



INDIA NIPPON ELECTRICALS LIMITED

Board of Directors

Chairman

T K BALAJI

Directors

ARVIND BALAJI (Whole-time Director)

M NAMATAME

Y TOMITA

K SESHADRI

KG RAGHAVAN

V BALARAMAN

G CHIDAMBAR

R VIJAYARAGHAVAN

Dr (Mrs.) JAYSHREE SURESH

Audit Committee

K G RAGHAVAN (Chairman)

K SESHADRI

V BALARAMAN

G CHIDAMBAR

R VIJAYARAGHAVAN

Investors' Grievance Committee

T K BALAJI (Chairman)

K SESHADRI

G CHIDAMBAR

Manager

SUBHASIS DEY

Chief Financial Officer & Company Secretary

S SAMPATH

Auditors

M/s. BRAHMAYYA & CO

48, Masilamani Road, Balaji Nagar

Royapettah

Chennai 600 014

Cost Auditor

K SURYANARAYANAN

Bankers

BANK OF BARODA

ICICI BANK LIMITED

AXIS BANK LIMITED

Listing of Shares with

Madras Stock Exchange Ltd., Chennai

National Stock Exchange of India Ltd., Mumbai

Bombay Stock Exchange Ltd., Mumbai

Registered Office

'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

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

Contents	Page no.
Financial Highlights	2
Directors' Report to the Shareholders	3
Report on Corporate Governance	10
Auditors' Report to the Members	21
Balance Sheet	26
Statement of Profit & Loss	27
Cash Flow Statement	28
Notes	30
Statement pursuant to Sec.212	53
Consolidated Accounts	55
Financial Highlights (Graphical)	83

INDIA NIPPON ELECTRICALS LIMITED

FINANCIAL HIGHLIGHTS OF TEN YEARS PERFORMANCE

₹ lacs

S.No.	Description	Year ended 31 st March									
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Profit and Loss Account											
1.	Sales (excluding Excise duty)	15066	14419	14319	12023	12792	16908	22885	26005	26802	26153
2.	Other income	243	543	532	732	872	620	624	803	890	846
3.	Total Income (1+2)	15309	14962	14851	12755	13664	17528	23509	26808	27692	26999
4.	Gross Profit before interest, depreciation and tax	3018	2885	2550	2141	1793	2952	3767	4525	4146	3183
5.	Depreciation	436	428	364	326	284	357	415	528	613	562
6.	Profit before interest & tax	2582	2457	2186	1815	1509	2595	3352	3997	3533	2621
7.	Interest	10	11	18	11	17	18	17	21	18	12
8.	Profit before tax	2572	2446	2168	1804	1492	2577	3335	3976	3515	2609
9.	Profit after tax	1847	2025	1845	1502	1175	1992	2543	3130	2837	1966
Balance Sheet											
10.	Net Fixed Assets (including revaluation reserves)	2462	2291	2144	1867	1798	2633	2832	3710	3935	3970
11.	Investments	6353	7749	8546	9962	7272	9999	8857	9344	10968	11913
12.	Net Current Assets	1885	1994	2469	1951	5221	2943	5477	6059	5859	5654
13.	Total (10+11+12)	10700	12034	13159	13780	14291	15575	17166	19113	20762	21537
14.	Share capital	808	808	808	808	808	808	808	1131	1131	1131
15.	Reserves & Surplus	9509	10843	11995	12818	13425	14709	16358	17982	19631	20406
16.	Net Worth (14+15) (including revaluation reserves)	10317	11651	12803	13626	14233	15517	17166	19113	20762	21537
17.	Loan funds	383	383	356	154	58	58	-	-	-	-
18.	Total	10700	12034	13159	13780	14291	15575	17166	19113	20762	21537
19.	Return on Net Worth (%) (excluding revaluation reserves)	19	18	15	11	8	13	15	17	14	9
20.	Return on Capital Employed (%) (excluding revaluation reserves)	25	21	17	14	11	17	20	21	17	12
21.	Earning per share (₹)	23	25	23	19	15	25	22	28	25	17
22.	Dividend per share (₹)	8.5	7.5	7.5	7.0	6.0	7.5	9.5	9	9	9
23.	Book value per share (₹) (excluding revaluation reserves)	122	139	153	164	171	187	208	165	180	187
24.	Fixed Assets Turnover (No. of times)	6	6	7	6	7	6	8	7	7	7
25.	Working Capital Turnover (No. of times)	8	7	6	6	2	6	4	4	5	5
26.	Gross profit as % of total income	20	19	17	17	13	17	16	17	15	12
27.	Net profit as % of total income	12	14	12	12	9	11	11	12	10	7
28.	No. of Employees	557	618	539	510	542	646	809	971	927	966
29.	No. of Shareholders	4516	4576	4760	4828	4827	6052	5806	6289	6295	6427

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



Directors' Report to the Shareholders

Your Directors have pleasure in presenting the Twenty Ninth Annual Report and Audited Accounts for the year ended 31st March 2014.

1. FINANCIAL HIGHLIGHTS

	₹ Lacs	
	Year ended 31 st March '14	Year ended 31 st March '13
Sales (Net of excise duty)	26153	26802
Profit before depreciation and taxes	3172	4128
Less:		
Depreciation	562	613
Profit before tax	2610	3515
Taxation	644	678
Profit after tax	1966	2837
Profit brought forward from previous year	1181	1532
Dividends	1018	1018
Dividend distribution tax	173	170
Transfer to general reserve & share capital	750	2000
Retained in profit and loss account	1206	1181

2. OPERATIONAL PERFORMANCE

Your Company's sales during the year under review fell by 2.40% compared to the previous year owing to adverse business conditions. Your Company went for an aggressive price strategy to get enhanced market share particularly for fly wheel magneto which coupled with the loss of business of profitable electronic component due to changes in the model of one of the major customers impacted the bottom line significantly. Efforts at cost reduction which, by and large, went according to the plan drawn up and restricting price increases to suppliers helped to mitigate the impact on the company's bottom line. The tax incidence on the profit earned was more than the previous

year due to completion of the tax holiday period by one of the units of the Company.

3. MANAGEMENT DISCUSSION AND ANALYSIS

a. Economic Overview:

The downward trend in growth mainly caused by structural factors that impeded investment activity had a substantial impact on growth this year as well. Persistently high inflation and low business confidence contributed to a decline in growth.

b. Industry structure and developments:

Economic slowdown and high interest rates continued to affect demand of the automobile industry. Despite this, the two wheeler industry recorded an overall growth of around 7% led by a 21% growth in scooter segment followed by motorcycle with around 5%. The moped segment and three wheeler recorded negative growth of 7% and 1% respectively.

c. Performance Review:

Your company had a growth of around 35% with the motorcycle segment, mainly due to higher share of business for the Rewari Unit from a major motorcycle manufacturer in Haryana. Direct sales to the aftermarket also recorded a growth of around 25%. Reference was made in the last year's report to the negative growth in the scooter segment which arose from changes in the models of one of the company's major customers. Though this was made good during the current year to some extent by business from other scooter manufacturers, your Company's sales to this segment was lower by around 37%. The negative growth in the three wheeler segment also had a significant impact on the company's sales, while ECU business was affected by sluggish demand for passenger cars.

Your company's exports during the year amounted to ₹10.91 cr against previous year sales of ₹ 11.66 cr.

d. Business Outlook:

With the formation of a new Government with a stable majority, there is an expectation that business conditions will improve. This is already reflected in the strengthening of the rupee from ₹63 to ₹59 per dollar, though there are structural problems still to be addressed arising out of a current account deficit.

Your Company's share of business from a leading two wheeler manufacturer in Northern India has increased and your Company has been awarded 100% share of business of their new plant in Rajasthan which is expected to commence commercial production during the current financial year. Your Company has also been identified for development of ECU for the EFI system jointly with an Italian technical partner, by one of the two wheeler manufacturers for their popular model of motorcycle as well as by the US based customer. Your Company has also identified its electronic range of products and its capabilities to develop products to meet customers' requirement as a strategic growth area and expanded capacities to make such products. The response from customers has also been encouraging in this direction. Your company has also developed good business relationship with the US based customer due to its performance on quality and delivery. This will help to boost exports in a significant way.

e. Human Resources and Industrial Relations:

The long term wage settlement has fallen due for revision at the Hosur unit. The union has given its charter of demand and negotiations are under way. Industrial relations in all the units of the company continue to be harmonious.

The number of people employed in your Company as on 31st March 2014 was 966.

f. Risks and Concerns:

The prediction of below normal monsoon is likely to affect rural demand. The cost increases on account of costlier imports

and other cost increases like diesel price increases, power cost etc. have not been adequately compensated by customers. On the other hand the competitive intensity of the market is forcing lower selling prices to gain new business.

Your Company is focussing on development of VAVE products, improving productivity and cost reduction in every possible avenue to protect the bottom line.

g. Internal Control System:

Your Company has made a preliminary study to identify suitable ERP system to improve internal control systems to meet customer requirements and statutory obligations. During the current financial year your Company proposes to start implementation of SAP to meet these objectives. The Audit Committee will be involved in the process of identifying suitable agency and review the controls and their adequacy.

h. Corporate Social Responsibility

The Companies Act 2013 lays a lot of emphasis on corporate social responsibility and specifies the quantum and avenues where corporate entities should discharge their responsibility. Your Company will constitute a committee of the Board of Directors to review and recommend a suitable CSR policy for the Company and monitor its implementation.

i. Cautionary statement

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



in which your Company operates, changes in Government regulations, tax laws, other statutes and other incidental factors.

4. SUBSIDIARY COMPANY

The subsidiary of your company, PT Automotive Systems Indonesia has been granted three more years time up to March 2017 to establish manufacturing operations in Indonesia. Your Company is exploring various business opportunities in that country as it has a large two wheeler population and an appropriate decision will be taken within the time granted by the Governmental authorities of Indonesia.

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

5. ASSOCIATE COMPANY

M/s Synergy Shakthi Renewable Energy Limited (SSREL), in which your Company has made a strategic investment, reported a profit of ₹195.02 lacs for its financial year ended 31st March 2014 which has been recognised appropriately in the consolidated accounts. SSREL continued its focus on improving the capacity utilization of its power plant by securing alternate sources of biomass and stepping up its operations by addressing the plant issues. On the market front, the base was enlarged by SSREL by targeting better realizations from short term open access customers. SSREL also augmented its revenue by trading in Renewable Energy Certificates (RECs) where the market underperformed due to ineffective enforcement of Renewable Purchase Obligations (RPOs) by the regulatory authorities.

As the viability of the project is also dependent upon the performance of the REC market, the industry association is in continuous dialogue with the Government and the regulators to address this need.

6. DIVIDEND

Your Company had paid an interim dividend of ₹ 4 per share in the month of Feb'14. A further dividend of ₹ 5 will be paid in June '14. The total dividend of ₹ 9 per share is being treated as final dividend for the year. The dividends will absorb a sum of ₹ 1017.97 lacs besides an additional outgo on dividend distribution tax of ₹ 173 lacs.

7. PUBLIC DEPOSITS

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

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

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

9. PARTICULARS OF EMPLOYEES

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

10. CORPORATE GOVERNANCE

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

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

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

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

INDIA NIPPON ELECTRICALS LIMITED

- a) that in the preparation of accounts for the financial year ended 31st March 2014 the applicable accounting standards have been followed.
- b) that the Directors have selected the accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company, at the end of the financial year under review and of the Profit of the Company, for the year under review.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that the Directors have prepared the annual accounts for the year ended 31st March 2014 on a 'going concern' basis.

12. DIRECTORS

In terms of Section 149 read with Section 152 of the Companies Act 2013, Independent Directors can be appointed for a term upto five years and they need not retire by rotation during their tenure. Accordingly, resolutions are placed for consideration of the Members to appoint independent directors for a term upto 5 years in the ensuing Annual General Meeting (A.G.M.).

Mr T K Balaji, Chairman of the Company who was appointed as Director not liable to retire by rotation in the A.G.M. held in 1987 has opted to retire by rotation to fulfil the requirement of Section 149 read with Section 152 of the Companies Act 2013.

Mr. N S Murthy resigned from the Board of Directors with effect from 29th October 2013 and Ms. Jayshree Suresh was appointed as an independent Director with effect from 26th March 2014 in the casual vacancy caused by his resignation. Mr Y Tomita retires by rotation and does not seek re-

election. Mr. Tadayama Momose is being proposed for appointment as a Non-independent Director liable for retirement by rotation. The Company has received proposals for the above appointments from shareholders as required under Section 160 of the Companies Act 2013.

The Board would like to place on record its appreciation of the valuable contributions made by M/s N S Murthy and Y Tomita during their tenure as Directors of the Company.

13. AUDITORS

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

14. COST AUDITORS

Mr. K Suryanarayanan who was appointed as cost auditor for the financial year 2012-13 filed the cost audit report with the MCA within the stipulated time. He was also re-appointed as Cost Auditor by the Board of Directors, for the financial year 2013 -14 who will be completing the cost audit for the year ended 31st March 2014 and file the cost audit report before the due date.

15. GENERAL

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

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

For and on behalf of the Board of Directors

Chennai
23rd May 2014

T K BALAJI
Chairman



Annexure I to Directors' Report to the Shareholders

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

1. CONSERVATION OF ENERGY

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

The company has recorded around 8% reduction in power consumption during the year 2013-14 by implementing various energy conservation measures like

- Process improvement in FBC cell by eliminating 2 curing ovens.
- Provided a VSD controller in 200CFM Air Compressor.

b) Future plans for energy conservation:

The company is aiming at greater energy conservation by practicing energy conservation measure like providing thirster Drives for Curing ovens, providing natural turbo ventilator for hot air exhaust in box oven area and process optimization in Rotor cooling conveyors & washing machines.

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- i) Your Directors are pleased to mention that your Company is continuing to expand the business for new applications using contemporary technologies that have been fostered and developed over many years to achieve good quality.

Your Company is exploring new avenues to introduce reliable and cost effective

products to adjacent markets. Your Company is also developing breakthrough technologies to improve fuel efficiency of the vehicles by enhancing efficiency of generator and regulator.

Your Company has identified an overseas partner for acquiring technology for Fuel Injection Controller (ECU). Your company is working closely with the partner to address Indian and overseas markets.

ii. Expenditure on R&D:

	₹ lacs
Capital	54.77
Revenue	303.42
Total	358.19
% on net turnover	1.4%

3. FOREIGN EXCHANGE OUTGO AND EARNINGS:

Export Activities

Exports during the year ended 31st March 2014 amounted to ₹ 10.91 crores as against ₹ 11.66 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 ₹ 3143 lacs and ₹ 1024 lacs respectively.

For and on behalf of the Board of Directors

Place : Chennai
Date : 23rd May 2014

T K BALAJI
Chairman

INDIA NIPPON ELECTRICALS LIMITED

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

The Shareholders of the Company

19th May 2014

On the basis of the written representations received from members of the Board and Senior Management Personnel as at 31st March 2014, in terms of Clause 49 of the Listing Agreement, we hereby certify that both the members of the Board and the Senior Management Personnel have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the company as laid down by the Board of Directors.

