



39th Annual Report 2011 - 12

Nippo Batteries Co. Ltd

Nippo Batteries Co. Ltd

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Nippo Batteries Co. Ltd

BOARD OF DIRECTORS

Justice S. Natarajan
Chairman

P. Dwaraknath Reddy
Managing Director

R.P. Khaitan
Joint Managing Director

V.R. Gupte

Dr. S.A. Dave

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
CITI Bank N.A

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 NINTH 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 Tuesday, the 31st day of July, 2012 at 10.30 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, 2012 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 Justice S. Natarajan, 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. Hiroyuki Aota, 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 a SPECIAL RESOLUTION:

"Resolved that pursuant to the resolution passed by the members of the Company at the annual general meeting held on 11th September 2009, and pursuant to sections 198,269,309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII to the Act, consent of the Company be and is hereby accorded for the Remuneration and other perquisites payable to Mr. P.Dwaraknath Reddy, Managing Director of the Company with effect from October 1,2012 to September 30,2014 on the terms set out hereunder."

Salary : Rs.4,00,000 per month

Commission : 1% of Net Profits of the company

Perquisites:

- a) Medical Reimbursement: Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- b) Leave Travel Concession: For self and family once a year as per the rules of the Company.
- c) Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership not being allowed.
- d) Personal accident insurance: Annual premium payable as per the policy of the Company.
- e) Company's contribution towards Provident Fund: Not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
- f) Company's contribution to Superannuation / Annuity Fund: Not exceeding 15% of the salary as laid down under the Income Tax Rules, 1962
- g) Gratuity: One full month's salary for each completed year of service.
- h) Encashment of leave at the end of tenure as per the rules of the Company.
- i) Car: For use of Company's business. Use of car for private purposes shall be billed by the Company to Mr. P. Dwaraknath Reddy.
- j) Telephone: Telephone facility at residence. Personal long distance calls shall be billed by the Company to Mr. P. Dwaraknath Reddy.

The other terms and conditions as to his appointment and remuneration as approved by the share holders at the annual general meeting held on 11th September 2009 remain unaltered.

Resolved further that above remuneration and perquisites payable to Mr. P.Dwaraknath Reddy, Managing Director of the Company shall be revised subject to approval of Remuneration committee, Board and share holders at the general meeting of the Company.

Resolved further that pursuant to sub-section (4) of Section 198 of the Companies Act, 1956, the above remuneration and perquisites be paid to Mr. P. Dwaraknath Reddy, Managing Director as minimum remuneration in case of absence or inadequacy of profits in any financial year of the Company during his term of office.

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 resolution passed by the members of the Company at the annual general meeting held on 11th September 2009, and pursuant to sections 198,269,309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII to the Act, consent of the Company be and is hereby accorded for the Remuneration and other perquisites payable to Mr. R.P.Khaitan, Joint Managing Director of the Company with effect from October 1,2012 to September 30,2014 on the terms set out hereunder."

Salary : Rs.4,00,000 per month

Commission : 1% of Net Profits of the company

Perquisites:

- a) Medical Reimbursement: Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- b) Leave Travel Concession: For self and family once a year as per the rules of the Company.
- c) Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership not being allowed.
- d) Personal accident insurance: Annual premium payable as per the policy of the Company.

- e) Company's contribution towards Provident Fund: Not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
- f) Company's contribution to Superannuation / Annuity Fund: Not exceeding 15% of the salary as laid down under the Income Tax Rules, 1962.
- g) Gratuity: One full month's salary for each completed year of service.
- h) Encashment of leave at the end of tenure as per the rules of the Company.
- i) Car: For use of Company's business. Use of car for private purposes shall be billed by the Company to Mr. R. P. Khaitan.
- j) Telephone: Telephone facility at residence. Personal long distance calls shall be billed by the Company to Mr. R. P. Khaitan.

The other terms and conditions as to his appointment and remuneration as approved by the share holders at the annual general meeting held on 11th September 2009 remain unaltered.

Resolved further that above remuneration and perquisites payable to Mr. R. P.Khaitan, Joint Managing Director of the Company shall be revised subject to approval of Remuneration committee, Board and share holders at the general meeting of the Company.

Resolved further that pursuant to sub-section (4) of Section 198 of the Companies Act, 1956, the above remuneration and perquisites be paid to Mr. R.P. Khaitan, Joint Managing Director as minimum remuneration in case of absence or inadequacy of profits in any financial year of the Company during his term of office.

For and on behalf of the Board of Directors
For Nippo Batteries Co. Ltd.

Place: Chennai
Date : 25th May, 2012

V.R. Gupte
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 24/07/2012 to 31/07/2012 (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 31st July, 2012. The said dividend will be paid on 7th August, 2012. 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 to the Share Transfer Agent of the Company, M/s. Cameo Corporate Services Limited, Subramanian Building, No.1 Club House Road, Chennai-600002 for the purpose of mailing Dividend Warrants. 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 holding shares in electronic mode may please note that the dividend payable to them would be paid through Electronic Clearing Services (ECS) at the available RBI locations. The dividend would be credited to their bank account as per the mandate given by the members to their Depository Participants (DPs). In absence of availability of ECS facility, the dividend will be paid through warrants and the bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations.
8. In respect of shares held in physical form, members desirous of receiving dividends by way of direct credit to their bank accounts through ECS may authorize the Company with their ECS mandate. The Shareholders desirous of obtaining the ECS mandate may download the form from the website of the company at www.nippobatteries.com or may write to the company secretary at the Registered Office of the Company.
9. 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.
10. 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.
11. Pursuant to Section 205A of the Companies Act, 1956, an amount of Rs.3,00,780/- remaining unclaimed out of the dividend for the year 2003-04 (declared on 09th July 2004) was transferred to the Investor Education and Protection Fund established under Section 205C(1) of the Act on 12th August 2011. The unclaimed dividend, if any, for the year 2004-2005 will become transferable to the "Investor Education and Protection Fund" on or before 21-07-2012. 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.
12. Members seeking any information or clarification with regard to the accounts are requested to write to the Company atleast ten days in advance of the meeting so as to enable the Company to keep the information ready.
13. The Ministry of Corporate Affairs vide its Circular dated 21st 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 NINTH ANNUAL GENERAL MEETING OF THE COMPANY AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO.6

