

# INDIA NIPPON ELECTRICALS LIMITED

Regd. Office: 11 & 13, Patullos Road, Chennai 600 002

CIN: L31901TN1984PLC011021

Ph: 044-2846 0063 Fax: 044-2846 0631

E-mail: inelcorp@inel.co.in

Website: www.indianippon.com



## Notice to Shareholders

NOTICE is hereby given that the 33rd Annual General Meeting of the Shareholders of India Nippon Electricals Limited will be held on Monday the 27th August 2018 at Kasturi Srinivasan Hall, No.168 T.T.K. Road, Chennai 600014 at 10.30 A.M. to transact the following business.

### ORDINARY BUSINESS

#### 1. Adoption of audited accounts for the year ended 31st March 2018 and the Directors' and Auditors' report thereon.

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

**"RESOLVED THAT** the audited balance sheet as at 31st March 2018, the statement of profit and loss, notes forming part thereof, the cash flow statement for the year ended on that date and the consolidated financial statements together with auditors' report thereon and the Board's report as presented to the meeting be and are hereby approved and adopted."

#### 2. Declaration of Dividend for the year 2017-18

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

**"RESOLVED THAT** the first interim dividend of Rs.6 declared and paid for every equity share of face value of Rs.10 each on 11310712 equity shares and the second interim dividend of Rs.3.50 declared and paid for every equity share of face value of Rs.5 each on 22621424 equity shares, by the Board of Directors of the Company as per Resolutions passed on 29th January 2018 and 8th May 2018 respectively, absorbing a total sum of Rs.1470.44 lacs (excluding dividend tax of Rs.300.89 lacs paid) in the aggregate, be and are hereby noted and confirmed as the final dividend for the year ended 31st March 2018."

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

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

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

### SPECIAL BUSINESS

#### 4. Election of Ms Priyamvada Balaji as Director liable for retirement by rotation

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

**"RESOLVED THAT** subject to the provisions of Sections 152, 160, 161 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as recommended by the Nomination and Remuneration Committee of the Company, Ms Priyamvada Balaji (DIN: 00730712), who was appointed by the Board on 29th January, 2018 in the casual vacancy arising out of resignation of Mr K Seshadri (DIN: 00301839), be and is hereby appointed as a Director of the Company liable to retire by rotation."

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### 5. Ratification of the remuneration of Mr K Suryanarayanan, the Cost Auditor for the year 2018-19

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

**“RESOLVED THAT** pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.2.75 lacs and reimbursement of actual travel and out-of-pocket expenses, for the financial year commencing on 1st April 2018 and ending on 31st March 2019, as recommended by the Audit & Risk Management Committee and as approved by the Board of Directors of the Company on 8th May 2018, to be paid to Mr K Suryanarayanan, Cost Accountant (Registration No.24946), be and is hereby ratified and confirmed.”

### 6. Approval of payment of Commission to Directors

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

**“RESOLVED THAT** pursuant to the provisions of Articles 118 (b) (ii) of the Articles of Association of the Company, Section 197 and other applicable provisions, if any, of the Companies Act, 2013 and in terms of the Nomination & Remuneration policy of the Company, a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198 of the Companies Act 2013, be paid to and distributed amongst the Directors (other than Managing/ Whole-time Director(s)) or some or any of them in such amounts or proportions and in such manner as may be recommended by Nomination & Remuneration committee and approved by the Board of Directors.”

### 7. Ratification/ Approval of Related Party Transactions

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 (Listing Regulations) and other applicable provisions, if any of the Listing Regulations, Companies Act, 2013 and Rules made thereunder, including statutory modification(s) or re- enactment thereof for the time being in force and as may be notified from time to time, consent of the members of the company be and is hereby accorded to the Board of Directors of the company to enter into contract(s)/ arrangement(s)/ transaction(s) with parties as detailed in the table forming part of the Explanatory Statement annexed to this notice with respect to Sale, purchase or supply of goods or materials, leasing of property of any kind, availing or rendering of any services, appointment of agent for purchase or sale of goods, materials, services or property or appointment of such parties to any office or place of profit in the company or any other transactions of whatever nature, at arm's length basis and in the ordinary course of business, notwithstanding that such transactions may exceed 10% of the Consolidated Turnover of the Company in any financial year or such other threshold limits as may be specified by the Listing Regulations from time to time, up to such extent and on such terms and conditions as specified in the table forming part of the Explanatory Statement annexed to this notice.

