



**38<sup>th</sup> 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**

**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 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 20<sup>th</sup> 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 : 29<sup>th</sup> 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 20<sup>th</sup> July 2011. The said dividend will be paid on 27<sup>th</sup> 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 13<sup>th</sup> June 2003) was transferred to the Investor Education and Protection Fund established under Section 205C(1) of the Act on 26<sup>th</sup> 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 14<sup>th</sup> 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 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 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 12<sup>th</sup> 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 12<sup>th</sup> 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 : 29<sup>th</sup> 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.

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

Your Directors recommend the following appropriations :

General Reserve	<b>5.75</b>	7.50
Proposed Dividend	<b>7.50</b>	7.50
Tax on proposed dividend	<b>1.22</b>	1.27
Surplus in P&L A/c carried forward	<b>5.22</b>	5.06
Total	<b>19.69</b>	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 12<sup>th</sup> 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 31<sup>st</sup> 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 : 29<sup>th</sup> 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:

- 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	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.,

- (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. 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 : 29<sup>th</sup> 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.

**1. BOARD MEETINGS, ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETING AND THE LAST AGM:**

During the year under review Four Board Meetings were held and the gap between two Board meetings did not exceed four months. Among other things, key matters like periodic financial results, capital / operating budgets and risk management are brought to the Board.

**2. DATE OF BOARD MEETINGS:**

23rd April 2010, 23rd July 2010, 12th October 2010 and 19th January 2011.

**3. THE ATTENDANCE OF THE DIRECTORS AT THE BOARD MEETING / AGM HELD DURING THE YEAR ARE GIVEN BELOW :**

Name of Director	No. of Board Meetings Held during the tenure of the Director	No. of Board Meetings Attended	Last AGM attendance (Yes/No)
Justice Mr. S Natarajan	4	4	Yes
Mr. P. Dwarakanath Reddy	4	4	Yes
Mr. R.P. Khaitan	4	4	Yes
Mr. Junichi Goto	2	-	No
Mr. H. Aota	4	1	No
Mr. M. Morikawa	3	3	No
Mr. H. Sugimura	4	-	No
Mr. K. Kudara	2	1	No
Mr. V R Gupte	4	4	Yes
Dr. S.A. Dave	4	4	Yes

**c) AUDIT COMMITTEE:**

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board’s responsibilities, an Audit Committee has been constituted consisting of only Independent/ Non-Executive Directors. The functions of the Audit Committee include:

- Reviewing the adequacy of internal control systems and the internal audit reports, and their compliance thereof.
- Overview of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment of external auditors and including cost auditors fixation of their audit fee, and also approval for payment for any other services.
- Reviewing with Management the quarterly and annual financial statements for submission to the Board.

During the year, four meetings were held one of which was before finalisation of accounts. The said meetings were held on 23<sup>rd</sup> April 2010, 23<sup>rd</sup> July 2010, 11<sup>th</sup> October 2010 and 18<sup>th</sup> January 2011. The constitution of the Committee and the attendance of each member of the Committee as on March 31, 2011 are given below:

Name	Status	No. of meetings held	No. of meetings attended
Mr. V.R. Gupte	Chairman	4	4
Justice Mr. S. Natarajan	Member	4	4
Dr S.A. Dave	Member	4	4

The Company Secretary is the Compliance Officer of the Audit Committee.

**d) INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE:**

The Committee oversees share transfers and monitor investors’ grievances such as complaints on transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. and redressal thereof within the purview of the guidelines set out in the listing agreement. The Committee also looks into the matters of issue

of duplicate share certificates, approval / rejects application for re-materialisation, subdivision, consolidation transposition and thereupon issue of share certificates to the shareholders etc., No complaints of material nature were received during the year under review. The committee consists of the following Directors:

1. Mr. V.R. Gupte, Chairman
2. Justice Mr. S. Natarajan, Member
3. Mr. P. Dwarakanath Reddy, Member
4. Mr. R.P. Khaitan, Member

The Company Secretary is the Compliance Officer of the Committee. The company has created separate e-mail id (jsrinivasan@nippobatteries.com) for grievance redressal.

## e) REMUNERATION COMMITTEE:

The Committee has been formed specifically to determine the Company's policy on remuneration packages to Executive Directors and any commission payments thereof. The Committee consists of the following Directors:

1. Justice Mr. S. Natarajan, Chairman
2. Mr. V.R. Gupte, Member
3. Dr. S.A. Dave, Member

The details of remuneration paid to the Executive Directors for the financial year 2010-11 are given below:

(Rs. in lakhs)

Name & Designation	Salary	Perquisites	Total
Mr. P. Dwarakanath Reddy Managing Director	48.00	69.25	117.25
Mr. R.P. Khaitan Joint Managing Director	48.00	49.32	97.32

The Board of Directors shall decide the remuneration of Non-Executive/Independent Directors. The Non-Executive/Independent Directors are paid sitting fees of Rs. 10,000/- each per meeting of the Board / Committee attended by them. Further commission upto one percent of net profits of the Company in each Financial year for a period of three financial years commencing from the financial year ending March 31, 2011 is being paid to them in such a manner as determined by the Board of Directors of the Company. The Commission payable to each Non – Executive / Independent Directors for the financial year ending March 31, 2011 amounting to Rs.3,00,000/-. The sitting fees of Rs.1.20 lakhs for attending Board Meetings and Rs.1.20 Lakhs for attending Audit committee meetings are paid to Non-Executive/Independent Directors during the financial year 2010-2011. The Company has not granted any Stock Option to Non-Executive/Independent Directors. There is no differential accounting treatment followed in the Company during the Financial Year 2010-2011. There is no pecuniary relationship or transactions of Non-Executive / Independent Directors in the Company. The Non-Executive / Independent Directors are not holding any shares in the Company.

## f) DETAILS OF ANNUAL GENERAL MEETINGS: Location and time of the last three AGMs:

AGM	YEAR	VENUE	DATE	TIME
35 <sup>th</sup>	2007 - 2008	Sri . P. Obul Reddy Hall Vani Mahal, No.103, G.N. Chetty Road, Chennai - 600 017	18-06-2008	10.30 a.m.
36 <sup>th</sup>	2008 - 2009	Sri . P. Obul Reddy Hall Vani Mahal, No.103, G.N. Chetty Road, Chennai - 600 017	11-09-2009	10.15 a.m.
37 <sup>th</sup>	2009 - 2010	Sri . P. Obul Reddy Hall Vani Mahal, No.103, G.N. Chetty Road, Chennai - 600 017	23-07-2010	10.15 a.m.

Three Special Resolutions were passed in the last three Annual General Meetings as under:

Sl. No.	Subject	Annual General Meeting held on	For the Financial year ended
1.	Payment of Commission to Independent/Non-Executive Directors	18th June, 2008	31st March, 2008
2.	Appointment of Managing Director	11th September, 2009	31st March, 2009
3.	Appointment of Joint Managing Director	11th September, 2009	31st March, 2009
4.	Nil	23rd July, 2010	31st March, 2010

No Special Resolution was put through postal ballot and the Company does not propose to pass any Special Resolution through postal ballot process this year.

## **g) DISCLOSURES:**

- i) **Related Party Transactions:** The Company has not entered into any transactions of a material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.
- ii) **Compliances by the Company:** The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority
- iii) **Whistle Blower Policy:** The Company is yet to establish a mechanism for Whistle Blower Policy which is a non-mandatory requirement.
- iv) We affirmed that no personnel have been denied access to the audit committee.
- v) **Compliance with mandatory requirements:** The Company has complied with all Mandatory requirements as mentioned in clause 49(VI) (i) of the Listing Agreement.
- vi) **Adoption of Non- Mandatory requirements:** The Company is in the process of adopting other non – mandatory requirements in future as mentioned in clause 49 (VII) (ii) of the Listing Agreement.
- vii) The Chief Executive Officer and the Chief Financial Officer have issued the necessary certificate to the Board of Directors in compliance with clause 49 of the Listing Agreement.

