

**INDIA NIPPON ELECTRICALS LIMITED**

**33rd Annual Report  
2017-2018**

# INDIA NIPPON ELECTRICALS LIMITED



EFI SYSTEM

ISG SYSTEM



CONTROL UNIT  
WITH IMMOBILIZER



SENSORS

## WORLD

## CLASS COMPANY

### INDIA NIPPON ELECTRICALS

product portfolio covers all custom-built ignition system parts for various applications be it two wheelers, three wheelers, portable gensets and general purpose engines, making it a world-class company offering Ignition System solutions to meet the whole range of OEM's in the vehicle industry.



[www.indianippon.com](http://www.indianippon.com)



# INDIA NIPPON ELECTRICALS LIMITED

## Board of Directors

T K BALAJI, Chairman  
ARVIND BALAJI, Managing Director  
T MOMOSE  
PRIYAMVADA BALAJI  
KG RAGHAVAN  
V BALARAMAN  
G CHIDAMBAR  
R VIJAYARAGHAVAN  
JAYSHREE SURESH  
MUKESH KUMAR SOMANI

## Audit & Risk Management Committee

K G RAGHAVAN, Chairman  
V BALARAMAN  
G CHIDAMBAR  
R VIJAYARAGHAVAN

## Stakeholders Relationship Committee

R VIJAYARAGHAVAN, Chairman  
T K BALAJI  
G CHIDAMBAR

## Nomination & Remuneration Committee

V BALARAMAN, Chairman  
T K BALAJI  
R VIJAYARAGHAVAN

## CSR COMMITTEE

G CHIDAMBAR, Chairman  
ARVIND BALAJI  
JAYSHREE SURESH

## Chief Executive Officer

RAVINDER SHARMA

## Chief Technical Officer

R UMA SHANKAR

## Chief Financial Officer

ELANGO SRINIVASAN

## Company Secretary

G VENKATRAM

## Auditors

M/S. DELOITTE HASKINS & SELLS LLP  
CHENNAI

## Cost Auditor

K SURYANARAYANAN

## Secretarial Auditor

B. CHANDRA

## Bankers

BANK OF BARODA  
ICICI BANK LIMITED  
AXIS BANK LIMITED

## Listing of Shares with

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

## Registered Office

11 & 13, Patullos Road, Chennai 600 002  
Ph: 044-2846 0063 Fax: 044-2846 0631  
E.mail: inelcorp@inel.co.in,  
CIN: L31901TN1984PLC011021

**Website :** www.indianippon.com.

## Subsidiary Company

PT Automotive Systems, Indonesia

## Associate Company

Synergy Shakthi Renewable Energy P. Ltd.

## Factories

1. Hosur-Thalli Road  
Uliveeranapalli 635 114, Tamilnadu  
Ph : 04347 - 233432 - 233438
2. Madukarai Road  
Kariamannickam, Nettapakkam Commune  
Puducherry 605 106. Ph:0413-2697801-2697827
3. Masani Village  
Rewari District, Haryana 122 106  
Ph : 01274-240860/240212
4. B-36, Five Star Industrial Area, Kagal Hatknangale  
City. Kolhapur - 416 216.  
Maharashtra.

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# INDIA NIPPON ELECTRICALS LIMITED

## FINANCIAL HIGHLIGHTS OF TEN YEARS PERFORMANCE

Rs. in lacs

S.No.	Description	Year ended 31st March									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Profit and Loss Account											
1	Sales #	12792	16908	22885	26005	26802	26153	32653	37703	39265	46301
2	Other income	872	620	624	803	890	846	690	1144	1632	1576
3	Total Income	13664	17528	23509	26808	27692	26999	33343	38847	40897	47877
4	Profit before interest, depreciation and tax	1793	2952	3767	4525	4146	3183	3978	4564	5131	7688
5	Depreciation	284	357	415	528	613	562	775	418	417	597
6	Profit before interest and tax	1509	2595	3352	3997	3533	2621	3203	4146	4714	7091
7	Interest	17	18	17	21	18	12	16	13	6	7
8	Profit before tax	1492	2577	3335	3976	3515	2609	3187	4133	4708	7084
9	Profit after tax	1175	1992	2543	3130	2837	1966	2266	3058	3240	5010
Balance Sheet											
10	Net Fixed Assets	1798	2633	2832	3710	3935	3970	4236	4629	5481	6548
11	Investments	7272	9999	8857	9344	10968	11913	14178	17606	21421	24091
12	Net Current Assets	5221	2943	5477	6059	5859	5654	4160	4364	1897	3863
13	Total	14291	15575	17166	19113	20762	21537	22574	26599	28799	34502
14	Share capital	808	808	808	1131	1131	1131	1131	1131	1131	1131
15	Reserves & Surplus	13425	14709	16358	17982	19631	20406	21443	25468	27668	33371
16	Net worth	14233	15517	17166	19113	20762	21537	22574	26599	28799	34502
17	Loan funds	58	58	-	-	-	-	-	-	-	-
18	Total	14291	15575	17166	19113	20762	21537	22574	26599	28799	34502
19	Return on Net worth (%)	8	13	15	17	14	9	10	11	11	15
20	Return on capital employed (%)	11	17	20	21	17	12	14	16	16	21
21	Earning per share (Rs.) - Refer note 2	14.54	24.65	22.49	27.67	25.08	17.38	20.03	27.04	14.32	22.15
22	Dividend per share (Rs.)	6.0	7.5	9.5	9.0	9.0	9.0	9.0	9.0	10.0	6.0
23	Book value per share (Rs.) - Refer note 2	171	187	208	165	180	187	196	235	127	153
24	Fixed assets turnover (No.of times)	7	6	8	7	7	7	8	8	7	7
25	Working capital turnover (No. of times)	2	6	4	4	5	5	8	9	21	12
26	Profit as % of total income	13	17	16	17	15	12	12	12	13	16
27	Net profit as % of total income	9	11	11	12	10	7	7	8	8	10
28	No.of shareholders	4827	6052	5806	6289	6295	6427	7247	7656	8821	12255

