



INDIA NIPPON

ELECTRICALS

LIMITED

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14th
ANNUAL REPORT
1998-99



Factory at Hosur



INDIA NIPPON ELECTRICALS LIMITED

BOARD OF DIRECTORS

CHAIRMAN

T K BALAJI

DIRECTORS

R D FLINT

A TERASAKI

N OGASAWARA

GOPAL SRINIVASAN

S S SUNDHARESAN

K SESHADRI

K R ANANDAKUMARAN NAIR

K N RAMASWAMI (WHOLE TIME DIRECTOR)

SECRETARY

P S ACHAR

AUDITORS

M/S. BRAHMAYYA & CO

156 THAMBU CHETTY STREET

CHENNAI 600 001

BANKERS

BANK OF BARODA

CHENNAI 600 002

REGISTERED OFFICE

AALIM CENTRE

82 DR. RADHAKRISHNAN SALAI

MYLAPORE

CHENNAI 600 004

FACTORY

1. HOSUR -THALI ROAD

ULIVEERANAPALLI 635 114

DENKANIKOTTA TALUK

DHARMAPURI DISTRICT

TAMILNADU

2. MADUKARAI ROAD

KARIAMANICKAM

NETTAPAKKAM COMMUNE

PONDICHERRY 605 106

Listing of Shares with :

Madras Stock Exchange Ltd., Chennai

National Stock Exchange of India Ltd., Mumbai

The Stock Exchange, Mumbai

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INDIA NIPPON ELECTRICALS LIMITED

REQUEST TO MEMBERS

Proxies should be lodged with the Company 48 hours before the commencement of the Meeting.

You are requested to bring your copy of Annual Report to the Meeting as the Company is unable to provide another copy in view of the increased cost of paper.

Please bring the admission slip with you, duly filled in, and hand over the same at the entrance of the Meeting Hall.

Please be in your seat in the Meeting Hall before the scheduled time of commencement of the Annual General Meeting to avoid interruptions in the proceedings. Please also avoid being accompanied by children or non-members.

In case there is any correction/change in your address registered with us, may we request you to intimate our Registered Office at AALIM Centre, 82, Dr.Radhakrishnan Salai, Mylapore, Chennai - 600 004 to enable us to register it in our records.

It will be helpful if your Register Folio number is quoted in all your correspondence with the Company.



NOTICE TO SHAREHOLDERS

Notice is hereby given that the fourteenth Annual General Meeting of the Shareholders of the Company will be held at Narada Gana Sabha (Mini Hall), 254, T.T.K. Road, Alwarpet, Chennai 600 018 on Monday, the 30th August 1999 at 10.15 a.m. to transact the following business :

ORDINARY BUSINESS

1. Adoption of audited accounts for the year ended 31.03.99 and the Directors' and Auditors' report.

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

Resolved that the audited Balance Sheet as at 31st March, 1999 and the Profit and Loss account of the Company for the year ended on that date, together with the Directors' report and the Auditors' report thereon as presented to the meeting be and the same are hereby approved and adopted.

2. Declaration of dividend

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

Resolved that pursuant to the recommendation of the Directors; dividend of Rupees 6 per share absorbing a sum of Rupees 308.88 lacs be and is hereby declared on 51,48,000 Equity shares of Rs.10/- each fully paid up comprised in the paid up Equity share capital of the Company, viz Rs.514.80 lacs for the year ended 31st March, 1999 and the same be paid to those shareholders whose names appear on the company's register of members as on 30th August, 1999.

3. To elect a Director in the place of Mr.N Ogasawara

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

Resolved that Mr.N Ogasawara, who retires by rotation and being eligible for reappointment be and is hereby appointed as the Director of the Company.

4. To appoint Auditors and fix their remuneration

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

Resolved that the retiring Auditors M/s.Brahmayya & Co., Chartered Accountants be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company in addition to travelling and other out-of-pocket expenses actually incurred by them in connection with audit and fees, if any, for the professional services rendered by them in any other capacity from time to time.

INDIA NIPPON ELECTRICALS LIMITED

SPECIAL BUSINESS

5. Appointment of Director to fill up the casual vacancy

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

Resolved that Mr.S S Sundharesan, be and is hereby appointed as the Director of the Company liable for retirement by rotation.

6. Appointment of Mr.K N Ramaswami as a Whole-time Director

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

RESOLVED

THAT subject to the Provisions of Section 269 and other applicable provisions of the Companies Act, 1956, read with schedule XIII to the Companies Act, Mr.K N Ramaswami, be and is hereby appointed as a Whole time Director of the Company for a period of three years from 1st April, 1999 and he shall work under the overall supervision and directions of the Board of Directors and his duties will be handling of day to day affairs of the Company which include appointment of employees, operating of bank accounts, signing of cheques, pro-notes and reporting regularly to the Board on the activities of the Company and discharge of all other duties the Board may delegate to him from time to time.

THAT he shall not be a Director subject to retirement by rotation and shall hold office of the Whole time Director of the Company.

THAT subject to the limits contained in sections 198 and 309 of the Companies Act, 1956, read with Part II of Schedule XIII, the remuneration by way of salary and allowances will comprise the following :

	Rs. per month
i. Basic Salary	68,000
ii. House Rent allowance	30,000
iii. Other allowances	40,000

THAT in addition to the above remuneration, Mr.K N Ramaswami will also be entitled to the following perquisites :

i. Gas and Electricity	Rs.5,000/- p.m.
ii. Subscription to Books and Periodicals	Rs.1,000/- p.m.
iii. Leave Travel Assistance	Rs.72,000/- per annum
iv. Club Subscription	for any two clubs
v. Premium on Personal Accident Insurance	At actuals
vi. Premium for medical expenses for self and family	At actuals



THAT Mr.K N Ramaswami will also be provided with Company's car for official duties and telephone at residence (including payment for local and long distance official calls) which shall not be included in the computation of perquisites.

