidiary. The auditors of the subsidiary have qualified the financial statements of the subsidiary on account of the fact that the financial statements have been prepared on a "Going concern" basis although a decision to wind up has been taken.

In the process of preparation of consolidated financial statements, the cost of investment in the subsidiary is eliminated. However, the value of the assets viz. land, figures in the fixed asset Schedule (Note No. 7) standing at ₹ 555.48 Lac, and bank deposits figure in the Cash and Bank Balances (Note No. 15) standing at ₹ 744.95 Lacs aggregating to ₹ 1,300.43 Lacs. In the opinion of the Directors of the company i.e. India Nippon Electricals Limited, there is no impairment in the value of the assets and since the value of the assets will be sufficient to cover the cost of investment in the subsidiary, hence no provision is considered necessary.

6 During the year under review, the Associate Company viz. Synergy Shakti Renewable Energy Private Limited had made a loss of ₹ 389.46 Lacs. Considering that the Company has made profits in the preceding two years, and considering the investment is a long-term investment, no provision for diminution in value of investments is considered necessary.

## INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2016 ₹ lacs	As at 31.03.2015 ₹ lacs
<b>9 Deferred Tax Assets</b>		
a Deferred Tax Assets	445.05	386.92
	<u>445.05</u>	<u>386.92</u>

### **Other disclosure:**

As mentioned in item 26 (m) of Accounting Policy statement, the company is accounting for taxes in accordance with the Accounting Standards 22 "Accounting for Taxes on Income" notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, an amount of ₹ 58.13 Lacs has been credited to the statement of Profit and Loss for the year under review towards Deferred Tax Asset. As at 31st March 2016, the amount in deferred tax account is ₹ 445.05 Lacs as detailed below:

a Rebates and Discounts	57.03	57.03
b Leave Encashment	67.71	44.66
c Depreciation	224.45	212.92
d Early Separation Scheme	10.35	12.23
e Others	85.51	60.08
	<u>445.05</u>	<u>386.92</u>

For accounting policy refer note no 26 (m)

### **10 Long term Loans and Advances**

a Capital Advance	-	-
b Sundry Deposits	57.86	49.46
c Loans and advances to related parties	-	-
d Advance Income Tax and Tax deducted at source (Net)	-	-
e Other loans and advances	-	-
	<u>57.86</u>	<u>49.46</u>

### **11 Other Non-Current Assets**

a Long term trade receivable	-	-
b Income Receivables	-	-
c Other receivables	7.63	6.82
d Advance for capital expenditure	5.30	5.30
	<u>12.93</u>	<u>12.12</u>



## 12 Current Investments

	Subsidiary/ Associate/ Others	No. of Shares/Units		Face value (₹)	As at	As at
		31.03.16	31.03.15		31.03.16	31.03.15
<b>Investment in Mutual funds</b>						
Axis - Short Term Inst. - G	Others	3,155,260	-	10.00	500.00	-
Birla Sun Life Dynamic Bond Fund - Ret - Growth	Others	3,975,352	2,789,494	20.00	917.06	617.06
Birla Sun Life Cash Plus - IP - Daily Dividend	Others	127,769	104,585	100.00	128.02	104.79
Birla Sun Life Short Term Fund - Growth Reg. Plan	Others	1,674,992	929,280	50.00	850.00	450.00
DWS Treasury Investment Reg - Daily Dividend	Others	-	1,092,154	10.00	-	111.07
ICICI Emerging Sector Fund	Others	4,222	4,222	100.00	3.66	3.66
ICICI Pru Flexible Income Regular - Daily Dividend	Others	-	110,518	100.00	-	116.86
ICICI Pru Short - Term Regular - DM	Others	5,596,794	3,380,172	10.00	1,029.62	409.41
IDFC Money Manager Investments B - G	Others	2,537,582	2,537,582	20.00	500.00	500.00
IDFC SSIF - Medium Term Regular - G	Others	6,086,958	1,011,190	10.00	961.63	206.99
JP Morgan India Short Term Income Fund Growth	Others	-	4,497,920	10.00	-	619.78
DWS Short Maturity Fund Regular - Qly. Dividend	Others	-	2,244,343	10.00	-	233.59
Kotak Bond Short Term Plan - Growth	Others	2,831,461	2,831,461	20.00	700.00	700.00
IDFC SSIF - Medium Term Plan Regular - Qly. Dividend	Others	13,311	3,291,374	10.00	242.06	341.43
Kotak Bond Short Term Plan - Regular - DM	Others	3,125,111	2,974,688	10.00	317.68	302.47
Reliance Liquid Fund - Treasury Plan - Daily Dividend	Others	-	32,036	1,500.00	-	489.74
Reliance Short Term Fund - Growth	Others	3,949,079	2,838,425	20.00	1,000.00	700.00
SBI Premier Liquid - Daily Dividend	Others	3,731	3,503	1,000.00	0.04	0.03
					<b>7,149.77</b>	<b>5,906.89</b>
Aggregate Provision for diminution in value of Investments					-	1.59
<b>Total</b>					<b>7,149.77</b>	<b>5,905.30</b>