The shareholders at their Annual General Meeting held on 11th September 2009 had approved the remuneration payable to Mr. P.Dwaraknath Reddy, Managing Director of the Company with effect from 1st October 2009.

Considering to his credit, vast, rich and varied cross functional experience in all fields and based on the recommendations of the Remuneration Committee, the Board at their meeting held on 25th May, 2012, approved the remuneration payable to him with effect from 1st October 2012.

The terms and conditions and remuneration as stipulated in the resolution which is in line with Schedule XIII of the Companies Act, 1956.

The proposed resolution is for obtaining the approval of shareholders.

None of the directors of the Company except Mr. P.Dwaraknath Reddy is concerned or interested in the proposed resolution.

This explanatory statement with accompanying notice should be treated as Memorandum of Interest under section 302 of the Companies Act, 1956.

ITEM NO.7

The shareholders at their Annual General Meeting held on 11th September 2009 had approved the remuneration payable to Mr. R.P. Khaitan, Joint Managing Director of the Company with effect from 1st October 2009.

The Remuneration Committee, the Board at their meeting held on 25th May, 2012, approved the remuneration payable to him with effect from 1st October 2012.

The terms and conditions and remuneration as stipulated in the resolution which is in line with Schedule XIII of the Companies Act, 1956.

The proposed resolution is for obtaining the approval of shareholders.

None of the directors of the Company except Mr. R.P.Khaitan is concerned or interested in the proposed resolution.

This explanatory statement with accompanying notice should be treated as Memorandum of Interest under section 302 of the Companies Act, 1956.

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:

Justice S. Natarajan

Justice S. Natarajan is a B.A., B.L (Retd.), a successful Lawyer and also served as a Public Prosecutor. He was appointed District and Sessions Judge and then elevated as Judge of the Madras High Court. After serving for more than 13 years in Madras High Court he was

appointed as Judge of Supreme Court and retired from service. He is a Non Executive Chairman of your Company since March 2002.

Other Directorship:

1. Panasonic Home Appliances India Co. Ltd

He is also a Chairman of Remuneration Committee and a Member of Audit Committee and Share Transfer committee of your Company; Chairman of Audit Committee and Share Transfer and Grievance Committee of Panasonic Home Appliances India Co., Ltd.

Share holding: NIL

Mr. H. Aota

Mr. Aota graduated from Kwansai Gakuin University, Faculty of Economics and started his career at M/s. Panasonic Corporation (formerly known as M/s. Matsushita Electric Industrial Co. Ltd.) in the year 1983 and in the year 2003 he becomes General Manager, Information Equipment Motor Business Unit and he is currently working as Business Unit Executive- Dry Battery Business Unit, Panasonic Corporation (Energy Division) Japan.

Other Directorship:

1. Panasonic Energy India Co.Ltd
2. Panasonic Energy Belgium N.V
3. Panasonic Energy Poland S.A
4. Panasonic Energy Tanzania Company Ltd
5. Panasonic Global Energy Indonesia
6. Panasonic Energy Corporation of America
7. Panasonic Energy (Shanghai) Co.Ltd
8. Panasonic Carbon (Anyang) Co.Ltd
9. Panasonic Carbon India Co.Ltd
10. Panasonic Energy(Wuxi) Co.Ltd
11. Panasonic Energy (Thailand)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 : 25th May, 2012

V.R. Gupte
Chairman

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirty Ninth Annual Report of your Company together with the Audited Balance Sheet as at March 31, 2012, 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 decreased about 2% for the year 2011-12. Your Company's production had also decreased from 668 million pieces to 605 million pieces showing decreases of 9%. The sales also decreased from 696 million pieces to 670 million pieces. In terms of value, your Company had registered a turnover of Rs.340 crores as against Rs.350 crores for the previous year shows a decrease of 2.85% over the previous year.

LIGHTING PRODUCTS

The sales volume of lighting products had increased from 71.10 lakh pieces to 73.92 lakh pieces as compared to the previous year.

FINANCIAL RESULTS

The profit before tax for the year under review is at Rs.11.72 Crores as against Rs.21.68 crores in the previous year. The financial results for the year 2011-12 as compared with the previous year are summarized as under.

	2011-12	2010-11
	(Rs. in crores)	(Rs. in crores)
Profit for the year	16.76	27.25
Less : Depreciation for the year	5.04	5.57
Profit after depreciation	<u>11.72</u>	<u>21.68</u>
Profit Before Tax	11.72	21.68
Provision for tax including Deferred tax	<u>3.29</u>	<u>7.05</u>
Profit after Tax	8.43	14.63
Surplus in P&L Account brought forward	2.48	5.05
Profit available for appropriation	<u>10.91</u>	<u>19.69</u>

Your Directors recommend the following appropriations :

General Reserve	2.00	5.75
Proposed Dividend	3.75	7.50
Tax on proposed dividend	0.61	1.22
Surplus in P&L A/c carried forward	4.55	5.22
Total	<u>10.91</u>	<u>19.69</u>

DIVIDEND

Your Directors recommends a dividend of 100% for the year 2011-12. This Dividend, if approved, will be paid to the Shareholders whose names appear on the Register of Members as on 31st July, 2012. The Company intends to pay the dividend on 7th August, 2012 itself, instead of waiting for the statutory period of 30 days permitted by the provisions of the Companies Act, 1956.

