INDIA NIPPON ELECTRICALS LIMITED

32nd ANNUAL REPORT
2016-2017

CUSTOMERS

DOMESTIC

TVS
HONDA
Hero
SUZUKI
YAMAHA
Mahindra 2 Wheelers
DELPHI-TVS Diesel Systems Limited
HONDA POWER PRODUCTS
Lucas-TVS Limited
BIRLA POWER SOLUTIONS LTD.
LOMBARDINI A KOHLER COMPANY
Mahindra
GREAVES
PIAGGIO

EXPORT

KOHLER ENGINES
RAMZEY Motorcycles
MAHLE ELECTRIC DRIVES JAPAN CORPORATION
Kawasaki
YANMAR
LOMBARDINI
DELLORTO CARBURATORI
MODENAS
ARPRES
TOMOS

Board of Directors
T K BALAJI, Chairman
ARVIND BALAJI, Managing Director
T MOMOSE
K SESHADRI
KG RAGHAVAN
V BALARAMAN
G CHIDAMBAR
R VIJAYARAGHAVAN
JAYSHREE SURESH, Woman Director
MUKESH KUMAR SOMANI

Audit Committee
K G RAGHAVAN, Chairman
K SESHADRI
V BALARAMAN
G CHIDAMBAR
R VIJAYARAGHAVAN

Stakeholders Relationship Committee
T K BALAJI, Chairman
K SESHADRI
G CHIDAMBAR

Nomination & Remuneration Committee
V BALARAMAN, Chairman
T K BALAJI
R VIJAYARAGHAVAN

CSR COMMITTEE
G CHIDAMBAR, Chairman
ARVIND BALAJI
JAYSHREE SURESH

Chief Executive Officer
Ravinder Sharma

Chief Technical Officer
R Uma Shankar

Chief Financial Officer
ELANGO SRINIVASAN

Company Secretary
S SAMPATH

Auditors
M/s. BRAHMAYYA & CO
48, Masilamani Road, Balaji Nagar
Royapettah
Chennai 600 014

Cost Auditor
K SURYANARAYANAN

Secretarial Auditor
B. Chandra

Bankers
BANK OF BARODA
ICICI BANK LIMITED
AXIS BANK LIMITED

Listing of Shares with
National Stock Exchange of India Ltd., Mumbai
BSE Ltd., Mumbai

Registered Office
11 & 13, Patullos Road, Chennai 600 002
Ph: 044-2846 0063 Fax: 044-2846 0631
E.mail: inelcorp@inel.co.in,
investorscomplaints@inel.co.in
CIN: L31901TN1984PLC011021
Website : www.indianippon.com.

Subsidiary Company
PT Automotive Systems Indonesia

Associate Company
Synergy Shakthi Renewable Energy P. Ltd.

Factories
1. Hosur-Thalli Road
   Uliveeranapalli 635 114, Tamilnadu
   Ph : 04347 - 233432 - 233438
2. Madukarai Road
   Kariamanickam, Nettapakkam Commune
   Puducherry 605 106. Ph:0413-2697801-2697827
3. Masani Village
   Rewari District, Haryana 122 106
   Ph : 01274-240860/240212
4 B-36, Five Star Industrial Area, Kagal Hatknangale
   City. Kolhapur – 416 216.
   Maharashtra.

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FINANCIAL HIGHLIGHTS OF TEN YEARS PERFORMANCE

₹ in Lakhs

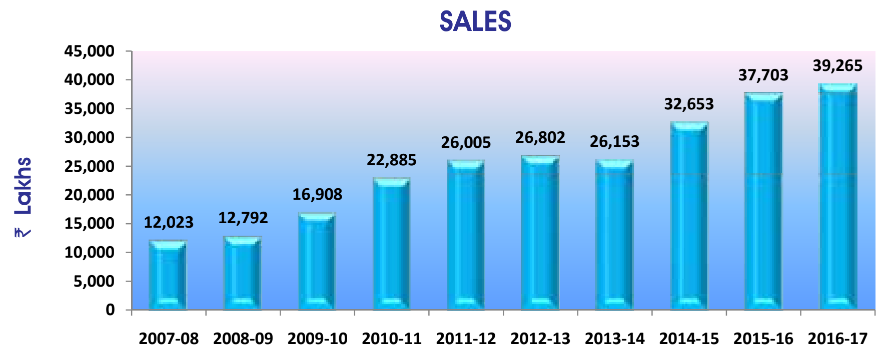
S.No.	Description	Year ended 31st March									
		2008	2009	2010	2011	2012	2013	2014	2015	2016	**2017**
Profit and Loss Account											
1.	Sales (excluding Excise duty)	12023	12792	16908	22885	26005	26802	26153	32653	37703	**#39265**
2.	Other income	732	872	620	624	803	890	846	690	1144	**1527**
3.	Total Income (1+2)	12755	13664	17528	23509	26808	27692	26999	33343	38847	**40792**
4.	Gross Profit before interest, depreciation and tax	2141	1793	2952	3767	4525	4146	3183	3978	4564	**5131**
5.	Depreciation	326	284	357	415	528	613	562	775	418	**417**
6.	Profit before interest & tax	1815	1509	2595	3352	3997	3533	2621	3203	4146	**4714**
7.	Interest	11	17	18	17	21	18	12	16	13	**6**
8.	Profit before tax	1804	1492	2577	3335	3976	3515	2609	3187	4133	**4708**
9.	Profit after tax	1502	1175	1992	2543	3130	2837	1966	2266	3058	**3240**
Balance Sheet											
10.	Net Fixed Assets (including revaluation reserves)	1867	1798	2633	2832	3710	3935	3970	4236	4629	**5481**
11.	Investments	9962	7272	9999	8857	9344	10968	11913	14178	17606	**21421**
12.	Net Current Assets	1951	5221	2943	5477	6059	5859	5654	4160	4364	**1897**
13.	Total (10+11+12)	13780	14291	15575	17166	19113	20762	21537	22574	26599	**28799**
14.	Share capital	808	808	808	808	1131	1131	1131	1131	1131	**1131**
15.	Reserves & Surplus	12818	13425	14709	16358	17982	19631	20406	21443	25468	**27668**
16.	Net Worth (14+15) (including revaluation reserves)	13626	14233	15517	17166	19113	20762	21537	22574	26599	**28799**
17.	Loan funds	154	58	58	-	-	-	-	-	-	**-**
18.	Total	13780	14291	15575	17166	19113	20762	21537	22574	26599	**28799**
19.	Return on Net Worth (%) (excluding revaluation reserves)	11	8	13	15	17	14	9	10	11	**11**
20.	Return on Capital Employed (%) (excluding revaluation reserves)	14	11	17	20	21	17	12	14	16	**16**
21.	Earning per share (₹)	19	15	25	22	28	25	17	20	27	**29**
22.	Dividend per share (₹)	7.0	6.0	7.5	9.5	9	9	9	9	9	**10**
23.	Book value per share (₹) (excluding revaluation reserves)	164	171	187	208	165	180	187	196	235	**255**
24.	Fixed Assets Turnover (No. of times)	6	7	6	8	7	7	7	8	8	**7**
25.	Working Capital Turnover (No. of times)	6	2	6	4	4	5	5	8	9	**21**
26.	Gross profit as % of total income	17	13	17	16	17	15	12	12	12	**13**
27.	Net profit as % of total income	12	9	11	11	12	10	7	7	8	**8**
28.	No. of Shareholders	4828	4827	6052	5806	6289	6295	6427	7247	7656	**8821**

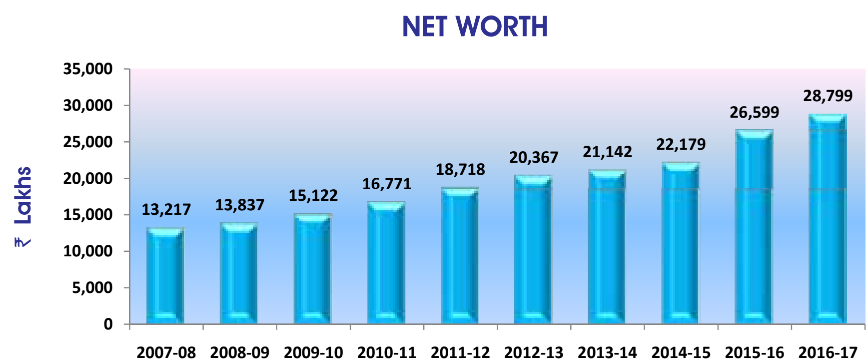
Note: Share capital raised from ₹ 8.08 crores to ₹ 11.31 crores following the allotment of bonus shares during September 2011.

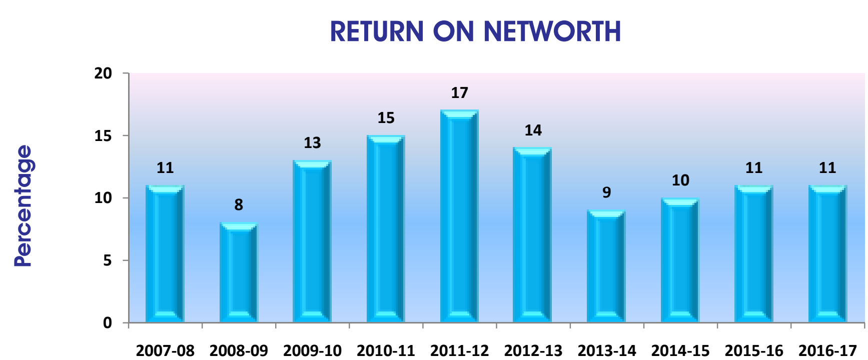
\# Includes Excise duty and net of turnover discount for the FY's 2015-16 & 2016-17

Figures in respect of FY's 2007-08 to 2014-15 are as per Indian GAAP and that of FY's 2015-16 & 2016-17 are as per Indian Accounting Standards (Ind AS).