## **h) MEANS OF COMMUNICATION:**

The Board of Directors of the Company approves and takes on record the financial results in the form prescribed by the Stock Exchanges within the statutory period and announces forthwith the results to all the stock exchanges where the shares of the company are listed and also publishes the financial results in The Business Line and Makkal Kural newspapers.

These results are promptly submitted to the Stock Exchanges to enable them to display the same on their website. The financial results are also made available at the website of the Company [www.nippobatteries.com](http://www.nippobatteries.com).

## **i) MANAGEMENT DISCUSSION AND ANALYSIS:**

Appended to this Report.

## **j) GENERAL SHAREHOLDERS' INFORMATION:**

- 1. AGM date, time and venue** : 20th July, 2011; Wednesday, at 10.15 a.m. at Sri P. Obul Reddy Hall, Vani Mahal, No.103, G.N. Chetty Road, T. Nagar, Chennai - 600 017.
- 2. Dates of Book Closure** : Saturday, July 16, 2011 to Wednesday, July 20, 2011 (both days inclusive)

- 3. Financial Year** : 01-04-2010 to 31-03-2011
- 4. Annual Results** : 29th April, 2011
- 5. Posting of Annual Reports** : 27th June, 2011
- 6. Last date of receipt of proxy Forms** : 48 hrs before AGM
- 7. Dividend payment date** : 27th July, 2011
- 8. Listing Fees** : Paid for all the above stock exchanges for the year 2010-11.
- 9. Address of Registered Office** : No.77,Nungambakkam High Road,  
IV Floor,  
"Pottipati Plaza",  
Chennai – 600 034.  
Tamil Nadu, India.
- 10. Plant locations** : (i) Andhra Kesari Nagar, Nellore (A.P.)  
(ii) Tada Kandriga Village, Nellore . (A.P.)

## 11. Listing on Stock Exchanges

- (i) Madras Stock Exchange Limited  
Exchange Building, Post Box No.183  
11, Second Line Beach Road, Chennai - 600 001.  
Tel : 91-44-25228951 / 52 / 53  
Fax: 91-44-25244897. Email:info@mseindia.in
- (ii) Bombay Stock Exchange Ltd.  
Phiroze Jheejheebhoy Towers  
Dalal Street, Mumbai - 400 001  
Tel : 91-22-22721234, 22721233  
Fax: 91-22-22722082 / 3132
- (iii) National Stock Exchange of India Ltd.  
Exchange Plaza, Bandra-Kurla Complex  
Bandra (E); Mumbai – 400 051  
Tel: 91-22-26598100  
Fax: 91-22-26598120

## 12. Stock Code :

Bombay Stock Exchange Ltd.	504058
National Stock Exchange of India Ltd	NIPPOBATRY
Madras Stock Exchange Limited	INDONAT

**13. Monthly share price quotation at BSE & NSE during 2010-11 are:**

MONTH	BSE			NSE		
	HIGH (Rs.)	LOW (Rs.)	NO. OF SHARES TRADED	HIGH (Rs.)	LOW (Rs.)	NO. OF SHARES TRADED
APRIL – 10	470.00	374.60	60611	470.00	415.20	42431
MAY – 10	470.00	423.00	25511	470.00	425.05	16412
JUNE – 10	478.80	423.00	25455	483.40	420.50	18489
JULY -10	580.00	445.00	53809	534.00	441.00	52545
AUGUST -10	469.00	436.05	13399	467.00	431.10	12859
SEPTEMBER – 10	473.00	440.00	13821	480.00	440.00	11688
OCTOBER -10	541.70	452.00	64165	542.00	452.15	70524
NOVEMBER -10	515.00	422.10	13862	488.80	428.00	13233
DECEMBER -10	471.50	410.00	33029	473.00	410.00	35947
JANUARY – 11	460.50	411.00	15733	471.00	410.00	15189
FEBRUARY -11	468.00	390.00	13849	425.00	386.60	7425
MARCH – 11	419.90	386.85	31827	418.00	391.00	8407

**14. Registrar & Share Transfer Agents :**

The address of the Registrar & Share Transfer Agents is as under:

M/s. Cameo Corporate Services Ltd.  
Subramanian Building  
No.1, Club House Road  
Chennai – 600 002

Name of Contact person:  
Mr. R.D. Ramasamy, Director  
Phone No.: 044-28460390 (5 lines)  
Fax No.: 044-28460129  
Email : cameo@cameoindia.com

**15. Share Transfer System:**

Applications for transfer of shares held in physical form are received by the Company and all valid transfers are processed and effected within 15 days from the date of receipt. Shares held in the dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records and to send all corporate communications, dividend warrants, etc.

Physical shares received for dematerialisation are processed and completed within a period of 15 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders. However, the request for share transfers etc. will continue to be considered and approved by the share transfer committee. The Share Transfer Committee generally meets once in a month. There are no pending share transfers as on 31st March, 2011.

**16. Dematerialisation of shares:**

The Company's shares are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited. The International Securities Identification Number (ISIN) allotted to the Company is INE567A01010. As on 31<sup>st</sup> March, 2011, 84.2278% of the Company's total shares representing 31,58,546 shares are in dematerialized form.

**17. Outstanding GDR/ADR/Warrants or any convertible instruments:**

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

**18. Distribution of shareholding as on 31st March, 2011:**

Number of shares	Number of shareholders	Percentage of shareholders	Number of shares held	Percentage of shareholding
1 - 500	5366	93.98	429128	11.44
501 - 1000	188	3.29	138283	3.69
1001 - 2000	80	1.40	115764	3.09
2001 - 3000	19	0.33	45121	1.20
3001 - 4000	8	0.14	28433	0.76
4001 - 5000	4	0.07	17680	0.47
5001 - 10000	16	0.28	110910	2.96
10001 & above	29	0.51	2864681	76.39
<b>TOTAL</b>	<b>5710</b>	<b>100.00</b>	<b>3750000</b>	<b>100.00</b>

**19. Categories of Shareholders as on 31<sup>st</sup> March, 2011:**

Category	No. of shares held	% of shareholding
Foreign Collaborator	1147125	30.590
Indian Promoters	1661795	44.314
Resident Indians	803691	21.431
Non-Resident Indians	53579	1.428
Foreign Institutional Investors	50	0.000
Domestic Companies	83760	2.237
Banks/Insurance Companies	-	-
<b>TOTAL</b>	<b>3750000</b>	<b>100.000</b>



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE :

During the financial year 2010-11, the Dry Cell Battery Industry as a whole had registered growth of 0.13%. The sale of dry cell batteries in the industry had increased from 2259 million pieces to 2262 million pieces.

### OUTLOOK ON OPPORTUNITIES, THREATS, RISK AND CONCERNS:

The Dry cell battery industry is witnessing intense competition among the players and maintaining the existing market share is becoming more and more difficult due to market conditions. To overcome these market conditions your company is undertaking various measures like productivity improvements, cost reduction activities, reduction of defectives, intensifying sales promotion activities, giving thrust to improving sales in the rural markets through better distribution, etc.

### INTERNAL CONTROL SYSTEMS AND ADEQUACY:

The Company has adequate Internal Control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and statutes. The Internal Control system provide for well-documented policies, guidelines, authorizations and approval procedures. The Internal Auditors M/s. R.V. Chander & Associates, Chartered Accountants had carried Audit extensively throughout the year. The prime objective of such Audits is to test the adequacy and effectiveness of all Internal Controls laid down by the management and to suggest improvements, wherever necessary.

### FINANCIAL PERFORMANCE:

The total turnover of the Company for the year under review was Rs.350.00 crores as compared to Rs.337.52 crores in the previous year. The profit before depreciation is at Rs.27.26 crores as against Rs.30.85 crores in 2009-10 and the depreciation for the year is Rs.5.57 crores as against Rs.5.83 crores in the previous year. The profit before tax is Rs.21.68 crores as against Rs.25.04 crores in the previous year.

### HUMAN RESOURCES:

The Company regards its human resources amongst its most valuable assets and proactively reviews and evolves policies and processes to attract and retain requisite skill-sets covering technical and managerial functions through a work environment that encourages initiative, provides challenges and opportunities and recognizes the performance and potential of its people. As of March 31, 2011, the number of employees stood at 419 covering all locations compared to 486 as of March 31, 2010.

