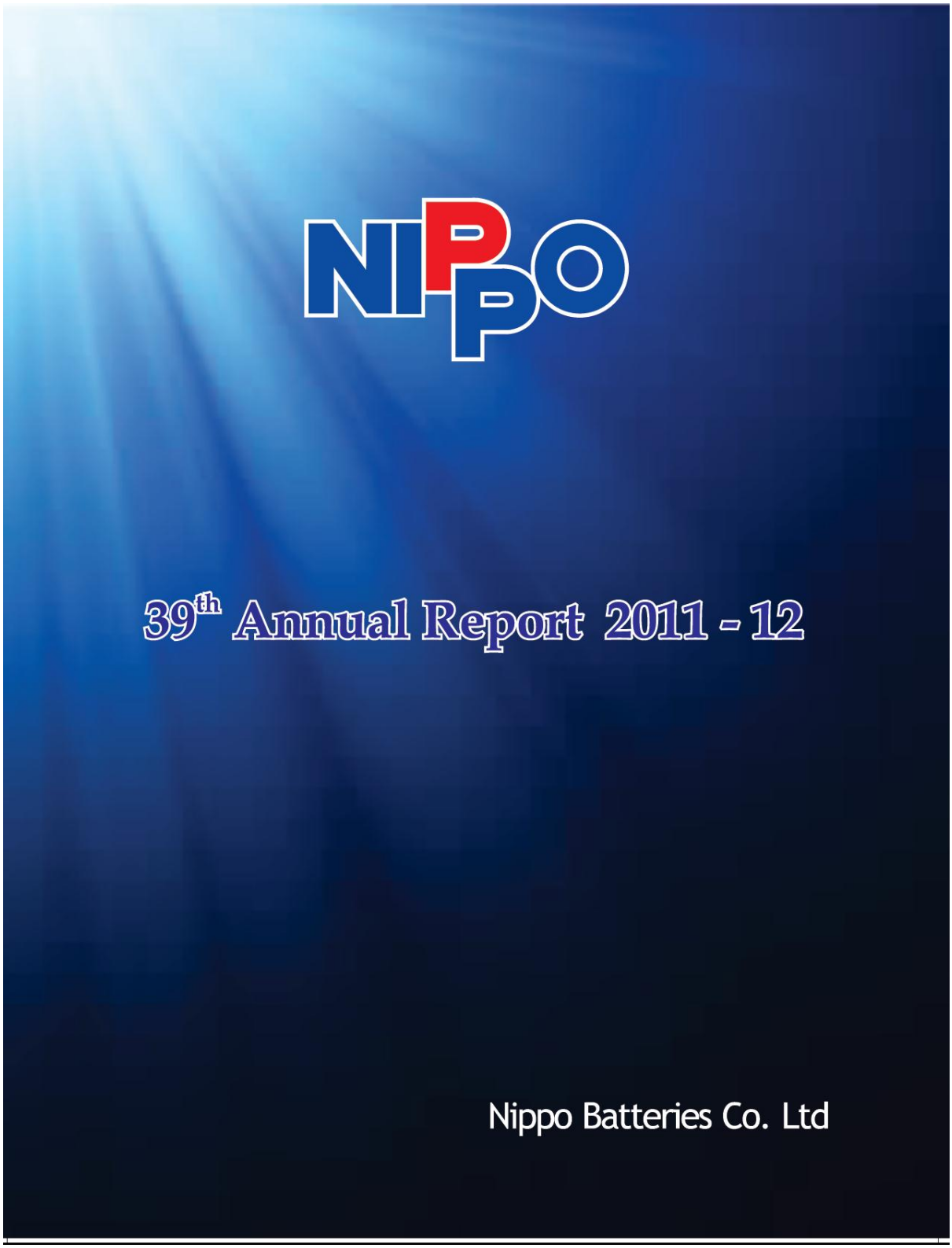

NIPPO
39th Annual Report 2011 - 12
Nippo Batteries Co. Ltd

Nippo Batteries Co. Ltd

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Nippo Batteries Co. Ltd

BOARD OF DIRECTORS

Justice S. Natarajan
Chairman

P. Dwaraknath 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
CITI Bank N.A

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 NINTH 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 Tuesday, the 31st day of July, 2012 at 10.30 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, 2012 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 Justice S. Natarajan, 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. Hiroyuki Aota, 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 a SPECIAL RESOLUTION:

"Resolved that pursuant to the resolution passed by the members of the Company at the annual general meeting held on 11th September 2009, and pursuant to sections 198,269,309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII to the Act, consent of the Company be and is hereby accorded for the Remuneration and other perquisites payable to Mr. P.Dwaraknath Reddy, Managing Director of the Company with effect from October 1,2012 to September 30,2014 on the terms set out hereunder."