STATEMENT PURSUANT TO LISTING AGREEMENT

The Company's Securities are listed at the Stock Exchanges of Mumbai, Chennai, and at the National Stock Exchange. The Company has paid the Annual Listing fee to all the Stock Exchanges.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with Auditors' Certificate on its compliance is attached as Annexure "B" to this report.

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE, ETC.

Your Company has always been in the forefront of energy conservation. Several measures to conserve energy and to reduce the costs associated with it have been taken. The details regarding conservation of energy, foreign exchange, technology absorption including R & D efforts (as required under Section 217(1) (e) of the Companies Act, 1956) are given in Annexure "A" to this Report. The Company has an in-house Research Development Department, where the main areas of focus are, Energy Conservation, Process upgradation and Environment Preservation. The

Ministry of Science and Technology, Department of Scientific and Industrial Research, Government of India has recognized in-house R&D facilities of the Company.

PERSONNEL

Your Directors wish to place on record their appreciation for the dedication and hard work put in by the employees at all levels for the overall growth of your Company. Relations with the employees at both the Factories and Head office and other Branches were cordial during the year.

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 Justice S. Natarajan and Mr. H. Aota retire by rotation at this ensuing Annual General Meeting. They being eligible, offer themselves for re-appointment.

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 31st March, 2012 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 are eligible for re-appointment. The Company has received a Certificate from them confirming that their appointment will be within the limits laid down under Section 224(1B) of the Companies Act, 1956.

COST AUDITOR

As per the directions of Central Government, the company has appointed Mr. P. Raju Iyer, Practising Cost Accountant, as the Cost Auditor of the Company under Section 233B of the Companies Act, 1956 for the Audit of the cost accounts for the year ending 31st March, 2012.

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 : 25th May, 2012

V.R. Gupte
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, 2012.

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 2011-12.

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	11.62
b) Total R & D expenditure as a percentage of total turnover	0.03

Technology absorption, adaptation, and innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation: Installation of sophisticated instrument for R & D, testing and process control measures. Technology has been fully absorbed and adapted for all types of Dry cell batteries.
2. Benefits derived as a result of the efforts, e.g: product improvement, cost reduction, product quality maintenance and import substitution, etc.,
 - (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. 4150.09 lakhs as against Rs. 5047.70 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 : 25th May, 2012

V.R. Gupte
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	1	2	-
Mr. P.Dwaraknath Reddy	Executive Director	2	None	447144
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	10	5	-

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:

29th April 2011, 20th July 2011, 19th October 2011 and 25th January 2012.

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	3	Yes
Mr. H. Aota	4	2	Yes
Mr. H. Sugimura	4	-	No
Mr. K. Kudara	4	4	Yes
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.
- To review related party transactions, statutory compliance etc.

During the year, four meetings were held one of which was before finalisation of accounts. The said meetings were held on 28th April 2011, 19th July 2011, 18th October 2011 and 25th January 2012. The constitution of the Committee and the attendance of each member of the Committee as on March 31, 2012 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. Dwaraknath 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 specific remuneration packages for 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 2011-12 are given below:

(Rs. in lakhs)

Name & Designation	Salary	Perquisites	Total
Mr. P. Dwaraknath Reddy Managing Director	48.00	17.51	65.51
Mr. R.P. Khaitan Joint Managing Director	48.00	17.93	65.93

The Company Secretary is the compliance officer of the committee.

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, 2012 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 2011-2012. 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 2011-2012. 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
36 th	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 th	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.
38 th	2010 - 2011	Sri . P. Obul Reddy Hall Vani Mahal, No.103, G.N. Chetty Road, Chennai - 600 017	20-07-2011	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.	Appointment of Managing Director	11 th September, 2009	31 st March, 2009
2.	Appointment of Joint Managing Director	11 th September, 2009	31 st March, 2009
3.	Nil	23 rd July, 2010	31 st March, 2010
4.	Payment of Commission to Independent/Non-Executive Directors	20 th July, 2011	31 st March, 2011

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.

i) MANAGEMENT DISCUSSION AND ANALYSIS:

Appended to this Report.

j) GENERAL SHAREHOLDERS' INFORMATION:

- 1. AGM date, time and venue** : 31st July, 2012; Tuesday at 10.30 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** : Tuesday, 24th July, 2012 to Tuesday 31st July, 2012 (both days inclusive)
- 3. Financial Year** : 01-04-2011 to 31-03-2012
- 4. Annual Results** : 25th May, 2012
- 5. Posting of Annual Reports** : 6th July, 2012
- 6. Last date of receipt of proxy Forms** : 48 hrs before AGM
- 7. Dividend payment date** : 7th August, 2012
- 8. Listing Fees** : Paid to all the above stock exchanges for the year 2011-12.
- 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) BSE Ltd.
Floor 25, Phiroze Jheejeebhoy 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 :