Subhasis Dey
Chief Executive Officer

S Sampath
Chief Financial Officer



Auditor's Certificate

To the members of India Nippon Electricals Limited.

We have examined the compliance of conditions of Corporate Governance by India Nippon Electricals Limited for the year ended on 31st March 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

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

Chennai
23rd May 2014

P S Kumar
Partner
M.No.15590

INDIA NIPPON ELECTRICALS LIMITED

REPORT ON CORPORATE GOVERNANCE

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

A. MANDATORY REQUIREMENTS

1. Company's Philosophy:

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

2. Board of Directors:

The Company has 10 Directors, 2 foreign Directors (Japanese nationals) and 8 resident Directors. All 10 Directors are non-executive Directors.

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

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

The Board met 6 times between 1st April 2013 and 31st March 2014 as given below:

Date of Meeting	Directors Present
28.05.2013	7
05.08.2013	7
26.08.2013	9
29.10.2013	5
28.01.2014	6
26.03.2014	7

The last AGM was held on 26th August 2013. Nine Directors attended the AGM.

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

Name M/s	Category	Attendance particulars		Number of directorships and committee memberships/ chairmanships		
		Board meeting	Last AGM	Other directorships*	Committee memberships	Committee chairmanships
T K Balaji	Non Executive Director	6	Yes	14	3	Nil
Y Tomita	Non Executive Director	1	Yes	Nil	Nil	Nil
M Namatame	Non Executive Director	1	Yes	1	Nil	Nil
K Seshadri	Non Executive Director	5	Yes	7	2	2
V Balaraman	Non Executive Independent Director	6	Yes	8	4	Nil
K G Raghavan	Non Executive Independent Director	3	Yes	1	Nil	Nil
G Chidambar	Non Executive Independent Director	6	Yes	3	0	2
N S Murthy @	Non Executive Independent Director	1	No	N.A.	N.A.	N.A.
Arvind Balaji	Whole-time Director	6	Yes	12	1	Nil
R Vijayaraghavan	Non Executive Independent Director	5	Yes	8	2	1
Dr Jayshree Suresh**	Non Executive Independent Director	1	NA	0	0	0

(N.A.) Not Applicable; (*) includes private companies; (**) Appointed as director w.e.f. 26th March 2014.

(@) Ceased to be Director effective 29th Oct 2013

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



4. Audit Committee:

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

During the year the Committee of Directors met five times on 28th May 2013, 5th Aug 2013, 29th Oct 2013, 10th Jan 2014 and 28th Jan 2014.

The composition of Audit Committee of the Board and the details of their attendance in the meetings of the Audit Committee are given below (01.04.2013 to 31.03.2014):

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

@ Ceased to be Director effective 29th Oct 2013;
** Became a Member of Audit Committee effective 29th Oct 2013.

The Company Secretary is the Secretary to the Audit Committee.

5. Shareholders' / Investors' Grievance Committee:

The Board had constituted the Shareholders' / Investors' Grievance Committee comprising the following three Directors which met five times during the year 2013-2014 on 1st Apr'13, 29th Jun'13, 30th Sep'13, 31st Dec'13 and 31st Mar'14:

S. No.	Name of the Member	Status	No. of Meetings attended
1.	Mr T K Balaji	Chairman	5
2.	Mr K Seshadri	Member	4
3.	Mr G Chidambar	Member	5

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

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

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

- i) Share transfer, transmissions, transpositions of names
 - ii) Issue of share certificates-duplicate, consolidation and splitting and
 - iii) Other matters connected with share transfers
- Investors' Grievance Committee ratifies the transactions at appropriate intervals.

As required by Securities and Exchange Board of India (SEBI) Mr S Sampath, Chief Financial Officer and Company Secretary has been

INDIA NIPPON ELECTRICALS LIMITED

appointed as Compliance Officer. For any clarification, shareholders may contact Mr S Sampath, Chief Financial Officer & Company Secretary. The Company has a dedicated e.mail id for investors' complaints – investorscomplaints@inel.co.in and investorscomplaintssta@scl.co.in effective 1st April 2007, as required vide amended Clause 47(f) of the Listing Agreement.

Four complaints were received and redressed during the financial year 2013-2014. These complaints were addressed to the satisfaction of the concerned investors:

Nature of complaints received and redressed	
Non receipt of Dividend warrants	Non receipt of Annual Report
2	2

6. Remuneration Committee & Policy:

The Company has not constituted a Remuneration Committee. This is a non-mandatory provision in the Listing Agreement. The Board of Directors determines the remuneration payable to the Manager and Whole-time Director taking into account their qualification, experience, expertise, contribution and the prevailing levels of remuneration in companies of corresponding size and standing.

Manager under Section 269 of the Companies Act, 1956:

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

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

Mr Arvind Balaji is the Whole-time Director pursuant to Section 269 and other applicable provisions of the Companies Act 1956 read with schedule XIII to the Companies Act for

a period of five years, subject to renewal for further periods of five years at a time, with effect from 1st April 2013. As per the terms of appointment, the Board of Directors at their meeting held on 23rd May 2014, approved payment of commission of ₹ 25 lakhs to Mr Arvind Balaji, Whole-time Director for the year 2013-14 and provision has been made for the same.

Non Executive Directors:

Non-Executive Directors are paid remuneration by way of commission not exceeding 1% of the net profits computed in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956. Further, for payment of such commission for 5 years from 01.04.2013, approval has been obtained from the shareholders at the Annual General Meeting held on 26th August 2013.

Provision has been made in the accounts towards commission to the Directors for the period ended 31st March 2014 as given below:

Name of the Directors	Amount (₹ Lacs)
Mr T K Balaji, Chairman	3.50
Mr K Seshadri	3.50
Mr K G Raghavan	4.50
Mr V Balaraman	5.00
Mr G Chidambar	5.00
Mr R Vijayaraghavan	5.00
Total	26.50

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

7. Sitting Fees Paid:

Remuneration by way of Sitting Fee for attending Board/ Committee Meetings paid to non-executive Directors for the year ended 31st March 2014 is tabulated hereunder:



Name of the Directors	Board ₹	Audit Committee ₹	Investors' Grievance Committee ₹	Total ₹
Mr T K Balaji, Chairman	42000	-	30000	72000
Mr K Seshadri	35000	24000	24000	83000
Mr K G Raghavan	21000	12000	-	33000
Mr V Balaraman	42000	30000	-	72000
Mr G Chidambar	42000	30000	30000	102000
Mr N S Murthy	7000	6000	-	13000
Mr R Vijayaraghavan	35000	6000	-	41000
Dr Jayshree Suresh	7000	-	-	7000
Total	231000	108000	84000	423000

8. Annual General Meetings:

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

Meeting	Year	Location	Date	Time
26 th AGM	2011	Vani Mahal Mini Hall 103, GN Road, Chennai - 600017	8 th Sep 2011	10.30 AM
27 th AGM	2012	Kasturi Srinivasan Hall 168 (Old 306), TTK Road Chennai - 600 014	30 th Aug 2012	10.30 AM
28 th AGM	2013	Kasturi Srinivasan Hall 168 (Old 306), TTK Road Chennai - 600 014	26 th Aug 2013	10:30 AM

8.2 Special resolutions passed in the previous annual general meetings:

During the last three years viz., 2010-2011 to 2012-2013, approval of the shareholders was obtained by passing special resolutions in respect of the following:

Year	Subject matter of special resolution	Date of AGM
2010-2011	Nil	8 th Sep 2011
2011-2012	Nil	30 th Aug 2012
2012-2013	Commission to Directors	26 th Aug 2013

8.3 Postal Ballot:

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

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

9. Disclosures:

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

10. Means of Communication:

- Quarterly results were published in Business Line and the Tamil version of the same was published in Dinamani. The Company has opted to publish the audited annual results for the year ended 31st March 2014 within the stipulated time and therefore has not published the last quarter unaudited results.
- The quarterly results and also the annual audited results are published in the Company's website viz. www.indianippon.com.

11. General Information for Shareholders:

1. Date, Time and Venue of the Annual General Meeting	27 th August 2014 (Wednesday) at 10.30 AM at Kasturi Srinivasan Hall, (Music Academy Annexe), No.168 TTK Road, Royapettah, Chennai-600014
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INDIA NIPPON ELECTRICALS LIMITED

2.	Financial Reporting for the Quarter ending: 30 th June 2014 30 th September 2014 31 st December 2014 31 st March 2015	1 st fortnight of Aug 2014 1 st fortnight of Nov 2014 1 st fortnight of Feb 2015 May 2015
3.	Period of Book Closure	5 th June 2014 to 6 th June 2014 (both days inclusive)
4.	1 st Interim Dividend (₹ 4 per share)	
	Declared on 28.01.2014	Record Date 11.02.2014
		Payment Date 18.02.2014
	2 nd Interim Dividend (₹ 5 per share)	
	Declared on 23.05.2014	Book Closure period for the purpose of payment of 2 nd interim dividend: from 5 th June 2014 to 6 th June 2014 (both days inclusive)
		Payment Date 12.06.2014
The above ₹ 9 per share dividend is recommended as final dividend.		

11.1 The Company's Equity Shares are listed on the following Stock Exchanges:

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

11.2 Trade Symbol at Stock Exchanges:

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

11.3 Demat ISIN in NSDL and CDSL:

INE092B01017

11.4 Annual Listing Fees for the year ended March 2014 have been paid to the above Stock Exchanges.

12. Share Price Data:

Share Price in ₹ Nominal Value of Share ₹10

Month	National Stock Exchange of India Ltd.		Bombay Stock Exchange Ltd	
	High	Low	High	Low
Apr'13	179.00	155.60	176.00	161.75
May'13	173.00	166.00	174.85	166.00
Jun'13	172.20	151.60	174.00	157.35
Jul'13	165.00	151.00	169.00	150.65
Aug'13	161.95	141.75	159.95	145.00
Sep'13	155.50	147.00	156.45	145.00
Oct'13	174.00	146.25	185.45	147.00
Nov'13	168.00	156.00	171.50	156.50
Dec'13	196.20	156.00	197.00	157.00
Jan'14	218.20	169.00	218.90	170.70
Feb'14	192.00	171.10	188.10	170.75
Mar'14	203.00	172.50	201.90	172.50

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

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

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

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

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



13. Distribution of Equity Share holding as on 31st March 2014:

Number of Shares held	No. of Share holders	% of Share holders	No. of Shares held	Share holding (%)
1 – 100	2726	42.43	96195	0.85
101-500	1902	29.59	472272	4.18
501-1000	1311	20.39	1036311	9.16
1001-2000	272	4.23	409956	3.62
2001-3000	95	1.48	236529	2.10
3001-4000	36	0.56	124512	1.10
4001-5000	21	0.33	94618	0.84
5001-10000	37	0.57	252753	2.24
10001 & above	27	0.42	8587566	75.91
Total	6427	100	11310712	100

14. Pattern of Equity Shareholding as on 31st March 2014:

Shareholders	No. of Shares held	% of Total shares held
NRIs	80995	0.71
Promoter Company	5188666	45.87
Directors and Relatives	3730	0.04
Collaborator	2320500	20.52
Nationalised Banks	-	-
Mutual funds	-	-
Financial Institutions	35000	0.31
Foreign Venture Capital Investors		
Corporate Bodies	691576	6.12
Resident Individuals	2990245	26.43
Total	11310712	100.0

15. Share Transfer System:

Securities and Exchange Board of India [SEBI] in its circular No.D & CC / FITT / Cir-15 dated 27th December 2002 had stipulated that a Company

should have a common agency for handling the share registry work for both physical and electronic transfers i.e., either in-house or by way of a SEBI registered Registrar and Transfer Agent [RTA].

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

With effect from 15th Oct'2004 M/s Sundaram-Clayton Ltd (SCL), [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 Investors' Grievance Committee approves share transfers / transmissions at the Committee meeting.

16. Dematerialisation of Shares and Liquidity:

Your Company's shares have been compulsorily dematerialised effective 28.04.2001. In accordance with SEBI Circular No.SEBI/Cir/ISD/3/2011 dated June 17, 2011 and the amendments thereof, the entire shareholding of promoters has been dematerialised. As on

INDIA NIPPON ELECTRICALS LIMITED

31.03.2014, there were 1,09,01,980 shares in electronic mode, including 75,09,166 shares held by promoters. Shares held in electronic mode accounted for 96.39% 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 31.03.2014	632	5795	6427
b)	Promoters holding M/s Lucas Indian Service Ltd, Chennai M/s Kokusan Denki Company Ltd, Japan		5188666 2320500	5188666 2320500
c)	Non Promoters holding	408732	3392814	3801546
	Total (b+c)	408732	10901980	11310712
	%	3.61	96.39	100

14. Plant Locations:

1. India Nippon Electricals Ltd
Hosur-Thalli Road, Uliveeranapalli
Hosur 635 114
Denkanikotta Taluk
Krishnagiri Dist. Tamilnadu.
Tel: (4347) 233438
E.mail: inelhsr@inel.co.in,
sampath.s@inel.co.in;
investorscomplaints@inel.co.in
2. India Nippon Electricals Ltd
Madukarai Road, Kariamanickam Village
Nettapakkam Commune
Puducherry 605 106. Tel: (413) 2699052.
3. India Nippon Electricals Ltd
Masani Village
Rewari District
Haryana 122 106. Tel: (1274) 240860

4. Address for Investors Correspondence:
India Nippon Electricals Ltd
82, Dr. Radhakrishnan Salai
Mylapore, Chennai 600 004. Ph. (44) 2811 0063 / 28 11 0074
Fax. (44) 2811 5624.
E.mail: inelcorp@inel.co.in,
investorscomplaints@inel.co.in
CIN: L31901TN1984PLC011021
5. For investors complaints:
investorscomplaints@inel.co.in, and
investorscomplaintssta@scl.co.in

B. NON MANDATORY REQUIREMENT

a. Whistle Blower Policy:

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

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



<u>Director name</u> <u>(Mr/ Ms)</u>	<u>DIN</u>
T K Balaji	00002010
K Seshadri	00301839
K G Raghavan	00359471
V Balaraman	00267829
G Chidambar	00017015
Arvind Balaji	00557711
M Namatame	03353077
Y Tomita	05309262
R Vijayaraghavan	00026763
Jayshree Suresh	06861217

d. Quarterly / Half-Yearly Results:

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

C. General

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

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

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

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

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

Shares lodged for transfer are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialisation of securities are processed and the confirmation is given to the depositories within 7 days. Grievances received from shareholders and other miscellaneous correspondence on changes of addresses, mandates etc, is processed by the Share Transfer Department of the Company within 7 days.

b. Secretarial Audit:

SEBI by the Circular D&CC/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

INDIA NIPPON ELECTRICALS LIMITED

physical form tally with the issued / paid up capital

- ii. the register of members is updated
- iii. the dematerialisation requests have been confirmed within 15 days and by explaining the reasons if any, for pending beyond 15 days

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

The Report on Reconciliation of Share Capital was submitted by the Company to the Stock Exchanges on a quarterly basis and for the quarter ended 31st March 2014, this was submitted on 5th April 2014.

c. Request to Investors

Members who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March 2008 and for any financial year thereafter may contact the Company and surrender their warrants for payment or write to the Company with folio number and details. Members are requested to note that the dividend not claimed for a period of seven years from the date they became due for payment shall be transferred to Investor Education and Protection Fund [IEPF] in terms

of Section 205C of the Companies Act, 1956. Information in respect of unclaimed dividends due for remittance into IEPF is given below:

Particulars of unclaimed dividend of India Nippon Electricals Limited:

Financial Year	Date of Declaration	% of dividend	Date of transfer to special account	Date of transfer to IEPF	As of 31.03.2014 ₹
2006-07 2 nd interim	22.03.2007	30	27.04.2007	27.04.2014	88,575
2007-08 1 st interim	25.12.2007	45	30.01.2008	30.01.2015	1,31,741
2 nd interim	21.03.2008	25	20.04.2008	20.04.2015	83,728
2008-09 1 st interim	26.12.2008	30	31.01.2009	31.01.2016	1,13,697
2 nd interim	24.04.2009	30	30.05.2009	30.05.2016	1,36,884
2009-10 1 st interim	21.12.2009	35	25.01.2010	25.01.2017	1,37,906
2 nd interim	27.04.2010	40	02.06.2010	02.06.2017	1,87,700
2010-11 1 st interim	29.12.2010	50	03.02.2011	03.02.2018	2,41,600
2 nd interim	25.03.2011	35	30.04.2011	30.04.2018	1,79,335
3 rd interim	27.05.2011	10	02.07.2011	02.07.2018	58,497
2011-12 1 st interim	03.02.2012	40	10.03.2012	10.03.2019	3,05,464
2 nd interim	30.05.2012	50	05.07.2012	05.07.2019	3,39,295
2012-13 1 st interim	06.02.2013	40	14.03.2013	14.03.2020	3,65,132
2 nd interim	28.05.2013	50	03.07.2013	03.07.2020	4,21,820
2013-14 1 st interim	28.01.2014	40	05.03.2014	05.03.2021	4,93,424
2 nd interim	23.05.2014	50	28.06.2014	28.06.2021	-

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.