Investments are carried at cost (Less) provision for diminution wherever applicable

### Other disclosure:

#### Basis of valuation of individual investments

Aggregate value of Quoted investments	NIL	NIL
Market value of the Quoted investments	NIL	NIL
Aggregate value of Unquoted investments	7149.77	5905.30
Aggregate Net Annualised Value of Investments in Mutual Funds	7825.72	6000.37

## INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2016 ₹ lacs	As at 31.03.2015 ₹ lacs
<b>13 Inventories</b>		
[For basis of valuation, refer note no.26(f)]		
a. Raw Materials	1,626.01	1,182.65
b. Raw Materials - Goods in Transit	31.08	45.80
c. Work in Progress	308.31	174.65
d. Finished Goods	305.76	234.82
e. Finished Goods in Transit	207.85	162.33
f. Stock in Trade	-	-
g. Stores & Spares	13.02	4.67
	<u>2,492.02</u>	<u>1,804.91</u>
<b>14 Trade Receivables</b>		
a. Trade Receivables Unsecured		
Outstanding for a period exceeding Six Months		
- Considered Good	45.07	19.82
- Considered Doubtful	-	-
	<u>45.07</u>	<u>19.82</u>
Less: Provision for Doubtful debts	-	-
	<u>45.07</u>	<u>19.82</u>
Other Receivables considered Good	<u>6,024.12</u>	<u>6,314.36</u>
	<u>6,069.19</u>	<u>6,334.18</u>
b. Trade Receivable secured		
1. Considered good	-	-
2. Doubtful	-	-
c. Debts due by		
1. Director or other officers of the company	-	-
2. Any of the above jointly / severally along with any other person	-	-
3. Firms / private company in which director is a partner / director / member	-	-
	<u>6,069.19</u>	<u>6,334.18</u>
<b>15 Cash and Bank Balances</b>		
a. Cash and Cash Equivalents		
i. Balance with banks		
In current account	423.61	221.70
ii. Cash in hand	2.09	1.13
iii. Cheques, drafts in hand	-	-
Sub Total	<u>425.70</u>	<u>222.83</u>
b. Earmarked Balances with Banks		
in Fixed Deposit with Escrow Account	33.24	30.84
in Dividend Warrant Account	607.35	38.06
c. Margin Money	9.00	9.00
d. in Fixed Deposit (Less than 12 Months)	717.78	796.48
e. in Fixed Deposit (More than 12 Months)	1.12	0.33
	<u>1,794.19</u>	<u>1,097.54</u>





