



38th Annual Report 2010 -11

Nippo Batteries Co. Ltd

Nippo Batteries Co. Ltd

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Nippo Batteries Co. Ltd

BOARD OF DIRECTORS

Justice S. Natarajan
Chairman

P. Dwarakanath Reddy
Managing Director

R.P. Khaitan
Joint Managing Director

V.R. Gupte

Dr. S.A. Dave

H. Aota

H. Sugimura

K. Kudara

SECRETARY

J. Srinivasan

AUDITORS

P. Srinivasan & Co.
New No.6 (Old No.24) Sambasivam St.
T. Nagar
Chennai - 600 017.

BANKERS

Canara Bank
The Bank of Tokyo - Mitsubishi UFJ Ltd.
DBS Bank Ltd

REGISTERED AND ADMINISTRATIVE OFFICE

Pottipati Plaza
No.77, Nungambakkam High Road
IV Floor, Nungambakkam
Chennai - 600 034.

FACTORIES

Andhra Kesari Nagar
Nellore - 524 004.
(Andhra Pradesh)

Tada Village
Nellore District - 524 401.
(Andhra Pradesh)

NOTICE

NOTICE is hereby given that the THIRTY EIGHTH ANNUAL GENERAL MEETING of NIPPO BATTERIES CO. LTD will be held at Sri P. Obul Reddy Hall, Vani Mahal, No.103, G.N. Chetty Road, T.Nagar, Chennai- 600 017, on Wednesday, the 20th day of July, 2011 at 10.15 A.M to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet of the Company as at March 31, 2011 and the Statement of Profit and Loss for the year ended that date together with the report of the Auditors' thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Dr. S.A. Dave, who retires by rotation under Article 147 of the Articles of Association of the Company and as per applicable provisions of the Companies Act 1956, and who, being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Hiroshi Sugimura, who retires by rotation under Article 147 of the Articles of Association of the Company and as per applicable provisions of the Companies Act 1956, and who, being eligible offers himself for re-appointment.
5. To appoint M/s. P. Srinivasan & Co., Chartered Accountants, Chennai as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Audit Committee and Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"Resolved that Mr. Kenichi Kudara who was appointed as Director u/s.262 of the Companies Act, 1956, to fill the casual vacancy on the Board occasioned due to the resignation of Mr. M. Morikawa, who ceases to hold office under the provisions of the said section and is eligible for reappointment and in respect of whom the Company has received a notice in writing u/s. 257 of the Companies Act, 1956, from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be liable to retire by rotation."

7. 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 Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, an amount not exceeding 1% of the Net Profits of the Company for each financial year computed in the manner prescribed under Sections 349 and 350 of the Companies Act, 1956, be paid and distributed amongst the Non- Executive Directors of the Company or some or any of them in such amounts or proportions and in such manner as may be decided by the Board of Directors for each such year, for a period of Three financial years commencing from and including the financial year 2010-11, and that such payment will be made in addition to the sitting fees payable for attending meetings of the Board or Committee thereof."

For and on behalf of the Board of Directors
For Nippo Batteries Co. Ltd.

Place: Chennai
Date : 29th April 2011

Justice S. Natarajan
Chairman

NOTES:

1. Explanatory statement as per the provisions of Section 173(2) of the Companies Act, 1956, in respect of the items of the Special Business as set out above is annexed.
2. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his behalf. Such a proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Registered office of the Company not less than FORTY-EIGHT HOURS before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 16.07.2011 to 20.07. 2011(Both days inclusive).
4. The Dividend upon its declaration at the meeting will be paid to those members, whose names stand in the Register of Members as on 20th July 2011. The said dividend will be paid on 27th July 2011. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
5. Members holding shares in physical form are requested to notify change of address immediately for the purpose of mailing Dividend Warrants. As per SEBI circular, members holding shares in physical form and in case of transfer of shares means, the Transfer Deed should contain PAN of both Transferor and Transferee. It is a mandatory requirement.
6. The shares of the company have been activated for dematerialisation with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL) vide ISIN INE567A01010. Members wishing to dematerialise their shares may approach any Depository Participant (DP).
7. Members who hold shares in demat form are requested to notify any change in their particulars like change in address, bank particulars etc. to their respective Depository Participants.
8. Kindly mention your Folio Number / PAN NO / Client ID / DP ID Number (in case of shares held in electronic form) in all your correspondence to the Company or Share Transfer Agents and in the case of electronic form to the Depository Participant in order to reply to your queries promptly.
9. Pursuant to Section 205A of the Companies Act, 1956, an amount of Rs.3,36,040/- remaining unclaimed out of the dividend for the year 2002-03 (declared on 13th June 2003) was transferred to the Investor Education and Protection Fund established under Section 205C(1) of the Act on 26th July 2010. The unclaimed dividend, if any, for the year 2003-2004 will become transferable to the "Investor Education and Protection Fund" on or before 14th August 2011. It is hereby notified to the members that once the dividend amount is transferred to the Fund, as per Section 205A (5) of the Act, the same cannot be claimed by the members from the Fund established.
10. Members seeking any information or clarification with regard to the accounts are requested to write to the Company at least ten days in advance of the meeting so as to enable the Company to keep the information ready.
11. The Ministry of Corporate Affairs vide its Circular dated 21st April, 2011 allowed the Companies to send notices, annual reports and other documents by means of e-mail to the members of the Company. Hence members, who have not registered their e-mail addresses are requested to register their e-mail addresses with the Company / Registrar.

EXPLANATORY STATEMENT ANNEXED TO THE NOTICE OF THE THIRTY EIGHTH ANNUAL GENERAL MEETING OF THE COMPANY AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO.6

Mr. M. Morikawa, who was nominated by our Collaborator, M/s. Panasonic Corporation, Japan, had resigned from the Board with effect from 12th October 2010. Our Collaborator had nominated Mr. Kenichi Kudara in the place of Mr. M. Morikawa and accordingly Mr. Kenichi Kudara was appointed as Director by the Board with effect from 12th October 2010 and hence holds office only up to the date of this Annual General Meeting. A Notice in writing from a member has been received u/s.257 of the Companies Act, 1956, along with a deposit of Rs.500/- recommending his appointment as a Director. Accordingly, your directors recommend that the resolution for the appointment of Mr. Kenichi Kudara, as a Director be passed.

Mr. Kenichi Kudara is interested in the resolution to the extent of his appointment as Director. No other Director of the Company is in any way concerned or interested in the proposed resolution.

ITEM NO.7

The Non- Executive / Independent Directors have to devote considerable time to the business of the Company and the Company is benefited by their expertise and mature advice. It is appropriate that they should be paid suitable remuneration by way of commission on the net profits of the Company in addition to the sitting fees payable in recognition of their services. Accordingly it is proposed to pay the Non- Executive / Independent Directors remuneration by way of commission up to 1% of the net profits of the Company for a period of Three Financial Years commencing from the financial year ending March 31, 2011 in the manner stated in the Resolution. The Board of Directors of the Company recommends to the members to approve payment of commission to the Non – Executive / Independent Directors in accordance with the provisions of Sections 198(1), 309(4), 309(7) and other applicable provisions of Companies Act, 1956.

All the Independent Directors except Mr. P. Dwarakanth Reddy, Managing Director and Mr.R.P. Khaitan, Joint Managing Director are concerned or interested in this resolution to the extent of commission payable to / receivable by them.

INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / RE- APPOINTED:-

As required in terms of clause 49 of the Listing Agreement, the particulars of Directors who are proposed to be appointed / re-appointed are given below:

Dr. S.A. Dave

Dr. S. A. Dave after completing his Ph.D in Economics from University of Bombay and M.A in Economics from Rensselaer Polytechnic Institute, at USA, joined Reserve Bank of India in the year 1968 as Deputy Director in the Economics Department. He is the Chairman of centre for monitoring Indian Economy, Premier Economic Monitoring Institution of the Country. He was founder Chairman of SEBI and also Chairman of Unit Trust of India where he retired in 1996. He has been associated with various committees of Government of India dealings with reforms in the Capital Market, Mutual Fund, Insurance and Pension Sector.