FINANCIALS HIGHLIGHTS 2008 - 2017







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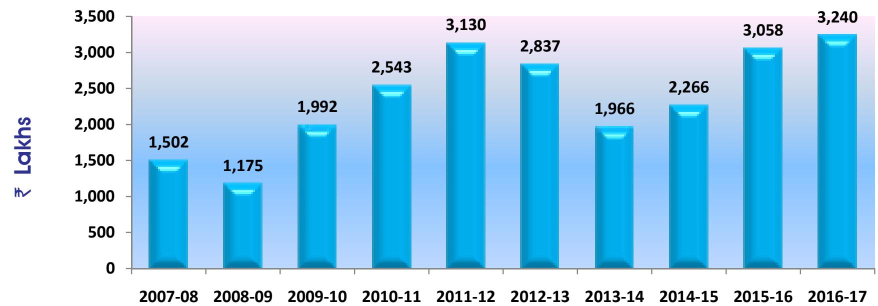
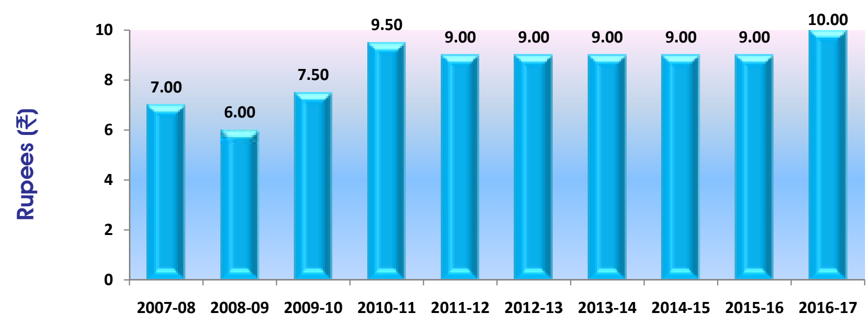
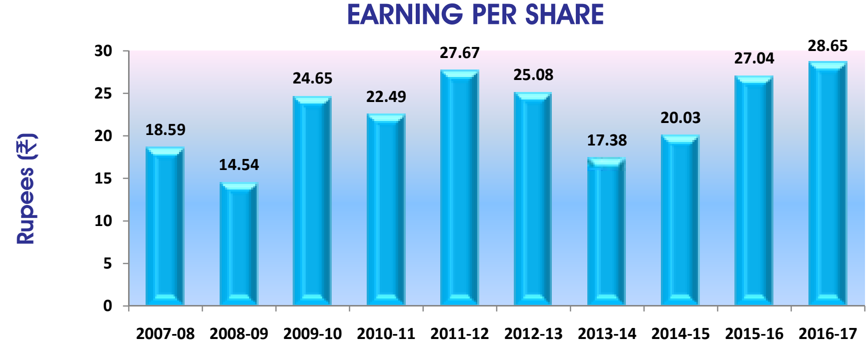
PROFIT AFTER TAX



DIVIDEND PER SHARE



EARNING PER SHARE



to read alongwith Notes in page 2

Boards Report

Your Directors have pleasure in presenting the 32nd Annual Report and Audited Accounts for the year ended 31st March 2017

1. Financial Highlights

₹ in Lakhs

	Year ended 31st March '17	Year ended 31st March '16
Total Income	40,792	38,847
Profit before depreciation, exceptional items and taxes	5,125	4,551
Less:		
Depreciation	417	418
Profit before tax & exceptional items	4,708	4,133
Exceptional items	-	-
Profit before tax	4,708	4,133
Taxation	1,468	1,075
Profit after tax	3,240	3,058
Profit brought forward from previous year	25,468	24,003
Other Comprehensive Income	321	245
Dividends	1131	1,527
Dividend distribution tax	230	311
Transfer to general reserve & share capital	-	-
Retained in profit and loss account	27,668	25,468

2. Financial and Operational Performance

Your Company's sales has gone up as compared to the previous year by 4% in value terms. Profit before tax and exceptional items, has increased by around 14.7% over the previous year because of increased level of sales and cost reduction in material cost despite increase in employee cost. Your company also increased production capacity in Pondy to take care of the higher demand from the customers.

3. Management Discussion and Analysis

a. Overall economic view:

Indian economy has witnessed good GDP growth up to 7.9% initially during the first half of FY17 by showing resilience amidst global economy challenges, decline in investments and increased protectionist measures. The current fiscal has also seen significant game changing activities like passing of GST Bill and Bankruptcy Code bills and demonetisation. Repo rates have also fallen from 7.5% to 6.25% in Apr17 increasing the liquidity with banks and exchange rates were stable during the year. Demonetisation impact set the clock back in terms of growth especially in two wheeler market where demand has contracted significantly in the last quarter as liquidity remained tight affecting the disposable cash. Customers followed wait and watch policy since elections in big states were around the corner. Exports had lethargic growth

b. Industry structure and developments:

While the industry enjoyed robust growth early in the year, a significant slowdown was noticed since the last quarter of last fiscal due to demonetisation. The two wheeler industry recorded an overall growth of around 6% led by a 25% and 11% growth in moped and scooter segment while motor cycle market remained flat and three wheeler registered negative growth of 16% compared to last year. Industry has witnessed negative growth of 6% in exports. Two wheeler industry growth shrank in the later part of the year and was significantly affected by weak rural demand after demonetisation and changes in emission standards from BS III to BS IV during the last quarter.

c. Performance review:

Your company had a growth of around 42% in moped segment against industry growth of 25% mainly due to higher share of business from the various customers. Sales growth in motor cycle has also increased slightly better than the industry growth. However, growth in scooter segment is less than market growth. Your company was able to increase its market share by 1% through planned readiness for launch of BSIV products and introduction of few electronic products. The direct sales to aftermarket also scaled a steady growth of around 20% by expanding the distributors network in North and East India markets. Exports also witnessed about 20% growth compared to last year.

d. Business outlook:

The measures taken by Govt during last fiscal are expected to result in positive trend in the long term. Demonetisation is expected to increase the liquidity among the public and in banking system helping to lower lending rates and lift economic activity. This will help your company to increase the sales from two wheeler market. Implementation of GST is expected to catapult GDP growth. Moderate inflation and with solid agricultural input from bumper harvests after drought last year will provide fillip. Economy is forecast to regain its momentum with GDP growth rising to 7.4% FY18 from 7.1% in last fiscal. Automotive two wheeler industry is expected to growth between 7~9% in current financial year.

Industry has never been more uncertain and globalisation of the market and competition from global players continue to drive the industry. Disruptive technological changes, electronic manufacturing services and continuous upgradation of emission standards offer both the opportunities and challenges. Introduction of BS VI, Electric Vehicles are on the cards. Sharing and connected vehicles will dramatically change both the types of vehicles and how they are used. More digitalisation in automotive industry gives us scope for further growth. Few existing products may be phased out in the medium term. Your company is technologically well geared and ready to take up the challenges and convert into business opportunity.

Your company is planning to focus more on new technology products such as ISG, Immobilisers, Instrument Clusters, Electronic Control Units, Electronic Fuel Injection system and Brushless Alternators in coming years. The company stands to gain from the improving economic environment and investing in technologies and delivering higher value to customers by enabling them to stay ahead of global competition.

Your company has commercialised new business of EGR controller and Throttle Position Sensor for a Diesel Engine manufacturer for Three wheeler and small commercial vehicle application. The company plans to expand its reach in aftermarket through introducing new products like smart sensor adding cost benefit to the customer. On the cost front, your company is taking aggressive cost reduction measures like e-auction for material procurement, cost benchmarking, low cost automation, productivity improvement initiatives to make its products more competitive.

Your company has received new business enquiries from reputed customers in USA. The company is also exploring business opportunities in Asia Pacific region which are at initial stages.

Kolhapur unit commenced its operations during the year

e. Human resources and industrial relations:

The long term wage settlement for Hosur and Rewari have been completed. Negotiations for Pondy are in advanced stages. The industrial relations in all the units of the company continue to be harmonious.

f. Risks and concerns:

Uncertain weather conditions continue to influence the rural demand. Similarly, rising trend in raw material prices in steel, copper and petroleum products result in increasing product costs. Minimum wages policy pushes the cost of operation up. It poses challenge to maintain the profitability as customers may not fully offset the cost escalations. Frequent changes in emission norms make the customer postpone their purchases and makes few existing products obsolete.

Your Company is focussing on development of newer range of products which offer customers good value propositions, improving productivity and cost reduction in every possible area of operation to protect the bottom line.

g. Risk management policy:

Your Company takes cognizance of each business risk and has a risk management plan and policy in line with the overall objectives of the Company. The Company tracks the ever changing business risks and evaluates their impact on business results. Mitigation plan and counter measures are prepared and monitored to keep the impact minimal. Your Company had also formulated Risk Management Policy to identify and address the various risks.

h. Internal control system and their adequacy:

Your Company views internal audit as a continuous process to keep the management regularly appraised on the existence, adequacy and effectiveness of the internal control systems/processes in the company.

Based on the annual review and feedback received from the units and statutory auditors, audit plan is prepared and updated every year and approved by the Audit Committee. Internal auditors independently verify and test the adequacy and operating effectiveness of internal control systems and this provides assurance to the Audit Committee of continued compliance. The internal audit reports are also shared with statutory auditors.

Your Company improves internal control systems and accuracy of information on costs in real time through the effective use of ERP system which will help to analyse and exercise better control.

i. Internal financial control:

The company has established internal financial framework including internal controls over financial reporting and anti-fraud framework. The framework is reviewed regularly by the management and strengthened, from time to time to ensure adequacy and effectiveness of internal financial controls.

4. Corporate Social Responsibility

Your Company has constituted the Corporate Social Responsibility Committee (CSR Committee) and laid down the CSR policy which is available on the Company's website.

During the year the Company had spent ₹ 60 lakhs which is the equivalent of 2% of average net profits for the immediate past three financial years, towards CSR activities through Swami Dayananda Educational Trust, an eligible institution undertaking project on activities listed in Schedule VII of the Companies Act, 2013.