	<b>As at 31.03.2016 ₹ lacs</b>	<b>As at 31.03.2015 ₹ lacs</b>
<b>16 Short-term Loans and Advances</b>		
a. Loans and advance to related parties	-	-
b. Advances/Loans to Employees	75.52	101.99
c. Advance Income Tax	-	-
d. Inter Corporate Deposit	-	-
e. Balance with Excise and Customs	178.08	138.59
f. Other Advances		
- Sales Tax Receivable	4.41	21.27
- Vendor advance	283.75	282.00
	<u>541.76</u>	<u>543.84</u>
<b>17 Other Current Assets</b>		
a. Vat Tax input Credit	5.47	2.72
b. Prepaid Expenses	77.62	61.17
c. Interest Accrued	86.07	100.16
d. Other Receivables - (TDS, Electricity Deposits, Taxes)	6.29	5.83
	<u>175.45</u>	<u>169.87</u>
<b>18 Revenue from Operations</b>		
	<b>2015-16 ₹ lacs</b>	<b>2014-15 ₹ lacs</b>
a. Sale of Products		
Export Sales	1,778.64	1,209.12
Domestic Sales	36,295.71	35,278.05
b. Sale of Services	-	-
	<u>38,074.35</u>	<u>36,487.18</u>
Less: Excise duty paid	4,254.69	3,834.34
	33,819.66	
c. Other Operating Revenues	145.43	120.32
	<u>33,965.09</u>	<u>32,773.15</u>
<b>19 Other Income</b>		
	<b>2015-16 ₹ lacs</b>	<b>2014-15 ₹ lacs</b>
a. Interest Income	214.61	259.26
b. Dividend Income	258.88	207.00
c. Net Gain / (Loss) on Sale of Investment	148.92	116.09
d. Net Gain / (Loss) on Foreign Currency Transaction	30.46	95.76
e. Profit on Sale of Fixed Assets	1.97	1.92
f. Other Non-operating Income	49.48	1.58
	<u>704.33</u>	<u>681.62</u>

## INDIA NIPPON ELECTRICALS LIMITED

	2015-16 ₹ lacs	2014-15 ₹ lacs
<b>20 Cost of Materials Consumed</b>		
a. Opening Stock of Raw Materials	1,182.65	1,262.88
b. Add: Purchases	24,044.17	22,822.50
	<u>25,226.82</u>	<u>24,085.38</u>
c. Less: Closing stock of Raw Material	1,657.08	1,182.65
	<u>23,569.73</u>	<u>22,902.73</u>
<b>21 Changes in Inventories</b>		
<b>Inventories at the End</b>		
Finished Goods (Includes In-transit)	513.61	397.14
Work in Progress	308.31	174.65
	<u>821.92</u>	<u>571.79</u>
<b>Inventories at the Beginning</b>		
Finished Goods	397.15	202.78
Work in Progress	174.65	180.42
	<u>571.79</u>	<u>383.20</u>
Net (Increase) / Decrease	<u>(250.13)</u>	<u>(188.59)</u>
<b>22 Other Manufacturing Expenses</b>		
a. Stores and Consumables	430.17	512.58
b. Power and Fuel	558.55	531.74
c. Repairs to Building	95.14	104.34
d. Repairs to Machinery	184.33	197.28
e. Repairs Others	47.45	56.74
f. Royalty	108.75	106.62
g. Technical Know How and Support Fee	44.78	66.06
h. Other Expenses	95.17	91.23
	<u>1,564.34</u>	<u>1,666.59</u>
<b>23 Employee Benefits Expense</b>		
a. Salaries, Wages, Bonus and Allowances	3,110.68	2,733.34
b. Contribution to Provident Fund and Other Funds	259.75	227.49
c. Staff Welfare Expenses	567.76	496.67
	<u>3,938.20</u>	<u>3,457.50</u>



	2015-16 ₹ lacs	2014-15 ₹ lacs
<b>24 Finance costs</b>		
a. Interest Expense	0.94	2.87
b. Other Borrowing Cost	-	-
c. Bank Charges	13.38	12.72
	<u>14.32</u>	<u>15.59</u>
<b>25 Other Expenses</b>		
a. Rent	24.15	13.56
b. Repairs to Vehicles	8.49	8.48
c. Insurance	66.78	46.79
d. Rates and Taxes	27.50	17.02
e. Communication & Postage	54.80	76.40
f. Printing & Stationery	38.03	40.55
g. Sitting Fees	10.02	8.49
h. Legal & Professional Charges	160.61	98.57
i. Travelling & Conveyance	251.15	200.77
j. Expenditure towards Corporate Social Responsibilities	61.50	66.00
k. Donation	4.34	0.60
l. Recruitment	12.86	30.75
m. Remuneration to Watch and Ward	95.73	77.21
n. Net Gain/Loss on Foreign Currency	21.75	48.74
o. Wealth Tax	-	33.66
p. Commission to Directors	94.50	61.00
q. After Sales Service Expenses (Warranty)	8.79	7.39
r. Commission & Discount	371.34	420.43
s. Freight Outwards	153.64	149.74
t. Advertisement	5.28	9.79
u. Audit Fees		
a) Statutory Auditors:		
i) Statutory Audit (includes fee for audit of consolidated financial statements)	11.20	9.20
ii) Tax Audit	2.00	1.50
iii) Other Attestation Matters	2.40	1.50
iv) Other services	2.37	1.13
v) Reimbursement of Expenses	2.19	1.03
b) Cost Audit	2.00	2.00
c) Secretarial Audit	1.75	1.75
v. Estate Service Fee	16.15	13.80
v. Other Expenses	172.16	153.48
	<u>1,683.45</u>	<u>1,601.33</u>