Other Directorship:

1. Anand Rathi Securities Ltd
2. Center for monitoring Indian Economy
3. Escorts Ltd
4. Housing Development Finance Corporation Ltd
5. Nitin Fire Protection Industries Ltd
6. Phoenix Township Ltd

7. SBI DFHI Ltd
8. Shrenij & Co.Ltd
9. Benchmark Trustee Company Pvt. Ltd
10. India Value Fund Trustee Company P Ltd
11. White Field Paper Mills Ltd

Committee Member:

1. Escorts Ltd
2. Housing Development Finance Corporation Ltd
3. Phoenix Township Ltd
4. Shrenij & Co. Ltd

Share holding: NIL

Mr. Hiroshi Sugimura

Mr. Hiroshi Sugimura graduated from Yamaguchi University in the year 1981, Faculty of Economics and started his career in M/s. Panasonic Corporation in the year 1981 and in the year 2006 he become Group Manager, Planning Group, Motor Company and he is currently working as Councilor attached to Director, Panasonic Asia Pacific Co., Ltd.

Other Directorship:

1. Panasonic Asia Pacific Pte.Ltd
2. Panasonic Industrial Asia Pte.Ltd
3. Panasonic Thailand Co., Ltd
4. Panasonic Energy India Co.Ltd

He is not a member in any of the Committees of the Board.

Share holding: NIL

Mr. Kenichi Kudara

Mr. Kenichi Kudara graduated in Foreign Language from Sophia University in the year 1991 and started his career at M/s. Panasonic Corporation in the year 1991 and in the year 2008 he become Group Manager, Business Development Group, Energy Solution Business Unit of the Company and he is currently working as General Manager, Global Business Planning Group.

Other Directorship:

1. Panasonic Carbon India Company Ltd.
2. Panasonic Carbon (Anyang) Co. Ltd

He is not a member in any of the Committees of the Board.

Share holding: NIL

For and on behalf of the Board of Directors
For Nippo Batteries Co. Ltd.

Place: Chennai
Date : 29th April 2011

Justice S. Natarajan
Chairman

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirty Eighth Annual Report of your Company together with the Audited Balance Sheet as at March 31, 2011, the Profit & Loss Account for the year ended that date and the Auditors' Report thereon.

REVIEW OF PERFORMANCE

DRY CELL BATTERIES

The Dry Cell Battery Industry production as a whole increased about 2.60% for the year 2010-11. Your Company's production also increased from 658 million pieces to 668 million pieces showing an increase of 1.52%. The sales decreased from 660 million pieces to 651 million pieces. In terms of value, your Company had registered a turnover of Rs.350 crores as against Rs.337 crores for the previous year shows an increase of 3.86%.

LIGHTING PRODUCTS

The sales volume of lighting products had decreased from 62.40 lakh pieces to 60.43 lakh pieces as compared to the previous year.

FINANCIAL RESULTS

The profit before tax for the year under review is at Rs.21.68 Crores as against Rs.25.04 crores in the previous year. The financial results for the year 2010-11 as compared with the previous year are summarized as under.

	2010-11 (Rs. in crores)	2009-10 (Rs. in crores)
Profit for the year	27.26	30.85
Less : Depreciation for the year	5.57	5.83
Profit after depreciation	21.69	25.02
Prior period adjustments etc.	0.01	(0.02)
Profit Before Tax	21.68	25.04
Provision for tax including Deferred tax	7.05	8.52
Profit after Tax	14.63	16.52
Surplus in P&L Account brought forward	5.06	4.81
Profit available for appropriation	19.69	21.33

Your Directors recommend the following appropriations :

General Reserve	5.75	7.50
Proposed Dividend	7.50	7.50
Tax on proposed dividend	1.22	1.27
Surplus in P&L A/c carried forward	5.22	5.06
Total	19.69	21.33

DIVIDEND

Your Directors are happy to recommend a dividend of 200% for the year 2010-11. This Dividend, if approved, will be paid to the Shareholders whose names appear on the Register of Members as on 20th July, 2011. The Company intends to pay the dividend on 27th July, 2011 itself, instead of waiting for the statutory period of 30 days permitted by the provisions of the Companies Act, 1956.