The annual report on CSR activities is annexed to this report as 'Annexure –5 '

5. Subsidiary Company and Associate Company and the Consolidated Financial Statements

5.1 Subsidiary company

Your subsidiary company, PT Automotive Systems Indonesia, has been granted approval from the Capital Investment Coordinating Board (BKPM) on January 19, 2017 for a further period of three years to explore business opportunities. However as mentioned in the previous report, the manufacturers of two wheelers in that country have their own sources for the products in the subsidiary's range of manufacture and it has been decided to take necessary steps to liquidate the subsidiary

5.2. Associate company

Synergy Shakthi Renewable Energy Private Limited (SSREPL) was not in operation during the financial year 2016-17 due to restrictions on sale of power to third parties, unviable tariff offered by TNEB and adverse changes in regulatory policies. As a result, the associate company incurred a loss of ₹ 661.33 lakhs as against a loss of ₹ 389.46 lakhs during the previous year. SSREPL along with the State Bio mass Industry association has made representations to various arms of the government seeking changes in policies to support renewable power producers as these projects were set up to reflect commitment to the cause of sustainable and environment-friendly clean energy. Considering the avowed objective of the government to promote renewable energy in line with the global trends and the commitments made in the national energy mission. It is hoped there will be favourable changes in regulatory policies in the future would enable SSREPL to re-establish operations on a viable scale. The project was aligned to government policy of clean environment and also through linkages SSREPL established over a period for promotion of social cause of rural development and employment.

In order to fund this as well as to enable SSREPL restart its operations on a viable mode, SSREPL has come up 'rights issue' in the ratio of 2 shares for every one share held by its existing shareholders at the face value of ₹ 10/- each to revive the company repay the borrowings from banks and also to meet the working capital requirements. Your Company subscribed ₹12 Crores for the 'rights issue' proportionate to its existing holding of ₹ 6 Crores.

Financial position of the subsidiary and the associate company are provided in AOC-1 as required under Section 129 (3) of the Companies Act 2013 as part of the financial statements.

5.3. Consolidated financial statements

The Consolidated Financial Statements of the Company prepared in accordance with the provisions of Section 129 (3) of the Companies Act 2013 read with the Companies (Accounts) Rules, 2014 and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with a separate statement containing salient features of the financial performance of the subsidiary / associate, in the prescribed format form part of the Annual Report.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the audited financial statements of the subsidiary has been placed on the website of the Company at www.indianippon.com and the same will be made available to the shareholders on receipt of a request from them. This will also be available for inspection by the shareholders at the registered office of the company during the business hours.

6. Dividend

Your Company had paid two interim dividends of ₹4 and ₹ 6 per share totalling to ₹10 per share during the year. Your directors recommend consideration of the same as total dividend for the year. The total dividend for the year will absorb a sum of ₹ 1131.07 laksh besides an additional outgo on dividend distribution tax of ₹ 230.30 lakhs.

7. Public Deposits

Your Company has not accepted any deposits falling within the ambit of Section 73 or Section 76 of the Companies Act, 2013 read with Companies [Acceptance of Deposits] Rules 2014.

8. Conservation of Energy, Technology Absorption and Foreign Exchange Outgo and Earnings

Please refer to Annexure–1 to the Directors' Report to the Shareholders.

9. Particulars of Employees

The information required under Section 197 of the Companies Act, 2013 and the rule 5(2) made thereunder, as amended, has been given in Annexure 2. In terms of first proviso to Section 136(1) of the Companies Act 2013, the Annual Report, excluding the aforesaid annexure is being sent to the shareholders of the company. The annexure is available for inspection at the registered office of the company during business hours and any shareholder interested in obtaining a copy of said annexure may write to the Company Secretary at the registered office of the company.

The Comparative Analysis of the remuneration paid to Directors and Key Managerial Personnel with the Company's performance is given in Annexure 3.

10. Annual Return

Extract of Annual Return is given as Annexure 4 to this report

11. Corporate Governance

Pursuant to the Listing Regulations 2015, the 'Report on Corporate Governance' is enclosed as part of this report.

A certificate from the Auditors of your Company regarding compliance of the conditions of the Corporate Governance as stipulated by the SEBI (LODR) Regulations 2015, is attached to this report as Annexure 6.

The certificates required from Managing Director / CFO, are also attached to this report.

12. Directors' Responsibility Statement

As required under Section 134 (5) of the Companies Act, 2013, the Board of Directors hereby confirm:-

i. That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii. That the Directors had 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 the affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;

iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. That the Directors had prepared the Annual Accounts on a going-concern basis;

v. That the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;

vi. That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

13. Directors & Key Managerial Personnel (KMP)

Mr. T. K. Balaji, will be retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. A brief resume of Mr. T K Balaji and other relevant information have been furnished in the Notice of the Annual General Meeting including the resolution for his re-appointment. The directors recommend his re-appointment.

Mr. Arvind Balaj, Managing Director, Mr. Elango Srinivasan, Chief Financial Officer and Mr. S. Sampath, Company Secretary are KMPs in terms of Section 2(51) and Section 203 of the Companies Act 2013. There is no change in KMP during the year.

13.1 Declaration by independent directors as required u/s 149:

At the Annual General Meeting held on 27th August 2014, M/S G Chidambar, V Balaraman, K G Raghavan, R Vijayaraghavan and Ms. Jayshree Suresh were appointed as independent directors not liable to retire by rotation, for a consecutive period of five years.

All Independent Directors have given declarations under Section 149 (7) of the Companies Act, 2013, that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and SEBI (LODR) Regulations 2015.

13.2 Terms of appointment of independent directors of India Nippon Electricals Limited

The terms of appointment is available on the website of the company viz., www.indianippon.com.

13.3 Number of meetings of the board

Five meetings of the Board were held during the year. For details of the meetings of the Board, please refer to the corporate governance report, which forms part of this report.

13.4 Board evaluation

The Nomination & Remuneration Committee (N&RC) of the company approved an evaluation policy which provides for evaluation of the Board, the Committees of the Board and individual directors.

Pursuant to Sch IV of the Companies Act 2013, the independent directors of the company met without the attendance of non-independent Directors and members of management and reviewed

(i) the performance of non-independent Directors of the Board as a whole;

(ii) the performance of the Chairman of the Company; and

(iii) Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

On the same day, the performance evaluation of the independent directors was also done by the entire Board excluding the directors being evaluated and also of its own performance and that of its committees and individual Directors.

14. Auditors

(i) Statutory auditors

Pursuant to Section 139 of the Companies Act, 2013 and Rules made thereunder, M/s Brahmayya & Co., Chartered Accountants, were appointed for a period of three years from the conclusion of the 29th Annual General Meeting held on 27th August 2014 until the conclusion of the forthcoming 32nd Annual General Meeting thus concluding their term of appointment. The Board of Directors place on record its appreciation of the services rendered by M/S Brahmayya & Co. as statutory auditors of the Company since its inception.

The Audit Committee and the Board of Directors have recommended the appointment of M/S Deloitte, Haskins & Sells LLP (DHS LLP), Chartered Accountants (Firm Registration No. 117366W/W-100018) as the Statutory Auditors of the Company, subject to the approval of the shareholders. M/S Deloitte, Haskins & Sells LLP have consented to the said appointment and confirmed that in the event of their appointment it would be within the limits mentioned under the provisions of Section 141 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

M/S Deloitte, Haskins & Sells LLP, Chartered Accountants, will hold office as statutory auditors for the first term of five years from the conclusion of 32nd Annual General Meeting of the Company, subject to ratification of the appointment by members at every Annual General Meeting held during their tenure.

(ii) Cost auditor

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, the Company filed the Cost Audit Report, with the Ministry of Corporate Affairs, for the financial year 2015-16 in XBRL format.

Mr. K Suryanarayanan who was appointed as Cost Auditor for the financial year 2016-17 will be submitting his report within the time limit applicable under the Companies (Cost Record and Audit) Rules 2014.

The Board has re-appointed Mr. K Suryanarayanan as cost auditor for the financial year 2017-18 also and a remuneration of ₹ 2.50 lakhs has been fixed for the audit. The ratification of his remuneration is included as an item in the Notice of the Annual General Meeting as required under Section 148 (3) of the Companies Act 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules 2014.

(iii) Secretarial auditor & the secretarial audit reportt

Ms. B Chandra, Practicing Company Secretary was appointed as Secretarial Auditor by the Board of Directors for the financial year 2016-17 whose report is attached separately to this report (Annexure 7). Ms. B Chardra, Practicing Company Secretary was re-appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2017-18.

(iv) Qualification/reservation/adverse remark in Audit Report

There were no qualification / reservation / adverse remark in the auditor's report or in the secretarial audit report.

15. Particulars of contracts or arrangements with related parties

All the transactions with related parties are in the ordinary course of business and on arm's length basis and there are no 'material' related party transactions and thus disclosure in form AOC – 2 is not required.

15.1 Policy on related party transactions of the company

The Company has a policy on Related Party Transactions and the same is displayed on the Company's website viz., www.indianippon.com.

16. Particulars of loans, guarantees or investments u/s 186:

The company has not given any loans or guarantee as specified under Section 186 of the Companies Act 2013.

The details of investments are given in Note no. 6 on Accounts for the financial year 2016-17. The same is within the prescribed limits under provisions of Section 186 of the Companies Act 2013.

17. Employee stock option:

There is no scheme of employees' stock option in your Company.

18. Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of directors, key managerial personnel and other employees

The Board shall have minimum 3 and maximum 12 Directors.

The Nomination and Remuneration Committee of your Company has laid down criteria and qualification for appointment of Directors and Key Managerial Personnel. The person for such appointment should possess adequate qualification, expertise, experience and integrity.

The Managing Director of the Company is entitled to monthly remuneration and commission based on the profit computed in the manner prescribed under the Companies Act, 2013 and subject to the overall ceiling specified in Section 198 of the Act. All other Directors are entitled to sitting fees for attending the meetings of the Board of Directors and its Committees and also to commission based on the profit subject to the ceiling as specified in Section 198 of the Companies Act, 2013.

Some of the additional reports as required under the Companies Act 2013 and forming part of the Boards Report are attached to this report.

19. Prevention of sexual harassment of women at workplace:

As per the requirements of the Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act 2013 and Rules made thereunder, your Company has constituted Internal Complaints Committee. During the year under review, your Company has not received any complaints of sexual harassment from any of the women employees of the Company.

20. Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year to which the financial statements relate and the date of the report.