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

# Includes Excise duty and net of turnover discount for the FY's 2015-16, 2016-17 & 2017-18 (included from Apr 17 to Jun 17)

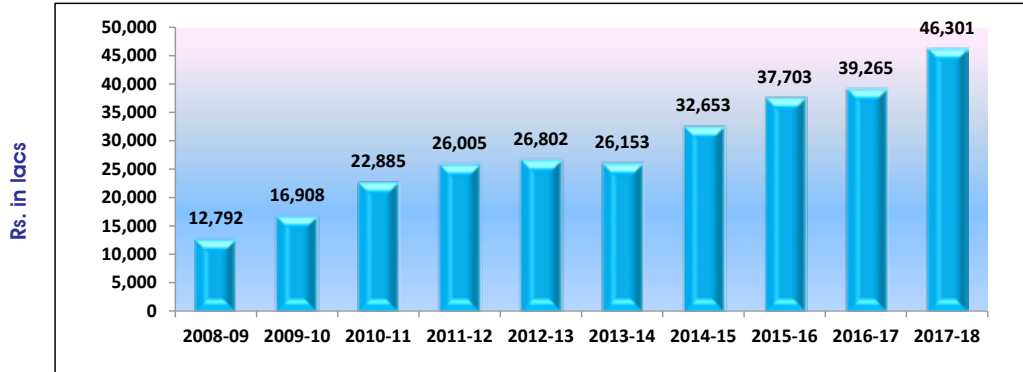
### Note:

- Figures in respect of FY's 2007-08 to 2014-15 are as per Indian GAAP and that of FY's 2015-16, 2016-17 & 2017-18 are as per Indian Accounting Standards (Ind AS).
- The Equity shares of Rs. 10 each was sub divided in to two equity shares of Rs. 5 each during the year. Accordingly the EPS and Book value per share has been computed by taking the increased number of shares for FY 2016-17 and 2017-18.