### 26. Accounting Policies:

#### a) Basis of Accounting:

The financial statements of the Company have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India (GAAP). The financial statements comply with the relevant provisions of the Companies Act, 2013 (the Act) and the mandatory Accounting Standards and statements issued by the Central Government of India under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accrual system of accounting is generally followed to record income and expenditure.

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

#### b) Use of estimates:

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

#### c) Operating cycle for current and non-current classification:

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

#### d) Fixed Assets and Intangible Assets:

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



- iv) Acquired intangible assets representing software are recorded at their acquisition price and are amortized over their estimated useful lives not exceeding ten years, on a Straight Line basis, commencing from the date the assets are available for their use. The useful lives of the assets are reviewed by the Management at each Balance Sheet date. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss. Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates. Accordingly, the ERP software is amortized over a period of ten years and other software over their useful lives estimated by the Management, which are generally lower than ten years.

**e) Investments:**

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

**f) Inventories:**

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

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

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

### **h) Government Grants:**

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

### **i) Depreciation:**

- i) Depreciation on fixed assets is provided on written down value method based on the useful life of the assets prescribed in Schedule II of the Companies Act, 2013.
- ii) Depreciation on additions to fixed assets during the year is provided for the whole year.
- iii) Depreciation is charged on the revalued amounts of assets to the profit and loss account without any adjustment being made to the Revaluation Reserve.
- iv) Depreciation on disposals to fixed assets is provided till the date of such sale/deletion.

### **j) Impairment of Assets:**

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

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

### **k) Research and Development:**

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

### **l) Borrowing Costs:**

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

### **m) Taxation:**

The company is accounting for taxes in accordance with the Accounting Standard AS 22 "Accounting for Taxes on income" notified under Section 133 of the Companies Act,



2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Consequently, the tax provision includes the income tax payable on the estimated taxable income as well as the tax impact arising on account of timing differences thus ensuring that the income and taxes thereon are matched.

**n) Foreign Currency Transactions:**

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

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

**o) Revenue Recognition:**

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

**p) Employee Benefits:**

**i) Short term employee benefits:**

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

**ii) Post-Employment benefit Plans**

Payments to defined contribution retirement benefit schemes (provident fund) are charged as an expense as they fall due For defined benefit schemes (Gratuity), the cost of providing benefits is determined using the Projected Unit Credit Method,

## INDIA NIPPON ELECTRICALS LIMITED

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with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortised on straight line basis over the average period until the benefits become vested.

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

### q) **Early Separation Scheme:**

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

### r) **Contingencies and Provisions:**

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

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

## 27. Principles of Consolidation

Name of the Company	Country of Incorporation	% shareholding of INEL	Category
1. P T Automotive Systems Indonesia	Indonesia	99.97%	Subsidiary
2. Synergy Shakthi Renewable Energy Pvt. Ltd.	India	40.00%	Associate