STATEMENT PURSUANT TO LISTING AGREEMENT

The Company's Securities are listed at the Stock Exchanges of Mumbai, Chennai, and at the National Stock Exchange. The Company has paid the Annual Listing fee to all the Stock Exchanges.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with Auditors' Certificate on its compliance is attached as Annexure "B" to this report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE, ETC.

Your Company has always been in the forefront of energy conservation. Several measures to conserve energy and to reduce the costs associated with it have been taken. The details regarding conservation of energy, foreign exchange, technology absorption including R & D efforts (as required under Section 217(1) (e) of the Companies Act, 1956) are given in Annexure "A" to this Report.

PERSONNEL

Your Directors wish to place on record their appreciation for the dedication and hard work put in by the employees at all levels for the overall growth of your Company. Relations with the employees at both the Factories and Head office and other Branches were cordial during the year.

As per section 219 (1) (b) (iv) of the Companies Act, 1956 any member interested in inspecting or obtaining copy of the statement of particulars of employees being forms part of the Report and as required to be annexed under Section 217(2A) of the Companies Act, 1956 may contact the Secretary at Registered Office during working hours.

DIRECTORS

In accordance with the Articles of Association of the Company Dr. S.A. Dave and Mr. Hiroshi Sugimura retire by rotation at this ensuing Annual General Meeting. They being eligible, offer themselves for re-appointment.

Mr. M. Morikawa and Mr. J. Goto resigned from the Board with effect from 12th October 2010. Your directors wish to place on record their appreciation of services rendered by Mr. M. Morikawa and Mr. J. Goto

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors hereby confirm that:

- a) in the preparation of statement of accounts, the applicable Accounting Standards have been followed;
- b) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2011 and of the Profit of the Company for that period;
- c) proper and sufficient care has been taken 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 frauds and other irregularities;

- d) The annual accounts are prepared on a going concern basis.

AUDITORS

M/s. P. Srinivasan & Co, Chartered Accountants, Statutory Auditors of the Company retires at the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a Certificate from them confirming that their appointment will be within the limits laid down under Section 224(1B) of the Companies Act, 1956.

COST AUDITORS

The Central Government has approved the appointment of Mr. P. Raju Iyer., Practising Cost Accountant for conducting the Cost Audit for the Financial Year 2010-2011.

ACKNOWLEDGEMENT

Your Directors thank the Central and State Governments and the Banks for their continued help and support. Your Directors also wish to record the appreciation for the guidance and co-operation received from the Foreign Collaborator M/s. Panasonic Corporation, Japan.

Your Directors also thank the Authorised Wholesale Dealers, Stockists and Retailers for their excellent support under difficult conditions and the Consumers for their continued patronage of your Company's products. Your Directors are especially thankful to the esteemed Shareholders for their continued encouragement and support.

For and on behalf of the Board of Directors
For Nippo Batteries Co. Ltd.

Place: Chennai
Date : 29th April 2011

Justice S. Natarajan
Chairman

Annexure "A" to Directors' Report

Information required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2011.

A. Conservation of Energy

Efforts are being made to control energy cost wherever possible even though energy cost forms only negligible proportion of total cost of manufacture of batteries. Energy conservation activities initiated earlier years based on Energy Audit has been continued during 2010-11.

Form "A" Specified in the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is not applicable.

B. Technology Absorption Research and Development (R & D)

(1) Specific areas in which R & D activities are carried out by the Company:

- New Products Development
- Finding alternate source of materials
- Import Substitution
- Development of improved designs
- Development of new products to suit consumer requirements.

(2) Benefits derived as a result of the above R & D activities:

- Efficiency in usage of raw materials
- Cost Reduction
- Improvement in product quality
- Automatic and accurate testing of batteries
- Foreign exchange savings due to indigenisation efforts

(3) Future plan of action:

To continue indigenisation efforts and to further strengthen R & D activities for the purpose of cost reduction and quality improvements and for developing new products depending on market requirements.