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

FINANCIAL STATEMENTS
(Standalone)



Independent Auditor's Report

To the Members of India Nippon Electricals Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of India Nippon Electricals Limited (the Company) which comprises the Balance Sheet as at March 31, 2014, and the statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

INDIA NIPPON ELECTRICALS LIMITED

Report on other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statements dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of profit and loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.



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

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

INDIA NIPPON ELECTRICALS LIMITED

- verification between the physical stock and the book records were not material and have been properly dealt with in the books of accounts.
7. The Company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of The Companies Act, 1956.
 8. The company has placed an unsecured short term deposit with a company covered in the register maintained under section 301 of the Act. The amount involved is ₹ 10 crores which is also the maximum outstanding during the year. In our opinion, the rate of interest and other terms and conditions of the deposit placed by the company, are not prima facie prejudicial to the interest of the company. The payment of interest is also regular. There are no overdue amounts on the deposit.
 9. In our opinion and according to the information given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
 10. Based on the audit procedures applied by us and according to the information and explanation provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
 11. In our opinion and according to the information and explanation given to us, the transactions made in the pursuance of the contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of Five lakh rupees in respect of any party during the year have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time.
 12. In our opinion, the company has an internal audit system commensurate with the size and the nature of the business.
 13. On the basis of the records, we are of the opinion that prima facie cost records and accounts prescribed by the Central Government of India under section 209(1) (d) of the Companies Act, 1956 have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
 14. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investors' Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty. There were no arrears as on 31st March, 2014.
 15. Based on the audit procedures and on the information and explanations given by the management, we furnish below the details of dues of Sales Tax / Service Tax / Excise Duty / Cess/Local area Development Tax, which have not been deposited on account of disputes.



Statute	Nature of dues	Period to which relates (Financial Year)	Amount due (₹)	Forum where dispute is pending
Service tax under Finance Act ,1994	Disallowance of Service Tax credit availed.	2005-06 and 2006-07	11,49,084	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	2,52,091	Office of the Superintendent Central Excise
Central Excise Act 1944	Disallowance of CENVAT credit on capital goods and non-reversal of CENVAT credit.	2001-02 to 2004-05	1,26,601	Assistant Commissioner of Central Excise
Central Excise Act 1944	Non-reversal of CENVAT credit.	2005-06	12,39,367	Joint Commissioner Central Excise
Central Excise Act 1944	Short reversal of CENVAT on Capital Goods.	2006-07	1,47,653	Deputy Commissioner Central Excise
Local Area Development Tax of Haryana state.	Local Area Development Tax Assessment demand	2003-04 and 2004-05	41,300	Joint Excise Taxation Commissioner
Service tax under Finance Act ,1994	Disallowance of Service Tax credit availed.	2011-12	14,41,089	Additional Commissioner Central Excise
Tamil Nadu VAT Act, 2006.	Disallowance of VAT credit availed	2008-09 to 2013-14	24,139	Assistant Commissioner of Commercial Tax.

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

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

Chennai
23rd May 2014.

P S Kumar
Partner
Membership No.:15590

INDIA NIPPON ELECTRICALS LIMITED

Balance Sheet as at 31st March 2014

Particulars	Note No	As at 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	1131.07	1131.07
(b) Reserves and Surplus	2	20406.14	19631.34
(c) Money received against share warrants		-	-
(2) Share application money pending allotment			
		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities	4	-	-
(d) Long term provisions	5	47.91	68.12
(4) Current Liabilities			
(a) Short-term borrowings	6	-	-
(b) Trade payables	7	3158.39	2989.55
(c) Other current liabilities	8	1058.59	132.29
(d) Short-term provisions	9	843.17	841.72
Total		<u>26645.27</u>	<u>24794.09</u>
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	3915.52	3633.71
(ii) Intangible assets	11	-	-
(iii) Capital work-in-progress		54.31	301.20
(iv) Intangible assets under development			
(b) Non-current investments	12	8166.09	9190.78
(c) Deferred tax assets (net)	13	290.85	259.52
(d) Long term loans and advances	14	115.71	92.62
(e) Other non-current assets	15	12.12	156.72
(2) Current assets			
(a) Current investments	16	3746.41	1777.16
(b) Inventories	17	1698.54	1513.53
(c) Trade receivables	18	5912.39	4995.56
(d) Cash and cash equivalents	19	1114.24	2341.36
(e) Short-term loans and advances	20	1513.11	389.95
(f) Other current assets	21	105.98	141.98
Total		<u>26645.27</u>	<u>24794.09</u>

T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN JAYSHREE SURESH	ARVIND BALAJI <i>Wholtime Director</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 000511S
Chennai 23 rd May 2014	R VIJAYARAGAVAN <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>	P S KUMAR <i>Partner</i> Membership No.15590



Profit and Loss statement for the year ended 31st March 2014

Particulars	Note No	2013-2014 ₹ lacs	2012-2013 ₹ lacs
I. Revenue from operations	22	29218.01	30068.40
Less: Excise Duty		2951.12	3167.91
		<u>26266.89</u>	<u>26900.49</u>
II. Other Income	23	731.96	791.67
III. Total Revenue (I + II)		<u>26998.85</u>	<u>27692.16</u>
IV. Expenses:			
Cost of materials consumed	24	18283.09	18404.80
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	154.18	(2.04)
Other Manufacturing Expenses	26	1341.50	1492.05
Employee benefits expense	27	2950.99	2673.70
Finance costs	28	12.36	18.14
Depreciation and amortization expense	10 & 11	562.19	612.67
Other expenses	29	1085.10	977.79
IV.Total Expenses		<u>24389.41</u>	<u>24177.11</u>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	2609.44	3515.05
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax	(V-VI)	2609.44	3515.05
VIII. Extraordinary Items		-	-
IX. Profit before tax	(VII-VIII)	2609.44	3515.05
X. Tax expense:			
(1) Current tax		675.00	710.00
(2) Deferred tax		(31.33)	(17.56)
(3) Income tax for earlier years		-	(14.11)
		<u>643.67</u>	<u>678.33</u>
XI. Profit for the period from continuing operations	(IX-X)	1965.77	2836.72
XII. Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from discontinuing operations	(XII-XIII)	-	-
XV. Profit for the period after tax	(XI+XIV)	<u>1965.77</u>	<u>2836.72</u>
XVI. Earnings per equity share of face value ₹ 10/-:			
(1) Basic		17.38	25.08
(2) Diluted		-	-

T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN JAYSHREE SURESH	ARVIND BALAJI <i>Wholetime Director</i>	As per our report of even date For Brahmayya & Co Chartered Accountants Registration No: 000511S
Chennai 23 rd May 2014	R VIJAYARAGAVAN <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>	
			P S KUMAR <i>Partner</i> Membership No. 15590

INDIA NIPPON ELECTRICALS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	YEAR ENDED 31.03.2014 ₹ lacs	YEAR ENDED 31.03.2013 ₹ lacs
A. Cash Flow from Operating Activities:		
Net Profit before tax and extraordinary items	2,609.44	3,515.05
Adjustments for		
Add: - Depreciation	562.19	612.67
- Interest & Finance Charges	-	-
- Lease Rent Paid	-	-
- (Profit)/Loss on sale/Writeoff of fixed assets	(1.54)	(0.93)
- Dividend Received	(280.14)	(324.91)
- Interest Received	(400.74)	(446.49)
- (Profit)/Loss on sale of investments(net)	(14.22)	(19.34)
- Provision for diminution in value of investments	0.75	-
Operating Profit before Working Capital changes	<u>2,475.74</u>	<u>3,336.05</u>
Adjustments for - Trade & Other Receivables	(900.26)	(616.68)
- Inventories	(185.01)	272.94
- Trade Payables and other liabilities	1,058.25	197.47
Cash generated from Operations	<u>2,448.72</u>	<u>3,189.78</u>
Income Tax paid	(691.43)	(726.51)
Net Cash from Operating Activities- A	<u>1,757.29</u>	<u>2,463.27</u>
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(597.50)	(842.29)
Sale of Fixed Assets	5.94	5.67
(Purchase) / Sale of Investments (net)	(1,931.08)	(1,604.72)
Interest/Dividend Received	698.66	815.25
Net Cash from /(used) in Investment Activities -B	<u>(1,823.98)</u>	<u>(1,626.09)</u>



	YEAR ENDED 31.03.2014 ₹ lacs	YEAR ENDED 31.03.2013 ₹ lacs
C. Cash Flow from Financing Activities:		
Repayment of Long Term Borrowings		
Unsecured Loan Repayment	-	
Lease Rent Paid		
Interest Paid	-	-
Dividends Paid	(1,017.97)	(1,017.97)
Dividend Tax	(173.00)	(165.14)
Net Cash used in Financing Activities-C	<u>(1,190.97)</u>	<u>(1,183.11)</u>
D. Net (decrease)/Increase in Cash Equivalents (A+B+C)	(1,257.66)	(345.93)
E. Cash & Cash Equivalents as at 1 st April, 2013 (Opening Balance)	2,310.59	2,656.52
F. Cash & Cash Equivalents as at 31 st March 2014 (Closing Balance)	<u>1,052.93</u>	<u>2,310.59</u>

Reconciliation of cash and cash equivalents

₹ lacs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Cash and Bank balances as per Balance Sheet (Refer Note No.19)	1,114.24	2,341.36
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 on cash flow statement in earmarked accounts		
- unpaid dividends	32.85	30.77
- escrow account	28.46	-
Cash and cash equivalents	<u>1,052.93</u>	<u>2,310.59</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 211 (3C) of the Companies Act 1956

T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN JAYSHREE SURESH	ARVIND BALAJI <i>Wholetime Director</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 000511S
Chennai 23 rd May 2014	R VIJAYARAGAVAN <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>	P S KUMAR <i>Partner</i> Membership No. 15590

INDIA NIPPON ELECTRICALS LIMITED

Notes :	As at 31.03.2014		As at 31.03.2013		
	₹ lacs		₹ lacs		
1 Share Capital					
a Authorised Share Capital:					
15000000 number of Equity shares of ₹ 10 each	1500.00		1500.00		
b Issued, Subscribed and Fully Paid up Share Capital:					
11310712 number of Equity shares of ₹ 10 each	1131.07		1131.07		
c Par Value per Share ₹	10.00		10.00		
d Number of equity shares at the beginning of the year	11310712		11310712		
Add: Rights issue	-		-		
Bonus issue	-		-		
Less: Buy back	-		-		
Number of equity shares at the end of the year	<u>11310712</u>		<u>11310712</u>		
All shares are of the same nature ranking pari passu					
e % of Shares held by					
Holding company	Nil		Nil		
Ultimate holding company	Nil		Nil		
Subsidiary company	Nil		Nil		
Associates of holding company	Nil		Nil		
Associates of ultimate holding company	Nil		Nil		
f Number of shares held by share holders holding more than 5% of total shares					
<name of the share holder>	<nos.current yr>		<nos.previous yr>		
Lucas Indian Service Ltd, India	5188666		5188666		
Kokusan Denki Co Ltd, Japan	2320500		2320500		
g Shares reserved for (specify the number of shares and terms)				Number of shares	
Issue under options :	Nil		Nil		
Contracts / Commitments	Nil		Nil		
Disinvestments	Nil		Nil		
Terms					
Issue under options :	Nil		Nil		
Contracts / Commitments	Nil		Nil		
Disinvestments	Nil		Nil		
h Details of shares allotted/bought back during the five years preceding the balance sheet date					
Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Equity shares of ₹ 10 each allotted as fully paid up by way of bonus shares	-	-	3231632	-	-
i Terms of Conversion of Nil (security) convertible into equity / preference					
Date	No of security	Terms			farthest date of conversion to earliest date of conversion
j Amount of Calls unpaid ₹					
(i) Calls unpaid by directors ₹			Nil		Nil
(ii) Calls unpaid by officers ₹			Nil		Nil
k No of shares Forfeited :					
amount originally paid up :			Nil		Nil



2 Reserves and Surplus	As at 31.03.2014		As at 31.03.2013	
	₹ lacs		₹ lacs	
a Capital reserve - Cash Subsidy - SIPCOT				
Opening balance	15.00		15.00	
Add: Addition / (reduction)	-		-	
Closing balance		15.00		15.00
b Capital redemption reserve				
Opening balance	39.56		39.56	
Add: Addition / (reduction)	-		-	
Closing balance		39.56		39.56
c Security premium reserve				
Opening balance	-		-	
Add: Addition / (reduction)	-		-	
Closing balance		-		-
d Debenture Redemption reserve				
Opening balance	-		-	
Add: Addition / (reduction)	-		-	
Closing balance		-		-
e Revaluation reserve				
Opening balance	395.46		395.46	
Add: Addition / (reduction)	-		-	
Closing balance		395.46		395.46
f Share Options Outstanding account				
Opening balance	-		-	
Add: Addition / (reduction)	-		-	
Closing balance		-		-
g General reserve (Uncommitted)				
Opening balance	18000.14		16000.14	
Less: Capitalised as Bonus shares	<u>18000.14</u>		<u>16000.14</u>	
Add: transfer from profit & loss account	750.00		2000.00	
Closing balance		18750.14		18000.14
h Surplus from Profit & Loss account (Uncommitted)				
Opening balance	1181.18		1531.94	
Add: Current year surplus	<u>1965.77</u>	3146.95	<u>2836.72</u>	4368.66
Less: Transfer to general reserve	750.00		2000.00	
Interim/final dividend	1017.97		1017.97	
Dividend tax provision	<u>173.00</u>	<u>1940.97</u>	<u>169.51</u>	<u>3187.48</u>
Closing balance		<u>1205.98</u>		<u>1181.18</u>
		<u>20406.14</u>		<u>19631.34</u>

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs
3 Long term Borrowings		
a Bonds / Debentures	-	-
b Term Loans		
(i) From Banks	-	-
(ii) From other parties	-	-
c Deferred payment liabilities	-	-
d Deposits	-	-
e Loans and advances from related parties	-	-
f Long term maturities of finance lease obligations	-	-
g Other loans and advances	-	-
	-	-
4 Other long term liabilities		
a Trade payables		
b Others	-	-
	-	-
5 Long term provisions		
a Provision for employee benefits		
- Leave encashment	47.91	68.12
b Others	-	-
	<u>47.91</u>	<u>68.12</u>
6 Short term borrowings		
a Loans repayable on demand		
from banks	-	-
from others	-	-
b Loans and advances from related parties	-	-
c Deposits	-	-
d Other loans and advances	-	-
	-	-
7 Trade Payables		
Trade Payables	3158.39	2989.55
	<u>3158.39</u>	<u>2989.55</u>

The Company has sent circulars to suppliers/vendors for getting information as required under "Micro, Small and Medium Enterprises Development Act 2006". No vendor has given registration details. However, they have indicated the status of undertaking as defined under the act. With the available information, the amount outstanding as on 31st March 2014 is ₹ 209.17 lacs (Previous year - ₹ 152.72 lacs). Further no interest has been paid or is payable in the opinion of the Management to such parties as per the provisions of the said Act.