21. Acknowledgements

Your Directors wish to place on record their appreciation for the good work of all the employees of the Company.

Your Directors also acknowledge the continued support received from Lucas Indian Service Ltd, Chennai, Mahle Electric Drives Japan Corporation, Japan and also wish to thank the Governments at the Centre and in the States of Tamil Nadu, Haryana, Maharashtra and Puducherry, Bank of Baroda, ICICI Bank Ltd, Axis Bank Ltd, and SIPCOT for the assistance rendered by them from time to time.

For and on behalf of the Board of Directors

Chennai
18th May 2017

T K BALAJI
DIN No.:00002010
Chairman

Annexure 1 to Boards Report to the Shareholders
Information as required under Section 134 of the Companies Act, 2013:

1. Conservation of Energy

a) The results of energy conservation measures taken up during the year under review are:

The power consumed per Standard Unit of Production is being monitored as a part of energy conservation measures and maintained the targeted level of 0.85 EU by implementing various activities like

1. Provided an UV treated Polycarbonate sheets to the shop floor roofing in Hosur & Puducherry units for availing excellent natural lighting in day time.
2. Replaced the 5.0HP Hydraulic Power pack in the Rotor "A" line broaching machine with 3.0HP VFD controlled drive system.
3. Provided highly energy efficient LED lamps in Admin office, Canteen, Training Center, Engineering Lab & etc.
4. Replaced 3.0HP hot water circulation pump in the Rotor "C" washing machine with 0.5HP high pressure pump to save energy.
5. Provided a control system to maintain Unity Power factor in the 11KV/440V system.
6. Consumed around 71.0% green power from Solar & Wind energy.

b) Future plans for energy conservation:

The company is aiming at greater energy conservation by implementing measure like waste heat recovery system in Air compressors, installing solar water system for washing machines, installing bio gas plant in kitchen for cooking purpose which will reduce the power consumption in our electrical steam boilers. Also planning to provide a dedicated portable air compressor to the critical process machines on Sundays & holidays to avoid running centralized air compressors.

2. Technology Absorption, Adaptation and Innovation:

2016-17 saw two significant new product launches.

a) Successful introduction of our Patent pending Integrated Ignition controller, over 1.9 million pieces have been shipped within a year of launch.

b) Mass production of EGR controller cum Regulator, a unique product to aid meeting Bharat IV norm has started

We are actively pursuing introduction of Brushless Alternator, Integrated Starter Generator & high efficiency generation system which are in various stages of development with Customers.

Considering introduction of BSVI emission norms, we are reviewing production technologies and upgrading to meet requirement. We are also partnering with potential technology providers to bridge knowledge gap and leapfrog to meet market expectations.

Expenditure on R&D: ₹ in Lakhs

Capital	36.02
Revenue	546.63
Total	582.65
% on net turnover	1.43%

3. Foreign Exchange Outgo and Earnings:

Export Activities

Exports during the year ended 31st March 2017 amounted to ₹ 21.12 crores as against ₹ 17.79 crores of the previous year.

Total foreign exchange used and earned:

The foreign exchange outgo and earnings for the Company for the period under review were ₹ 4021 lakhs and ₹ 2144 lakhs respectively

For and on behalf of the Board of Directors

Chennai
18th May 2017

T K BALAJI
DIN No.:00002010
Chairman

Annexure 3

Disclosure under Rule 5 (1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name of Director / KMP	Designation	% Increase in remuneration	Ratio to median remuneration
1.	Mr. T K Balaji	Chairman	NA	NA
	Mr. Arvind Balaji	Managing Director	42.7%	1:22.9
	Mr. K Seshadri	Non Independent Director	NA	NA
	Mr. V Balaraman	Independent Director	22.7%	1:1.02
	Mr. G Chidambar	-do-	22.7%	1:1.02
	Mr. K G Raghavan	-do-	25.0%	1:0.94
	Mr. R Vijayaraghavan	-do-	22.7%	1:1.02
	Ms. Jayshree Suresh	-do-	22.7%	1:1.02
	Mr Mukesh Somani	Non Independent Director	NA	NA
	Mr. Tadaya Momose	-do-	NA	NA
	Mr. Elango Srinivasan	CFO	22.3%	NA
	Mr. S Sampath	CS	19.3%	NA

2.	Percentage increase in median remuneration of employee	16.1%
3.a.	Average percentile increase already made in the salaries of employees other than the managerial personnel	18.7%
3.b.	Percentile increase in the managerial remuneration	35%
3.c.	There are no exceptional circumstances for increse in the managerial remuneration	
4	The total number of permanent employees on the rolls of the Company as on 31st March 2017	516
5.	It is hereby affirmed that the remuneration paid during the year is as per the remuneration policy of the Company	

Annexure 4

FORM MGT - 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2017
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L31901TN1984PLC011021
Registration Date	12th July 1984
Name of the Company	India Nippon Electricals Ltd
Category / Sub-Category of the Company	Public Company
Address of the Registered office and contact details	11 & 13, Patullos Road,Chennai 600 002 Ph: 044-2846 0063 Fax: 044-2846 0631 E.mail: inelcorp@inel.co.in, investorscomplaints@inel.co.in
Whether listed company Yes / No	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Sundaram Clayton Ltd Jayalakshmi Estates 29 Haddows Road,Chennai-600006. Tel: 28272233/ 28284959 Fax:28257121 e.mail:kr.raman@scl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
Manufacture of electronic Ignition Systems for two-wheelers, three wheelers and portable engines.	85.11	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	PT Automotive Systems Indonesia	Foreign Company	Subsidiary company	99.97	2(87)
2.	Synergy Shakthi Renewable Energy P Ltd	U40108TN1995PTC030884	Associate Company	40%	2(6)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a. Individual / HUF									
b. Central Govt									
c. State Govt(s).									
d. Bodies Cop.	5188666	-	5188666	45.87	5188666	-	5188666	45.87	-
e. Banks/ FI									
f. Any other									
Sub-total (A) (1)	5188666	-	5188666	45.87	5188666	-	5188666	45.87	-
(2) Foreign									
a. NRIs-Individuals									
b. Other – Individuals									
c. Bodies Corp.	2320500	-	2320500	20.52	2320500	-	2320500	20.52	-
d. Banks / FI									
e. Any other									
Sub-Total (A) (2)	2320500	-	2320500	20.52	2320500	-	2320500	20.52	-
Total shareholding of promoter (A) = (A) (1) + (A) (2)	**7509166**	**-**	**7509166**	**66.39**	**7509166**	**-**	**7509166**	**66.39**	**-**
B Public shareholding									
1. Institutions									
a. Mutual Funds									
b. Banks / FI	35000	-	35000	0.31	37961	-	37961	0.34	0.03
c. Central Govt.									
d. State Govt(s)									
e. Venture Capital Funds									
f. Insurance companies					1794	-	1794	0.01	0.01
g. Foreign portfolio investor- corporate	9000	-	9000	0.08	9000	-	9000	0.08	-
h. Foreign Venture									
I Capital funds									
j. Others (specify)									
Sub-total (B) (1)	**44000**	**-**	**44000**	**0.39**	**48755**	**-**	**48755**	**0.43**	**0.04**

2.	**Non-Institutions**									
a)	Bodies Corp									
i)	Indian	647324	1934	649258	5.74	405834	1934	407768	3.61	2.13
ii)	Overseas									
b)	Individuals									
i)	Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	395298	-	395298	3.49	559621	-	559621	4.95	1.46
ii)	Individual shareholders holding nominal share capital upto ₹ 2 lakh	2315125	344917	2660042	23.52	2410198	328573	2738771	24.21	0.69
c)	Others (specify)									
i)	Clearing member									
ii)	Trust									
iii)	Foreign national									
iv)	HUF									
v)	Non-resident Indians	47998	4950	52948	0.47	41681	4950	46631	0.41	0.63
	Sub-total (B) (2)	**3405745**	**351801**	**3757546**	**33.22**	**3417334**	**335457**	**3752791**	**33.18**	**0.59**
	Total public shareholding (B) = (B) (1) + (B) (2)	**3449745**	**351801**	**3801546**	**33.61**	**3466089**	**335457**	**3801546**	**33.61**	**-**
C. Shares held by custodian for GDRs & ADRs										
	Grand Total(A+B+C)	**10958911**	**351801**	**11310712**	**100**	**10975255**	**335457**	**11310712**	**-**	**-**

(i) Shareholding of Promoters

S no	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Lucas Indian Service Ltd	5188666	45.87	-	5188666	45.87	-	-
2	Kokusan Denki Co Ltd	2320500	20.52	-	2320500	20.52	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g allotment / transfer / bonus/ sweat equity etc):	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1.	At the beginning of the year	7509166	66.39	No change during the year	7509166	66.39
2.	At the end of the year	7509166	66.39	No change during the year	7509166	66.39

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S No	Name of shareholders	Shareholding at the beginning of the year		Date wise Increase / (Decrease)			Cumulative shareholding during the year	Shareholding at the end of the year	%
		No. of shares	% of total shares of the company	Date	No. of shares	Reason			
1	Harita Sheela P Ltd	116130	1.03	-	-	-	-	116130	1.03
2	Ketu R Mehta	105000	0.93	-	-	-	-	105000	0.93
3	Ramesh P Mehta	105000	0.93	-	-	-	-	105000	0.93
4	Jagruti P Sheth	-	-	07.10.2016	100000	Trf/ pur	100000	100000	0.88
5	Harita Balaji P Ltd	82391	0.73	-	-	-	-	82391	0.73
6	Mayank R Mehta	70000	0.62	-	-	-	-	70000	0.62
7	Vatsal Paresh Sheth	-	-	07.10.2016	50000	Trf/pur	50000	50000	0.44
8	Yodhav Sachdev	43098	0.38	27.01.2017	3098	Trf/sold	40000	40000	0.35
9	General Insurance Corporation of India	35000	0.31	-	-	-	35000	35000	0.31

