

INDIA NIPPON ELECTRICALS LIMITED

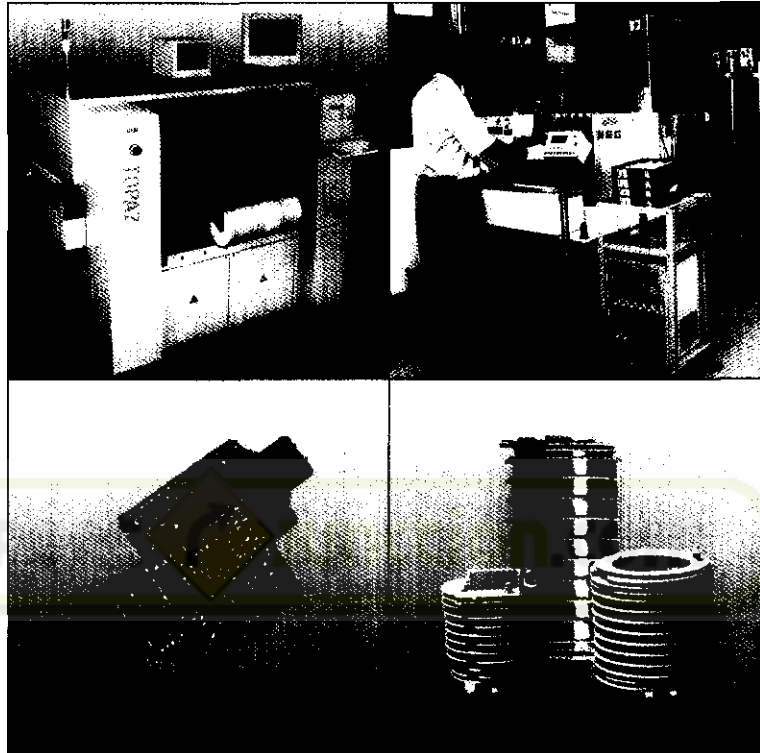


**15th ANNUAL REPORT
1999-2000**

**ON THE CUTTING EDGE OF TECHNOLOGY
DIGITAL IGNITION FOR NEW GENERATION VEHICLES**

PICK AND PLACE

SEGMENT WINDING



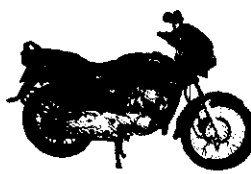
AT THE HEART OF



TVS SUZUKI



BAJAJ AUTO



HERO HONDA



ESCORTS YAMAHA


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

FINANCIAL HIGHLIGHTS OF TEN YEARS PERFORMANCE

Figs. in Rs. lacs

		Year ended 31st March									
S.No.	Description	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Profit and Loss Account											
1.	Sales (including Excise duty)	1219	1405	1671	2168	3084	4828	6602	7108	8507	9797
2.	Other income	11	19	33	40	65	94	87	96	192	248
3.	Total income (1+2)	1230	1424	1704	2208	3149	4922	6689	7204	8699	10045
4.	Gross Profit before interest, depreciation and tax	158	209	286	370	514	764	1365	1470	1754	2165
5.	Depreciation	22	27	67	62	55	78	225	225	211	240
6.	Profit before interest and tax	136	182	219	308	459	687	1140	1245	1543	1925
7.	Interest & finance charges	37	39	31	15	29	43	35	16	18	13
8.	Profit before tax	99	143	188	293	430	643	1105	1229	1525	1912
9.	Profit after tax	70	100	109	200	300	413	675	753	909	1191
Balance Sheet											
10.	Net Fixed Assets (including revaluation reserves)	137	115	324	303	373	594	609	1111	1092	1211
11.	Investments	0	0	86	212	270	202	206	301	700	2182
12.	Net Current Assets	377	449	433	454	512	792	1187	1464	1848	1118
13.	Total (10+11+12)	514	564	843	969	1155	1588	2002	2876	3640	4511
14.	Share Capital	132	132	132	198	198	198	198	198	515	515
15.	Reserves & Surplus	84	166	482	562	791	1133	1699	2562	2808	3599
16.	Net Worth (14+15) (including revaluation reserves)	216	298	614	760	989	1331	1897	2760	3323	4114
17.	Loan funds	298	266	229	209	166	257	105	116	317	397
18.	Total (16+17)	514	564	843	969	1155	1588	2002	2876	3640	4511
19.	Return on Net Worth (%) (excluding revaluation reserves)	33	33	28	38	39	37	40	33	32	33
20.	Return on Capital Employed (%) (excluding revaluation reserves)	26	32	36	42	49	50	64	52	48	47
21.	Earning per share (Rs.)	5	8	8	10	15	21	34	38	18	23
22.	Dividend per share (Rs.)	1.8	2.5	3	3	3.5	4	5	6	6	7
23.	Book value of share (Rs.) (excluding revaluation reserves)	16	23	29	27	39	56	84	116	56	71
24.	Fixed Assets turnover (No.of times)	9	12	5	7	8	8	11	6	8	8
25.	Working Capital turnover (No.of times)	3	3	4	5	6	6	6	5	5	9
26.	Gross profit as % of total income	13	15	17	17	16	16	20	20	20	22
27.	Net profit as % of total income	6	7	6	9	10	8	10	10	10	12