8 Other Current Liabilities

	As at 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs
a Current maturities of long term debt	-	-
b Current maturities of Finance lease obligations	-	-
c Interest accrued but not due on borrowings	-	-
d Interest accrued and due on borrowings	-	-
e Income received in advance	-	-
f Unpaid dividends	32.85	30.77
g Application money received for allotment of securities/ due for refund / interest accrued thereon	-	-
h Unpaid matured deposits and interest accrued there on	-	-
i Unpaid matured debentures and interest accrued there on	-	-
j Book overdraft with bank	800.48	-
k Other payables	225.26	101.52
	<u>1058.59</u>	<u>132.29</u>

Details of Other payables :

Excise duty/service tax/TNVAT payable	57.26	27.48
TDS/TCS	33.37	23.10
Professional Tax payable	3.01	3.02
Employee Dues	80.12	17.92
Commission to Directors	51.50	30.00
	<u>225.26</u>	<u>101.52</u>

9 Short term provisions

a Provisions for employee benefits - Gratuity & Leave encashment	30.84	29.39
b Others (Specify)		
Provision for warranty	91.68	91.68
Provision for income tax	-	-
Provision for Sales tax	-	-
Provision for fringe benefit	59.00	59.00
Provision for dividend	565.54	565.54
Provision for dividend tax	96.11	96.11
	<u>843.17</u>	<u>841.72</u>

Other disclosure :

Product Warranty :

Opening balance	91.68	91.68
Additions	8.13	12.24
Utilizations	8.13	12.24
Closing balance	<u>91.68</u>	<u>91.68</u>

INDIA NIPPON ELECTRICALS LIMITED

10. Tangible Assets	Gross Value				Depreciation			Closing balance		
	Opening balance 01.04.2013	Additions during the year	Disposals during the year	Total 31.03.2014	Opening balance 01.04.2013	Additions during the year	Disposals during the year	Total 31.03.2014	As at 31.03.2014	As at 31.03.2013
a Land	1021.69	218.12	-	1239.81	-	-	-	-	1239.81	1021.69
b Building	1512.16	308.04	-	1820.20	734.60	107.39	-	841.99	978.21	777.56
c Plant & Equipments	6376.16	265.89	312.64	6329.41	4706.60	408.79	312.64	4802.75	1526.66	1669.56
d Furniture & Fixtures	218.34	34.31	-	252.65	118.06	24.43	-	142.49	110.16	100.28
e Vehicles	77.67	1.20	13.99	64.88	56.60	5.89	13.61	48.88	16.00	21.07
f Office Equipments	262.54	16.82	-	279.36	218.99	15.69	-	234.68	44.68	43.55
Total	9468.56	844.38	326.63	9986.31	5834.85	562.19	326.25	6070.79	3915.52	3633.71
Figures for the previous year	8297.56	1192.90	21.90	9468.56	5239.34	612.67	17.16	5834.85	3633.71	-

Other disclosure :

The fixed assets were revalued in the year 1992-93 by which the value of the assets were written up by ₹ 230.71 lacs after technical assessment with the corresponding credit being given to Revaluation Reserve. These assets were fully written off in the books of accounts as on 31st March 1997. In the year 1997-98, the fixed assets comprising of plant and machinery and electrical installations were revalued again after a technical assessment by which the values of these assets were written up by ₹ 233.30 lacs with the corresponding credit being given to Revaluation Reserve. As mentioned in accounting policy sino.30 (h)(iii), depreciation is computed on the revalued amounts and is charged off to the statement of profit and loss in full without withdrawing any amount from the revaluation reserve. The additional amount charged as depreciation for the year is ₹ 0.70 lacs (previous year ₹ 1.29 lacs)

11. Intangible Assets	Gross Value			Depreciation			Closing balance			
	Opening balance 01.04.2013	Additions during the year	Disposals during the year	Total 31.03.2014	Opening balance 01.04.2013	Additions during the year	Disposals during the year	Total 31.03.2014	As at 31.03.2014	As at 31.03.2013
a Goodwill	-	-	-	-	-	-	-	-	-	-
b Brands / Trademarks	-	-	-	-	-	-	-	-	-	-
c Computer Software	-	-	-	-	-	-	-	-	-	-
d Mastheads and publishing titles	-	-	-	-	-	-	-	-	-	-
e Mining rights	-	-	-	-	-	-	-	-	-	-
f Copyrights, patents and other intellectual property rights, services & operating rights	-	-	-	-	-	-	-	-	-	-
g Recipes, formulae, models, designs & prototypes	-	-	-	-	-	-	-	-	-	-
h Licenses & franchise	-	-	-	-	-	-	-	-	-	-
i Others	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Figures for the previous year	-	-	-	-	-	-	-	-	-	-



12. Non-current investments		Subsidiary/ Associate/ Others	No. of shares/Units		Extent of holding (%)		As at	As at
			As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13	31.03.2014 ₹ lacs	31.03.2013 ₹ lacs
(i)	Trade Investments							
	PT Automotive Systems Indonesia	Subsidiary	27000	27000	99.97%	99.97%	1207.98	1,207.98
	Lucas TVS Ltd	Others	97351	97351	-	-	2824.08	2824.08
	Synergy Shakthi Renewable Energy Ltd	Associate	6000000	6000000	40%	40%	600.00	600.00
(ii)	Other Investments							
	a Investment in debentures or bonds							
	India Infrastructure Finance Corporation Ltd	Others	-	2060	-	-	NIL	2,109.54
	National Highways Authority of India	Others	12362	12362	-	-	123.62	123.62
	Hudco (Taxfree) 2022	Others	50000	50000	-	-	530.89	530.89
	Indian Railway Finance Corporation Limited	Others	50000	-	-	-	500.00	NIL
	India Infrastructure Finance Corporation Ltd	Others	50000	-	-	-	500.00	NIL
	b Other non-current investments (specify)							
	TVS Shriram Growth Fund Scheme 1A	Others	42758	42758	-	-	427.58	427.58
	TVS Shriram Growth Fund Scheme 1B	Others	7500	7500	-	-	75.00	75.00
	ICICI India Advantage Fund	Others	18701	20778	-	-	18.70	20.78
	DWS Short Maturity Fund Reg - Quarterly Dividend	Others	2101257	1970759	-	-	218.67	205.10
	Kotak Bond Short Term Plan - Growth	Others	1039696	1039696	-	-	220.00	220.00
	IDFC SSIF -MTP Reg-Quarterly - Dividend	Others	3066803	1000980	-	-	318.06	101.38
	Kotak Floater -LT-Daily Dividend	Others	5450990	6908187	-	-	549.44	696.33
	Sundaram Ultra Short Term Investment Plan Daily Dividend	Others	518753	483244	-	-	52.07	48.50
							<u>8,166.09</u>	<u>9,190.78</u>
	Other disclosure:							
	1 Aggregate value of Quoted investments						Nil	Nil
	2 Market value of Quoted investments						Nil	Nil
	3 Aggregate value of Unquoted investments						8,166.09	9,190.78

INDIA NIPPON ELECTRICALS LIMITED

13 Deferred Tax Assets

	As at 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs
Deferred Tax Assets (net)	290.85	259.52
	<u>290.85</u>	<u>259.52</u>

Other disclosure :

As mentioned in item 30 (1) of Accounting Policy statement, the company is accounting for taxes in accordance with the Accounting Standards 22 "Accounting for Taxes on Income" notified under company (Accounting Standards) Rules 2006. Accordingly, an amount of ₹ 31.33 lacs has been credited to the profit and loss account for the year under review towards Deferred Tax Asset. As at 31st March 2014, the amount in deferred tax account is ₹ 290.85 lacs as detailed below:

	As at 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs
Rebates and Discounts	57.03	57.03
Leave encashment	21.25	26.79
Depreciation	165.75	153.85
Early Separation Scheme	16.66	3.18
Others	30.16	18.67
	<u>290.85</u>	<u>259.52</u>

14 Long term loans and advances

a Capital Advance		
b Security deposits	38.45	31.79
c Loans and advances to related parties	-	-
d Advance Income Tax and Tax deducted at source (net) (*)	77.26	60.83
e Inter corporate deposit	-	-
f Other loans and advances	-	-
	<u>115.71</u>	<u>92.62</u>

* Net of provision for taxation of ₹ 2980 lacs (Previous year - ₹ 2305 lacs).

15 Other non-current assets

a Long term trade receivable		
b Income Receivables	-	-
c Other receivables	6.82	151.42
d Advance for capital expenditure	5.30	5.30
	<u>12.12</u>	<u>156.72</u>



16. Current investments

	Subsidiary/ Associate/ Others	No. of shares/Units		As at	As at
		As at 31.03.14	As at 31.03.13	31.03.2014 ₹ lacs	31.03.2013 ₹ lacs
Investment in Mutual funds					
Birla Sun Life Dynamic Bond Fund -Ret-Mthly Dividend	Others	-	2938051	-	309.70
Birla Sun Life Dynamic Bond Fund -Ret-Growth	Others	1548912	-	317.06	-
Birla Sun Life Cash Plus -IP-Daily Dividend	Others	-	104863	-	105.07
Birla Sun Life Short Term Fund - Growth Regular Plan	Others	640909	-	300.00	-
DWS Short Maturity Fund Reg - Growth	Others	940450	-	200.00	-
DWS Treasury Fund Investment Reg -Daily Dividend	Others	1027645	-	104.48	-
ICICI Emerging Sector Fund	Others	4222	4222	3.66	4.22
ICICI Prudential Flexible Income - Reg - Daily Dividend	Others	103748	-	109.70	-
ICICI Prudential FMP Series 73 - 391 Days Plan G Reg	Others	7000000	-	700.00	-
IDFC SSIF -MTP Reg Quarterly Dividend	Others	-	1021801	-	104.47
IDFC SSIF -MTP-Reg - Growth 72	Others	-	2961219	-	307.14
IDFC Money Manager Investment B - G	Others	2537582	-	500.00	-
IDFC FTP Series 81 Regular Plan -Growth	Others	1003697	-	100.37	-
IDFC SSIF Medium -term Reg Growth	Others	2221473	-	451.99	-
IDFC Fixed Maturity Plan Thirteen months	Others	-	2200000	-	220.00
JP Morgan India Short term Income fund - Growth	Others	1676687	2147555	219.77	216.47
L&T Short Term Income Fund - Dividend	Others	-	1115013	0.00	111.97
Reliance Liquid Fund-Treasury Plan-Daily Dividend	Others	9586	-	146.54	-
Reliance FHF 22 - Series 2 -Growth	Others	-	4005285	0.00	400.53
Reliance Short Term Fund -Growth	Others	2020879	-	446.00	-
Reliance FHF XXV - Series 18 -Growth	Others	1500000	-	150.00	-
				<u>3,749.57</u>	<u>1,779.57</u>
Aggregate provision for diminution in value of investments				3.16	2.41
				<u>3,746.41</u>	<u>1,777.16</u>
Other disclosure:					
Basis of valuation of individual investments					
Aggregate value of Quoted investements					
Market value of Quoted investments					
Aggregate value of Unquoted investements					
				Nil	Nil
				Nil	Nil
				3,746.41	1,777.16

INDIA NIPPON ELECTRICALS LIMITED

17 Inventories	As at 31.03.2014	As at 31.03.2013
	₹ lacs	₹ lacs
(For mode of valuation, refer note no.30 e)		
a Raw materials	1262.88	950.25
b Raw materials - Goods in transit	48.01	21.55
c Work in progress	180.42	266.30
d Finished goods	156.71	163.75
e Finished goods in transit	46.07	107.33
f Stock in trade (in respect of goods acquired for trading)	-	-
g Stores & Spares	4.45	4.35
	<u>1698.54</u>	<u>1513.53</u>
18 Trade receivables		
a Trade receivables Unsecured outstanding for a period exceeding six months		
- Considered good	62.03	51.43
- Considered doubtful	-	-
	<u>62.03</u>	<u>51.43</u>
Less: Provision for doubtful debts	-	-
	<u>62.03</u>	<u>51.43</u>
Other receivables considered good	5850.36	4944.13
	<u>5912.39</u>	<u>4995.56</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>5912.39</u>	<u>4995.56</u>
19 Cash and Bank Balances		
a. Cash and cash equivalents		
i. Balance with banks		
In current account	106.62	213.09
ii. Cash in hand	0.53	0.71
iii. Cheques, drafts in hand	-	-
b. Other Bank Balances:		
in Fixed deposit (less than 12 months)	936.45	2087.46
in Fixed deposit with Escrow account	28.46	-
in Fixed deposit (more than 12 months)	0.33	0.33
in Margin money deposit accounts	9.00	9.00
in Dividend warrant accounts	32.85	30.77
c. Others	-	-
	<u>1114.24</u>	<u>2341.36</u>