**DECLARATION**

**TO THE MEMBERS OF NIPPO BATTERIES CO. LTD.**

This is to declare that the Code of Conduct envisaged by the Company for members of the Board and the Senior Management Personnel have been complied with by all the members of the Board and the Senior Management Personnel of the Company respectively.

For NIPPO BATTERIES CO. LTD.

P. DWARAKANATH REDDY  
MANAGING DIRECTOR & CEO

Place : Chennai  
Date : 29th April, 2011

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**TO THE MEMBERS OF NIPPO BATTERIES CO. LTD.**

We have examined the compliance of conditions of corporate governance by Nippo Batteries Co. Ltd., for the year ended on 31.03.2011 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance(s) is pending for a period exceeding one month against the company as per the records maintained by the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For P. SRINIVASAN & CO.  
Chartered Accountants  
Firm No.004054S

Place : Chennai  
Date : 29th April, 2011

P. SRINIVASAN  
Partner  
Membership No.: 2090

## REPORT OF THE AUDITORS

1. We have audited the attached Balance Sheet of M/s. Nippo Batteries Co. Ltd., as at 31<sup>st</sup> March, 2011 and the Profit and Loss Account and also the Cash Flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in the paragraph 3 above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
  - c. The Balance Sheet, the Profit and Loss account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet and Profit and Loss account and Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, as they apply to the Company.
  - e. On the basis of written representations received from the directors as at 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 ;
  - ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - iii) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For P. SRINIVASAN & CO.  
Chartered Accountants  
Firm No.004054S

Place : Chennai  
Date : 29th April, 2011

(P. SRINIVASAN)  
Partner

Membership No:2090

### **Annexure referred to in paragraph 3 of our report of even date:**

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) These fixed assets have been physically verified by the management at the end of the financial year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) As per the records and as explained to us, the Company has not disposed off any substantial or major part of fixed assets during the year.
- ii) a) As explained to us, inventories held by the Company were physically verified during the year at reasonable intervals by the management.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii) a) The company has not granted any loans, secured or unsecured to companies; firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.

- b) The company has not taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s.301 of the Companies Act, 1956.
- iv) a) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and nature of its business with regard to the purchases of inventories, fixed assets and for the sale of goods and services.
- b) In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system of the Company.
- v) a) In our opinion, on the basis of the audit procedures applied by us and according to the information and explanation given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion, on the basis of the audit procedures applied by us and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services at the relevant time.
- vi) The Company has not accepted any deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA and any other relevant provision of the Act and the rules framed there under are applicable.
- vii) In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.
- viii) According to the records produced and the information given to us, the cost records prescribed by the Central Government under Sec.209(1)(d) of the Companies Act 1956 (1 of 1956) are being made and maintained by the Company. No examination of such records has been carried out by us.
- ix) a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and any other statutory dues applicable to it, with the appropriate authorities during the year.
- b) According to the records of the company, there are no dues of income tax, wealth tax, customs duty, service tax, excise duty and cess which have not been deposited on account of any dispute except:
- i) disputed Orissa Sales Tax of Rs.2.15 Lakhs pending before the First Sales Tax Appellate Authority and
- ii) disputed Income Tax of Rs.33.82 Lakhs pending before the Income Tax Authorities.
- x) As at the end of the financial year, the Company does not have accumulated losses. It has not incurred cash losses during the financial year or in the immediately preceding financial year.
- xi) On the basis of records and as explained to us, working capital facilities have been availed by the company as per the limits sanctioned by the bankers. The Company has not availed borrowing facilities from financial institutions and debenture holders.
- xii) As per the records maintained by the Company, no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The clause regarding special statutes is not applicable to the Company.
- xiv) As per the records maintained, the Company does not deal or trade in shares, securities, debentures and other investments.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
- xvi) The company has not raised any term loans during the year.
- xvii) As per records maintained and information given to us, the Company has not raised funds either on short term or long term basis during the year.
- xviii) The company has not made any preferential allotment of shares during the year.
- xix) The company has not issued any debentures during the year.
- xx) The company has not raised any money by public issues during the year.
- xxi) On the basis of the audit procedures carried out by us and information and explanation given by the management, we state that no fraud on or by the Company has been noticed or reported during the course of our audit.

For P. SRINIVASAN & CO.  
Chartered Accountants  
Firm No.004054S

(P. SRINIVASAN)

Partner

Membership No:2090

Place: Chennai  
Date: 29th April, 2011

**Balance Sheet as at March 31, 2011**

	Schedule	Rupees '000s	As at Mar.31, 2011 Rupees '000s	Rupees '000s	As at Mar.31, 2010 Rupees '000s
<b>Sources of Funds</b>					
<b>Shareholders' Funds</b>					
Capital	1	3,75,00		3,75,00	
Reserves and Surplus	2	1,37,30,27	1,41,05,27	1,31,38,88	1,35,13,88
<b>Loan Funds</b>					
Secured Loans	3		-		1,90,00
			1,41,05,27		1,37,03,88
<b>Application of Funds</b>					
<b>Fixed Assets</b>					
Gross Block	4	1,57,09,01		1,56,25,27	
Depreciation to-date		1,08,39,84		1,04,26,91	
Net Block		48,69,17		51,98,36	
Capital work-in-progress		62,60	49,31,77	18,82	52,17,18
<b>Current Assets, Loans &amp; Advances</b>					
Inventories	5	44,11,09		32,30,77	
Sundry Debtors		60,51,49		55,05,46	
Cash and Bank Balances		17,37,01		29,56,49	
Loans and Advances		22,22,55		21,60,71	
		1,44,22,14		1,38,53,43	
<b>Current Liabilities &amp; Provisions</b>					
Liabilities	6	25,71,07		26,96,55	
Provisions		26,77,57		26,70,18	
		52,48,64		53,66,73	
<b>Net Current Assets</b>					
			91,73,50		84,86,70
			1,41,05,27		1,37,03,88
Significant Accounting Policies and Notes on accounts	11				

**JUSTICE S. NATARAJAN**  
Chairman

**P. DWARAKANATH REDDY**  
Managing Director

**R.P. KHAITAN**  
Joint Managing  
Director

As per our Report attached  
for **P. SRINIVASAN & Co.**  
Chartered Accountants

**J. SRINIVASAN**  
Secretary  
Chennai, April 29, 2011

**P. SRINIVASAN**  
Partner

**Profit and Loss Account for the year ended March 31, 2011**

	Schedule	Rupees '000s	2010 - 2011 Rupees '000s	Rupees '000s	2009 - 2010 Rupees '000s
<b>Income</b>					
Sales			<b>3,50,00,13</b>		3,37,52,20
Other Income	7		<b>9,03,02</b>		8,46,68
			<b>3,59,03,15</b>		<b>3,45,98,88</b>
<b>Expenditure</b>					
Materials consumed	8		<b>1,66,58,05</b>		1,60,76,80
Central Excise Duty			<b>34,65,65</b>		26,66,41
Purchases of Goods			<b>76,98,94</b>		73,69,46
Other Expenses	9		<b>62,77,88</b>		58,04,54
Increase / Decrease in Stock of Finished goods	10		<b>(9,24,27)</b>		(4,03,77)
			<b>3,31,76,25</b>		<b>3,15,13,44</b>
Profit before Depreciation			<b>27,26,90</b>		30,85,44
Depreciation			<b>5,57,24</b>		5,83,19
Net profit for the year			<b>21,69,66</b>		25,02,25
Prior Year Adjustments			<b>1,60</b>		(1,91)
Profit Before Tax			<b>21,68,06</b>		25,04,16
Provision for Tax					
Current Tax		<b>7,22,00</b>		5,31,00	
Deferred Tax		<b>(17,00)</b>		3,21,00	
			<b>7,05,00</b>		8,52,00
Resultant Profit			<b>14,63,06</b>		16,52,16
Surplus brought forward			<b>5,06,06</b>		4,81,36
			<b>19,69,12</b>		<b>21,33,52</b>
<b>Appropriations</b>					
Proposed Dividends		<b>7,50,00</b>		7,50,00	
Tax on Proposed Dividends		<b>1,21,67</b>		1,27,46	
Transfer to General Reserve		<b>5,75,00</b>		7,50,00	
			<b>14,46,67</b>		16,27,46
Surplus carried to Balance Sheet			<b>5,22,45</b>		5,06,06
Significant Accounting Policies and Notes on Accounts	11				