NB : Fixed assets revalued March '93, Rs.230.71 lacs, March '98 Rs.233.31 lacs. Share Capital raised from Rs.1.32 crores to Rs.1.98 crores during November '93 and subsequently to Rs.5.15 crores during March '99 consequent to issue of bonus shares.



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.



INDIA NIPPON ELECTRICALS LIMITED

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Fifteenth Annual General Meeting of the Shareholders of the Company will be held at Kasturi Srinivasan Hall (Music Academy Annexe), 306, TTK Road, Chennai-600 014 on Monday, the 14th August 2000 at 10.15 a.m. to transact the following business :

ORDINARY BUSINESS

1. **Adoption of audited accounts for the year ended 31.03.2000 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, 2000 and the Profit and Loss account of the Company for the year ended on that date, together with the Directors' report and the Auditors' report thereon as presented to the meeting be and are hereby approved and adopted.

2. **To take on record the payment of interim dividend**

Resolved that the payment of interim dividend of Rs.seven per share as recommended by the Board at their meeting held on 16th March 2000 to the eligible shareholders whose names appeared in the register of members on the record date announced for this purpose i.e.03.05.2000 on the issued capital of 5148000 equity shares of Rs.10 each for the year ended 31st March 2000 be and is hereby taken on record and ratified.

3. **To elect a Director in the place of Mr.Gopal Srinivasan**

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

Resolved that Mr.Gopal Srinivasan, who retires by rotation and being eligible for re-appointment, be and is hereby appointed as a 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.



SPECIAL BUSINESS

5. Appointment of a 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.K R Anandakumaran Nair, be and is hereby appointed as the Director of the Company liable for retirement by rotation.

6. Resolution relating to appointment of Whole time Director (approved by the shareholders at the 14th Annual General Meeting held on 30th August 1999)

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

Resolved that the following also be and are hereby included in the resolution containing the terms and conditions of appointment of Mr.K N Ramaswami as Whole-time Director w.e.f.01.04.1999 approved by the shareholders at the 14th Annual General Meeting held on 30th August 1999.

Mr.K N Ramaswami is entitled to Company's contribution to Provident Fund, Superannuation Fund and Gratuity and encashment of unavailed leave at the end of the tenure as per the Rules framed by the Company.

In the event of loss or inadequacy of profits in any financial year, the Board of Directors shall revise the remuneration payable to the Whole-time Director for that financial year in such manner as agreed to between the Board of Directors and the Whole-time Director and such remuneration shall be within the limits prescribed under schedule XIII to the Companies Act for the time being.

Report Junction.com

By order of the Board

Chennai
19th June 2000.

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 8th August 2000 to 14th August 2000 (both days inclusive).

INDIA NIPPON ELECTRICALS LIMITED

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT

Item No.5 of the Notice

Mr.K R Anandakumaran Nair, was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr.N S Murthy.

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.K R Anandakumaran Nair and for that purpose to move a resolution set out under item 5 of the notice.

Interest of Director :

Mr.K R Anandakumaran Nair is interested in the resolution relating to his appointment as a Director of the Company.

Item No.6 of the Notice

The paragraphs relating to perquisites such as Company's contribution to PF, Superannuation fund, gratuity and unavailed leave salary payable to Mr.K N Ramaswami and his remuneration in the case of inadequacy of profits, approved by the Board at their meeting held on 10th March 1999, which should have been in the notice of the 14th Annual General Meeting of the shareholders are now included in the resolution set out under agenda no.6 of this notice.

Interest of Director :

Mr.K N Ramaswami is interested in the above resolution.

Chennai
19th June 2000.

By order of the Board

P S ACHAR
Secretary.



DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors have pleasure in presenting the fifteenth Annual Report and the Audited Accounts for the year ended 31st March, 2000.