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

13. Monthly share price quotation at BSE & NSE during 2011-12 are:

MONTH	BSE			NSE		
	HIGH (Rs.)	LOW (Rs.)	NO. OF SHARES TRADED	HIGH (Rs.)	LOW (Rs.)	NO. OF SHARES TRADED
APRIL - 11	455.00	403.25	22128	455.00	402.25	18791
MAY - 11	440.90	416.00	6064	444.50	411.25	9223
JUNE - 11	454.00	422.10	8189	456.00	418.00	8986
JULY - 11	490.00	404.00	26563	489.00	400.00	46219
AUGUST - 11	459.95	355.00	10366	430.00	365.50	17847
SEPTEMBER - 11	419.80	385.20	5242	410.00	385.50	3703
OCTOBER - 11	408.70	381.00	3730	414.95	382.55	5639
NOVEMBER - 11	411.95	375.00	4322	437.75	372.10	5727
DECEMBER - 11	404.95	353.10	4040	398.75	354.40	9518
JANUARY - 12	423.00	365.00	3346	398.95	362.00	3143
FEBRUARY - 12	440.00	384.80	7079	432.85	365.70	7719
MARCH - 12	422.00	387.00	5830	414.90	382.20	6378

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 Share Transfer Agent 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, 2012.

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 31st March, 2012, 96.99% of the Company's total shares representing 36,37,413 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, 2012:

Number of shares	Number of shareholders	Percentage of shareholders	Number of shares held	Percentage of shareholding
1 - 500	5262	94.25	410067	10.94
501 - 1000	178	3.19	129336	3.45
1001 - 2000	75	1.34	108456	2.89
2001 - 3000	21	0.38	50241	1.34
3001 - 4000	9	0.16	32526	0.87
4001 - 5000	2	0.04	9430	0.25
5001 - 10000	13	0.23	87843	2.34
10001 & above	23	0.41	2922101	77.92
TOTAL	5583	100.00	3750000	100.00

19. Categories of Shareholders as on 31st March, 2012:

Category	No. of shares held	% of shareholding
Foreign Collaborator	1147125	30.59
Indian Promoters	1661795	44.31
Resident Indians	786783	20.98
Non-Resident Indians	59786	1.60
Foreign Institutional Investors	50	0.00
Domestic Companies	94441	2.52
Banks/Insurance Companies	-	-
TOTAL	3750000	100.000

20. Details of unclaimed Share Certificates :

In terms of Clause 5A of the Listing agreement, the Company had sent reminder letters to all the share holders whose share certificate have returned undelivered. The company will transfer the shares, still remaining undelivered in to one Folio in the name of Unclaimed suspense demat account. The company is in the process of opening an Unclaimed Suspense Account and further disclosure under clause 5A(II)(h) will be made in due course.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE :

During the financial year 2011-12, the Dry Cell Battery Industry as a whole had registered growth of 1%. The sale of dry cell batteries in the industry had increased from 2262 million pieces to 2287 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.340.00 crores as compared to Rs.350 crores in the previous year. The profit before depreciation is at Rs.16.76 crores as against Rs.27.25 crores in 2010-11 and the depreciation for the year is Rs.5.04 crores as against Rs.5.57 crores in the previous year. The profit before tax is Rs.11.72 crores as against Rs.21.68 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, 2012, the number of employees stood at 427 covering all locations compared to 419 as of March 31, 2011.

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. DWARAKNATH REDDY
MANAGING DIRECTOR & CEO

Place : Chennai
Date : 25th May, 2012

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 31.03.2012 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 : 25th May, 2012

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 31st March, 2012 and the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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 31st March, 2012 ;
 - ii) in the case of Statement of Profit and Loss, 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 : 25th May, 2012

(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.15.20 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.
- xii) The Company has not availed borrowing facilities from financial institutions and debenture holders.
- xiii) 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.
- xiv) The clause regarding special statutes is not applicable to the Company.
- xv) As per the records maintained, the Company does not deal or trade in shares, securities, debentures and other investments.
- xvi) 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.
- xvii) The company has not raised any term loans during the year.
- xviii) 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.
- xix) The company has not made any preferential allotment of shares during the year.
- xx) The company has not issued any debentures during the year.
- xxi) The company has not raised any money by public issues during the year.
- xxii) 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: 25th May, 2012

BALANCE SHEET AS AT MARCH 31, 2012

(Rs. in Lakhs)

Particulars	Note No.	As at March 31,2012	As at March 31,2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	375.00	375.00
(b) Reserves and Surplus	3	13,863.15	13,730.27
(2) Non-Current Liabilities			
(a) Deferred tax liabilities (Net)	4	919.80	950.80
(b) Long-term liabilities	5	6.62	4.62
(c) Long-term provisions	6	75.30	81.22
(3) Current Liabilities			
(a) Short-term borrowings	7	887.12	-
(b) Trade payables	8	1,485.06	1,311.43
(c) Other current liabilities	9	454.79	469.56
(d) Short term provisions	10	734.24	1,121.45
TOTAL		18,801.08	18,044.35
II. ASSETS			
(1) Non-current Assets			
(a) Fixed assets	11		
(i) Tangible assets		4,842.15	4,869.17
(ii) Intangible assets		58.66	-
(iii) Capital work-in-progress		32.34	62.60
(b) Long-term loans and advances	12	64.38	64.38
(2) Current Assets			
(a) Inventories	13	4,369.96	4,411.09
(b) Trade receivables	14	6,396.96	6,037.48
(c) Cash and cash equivalents	15	2,450.16	1,737.01
(d) Short-term loans and advances	16	506.78	526.82
(e) Other current assets	17	79.69	335.80
TOTAL		18,801.08	18,044.35
Significant Accounting Policies and Notes on Accounts	1		