Salary : Rs.4,00,000 per month

Commission : 1% of Net Profits of the company

Perquisites:

a) Medical Reimbursement: Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

b) Leave Travel Concession: For self and family once a year as per the rules of the Company.

c) Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership not being allowed.

d) Personal accident insurance: Annual premium payable as per the policy of the Company.

e) Company's contribution towards Provident Fund: Not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.

f) Company's contribution to Superannuation / Annuity Fund: Not exceeding 15% of the salary as laid down under the Income Tax Rules, 1962

g) Gratuity: One full month's salary for each completed year of service.

h) Encashment of leave at the end of tenure as per the rules of the Company.

i) Car: For use of Company's business. Use of car for private purposes shall be billed by the Company to Mr. P. Dwaraknath Reddy.

j) Telephone: Telephone facility at residence. Personal long distance calls shall be billed by the Company to Mr. P. Dwaraknath Reddy.

The other terms and conditions as to his appointment and remuneration as approved by the share holders at the annual general meeting held on 11th September 2009 remain unaltered.

Resolved further that above remuneration and perquisites payable to Mr. P.Dwaraknath Reddy, Managing Director of the Company shall be revised subject to approval of Remuneration committee, Board and share holders at the general meeting of the Company.

Resolved further that pursuant to sub-section (4) of Section 198 of the Companies Act, 1956, the above remuneration and perquisites be paid to Mr. P. Dwaraknath Reddy, Managing Director as minimum remuneration in case of absence or inadequacy of profits in any financial year of the Company during his term of office.

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 resolution passed by the members of the Company at the annual general meeting held on 11th September 2009, and pursuant to sections 198,269,309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII to the Act, consent of the Company be and is hereby accorded for the Remuneration and other perquisites payable to Mr. R.P.Khaitan, Joint Managing Director of the Company with effect from October 1,2012 to September 30,2014 on the terms set out hereunder."

Salary : Rs.4,00,000 per month

Commission : 1% of Net Profits of the company

Perquisites:

a) Medical Reimbursement: Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

b) Leave Travel Concession: For self and family once a year as per the rules of the Company.

c) Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership not being allowed.

d) Personal accident insurance: Annual premium payable as per the policy of the Company.

e) Company's contribution towards Provident Fund: Not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.

f) Company's contribution to Superannuation / Annuity Fund: Not exceeding 15% of the salary as laid down under the Income Tax Rules, 1962.

g) Gratuity: One full month's salary for each completed year of service.

h) Encashment of leave at the end of tenure as per the rules of the Company.

i) Car: For use of Company's business. Use of car for private purposes shall be billed by the Company to Mr. R. P. Khaitan.

j) Telephone: Telephone facility at residence. Personal long distance calls shall be billed by the Company to Mr. R. P. Khaitan.

The other terms and conditions as to his appointment and remuneration as approved by the share holders at the annual general meeting held on 11th September 2009 remain unaltered.

Resolved further that above remuneration and perquisites payable to Mr. R. P.Khaitan, Joint Managing Director of the Company shall be revised subject to approval of Remuneration committee, Board and share holders at the general meeting of the Company.

Resolved further that pursuant to sub-section (4) of Section 198 of the Companies Act, 1956, the above remuneration and perquisites be paid to Mr. R.P. Khaitan, Joint Managing Director as minimum remuneration in case of absence or inadequacy of profits in any financial year of the Company during his term of office.

