

# INDO NATIONAL LIMITED

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# INDO NATIONAL LIMITED

## 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**

**P. Aditya Reddy**

**M. Subramanyam**

**S. Obul Reddy**

**J. Srinivasan**

## SECRETARY

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

## AUDITORS

## 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 FORTIETH ANNUAL GENERAL MEETING of INDO NATIONAL LIMITED will be held at Sri P. Obul Reddy Hall, Vani Mahal, No.103, G.N. Chetty Road, T.Nagar, Chennai- 600 017, on Friday, the 27<sup>th</sup> day of September, 2013 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, 2013 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 Mr. V.R. Gupte, 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 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.
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. M. Subramanyam who was appointed as Additional Director of the Company with effect from 31<sup>st</sup> July 2012 under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as Director of the Company and shall be liable to retire by rotation.

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

Resolved that Mr. S. Obul Reddy 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. K. Kudara, 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.

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

Resolved that Mr. PAditya Reddy 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. H. Sugimura, 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, who is liable to retire by rotation.

For and on behalf of the Board of Directors  
For Indo National Limited

Place: Chennai  
Date : 17<sup>th</sup> May, 2013

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 20<sup>th</sup> September, 2013 to 27<sup>th</sup> September 2013 (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 27<sup>th</sup> September, 2013. The said dividend will be paid on 4<sup>th</sup> October, 2013. 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 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.
6. 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](http://www.nippobatteries.com) or may write to the company secretary at the Registered Office of the Company.
7. 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 etc. 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.
8. 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).
9. 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 Share Transfer Agents and in the case of electronic form to the Depository Participant in order to reply to your queries promptly.
10. Pursuant to Section 205A of the Companies Act, 1956, an amount of Rs.4,20,460/- remaining unclaimed out of the dividend for the year 2004-05 (declared on 15<sup>th</sup> June 2005) was transferred to the Investor Education and Protection Fund established under Section 205C(1) of the Act on 1<sup>st</sup> August 2012. The unclaimed dividend, for the year 2005-2006 has been transferred to the "Investor Education and Protection Fund" on 27-07-2013. 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
11. 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.
12. 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.
13. The Ministry of Corporate Affairs vide its circular dated 21<sup>st</sup> 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 FORTIETH ANNUAL GENERAL MEETING OF THE COMPANY AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM NO.6**

Mr. M. Subramanyam has been appointed as director by the Board with effect from 31<sup>st</sup> July 2012 in the place of Mr. H. Aota who resigned from the board on 31<sup>st</sup> July 2012.

Mr. M. Subramanyam was appointed as Additional Director on 31<sup>st</sup> July 2012 and hence he 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. M. Subramanyam, as a Director be passed.

Mr. M. Subramanyam is interested in the ordinary resolution referred above. No other Director of the Company is in any way concerned or interested in the proposed resolution.

**ITEM NO.7**

Mr. K. Kudhara, who was nominated by M/s. Panasonic Corporation Japan, had resigned from the Board with effect from 13<sup>th</sup> July 2012.

Mr. S. Obul Reddy has been appointed as a Director, in the place of Mr. K. Kudhara, by the Board with effect from 31<sup>st</sup> July 2012.

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. S. Obul Reddy, as a Director be passed.

Mr. S. Obul Reddy is interested in the ordinary resolution referred above. No other Director of the Company is in any way concerned or interested in the proposed resolution.

**ITEM NO.8**

Mr. H.Sugimura, who was nominated by M/s. Panasonic Corporation Japan, had resigned from the Board with effect from 31<sup>st</sup> July 2012.

Mr. P. Aditya Reddy has been appointed as a Director, in the place of Mr. H. Sugimura, by the Board with effect from 13<sup>th</sup> July 2012.

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. P. Aditya Reddy, as a Director be passed.

Mr.P.Aditya Reddy is interested in the ordinary resolution referred above. Mr. P.Dwaraknath Reddy being the relative of Mr. P. Aditya Reddy is deemed to be interested in the aforesaid ordinary resolution. No other Director of the Company is in any way concerned or interested in the proposed resolution.