### **INVESTMENT IN PT AUTOMOTIVE SYSTEMS INDONESIA (SUBSIDIARY):**

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

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





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

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

#### **INVESTMENT IN SYNERGY SHAKTHI RENEWABLE ENERGY PVT 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.

#### **Additional information relating to Subsidiary/Associate Companies:**

Name of the entity	₹ lacs	Net Assets (i.e) Total Assets minus Total liabilities as on 31-March-2016		Share in profit or loss 2015-16	
		As % of consolidated Net Assets	Amount ₹ lacs	As % of consolidated Profit (or) Loss	Amount ₹ lacs
<b>Parent</b>					
India Nippon Electricals Limited	23,508.05				
	1,296.08	94.49%	22,211.98	93.87%	2,386.79
<b>Subsidiaries</b>					
Indian		- NIL -	- NIL -	- NIL -	- NIL -
Foreign					
PT Automotive Systems Indonesia		5.51%	1,296.08	-0.41%	(10.49)
Minority interests in Subsidiaries		0.0017%	0.41	0.0001%	0.0035
<b>Associates</b>					
(Investment as per the Equity method)					
Indian					
Synergy Shakthi Renewable Energy Private Limited		0.51%	119.60	-6.13%	(155.78)
Foreign		- NIL -	- NIL -	- NIL -	- NIL -
Joint Venture		- NIL -	- NIL -	- NIL -	- NIL -

## INDIA NIPPON ELECTRICALS LIMITED

28. The Company is in the business of manufacturing Electronic Ignition Systems and therefore there is only one business segment. While the Company sells its products in the domestic and export markets, in view of the fact that, there is no significant variation in the risks and returns profile of these markets, it is considered that, there are no different geographical segments.

### 29. Related Party Disclosures:

Related Parties and their relationship:

Joint Venturers of the Company : Mahle Electric Drives Japan Corpn. (MEDJC)  
(formerly Kokusan Denki Co, Ltd, Japan)  
Lucas Indian Service Ltd (LIS)

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

Associate Company : Synergy Shakthi Renewable Energy Pvt. Ltd., (SSREL)

Key Managerial Personnel (KMP) : Mr Arvind Balaji - Managing Director  
Mr Elango Srinivasan - Chief Financial Officer  
Mr S Sampath - Company Secretary

Enterprise over which KMP has significant influence : Lucas TVS Limited (LTVS)

Notes forming part of Financial Statements for the year ended 31st March 2016 :

Disclosure in respect of transactions with related parties for the period 01-Apr-2015 to 31-Mar-2016.

₹ lacs

Description	Joint Venturers of the company		Subsidiary of the company		Associate Company		Enterprise over which KMP has significant influence		Firm in which Director is a Partner		KMP with significant influence	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Transactions during the Year												
<b>MEDJC:</b>												
Support fee	9.78	24.41	-	-	-	-	-	-	-	-	-	-
Royalty	108.75	106.62	-	-	-	-	-	-	-	-	-	-
Purchase of Raw Materials	166.16	218.22	-	-	-	-	-	-	-	-	-	-
Dividend paid	313.33	220.47	-	-	-	-	-	-	-	-	-	-
Sales	126.69	11.02	-	-	-	-	-	-	-	-	-	-
<b>LIS</b>												
Professional Service	6.27	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	700.41	492.88	-	-	-	-	-	-	-	-	-	-
<b>PT ASI</b>	-	-	-	-	-	-	-	-	-	-	-	-



Description	Joint Venturers of the company		Subsidiary of the company		Associate Company		Enterprise over which KMP has significant influence		Firm in which Director is a Partner		KMP with significant influence	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Transactions during the Year												
<b>SSREL</b>												
Purchase of Electricity	-	-	-	-	-	-	-	-	-	-	-	-
<b>LTVS</b>												
Rent paid	-	-	-	-	-	-	12.52	13.17	-	-	-	-
Expenses reimbursed	-	-	-	-	-	-	284.55	279.92	-	-	-	-
Compensation received	-	-	-	-	-	-	-	61.21	-	-	-	-
Services rendered	-	-	-	-	-	-	338.42	327.65	-	-	-	-
Inter Corporate Deposit	-	-	-	-	-	-	-	-	-	-	-	-
Dividend received	-	-	-	-	-	-	97.35	77.88	-	-	-	-
<b>KMP</b>												
Remuneration paid	-	-	-	-	-	-	-	-	-	-	165.26	114.73

### 30. Derivative instruments and unhedged foreign currency exposure:

	<b>31-Mar-16</b>	<b>31-Mar-15</b>
	<b>₹ lacs</b>	<b>₹ lacs</b>
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.	<b>₹ lacs</b>	<b>₹ lacs</b>
a) Receivables outstanding	431.76	413.11
b) Payable outstanding	211.44	121.71

### 31 Disclosure required Under Accounting Standard 15 "Employee Benefits":

The company has provided long term employee benefits on the basis of actuarial valuation carried out as per Projected Unit Credit Method. The disclosure required under Accounting Standard 15 "Employees Benefits" notified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 are given below:

### (a) Defined Contribution Plan:

#### I. Provident fund:

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

#### II. Superannuation fund:

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

The Company recognised ₹ 188.06 Lacs (LY-159.61 Lacs) for Provident Fund and superannuation fund contribution in the statement of profit and loss.