**FURTHER RESOLVED THAT** the members hereby ratify the material related party transactions between the Company and TVS Motors Company Limited, for the financial years 2016-17 & 2017-18, at arm's length basis and in the ordinary course of business, under the existing related party arrangement as detailed in the Explanatory Statement to this Notice.

**FURTHER RESOLVED THAT** the terms and conditions of the transactions with the Related Parties shall be approved by the Audit & Risk Management Committee.”

Place : Chennai  
Date : 8th May 2018

By order of the Board  
**S SAMPATH**  
Company Secretary



## NOTES:

- a. **A Member entitled to attend and vote at the above meeting is entitled to appoint a proxy and the proxy need not be a member. The instrument appointing proxy and the power of attorney or other authority, if any, should be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting. A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than ten percent of the total share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.**
- b. The Register of Members and Share Transfer Books of the Company will remain closed from 21st August 2018 to 27th August 2018 [both days inclusive] for the purpose of annual general meeting.
- c. Pursuant to Section 125 of the Companies Act, 2013, dividends declared for the year ended 31st March 2011 and for the subsequent years, which remain unclaimed for a period of 7 years will be transferred to the Investors Education and Protection Fund on due dates. Members who have not encashed their dividend warrants are requested to make their claims with the Company by surrendering the unencashed dividend warrants immediately.
- d. The Notice of the 33rd Annual General Meeting of the Company and instructions for remote e-voting, along with the Attendance slip and proxy form, is being sent by electronic mode to all members whose e.mail addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their e.mail addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
- e. Members are requested to affix their signature at the space provided on the attendance slip annexed to proxy form and hand over the slip at the entrance of the meeting hall.
- f. All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company on all working days between 10.00 am and 12.00 noon.
- g. As a measure of economy, copies of the annual report will not be distributed at the meeting hall. Members are, therefore, requested to bring their copy of the annual report

In terms of SEBI (LODR) Regulations 2015, a brief resume of Mr T Momose who is proposed to be re-appointed as director at this meeting is given below

### ITEM NO.3

**Mr Tadaya Momose** was born on 29th Sep 1959. He holds a Bachelor degree in Law and Economics from Chiba University, Japan. He served Nissan Motor Co Ltd, Japan from 1982 to 2014. He joined Mahle Electric Drives Japan Corporation (erstwhile Kokusan Denki Co Ltd), Japan in April 2014 as Operating Officer/ Dy. General Manager of Sales Division. He became a director of the company at the AGM held on 27th Aug 2014. He does not hold any shares in the Company. He is not related to any director(s) of the Company. He does not hold any other directorships and is not part of any committees of the Board.

The resolution is recommended for the approval of the shareholders.

### Interest of Directors

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

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## EXPLANATORY STATEMENTS

**THE FOLLOWING EXPLANATORY STATEMENTS AS REQUIRED UNDER SECTION 102 OF THE COMPANIES 2013 SET OUT ALL MATERIAL FACTS RELATING TO THE BUSINESSES UNDER ITEM NOS.4-7 OF THE ACCOMPANYING NOTICE DATED 8TH MAY 2018.**

### ITEM NO.4

Ms Priyamvada Balaji, born on 23rd October 1978, has been working as a Whole-time Director of Lucas Indian Service for 5 years. She is also a member of the Board of Directors of Lucas TVS Ltd. Prior to joining the TVS group, she has 12 years of experience in Financial Services in Mumbai and Bangalore working with many international companies.