**JUSTICE S. NATARAJAN**  
Chairman

**P. DWARAKANATH REDDY**  
Managing Director

**R.P. KHAITAN**  
Joint Managing  
Director

As per our Report attached  
for **P. SRINIVASAN & Co.**  
Chartered Accountants

**J. SRINIVASAN**  
Secretary  
Chennai, April 29, 2011

**P. SRINIVASAN**  
Partner

## SCHEDULES TO ACCOUNTS

	As at Mar. 31, 2011 Rupees '000s	As at Mar.31, 2010 Rupees '000s
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
50,00,000 Equity Shares of Rs.10/- each	<u>5,00,00</u>	<u>5,00,00</u>
<b>Issued and Paid-up</b>		
37,50,000 Equity Shares of Rs.10/- each fully paid up	<u>3,75,00</u>	<u>3,75,00</u>
Of the above		
(a) 25,000 Equity Shares of Rs.10/- each have been allotted as fully paid up for consideration other than cash to the Foreign Collaborators.		
(b) 28,12,500 Equity Shares of Rs.10/- each were allotted as fully paid-up bonus shares by capitalisation of General Reserve.		
<b>2. RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
As per last Balance Sheet	<u>1,26,32,82</u>	1,18,82,82
Transfer from Profit and Loss Account	<u>5,75,00</u>	<u>7,50,00</u>
	<u>1,32,07,82</u>	<u>1,26,32,82</u>
Surplus Balance in Profit and Loss Account	<u>5,22,45</u>	<u>5,06,06</u>
	<u>1,37,30,27</u>	<u>1,31,38,88</u>
<b>3. SECURED LOANS</b>		
<i>Short Term Loans :</i>		
Canara Bank (against Fixed Deposits)	<u>0</u>	<u>1,90,00</u>
	<u>0</u>	<u>1,90,00</u>

## 4. FIXED ASSETS

Rupees '000s

Sl. No.	DESCRIPTION OF ASSET	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 1st April 2010	Additions/Transfers	Deletions/Transfers	As at 31st March 2011	Upto 31st March 2010	For the Year	With drawn	Upto 31st March 2011	As at 31st March 2011	As at 31st March 2010
1.	Land	70,29	-	-	70,29	-	-	-	70,29	70,29	
2.	Buildings	17,00,68	56,98	-	17,57,66	9,63,31	63,61	-	10,26,92	7,30,74	7,37,37
3.	Plant and Machinery	1,21,08,59	31,43	1,32,20	1,20,07,82	82,30,96	3,99,66	1,27,22	85,03,40	35,04,42	38,77,63
4.	Electrical Installations	3,87,64	44,49	50	4,31,63	2,57,10	19,83	46	2,76,47	1,55,16	1,30,54
5.	Airconditioners & Refrigerators	2,15,69	6,61	-	2,22,30	1,37,15	11,57	-	1,48,72	73,58	78,54
6.	Furniture & Fixtures	1,29,09	46,02	-	1,75,11	99,37	8,88	-	1,08,25	66,86	29,72
7.	Vehicles & Delivery Equipments	1,96,12	31,85	18,21	2,09,76	1,28,21	21,76	15,82	1,34,15	75,61	67,91
8.	Office & General Equipments	1,27,24	4,63	14	1,31,73	92,02	5,30	13	97,19	34,54	35,22
9.	Computer Systems	2,94,93	13,75	97	3,07,71	2,74,34	10,47	68	2,84,13	23,58	20,59
10.	Research and Development										
	a. Buildings	49,21	-	-	49,21	25,55	2,37	-	27,92	21,29	23,66
	b. Plant & Machinery	3,28,40	-	-	3,28,40	2,01,78	13,69	-	2,15,47	1,12,93	1,26,62
	c. Computer Equipments	17,39	-	-	17,39	17,12	10	-	17,22	17	27
	Sub-Total	1,56,25,27	2,35,76	1,52,02	1,57,09,01	1,04,26,91	5,57,24	1,44,31	1,08,39,84	48,69,17	51,98,36
11.	Capital Work in Progress	18,82	43,78	-	62,60	-	-	-	-	62,60	18,82
	Grand Total	1,56,44,09	2,79,54	1,52,02	1,57,71,61	1,04,26,91	5,57,24	1,44,31	1,08,39,84	49,31,77	52,17,18
	Previous Year's Total	1,46,84,90	10,14,63	55,44	1,56,44,09	98,60,02	5,83,19	16,30	1,04,26,91	52,17,18	48,24,88

	<b>As at Mar. 31, 2011 Rupees '000s</b>	<b>As at Mar.31, 2010 Rupees '000s</b>
<b>5. CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>A. CURRENT ASSETS</b>		
<b>a. Inventories</b>		
Stores and Spare Parts	1,62,93	1,53,88
Raw Materials	13,54,61	11,52,27
Packing Materials	72,18	80,77
Goods in Process	2,99,21	2,45,96
Finished Goods	25,22,16	15,97,89
Total	44,11,09	32,30,77
<b>b. Sundry Debtors</b>		
(Unsecured and Considered Good)		
Debts outstanding for a period exceeding six months	1,20,76	75,63
Other Debts	59,30,73	54,29,83
Total	60,51,49	55,05,46
i. Due by Directors or other officers of the Company or any of them either severally or jointly with any other person		
	-	-
ii. Due by firms or private companies in which any Director is a Partner or a Director or a Member		
	-	-
iii. Due from companies under the same management		
	-	-
iv. Maximum amount due by Directors or other officers of the Company at any time during the year.		
	-	-
<b>c. Cash and Bank Balances</b>		
a. Cash and Cheques on hand and in transit	3,18,60	6,64,14
b. With Scheduled Banks		
i. Current Accounts [Includes unclaimed Dividends Rs.41,13 (39,04)]	75,39	3,03,58
ii. Deposit Accounts	13,43,02	19,88,77
Total	17,37,01	29,56,49
<b>d. Loans and Advances</b>		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	13,20,28	11,84,88
Balances with Central Excise Department	58,23	1,75,79
Deferred Tax Asset	8,44,04	8,00,04
Total	22,22,55	21,60,71
i. Due by Directors or other officers of the Company or any of them either severally or jointly with any other person		
	-	-
ii. Due by firms or private companies in which any Director is a Partner or a Director or a Member		
	-	-
iii. Due from companies under the same management		
	-	-
iv. Maximum amount due by Directors or other officers of the Company at any time during the year		
	-	-



	<b>Rupees '000s</b>	<b>As at Mar.31, 2011 Rupees '000s</b>	<b>As at Mar.31,2010 Rupees '000s</b>
<b>6. CURRENT LIABILITIES AND PROVISIONS</b>			
<b>a . Current Liabilities</b>			
Sundry Creditors			
i. Dues to Micro, Small and Medium Enterprises		<b>64,02</b>	61,51
ii. Other than Micro, Small and Medium Enterprises		<b>15,33,87</b>	17,12,11
Investor Education and Protection Fund			
- Unclaimed Dividends		<b>41,13</b>	39,04
Other Liabilities		<b>9,32,05</b>	8,83,47
[Due to Directors Rs.63,78 (70,81)]			
Interest accrued but not due on Loan		-	42
Total		<u><b>25,71,07</b></u>	<u><b>26,96,55</b></u>
<b>b . Provisions</b>			
Taxation		<b>51,52</b>	82,08
Deferred Tax Liability		<b>17,94,83</b>	17,67,83
Proposed Dividends		<b>7,50,00</b>	7,50,00
Retirement benefits		<b>81,22</b>	70,27
Total		<u><b>26,77,57</b></u>	<u><b>26,70,18</b></u>
	<b>Rupees '000s</b>	<b>2010 - 2011 Rupees '000s</b>	<b>2009 - 2010 Rupees '000s</b>
<b>7. OTHER INCOME</b>			
Interest Received			
Banks		<b>94,93</b>	1,59,43
Others		<b>7,34,31</b>	6,27,49
Profit on sale of Fixed Assets		<b>14</b>	10
Miscellaneous Income		<b>73,64</b>	59,66
Total		<u><b>9,03,02</b></u>	<u><b>8,46,68</b></u>
<b>8. MATERIALS CONSUMED</b>			
<b>a. Raw Materials &amp; Components</b>			
Opening Stock :			
On Hand	<u><b>11,52,27</b></u>		<u>9,27,96</u>
		<b>11,52,27</b>	9,27,96
Add : Purchases		<u><b>1,57,08,50</b></u>	<u>1,51,54,70</u>
		<b>1,68,60,77</b>	1,60,82,66
Deduct :			
Closing Stock :			
On Hand	<u><b>13,54,61</b></u>		<u>11,52,27</u>
		<b>13,54,61</b>	11,52,27
		<u><b>1,55,06,16</b></u>	<u>1,49,30,39</u>