### (b) Defined benefit plan:

#### Gratuity:

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

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

#### a) Change in benefit obligations:

	₹ lacs	
Particulars	2015-16	2014-15
Projected benefit obligation, beginning of the year	430.30	374.10
Service Cost	26.90	24.67
Interest Cost	34.42	29.93
Actuarial (gain)/loss	15.24	14.05
Benefits paid	(16.63)	(12.45)
Projected benefit obligation, end of the year	490.23	430.30



**b) Change in plan assets:**

Particulars	₹ lacs	
	2015-16	2014-15
Plan assets at beginning of the year at fair value	424.54	361.38
Expected return on plan assets	36.57	32.89
Actuarial gain/(loss)	-	-
Employer's contributions	65.16	42.72
Benefits paid	(16.63)	(12.45)
Plan assets at end of the year, at fair value	509.64	424.54

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

Particulars	₹ lacs				
	2015-16	2014-15	2013-14	2012-13	2011-12
Fair value of plan assets at the end of the year	509.64	424.54	369.45	307.37	231.05
Present value of the defined benefit obligations at the end of the period	490.23	430.30	374.10	327.01	258.23
Asset/(Liability) recognized in the balance sheet	19.41	(5.76)	(4.65)	(19.64)	(27.18)

**d) Gratuity cost for the year ended March 31, 2016:**

Particulars	₹ lacs	
	2015-16	2014-15
Service cost	26.90	24.67
Interest cost	34.42	29.93
Expected return on plan assets	(36.57)	(32.89)
Actuarial (gain)/loss	15.24	14.05
Net cost	39.99	35.76
Actual return on plan assets (%)	9.25	9.25

**e) Investment details of plan assets:**

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

**f) Assumptions:**

Particulars	₹ lacs	
	2015-16	2014-15
Discount rate	8%	8%
Salary escalation rate	5%	5%
Estimated rate of return on plan assets	8%	8%

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

## INDIA NIPPON ELECTRICALS LIMITED

### (c) Leave encashment:

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

### 32. Expenditure on R&D:

	₹ lacs	
	2015-16	2014-15
a) Capital	9.53	27.63
b) Revenue:		
Salary	294.40	246.20
Electricity	7.79	8.33
Travel	17.99	25.89
Outsourcing	17.10	2.11
Revenue & Others	103.58	63.58
	<u>440.86</u>	<u>346.11</u>
<b>Total R &amp; D expenditure (a) + (b)</b>	<u>450.39</u>	<u>373.74</u>

### 33. Contingent liabilities & Commitments

	₹ lacs	
	2015-16	2014-15
<b>(i) Contingent liabilities</b>		
a Claims against the company not acknowledged as debt	-	-
b Letter of Credit	46.38	64.63
c Letter of Guarantee	-	-
d Sales Tax demand in appeal	0.41	0.41
e Excise Duty/Service Tax	13.26	23.99
f Other money for which the company is contingently liable	2.00	2.00
<b>(ii) Commitments</b>		
a Estimated amount of contracts remaining to be executed on capital account and not provided for	70.06	416.71
b Uncalled liability on shares and other investments partly paid	-	0.01
c Other commitments	-	-



	₹ lacs	
	2015-16	2014-15
<b>34. Note on Earnings per share:</b>		
Profit after tax (A)	2,366.80	2,307.56
Number of equity shares of ₹ 10 each at the beginning of the year	11,310,712	11,310,712
Number of equity shares of ₹ 10 each at the end of the year (B)	11,310,712	11,310,712
Earnings per share (basic and diluted in Rupees) (A/B)	20.93	20.40

**35. Details of CSR Expenditure:**

- a. Gross amount required to be spent by the Company during the year ₹ 60.00 Lacs
- b. Amount spent during the year on:

Category	2015-16		2014-15	
	In Cash ₹ lacs	Yet to be paid in Cash ₹ lacs	In Cash ₹ lacs	Yet to be paid in Cash ₹ lacs
(i) Construction/Acquisition of Asset	- NIL -	- NIL -	- NIL -	- NIL -
(ii) On purposes other than (i) above	61.50	- NIL -	66.00	- NIL -

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

T K BALAJI  
Chairman

ARVIND BALAJI  
Managing Director

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

ELANGO SRINIVASAN  
Chief Financial Officer

S SAMPATH  
Company Secretary

**P S KUMAR**  
Partner  
Membership No.15590

Chennai  
28<sup>th</sup> May 2016

## NOTES





## FINANCIALS HIGHLIGHTS 2007 - 2016

### SALES



### NETWORTH\*



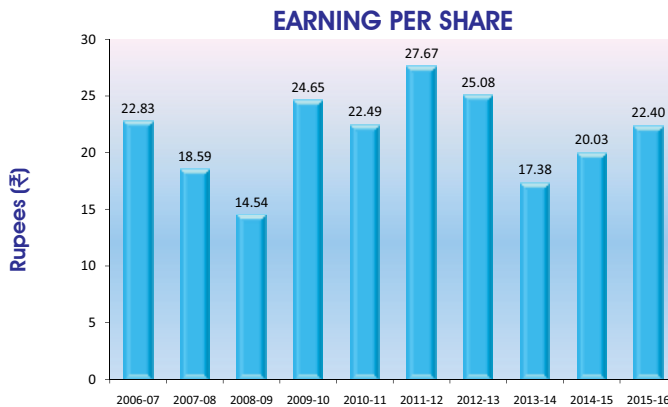
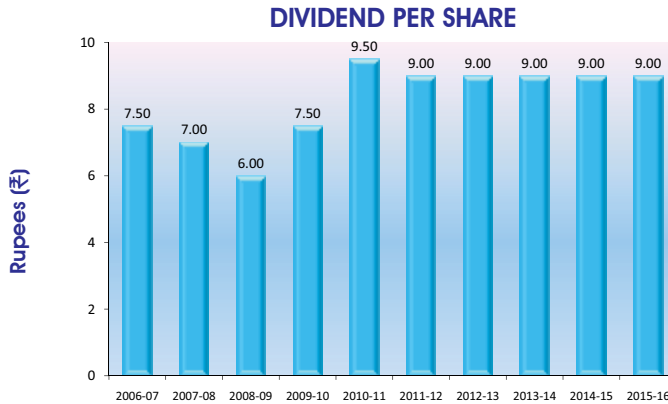
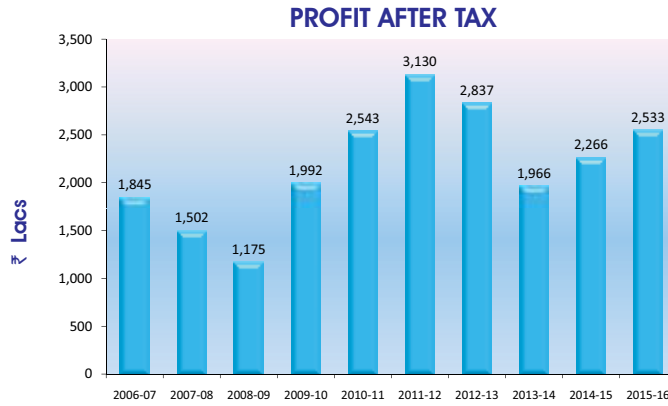
### RETURN ON NET WORTH\*



\* exclusive of revaluation reserves

# INDIA NIPPON ELECTRICALS LIMITED

## FINANCIALS HIGHLIGHTS 2007 - 2016



Earning per share for 2010-11 has been recalculated as per AS 20

No. of equity shares of ₹10/- each:

31.03.2003: 80,79,080

31.03.2012: 1,13,10,712

### FLYWHEEL MAGNETO



### CONTROL UNITS



### REGULATOR / RECTIFIER



### IGNITION COIL / INTEGRAL UNIT



### AUTOMOTIVE ELECTRONICS



## APPLICATIONS

### TWO WHEELERS



### THREE WHEELERS



### PORTABLE GENSETS



### GENERAL PURPOSE ENGINES



