



INDIA NIPPON ELECTRICALS LIMITED

(All Correspondence to be addressed to Registered Office)

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INDIA NIPPON ELECTRICALS LTD

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27 August 2016

The Manager-Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor, Plot no C 1,
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Bandra Kurla Complex,
Bandra (East), Mumbai 400051
Fax: (22) 26598237/26598238
Scrip: **INDNIPPON**

BSE Ltd
Phiroze Jee Jee Towers
Dalal Street,
Mumbai 400001
Fax: (22) 22721072/22722061
Scrip: **532240**

Dear Sir(s)/ Madam,

Sub: 31st Annual General meeting (AGM) of the company held on 27th August 2016-a copy of Chairman Speech-reg.

Please find attached a copy of the Chairman Speech delivered at the 31st Annual General Meeting of the company held today i.e, 27th August 2016 at Narada Gana Sabha (Satguru Gnanananda Hall), No.314, TTK Road, Alwarpet, Chennai-600018. This is for your information and record.

Thanking you

Yours sincerely
For India Nippon Electricals Ltd

S SAMPATH
Company Secretary



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INDIA NIPPON ELECTRICALS LIMITED

Chairman's speech

LADIES AND GENTLEMEN,

I would like to extend a hearty welcome to all of you to this Annual General Meeting of your Company. The Annual Report of the Company has been with you for sometime and with your permission, I will take it as read.

PERFORMANCE REVIEW: 2015-16

During 2015-16, while the two/three wheeler industry growth was around 2%, your Company's sales recorded a growth of around 4% over the previous year despite difficult market conditions. Profit before tax recorded a growth of around 10% mainly due to cost reduction initiatives undertaken.

Your company retained its share of business with key customers and achieved a 54% growth in export business. The direct sales to aftermarket recorded a growth of around 36% by expanding the dealer network and product range.

CURRENT YEAR PERFORMANCE-TO-DATE

The current year started on a promising note for the two wheeler industry on account of favorable factors like good monsoon, softening of interest rates and expected increase in disposable income in the hands of consumers due to implementation of pay commission recommendations etc. Your company's growth in sales is in line with the market.

PROSPECTS

Your company has been working over the past year to expand its market share and product offerings especially in the fast growing field of electronics. I am happy to report that your company has been successful in developing and securing the business for EGR controller for small diesel engines, working closely with customer, to meet forthcoming BS IV emission norms. The company is also jointly developing other technology oriented products like ECU for EFI (Electronic Fuel Injection), ISG (Integrated Starter Generator) for two wheeler and off road engines with its technical partners. ISG and EFI are two critical new technologies that will be disruptive to the industry and thanks to the constant focus on R&D at your company, the engineers along with technical partners are building your company's capabilities for the future.

Your company continues to expand its customer base and has received RFQs from existing as well as new customers which are expected to help the growth of business in the years to come. Your company has developed excellent business relationship with the US based customer because of sterling performance on account of which the export business is expected to record further growth in a significant way. Your company is also planning to use the extensive marketing network of Lucas Indian Service to make in-roads further into the profitable service market.

TECHNOLOGY DEVELOPMENT

In line with its strategy of being a premier technology provider to OEMs, your company has planned higher investment on R&D to develop state-of-the-art components to meet the growing needs of customers and to facilitate the same, is also setting up an R&D unit in a separate location outside the factory, for a better focus. Your company's progress in new technology areas is attributable to this increased focus and will expand the product range into other areas of automotive electronics through this investment in the new R&D center.

QUALITY & COST MANAGEMENT

During the year under progress, your company's focus is to meet the challenges in terms of product quality and cost competitiveness to meet customer expectations. Your company is also looking to engage the services of a reputable consultant to help improve its sourcing capabilities to enable it to get more aggressive in the marketplace.

Your company is also working with a well renowned manufacturing expert to improve the shop floor quality and productivity levels through implementation of lean manufacturing concepts.

HUMAN RESOURCES

The long term wage settlement has been completed successfully at Hosur and Rewari units and it is expected to be completed shortly at the Puducherry unit. Continuous improvement on productivity is in place, with the active co-operation of the workmen, to meet the customer schedules.

ACKNOWLEDGEMENT

On behalf of all my colleagues on the Board and on behalf of all of you, I wish to express sincere gratitude to M/s Lucas Indian Service Limited, Chennai and our collaborator, M/s Mahle Electric Drives Japan Corporation for their continued involvement and support.

I also wish to thank M/s Bank of Baroda, HDFC Bank, ICICI Bank, Axis Bank, SIPCOT, Governments at the Center and in the States of Tamil Nadu, Haryana and Puducherry and other Government agencies, who have extended their co-operation.

I wish to thank all the customers and suppliers for their continued support and services.

Thank you,

This does not purport to be a record of the proceedings of the Annual General Meeting