# Nippo Batteries Co. Ltd

	<b>Rupees '000s</b>	<b>2010 - 2011 Rupees '000s</b>	<b>Rupees '000s</b>	<b>2009 - 2010 Rupees '000s</b>
b. (Increase) / Decrease in Goods in Process				
Opening Stock	<b>2,45,96</b>		2,02,56	
Closing Stock	<b>2,99,21</b>		2,45,96	
		<b>(53,25)</b>		(43,40)
c. Packing Materials Consumed		<b>7,49,26</b>		7,37,78
d. Carriage Inwards		<b>4,52,07</b>		4,48,84
e. Inward Transit Insurance		<b>3,81</b>		3,19
Total		<b>1,66,58,05</b>		<b>1,60,76,80</b>
<b>9. OTHER EXPENSES</b>				
Employee Costs :				
Salaries, Wages, Bonus and Allowances	<b>11,07,19</b>		10,05,19	
Contributions to :				
Employees' Provident Fund	<b>76,44</b>		73,23	
Employees' State Insurance	<b>17,65</b>		17,15	
Gratuity	<b>69,69</b>		62,64	
Superannuation	<b>40,21</b>		33,64	
Welfare Expenses	<b>4,37,02</b>		5,59,73	
		<b>17,48,20</b>		17,51,58
Remuneration to Directors		<b>2,23,57</b>		2,33,49
Power, Gas and Water Charges		<b>3,22,00</b>		2,55,47
Stores and Spares consumed		<b>4,66,17</b>		3,90,15
Repairs to :				
Building	<b>5,87</b>		72,30	
Plant and Machinery	<b>40,07</b>		16,60	
Other Assets	<b>5,46,34</b>		3,92,52	
		<b>5,92,28</b>		4,81,42
Insurance		<b>18,96</b>		19,55
Research & Development Expenses		<b>14,93</b>		26,82
Rent		<b>1,86,63</b>		1,41,39
Travelling & Conveyance		<b>2,07,31</b>		1,62,18
Communication Expenses		<b>46,95</b>		42,35
Printing and Stationery		<b>17,35</b>		11,74
Carriage Outwards		<b>10,58,50</b>		9,48,30
Advertisement		<b>6,58,04</b>		6,40,86
Selling and Distribution Expenses		<b>3,07,06</b>		3,27,55
Vehicle Maintenance		<b>54,46</b>		38,50
Auditors' Remuneration		<b>5,50</b>		5,50
Professional Charges		<b>1,58,56</b>		1,67,82
Additional Sales Tax. etc.		<b>30,51</b>		31,53
Rates and Taxes		<b>91,53</b>		66,61
Loss on Sale of Fixed Assets		-		39
Miscellaneous Expenses		<b>69,37</b>		61,34
Total		<b>62,77,88</b>		<b>58,04,54</b>

	Rupees '000s	2010 - 2011 Rupees '000s	Rupees '000s	2009 - 2010 Rupees '000s
<b>10. DECREASE / (INCREASE) IN STOCK OF FINISHED GOODS</b>				
<b>Opening Stock</b>				
Batteries	9,44,92		10,74,65	
Torch and others	6,52,97		1,19,47	
		<b>15,97,89</b>	<u>11,94,12</u>	11,94,12
<b>Closing Stock</b>				
Batteries	14,96,97		9,44,92	
Torch and others	10,25,19		6,52,97	
		<b>25,22,16</b>	<u>15,97,89</u>	15,97,89
<b>DECREASE / (INCREASE)</b>		<b><u>(9,24,27)</u></b>	<u>(4,03,77)</u>	<u>(4,03,77)</u>

## 11. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### A) SIGNIFICANT ACCOUNTING POLICIES :

a) The financial accounts are prepared under the historical cost convention and accounted on accrual basis.

#### b) INVENTORIES

Raw materials including components, finished goods, goods in process, materials in transit, packing materials and stores & spares have been valued at lower of cost and estimated net realisable value. Cost is computed under the FIFO method.

#### c) DEPRECIATION

Depreciation has been charged :

- i) at 10% under straight line method on machinery imported Body maker and Bag openers and other projects having regard to the expected useful life and residual value and
- ii) at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.
  - a) on assets relating to 3D Project (I Line) and assets related to Wind Mill under straight line method.
  - b) on all the other assets under written down value method.

#### d) REVENUE RECOGNITION

- i) Sales exclude Discounts, Sales Tax recoveries and include Excise Duty.
- ii) Interest is recognised on the time basis determined by the amount outstanding and the rate applicable.

#### e) FIXED ASSETS

Fixed Assets are stated at cost less depreciation except land which is stated at cost. Cost comprises purchase price and attributable costs (including financing costs).

#### f) FOREIGN CURRENCY TRANSLATION

Net gain or loss on conversion at year end of current assets and current liabilities other than transactions relating to fixed assets is recognised in the Profit & Loss Account. In respect of liabilities incurred in foreign currencies for acquisition of fixed assets, variations in exchange rates at the time of repayment of loan instalments are adjusted to the value of fixed assets.

**g) EMPLOYEE BENEFITS**

- 1) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- 2) Post employment and other long term employee benefits are recognised as expense in the profit and loss account of the year in which the employee has rendered services:
  - i) Employees Provident Fund, Employees State Insurance and Superannuation are defined contribution plans. The contributions under these plans are charged to revenue.
  - ii) a) Gratuity is a defined benefit plan funded with the L.I.C. The contributions actuarially assessed by the L.I.C and paid under the plan are charged to revenue.  
b) Actuarial gains and losses are charged to revenue.
  - iii) In respect of those not covered by L.I.C., schemes necessary provisions has been made as applicable.
  - iv) Future liability on leave encashment to employees has been provided as per Company's Policy.
- 3) Termination benefits: Payments made under employees ' Early Separation Scheme ' are amortised over a period of five years from the date upto which the scheme was in operation.

**h) EARNINGS PER SHARE**

The Company's share capital consists only of Equity Shares. The basic earning per share is calculated and disclosed.

**i) ACCOUNTING FOR TAXES ON INCOME**

Tax expense for the current year comprises current tax and deferred tax. Deferred tax is recognised for all timing differences subject to consideration of prudence. Deferred tax in respect of the accumulated balance as on 31-03-2001 has been recognised in the accounts as deferred tax, asset / liabilities with a corresponding charge of net amount to the general reserve.

**j) RELATED PARTY DISCLOSURES have been made as per Accounting Standard 18**

**k) RESEARCH AND DEVELOPMENT**

Revenue expenditure on Research and Development is charged to Profit and Loss Account as and when incurred. Expenditure on assets acquired are capitalised.

**l) INTANGIBLE ASSETS**

There are no other intangible assets except those disclosed in the accounts separately for Cost of acquired computer software

**m) IMPAIRMENT OF ASSETS**

There being no indication of impairment of assets, no loss has been recognised on impairment of assets.