P. DWARAKNATH REDDY
Managing Director

R.P. KHAITAN
Joint Managing Director

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

J. SRINIVASAN
Secretary

P. SRINIVASAN
Partner

Place : Chennai
Date : 25th May, 2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in Lakhs)

Sl. No.	Particulars	Note Nos.	Year ended March 31,2012	Year ended March 31,2011
I.	Revenue from operations (Gross)	18	34,067.32	35,000.13
	Less : Excise Duty		3,331.81	3,465.65
	Revenue from operations (Net)		30,735.51	31,534.48
II.	Other Income	19	1,116.30	903.02
III.	Total Revenue (I + II)		31,851.81	32,437.50
IV.	Expenses			
a.	Cost of materials consumed	20	15,916.62	16,711.30
b.	Purchases of stock-in-trade	21	7,492.71	7,698.94
c.	Changes in inventories of finished goods Work-in-progress and stock-in-trade	22	235.80	(977.51)
d.	Employee benefits expenses	23	2,068.87	1,962.78
e.	Finance costs	24	41.34	21.94
f.	Depreciation and amortization expense	25	504.10	557.24
g.	Other expenses	26	4,420.25	4,294.75
	Total Expenses		30,679.69	30,269.44
V.	Profit before exceptional and extraordinary items (III-IV)		1,172.12	2,168.06
VI.	Exceptional and extraordinary items		-	-
VII.	Profit before tax and after exceptional and extraordinary items (V-VI)		1,172.12	2,168.06
VIII.	Less : Tax expenses			
a.	Current tax		360.00	722.00
b.	Deferred tax		(31.00)	(17.00)
IX.	Profit for the year		843.12	1,463.06
X.	Earning per share (of Rs.10/- each)			
a.	Basic		22.48	39.01
b.	Diluted		22.48	39.01

Significant Accounting Policies and Notes on Accounts **1****P. DWARAKNATH REDDY**

Managing Director

R.P. KHAITAN

Joint Managing Director

As per our Report attached

for **P. SRINIVASAN & Co.**

Chartered Accountants

J. SRINIVASAN

Secretary

P. SRINIVASAN

Partner

Place : Chennai

Date : 25th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in Lakhs)

Particulars	Year ended March 31,2012	Year ended March 31,2011
A. Cash flow from operating activities		
Net Profit before Tax	1,172.12	2,168.06
Adjustment for :		
Depreciation		
Loss on sale of Fixed Assets	504.10	557.24
Profit on sale of Fixed Assets	0.20	-
Unrealised Exchange Variation	(0.12)	(0.14)
Operating Profit before working capital changes	1,676.30	2,725.16
(Increase) / Decrease in Trade Receivables	(359.48)	(546.47)
(Increase) / Decrease in other Receivables	353.13	(102.85)
(Increase) / Decrease in Inventories	41.13	(1,180.32)
(Increase) / Decrease in Trade payables and other payables	142.73	(29.08)
Changes in Working Capital	177.51	(1,858.72)
Cash generated from operations	1,853.81	866.44
Tax paid	376.16	752.56
Net cash generated from operating activities	1,477.65	113.88
B. Cash flow from investing Activities		
Capital Expenditure	(510.36)	(279.54)
Proceeds from sale of Fixed Assets	4.79	7.85
(Increase / Decrease in Bank Balances considered as cash	887.13	(190.00)
Net Cash used in Investing Activities	381.56	(461.69)
C. Cash flow from Financing Activities		
Early separation scheme	(274.39)	-
Dividend paid including Dividend Tax	(871.67)	(871.67)
Net cash (used in) / generated from Financing Activities	(1,146.06)	(871.67)
D. Net Increase / (Decrease) in Cash & Cash Equivalents	713.15	(1,219.48)
E. Cash & Cash Equivalents (Opening)	1,737.01	2,956.49
F. Cash and Cash Equivalents (Closing)	2,450.16	1,737.01

P. DWARAKNATH REDDY
Managing Director

R.P. KHAITAN
Joint Managing Director

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

J. SRINIVASAN
Secretary

P. SRINIVASAN
Partner

Place : Chennai
Date : 25th May, 2012

1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES :

a) BASIS OF ACCOUNTING

The financial accounts are prepared under the historical cost convention and accounted on accrual basis and in accordance with Accounting Principles generally accepted in India and comply with the Accounting Standards notified by the Central Government of India, under the Companies (Accounting Standards) Rules 2006 and relevant provisions of the Companies Act,1956.

b) USE OF ESTIMATES

The preparation of the financial statements is in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and the disclosure relating to contingent assets and liabilities as on the date of financial statements and the reported amount of revenues and expenses during the reporting year and management believes that the estimates used in the preparation of financial statements are prudent and reasonable. The actual results may differ from these statements.

c) INVENTORIES

Finished goods, Raw materials including components, 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. Excise duty payable on manufactured finished goods held in the factory is included in the value of closing stock wherever applicable.

d) FIXED ASSETS AND DEPRECIATION

Depreciation has been charged:

- (i) at 10% under straight line method on imported Body maker and Bag openers and other projects under plant and machinery 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 Mills under the straight line method.
 - (b) on all the other assets under written down value method.

e) REVENUE RECOGNITION

- (i) Sales exclude discounts,sales tax recoveries and include excise duty.
- (ii) Interest is recognised on time basis determined by the amount outstanding and the rate(s) applicable.

f) FIXED ASSETS

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

g) 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 Statement of Profit and Loss. 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 cost of fixed assets.

h) EMPLOYEE BENEFITS

- 1) Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of 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 statement of 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 charged to the statement of Profit and loss.

i) EARNINGS PER SHARE

The company's share capital consists only of Equity Shares. The basic and diluted earnings per share are calculated and disclosed.

j) ACCOUNTING FOR TAXES ON INCOME

Tax expense for the current year comprises current tax and deferred tax. Deferred tax liability is recognised for all timing differences. The deferred tax asset on temporary difference is recognised subject to consideration of prudence.