20 Short-term loans and advances	As at 31.03.2014	As at 31.03.2013
	₹ lacs	₹ lacs
a Loans and advance to related parties	-	-
b Advances/Loans to Employees	115.36	114.10
c Inter corporate deposit with related party	1,000.00	-
d Balance with excise and customs	310.85	132.95
e Other advances		
- Sales Tax receivable	4.41	5.51
- Vendor advance	82.49	137.39
	<u>1513.11</u>	<u>389.95</u>
21 Other current assets		
a Vat tax input credit	0.30	3.48
b Prepaid expenses	13.80	28.08
c Interest accrued	91.88	110.42
d Other receivables	-	-
	<u>105.98</u>	<u>141.98</u>
22 Revenue from operations	2013-2014	2012-2013
	₹ lacs	₹ lacs
a Sale of Products		
Export Sales	1090.81	1166.49
Domestic Sales	28013.19	28803.27
b Sale of Services	-	-
	<u>29104.00</u>	<u>29969.76</u>
c Other operating revenues	114.01	98.64
	<u>29218.01</u>	<u>30068.40</u>
23 Other Income		
a Interest Income	400.74	446.49
b Dividend Income	280.14	324.91
c Net gain / (loss) on sale of investment	14.22	19.34
d Net gain / loss on foreign currency transaction	35.32	0.00
e Profit on sale of fixed assets	1.54	0.93
f Other non operating income	-	-
	<u>731.96</u>	<u>791.67</u>

INDIA NIPPON ELECTRICALS LIMITED

	2013-2014	2013-2014
	₹ lacs	₹ lacs
24 Cost of Materials consumed		
a Opening Stock of Raw Materials	950.25	1197.91
b Purchases	<u>18595.72</u>	<u>18157.14</u>
	19545.97	19355.05
c Less: Closing stock of raw Materials	<u>1262.88</u>	<u>950.25</u>
	<u>18283.09</u>	<u>18404.80</u>
25 Changes in inventories		
Inventories at the end of the year :		
Finished goods	202.78	271.08
Work in progress	<u>180.42</u>	<u>266.30</u>
	<u>383.20</u>	<u>537.38</u>
Inventories at the beginning of the year:		
Finished goods	271.08	249.49
Work in progress	<u>266.30</u>	<u>285.85</u>
	<u>537.38</u>	<u>535.34</u>
Net (increase)/decrease	<u>154.18</u>	<u>(2.04)</u>
26 Other Manufacturing Expenses		
a Stores and consumables	400.39	443.12
b Power and fuel	481.72	555.46
c Repairs to building	90.27	86.34
d Repairs to machinery	168.37	187.87
e Repairs others	42.35	63.08
f Royalty	48.10	85.25
g Technical know how and support fee	9.63	6.33
h Other expenses	<u>100.67</u>	<u>64.60</u>
	<u>1341.50</u>	<u>1492.05</u>
27 Employee Benefits expense		
a Salaries, wages, bonus and allowances	2291.73	2030.62
b Contribution to Provident fund and other funds	185.93	177.94
c Staff Welfare expenses	<u>473.33</u>	<u>465.14</u>
	<u>2950.99</u>	<u>2673.70</u>



28 Finance costs	2013-2014	2012-2013
	₹ lacs	₹ lacs
a Interest Expense	1.31	5.41
b Other borrowing cost	-	-
c Net Loss / (Gain) on foreign currency transaction	-	-
d Bank charges	11.05	12.73
	<u>12.36</u>	<u>18.14</u>
29 Other expenses		
a Rent	14.89	14.36
b Repairs to Vehicles	8.87	8.33
c Insurance	47.65	48.78
d Rates and taxes (excluding, taxes on income)	13.90	12.37
e Postage and communication expenses	60.86	62.28
f Printing & Stationery	39.26	44.97
g Sittng fees	4.23	3.79
h Legal & professional charges	81.28	74.95
i Travelling & conveyance expenses	170.34	142.30
j Donation	40.30	41.05
k Recruitment expenses	8.44	7.51
l Remuneration to watch and ward	63.78	56.61
m Wealth Tax	33.71	34.59
n Commisson to Directors	51.50	30.00
o After sales service expenses	8.13	12.24
p Commission & discount	169.15	121.18
q Freight outwards	149.83	156.00
r Advertisement	11.47	6.56
s Audit fees		
a) Statutory Audit	8.00	8.00
b) Tax Audit	1.50	1.50
c) Cost Audit	2.00	1.00
d) VAT Audit	0.60	-
e) Company law matters	-	-
f) Management services	-	-
g) Other services	4.84	3.55
h) Reimbursement of Expenses	2.26	1.85
t Provision for diminution in value of investments	0.75	-
u Other expenses	87.56	84.02
	<u>1,085.10</u>	<u>977.79</u>

30. Accounting Policies

a) Basis of Accounting :

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

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

b) Use of estimates :

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

c) Fixed Assets and Intangible Assets :

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

d) Investments

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

e) Inventories:

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



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

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

f) Revaluation Reserve:

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

g) Government Grants

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

h) Depreciation :

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

i) Impairment of Assets :

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

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is

INDIA NIPPON ELECTRICALS LIMITED

not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

j) Research and development :

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

k) Borrowing costs

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

l) Taxation

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

m) Foreign Currency Transactions:

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

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

n) Revenue Recognition :

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



o) Employee Benefits :

i) Short term employee benefits:

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

ii) Post-Employment benefit Plans

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

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

p) Early Separation Scheme :

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

q) Contingencies and Provisions :

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

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

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 in the Companies (Accounting Standards) Rules 2006 are given below:

INDIA NIPPON ELECTRICALS LIMITED

(a) Defined Contribution Plan

I. Provident fund :

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

II. Superannuation fund :

Eligible employees receive benefits from the superannuation fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. The Company makes yearly contributions to the Superannuation Fund Scheme administered by Life Insurance Corporation of India. Liabilities with regard to the Superannuation fund are determined by the Life Insurance Corporation of India as at the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the Life Insurance Corporation of India's Employees Superannuation Fund. The Company recognised ₹ 131.65 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 sets out the status of the gratuity plan as required under AS 15:

a) Change in benefit obligations :	in ₹ lacs	
Particulars	2013-14	2012-13
Projected benefit obligation, beginning of the year	327.01	258.23
Service Cost	22.21	18.29
Interest Cost	26.16	20.66
Actuarial (gain)/loss	18.35	33.89
Benefits paid	(19.63)	(4.06)
Projected benefit obligation, end of the year	374.10	327.01
b) Change in plan assets :	in ₹ lacs	
Particulars	2013-14	2012-13
Plan assets at beginning of the year at fair value	307.37	231.05
Expected return on plan assets	26.92	23.08



Actuarial gain/(loss)	-	-
Employer's contributions	54.79	57.30
Benefits paid	(19.63)	(4.06)
Plan assets at end of the year, at fair value	369.45	307.37
c) Reconciliation of present value of the obligation and the fair value of the plan assets		
		in ₹ lacs
	2013-14	2012-13
Fair value of plan assets at the end of the year	369.45	307.37
Present value of the defined benefit obligations at the end of the year	374.10	327.01
Liability recognized in the balance sheet	(4.65)	(19.64)
d) Gratuity cost for the year ended March 31, 2014		
		in ₹ lacs
	2013-14	2012-13
Particulars		
Service cost	22.21	18.29
Interest cost	26.16	20.66
Expected return on plan assets	(26.92)	(23.08)
Actuarial (gain)/loss	18.35	33.89
Net cost	39.80	49.76
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		
	2013-14	2012-13
Particulars		
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.

INDIA NIPPON ELECTRICALS LIMITED

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

33 Related Party Disclosures :

Related Parties and their relationship

Joint Venturers of the Company	:	Kokusan Denki Co Ltd (KDCL) Lucas Indian Service Ltd (LIS)
Subsidiary of the Company	:	PT Automotive Systems Indonesia (PT ASI)
Associate Company	:	Synergy Shakthi Renewable Energy Ltd (SSREL)
Key Managerial Personnel (KMP)	:	Mr Subhasis Dey - Manager Mr Arvind Balaji - Whole Time Director

Enterprise over which KMP has

significant influence : Lucas TVS Limited (LTVS)

Notes forming part of Financial Statements for the year ended 31st March 2014 :

Disclosure in respect of material transactions with related parties for the period 01.04.2013 to 31.03.2014.

Description	Joint Venturers of the company		Subsidiary of the company		Associate Company		Enterprise over which KMP has significant influence		KMP with significant influence	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Material transactions during the year										
KDCL										
Support fee	9.63	6.33	-	-	-	-	-	-	-	-
Royalty	48.10	85.25	-	-	-	-	-	-	-	-
Purchase of raw materials and components	261.46	337.24	-	-	-	-	-	-	-	-
Dividend paid	208.85	208.85	-	-	-	-	-	-	-	-
Sales	48.45	8.98	-	-	-	-	-	-	-	-
LIS										
Professional and technical service	8.61	-	-	-	-	-	-	-	-	-
Dividend paid	466.98	466.98	-	-	-	-	-	-	-	-
PT ASI										
SSREL										
Purchase of Electricity	-	-	-	-	-	79.79	-	-	-	-
LTVS										
Inter Corporate Deposit	-	-	-	-	-	-	1,000.00	-	-	-
Remuneration paid	-	-	-	-	-	-	-	-	89.35	36.95



34 Derivative instruments and unhedged foreign currency exposure :

	31.03.2014	31.03.2013
	₹ lacs	₹ lacs
i) Derivative instruments that are outstanding	Nil	Nil
ii) The company has been entering into forward contracts as a hedge against accounts payable/ accounts receivable in foreign currencies and firm commitments/ highly probable forecasted transactions of cash outflows expected to arise in future.		
iii) Unhedged foreign currency exposure/the foreign currency exposures that are not hedged by a derivative instrument or otherwise	₹ lacs	₹ lacs
a) Receivables outstanding	405.96	326.60
b) Payable outstanding	168.01	59.05

35 Sales excludes sales tax. Sales tax collected and paid ₹ 945.22 lacs (Previous year ₹ 890.74 lacs)

36 Expenditure on R&D

	2013-2014	2012-2013
	₹ lacs	₹ lacs
a) Capital Expenditure	54.77	21.40
b) Revenue Expenditure		
* Salary	227.03	205.78
* Electricity	8.95	12.46
* Travel	20.42	15.56
* Outsourcing expenses	1.12	1.08
* Revenue & others	45.90	40.10
	<u>303.42</u>	<u>274.98</u>
Total R & D expenditure (a) + (b)	358.19	296.38

37 Investments :

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

INDIA NIPPON ELECTRICALS LIMITED

	2013-2014 ₹ lacs	2012-2013 ₹ lacs		
38 Contingent liabilities & Commitments				
(i) Contingent liabilities				
a Claims against the company not acknowledged as debt	-	-		
b Letter of Credit	69.72	72.14		
c Letter of Guarantee	-	-		
d Sales tax demand in appeal	0.41	0.41		
e Excise Duty/Service Tax	26.89	26.89		
f Other money for which the company is contingently liable	2.00	2.00		
(ii) Commitments				
a Estimated amount of contracts remaining to be executed on capital account and not provided for	509.47	159.85		
b Uncalled liability on shares and other investments partly paid	0.01	0.01		
c other commitments	-	-		
39 The agreement with the Union of Workmen at Hosur plant of the company is under negotiation with the Management for the period commencing from 1 st October 2013. Pending the finalisation of the same, an estimated amount has been provided for the year ended 31 st March 2014. Pending finalization of the amount, the Plant Performance Incentive Payment also is provided on estimated basis for the year ended 31 st March 2014.				
40 a) Details of raw materials and components consumed				
Flywheel cup	2,197.34	1,804.38		
Copper wire	2,778.39	2,319.54		
Others	13,307.36	14,280.88		
	<u>18,283.09</u>	<u>18,404.80</u>		
		%		%
Imported	2,726.74	15	3,936.68	21
Indigenous	15,556.35	85	14,468.12	79
	<u>18283.09</u>	<u>100</u>	<u>18404.80</u>	<u>100</u>
b) Work in progress				
As such components/raw materials	70.53	87.33		
Parts of Electronic Ignition System	109.89	178.97		
	<u>180.42</u>	<u>266.30</u>		
c) Finished goods and in transit				
Flywheel Magneto	101.73	140.76		
Capacitor Discharge Ignition Unit/Electronic Control Unit	55.97	82.42		
Others	45.08	47.90		
	<u>202.78</u>	<u>271.08</u>		



41 Stores, spares and tools consumed	2013-2014		2012-2013	
	₹ lacs	%	₹ lacs	%
Imported	1.76	0	10.62	2
Indigenous	398.63	100	432.50	98
	<u>400.39</u>	<u>100</u>	<u>443.12</u>	<u>100</u>
42 Value of CIF imports made during the year				
Raw Materials	389.36		438.06	
Components & Spare parts	2359.09		3069.50	
Capital goods	120.39		241.13	
43 Expenditure incurred in foreign currency				
Royalty	32.49		82.87	
Know-how & support fee	9.54		4.72	
Professional & Consultation fees	-		-	
Foreign Travel	17.61		12.44	
Research and Development expenses	-		-	
Expenses reimbursed	5.98		5.95	
44 Amount of interim/proposed dividend to				
Equity share holders	(₹ 9 Per share)		(₹ 9 Per share)	
Preference share holders	Nil		Nil	
Arrears of fixed cumulative dividends on preference shares	-		-	
45 Securities issued				
1. Amount issued	Nil		Nil	
2. Purpose of the issue	Nil		Nil	
3. Amount not utilised for the said purpose	Nil		Nil	
4. Amount as specified in 3 is invested / used in	Nil		Nil	
46 Amount remitted in Foreign exchange				
1 On account of dividend				
2 nd interim dividend 2012-13 / 2011-12 (₹ lacs)	116.03		116.03	
1 st interim dividend 2013-14 / 2012-13	92.82		92.82	
2 Total number of non - resident share holders	1		1	
3 Number of shares held by persons mentioned in (2)	2320500		2320500	
4 Year of dividend declared				
2 nd interim dividend	2012-13		2011-12	
1 st interim dividend	2013-14		2012-13	

INDIA NIPPON ELECTRICALS LIMITED

47 Note on Earnings per share

Profit after tax (A)	1965.77	2836.72
Number of equity shares of ₹ 10 each at the beginning of the year	11310712	11310712
Number of equity shares of ₹ 10 each at the end of the year (B)	11310712	11310712
Earnings per share (basic and diluted in Rupees) (A/B)	17.38	25.08

48 Earnings in Foreign Exchange

1 Export of goods calculated on FOB Basis	1024.21	1114.45
2 Royalty, Know-how, professional & Consultation fees	-	-
3 Interest & Dividend income	-	-
4 Other income (Specify)	-	-

49 Particulars of sale of products

Flywheel Magneto	16398.59	14681.05
Capacitor Discharge Ignition Units/Electronic control Unit	5205.32	8100.61
Others	4548.97	4020.19
	<u>26152.88</u>	<u>26801.85</u>

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

T K BALAJI Chairman	K SESHADRI G CHIDAMBAR V BALARAMAN JAYSHREE SURESH	ARVIND BALAJI Wholetime Director	As per our report of even date For Brahmayya & Co Chartered Accountants Registration No: 000511S
Chennai 23 rd May 2014	R VIJAYARAGAVAN Directors	S SAMPATH CFO and Company Secretary	P S KUMAR Partner Membership No. 15590



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANY

- | | | |
|---|--|--------------------------------------|
| 1 | Name of the Company | : PT Automotive Systems
Indonesia |
| 2 | Financial Year of the subsidiary company | : 31.03.2014 |
| 3 | (a) Number of equity shares held in (Nos)
the subsidiary company by holding
Company at the above date | : 27000 |
| | % Holding (equity) | : 99.97% |
| | (b) Number of preference shares (Nos)
held in the Company by holding
Company at the above date (%) Holding (preference) | : Nil |
| 4 | The net aggregate of profits less losses of the subsidiary company
so far as it concerns the members of holding company: | |
| | (i) Dealt with in the accounts of the holding Company
amounted to: | |
| | (a) For the subsidiary's financial year ended on 31.03.2014 | : Nil |
| | (b) For the previous financial years of the subsidiary since it
became subsidiary | : Nil |
| | (ii) Not dealt with in the accounts of the holding company
amounted to : | |
| | (a) for the subsidiary's financial year ended 31.03.2014 | : ₹ 79.23 lacs |
| | (b) for the previous year financial years of the subsidiary since it
became subsidiary | : ₹ 14.15 lacs |
| 5 | As the financial year of subsidiary Company coincides with the financial year of
the holding Company, Section 212 (5) of the Companies Act, 1956 is not applicable. | |

INDIA NIPPON ELECTRICALS LIMITED

CONSOLIDATED INFORMATION RELATING TO SUBSIDIARY COMPANY :

Sl No	Particulars	Amount in Indonesian Rupiah	Equivalent amount in Indian Rupees
		As on 31 st March 2014 (*)	
1	Capital	24694328700	130422608
2	Reserves	1278396180	6751824
3	Total Assets	26072779559	137702868
4	Total Liabilities	100054679	528437
5	Details of Investments (except in case of investment in subsidiaries)	Nil	Nil
6	Turnover	2210739166	12158966
7	Profit/(Loss) before taxation	1836602164	10101229
8	Income Tax/Deferred Tax	(395989962)	(2177927)
9	Profit /(Loss) after taxation	1440612202	7923302
10	Proposed Dividend	Nil	Nil

* Balance sheet item has been converted by using closing rate (1 INR (Indian Rupee) = IDR.189.34086) and profit and Loss account item has been converted in Indian Rupees by using the average rate (1 INR = IDR.181.81967) during the year 2013-14.