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

Place: Chennai
Date : 25th May, 2012

V.R. Gupte
Chairman

NOTES:

1. Explantory 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 24/07/2012 to 31/07/2012 (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 31st July, 2012. The said dividend will be paid on 7th August, 2012. 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 to the Share Transfer Agent of the Company, M/s. Cameo Corporate Services Limited, Subramanian Building, No.1 Club House Road, Chennai-600002 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 holding shares in electronic mode may please note that the dividend payable to them would be paid through Electronic Clearing Services (ECS) at the available RBI locations. The dividend would be credited to their bank account as per the mandate given by the members to their Depository Participants (DPs). In absence of availability of ECS facility, the dividend will be paid through warrants and the bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations.
8. In respect of shares held in physical form, members desirous of receiving dividends by way of direct credit to their bank accounts through ECS may authorize the Company with their ECS mandate. The Shareholders desirous of obtaining the ECS mandate may download the form from the website of the company at www.nippobatteries.com or may write to the company secretary at the Registered Office of the Company.
9. 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.
10. 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.
11. Pursuant to Section 205A of the Companies Act, 1956, an amount of Rs.3,00,780/- remaining unclaimed out of the dividend for the year 2003-04 (declared on 09th July 2004) was transferred to the Investor Education and Protection Fund established under Section 205C(1) of the Act on 12th August 2011. The unclaimed dividend, if any, for the year 2004-2005 will become transferable to the "Investor Education and Protection Fund" on or before 21-07-2012. 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.
12. Members seeking any information or clarification with regard to the accounts are requested to write to the Company atleast ten days in advance of the meeting so as to enable the Company to keep the information ready.
13. 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 NINTH ANNUAL GENERAL MEETING OF THE COMPANY AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO.6

The shareholders at their Annual General Meeting held on 11th September 2009 had approved the remuneration payable to Mr. P.Dwaraknath Reddy, Managing Director of the Company with effect from 1st October 2009.

Considering to his credit, vast, rich and varied cross functional experience in all fields and based on the recommendations of the Remuneration Committee, the Board at their meeting held on 25th May, 2012, approved the remuneration payable to him with effect from 1st October 2012.

The terms and conditions and remuneration as stipulated in the resolution which is in line with Schedule XIII of the Companies Act,1956.

The proposed resolution is for obtaining the approval of shareholders.

None of the directors of the Company except Mr. P.Dwaraknath Reddy is concerned or interested in the proposed resolution.

This explanatory statement with accompanying notice should be treated as Memorandum of Interest under section 302 of the Companies Act, 1956.

ITEM NO.7

The shareholders at their Annual General Meeting held on 11th September 2009 had approved the remuneration payable to Mr. R.P. Khaitan, Joint Managing Director of the Company with effect from 1st October 2009.

The Remuneration Committee, the Board at their meeting held on 25th May, 2012, approved the remuneration payable to him with effect from 1st October 2012.

The terms and conditions and remuneration as stipulated in the resolution which is in line with Schedule XIII of the Companies Act, 1956.

The proposed resolution is for obtaining the approval of shareholders.

None of the directors of the Company except Mr. R.P.Khaitan is concerned or interested in the proposed resolution.

This explanatory statement with accompanying notice should be treated as Memorandum of Interest under section 302 of the Companies Act, 1956.

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:

Justice S. Natarajan

Justice S. Natarajan is a B.A., B.L (Retd,), a successful Lawyer and also served as a Public Prosecutor. He was appointed District and Sessions Judge and then elevated as Judge of the Madras High Court. After serving for more than 13 years in Madras High Court he was appointed as Judge of Supreme Court and retired from service. He is a Non Executive Chairman of your Company since March 2002.

Other Directorship:

1. Panasonic Home Appliances India Co. Ltd

He is also a Chairman of Remuneration Committee and a Member of Audit Committee and Share Transfer committee of your Company; Chairman of Audit Committee and Share Transfer and Grievance Committee of Panasonic Home Appliances India Co., Ltd.

Share holding: NIL

Mr. H. Aota

Mr. Aota graduated from Kwansei Gakuin University, Faculty of Economics and started his career at M/s. Panasonic Corporation (formerly known as M/s. Matsushita Electric Industrial Co. Ltd.,) in the year 1983 and in the year 2003 he becomes General Manager, Information Equipment Motor Business Unit and he is currently working as Business Unit Executive- Dry Battery Business Unit, Panasonic Corporation (Energy Division) Japan.