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

l) 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.

m) INTANGIBLE ASSETS

Intangible assets are disclosed in the accounts separately and written off over their useful life.

n) IMPAIRMENT OF ASSETS

There being no indication of impairment of assets determined by the Company, no loss has been recognised on impairment of assets.

	As at Mar. 31, 2012	(Rs. in Lakhs) As at Mar.31, 2011
2. SHARE CAPITAL		
(1) Authorised		
50,00,000 Equity Shares of Rs.10/- each	500.00	500.00
(2) Issued subscribed and Paid-up		
37,50,000 Equity Shares of Rs.10/- each fully paid up	375.00	375.00
(a) Reconciliation of Number of Shares		
Shares outstanding as at 1st April, 2011 / 1st April 2010	3750000	3750000
Shares outstanding as at 31st March, 2012 / 31st March, 2011	3750000	3750000
(b) Name of share holders holding more than 5% of total number of shares issued by the company :		
Panasonic Corporation	1147125	1147125
P. Dwaraknath Reddy	447144	147213
Krishnakumar Jiwaraika	260512	260512

The Company has issued only one class of equity shares having a par value of Rs.10/- each. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the Annual General Meeting and is declared on approval.

		Rs. in Lakhs	
		As at Mar. 31, 2012	As at Mar.31, 2011
3. RESERVES AND SURPLUS			
1. General Reserve			
Opening Balance		13,207.82	12,632.82
Add : Transfer from surplus		200.00	575.00
Closing Balance		<u>13,407.82</u>	<u>13,207.82</u>
2. Surplus			
Opening Balance		522.44	506.06
Less : Early Separation Scheme charged off		274.39	-
Additions during the year (Balance in Statement of Profit & Loss)		843.12	1,463.06
Appropriations :			
Proposed Dividend		375.00	750.00
Tax on Dividend		60.84	121.67
Transfer to General Reserve		200.00	575.00
Closing Balance		<u>455.33</u>	<u>522.45</u>
GRAND TOTAL		<u>13,863.15</u>	<u>13,730.27</u>
4. DEFERRED TAX LIABILITIES (NET)			
A. Deferred tax for current year			
a) Details of deferred tax asset :			
i. Employees retirement and other benefits		2.95	6.40
ii. Depreciation		54.13	37.60
iii. Others		0.92	-
		<u>58.00</u>	<u>44.00</u>
b) Details of deferred tax liability :			
i. Employees retirement benefit		-	2.70
ii. Early Separation Scheme for employees		27.00	12.70
iii. Others		-	11.60
		<u>27.00</u>	<u>27.00</u>
c) Net Deferred Tax Asset for the year			
		<u>(31.00)</u>	<u>(17.00)</u>
B. Total accumulated deferred tax liability			
Accumulated Deferred Tax Liability for earlier years			
i. Depreciation		559.55	559.55
ii. Accrued Taxes, Payments to employees etc.,		47.51	47.51
Net provision for opening differences charges to General Reserve		<u>512.04</u>	<u>512.04</u>
Deferred Tax Liability / (Asset)			
Current Year	(31.00)	-	-
Previous Year	438.76	<u>407.76</u>	<u>438.76</u>
Net Deferred Tax Liability		<u>919.80</u>	<u>950.80</u>

Nippo Batteries Co. Ltd

Rs. in Lakhs

	As at Mar. 31, 2012	As at Mar.31, 2011
5. OTHER LONG-TERM LIABILITIES		
Security deposits from distributors	6.62	4.62
6. LONG-TERM PROVISIONS		
Provision for employee benefits	75.30	81.22
7. SHORT-TERM BORROWINGS		
Unsecured Loan from a Bank	887.12	-
8. TRADE PAYABLES	1,485.06	1,311.43
<p>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 31st March 2012. The additional disclosures has required under the Micro, Small and Medium Enterprises Development Act, 2006 are not furnished.</p>		
9. OTHER CURRENT LIABILITIES		
Interest accrued but not due on borrowings	7.77	-
Unpaid dividends	46.82	41.13
Statutory liabilities payable (Net)	234.43	228.64
Other payables	165.77	199.79
Total	454.79	469.56
10. SHORT-TERM PROVISIONS		
Provision for employee benefits	125.42	108.48
Proposed dividend	375.00	750.00
Others	233.82	262.97
Total	734.24	1,121.45