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

T K BALAJI
Chairman

K SESHADRI
G CHIDAMBAR

ARVIND BALAJI
Wholetime Director

V BALARAMAN
JAYSHREE SURESH

Chennai
23rd May 2014

R VIJAYARAGAVAN
Directors

S SAMPATH
CFO and Company Secretary

FINANCIAL STATEMENTS
(Consolidated)

Independent Auditor's Report

To the Board of Directors of India Nippon Electricals Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of India Nippon Electricals Limited ("the Company") and its subsidiary, which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and the summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan 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 amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on the consolidated financial statements of the subsidiary as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;



-
- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of consolidated Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Other Matter

We did not audit the financial statements of the subsidiary, whose financial statement reflects total assets (net) of ₹ 13,77,02,868 as at March 31,2014, total revenues of ₹ 1,21,58,966 and

net cash flows amounting to ₹ 58,34,994 for the year then ended. The revenue comprises interest income and gains on foreign exchange, sales being nil as the subsidiary company has not commenced manufacturing operations. Further we did not audit the financial statements of an associate whose financial statements reflect the consolidated entity's share of profits of ₹ 78,00,628 for the year ended March 31,2014. These financial statements have been audited by other auditor whose report has been furnished to us by the management, and our opinion is based solely on the report of the other auditor. Our opinion is not qualified in respect of this matter.

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

Chennai,
23rd May 2014

P S Kumar
Partner
Membership Number: 15590

INDIA NIPPON ELECTRICALS LIMITED

Consolidated Balance Sheet as At 31st March 2014

Particulars	Note No	As at 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	1131.07	1131.07
(b) Reserves and Surplus	2	20167.37	19295.70
(c) Minority Interest		0.46	0.46
(d) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities	4	-	-
(d) Long term provisions	5	47.91	68.12
(4) Current Liabilities			
(a) Short-term borrowings	6	-	-
(b) Trade payables	7	3163.52	2993.37
(c) Other current liabilities	8	1058.59	132.29
(d) Short-term provisions	9	843.17	841.72
Total		26412.09	24462.73
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	4480.13	4235.13
(ii) Intangible assets	11	-	-
(iii) Capital work-in-progress		54.31	301.20
(iv) Intangible assets under development		-	-
(b) Non-current investments	12	6605.27	7551.96
(c) Deferred tax assets (net)	13	290.85	259.52
(d) Long term loans and advances	14	115.56	92.49
(e) Other non-current assets	15	12.12	156.72
(2) Current assets			
(a) Current investments	16	3746.41	1777.16
(b) Inventories	17	1698.54	1513.53
(c) Trade receivables	18	5912.39	4995.56
(d) Cash and cash equivalents	19	1798.09	2966.85
(e) Short-term loans and advances	20	1591.62	469.89
(f) Other current assets	21	106.80	142.72
Total		26412.09	24462.73

T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN JAYSHREE SURESH	ARVIND BALAJI <i>Wholetime Director</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 0005115
Chennai 23 rd May 2014	R VIJAYARAGAVAN <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>	P S KUMAR <i>Partner</i> Membership No. 15590



Statement of Profit and Loss for the year ended 31st March 2014

Particulars	Note No	2013-2014 ₹ lacs	2012-2013 ₹ lacs
I. Revenue from operations	22	29218.01	30068.40
Less: Excise Duty		2951.12	3167.91
		<u>26266.89</u>	<u>26900.49</u>
II. Other Income	23	853.55	822.11
III. Total Revenue (I + II)		<u>27120.44</u>	<u>27722.60</u>
IV. Expenses:			
Cost of materials consumed	24	18283.09	18404.80
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	154.18	(2.04)
Other Manufacturing Expenses	26	1341.50	1492.05
Employee benefits expense	27	2950.99	2673.70
Finance costs	28	12.44	18.24
Depreciation and amortization expense	10 & 11	586.33	636.81
Other expenses	29	1105.59	980.33
IV.Total Expenses		<u>24434.12</u>	<u>24203.89</u>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	2686.32	3518.71
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax	(V-VI)	2686.32	3518.71
VIII. Extraordinary Items		-	-
IX. Profit before tax	(VII-VIII)	2686.32	3518.71
X. Tax expense:			
(1) Current tax		675.00	710.00
(2) Deferred tax		(33.35)	(17.41)
(3) Income tax for earlier years		-	(14.10)
		<u>641.65</u>	<u>678.49</u>
XI. Profit for the period from continuing operations	(IX-X)	2044.67	2840.22
XII. Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from discontinuing operations	(XII-XIII)	-	-
XV. Profit for the period after tax	(XI+XIV)	2044.67	2840.22
XVI. Minority Interest		(0.03)	(0.01)
XVII. Share of gain in associate company		78.01	82.63
		<u>2122.65</u>	<u>2922.86</u>
XVIII. Earnings per equity share of face value ₹ 10/-			
(1) Basic		18.08	25.11
(2) Diluted		-	-

T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN JAYSHREE SURESH	ARVIND BALAJI <i>Wholetime Director</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 000511S
Chennai 23 rd May 2014	R VIJAYARAGAVAN <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>	
			P S KUMAR <i>Partner</i> Membership No. 15590

INDIA NIPPON ELECTRICALS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	YEAR ENDED 31.03.2014 ₹ lacs	YEAR ENDED 31.03.2013 ₹ lacs
A. Cash Flow from Operating Activities:		
Net Profit before tax and extraordinary items	2,686.32	3,518.71
Adjustments for		
Add: - Depreciation	586.33	636.81
- Interest & Finance Charges	-	-
- Lease Rent Paid	-	-
- (Profit)/Loss on sale/Writeoff of fixed assets	(1.54)	(0.93)
- Dividend Received	(280.14)	(324.91)
- Interest Received	(416.48)	(456.44)
- (Profit)/Loss on sale of investments(net)	(14.22)	(19.34)
- Provision for diminution in value of investments	0.75	-
- Adjustment for Exchange Fluctuation	20.12	77.44
- Land Amortisation and Depreciation	(60.94)	(75.58)
Operating Profit before Working Capital changes	<u>2,520.20</u>	<u>3,355.76</u>
Adjustments for - Trade & Other Receivables	(903.65)	(622.93)
- Inventories	(185.01)	272.94
- Trade Payables and other liabilities	1,059.81	197.12
Cash generated from Operations	<u>2,491.35</u>	<u>3,202.89</u>
Income Tax paid	(691.43)	(726.51)
Net Cash from Operating Activities- A	<u>1,799.92</u>	<u>2,476.38</u>
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(597.50)	(842.29)
Sale of Fixed Assets	5.94	5.67
(Purchase) / Sale of Investments (net)	(1,931.01)	(1,604.72)
Interest/Dividend Received	714.32	825.15
Net Cash from /(used) in Investment Activities - B	<u>(1,808.25)</u>	<u>(1,616.19)</u>



	YEAR ENDED 31.03.2014 ₹ lacs	YEAR ENDED 31.03.2013 ₹ lacs
C. Cash Flow from Financing Activities:		
Repayment of Long Term Borrowings		
Unsecured Loan Repayment	-	-
Lease Rent Paid	-	-
Interest Paid	-	-
Dividends Paid	(1,017.97)	(1,017.97)
Dividend Tax	(173.00)	(165.14)
Net Cash used in Financing Activities-C	<u>(1,190.97)</u>	<u>(1,183.11)</u>
D. Net (decrease)/Increase in Cash Equivalents (A+B+C)	(1,199.30)	(322.92)
E. Cash & Cash Equivalents as at 1st April, 2013 (Opening Balance)	2,936.08	3,259.00
F. Cash & Cash Equivalents as at 31st March, 2014 (Closing Balance)	<u>1,736.78</u>	<u>2,936.08</u>

Reconciliation of cash and cash equivalents	YEAR ENDED 31.03.2014 ₹ lacs	YEAR ENDED 31.03.2013 ₹ lacs
Cash and Bank balances as per Balance sheet (Refer Note No.19)	1,798.09	2,966.85
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 on cash flow statement in earmarked accounts		
- unpaid dividends	32.85	30.77
- escrow account	28.46	-
Cash and cash equivalents	<u>1,736.78</u>	<u>2,936.08</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 211 (3C) of the Companies Act 1956

T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN JAYSHREE SURESH	ARVIND BALAJI <i>Wholetime Director</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 000511S
Chennai 23 rd May 2014	R VIJAYARAGAVAN <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>	P S KUMAR <i>Partner</i> Membership No. 15590

INDIA NIPPON ELECTRICALS LIMITED

Notes :	As at 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs			
1 Share Capital					
a Authorised Share Capital:					
15000000 number of Equity shares of ₹ 10 each	1500.00	1500.00			
b Issued, Subscribed and Fully Paid up Share Capital:					
11310712 number of Equity shares of ₹ 10 each	1131.07	1131.07			
c Par Value per Share ₹	10.00	10.00			
d Number of equity shares at the beginning of the year	11310712	11310712			
Add: Rights issue	-	-			
Bonus issue	-	-			
Less: Buy back	-	-			
Number of equity shares at the end of the year	11310712	11310712			
All shares are of the same nature ranking pari passu					
e % of Shares held by					
Holding company	Nil	Nil			
Ultimate holding company	Nil	Nil			
Subsidiary company	Nil	Nil			
Associates of holding company	Nil	Nil			
Associates of ultimate holding company	Nil	Nil			
f Number of shares held by share holders holding more than 5% of total shares					
<name of the share holder>	<nos. current yr>	<nos.previous yr>			
Lucas Indian Service Ltd, India	5188666	5188666			
Kokusen Denki Co Ltd, Japan	2320500	2320500			
g Shares reserved for (specify the number of shares and terms)		Number of shares			
Issue under options :	Nil	Nil			
Contracts / Commitments	Nil	Nil			
Disinvestments	Nil	Nil			
Terms					
Issue under options :	Nil				
Contracts / Commitments	Nil				
Disinvestments	Nil				
h Details of shares allotted/bought back during the five years preceding the balance sheet date					
Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Equity shares of ₹ 10	-	-	3231632	-	-
each allotted as fully paid					
up by way of bonus shares					
i Terms of Conversion of Nil (security) convertible into equity / preference					
Date	No of security	Terms	farthest date of conversion to earliest date of conversion		
j Amount of Calls unpaid ₹			Nil		Nil
(i) Calls unpaid by directors ₹			Nil		Nil
(ii) Calls unpaid by officers ₹			Nil		Nil
k No of shares Forfeited :			Nil		Nil
amount originally paid up :			Nil		Nil



2 Reserves and Surplus	As at 31.03.2014		As at 31.03.2013	
	₹ lacs		₹ lacs	
a Capital reserve - Cash Subsidy - SIPCOT				
Opening balance	15.00		15.00	
Add: Addition / (reduction)	-		-	
Closing balance		15.00		15.00
b Capital redemption reserve				
Opening balance	39.56		39.56	
Add: Addition / (reduction)	-		-	
Closing balance		39.56		39.56
c Security premium reserve				
Opening balance	-		-	
Add: Addition / (reduction)	-		-	
Closing balance		-		-
d Debenture Redemption reserve				
Opening balance	-		-	
Add: Addition / (reduction)	-		-	
Closing balance		-		-
e Revaluation reserve				
Opening balance	395.46		395.46	
Add: Addition / (reduction)	-		-	
Closing balance		395.46		395.46
f Foreign currency translation reserve				
Opening balance	443.74		390.46	
Add: Addition / (reduction)	<u>(60.01)</u>		<u>53.28</u>	
Closing balance		383.73		443.74
g General reserve (Uncommitted)				
Opening balance	17951.29		15951.29	
Less: Capitalised as Bonus shares	-		-	
Add: Excess provision written back	-		-	
Transfer from profit & loss account	<u>750.00</u>		<u>2000.00</u>	
Closing balance		18701.29		17951.29
h Surplus from Profit & Loss account (Uncommitted)				
Opening balance	450.65		715.27	
Add: Current year surplus	2122.65	2573.30	2922.86	3638.13
Less: Transfer to general reserve	<u>750.00</u>		<u>2000.00</u>	
Interim/final dividend	1017.97		1017.97	
Dividend tax provision	<u>173.00</u>	<u>1940.97</u>	<u>169.51</u>	<u>3187.48</u>
Closing balance		<u>632.33</u>		<u>450.65</u>
		<u>20167.37</u>		<u>19295.70</u>

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs
3 Long term Borrowings		
a Bonds / Debentures	-	-
b Term Loans		
(i) From Banks	-	-
(ii) From other parties	-	-
c Deferred payment liabilities	-	-
d Deposits	-	-
e Loans and advances from related parties	-	-
f Long term maturities of finance lease obligations	-	-
g Other loans and advances	-	-
	-	-
4 Other long term liabilities		
a Trade payables	-	-
b Others	-	-
	-	-
5 Long term provisions		
Provision for employee benefits		
- Leave encashment	47.91	68.12
Others	-	-
	<u>47.91</u>	<u>68.12</u>
6 Short term borrowings		
a Loans repayable on demand		
from banks	-	-
from others	-	-
b Loans and advances from related parties	-	-
c Deposits	-	-
d Other loans and advances	-	-
	-	-
7 Trade Payables		
Trade Payables	3163.52	2993.37
	<u>3163.52</u>	<u>2993.37</u>

The Company has sent circulars to suppliers/vendors for getting information as required under "Micro, Small and Medium Enterprises Development Act 2006". No vendor has given registration details. However, they have indicated the status of undertaking as defined under the act. With the available information, the amount outstanding as on 31st March 2014 is ₹ 209.17 lacs (Previous year - ₹ 152.72 lacs). Further no interest has been paid or payable in the opinion of the Management to such parties as per the provisions of the said Act.