**B) NOTES ON ACCOUNTS AND QUANTITATIVE INFORMATION :**

- 1) Fixed Deposits Rs.13,43,02 (Rs.19,88,77) with Scheduled Banks include those pledged to Sales Tax Department Rs.3,82 (Rs.3,82).
- 2) Tax deducted at source on interest received Rs.83,26 (1,19,87)
- 3) Interest received from Banks (under other income) is net of Interest paid Rs. 5,02 (Rs.1,07)
- 4) The aggregate working capital limit of Rs.11,00,00 (Rs.11,00,00) sanctioned by Banks are secured by hypothecation of imported and indigenous Raw Materials, Components, Spares, Goods in process and Finished Goods.

	2010 - 2011 Rupees '000s	2009 - 2010 Rupees '000s
<b>5. a) Managerial Remuneration (Minimum)</b>		
a) Salary	96,00	96,00
b) Commission	57,78	67,00
c) Contribution to Provident fund and Retirement Benefit	56,92	59,30
d) Other perquisites	12,87	11,19
Total	<u>2,23,57</u>	<u>2,33,49</u>
<b>b) Computation of Commission Payable to Directors</b>		
Profit before tax as per Profit and Loss Account	21,68,06	25,04,16
<b>Add</b> : Depreciation charged in the accounts	5,57,24	5,83,19
Income Tax Provision for earlier years	(2,90)	10,00
Loss on Sale of fixed assets	-	39
Early Separation Scheme amortised	47,80	1,53,09
Directors' sitting fees	2,40	3,00
Managerial remuneration	2,23,57	2,33,49
	<u>29,96,17</u>	<u>34,87,32</u>
<b>Less</b> : Depreciation u/s. 350 of the Companies Act, 1956	5,57,24	5,83,19
Profit on sale of fixed assets	14	10
Net profit pursuant to Section 349 of the Companies Act, 1956 for the purpose of Commission to Directors	<u>24,38,79</u>	<u>29,04,03</u>
Commission at 1% thereof to Other Directors	<u>24,39</u>	<u>29,04</u>
Commission due to :		
Wholetime Directors	48,78	58,00
Independent Directors	9,00	9,00
Total Commission for the year	<u>57,78</u>	<u>67,00</u>
Managerial Remuneration provided	<u>2,23,57</u>	<u>2,33,49</u>

6. There are no outstanding dues to Micro, Small and Medium Enterprises as per the information contained in the vendor list maintained by the Company and to whom the Company had no outstanding dues exceeding forty five days as on 31<sup>st</sup> March 2011:

The disclosure pursuant to the said Act is as under	Rs.
(i) Principal amount and the interest thereon	--
(ii) Interest paid (along with payment made to suppliers) beyond the appointed day during the year	--
(iii) Interest due and payable for delay in making the payment	--
(iv) Interest accrued and remaining unpaid at the end of the year	--
(v) Further investment remaining due and payable in succeeding years	--

## 7. Defined Benefit Plan:

Defined benefit plan as per actuarial valuation as on 31<sup>st</sup> March, 2011 and recognised in the financial statements in respect of Employee Benefit Scheme: (AS - 15)

	2010 - 2011	Gratuity (funded) (Rs.'000s)	2009 - 2010
<b>(i) Component of Employee Cost</b>			
a) Current Service Cost	5257		4180
b) Interest Cost	3929		3211
c) Expected return on Plan Assets	3677		3731
d) Actuarial gain /(loss)	82		(5609)
e) Net Liability recognised in the profit and loss a/c.	9669		9270
<b>(ii) Net Asset/(Liability) recognised in Balance Sheet</b>			
a) Present value of obligation	56175		51613
b) Fair value of Plan Assets	51683		54510
c) Asset / (Liability) to be recognised in the Balance Sheet	4492		2897
<b>(iii) Changes in defined benefit obligation</b>			
a) Present value at the beginning	51613		41156
b) Current Service Cost	5257		4180
c) Interest Cost	3929		3211
d) Benefits paid	5000		2036
e) Actuarial loss	376		5102
f) Present value at the end	56175		51613
<b>(iv) Changes in fair value of Plan assets</b>			
a) Present value at the beginning	44379		41995
b) Expected actual return on Plan Assets	3677		3731
c) Contributions	8168		11327
d) Benefit paid	5000		2036
e) Actuarial gain / (loss)	459		(507)
f) Fair value at the end	51683		54510
<b>(v) Actuarial Assumptions</b>	%		%
a) Discount rate (per annum)	8.00		8.00
b) Expected rate of return on assets	8.00		8.00
c) Salary escalation rate	5.00		8.00
d) Attrition rate	1-3		1-3
<b>8. a. Miscellaneous expenses include :</b>	<b>2010 - 2011</b>		<b>2009 - 2010</b>
(i) Interest (other than fixed loans) to Bank	14,08		10,78
(ii) Interest on purchase bills and other bank charges	16,66		1,85
(iii) Sitting fees to Directors	2,40		3,00
(iv) Donations	32		1,19
<b>b. Auditors' Remuneration</b>			
a. Statutory Audit	2,50		2,50
b. Taxation and Certification	1,25		1,25
c. Tax Audit	1,25		1,25
d. Out of pocket expenses	50		50
	<b>5,50</b>		<b>5,50</b>

**9. Derivative Instrument and Unhedged Foreign Currency Exposure:**

S.No	Purpose	As at 31.03.11	As at 31.03.10
1	Forward Currency Swap Outstanding	Nil	Nil
2	Unhedged Foreign Currency Exposure		
a)	Outstanding creditors for Purchase of materials and merchandise	JPY 960000	US \$ 233617.50 & JPY 3254343
		Rs.5,14	Rs.12,122
b)	Outstanding Debtors	Nil	Nil

10. The Company received Show Cause Notices in the year 1996 from the Commissioner of Commercial Taxes for the Years from 1978-79 to 1985-86 and 1987-88 seeking to revise the orders of Sales Tax Appellate Tribunal / Appellate Deputy Commissioner, allowing exemption on stock transfers made to the Depots for the above years in the appeals filed by the Company. The Sales Tax Department also filed Tax Revision Cases for the years from 1978-79 to 1980-81, which were set-aside by the High Court.

For the years 1981-82 to 1985-86 and 1987-88 however, on a reference on the question of Revisional Jurisdiction, to a larger Bench of A.P. High Court, order was passed in October 2001 in favour of the Company, quashing the Revisional Notices issued by the Commissioner of Commercial Taxes.

Against this, A.P. Salestax Authorities have filed Special Leave Petitions before the Supreme Court for the above years, which have been admitted. The Apex Court however did not grant the department's request for stay of operation of High Court's order.

The disputed sales tax liability in respect of these years viz. from 1981-82 to 1985-86 and 1987-88 is Rs.20.62 Crores which remains to be provided for. In respect of the completed assessments for the subsequent years viz., 1988-89 to 2007-08 no such liability arose as the Assessing Authority himself has allowed exemption of sales-tax on the stock transfers made by the company.

**11. No Provision has been made for**

- a) Differential Sales Tax of Rs.111.09 Lakhs levied by APGST authorities for the period from April 2001 to March, 2005, based on sales turnover of Company's Authorised Wholesale Dealer, treating them as related persons under the amended provisions of the Sales Tax Act. The company has so far paid Rs.110.42 lakhs (Rs.75.59 Lakhs) towards the said disputed sales tax under protest".
- b) Part of Gratuity payable to Managing Director estimated at Rs.37 Lakhs. (60 Lakhs)

**12. Related party disclosures : Are disclosed as per Accounting Standards 18**

Associates under Common Control:

- a) Panasonic Corporation
- b) Panasonic Asia Pacific Pte Ltd
- c) Panasonic Carbon India Co. Ltd
- d) Panasonic Home Appliances India Co. Ltd
- e) Panasonic Energy India Company Limited

Associates :

- f) Apollo Hospitals & Enterprises Ltd
- g) Sindoori Travels
- h) Apex Agencies
- i) Associated Electrical Agencies
- j) P. Obul Reddy & Sons
- k) Kalpatharu Enterprises Pvt. Ltd
- l) Radiohms Properties Pvt. Ltd
- m) Radiohms Agencies
- n) Radiohms Agencies Ltd
- o) R. P. Electronics