THAT the Whole time Director shall not be paid any sitting fee for the meetings of the Board or of any committee thereof attended by him and

THAT the Whole time Director be entitled to reimbursement of all actual expenses, including travelling, entertainment and other out of pocket expenses incurred in the course of the Company's business.

THAT the Board of Directors of the Company to have the authority to vary or increase or enhance the remuneration and perquisites to be granted and paid to Mr.K N Ramaswami in the event of any revision in the provisions relating to payment of managerial remuneration, and to vary/modify/amend any of the terms and conditions to bring them in conformity with the applicable provisions of the Companies Act, 1956, as amended from time to time.

By order of the Board

Chennai
26th July 1999.

P S ACHAR
Secretary.

NOTE :

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The instrument appointing proxy and the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power of authority should be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24th August 1999 to 30th August 1999 (both days inclusive).

INDIA NIPPON ELECTRICALS LIMITED**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT****Item No.5 of the Notice**

Mr. S S Sundharesan, was appointed as a Director of the Company in the casual vacancy caused by the demise of Mr.K R Ramamani.

The Company has received from a share holder a notice under 257 of Companies Act, 1956, intimating his intention to propose the appointment of Mr.S S Sundharesan and for that purpose to move a resolution set out under item 5 of the Notice.

Interest of Director :

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

Item No.6 of the Notice**Appointment of Mr.K N Ramaswami, as a Whole time Director**

As per Section 269 of the Companies Act, 1956 read with Rule 10A, a Company with a paid up share capital of Rs.5 Crores or above shall have a Managing Director or a Whole time Director or a Manager.

Consequent to the allotment of Bonus shares for a face value of Rs.316.80 lacs, the paid up capital of the Company has gone up to Rs.514.80 lacs

The Company received a letter from Lucas Indian Service Ltd. nominating Mr.K N Ramaswami as a Director, on the Board of this Company with effect from 01.04.1999

The Board has approved the proposal of appointing Mr.K N Ramaswami as a Whole time Director of the Company at a meeting held on 10.03.99. This appointment is in accordance with section 269 of the Companies Act, 1956, with effect from 01.04.1999, for a period of 3 years, at a remuneration which does not exceed the limits fixed under schedule XIII to the Companies Act.

Mr.K N Ramaswami (Age 66) has the following qualifications:

1. B.E. (Mechanical), University of Mysore
2. Diploma in Industrial Engineering

Holds Certificate of proficiency in Industrial Engineering and also in methods/time measurement by RO Ferguson Associates Inc, Pittsburg.

Previous experience :

Name of the Company	Position held	No. of years of Service
Indian Telephone Industries	Assistant Engineer (work study)	6 years
Dalmia Cements	Industrial Engineer	5 years
Lucas -TVS	Industrial Engineer, Manufacturing Planning Controller and Manager	23 years



Mr.K N Ramaswami has been involved in the project as Manager in charge of operations since its inception. He has been on deputation from Lucas-TVS and has the necessary experience and background to handle manufacturing operations. He has visited the Collaborators' works and his considerable experience has helped this Company for its growth. He was the President of the Company up to 31.03.99

The resolution set out under item 6 of the notice is recommended for adoption by the members

Mr.K N Ramaswami, a Director of the Company is interested in the resolution.

By order of the Board

Chennai
26th July 1999.

P S ACHAR
Secretary.

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INDIA NIPPON ELECTRICALS LIMITED**DIRECTORS' REPORT TO SHAREHOLDERS**

Your Directors have pleasure in presenting the fourteenth Annual Report and the Audited Accounts for the year ended 31st March, 1999.

1. Financial Highlights

	(Figs. in Rs. Lacs)	
	Current Year	Previous Year
Sales (including Excise Duty)	8507	7108
Profits from operations before depreciation and finance charges	1562	1375
Other Income	193	96
Less :		
Depreciation	212	225
Finance Charges	18	17
	<u>230</u>	<u>242</u>
Profit before Tax	1525	1229
Prior year adjustments	-	-
Balance brought forward from previous year	163	145
	<u>1688</u>	<u>1374</u>
Additional provision for income-tax	-	4
Provision for Taxation	<u>616</u>	<u>476</u>
	1072	894
Dividend	309	119
Provision for dividend tax	34	12
Transfer to General Reserve	500	600
Balance carried forward to next year	<u>229</u>	<u>163</u>

2. Performance Review

The performance of the Company for the year 1998-99 is satisfactory as sales have shown an increase of 19.6% over the previous year's figure, whereas the growth of the two wheeler industry was only around 8%. The profit before tax has also registered an increase of 24% over last year.

In the two wheeler industry, the motor cycle segment registered a growth of 23% whilst scooter and moped segments have marginally increased by 1% and 3% respectively. In the case of three wheeler segment, vehicles fitted with diesel engines had a negative growth leading to some difficulties in your Company achieving the projected volumes at its second unit.

Your Directors are happy to report that during the year under review we have been able to add LML Ltd. to the list of our customers and we have started supplying flywheel magnetos to their recently launched "Trendy" Scooters.

Export sales have nearly doubled during the year under review and endeavours are being made to improve further.