She was a Senior Director, and Regional Head for the Western Region Corporate ratings at India Ratings (earlier Fitch Ratings India) as well as a member of the National Rating Committee. She also has experience with rating large international bond placements. Within India Ratings, she has had analytical experience in the automotive, metals and mining and industrial sectors. Prior to that, she has experience in leading corporates such as HSBC in the corporate bank and in Arthur Andersen in corporate finance.

She has a Post Graduate Diploma from the Indian Institute of Management, Ahmedabad (batch of 2000) and a BA in Economics (Silver Medalist) from Stella Maris College, Chennai.

With her academic background and practical experience in the fields of finance and marketing of automotive parts, and exposure to operational management of manufacturing companies, her induction would be considered beneficial to the company.

Ms Priyamvada Balaji was appointed by the Board on 29th January 2018 in the casual vacancy arising out of resignation of Mr. K Seshadri. She was nominated by Lucas Indian Service Limited (Joint Venturer Company) to the Board and her appointment was recommended by the Nomination and Remuneration Committee.

Ms Priyamvada Balaji does not hold any shares in India Nippon Electricals Limited and is related to the Chairman and the Managing Director of the Company. She is presently holding directorship(s) in Lucas TVS Ltd, Delphi TVS Diesel Systems Ltd, TVS Training and Services Ltd, Harita Electronics Pvt Ltd, Hastham Swasthi Pvt Ltd, Punarvasu Swasthi Pvt Ltd, Adyar Property Holding Company Pvt Ltd., Tamil Nadu Skill Development Corporation and she is the Whole-time Director in Lucas Indian Service Limited. She is the Chairman of the Audit Committee of Lucas Indian Services Limited.

### Interest of Directors

Ms Priyamvada Balaji is interested in the resolution relating to her appointment as a Director of the Company besides the MD and Chairman of the company being her relatives.

The resolution is recommended for the approval of shareholders

### ITEM NO.5

At the meeting of the Board of Directors of the Company held on 8th May 2018, the Board has approved, after considering the recommendation of the Audit & Risk Management Committee, the appointment of Mr K Suryanarayanan, Cost Accountant (Registration No.24946), for the conduct of Cost Audit of the Company at a remuneration of Rs.2.75 lacs and reimbursement of actual travel and out-of-pocket expenses for the financial year ending March 31, 2019. The remuneration approved by the Board of Directors needs to be ratified by the shareholders under Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

The resolution at Item No.5 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item No.5.

The resolution is recommended for the approval of shareholders..



## ITEM NO.6

At the AGM held on 26th August 2013, shareholders approved a proposal for payment of commission not exceeding 1% of the net profits of the company to the non-whole time directors of the company for a period of 5 years from 01st April 2013. The validity of the above resolution expired on 31st March 2018.

With the formation of various committees of Directors under corporate governance, the role and responsibilities of non-whole time Directors have considerably increased and they have been devoting time and attention for improving the operations of the company. Hence, it is considered desirable and necessary to pay remuneration by way of commission to the non-Whole-time Directors. Section 197 (4) of the Companies Act, 2013 provides that in the case of Directors (other than Managing Director or whole time Director) the company may, by special resolution, authorise payment of commission. The above proposal was approved by the Board, at the meeting held on 8th May 2018 as recommended by the Nomination and Remuneration Committee.

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

The resolution is recommended for the approval of shareholders.

## ITEM NO.7

TVS Motor Company Limited (TVSM) has been one of your Company's most important customers right from its inception. TVSM contributes significantly to the Company's revenue and profits. The transactions are carried out based on competitive considerations as TVSM has local & global suppliers and your Company has to compete with them for winning TVSM's business. TVSM, which was neither a related party under the erstwhile Accounting Standards nor under the Companies Act, 2013, became a related party consequent to the implementation of Indian Accounting Standards (IND AS). As per Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the members by way of Ordinary Resolution is required for material related party transactions (i.e. transactions exceeding 10% of the consolidated turnover of the Company as per the latest audited financial statements). Transactions between your Company and TVSM exceeded the threshold limit of 10% of the annual consolidated turnover during the years 2016-17 and 2017-18 as detailed in the table below:

Name of Related Party	Nature of Related Party Relationship	Nature of Transaction	Value of Transaction	% of consolidated turnover
<b>2016-17</b>				
TVS Motor Company Limited	Entity forming part of the same Group (TVS Group)	a) Sale of finished goods b) Design and development services	Rs. 178.20 Crore	45%
<b>2017-18</b>				
TVS Motor Company Limited	Entity forming part of the same Group (TVS Group)	a) Sale of finished goods b) Design and development services	Rs. 229.00 Crore	49%

Material terms of the transactions with TVSM include the following:

- 1) All the transactions were on continuing basis and were undertaken on arm's length basis and in the ordinary course of business.
- 2) The transactions were based on RFQs, Purchase / Service Orders issued from time to time.
- 3) In case of proprietary products, prices are negotiated and agreed mutually based on product specification and degree of customization/ technology involved.

Going forward, your Company expects significant growth in business volumes with certain related parties (including TVSM) in line with the expected growth in two/ three wheeler segment as a result of which transactions

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with those related parties may become material related party transactions. Right now, these transactions are not material in nature, carried on with due approval of the Audit Committee and the details of transactions are disclosed as Notes to the Financial Statements. All such transactions are carried on and shall be continued at arm's length basis and in the ordinary course of business.

For the period commencing from 1st April, 2018, the Audit & Risk Management Committee/ Board had recommended the below mentioned contracts/ arrangements/ transactions for consideration of the members on such terms and conditions as specified in the table below:

S. No.	Name of Related Party	Name of Director/ KMP interested	Nature of relationship	Aggregate maximum value of the contract/ arrangement per transaction in any financial year	Nature and material terms of Contract/ arrangement/ transaction
1	TVS Motor Company Limited	None	Subsidiary of the ultimate parent Company i.e. TV Sundaram Iyengar & Sons Private Limited	Up to 70% of the consolidated turnover of the Company for the previous financial year	The proposed contracts/ arrangements/ transactions relate to sale /purchase of goods/services or any other transaction(s), which shall be governed by the Company's Related Party Transaction Policy and shall be approved by the Audit & Risk Management Committee within the overall limits approved by the members. Some of the arrangements could be in the form of Purchase Orders/ Service Orders based on negotiations whose terms and conditions shall satisfy arm's length criteria.
2	Lucas TVS Limited	Mr T K Balaji, Chairman, Mr Arvind Balaji, MD and Ms Priyamvada Balaji, Director are Directors	Associate Company	Up to 25% of the consolidated turnover of the Company for the previous financial year	
3	Lucas Indian Service Limited	Mr T K Balaji, Chairman, Mr Arvind Balaji, MD and Ms Priyamvada Balaji, Director are Directors	Associate Company/ Joint Venturer	Up to 15% of the consolidated turnover of the Company for the previous financial year	
4	Mahle Electric Drives Japan Corporation	Mr Tadayama Momose and Mr Mukesh Somani, Directors, are Directors	Associate Company / Joint Venturer	Up to 15% of the consolidated turnover of the Company for the previous financial year	
5	India Japan Lighting Private Limited	Mr T K Balaji, Chairman is a Director	Private Company where Directors are Directors	Up to 10% of the consolidated turnover of the Company for the previous financial year	



**Any other information relevant or important for the Members to take decision on the proposed resolution:**  
None

In view of compliance with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of members for the above Related Party Transactions is being sought by way of Ordinary Resolution. The proposal outlined above will contribute to continuous growth in sales & profits of your Company and is in the interest of the Company. Hence, the Audit & Risk Management Committee / Board recommends the resolution set out in the Item as an Ordinary resolution. None of the Related Parties shall vote in the resolution. None of Director, key managerial personnel and their relatives, is concerned or interested in the said resolution except to the extent of their directorship and shareholding in the Company.