11. FIXED ASSETS

Rs. in Lakhs

DESCRIPTION OF ASSET	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 1st April 2011	Additions	Deletions	As at 31st March 2012	Upto 31st March 2011	For the Year	Deletions	Upto 31st March 2012	As at 31st March 2012	As at 31st March 2011
Own Assets										
I. Tangible Assets										
1. Land	70.29	-	-	70.29	-	-	-	-	70.29	70.29
2. Buildings	1,806.87	390.38	-	2,197.25	1,054.83	65.78	-	1,120.64	1,076.64	752.03
3. Plant and Machinery	12,767.88	13.76	-	12,781.64	8,995.33	370.36	-	9,365.69	3,415.95	3,772.50
4. Furniture & Fixtures	175.08	3.67	0.06	178.69	108.26	12.42	0.06	120.62	58.07	66.86
5. Vehicles	209.75	17.00	17.92	208.82	134.17	21.66	13.19	142.64	66.18	75.61
6. Office Equipments	131.72	15.59	-	147.31	97.17	6.03	-	103.20	44.11	34.54
7. (i) Computer Systems	325.13	24.21	0.60	348.74	301.35	13.00	0.49	313.86	34.88	23.75
(ii) Airconditioners & Refrigerators	222.30	14.12	-	236.42	148.72	11.66	-	160.38	76.04	73.58
Sub-Total (A)	15,709.01	478.73	18.58	16,169.16	10,839.84	500.91	13.74	11,327.01	4,842.15	4,869.17
II. Intangible Assets										
1. Computer Software	-	61.89	-	61.89	-	3.23	-	3.23	58.66	-
Sub-Total (B)	-	61.89	-	61.89	-	3.23	-	3.23	58.66	-
III. Capital Work in Progress										
	62.60	13.51	43.78	32.34	-	-	-	-	32.34	62.60
Sub-Total (C)	62.60	13.51	43.78	32.34	-	-	-	-	32.34	-
Grand Total (A+B+C)	15,771.61	554.14	62.37	16,263.39	10,839.84	504.14	13.74	11,330.24	4,933.15	4,931.77
Previous Year	15,644.09	279.54	152.02	15,771.61	10,426.91	557.24	144.31	10,839.84	4,931.77	5,217.18

Nippo Batteries Co. Ltd

	As at Mar. 31, 2012	Rs. in Lakhs As at Mar.31, 2011
12. LONG TERM LOANS AND ADVANCES		
Security deposits	<u>64.38</u>	<u>64.38</u>
13. INVENTORIES		
(as taken, valued & certified by the management)		
Raw materials	1,541.47	1,426.79
Work in process	476.93	299.21
Finished goods (manufacture)	1,002.92	1,254.63
Stock-in-trade	1,105.71	1,267.53
Stores and spares	242.93	162.93
Total	<u>4,369.96</u>	<u>4,411.09</u>
14. TRADE RECEIVABLES		
(Unsecured and considered good)		
Outstanding for a period exceeding six months from the due date for payment	301.55	120.76
Outstanding for a period of less than six months from the due date for payment	6,095.41	5,916.72
Total	<u>6,396.96</u>	<u>6,037.48</u>
15. CASH & BANK BALANCES		
Cash and cash equivalents		
Cash on hand	1.87	1.82
Cheques and drafts on hand	792.30	316.78
Balance with banks		
Held as fixed deposits	1,457.18	1,326.36
In Current accounts	136.42	34.26
Unclaimed dividend accounts	46.82	41.13
Held as margin money against borrowings and other commitments	15.57	16.66
Total	<u>2,450.16</u>	<u>1,737.01</u>
16. SHORT TERM LOANS & ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or In kind for the value to be received	451.81	520.11
Receivable from Revenue authorities	29.51	58.23
Income tax and TDS (Net of liability)	25.46	(51.52)
Total	<u>506.78</u>	<u>526.82</u>
17. OTHER CURRENT ASSETS		
Prepaid expenses	65.19	330.69
Insurance claims	14.50	5.11
Total	<u>79.69</u>	<u>335.80</u>

Nippo Batteries Co. Ltd

Rs. in Lakhs

	As at Mar. 31, 2012	As at Mar.31, 2011
18. REVENUE FROM OPERATIONS		
Sale of Goods		
Manufactured Goods		
Dry Batteries	24,743.23	25,941.98
Traded goods		
Torches and others	9,324.09	9,058.15
Total	<u>34,067.32</u>	<u>35,000.13</u>
19. OTHER INCOME		
Interest income		
- Deposits	114.32	94.93
- Over due bills	864.16	734.31
Income tax refund	15.05	-
Net gain on sale of fixed assets	0.12	0.14
Other non-operating income	122.65	73.64
Total	<u>1,116.30</u>	<u>903.02</u>
20. COST OF MATERIALS CONSUMED		
Material Consumed Comprises of :		
Zinc	4,042.20	4,336.34
Others*	11,874.42	12,374.96
Total	<u>15,916.62</u>	<u>16,711.30</u>
* Include raw material, components and packing materials none of which individually accounts for more than 10% of the total consumption.		
21. PURCHASES OF TRADED GOODS : (Torch and others)	<u>7,492.71</u>	<u>7,698.94</u>
*None of which individually accounts for more than 10%		
22. CHANGES IN INVENTORIES		
At the beginning of the accounting year		
Finished goods	1,254.63	713.83
Goods-in- process	299.21	245.96
Stock-in-trade	1,267.53	884.07
Total	<u>2,821.37</u>	<u>1,843.86</u>
At the end of the accounting year		
Finished goods	1,002.92	1,254.63
Goods-in- process	476.94	299.21
Stock-in-trade	1,105.71	1,267.53
Total	<u>2,585.57</u>	<u>2,821.37</u>
	<u>235.80</u>	<u>(977.51)</u>