10	D Srimathi	3629	0.03	07.10.2016	1665	Trf/pur	5294		
				21.10.2016	2000	Trf/pur	7294		
				11.11.2016	6870	Trf/pur	14164		
				08.02.2017	2500	Trf/pur	16664		
				10.02.2017	672	Trf/pur	17336		
				17.02.2017	5881	Trf/pur	23217		
				03.03.2017	2018	Trf/pur	25235		
				10.03.2017	145	Trf/pur	25380		
				17.03.2017	500	Trf/pur	25880	25880	0.23

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Cumulative Shareholding during the year	
	DIRECTORS	No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1	T K Balaji	-	-	No change during the year	-	-
2	Arvind Balaji	-	-	No change during the year	-	-
3	Mukesh Kumar Somani	-	-	No change during the year	-	-
4	T Momose	-	-	No change during the year	-	-
5	K Seshadri	1874	0.02	No change during the year	1874	0.02
6	KG Raghavan	-	-	No change during the year	-	-
7	V Balaraman	-	-	No change during the year	-	-
8	G Chidambar	-	-	No change during the year	-	-
9	R Vijayaraghavan	-	-	No change during the year	-	-
10	Jayshree Suresh	-	-	No change during the year	-	-
	Key Managerial Personnel			No change during the year		
1	S Sampath, CS	-	-	No change during the year	-	-
2	Elango Srinivasan, CFO	50	0.0004	No change during the year	50	0.0004

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i. Principal Amount	-	-	-	-
ii. Interest due but not paid	-	-		
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year • Addition	-	-		
• Reduction	-	-	-	
Net Change	-	-	-	-
Indebtedness at the end of the financial year i. Principal Amount ii. Interest due but not paid iii. Interest accrued but not due	-	-	-	-
	-	-	-	-
	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and / or Manager:

S no.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount ₹ in Lakhs
1.	Gross Salary a. salary as per provisions contained in Section 17 (1) of the Income-tax Act	Mr Arvind Balaji Managing Director	57.57
	b. Value of perquisites u/s 17 (2) of the Income-tax Act 1961		4.74
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission As % of profit Others, specify		90.00 3.9% -
5.	Others, please specify		-
	Total (A)		152.31
	Ceiling as per the Act		195.97

B. Remuneration to other Directors:

Sl no.	Particulars of remuneration	Name of directors					Total amount ₹ in Lakhs
1.	Independent directors	Mr. K G Raghavan	Mr. V Balaraman	Mr. G Chidambar	Mr. R Vijayaraghavan	Ms. Jayshree Suresh	
	Fees for attending board/ committee meetings	0.81	1.20	1.95	1.47	0.87	6.30
	Commission	6.25	6.75	6.75	6.75	6.75	33.25
	Others, please specify	-	-	-	-	-	-
	Total (1)	7.06	7.95	8.70	8.22	7.62	39.55
2.	Other Non-executive Directors	Mr T K Balaji	Mr K Seshadri	Mr. Mukesh Kumar Somani	Mr. Tadaya Momose		
	Fee for attending board / committee meetings	1.35	1.41	0.75	-		3.51
	Commission	-	-	-	-		-
	Others, please specify	-	-	-	-		-
	Total (2)	1.35	1.41	0.75			3.51
	Total B = (1+2)						43.06
	Total Managerial Remuneration (A+B)						195.37
	Overall ceiling as per the Act						235.17

Ceiling excludes sitting fees.

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD.

₹ in Lakhs

S no	Particulars of Remuneration	Key Managerial Personnel (₹ in Lakhs)	
		Mr Elango Srinivasan CFO	Mr S Sampath CS
1.	Gross Salary a. salary as per provisions contained in Section 17 (1) of the Income-tax Act	40.00	30.59
	b. Value of perquisites u/s 17 (2) of the Income-tax Act 1961	-	0.22
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission As % of profit Others, specify	-	-
5.	Others, please specify	-	-
	Total	40.00	30.81

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

The report on CSR activities as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014

1)	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken: India Nippon Electricals Limited stands committed to the social and economic development of the communities in which it operates. The company's commitment towards this includes contributing to Institutions which are engaged in activities aligned to the activities forming part of its CSR policies.
2)	Web-link to the CSR policy and projects or programmes: http://www.indianippon.com/CSRPolicy.htm
3)	The composition of the CSR Committee Mr G Chidambar, Independent Director - Chairman Mr Arvind Balaji, Managing Director – Member Dr (Mrs) Jayshree Suresh, Independent Director – Member
4)	Average net profit of the company for last three financial years: ₹ 2995.82 lakhs
5)	Prescribed CSR expenditure (two percent of the amount as in item 4 above): ₹ 59.92 lakhs
6)	Details of CSR spent during the financial year (a) Total amount spent for the financial year: ₹ 60.00 lakhs (b) Amount unspent, if any : NIL (c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S no.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) local area or other (2) specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) direct expenditure on projects or programs. (2) overheads	Cumulative expenditure up to the reporting period	Amount spent: direct or through implementing agency
1.	Item (ii) of Sch VII	Promoting education	Tamil Nadu, Tiruvarur Dist., Manjakudi village (a small village in Tiruvarur Dist, one of the most backward districts of TN)	₹ 60 lakhs	₹ 60 Lakhs	₹ 60 Lakhs	Spent through Swami Dayananda Educational Trust (SDET). The Trust provides quality education to the economically backward sections in this area through Arts and Science College and three schools.

7) In case the company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
N.A.

8) The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.

Arvind Balaji
Managing Director

G Chidambar
Chairman, CSR Committee

Auditor’s Certificate

To the members of India Nippon Electricals Limited.

We have examined the compliance of conditions of Corporate Governance by India Nippon Electricals Limited as stipulated in Chapter IV read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for the year ended 31st March 2017.

The compliance of the 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 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 Regulations.

We state that no investor grievance is pending for a period exceeding one month which is not acted upon by the Company as per the records maintained by the Stake holders relationship 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 **BRAHMAYYA & CO.**

Chartered Accountants
Registration No.000511S

Chennai
18th May 2017

P S Kumar
Partner
M.No.15590

Annexure 7 to Boards Report

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

INDIA NIPPON ELECTRICALS LIMITED,

11 & 13, Patullos Road, Chennai 600 002.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s INDIA NIPPON ELECTRICALS LIMITED** bearing **CIN L31901TN1984PLC011021** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2017, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Companies Act 1956 (to the extent applicable)

(iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

d. The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015

We are informed that the company, during the year, was not required to comply with the following regulations and consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009

b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

c. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008

d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

e. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;

(vii) The Company has its factories located in Hosur, Puducherry and Masani Village, Rewari District, Kolhapur which manufacture Electronic Ignition System for two wheelers, three wheelers and portable engines. The Company is in the process of setting up systems and processes for ensuring compliance with the laws applicable specifically to the industry in which the Company operates over and above the existing system of submission of compliance reports by the Chief Executive officer and Chief Financial officer of the Company to the Board of Directors and review of the compliance by the Internal auditor. Based on a review of the compliance reports given by Internal Auditors submitted to the Board and the compliance reports made by the Chief Executive officer and Chief Financial officer of the Company which are submitted to the Board of Directors of the Company and a test check on compliance under other applicable laws, I report that the Company has complied with the provisions of the following statutes and the rules made there under to the extent it is applicable to them:

- The Environment (Protection) Act, 1986
- The Water(Prevention and Control of Pollution) Act, 1974
- The Air(Prevention and Control of Pollution) Act, 1981
- Factories Act, 1948
- Industrial Disputes Act, 1947
- The Payment of Wages Act, 1936
- The Minimum Wages Act, 1948

- Employees' State Insurance Act, 1948
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- The Payment of Bonus Act, 1965
- The Payment of Gratuity Act, 1972
- The Contract Labour (Regulation & Abolition) Act, 1970
- The Maternity Benefit Act, 1961
- The Child Labour (Prohibition & Regulation) Act, 1986
- The Industrial Employment (Standing Order) Act, 1946
- The Employees' Compensation Act, 1923
- The Apprentices Act, 1961
- Equal Remuneration Act, 1976
- The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- Conferment of Permanent Status Act, 1981
- The Municipality/Local Act
- The Public Liability Insurance Act, 1991
- The Legal Metrology Act, 2009
- Workmens' Compensation Act, 1923
- Personal Injuries compensation Insurance Act

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors are in line with the provisions of the Companies Act, 2013 and all other applicable regulations and there are no changes in the composition
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Based on the minutes made available to us, we report that Majority decision is carried through and that there were no dissenting votes from any Board member that were required to be captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor, report deviations, if any, to the Board, take corrective actions and ensure compliance with applicable laws, rules, regulations and guidelines.

Date: 18th May 2017
Place: Chennai

B.CHANDRA
Practising Company Secretary
Membership No. 20879
Certificate of Practice No. 7859

Annexure to Secretarial Audit Report of even date.

To
The Members,
INDIA NIPPON ELECTRICALS LIMITED
NO. 11 & 13, (OLD NO. 6 & 7) PATULLOS ROAD
CHENNAI 600002

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date: 18th May 2017
Place: Chennai

B.CHANDRA
Practising Company Secretary
Membership No. 20879
Certificate of Practice No. 7859

Declaration pursuant to SEBI (LODR) Regulations 2015 read with Sch V (D) of Listing Regulations regarding adherence to the Code of Business Conduct and Ethics of the Company

The Shareholders of the Company

On the basis of the written representations received from members of the Board and Senior Management Personnel as at 31st March 2017, in terms of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 read with Schedule V (D) of the Listing Regulations, we hereby certify that both the members of the Board and Senior Management Personnel have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the company as laid down by the Board of Directors.

Arvind Balaji
Managing Director

Certificate of MD / CFO

The Board of Directors
India Nippon Electricals Ltd
No. 11 &13, Pattulos Road, Chennai – 600 002

Date: 18th May 2017

We hereby certify, for the financial year ended 31st March 2017, on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year April 2016-March 2017 which are fraudulent, illegal or in violation of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls.
5. We have evaluated the effectiveness of the internal control systems of the Company
6. We have disclosed to the auditors and the Audit Committee, deficiencies, of which we are aware, in the design or operation of the internal control systems.
7. We have taken the required steps to rectify these internal control deficiencies.
8. We further certify that:

(a) There have been no significant changes in internal control during the year;
(b) There have been no significant changes in accounting policy except to conform to Ind AS;
(c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control systems.