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

a)	<p>The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice calling for the Annual General Meeting (AGM) by 'electronic means' and all the businesses may be transacted through e-Voting services provided by National Securities Depository Limited (NSDL) in compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014.</p> <p>'Electronic voting system' means a secured system based process of display of electronic ballots, recording of votes of the Members and the number of votes polled in favour of or against, in such a manner that the entire voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralised server with adequate cyber security.</p> <p>'Remote e-voting' means the facility of casting votes by a Member using an electronic voting system from a place other than venue of a general meeting.</p>
b)	The facility for voting through ballot paper shall be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
c)	The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date fixed for this purpose, viz., 20th August 2018.
d)	Mr S Ananthanarayan (CP 1828), Practicing company Secretary, Chennai has been appointed as Scrutinizer for conducting the e-Voting process in a fair and transparent manner.

(e)	Members are requested to read the instructions given below:	
	(A)	The instructions for e-Voting are as under:
		In case of members' receiving e-mail from NSDL [for members whose email IDs are registered with the Company / Depository Participants(s)]:
	(i)	Open e-mail and then open PDF file viz., "India Nippon Electricals Limited –33rd AGM remote e-Voting.pdf" with their Client ID or Folio No. as password. The said PDF file contains the User ID and password for e-Voting. Please note that the password is an initial password.
	(ii)	Launch internet browser by typing the following URL in the address bar: <a href="http://www.eVoting.nsdl.com">www.eVoting.nsdl.com</a>
	(iii)	Click on shareholder – Login
	(iv)	Enter User ID and password as initial password noted in step (i) above. Click Login.
	(v)	Password change menu appears. Change the password with new password with minimum 8 digits / characters or combination thereof. Note the new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential
	(vi)	Home page of remote e-voting opens. Go to "remote e-voting" icon and select "Active Remote E-voting Cycles".
	(vii)	Select "EVEN" of India Nippon Electricals Limited.

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	(viii)	Now members are ready for remote e-Voting as Cast Vote page opens.
	(ix)	Cast the vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
	(x)	Upon confirmation, the message "Vote cast successfully" will be displayed.
	(xi)	Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.
	(xii)	Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant board resolution / authority letter etc. together with the attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail to 'geetakumar2000@yahoo.com' with a copy marked to <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> and <a href="mailto:raman@scl.co.in">raman@scl.co.in</a> .
(B)		In case of members receiving physical copy of the Notice of AGM:
	(i)	Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:

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

	(ii)	Please follow all steps carefully as explained in sl no.(e) (A) (ii) to (xii) above to cast vote.
(f)		In case of any queries, members may refer to the Frequently Asked Questions (FAQs) for members and remote e-Voting user manual for members available at the downloads section of <a href="http://www.evoting.nsdl.com">www.evoting.nsdl.com</a> or contact NSDL at the following Telephone No: 022- 24994600.
(g)		If members are already registered with NSDL for remote e-Voting, then they can use their existing user ID and password for casting the vote.
(h)		Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
(i)		The remote e-Voting period commences from 9 AM on 24th August 2018 and ends by 5 PM on 26th August 2018. During this period, members holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., 20th August 2018, may cast their votes electronically. The remote e-Voting module will be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.
(j)		Members who have already exercised their voting through remote e-voting can attend the Annual General Meeting but cannot vote again.
(k)		Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e., 21st August 2018, may obtain the login ID and password by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> with a copy marked to <a href="mailto:raman@scl.co.in">raman@scl.co.in</a> . However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "forgot user details/password" option available on <a href="http://www.evoting.nsdl.com">www.evoting.nsdl.com</a> or contact NSDL at the following toll free no.1800-222-990.
(l)		The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
(m)		In terms of Regulation 44 of SEBI (LODR) Regulations 2015, the results of the remote e-voting are to be submitted to the Stock Exchanges within 48 hours of the conclusion of the AGM. The results declared along with Scrutiniser's report shall be placed on the Company's website <a href="http://www.indianippon.com">www.indianippon.com</a> and on the website of NSDL.