**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:

**Mr. V. R. Gupte**

Mr. V. R. Gupte after completing his Master Degree in Law and passing IRS and allied services examination of Union Public Service Commission he joined Indian Revenue Service in 1954 and held several positions in Income Tax Department and was a Joint Secretary, Ministry of Finance, Banking Division. On voluntary retirement from Government Services in 1980, he worked as Finance Director, Spencer & co. Chennai till 1983 and since then he is practicing as an Advocate.

**Other Directorship:**

1. Panasonic Carbon India Co., Ltd.

He is also a Chairman of Audit committee / Shareholders/ Investors Grievance Committee of Panasonic Carbon India Co., Ltd. He is also a Chairman of Audit Committee & Shareholders / Investors Grievances Committee and member of Remuneration committee of your company.

Share holding: NIL

**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:

**Other Directorship:**

1. Anand Rathi Financial Services Ltd
2. Center for monitoring Indian Economy
3. Escorts Ltd
4. HDFC Ltd
5. Deccan Cements Ltd
6. Nitin Fire Protection Industries Ltd
7. Phoenix Township Ltd
8. SBI DFHI Ltd
9. Shrenij & Co.Ltd

**Committee Member:**

1. Escorts Ltd
2. HDFC Ltd
3. Phoenix Township Ltd
4. Shrenij & Co.Ltd
5. Nitin Fire Protection Industries Ltd

Share holding: NIL

**Mr. M. Subramanyam**

Mr. M. Subramanyam is a B.Com, C.A, aged 49 years, presently working as Chief Executive Officer of Sindya Power Generating Company Private Limited.

Previously he was associated with multinational companies (Bayer & Kirby Buildings of Alghanim Group etc.) in senior positions. As Executive Director of Karaikal Port he played a very key role in implementing Karaikal Port project in Union Territory of Pondicherry.

He has 23 years experience in the areas of corporate finance, strategy & Project Management.

Other Directorship: NIL

Share holding (no. of shares): NIL

**Mr. S. Obul Reddy**

Mr. S. Obul Reddy is a B.Com, B.L aged 51 years, after completing his studies he joined in M/s. Apollo Hospitals and Enterprises Ltd as a Trainee and he is currently working as Vice President- Finance and Legal at M/s. Apollo Hospitals and Enterprises Ltd.

He has over 20 years experience in the areas of corporate finance, Legal and General Management.

Other Directorship:

1. Apollo Nellore Hospitals Ltd
2. Emedlife Insurance Broking Services Ltd
3. PCR Investments Ltd

Share holding (no. of shares): NIL

**Mr. P. Aditya Reddy**

Mr. P. Aditya Reddy S/ o Mr. P.Dwaraknath Reddy aged 29 years has done B.S (Bachelor of Science) in International Relations & Economics from Lewis & Clark College, Portland, USA.

After completing his studies he joined Sindya infrastructure development co. Pvt. Ltd as Manager (Projects) and presently he is working as a Executive Director in Sindya Power Generating Co. Pvt. Ltd and Executive Director (International Business) in Apollo Hospitals and Enterprises Ltd taking care of all international ventures of Apollo Hospitals.

Other Directorship:

1. Vasumathi Spinning Mills Limited

Share holding (no. of shares): 6

For and on behalf of the Board of Directors  
For Indo National Limited

Place: Chennai  
Date : 17<sup>th</sup> May, 2013

Justice S. Natarajan  
Chairman



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fortieth Annual Report of your Company together with the Audited Balance Sheet as at March 31, 2013, the Statement of Profit & Loss 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 1.4% for the year 2012-13. Your Company's production had also decreased from 605 million pieces to 577 million pieces showing decrease of 4.63 %. The sales also decreased from 670 million pieces to 669 million pieces. In terms of value, your Company had registered a turnover of Rs.340 crores as against Rs.340 crores in the previous year.

### LIGHTING PRODUCTS

The sales volume of lighting products had increased from 73.92 lakh pieces to 80.96 lakh pieces as compared to the previous year.

### FINANCIAL RESULTS

The profit before tax for the year under review is at Rs.4.19 Crores as against Rs.11.72 Crores in the previous year. The financial results for the year 2012-13 as compared with the previous year are summarized as under.

