



# INDIA NIPPON ELECTRICALS LIMITED

(All Correspondence to be addressed to Registered Office)

Regd. Office : 11 & 13, Patullos Road,  
Chennai - 600 002.  
CIN L31901TN1984PLC011021

Tel : +91-44-2846 0073  
Fax : +91-44-2846 0631  
e-mail : inelcorp@inel.co.in  
Web : www.indianippon.com

September 1, 2017

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

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

Dear Sirs,

Sub.: Pursuant to Regulation 30 read with Sch III (A) (12) of the Listing Regulations.

Pursuant to Reg.30 read with Schedule III (A) (12) of the Listing Regulations, we attach a copy of the Chairman's Speech delivered at the 32<sup>nd</sup> Annual General Meeting of the company held on 24<sup>th</sup> Aug 2017. This is for your information and record.

Thanking you

Yours sincerely  
For India Nippon Electricals Ltd

S SAMPATH  
Company Secretary

Encl: As above



Factory : Hosur - Thali Road, Uliveeranapalli, Hosur - 635 114. Tamil Nadu.  
Tel : +91 - 4347 - 233432 to 438 Fax : +91 - 4347 - 233431



## INDIA NIPPON ELECTRICALS LIMITED

### Chairman's speech

Speech delivered by

**Mr. T. K. Balaji**

at the 32nd Annual General Meeting  
of the Company held on  
24th August 2017 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: 2016-17**

During 2016-17 while the two wheeler industry growth was around 6%, your Company's sales recorded a growth of around 4% over the previous year mainly due to demonetization impact. Profit before tax recorded a growth of around 14% mainly due to cost reduction initiatives in sourcing of materials and cost recovery from customers. Electronic business registered growth of 17% over previous year and yielded better gross margins. During the year, the company introduced a new range of electronics products and also secured sizeable business for the future.

Your company retained its share of business with key customers and achieved a 19% growth in export business mainly to US. The direct sales to aftermarket recorded a growth of around 23% by expanding the dealer network and product range.

### **CURRENT YEAR PERFORMANCE-TO-DATE:**

The current year started with uncertainty over introduction of BS IV norms and introduction of GST but quickly picked up due to underlying growth prospects especially in scooter segment. The company was quick enough to respond to industry demand and expectation from customers. However, slow offtake was noticed in aftermarket due to GST introduction. Increase in our customers' share in the market have also helped in achieving a robust growth in the first quarter. Your company recorded a growth of around 25% YOY against industry growth of 9% in terms of sales and a healthy growth in profits over the previous year.

### **PROSPECTS: 2017-18**

Now let me brief you about few activities initiated towards the future development of the company.

Your company has been successful in developing and securing more business in electronic products as part of our Business Strategy. The company has also developed a new generation of products to help customers meet BS VI emission standards and the company has made good progress in winning business for the same.

The company has developed a new technology called Integrated Starter Generator for which we expect to have significant customer benefit when BS VI norms are introduced. The company has also started expanding its business in smart regulators which have been well accepted by customers.

Your company continues to pursue new customers in the export and domestic markets and is making good progress on the same. We expect this to further accelerate our growth in the coming years.



To further improve our competitiveness, your company has engaged an external agency to help reduce costs through initiatives such as e-auctions and global sourcing. We expect the benefits of this initiative to help the company achieve its profit targets in the coming years.

Keeping the future growth in mind, your company has planned to increase the capacities with focus more on automation, to improve productivity and quality apart from faster response to customers. To meet this requirement, infrastructure needs to be expanded in the factories.

#### **TECHNOLOGY DEVELOPMENT**

Your company is working to further expand its electronics product portfolio and is exploring new lines of control units and sensors. To accelerate this process, the company is considering to establish a separate R&D center to focus on the next generation of products including for electric vehicles.

Your company is successful in filing 25 patents in total, out of which 8 Patents have been introduced in mass production resulting in business expansion.

#### **HUMAN RESOURCES**

The long-term wage settlement has been completed successfully at Pondicherry Plant. Continuous improvement on productivity is in place, with the active co-operation of the employees, to meet the customer schedules.

#### **CONCLUSION**

Overall, the directors are pleased with the progress of the company. However new challenges are emerging with the growth of e-mobility. All the company's current products are focused on IC engines. In the coming years, it is vital that we develop a new generation of products that can be supplied to electric vehicles and the company is working hard for the same. This transition will be challenging but the company is confident that INEL will continue to be a leader through its strong R&D culture.

#### **ACKNOWLEDGEMENT**

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

I also wish to thank M/s Bank of Baroda, HDFC Bank, ICICI Bank, Axis Bank, Governments at the Center and in the States of Tamil Nadu, Haryana and Pondicherry 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,

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