(4) Expenditure on R & D	(Rs. in Lakhs)
a) Recurring	14.93
b) Total R & D expenditure as a percentage of total turnover	0.04

Technology absorption, adaptation, and innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation: Installation of sophisticated instrument for R & D, testing and process control measures. Technology has been fully absorbed and adapted for all types of Dry cell batteries.

2. Benefits derived as a result of the efforts, e.g: product improvement, cost reduction, product quality maintenance and import substitution, etc.,

- Improvement of designs.
- Import Substitution.
- Cost Reduction
- Product Quality Maintenance & Improvement.
- New products development.

3. Imported Technology: Not Applicable

(Imported during the last 5 years reckoned from the beginning of the financial year)

- Technology imported: —
- Year of Import: -
- Has Technology been fully absorbed: -

C. Foreign Exchange Earnings and Outgo:

(1) Activities relating to Exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans. At present no Exports are being made. However, continuous efforts are being made to procure Export orders.

(2) Total Foreign Exchange used and earned:

Total expenditure on Foreign Currency on imports of raw materials, components, capital goods, spare parts, travel and others amounted to Rs. 5047.70 lakhs as against Rs. 5398.67 lakhs for the previous year. Outgo on account of Dividend was Rs. 229.42 lakhs as against the same amount of Rs. 229.42 lakhs in the previous year.

For and on behalf of the Board of Directors
For Nippo Batteries Co. Ltd.

Place : Chennai
Date : 29th April 2011

Justice S. Natarajan
Chairman

ANNEXURE 'B' TO DIRECTORS' REPORT - CORPORATE GOVERNANCE

The Company is regular in complying with the mandatory requirements of the Corporate Governance Code. Given below is the report on Corporate Governance.

a) COMPANY'S PHILOSOPHY

Nippo Batteries Co. Ltd has always believed that Good corporate Governance is more a way of business life than a mere legal compulsion. Corporate Governance enhances the trust and confidence of all the stakeholders. Good practice in corporate behaviour helps to enhance and maintain public trust in companies and stock market. It is the application of best management practices, Compliances of Law in true letter and spirit and adherence to ethical standards for effective management discharge of social responsibilities for sustainable development of all stakeholders. In this pursuit, your Company's philosophy on Corporate Governance is lead by strong emphasis on transparency, fairness, independence, accountability and integrity. The Board of Directors of the Company is at the centre of the Governance system of the Company. Company is in full compliance of the Corporate Governance principles enunciated in clause 49 of the Listing Agreement, in terms of structure, composition of Board and its committees and other disclosure requirements.

b) BOARD OF DIRECTORS

The composition of Board of Directors of the Company meets the stipulated requirements. The Board of Directors comprises of Two Executive Directors, Three Non-Executive Directors and Three Independent / Non - Executive Directors. The Chairman of the Board is an Independent, Non-Executive Director. To be in line with the company's philosophy on Corporate Governance, all statutory subjects are placed before the Board to discharge its responsibilities as trustees of the shareholders.

The composition and category of Directors is as follows:

Name	Category	Number of Directorships held in other Indian companies	Number of Board Committee memberships held in other companies	No. of Shares holding in the company
Justice Mr. S. Natarajan	Independent Director	2	3	-
Mr. P. Dwarakanath Reddy	Executive Director	2	None	147213
Mr. R.P. Khaitan	Executive Director	1	None	57960
Mr. H. Sugimura	Non-Executive Director	2	None	-
Mr. H. Aota	Non-Executive Director	2	None	-
Mr. K. Kudara*	Non-Executive Director	1	None	-
Mr. V R Gupte	Independent Director	1	1	-
Dr. S.A. Dave	Independent Director	11	5	-
Mr. J. Goto*	Non-Executive Director	None	None	-
Mr. M. Morikawa*	Non-Executive Director	None	None	-

* Mr. J. Goto resigned from the Board with effect from 12th October, 2010.

* Mr. M. Morikawa resigned from the Board with effect from 12th October, 2010.

*Mr. K. Kudara has been appointed as Director of the Company with effect from 12th October, 2010.

None of the Directors of the Company was a member of more than 10 committees of Board as stipulated under clause 49 of the Listing Agreement nor was the Chairman of more than 5 such committees across all companies in which he was a Director.