Arvind Balaji
Managing Director

Elango Srinivasan
Chief Financial Officer

REPORT ON CORPORATE GOVERNANCE

IN TERMS OF SEBI Listing Obligations and Disclosure Requirements (LODR) REGULATIONS 2015 READ WITH SCHEDULE V TO LISTING REGULATIONS

A. MANDATORY REQUIREMENTS

1. Company's Philosophy:

The Company believes in transparency, accountability, professionalism, risk management and code of ethics, which are the basic principles of Corporate Governance and would constantly endeavour to improve on these aspects..

2. Board of Directors:

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the company. The Board has been vested with requisite powers and authorities and duties towards this end.

The Chairman of the company is a non Whole-time director. However, since he is a nominee of the promoter, in terms of Reg 17 of SEBI (LODR) Reg 2015, the Board is required to have fifty percent of its directors as independent directors. The company has 10 Directors including a Japanese national and a Managing Director. The Board has five independent directors one of whom is a Woman director.

Mr Arvind Balaji was appointed as Whole-time Director for a period of 5 years w.e.f. 1st Apr 2013 subject to renewal for further periods of five years at a time. The Board of Directors at their meeting held on 27th Aug 2014 re-designated him as Managing Director pursuant to the provisions of the Companies Act 2013 read with Schedule V to the Companies Act 2013 which was approved by the shareholders in the AGM held on 27th August, 2015.

Independent Directors were appointed in the AGM held on 27th Aug 2014 for a period of 5 years. Except Mr. Arvind Balaji, MD and Mr. Mukush Kumar Somani, other directors who are on the Board as on 31st March 2017 are liable to retire by rotation.

The Board and Committees meet at regular intervals. Policy formulation, evaluation of performance and control functions vest with the Board, while the Committees oversee operational issues.

Mr T K Balaji, Chairman of the Company is related to Mr Arvind Balaji, Managing Director. Other directors are not related to any other director.

The company regularly places, before the Board for its review, all the information as required under Part A of Schedule II to SEBI LODR Regulations such as annual operating plans, capex budget and its quarterly updates, quarterly results, minutes of meetings of audit committee and other committees of the Board, information on recruitment and remuneration of senior officers just below the level of Board, any significant development in Human Resources / Industrial Relations, Show cause, demand prosecution notices and penalty notices which are materially important, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances, if any, etc.

Comprehensively drafted notes for each agenda item along with back ground materials, wherever necessary, are circulated well in advance to the Committee / Board, to enable them for making value addition as well as exercising their business judgement in the Committee / Board meetings.

Presentations are also being made by the business heads on the Company's operations, marketing strategy, IT strategy, Internal Financial Controls in Committees / Board Meetings.

3. Familiarisation program

The company regularly communicates with all Independent Directors to provide detailed understanding of the activities of the company including specific projects either at the meeting of the Board of Directors or otherwise. The induction process is designed to build an understanding of the company's business and the markets to equip the Directors to perform their role on the Board effectively. Independent Directors are also taken through various business situations, nature of the industry, business model etc by way of presentations and discussions. The details are available in the Company's website: www.indianippon.com.

4. Attendance of each Director at the Meetings of the Board of Directors and the last Annual General Meeting:

4.1. Board meeting attendance:

The Board met 5 times during 2016-17 as detailed below. The company informs the Directors through the notice of the meeting regarding the options available to them to participate through video conferencing mode in the meetings except in respect of matters not to be dealt with through video conferencing

Date of meeting	Directors present
28.05.2016	7
27.08.2016	8
19.11.2016	8
27.01.2017	9
30.03.2017	10

The last AGM was held on 27th August 2016 and 8 Directors attended the AGM.

The composition of Board of Directors, their directorship in other Companies and membership in Committees (Audit Committees, Stakeholders Relationship Committees) and the details of their attendance at the Board Meetings, AGMs of India Nippon Electricals Ltd are given below:

Name	Category	Attendance particulars		Number of directorships and committee memberships/ chairmanships		
		Board meeting	Last AGM	Other directorships*	Committee memberships	Committee chairmanships
Mr. T K Balaji	Non Executive Director	5	Yes	13	3	Nil
Mr. Arvind Balaji	Managing Director	5	Yes	12	Nil	Nil
Mr. T Momose	Non Executive Director	2	Yes	Nil	Nil	Nil
Mr. Mukesh Kumar Somani(+)	Non Executive Director	5	Yes	2	-	-
Mr. K Seshadri	Non Executive Director	3	Yes	6	2	-
Mr. V Balaraman	Non Executive Independent Director	4	No	6	6	2
Mr. K G Raghavan	Non Executive Independent Director	3	No	1	Nil	Nil
Mr. G Chidambar	Non Executive Independent Director	5	Yes	2	-	1
Mr. R Vijayaraghavan	Non Executive Independent Director	5	Yes	8	3	5
Mrs. Jayshree Suresh	Non Executive Independent Director	5	Yes	1	-	-

(*) includes private companies; (+) Director since 28th May 2016

Mr K Seshadri holds 1874 equity shares in India Nippon Electricals Ltd and other Directors do not hold any shares.

The number of directorships and Committee memberships of all directors, including independent directors are within the limits specified in the Companies Act 2013 as per the declarations received from them.

4.2. Committees of the Board

The Board Committees have been constituted to deal with specific areas/ activities which need a closer review. The Board Committees are set up under the formal approval of the Board to carry out the clearly defined roles. The Chairman of the respective Committees informs the Board about the summary of the discussions held in the Committee meetings. The minutes of the meetings of all Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

5. Audit Committee

5.1. The Committee has 5 members with 4 non-executive independent directors and one non-executive director. The Chairman of the Audit Committee is an Independent Director. The role and terms of reference of the Audit Committee cover the areas as mentioned in Reg.18 of SEBI (LODR) Reg.2015 read with Part C of Sch II of Listing Regulations and Section 177 of the Companies Act, 2013.

5.2. Terms of Reference:

The role of the Audit Committee includes overseeing the financial reporting process and disclosure of financial information in compliance with listing and legal requirements, review of financial statements including major accounting entries involving judgement by management and audit observations, review of the financial statements of unlisted subsidiary, scrutiny of inter-corporate loans and investments, approval of related party transactions, review of internal audit process and findings, valuation of assets/ undertakings etc. The role of the Audit Committee also includes recommending the appointment of auditors and their remuneration to the Board. The Committee also reviews terms of appointment, scope of audit, internal financial controls and their adequacy, risk management process and vigil mechanism.

The Company Secretary is the Secretary to the Audit Committee. The Committee of Directors met 5 times during the year 2016-17 on 28.05.2016, 27.08.2016, 19.11.2016, 27.01.2017, 30.03.2017.

5.3. The composition of Audit Committee of the Board and the details of their attendance in the meetings of the Audit Committee are given below.

Name of Director	Status	No. of meetings attended	Date of meeting
Mr K G Raghavan, Chairman	Non-Executive Independent Director	3	19.11.2016, 27.01.2017, 30.03.2017
Mr V Balaraman, Member	Non-Executive Independent Director	4	28.05.2016, 19.11.2016, 27.01.2017, 30.03.2017
Mr G Chidambar, Member	Non-Executive Independent Director	5	28.05.2016, 27.08.2016, 19.11.2016, 27.01.2017, 30.03.2017
Mr R Vijayaraghavan, Member	Non-Executive Independent Director	5	28.05.2016, 27.08.2016, 19.11.2016, 27.01.2017, 30.03.2017
Mr K Seshadri, Member	Non-Executive Director	4	27.08.2016, 19.11.2016, 27.01.2017, 30.03.2017

6. Stakeholders Relationship Committee:

The Committee has 3 Directors as members and met 4 times during the year 2016-17 on 18.04.2016, 25.07.2016, 13.10.2016, 23.01.2017.

6.1. The details of attendance of directors in the meetings are as given below

Name of the Member (M/s)	Status	No. of meetings attended	Date of meeting
T K Balaji, Chairman	Non-Executive Director	4	18.04.2016, 25.07.2016, 13.10.2016, 23.01.2017
K Seshadri, Member	Non-Executive Director	4	18.04.2016, 25.07.2016, 13.10.2016, 23.01.2017
G Chidambar, Member	Non-Executive Independent Director	4	18.04.2016, 25.07.2016, 13.10.2016, 23.01.2017

The Company Secretary is the Secretary to the Stakeholders Relationship Committee.

The functions of the Stakeholders Relationship Committee are to review and redress Shareholders' / Investors' query / grievance / complaint on matters relating to transfer of shares, non-receipt of balance sheet / dividend warrants, etc., and to approve transfers, transmission, consolidation and splitting of share certificates and to authorise the officials to make necessary endorsements on the share certificates.

The Board has authorised Mr Ravinder Sharma, C.E.O, Mr Elango Srinivasan, C.F.O. and Mr S Sampath, C.S. & Compliance Officer of the Company to approve periodically the following and the Stakeholders Relationship Committee ratifies the transactions at appropriate intervals:

i) Share transfer, transmissions, transpositions of names

ii) Issue of share certificates-duplicate, consolidation and splitting and

iii) Other matters connected with share transfers

As required by Securities and Exchange Board of India (SEBI) Mr S Sampath, Company Secretary has been appointed as Compliance Officer. For any clarification, shareholders may contact Mr S Sampath, Company Secretary at the dedicated e.mail ids.:investorscomplaints@inel.co.in / investorscomplaintssta@scl.co.in.

During the financial year 2016-17, the company received a complaint from a shareholder (Bank mandate updation-non receipt of dividend) and this was redressed to the satisfaction of the concerned investor.

7. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSR Committee) has 3 directors as members with Chairman being Mr G Chidambar, an Independent director. The CSR policy of the company has been approved by the Board of Directors and is available on the website of the company viz., www.indianippon.com. During the year 2016-17, the Committee of Directors met on 19th Nov.2016:

Name of the Member	Status	No. of meetings attended	Dates of meeting
Mr G Chidambar, Chairman of the CSR Committee	Non Executive Independent Director	1	19.11.2016
Mr Arvind Balaji, Member	Managing Director	1	19.11.2016
Dr (Mrs.) Jayshree Suresh, Member	Non Executive Independent Director	1	19.11.2016

8. Nomination & Remuneration Committee

8.1. Composition of the Committee

TThe Nomination & Remuneration Committee (N&RC) has 3 directors with the Chairman of the N&RC being Mr V Balaraman, an independent director. During the year 2016-17, the Committee of directors met on 28th May 2016:

Name of the Member (M/s)	Status	No. of meetings attended	Date of meeting
V Balaraman, Chairman	Non-Executive Independent Director	1	28.05.2016
T K Balaji, Member	Non-Executive Director	1	28.05.2016
R Vijayaraghavan, Member	Non-Executive Independent Director	1	28.05.2016

8.2 The Committee performs the role as envisaged in Section 178 of the Companies Act 2013. The broad terms of reference of the NRC are as under:

- Guiding the Board for laying down the terms and conditions in relation to appointment and removal of director(s), Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) of the company.
- Evaluating the performance of the director(s) and providing necessary report to the Board for its further evaluation and consideration.
- Recommending to the Board on remuneration payable to the director(s), KMPs and SMPs of the company based on (i) the company's structure and financial performance and (ii) remuneration trends and practices that prevail in peer companies across automobile industry.
- Retaining, motivating and promoting talent among the employees and ensuring long term sustainability of talented SMPs by creation of competitive advantage through a structured talent review.
- Devising a policy on diversity in the Board.
- Developing a succession plan for the Board, KMPs and SMPs.

8.3. The role / scope of the NRC is as follows:

- To make recommendations to the Board with respect to incentive compensation plans for Managing director and remuneration of non-executive director(s).
- To identify persons who are qualified to become director(s), KMPs and SMPs of the company.
- To recommend to the Board for appointment /removal of director(s), KMPs and SMPs of the company.
- To recommend to the Board a policy for remuneration of director(s), KMPs and SMPs of the company.

8.4. Evaluation Criteria

The N&RC laid down the criteria for evaluation of the performance of every director including independent directors in terms of attendance, participation and contribution towards the overall performance of the company.

9. Remuneration of Directors

9.1 Managing Director:

Remuneration: The Board on the recommendation of the N&RC shall review and approve the remuneration payable to the Managing Director within the overall limits approved by the shareholders. The remuneration structure to the MD shall include: basic pay, perquisites and allowances, commission and retirement benefits. The details of monthly remuneration of M.D. are given in the annexure to the Boards Report.

As per the terms of appointment, the Board of Directors at their meeting held on 18th May 2017 approved payment of commission of ₹ 90 lakhs to Mr Arvind Balaji, Managing Director for the year 2016-17 and provision has been made in the books for the same.

9.2. Non-Executive Directors:

The Board, on the recommendation of the N&RC, shall review and approve the remuneration payable to the Non-executive Directors of the company within the overall limits approved by the shareholders.

Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof. The Non-Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

a. Commission:

Non-Executive Directors are paid remuneration by way of commission not exceeding 1% of the net profits computed in accordance with the provisions of Section 198 of the Companies Act, 2013. Further, for payment of such commission for 5 years from 01.04.2013, approval had been obtained from the shareholders at the Annual General Meeting held on 26th August 2013.

Provision has been made in the accounts towards commission to the Directors for the period ended 31st March 2017 as given below. The Commission has been determined taking all relevant factors into account, including responsibilities discharged and participation in the Company's affairs. There was no pecuniary relationship or transactions of the Non-Executive Directors with the company during the year 2016-17

Name of the Directors	Amount (₹Lakhs)
Mr K G Raghavan	6.25
Mr V Balaraman	6.75
Mr G Chidambar	6.75
Mr R Vijayaraghavan	6.75
Mr Jayshree Suresh	6.75
Total	33.25

b. Sitting fees:

Remuneration by way of Sitting Fee for attending Board/ Committee Meetings paid to non-executive Directors for the year 2016-17 is tabulated hereunder:

Name of the Directors	₹					
	Board	Audit Committee	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	Total
Mr T K Balaji	75,000	-	48,000	12,000	-	135,000
Mr K Seshadri	45,000	48,000	48,000	-	-	141,000
Mr K G Raghavan	45,000	36,000	-	-	-	81,000
Mr V Balaraman	60,000	48,000	-	12,000	-	120,000
Mr G Chidambar	75,000	60,000	48,000	-	12,000	195,000
Mr R Vijayaraghavan	75,000	60,000	-	12,000	-	147,000
Mrs Jayshree Suresh	75,000	-	-	-	12000	87,000
Mr Mukesh Kumar Somani	75,000					75,000
Total	5,25,000	2,52,000	1,44,000	36,000	24,000	981,000

10. Disclosures:

a) Related party transactions (RPT Policy):

All transactions entered into with related parties, as defined under the Companies Act 2013 and Listing Regulations during the year 2016-17 were in the ordinary course of business and at an arm's length pricing basis and do not attract the provisions of Section 188 of the Act 2013 and the rules made thereunder.

All related party transactions are placed before the Audit Committee for prior approval on a quarterly basis.

There were no materially significant transactions with the related parties, during the year, which were in conflict with the interests of the company and that require an approval of the company in terms of the provisions of Section 188 of the Companies Act 2013 and the rules made thereunder and also the Listing Regulations.

The transactions with the related parties, namely its promoters, and subsidiary company etc., of routine nature have been reported elsewhere in the annual report, as per the applicable Accounting Standards issued by Companies (Accounting Standard) Rules, 2006. The RPT policy as approved by the Board of Directors is available on the website of the company viz., www.indianippon.com.

b) Vigil Mechanism:

The Company established a vigil mechanism, also called the Whistle Blower Policy which is adopted by the Board and is made available on the website of the company. Your company established a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. It provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. The Whistle Blower Policy and Vigil Mechanism is available on the website of the company viz., www.indianippon.com.

c) There were no transactions of material nature with the promoters, directors or the management or their subsidiaries or relatives, etc, potentially conflicting with company's interest at large, during the year.

d) There were no instances of non-compliance on any matter related to the capital market, during the last three years.

e) Prevention of insider trading and code of corporate disclosure practices:

Pursuant to SEBI (Prohibition of Insider Trading) Regulations 2015, the company adopted a code of conduct at the Board meeting for prevention of insider trading and corporate disclosure practices. The code of conduct is available on the website of the company. The company has appointed Company Secretary as Compliance Officer for this purpose. Buying and selling of securities are prohibited for a period of 15 days prior to the Board meeting and 48 hours after the publication of the results by specified persons i.e., directors/ officers/ designated employees who shall maintain confidentiality of all price sensitive information coming into their possession or control. Changes in shareholding by the specified persons are reported to the Board by the Compliance Officer.

The company has also formulated a code of practises and procedures for fair disclosure of 'unpublished price sensitive information' and a code of conduct to regulate, monitor and report trading by insider in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations 2015. The Code has been communicated to directors, SMP. The code has also been displayed on the company's website viz., www.indianippon.com.

f) Subsidiary company

The minutes of the Board meetings of the subsidiary are shared with the Board of Directors. The financial statements of the subsidiary company are presented to the Audit Committee. The company does not have a material subsidiary, having a net worth exceeding 20% of the consolidated net worth or income of 20% of the consolidated income of your company. The Board has formulated a policy for determining "material" subsidiaries. The Policy is available in the Company's website www.indianippon.com.

g) Quarterly report on share capital audit:

Regulation 55A of SEBI (Depositories and Participants) Regulations 1996 directed all the Companies to carry out a secretarial audit by a qualified Chartered Accountant or Company Secretary to cover the following aspects and certify among others that: (i) the total shares held in NSDL, CDSL and in the physical form tally with the issued / paid up capital; (ii) the register of members is updated and; (iii) the dematerialisation requests have been confirmed within 15 days and by explaining the reasons if any, for pending beyond 15 days

The Audit Report titled Report on Reconciliation of Share Capital should contain changes in share capital consequent to rights, bonus, preferential issues, buy-back of shares, amalgamation and de-merger, etc. during the quarter. The auditor has to report, whether in-principle approval for listing the shares has been obtained from the Stock Exchanges in respect of further issue of capital.

The Report on Reconciliation of Share Capital was submitted by the Company to the Stock Exchanges on a quarterly basis within 30 days through on-line submission from the end of each quarter and for the quarter ended 31st Mar 2017, this was submitted on 6th April 2017.

h) There were no non-compliances by the company and no instances of penalties and strictures imposed on the company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital market during the last three year.

i) The senior management personnel have made disclosures to the Board relating to all material, financial and other transactions stating that they did not have personal interest that could result in a conflict with the interest of the company.

j) The Board in line with the requirements of the Listing Regulations formulated following policies:
   - Policy for determining 'materiality' for disclosure of events / information to Stock Exchanges;
   - Policy for preservation and Archival of documents

k) Management Discussion & Analysis report, details of separate meeting of independent directors, board evaluation, risk management policy form part of the boards report.

l) The company has complied with all applicable mandatory requirement in terms of Listing Regulations and adopted non-mandatory requirements in an appropriate manner as applicable.

m) The company has in place the Code of Business Conduct for members of the Board and senior management personnel approved by the Board which has been displayed on the website of the company viz., www.indianippon.com.

   All the members of Board and senior management personnel have confirmed compliance with the code for the year ended 31st March 2017. The annual report contains a declaration to this effect signed by the Managing Director

11. Annual General Meetings:

The last three Annual General Meetings were held as under:

Meeting	Year	Location	Date	Time
29th AGM	2014	Kasturi Srinivasan Hall 168 (Old 306), TTK Road, Chennai 600 014	27th Aug 2014	10:30 AM
30th AGM	2015	Kasturi Srinivasan Hall 168 (Old 306), TTK Road, Chennai 600 014	27th Aug 2015	10:30 AM
31st AGM	2016	Satguru Gnanananda Hall (Naradha Gana Sabha-Main Hall) 314, T.T.K. Road, Chennai-600018	27th Aug 2016	10:35 A.M.