8 Other Current Liabilities	As at 31.03.2014	As at 31.03.2013
	₹ lacs	₹ lacs
a Current maturities of long term debt	-	-
b Current maturities of Finance lease obligations	-	-
c Interest accrued but not due on borrowings	-	-
d Interest accrued and due on borrowings	-	-
e Income received in advance	-	-
f Unpaid dividends	32.85	30.77
g Application money received for allotment of securities/ due for refund / interest accrued thereon	-	-
h Unpaid matured deposits and interest accrued there on	-	-
i Unpaid matured debentures and interest accrued there on	-	-
j Book overdraft with Bank	800.48	-
k Other payables	225.26	101.52
	<u>1058.59</u>	<u>132.29</u>
 Details of other payables :		
	₹ lacs	₹ lacs
Excise duty/service tax/TNVAT payable	57.26	27.48
TDS/TCS	33.37	23.10
Professional Tax payable	3.01	3.02
Employee dues	80.12	17.92
Commission to Directors	51.50	30.00
	<u>225.26</u>	<u>101.52</u>
	-	-
9 Short term provisions		
a Provisions for employee benefits - Gratuity & Leave encashment	30.84	29.39
b Others (Specify)		
Provision for warranty	91.68	91.68
Provision for Sales tax	-	-
Provision for fringe benefit	59.00	59.00
Provision for dividend	565.54	565.54
Provision for dividend tax	96.11	96.11
	<u>843.17</u>	<u>841.72</u>
 Other disclosure :		
Product Warranty :		
Opening balance	91.68	91.68
Additions	8.13	12.24
Utilizations	8.13	12.24
Closing balance	<u>91.68</u>	<u>91.68</u>

INDIA NIPPON ELECTRICALS LIMITED

10.	Tangible Assets	Gross Value			Depreciation			Closing balance			
		Opening balance 01.04.2013	Additions during the year	Disposals during the year	Total 31.03.2014	Opening balance 01.04.2013	Provided during the year	Disposals during the year	Total 31.03.2014	As at 31.03.2014	As at 31.03.2013
a	Land - Freehold	1021.69	218.12	36.81	1239.81	24.14	24.14	24.14	-	1239.81	1021.69
	Land - Leasehold	625.56			588.75	24.14	24.14	24.14	24.14	564.61	601.42
b	Building	1512.16	308.04		1820.20	734.60	107.39	841.99	841.99	978.21	777.56
c	Plant & Equipments	6376.16	265.89	312.64	6329.41	4706.60	408.79	4802.75	4802.75	1526.66	1669.56
d	Furniture & Fixtures	218.34	34.31		252.65	118.06	24.43	142.49	142.49	110.16	100.28
e	Vehicles	77.67	1.20	13.99	64.88	56.60	5.89	13.61	48.88	16.00	21.07
f	Office Equipments	262.54	16.82		279.36	218.99	15.69	234.68	234.68	44.68	43.55
	Total	10094.12	844.38	363.44	10575.06	5858.99	586.33	350.39	6094.93	4480.13	4235.13
	Figures for the previous year	8896.26	1219.76	21.90	10094.12	5263.48	636.81	41.30	5858.99	4235.13	-

Other disclosure :

The fixed assets were revalued in the year 1992-93 by which the value of the assets were written up by ₹ 230.71 lacs after technical assessment with the corresponding credit being given to Revaluation Reserve. These assets were fully written off in the books of accounts as on 31st March 1997. In the year 1997-98, the fixed assets comprising of plant and machinery and electrical installations were revalued again after a technical assessment by which the values of these assets were written up by ₹ 233.30 lacs with the corresponding credit being given to Revaluation Reserve. As mentioned in accounting policy sl.no.30(h)(iii), depreciation is computed on the revalued amounts and is charged off to the statement of profit and loss in full without withdrawing any amount from the revaluation reserve. The additional amount charged as depreciation for the year is ₹ 0.70 lacs (previous year ₹ 1.29 lacs).

11.	Intangible Assets	Gross Value			Depreciation			Closing balance			
		Opening balance 01.04.2013	Additions during the year	Disposals during the year	Total 31.03.2014	Opening balance 01.04.2013	Additions during the year	Disposals during the year	Total 31.03.2014	As at 31.03.2014	As at 31.03.2013
a	Goodwill	-	-	-	-	-	-	-	-	-	-
b	Brands / Trademarks	-	-	-	-	-	-	-	-	-	-
c	Computer Software	-	-	-	-	-	-	-	-	-	-
d	Masterheads and publishing titles	-	-	-	-	-	-	-	-	-	-
e	Mining rights	-	-	-	-	-	-	-	-	-	-
f	Copyrights, patents and other intellectual property rights, services & operating rights	-	-	-	-	-	-	-	-	-	-
g	Recipes, formulae, models, designs & prototypes	-	-	-	-	-	-	-	-	-	-
h	Licenses & franchise	-	-	-	-	-	-	-	-	-	-
i	Others	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-
	Figures for the previous year	-	-	-	-	-	-	-	-	-	-

₹ lacs



12. Non-current investments	Subsidiary/ Associate/ Others	No. of shares/Units		Extent of holding (%)		As at 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs
		As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13		
Trade Investments :							
Synergy Shakthi Renewable Energy Ltd	Associate	6000000	6000000	40%	40%	169.16	86.53
Less: Share of loss in associate						-	-
Add: Share of gain in associate						<u>169.16</u> 78.01	<u>86.53</u> 169.16
Lucas TVS Ltd Equity shares	Others	97351	97351	-	-	2824.08	2824.08
Other Investments :							
Investments in Bonds/ Debentures							
- India Infrastructure Finance Corporation Ltd	Others	50,000	2060	-	-	500.00	2109.54
- National Highway Authority of India	Others	12362	12362	-	-	123.62	123.62
- Hudco (Tax Free)	Others	50000	50000	-	-	530.89	530.89
- Indian Railway Finance Corporation Ltd	Others	50000	-	-	-	500.00	-
Other non-current investments	Others	12246458	11473902			<u>1879.51</u> 6605.27	<u>1794.67</u> 7551.96
1 Aggregate value of Quoted investments						Nil	Nil
2 Market value of the Quoted investments						Nil	Nil
3 Aggregate value of Unquoted investments						6605.27	7551.96
13 Deferred Tax Assets							
Deferred Tax Assets (net)						290.85	259.52
						<u>290.85</u>	<u>259.52</u>

Other disclosure :

As mentioned in item 30 (l) of Accounting Policy statement, the company is accounting for taxes in accordance with the Accounting Standards 22 "Accounting for Taxes on Income" notified under company (Accounting Standards) Rules 2006. Accordingly, an amount of ₹ 31.33 lacs has been credited to profit and loss account for the year under review towards Deferred Tax Asset. As at 31st March 2014, the amount in Deferred Tax Account is ₹ 290.85 lacs as detailed below:

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2014 ₹ lacs	As at 31.03.2014 ₹ lacs
Rebates and Discounts	57.03	57.03
Leave encashment	21.25	26.79
Depreciation	165.75	153.85
Early Separation Scheme	16.66	3.18
Others	30.16	18.67
	<u>290.85</u>	<u>259.52</u>

14 Long term loans and advances

	As at 31.03.2014 ₹ lacs	As at 31.03.2014 ₹ lacs
a Capital Advance	-	-
b Security deposit	38.45	31.79
c Loans and advances to related parties	-	-
d Other loans and advances	-	-
e Inter Corporate Deposit	-	-
f Advance Income Tax and Tax deducted source (net) (*)	77.11	60.70
	<u>115.56</u>	<u>92.49</u>

* Net of provision for taxation of ₹ 2980 lacs (Previous year - ₹ 2305 lacs)

15 Other non-current assets

a Long term trade receivable	-	-
b Income Receivables	-	-
c Other receivables	6.82	151.42
d Advance for capital expenditure	5.30	5.30
	<u>12.12</u>	<u>156.72</u>

16 Current investments

a Investment in equity instruments	-	-
b Investment preference shares	-	-
c Investment in government or trust securities	-	-
d Investment in debentures or bonds	-	-
e Investment in Mutual funds	3749.57	1779.57
f Investment in partnership firms	-	-
g Other non-current investments	-	-
Less: Aggregate provision for diminution in value of investments	(3.16)	(2.41)
	<u>3746.41</u>	<u>1777.16</u>

Other disclosure :

Basis of valuation of individual investments	Nil	Nil
Aggregate value of Quoted investments	Nil	Nil
Market value of the Quoted investments	Nil	Nil
Aggregate value of Unquoted investments	<u>3746.41</u>	<u>1777.16</u>



17 Inventories

(For mode of valuation, refer note no.30 e)

	As at 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs
a Raw materials	1262.88	950.25
b Raw materials - Goods in transit	48.01	21.55
c Work in progress	180.42	266.30
d Finished goods	156.71	163.75
e Finished goods in transit	46.07	107.33
f Stock in trade (in respect of goods acquired for trading)	-	-
g Stores & Spares	4.45	4.35
	<u>1698.54</u>	<u>1513.53</u>

18 Trade receivables

a Trade receivables Unsecured outstanding for a period exceeding six months		
- Considered good	62.03	51.43
- Considered doubtful	-	-
	<u>62.03</u>	<u>51.43</u>
Less: Provision for doubtful debts	-	-
	<u>62.03</u>	<u>51.43</u>
Other receivables considered good	5850.36	4944.13
	<u>5912.39</u>	<u>4995.56</u>
b Trade receivables 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>5912.39</u>	<u>4995.56</u>

19 Cash and Bank Balances

a Cash and cash equivalents		
i Balance with banks		
In current account	124.93	213.09
ii Cash in hand	0.53	0.71
iii Cheques, drafts in hand		
b Other Bank Balances:		
in Fixed deposit (less than 12 months)	1601.99	2712.95
in Fixed deposit with Escrow account	28.46	-
in Fixed deposit (more than 12 months)	0.33	0.33
in Margin money	9.00	9.00
in Dividend warrant account	32.85	30.77
c Others	-	-
	<u>1798.09</u>	<u>2966.85</u>

INDIA NIPPON ELECTRICALS LIMITED

	As at 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs
20 Short-term loans and advances		
a Loans and advance to related parties		
b Advances/Loans to Employees	115.36	114.10
c Inter corporate deposit with related party	1,000.00	-
d Balance with excise and customs	310.85	132.95
e Prepaid taxes VAT in Indonesia	78.51	79.94
f Other advances		
- Sales Tax receivable	4.41	5.51
- Vendor advance	82.49	137.39
	<u>1591.62</u>	<u>469.89</u>
21 Other current assets		
Vat tax input credit	0.30	3.48
Prepaid expenses	13.80	28.08
Interest accrued	92.70	111.16
	<u>106.80</u>	<u>142.72</u>
22 Revenue from operations		
a Sale of Products		
Export Sales	1090.81	1166.49
Domestic Sales	28013.19	28803.27
b Sale of Services	-	-
	<u>29104.00</u>	<u>29969.76</u>
c Other operating revenues	114.01	98.64
	<u>29218.01</u>	<u>30068.40</u>
23 Other Income		
a Interest Income	416.48	456.44
b Dividend Income	280.14	324.91
c Net gain / (loss) on sale of investment	14.22	19.34
d Net gain / loss on foreign currency transaction	141.17	20.49
e Profit on sale of fixed assets	1.54	0.93
f Other non operating income	-	-
	<u>853.55</u>	<u>822.11</u>
24 Cost of Materials consumed		
Opening Stock of Raw Materials	950.25	1197.91
Purchases	18595.72	18157.14
	<u>19545.97</u>	<u>19355.05</u>
Less: Closing stock of raw Materials	1262.88	950.25
	<u>18283.09</u>	<u>18404.80</u>



25 Changes in inventories	2013-2014 ₹ lacs	2012-2013 ₹ lacs
Inventories at the end of the year :		
Finished goods	202.78	271.08
Work in progress	180.42	266.30
	<u>383.20</u>	<u>537.38</u>
Inventories at the beginning of the year:		
Finished goods	271.08	249.49
Work in progress	266.30	285.85
	<u>537.38</u>	<u>535.34</u>
Net (increase)/decrease	<u>154.18</u>	<u>(2.04)</u>
26 Other Manufacturing Expenses		
Stores and consumables	400.39	443.12
Power and fuel.	481.72	555.46
Repairs to buildings.	90.27	86.34
Repairs to machinery.	168.37	187.87
Repairs others	42.35	63.08
Royalty	48.10	85.25
Technical know how and support fee	9.63	6.33
Other expenses	100.67	64.60
	<u>1341.50</u>	<u>1492.05</u>
27 Employee Benefit Expense		
Salaries, wages, Bonus and allowances	2291.73	2030.62
Contribution to Provident fund and other funds	185.93	177.94
Staff Welfare expenses	473.33	465.14
	<u>2950.99</u>	<u>2673.70</u>

INDIA NIPPON ELECTRICALS LIMITED

28 Finance costs	2013-2014	2012-2013
	₹ lacs	₹ lacs
a Interest Expenses	1.31	5.41
b Other borrowing cost	-	-
c Net Loss / (Gain) on foreign currency transaction	-	-
d Bank charges	11.13	12.83
	<u>12.44</u>	<u>18.24</u>
29 Other expenses		
Rent	14.89	14.36
Repairs to Vehicles	8.87	8.33
Insurance	47.65	48.78
Rates and taxes (excluding, taxes on income)	13.90	12.37
Postage, communication expenses	60.86	62.28
Printing & Stationery	39.26	44.97
Sitting fees	4.23	3.79
Legal & professional charges	87.50	79.02
Travelling & conveyance expenses	170.34	142.30
Donation	40.30	41.05
Recruitment expenses	8.44	7.51
Remuneration to watch and ward	63.78	56.61
Wealth Tax	33.71	34.59
Estate Service fee	12.42	10.93
Commisson to Directors	51.50	30.00
After sales service expenses	8.13	12.24
Commission & discount	169.15	121.18
Freight outwards	149.83	156.00
Advertisement	11.47	6.56
Audit fees		
a) Statutory Audit	8.00	8.00
b) Tax Audit	1.50	1.50
c) Cost Audit	2.00	1.00
d) VAT Audit	0.60	
e) Company law matters	-	-
f) Management services	-	-
g) Other services	4.84	3.55
h) Reimbursement of Expenses	2.26	1.85
Provision for diminution in value of investments	0.75	-
Other expenses	89.41	71.56
	<u>1,105.59</u>	<u>980.33</u>



30 Accounting Policies

a) Basis of Accounting

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

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

b) Use of estimates :

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

c) Fixed Assets and Intangible Assets :

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

d) Investments

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

e) Inventories:

- l) Raw Materials and components and stores are generally valued at least of cost or net realisable value.