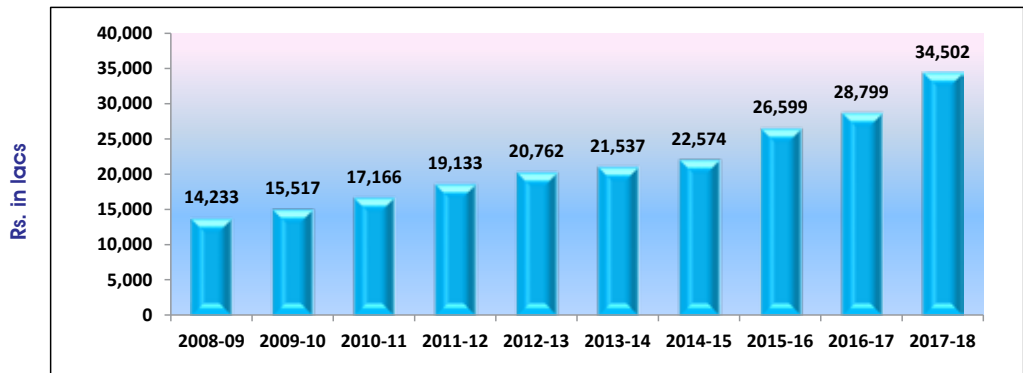


## FINANCIAL HIGHLIGHTS 2009 - 2018

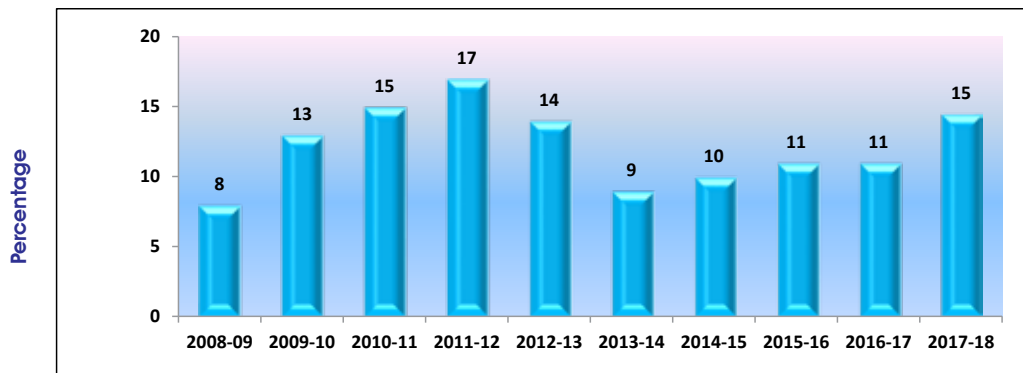
### SALES



### NETWORTH



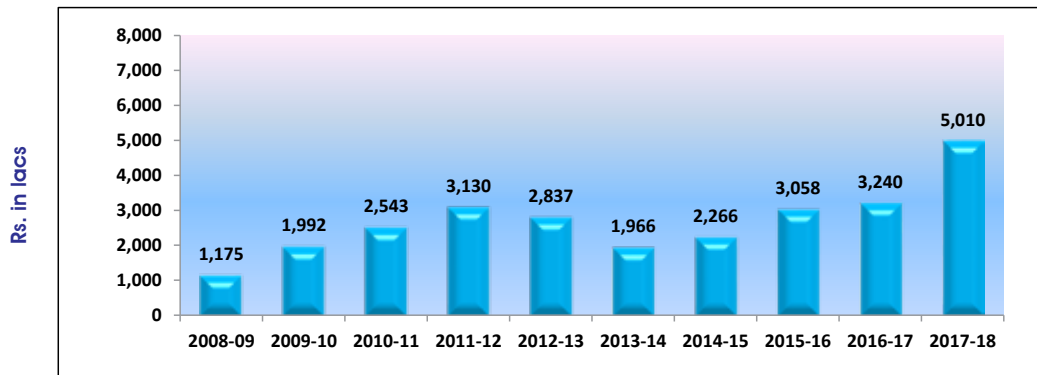
### RETURN ON NETWORK



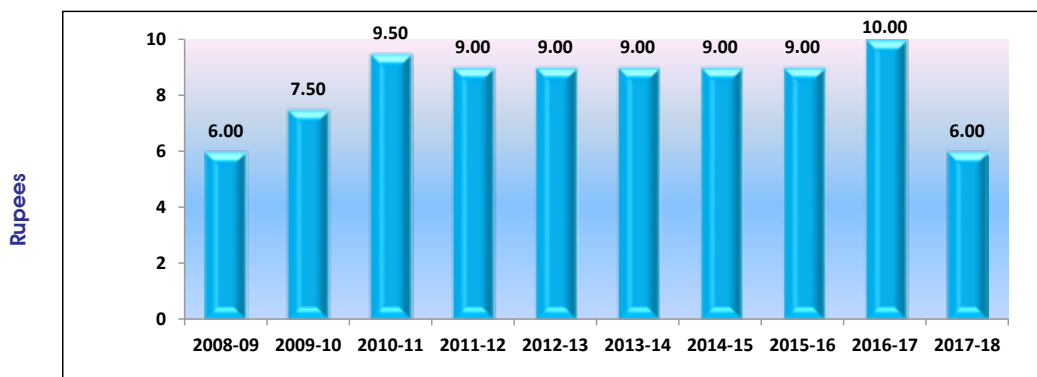
# to read alongwith Notes in page 2

## INDIA NIPPON ELECTRICALS LIMITED

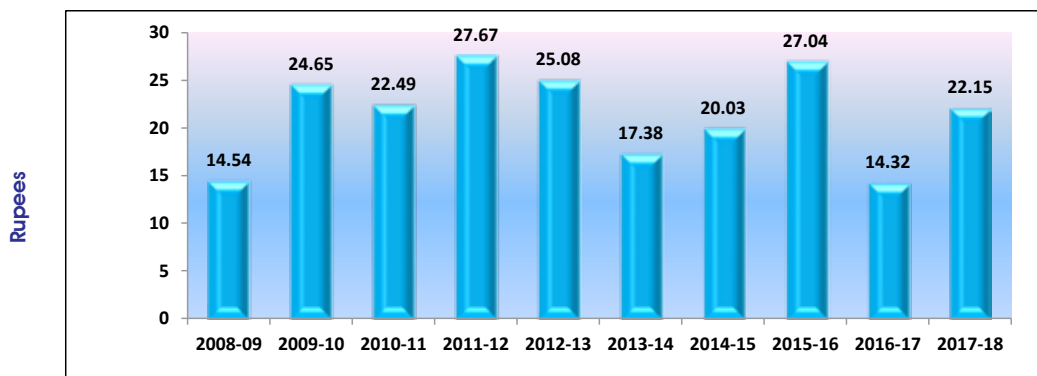
### PROFIT AFTER TAX



### DIVIDEND PER SHARE



### EARNING PER SHARE



# to read alongwith Notes in page 2



## 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."

## INDIA NIPPON ELECTRICALS LIMITED

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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.

## **INDIA NIPPON ELECTRICALS LIMITED**

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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 Medallist) 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..