Other Directorship:

1. Panasonic Energy India Co.Ltd
2. Panasonic Energy Belgium N.V
3. Panasonic Energy Poland S.A
4. Panasonic Energy Thanzania Company ltd
5. Panasonic Global Energy Indonesia
6. Panasonic Energy Corporation of America
7. Panasonic Energy (Shanghai) Co.Ltd
8. Panasonic Carbon (Anyang) Co.Ltd
9. Panasonic Carbon India Co.Ltd
10. Panasonic Energy(Wuxi) Co.Ltd
11. Panasonic Energy (Thailand)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 : 25th May, 2012

V.R. Gupte
Chairman

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirty Ninth Annual Report of your Company together with the Audited Balance Sheet as at March 31, 2012, 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 decreased about 2% for the year 2011-12. Your Company's production had also decreased from 668 million pieces to 605 million pieces showing decreases of 9%. The sales also decreased from 696 million pieces to 670 million pieces. In terms of value, your Company had registered a turnover of Rs.340 crores as against Rs.350 crores for the previous year shows a decrease of 2.85%.over the previous year.

LIGHTING PRODUCTS

The sales volume of lighting products had increased from 71.10 lakh pieces to 73.92 lakh pieces as compared to the previous year.

FINANCIAL RESULTS

The profit before tax for the year under review is at Rs.11.72 Crores as against Rs.21.68 crores in the previous year. The financial results for the year 2011-12 as compared with the previous year are summarized as under.

	2011-12 (Rs. in crores)	2010-11 (Rs. in crores)
Profit for the year	**16.76**	27.25
Less : Depreciation for the year	**5.04**	5.57
Profit after depreciation	**11.72**	21.68
Profit Before Tax	**11.72**	21.68
Provision for tax including Deferred tax	**3.29**	7.05
Profit after Tax	**8.43**	14.63
Surplus in P&L Account brought forward	**2.48**	5.05
Profit available for appropriation	**10.91**	19.69

Your Directors recommend the following appropriations :

General Reserve	**2.00**	5.75
Proposed Dividend	**3.75**	7.50
Tax on proposed dividend	**0.61**	1.22
Surplus in P&L A/c carried forward	**4.55**	5.22
Total	**10.91**	19.69

DIVIDEND

Your Directors recommends a dividend of 100% for the year 2011-12. This Dividend, if approved, will be paid to the Shareholders whose names appear on the Register of Members as on 31st July, 2012. The Company intends to pay the dividend on 7th August, 2012 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.

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

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. The Company has an in-house Research Development Department, where the main areas of focus are, Energy Conservation, Process upgradation and Environment Preservation. The

Ministry of Science and Technology, Department of Scientific and Industrial Research, Government of India has recognized in-house R&D facilities of the Company.

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 Justice S. Natarajan and Mr. H. Aota retire by rotation at this ensuing Annual General Meeting. They being eligible, offer themselves for re-appointment.

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, 2012 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 are 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 AUDITOR

As per the directions of Central Government, the company has appointed Mr. P. Raju Iyer, Practising Cost Accountant, as the Cost Auditor of the Company under Section 233B of the Companies Act, 1956 for the Audit of the cost accounts for the year ending 31st March, 2012.

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 : 25th May, 2012

V.R. Gupte
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, 2012.

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 2011-12.

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:

a) New Products Development
b) Finding alternate source of materials
c) Import Substitution
d) Development of improved designs
e) Development of new products to suit consumer requirements.

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

a) Efficiency in usage of raw materials
b) Cost Reduction
c) Improvement in product quality
d) Automatic and accurate testing of batteries
e) 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	11.62
b) Total R & D expenditure as a percentage of total turnover	0.03

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.,

   (a) Improvement of designs.

   (b) Import Substitution.

   (c) Cost Reduction

   (d) Product Quality Maintenance & Improvement.

   (e) New products development.

3. Imported Technology: Not Applicable

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

   (a) Technology imported: —

   (b) Year of Import: -

   (c) 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. 4150.09 lakhs as against Rs. 5047.70 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 : 25th May, 2012

V.R. Gupte
Chairman