1. Financial Highlights

	(Figs. in Rs. Lacs)	
	Current Year	Previous Year
Sales (including Excise Duty)	9797	8507
Profits from operations before depreciation and finance charges	1918	1562
Other Income	248	193
Less :		
Depreciation	241	212
Finance Charges	13	18
	<u>254</u>	<u>230</u>
Profit before Tax	1912	1525
Prior year adjustments	-	-
Balance brought forward from previous year	229	163
Transfer from investment allowance reserve	30	-
	<u>2171</u>	<u>1688</u>
Additional provision for income-tax	-	-
Provision for Taxation	721	616
	<u>1450</u>	<u>1072</u>
Dividend	360	309
Provision for dividend tax	40	34
Transfer to General Reserve	650	500
	<u>400</u>	<u>229</u>

2. Performance Review

The performance of your Company during the year 1999-2000 with a sales turnover of Rs.84.24 crores (exclusive of excise duty) showing an increase of 17% over the previous year should be considered as satisfactory from all counts.

The profit before tax registered an increase of 26% over the previous year, whereas the two wheeler industry in the year under review showed an overall growth of 11%.

Of the four segments in the two wheeler industry, motorcycle continued to grow at 29% with moped growing at a much lower rate of about 7.5%, the other two segments, i.e. scooter and three wheeler registered a negative growth. However, your Company's unit at Pondicherry supplying components to the three wheeler diesel engine manufacturers made profits during the period under review.

Your Directors are happy to report that during the period under review a number of new products were introduced; the major ones being digital ignition system for the new model GX150 'Fiero'- 4 stroke motorcycle of TVS-Suzuki, new analog ignition systems for YBX 4 stroke motorcycle of Escorts Yamaha and for 4 stroke autorikshaw of Bajaj Auto. It is expected that these new products will result in enhanced sales during the coming years.

Export sales of the year under review was Rs.98 lacs when compared to Rs.82 lacs in the previous year.

INDIA NIPPON ELECTRICALS LIMITED

3. Research & Development

Your Directors are continuing the policy of making new investments in the R&D to upgrade technology and maintain ability to develop products in-house. This has resulted in your Company being able to shorten the development time for introduction of new products. Your Company is concentrating on in-house development of digital CDI for small engines to maintain its leadership in the two wheeler ignition.

4. New Technology / Products

With the signing of agreement with the collaborator it has been possible to import the latest technology (SMD type) for manufacture of Digital Ignition system being offered to 4 stroke engine vehicles manufactured by TVS-Suzuki, Escorts Yamaha and Bajaj Auto. The investment made during the year under review for setting up facilities for making new range of products such as CDI and Regulator / Rectifier using surface mounted devices technology will go into operation in July / August, 2000.

5. Prospects

In the two wheeler industry, during the current year, the motorcycle segment has done well with a growth by about 19%. In the other two segments, moped has shown a marginal growth whilst scooter has remained same. It is expected that the growth of the entire two wheeler industry is likely to be around 9%.

It is also noticed that the vehicle manufacturers, due to intense competition amongst themselves as well as to meet the stringent environmental norms in the world brought about by the Government, are working at a faster pace for launching vehicles fitted with 4 stroke engines either to retain or gain additional market share of their business. In this context, continuous upgradation of technology and improved manufacturing processes at your Company would be the prime consideration of your Directors.

Your Directors also wish to inform the shareholders that a letter of intent has been received by your Company from Honda Motorcycle and Scooter India Pvt. Ltd, India for supply of flywheel magneto to the new scooter being launched by May, 2001.

In order to provide quick response to customers under the JIT concept and to achieve higher levels of customer satisfaction which are necessary to get increased share of business, your Directors have taken a conscious view that an assembly unit for making flywheel magnetos should be set up near Delhi. Action for setting up the unit with an investment of approx. Rs.2.90 crores with installed annual capacity of 6,00,000 FWM has been initiated and the unit is likely to become operational by end 2000.

6. Dividend

Your Directors have already declared an interim dividend of Rs.7 per share, which is higher than the previous year and do not recommend any final dividend for the year 1999-2000.

7. Corporate Governance

Securities and Exchange Board of India (SEBI) have laid down guidelines relating to Corporate Governance and these are being mandated on the Corporate Bodies by the Stock Exchanges through amendments to the listing agreements with the Stock Exchanges. The code has to be complied with by your Company within the financial year 2001-2002 but not later than March 31, 2002. The shareholders are aware that your Company has been adopting a policy in conformity with most of the requirements of SEBI. We will be taking further steps in conformity with SEBI guidelines.