Key Managerial Personnel

Mr. P. Dwarakanath Reddy  
Mr. R.P. Khaitan

(Rs. in 000's)

Nature of Transaction	Associates	Key Managerial Personnel	Enterprises under Common Control	Total
Sale of Goods	2,46,05,71	-	-	2,46,05,71
Purchase of Goods	5	-	25,24,49	25,24,54
Receiving of Services	4,95,63	-	-	4,95,63
Rendering of Services	7,14,50	-	-	7,14,50
Remuneration	-	2,14,57	-	2,14,57
Due from as on 31st March, 2011	49,65,73	-	-	49,65,73
Due to as on 31st March, 2011	10,47	-	67,26	77,73

		<b>As at Mar.31, 2011 Rupees '000s</b>		As at Mar.31, 2010 Rupees '000s
<b>13. A) Deferred Tax for Current Year</b>				
a) Details of Deferred Tax Asset:				
i) Employees retirement and other benefits		6,40		2,43
ii) Depreciation		37,60		-
iii) Early Seperation Scheme for Employees		-		21,57
	(a)	44,00		24,00
b) Details of Deferred Tax Liability :				
i) Depreciation		-		2,24,00
ii) Employees Retirement Benefit		2,70		1,21,00
iii) Early Seperation Scheme for employees		12,70		-
iv) Others		11,60		-
	(b)	27,00		3,45,00
c) Net Deferred Tax Liability (asset) for the year is (b minus a)	(c)	(17,00)		3,21,00
<b>B) Total Accumulated Deferred Tax Liability</b>				
<b>Accumulated Deferred Tax Liability for earlier years</b>				
i) Depreciation		5,59,55		5,59,55
ii) Accrued Taxes, Payments to employees, etc. Net provision for opening differences charged to General Reserve		47,51		47,51
	(d)	5,12,04		5,12,04
Deferred Tax Liability / (Asset)				
Current Year (2010-2011)	(17,00)			
Previous Years	4,55,76		(e)	4,55,76
<b>Total Accumulated Deferred Tax Liability</b>	(d) + (e)	9,50,80		9,67,80
<b>14. Computation of earnings per share</b>				
Net profit for the year		14,63,06		16,52,16
Total number of Equity Shares		37,50		37,50
Earnings per share (Rs.)		39.01		44.06
Nominal Value per share (Rs.)		10		10



	<b>As at Mar.31, 2011 Rupees '000s</b>	As at Mar.31, 2010 Rupees '000s
<b>15. Other Contingent Liabilities</b>		
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	<b>24,00</b>	24,00
b) Letters of Credit	<b>95,43</b>	1,82
c) Bills Discounted With the Bankers and others	<b>11,91,54</b>	11,48,53
d) Sales Tax disputed in Appeals	<b>2,15</b>	2,15
e) Income Tax disputed in Appeals	<b>33,82</b>	10,91
<b>16. Sales</b>		
Batteries	<b>2,82,43,97</b>	2,71,91,64
Torch and others	<b>64,45,16</b>	62,56,73
Power (Wind)	<b>3,11,00</b>	3,03,83
Gross Sales	<b>3,50,00,13</b>	3,37,52,20
Less : Excise Duty collections	<b>34,65,65</b>	26,66,41
Net Sales	<b>3,15,34,48</b>	3,10,85,79
<b>17. Purchases</b>		
Torch and others	<b>50,68,78</b>	61,11,02
Dry Cell Battery	<b>26,30,16</b>	12,58,44
	<b>76,98,94</b>	73,69,46
	<b>2010- 2011 Nos. '000s</b>	2009 - 2010 Nos. '000s
<b>18. Quantitative and other Information</b>		
<b>1) Manufacturing Capacity, Production, Stocks &amp; Sales</b>		
i) Class of Goods Manufactured		Dry Cell Battery
ii) Installed Capacity (1)	<b>78,50,00</b>	78,50,00
iii) Opening Stock	<b>1,98,54</b>	2,29,85
iv) Production	<b>66,78,60</b>	65,79,43
v) Sales	<b>65,15,06</b>	66,02,58
vi) Self-consumption, Lab Test & Damages	<b>5,55</b>	8,16
vii) Closing Stock	<b>3,56,53</b>	1,98,54
<b>2) Trading</b>		
<b>a) Purchases, Stocks and Sales</b>		
i) Class of Goods Traded		Torch and others
ii) Opening Stock	<b>7,25</b>	1,72
iii) Purchases	<b>58,52</b>	67,99
iv) Sales	<b>60,43</b>	62,40
v) Self-consumption & Damages	<b>3</b>	6
vi) Closing Stock	<b>5,31</b>	7,25
<b>b) Purchases, Stocks and Sales</b>		
i) Class of Goods Traded		Dry Cell Battery
ii) Opening Stock	<b>27,61</b>	35,33
iii) Purchases	<b>5,80,77</b>	4,32,15
iv) Sales	<b>5,75,91</b>	4,39,60
v) Self-consumption & Damages	<b>34</b>	27
vi) Closing Stock	<b>32,13</b>	27,61

<b>3) Wind Mill</b>	<b>Units '000s</b>	Units '000s
i) Production	<b>96,70</b>	95,64
ii) Supplies	<b>96,70</b>	95,64

Note : 1. Installed Capacity is as certified by the Management and not verified by the auditors, this being a technical matter.

<b>19. a) Raw Materials Consumed</b>	<b>2010 - 2011</b>		2009 - 2010		
	Unit	<b>Quantity '000s</b>	<b>Value Rs.'000s</b>	Quantity '000s	Value Rs.'000s
Zinc	Kg.	<b>38,99</b>	<b>43,36,33</b>	38,87	38,12,27
Electrolytic Manganese Dioxide	Kg.	<b>19,99</b>	<b>15,93,24</b>	20,94	17,45,67
Other materials (None of which is 10% or more of the total value of raw materials consumed)			<b>95,76,59</b>		93,72,45
			<b>1,55,06,16</b>		<b>1,49,30,39</b>

<b>b) Value of Materials consumed and its percentage to total consumption</b>	<b>2010 - 2011</b>		2009 - 2010	
	<b>Value Rs.'000s</b>	<b>% of Total Consumption</b>	Value Rs.'000s	% of Total Consumption
<b>I) Raw Materials</b>				
i) Imported	<b>30,38,03</b>	<b>19.6</b>	29,09,38	19.5
ii) Indigenous	<b>1,24,68,13</b>	<b>80.4</b>	1,20,21,01	80.5
	<b>1,55,06,16</b>	<b>100.0</b>	1,49,30,39	100.0
<b>II) Stores and Spares</b>				
i) Imported	<b>7</b>	<b>-</b>	1,24	0.3
ii) Indigenous	<b>4,66,10</b>	<b>100.0</b>	3,88,91	99.7
	<b>4,66,10</b>	<b>100.0</b>	3,90,15	100.0

<b>20. CIF Value of Imports</b>	<b>2010-2011 Rupees '000s</b>	2009 - 2010 Rupees '000s
i) Raw Materials & Components	<b>27,56,70</b>	26,68,77
ii) Stores & Spares	<b>12,80</b>	26
iii) Capital Goods	<b>4,06</b>	-
iv) Traded Goods	<b>22,50,97</b>	27,18,30

<b>21. Expenditure in Foreign Currency on Account of :</b>		
i) Foreign Travel	<b>12,56</b>	8,30
ii) Other matters	<b>10,61</b>	3,04

<b>22. Remittance in Foreign Currency to Non-Resident Shareholders</b>		
Dividends	<b>2,29,43</b>	2,29,43
Number of Shareholders	<b>ONE</b>	ONE
Number of Shares held	<b>1,14,71,25</b>	1,14,71,25
Year to which Dividends relate	<b>2009-2010</b>	2008-2009

**23. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I Registration Details**

Registration No.	<b>6196</b>	State Code	18
Balance Sheet Date	<b>31-03-2011</b>		

**II. Capital Raised during the year (Amount in Rs. Thousands)**

	<b>As at March 31, 2011</b>	As at March 31, 2010
Public Issue	<b>NIL</b>	NIL
Rights Issue	<b>NIL</b>	NIL
Bonus Issue	<b>NIL</b>	NIL
Private Placement	<b>NIL</b>	NIL