	2012-13 (Rs. in crores)	2011-12 (Rs. in crores)
Profit for the year	<b>9.49</b>	16.76
Less : Depreciation for the year	<b>5.30</b>	5.04
Profit after depreciation	<b>4.19</b>	11.72
Profit Before Tax	<b>4.19</b>	11.72
Provision for tax including Deferred tax	<b>0.30</b>	3.29
Profit after Tax	<b>3.89</b>	8.43
Surplus in P&L Account brought forward	<b>4.55</b>	2.48
Profit available for appropriation	<b>8.44</b>	10.91

Your Directors recommend the following appropriations :

General Reserve	<b>1.50</b>	2.00
Proposed Dividend	<b>3.75</b>	3.75
Tax on proposed dividend	<b>0.63</b>	0.61
Surplus in P&L A/c carried forward	<b>2.56</b>	4.55
Total	<b>8.44</b>	10.91

### DIVIDEND

Your Directors recommends a dividend of 100% for the year 2012-13. This Dividend, if approved, will be paid to the Shareholders whose names appear on the Register of Members as on 27<sup>th</sup> September, 2013. The Company intends to pay the dividend on 4<sup>th</sup> October, 2013 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.

The Company has no employees, attracting the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

**CHANGE OF NAME OF THE COMPANY**

As you aware that during the year under review your company changed its name from Nippo Batteries Co.Ltd to Indo- National Ltd with effect from 10th April 2013.

**DIRECTORS**

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

Mr. H. Aota resigned from the Board with effect from 31<sup>st</sup> July 2012. Your directors wish to place on record their appreciation of services rendered by Mr. H. Aota.

Mr. K.Kudhara resigned from the Board with effect from 31<sup>st</sup> July 2012. Your directors wish to place on record their appreciation of services rendered by Mr. K.Kudhara.

Mr. H. Sugimura resigned from the Board with effect from 31<sup>st</sup> July 2012. Your directors wish to place on record their appreciation of services rendered by Mr. H. Sugimura.

Mr. M. Subramanyam has been appointed as Additional Director of the Board effective from 31<sup>st</sup> July, 2012.

Mr. S.Obul Reddy has been appointed as Director effective from 31<sup>st</sup> July 2012.

Mr. P. Aditya Reddy has been appointed as Director effective from 31<sup>st</sup> July 2012.

**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 31<sup>st</sup> March, 2013 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 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 of the company for the year ending 31<sup>st</sup> March, 2013. The cost audit report for the previous year ended 31<sup>st</sup> March, 2012 has to be filed on or before 28<sup>th</sup> February, 2013. The company has filed cost audit report for the year 2012 on 26<sup>th</sup> February, 2013.

**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 Indo National Limited

Place: Chennai  
Date : 17<sup>th</sup> May, 2013

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, 2013.

### 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 2012-13.

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	10.65
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.,

- 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. 4,352.25 lakhs as against Rs. 4,150.99 lakhs for the previous year. Outgo on account of Dividend was Rs. Nil as against Rs. 229.42 lakhs in the previous year.

For and on behalf of the Board of Directors  
For Indo National Limited

Place: Chennai  
Date : 17<sup>th</sup> May, 2013

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

Indo National 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 held in the company
Justice Mr. S.Natarajan	Independent Director	1	2	-
Mr. P. Dwaraknath Reddy	Executive Director	2	None	1592269
Mr. R.P. Khaitan	Executive Director	1	None	57960
Mr. V R Gupte	Independent Director	1	1	-
Dr S.A.Dave	Independent Director	10	5	-
Mr. P.Aditya Reddy*	Non-Executive Director	1	-	6
Mr. S.Obul Reddy*	Non-Executive Director	2	-	-
Mr. M.Subramanyam*	Non-Executive Director	-	-	-
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. H.Aota resigned from the Board with effect from 31st July, 2012

\* Mr. H. Sugimura resigned from the Board with effect from 31st July, 2012

\* Mr. K.Kudara resigned from the Board with effect from 31st July, 2012

\* Mr. P.Aditya Reddy has been appointed as Non-Executive Director of the Board with effect from 31st July, 2012

\* Mr. S.Obul Reddy has been appointed as Non-Executive Director of the Board with effect from 31st July, 2012

\* Mr. M. Subramanyam has been appointed as Non-Executive Director of the Board with effect from 31st July, 2012