However, if the cost of the finished goods into which these materials are incorporated

INDIA NIPPON ELECTRICALS LIMITED

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

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

f) Revaluation Reserve: (Refer note 30 c)

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

g) Government Grants

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

h) Depreciation :

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

i) Impairment of Assets :

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

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

j) Research and development :

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



k) Borrowing costs

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

l) Taxation

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

m) Foreign Currency Transactions:

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

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

n) Revenue Recognition :

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

o) Employee Benefits :

- i) Short term employee benefits:

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

INDIA NIPPON ELECTRICALS LIMITED

ii) Post-Employment benefit Plans :

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

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

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

p) Early Separation Scheme :

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

q) Contingencies and Provisions :

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

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

31 Principles of consolidation

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

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

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



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

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

INVESTMENT IN SYNERGY SHAKTHI RENEWABLE ENERGY LTD (Associate)

As required by Accounting Standard 23 'Accounting for Investments in Associates in Consolidated Financial statement', the company is accounting for its share of losses and profits of the associate under the 'equity' method of accounting as reported in the previous year's consolidated financial statements.

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

33 Related Party Disclosures :

Related Parties and their relationship

Joint Venturers of the Company	Kokusan Denki Co Ltd (KDCL) Lucas Indian Service Ltd (LIS)
Subsidiary of the Company	P T Automotive Systems Indonesia (PT ASI)
Associate Company	Synergy Shakthi Renewable Energy Ltd (SSREL)
Key Managerial Personnel (KMP)	Mr Subhasis Dey - Manager Mr Arvind Balaji - Whole Time Director
Enterprises over which KMP has significant influence	Lucas TVS Limited (LTVS)

INDIA NIPPON ELECTRICALS LIMITED

Notes forming part of Financial Statements for the year ended 31st March 2014 :
Disclosure in respect of material transactions with related parties for the period 01.04.2013 to 31.03.2014.

₹ lacs

Description	Joint Venturers of the company		Subsidiary of the company		Associate Company		Enterprises over which KMP has significant influence		KMP with significant influence	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Material transactions during the year										
KDCL										
Support fee	9.63	6.33	-	-	-	-	-	-	-	-
Royalty	48.10	85.25	-	-	-	-	-	-	-	-
Purchase of raw materials and components	261.46	337.24	-	-	-	-	-	-	-	-
Dividend paid	208.85	208.85	-	-	-	-	-	-	-	-
Sales	48.45	8.98	-	-	-	-	-	-	-	-
LIS										
Professional and technical service	8.61	-	-	-	-	-	-	-	-	-
Dividend paid	466.98	466.98	-	-	-	-	-	-	-	-
PT ASI	-	-	-	-	-	-	-	-	-	-
SSREL										
Purchase of Electricity	-	-	-	-	-	79.79	-	-	-	-
LTVS										
Inter Corporate Deposit	-	-	-	-	-	-	1000	-	-	-
Remuneration paid	-	-	-	-	-	-	-	-	89.35	36.95

34 Derivative instruments and unhedged foreign currency exposure :

	31.03.2014	31.03.2013
	₹ lacs	₹ lacs
i) Derivative instruments that are outstanding	Nil	Nil
ii) The company has been entering into forward contracts as a hedge against accounts payable accounts receivable in foreign currencies and firm commitments/ highly probable forecasted transactions of cash outflows expected to arise in future.		
iii) Unhedged foreign currency exposure/the foreign currency exposures that are not hedged by a derivative instrument or otherwise		
	₹ lacs	₹ lacs
a) Receivables outstanding	405.96	326.60
b) Payable outstanding	168.01	59.05



35 Disclosure required Under Accounting Standard 15 "Employee Benefits" :

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

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

(a) Defined Contribution Plan

I. Provident fund :

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

II. Superannuation fund :

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

The Company recognised ₹ 131.65 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:

INDIA NIPPON ELECTRICALS LIMITED

a) Change in benefit obligations :		in ₹ lacs	
Particulars	2013-14	2012-13	
Projected benefit obligation, beginning of the year	327.01	258.23	
Service Cost	22.21	18.29	
Interest Cost	26.16	20.66	
Actuarial (gain)/loss	18.35	33.89	
Benefits paid	(19.63)	(4.06)	
Projected benefit obligation, end of the year	374.10	327.01	
b) Change in plan assets :		in ₹ lacs	
Plan assets at beginning of the year at fair value	307.37	231.05	
Expected return on plan assets	26.92	23.08	
Actuarial gain/(loss)	-	-	
Employer's contributions	54.79	57.30	
Benefits paid	(19.63)	(4.06)	
Plan assets at end of the year, at fair value	369.45	307.37	
c) Reconciliation of present value of the obligation and the fair value of the plan assets			
Fair value of plan assets at the end of the year	369.45	307.37	
Present value of the defined benefit obligations at the end of the year	374.10	327.01	
Liability recognized in the balance sheet	(4.65)	(19.64)	
d) Gratuity cost for the year ended March 31, 2014			
Particulars	2013-14	2012-13	
Service cost	22.21	18.29	
Interest cost	26.16	20.66	
Expected return on plan assets	(26.92)	(23.08)	
Actuarial (gain)/loss	18.35	33.89	
Net cost	39.80	49.76	
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	2013-14	2012-13	
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.

36 Expenditure on R&D

	2013-2014	2012-2013
	₹ lacs	₹ lacs
a) Capital Expenditure	54.77	21.40
b) Revenue Expenditure		
* Salary	227.03	205.78
* Electricity	8.95	12.46
* Travel	20.42	15.56
* Outsourcing expenses	1.12	1.08
* Revenue & others	45.90	40.10
	<u>303.42</u>	<u>274.98</u>
Total R & D expenditure (a) + (b)	358.19	296.38

37 Contingent liabilities & Commitments

(i) Contingent liabilities

a	Claims against the company not acknowledged as debt	-	-
b	Letter of Credit	69.72	72.14
c	Letter of Guarantee	-	-
d	Sales tax demand in appeal	0.41	0.41
e	Excise Duty/Service Tax	26.89	26.89
f	Other money for which the company is contingently liable	2.00	2.00

(ii) Commitments

a	Estimated amount of contracts remaining to be executed on capital account and not provided for	509.47	159.85
b	Uncalled liability on shares and other investments partly paid	0.01	0.01
c	other commitments (specify)	-	-

INDIA NIPPON ELECTRICALS LIMITED

38 Expenditure incurred in foreign currency

	2013-2014	2012-2013
	₹ lacs	₹ lacs
Royalty	32.49	82.87
Know-how & support fee	9.54	4.72
Professional & Consultation fees	-	-
Foreign Travel	17.61	12.44
Research and Development expenses	-	-
Expenses reimbursed	5.98	5.95

39 Earnings in Foreign Exchange

	₹ lacs	₹ lacs
1 Export of goods calculated on FOB Basis	1024.21	1114.45
2 Royalty, Know-how, professional & Consultation fees	-	-
3 Interest & Dividend income	-	-
4 Other income (Specify)	-	-

40 Note on Earnings per share

Profit after tax (A)	2044.67	2840.22
Number of equity shares of ₹ 10 each at the beginning of the year	11310712	11310712
Number of equity shares of ₹ 10 each at the end of the year (B)	11310712	11310712
Earnings per share (basic and diluted in Rupees) (A/B)	18.08	25.11

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

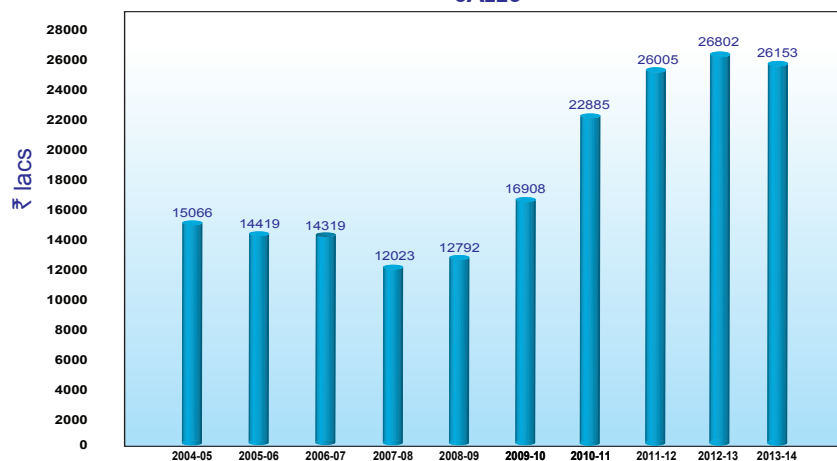
T K BALAJI <i>Chairman</i>	K SESHADRI G CHIDAMBAR V BALARAMAN JAYSHREE SURESH	ARVIND BALAJI <i>Wholetime Director</i>	As per our report of even date For Brahmayya & Co <i>Chartered Accountants</i> Registration No: 000511S
Chennai 23 rd May 2014	R VIJAYARAGAVAN <i>Directors</i>	S SAMPATH <i>CFO and Company Secretary</i>	
			P S KUMAR <i>Partner</i> Membership No. 15590



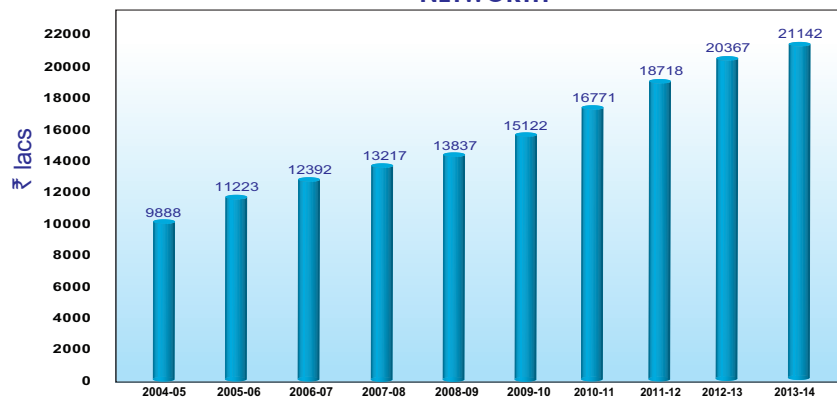
INDIA NIPPON ELECTRICALS LIMITED

FINANCIAL HIGHLIGHTS - 2005 - 2014

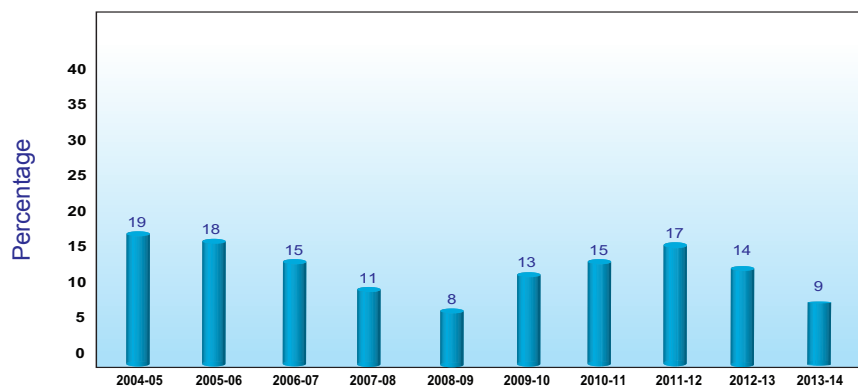
SALES



NETWORTH*



RETURN ON NET WORTH*

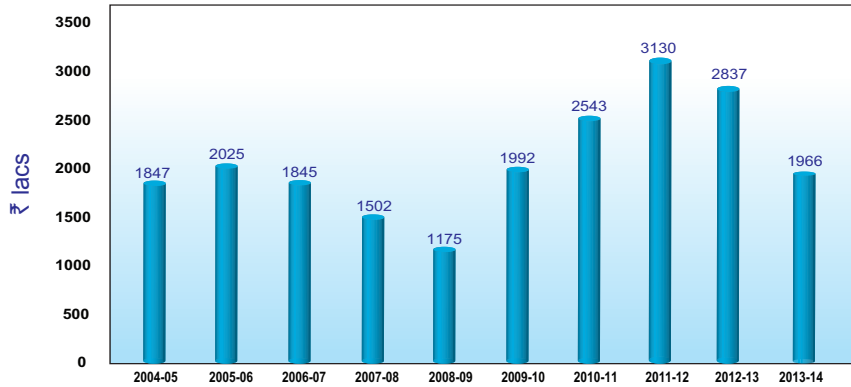


* Exclusive of revaluation reserves

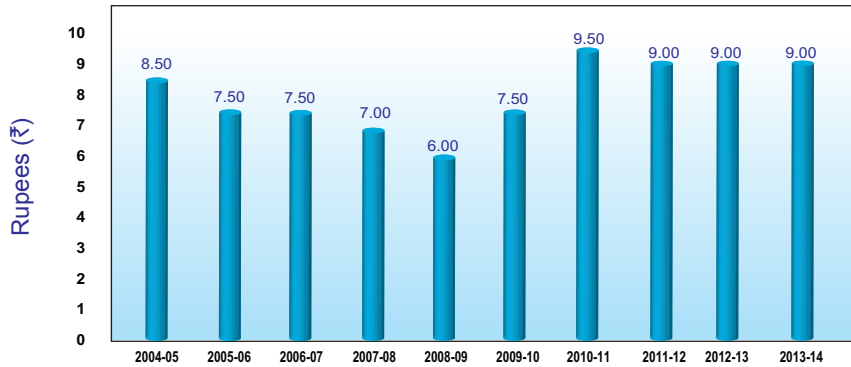


FINANCIAL HIGHLIGHTS - 2005 - 2014

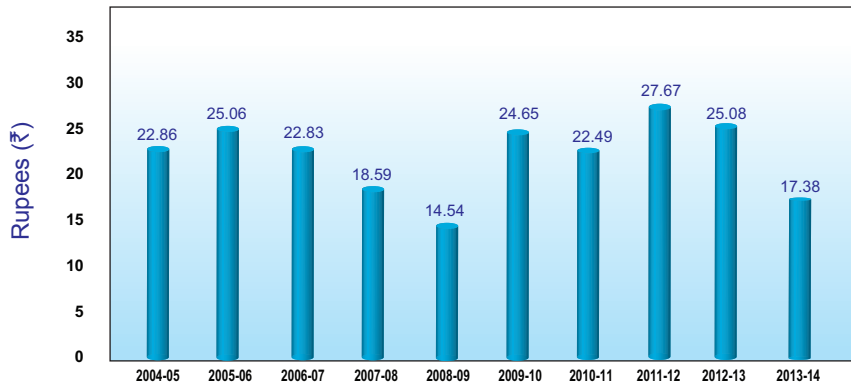
PROFIT AFTER TAX



DIVIDEND PER SHARE



EARNING PER SHARE



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

No. of Equity Shares of ₹ 10/- each :

31.03.2003 - 80,79,080

31.03.2012 - 1,13,10,712