	<b>As at March 31, 2011</b>	As at March 31, 2010
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**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	<b>1,93,53,91</b>	1,90,70,61
Total Assets	<b>1,93,53,91</b>	1,90,70,61
<b>Sources of Funds</b>		
Paid-up Capital	<b>3,75,00</b>	3,75,00
Reserves & Surplus	<b>1,37,30,27</b>	1,31,38,88
Secured Loans	<b>NIL</b>	1,90,00
Unsecured Loans	<b>NIL</b>	NIL

**Application of Funds**

Net Fixed Assets	<b>49,31,77</b>	52,17,18
Investment	<b>NIL</b>	NIL
Net Current Asset	<b>91,73,50</b>	84,86,70
Misc. Expenditure	<b>NIL</b>	NIL
Accumulated Loss	<b>NIL</b>	NIL

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover	<b>3,50,00,13</b>	3,37,52,20
Total Expenditure	<b>3,28,32,07</b>	3,12,48,04
Profit Before Tax	<b>21,68,06</b>	25,04,16
Profit After Tax	<b>14,63,06</b>	16,52,16
Earnings per Share (Rs.)	<b>39.01</b>	44.06
Dividend Proposed (%)	<b>200</b>	200

**V. Generic Names of Three Principal Products / Services of Company (as per Monetary terms)**

Item No. (ITC Code)	850611.00
Product Description	Dry Battery
Item No. (ITC Code)	851310.05
Product Description	Torch Light

24. Confirmation of Balances in respect of Debtors, Loans and Advances, Creditors etc., remains to be received in some cases.
25. Figures has been given in Thousands of Rupees.
26. Figures in brackets in the Notes on Accounts refer to those of the previous year.
27. Figures for the previous year have been regrouped wherever necessary to conform to those of the Current Year.
28. Schedules 1 to 11 form an integral part of the Accounts and have been duly authenticated.

Signature to Schedules 1 to 11

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**JUSTICE S. NATARAJAN**  
Chairman

**P. DWARAKANATH REDDY**  
Managing Director

**R.P. KHAITAN**  
Joint Managing  
Director

As per our Report attached  
for **P. SRINIVASAN & Co.**  
Chartered Accountants

**J. SRINIVASAN**  
Secretary  
Chennai, April 29, 2011

**P. SRINIVASAN**  
Partner

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2011**

	31.03.2011		31.03.2010	
	Rupees '000s	Rupees '000s	Rupees '000s	Rupees '000s
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and extraordinary items		21,68,06		25,04,16
<b>Add :</b>				
Loss on sale of Fixed Assets			39	
Depreciation	5,57,24		5,83,19	
<b>Less :</b>				
Profit on sale of Fixed Assets	(14)		(10)	
		<u>5,5710</u>		<u>5,83,48</u>
Operating Profit before working capital changes		27,25,16		30,87,64
<b>Adjustments for :</b>				
Trade receivables	(5,46,03)		10,23,85	
Inventories	(11,80,32)		(6,87,06)	
Trade payables	(1,75,73)		(60,85)	
Other current liabilities	61,20		(2,36,95)	
Short term loan	(1,90,00)		10,00	
Loans and advances	(17,84)	(20,48,72)	(2,84,31)	(2,35,32)
Cash generated from operations		<u>6,76,44</u>		<u>28,52,32</u>
<b>Less :</b>				
Direct taxes paid		8,74,23		5,96,18
Cash Flow before extraordinary items		<u>(1,97,79)</u>		<u>22,56,14</u>
<b>Net cash from operating activities - A</b>		<u>(1,97,79)</u>		<u>22,56,14</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(2,79,54)		(9,86,73)	
Sale of fixed assets	7,85		10,95	
		<u>(2,71,69)</u>		<u>(9,75,78)</u>
<b>Net cash used in investing activities - B</b>		<u>(2,71,69)</u>		<u>(9,75,78)</u>

**31.03.2011**  
**Rupees '000s**   **Rupees '000s**      31.03.2010  
 Rupees '000s   Rupees '000s

**C. CASH FLOW FROM FINANCING ACTIVITIES**

Dividends paid		<b>(7,50,00)</b>	(7,50,00)
<b>Net cash used in finance activities - C</b>		<b><u>(7,50,00)</u></b>	<b><u>(7,50,00)</u></b>
<b>Net Increase / (Decrease) in cash</b>			
<b>and cash equivalents</b>	<b>(A+B+C)</b>	<b>(12,19,48)</b>	5,30,36
Opening cash and cash equivalents		<b>29,56,49</b>	24,26,13
Closing cash and cash equivalents		<b>17,37,01</b>	29,56,49

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**JUSTICE S. NATARAJAN**  
Chairman

**P. DWARAKANATH REDDY**  
Managing Director

**R.P. KHAITAN**  
Joint Managing  
Director

As per our Report attached  
for **P. SRINIVASAN & Co.**  
Chartered Accountants

**J. SRINIVASAN**  
Secretary  
Chennai, April 29, 2011

**P. SRINIVASAN**  
Partner

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## FINANCIAL HIGHLIGHTS

(Rs. in '000s)

## YEAR ENDED

PARTICULARS	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Income	<b>3590315</b>	3459888	3155213	3241496	3448687
Expenses	<b>3317625</b>	3151344	2852470	2942854	3289457
EBDT	<b>272690</b>	308544	302743	298642	159230
Depreciation	<b>55724</b>	58319	56329	52081	66598
Profit before Tax	<b>216806</b>	250416	245337	245892	92874
Tax	<b>70500</b>	85200	85000	85800	32700
Profit after Tax	<b>146306</b>	162516	160337	160092	60174
Earnings per share in Rs.	<b>39.01</b>	44.06	42.68	42.69	16.05
Book value per share in Rs.	<b>376.14</b>	360.37	339.71	320.35	301.06
Dividend %	<b>200</b>	200	200	200	125
Net profit ratio %	<b>4.18</b>	4.89	5.21	4.94	1.74
Rate of return on investment %	<b>10.37</b>	12.33	12.59	13.33	5.33
Current Ratio (Times)	<b>2.74</b>	2.58	2.54	2.90	1.8
Price earnings ratio (Times)	<b>10.34</b>	9.55	6.77	9.27	19.9

**Nippo Batteries Co. Ltd**

Registered Office : 'Pottipati Plaza, No.77, Nungambakkam High Road,  
IV Floor, Nungambakkam, Chennai - 600 034.

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER  
AT THE ENTRANCE OF MEETING HALL

Folio No. : ..... D.P. ID : ..... Client  
ID : .....

Name in full : .....

I Certify that I am a Shareholder of the Company and hold  
..... shares. I hereby record my presence of the Thirty  
Eighth Annual General Meeting of the Company 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

\* Please indicate whether Member or Proxy

Signature of the Member or Proxy \*

**Nippo Batteries Co. Ltd**

Registered Office : 'Pottipati Plaza, No.77, Nungambakkam High Road,  
IV Floor, Nungambakkam, Chennai - 600 034.

**PROXY FORM**

Folio No. : ..... D.P. ID : ..... Client ID : .....

I / We ..... of .....  
in the District of ..... being a  
Member(s) of the above named Company hereby appoint Mr. / Ms. ....  
of ..... in the District of ..... or failing  
him Mr. / Ms. .... of ..... in the  
District of ..... as my / our  
Proxy to attend and vote for me / us on my / our behalf at the Thirty Eighth Annual General  
Meeting of the Company to be held on on Wednesday, the 20th day of July, 2011 at 10.15 A.M and at  
every adjournment thereof.

Affix  
1 Rupee  
Revenue  
Stamp

Signed this ..... day of ..... 2011

Note : Any member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the  
Proxy need not be a member. The form duly completed must be deposited at the Registered Office of the Company not less than  
48 hours before the time for holding the meeting.



## Nippo Batteries Co. Ltd

Pottipati Plaza,  
77, Nungambakkam High Road,  
Nungambakkam, Chennai - 600 034.  
Ph.: +91-44-28272711 / Fax: +91-44-28272218