



INDIA NIPPON ELECTRICALS LIMITED

Chairman's speech

Speech delivered by

Mr. T. K. Balaji

Chairman

at the 30th Annual General Meeting
of the Company held on
27th August 2015 at Chennai

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 some time and with your permission, I will take it as read.

PERFORMANCE REVIEW: 2014-15

During 2014-15 your Company's sales recorded a growth of around 24.9% compared to the previous year in value terms. Profit before tax also increased by around 22.1% over the previous year because of increased level of sales and cost reduction initiatives undertaken.

Your company had a growth of around 85% and 29% in the scooter and motorcycle segments respectively due to higher share of business from various customers and also due to faster growth than the industry by two of them. The direct sales to aftermarket and exports also recorded growths of around 50% and 10% respectively.

CURRENT YEAR PERFORMANCE-TO-DATE:

The current year started on a sluggish note due to general slowdown in the automobile industry particularly in the motorcycle segment due to subdued rural demand. Your company recorded a growth of around 9% over previous year upto July in terms of sales. You might have noticed from the first quarter results that the profits from operations were also about 8% more than the first quarter of the previous year. However the profit before tax was lower by around 14% mainly due to lower investment income on account of change in investment strategy.

PROSPECTS: 2015-16

Your company has been awarded new businesses by a major two wheeler manufacturer in India and has also been shortlisted as potential source for the entire ignition system of its proposed low cost motorcycle by another leading customer. Your company has developed excellent business relationship with the US based customer because of sterling performance on quality and delivery. On account of this, new businesses have been awarded by the customer which are expected to help the growth of export business in a significant way.

TECHNOLOGY DEVELOPMENT

Your company is investing on new facilities for development of new technologies that are envisioned for introduction in the coming years with overseas technical partnerships.

KOLHAPUR

Your company is setting up an assembly plant in Kolhapur in the State of Maharashtra, primarily to service the requirements of customers based in Maharashtra. The unit is expected to commence production during the financial year.

COST MANAGEMENT:

On the cost front, your company is taking aggressive cost reduction and productivity improvement initiatives to make its products more competitive.

HUMAN RESOURCES

The long term wage settlement has fallen due for revision at all the three units of the company. The unions have given their charters of demand and negotiations are in advanced stages.

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 Kokusan Denki Company Limited, Japan 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 Tamilnadu, 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