Nippo Batteries Co. Ltd

	As at Mar. 31, 2012	Rs. in Lakhs As at Mar.31, 2011
23. EMPLOYEE BENEFITS EXPENSE		
Salary,wages and Bonus	1,214.89	1,107.20
Directors remuneration	131.44	214.57
Contribution to Provident and other funds	192.04	203.99
Staff welfare expenses(including compensated absences)	530.50	437.02
Total	2,068.87	1,962.78
24. FINANCIAL COSTS		
Interest expenses	37.72	14.08
Other borrowing costs	7.89	7.86
Applicable net gain of foreign currency transaction/translation	(4.27)	-
Total	41.34	21.94
25. DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation	500.87	557.24
Amortisation	3.23	-
Total	504.10	557.24
26. OTHER EXPENSES		
Consumption of stores and spare parts	562.34	466.17
Power,Gas and Water	380.71	322.00
Repairs to :		
Machinery	26.01	40.07
Buildings	6.23	5.87
General	558.06	546.34
	590.30	592.28
Insurance	15.01	18.96
Research & Development Expenses	11.62	14.93
Rent	182.34	186.63
Travelling & Conveyance	247.38	207.31
Communication expenses	48.41	46.95
Printing and Stationery	18.99	17.35
Vehicle Maintenance	69.25	54.46
Auditors' Remuneration		
Statutory audit	2.50	2.50
Taxation and certification	1.25	1.25
Tax audit	1.25	1.25
Out of pocket expenses	0.50	0.50
	5.50	5.50
Professional charges	174.64	158.56
Additional Sales Tax, etc	24.86	30.51
Rates and taxes	81.22	91.53
Advertisement expenses	584.18	658.04
Freight charges	1,002.16	1,058.50
Sales promotion, Selling and Distribution expenses	338.29	307.06
Loss on sale of fixed assets	0.20	-
Miscellaneous expenses	82.85	58.01
Total	4,420.25	4,294.75

27. Defined Benefit Plan:

Defined benefit plan as per actuarial valuation as on 31st March, 2012 and recognised in the financial statements in respect of Employee Benefit Scheme: (AS - 15)

	Gratuity (funded)	
	2011 - 2012	2010 - 2011
	Rs. in Lakhs	
(i) Component of Employee Cost		
a) Current Service Cost	20.24	52.57
b) Interest Cost	44.94	39.29
c) Expected return on Plan Assets	79.59	36.77
d) Actuarial gain /(loss)	(39.17)	0.82
e) Net Liability recognised in the statement of Profit and Loss	24.76	96.69
(ii) Net Asset/(Liability) recognised in Balance Sheet		
a) Present value of obligation	628.18	561.75
b) Fair value of Plan Assets	647.99	516.83
c) Asset / (Liability) recognised in the Balance Sheet	19.81	45.00
(iii) Changes in defined benefit obligation		
a) Present value at the beginning	561.75	516.13
b) Current Service Cost	20.24	52.57
c) Interest Cost	44.94	39.29
d) Benefits paid	37.93	50.00
e) Actuarial loss	39.17	3.76
f) Present value at the end	628.18	561.75
(iv) Changes in fair value of Plan assets		
a) Present value at the beginning	516.83	443.79
b) Expected actual return on Plan Assets	79.59	36.77
c) Contributions	89.49	81.68
d) Benefit paid	37.93	50.00
e) Actuarial gain / (loss)	-	4.59
f) Fair value at the end	647.99	516.83
g) Funded Status Asset / (Liability)	19.81	(45.00)
(v) Actuarial Assumptions	%	%
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	5.00
d) Attrition rate	1-3	1-3

28. 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.

The Andhra Pradesh Sales Tax authorities filed Special Leave Petitions (SLPs) before the Supreme Court of India for the relevant years. The Supreme Court of India has however dismissed the SLPs filed by the A.P. sales Tax dept while upholding the order of the larger Bench of the A.P High Court. In view of this, no liability is to be provided in the books for sales tax as against of Rs. 20.62 crores shown as disputed and not provided for in the earlier years.

29. 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 whoelsale 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.110.42Lakhs) towards the said disputed sales tax "under protest".
- b) Part of Gratuity payable to Managing Director estimated at Rs.37 Lakhs (37 Lakhs).

30. The unamortised payment of ESS has been charged to the opening balance of surplus.

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

Enterprises 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. Dwaraknath Reddy
- Mr. R.P. Khaitan

Rs. in Lakhs

Nature of Transaction	Associates	Key Managerial Personnel	Enterprises under Common Control	Total
Sale of Goods	24,744.07	-	-	24,744.07
	(24,605.71)			(24,605.71)
Purchase of Goods	-	-	2,350.67	2,350.67
	(0.05)		(2,524.49)	(2,524.54)
Receiving of Services	640.39	-	-	640.39
	(495.63)			(495.63)
Rendering of Services	796.26	-	-	796.26
	(714.50)			(714.50)
Remuneration	-	131.44	-	131.44
		(214.57)		(214.57)
Due from as on 31st March, 2012	4,860.16	-	-	4,860.16
	(4,965.73)			(4,965.73)
Due to as on 31st March, 2012	7.42	10.00	210.81	228.23
	(10.47)	(6.00)	(67.26)	(83.73)

38. The Revised Schedule VI has become effective from 1st April 2011 for the preparation of Financial Statment.This has significantly impacted the disclosure and presentation made in the Financial statement.Figures have been given in lakhs of rupee's. Figures for the previous year (including those within brackets) have been regrouped wherever necessary to conform to those of the current year.

P. DWARAKNATH REDDY
Managing Director

R.P. KHAITAN
Joint Managing Director

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

J. SRINIVASAN
Secretary

P. SRINIVASAN
Partner

Place : Chennai
Date : 25th May, 2012

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 Ninth 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 Tuesday, the 31st day of July, 2012 at 10.30 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 Ninth Annual General Meeting of the Company to be held on Tuesday, the 31st day of July, 2012 at 10.30 A.M and at every adjournment thereof.

Affix
1 Rupee
Revenue
Stamp

Signed this day of 2012

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