12. Special resolutions passed in the previous annual general meetings:

During the last three years viz., 2013-14 to 2015-16, no approval of the shareholders was obtained by passing special resolutions:

13. Postal Ballot

a) None of the subjects placed before the shareholders in the last / ensuing annual general meeting/ required / requires approval by a Postal Ballot.

b) No item of business in relation to matters specified in Listing Regulations and or Section 110 of the Companies Act, 2013 which requires voting by postal ballot is included in the notice convening the AGM of the Company for the year 2016-17.

14. Means of Communication:

a) Quarterly results were published in Business Line and the Tamil version of the same was published in Dinamani. The Company has opted to publish the audited annual results for the year ended 31st March 2017 within the stipulated time and therefore has not published the last quarter unaudited results.

b) The quarterly results and also the annual audited results are published in the Company's website viz. www.indianippon.com.

15. General Information for Shareholders:

Date, Time and Venue of the Annual General Meeting	24th August 2017 at 10:30 A.M. Satguru Gnanananda Hall (Naradha Gana Sabha-Main Hall) 314, T.T.K. Road Chennai-600018
Financial Reporting for the Quarter ending: 30th June 2017 30th September 2017 31st December 2017 31st March 2018	 1st fortnight of Aug 2017 1st fortnight of November 2017 1st fortnight of February 2018 May 2018
1st Interim Dividend for 2016-17 @ ₹ 4 per share	Declared by Board: 27th Jan 2017 Record Date: 8th Feb 2017 Payment date: 14th Feb 2017
2nd interim dividend for 2016-17 @ ₹ 6 per share	Declared by Board: 30th Mar 2017 Record Date: 12th Apr 2017 Payment date: 18th Apr 2017
Book closure period for the purpose of AGM	From 18th August 2017 to 24th August 2017 (both days inclusive)

16. Shares of the company are listed on the following Stock Exchanges:

- BSE Ltd, Mumbai under trading symbol: 532240
- National Stock Exchange of India Ltd, Mumbai under trading symbol: INDNIPPON

17. Demat ISIN in NSDL and CDSL: INE092B01017

18. Listing fee for 2016-17: Annual Listing Fees for the year ended March 2017 have been paid to BSE Ltd and NSE Ltd.

19. Share price data:

Share Price in ₹ Nominal Value of Share ₹ 10

Month	National Stock Exchange of India Ltd.		BSE Ltd	
	High	Low	High	Low
Apr'16	432.45	368.00	432.00	367.00
May'16	428.45	390.00	430.70	388.00
Jun'16	403.50	378.00	405.00	382.50
Jul'16	435.00	388.50	435.00	380.00
Aug'16	429.00	387.25	438.00	386.15
Sep'16	499.85	385.05	501.00	390.55
Oct'16	695.00	450.10	694.80	460.00
Nov'16	653.80	481.10	653.15	482.50
Dec'16	578.30	476.40	551.25	472.00
Jan'17	632.20	482.05	640.00	481.55
Feb'17	599.00	535.00	609.00	529.15
Mar'17	569.85	502.00	574.00	505.00

SShare price performance in comparison to broadbased indices – NSE Nifty and BSE Sensex.

Company's share price performance in comparison to NSE Nifty based on the share price as on 31st March, during the last few years is as follows:

Date	Company's Share Price Close (₹)	Nifty Points (Close)	Percentage Change in	
			Company's share price	Nifty
31.03.2015	421	8491	111	27
31.03.2016	366	7738	(13)	(9)
31.03.2017	549	9173	50	18

Company's share price performance in comparison to BSE Sensex based on the share price as on 31st March, during the last few years is as follows:

Date	Company's Share Price Close (₹)	Sensex Points (Close)	Percentage Change in	
			Company's share price	Sensex
31.03.2015	420	27957	111	25
31.03.2016	359	25342	(15)	(9)
31.03.2017	552	29620	54	17

20. Distribution of Equity Shareholding as on 31st March 2017:

Number of Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	Share holding (%)
1 – 100	5095	57.76	176914	1.56
101-500	2060	23.35	541651	4.79
501-1000	1184	13.42	938977	8.30
1001-2000	266	3.02	409272	3.62
2001-3000	93	1.05	232113	2.05
3001-4000	37	0.42	131302	1.16
4001-5000	20	0.23	91285	0.81
5001-10000	36	0.41	254302	2.25
10001 & above	30	0.34	8534896	75.46
Total	8821	100.00	11310712	100.00

21. Pattern of Equity Shareholding as on 31st March 2017:

Shareholders	No. of Shares held	% of Total shares held
NRIs	52948	0.47
Promoter Company	5188666	45.87
Directors and Relatives	3730	0.03
Collaborator	2320500	20.52
Financial Institutions/ Banks	35000	0.31
Foreign portfolio investor-corporate	9000	0.08
Corporate Bodies	649258	5.74
Resident Individuals	3051610	26.98
Total	11310712	100.0

22. Share Transfer System:

Securities and Exchange Board of India [SEBI] in its circular No.D & CC / FITTC / Cir-15 dated 27th December 2002 stipulated that a Company should have a common agency for handling the share registry work for both physical and electronic transfers i.e., either in-house or by way of a SEBI registered Registrar and Transfer Agent [RTA]. The Board of Directors appointed M/s Sundaram-Clayton Ltd [SCL] as Share Transfer Agents to carry out the registry work pertaining to transfer of shares and to provide connectivity with the depositories for handling transactions taking place in electronic form.

With effect from 15th Oct'2004 M/s Sundaram-Clayton Ltd (SCL), [Registration No.INR200003942 issued by SEBI) currently located at 'Jayalakshmi Estates' I Floor, No.29, Haddows Road, Chennai-600006. Tel: (44) 28272233, 28284959, Fax: (44) 28257121, have been acting as a Registrar and Share Transfer Agents [RTA] for providing the connectivity with NSDL and CDSL and also for transfer of shares held in physical form. The agreement entered into by the company with the RTA is being renewed once in three years and the current agreement is valid till 15th Oct 2019.

Share transfer is normally effected within a maximum period of 15 days from the date of receipt, if the documents submitted are in order. The Stakeholders Relationship Committee approves share transfers / transmissions at the Committee meeting. All requests for dematerialisation of securities are processed and the confirmation is given to the depositories within 7 days. Grievances received from shareholders and other miscellaneous correspondence on changes of addresses, mandates etc, is processed by the RTA within 7 days.

23. Dematerialisation of Shares and Liquidity:

Your Company's shares have been compulsorily dematerialised effective 28.04.2001. In accordance with SEBI Circular No.SEBI/Cir/ISD/3/2011 dated June 17, 2011 and the amendments thereof, the entire shareholding of promoters has been dematerialised. As on 31.03.2017, there were 10975255 shares in electronic mode, including 75,09,166 shares held by promoters. Shares held in electronic mode accounted for 97.03% of total holding. The shareholding pattern in physical and demat is as given under:

Shares in Nos.

	Particulars	Physical Mode	Electronic mode	Total holding
a)	No. of shareholders as on 31.03.2017	549	8272	8821
b)	Promoters holding M/s Lucas Indian Service Ltd, Chennai M/s Mahle Electric Drives Japan Corporation (formerly known as Kokusan Denki Company Ltd)		 5188666 2320500	 5188666 2320500
c)	Non Promoters holding	335457	3466089	3801546
	Total (b+c)	335457	10975255	11310712
	%	2.97	97.03	100

24. Plant Locations:

Unit I India Nippon Electricals Ltd:
Hosur-Thalli Road, Uliveeranapalli, Hosur 635 114.Denkanikotta Taluk. Krishnagiri Dist.
Tamilnadu. Tel: (4347) 233438.
E.mail: inelhsr@inel.co.in, investorscomplaints@inel.co.in

Unit II India Nippon Electricals Ltd:
Madukarai Road, Kariamanickam Village, Nettapakkam Commune.
Puducherry 605 106. Tel: (413) 2699052.

Unit III India Nippon Electricals Ltd:
Masani Village, Rewari District. Haryana 122 106.
Tel: (1274) 240860

Unit IV India Nippon Electricals Ltd: B-36, Five Star Industrial Area, Kagal Hatknangale City.
Kolhapur – 416 216. Maharashtra, India

Address for Investors Correspondence:
India Nippon Electricals Ltd - CIN: L31901TN1984PLC011021
NO.11 & 13, Patullos Road, Chennai 600002. Ph. (44) 28130063/73. Fax. (44) 28130631.
E.mail: inelcorp@inel.co.in, investorscomplaints@inel.co.in.

For investors complaints:
investorscomplaints@inel.co.in and investorscomplaintssta@scl.co.in

B. NON MANDATORY REQUIREMENT

a) Quarterly / Half-Yearly Results:

The quarterly / half-yearly results of the Company are published in one English newspaper having wide circulation and in one Tamil newspaper. These results are published in the website though they are not sent to the shareholders individually.

B) Request to Investors

Members who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March 2010 and for any financial year thereafter may contact the Company and surrender their warrants for payment or write to the Company with folio number and details. Members are requested to note that the dividend not claimed for a period of seven years from the date they became due for payment shall be transferred to Investor Education and Protection Fund [IEPF] in terms of Section 124 of the Companies Act, 2013. Information in respect of unclaimed dividends due for remittance into IEPF is given below. Particulars of unclaimed dividend of India Nippon Electricals Limited.

Financial Year	Date of Declaration	% of dividend	Date of transfer to special account	Date of transfer to IEPF	As of 31.03.2017 ₹
2009-10					
2nd interim	27.04.2010	40	02.06.2010	02.06.2017	1,59,932
2010-11					
1st interim	29.12.2010	50	03.02.2011	03.02.2018	2,20,125
2nd interim	25.03.2011	35	30.04.2011	30.04.2018	1,52,840
3rd interim	27.05.2011	10	02.07.2011	02.07.2018	47,742
2011-12					
1st interim	03.02.2012	40	10.03.2012	10.03.2019	2,62,692
2nd interim	30.05.2012	50	05.07.2012	05.07.2019	2,89,285
2012-13					
1st interim	06.02.2013	40	14.03.2013	14.03.2020	2,84,148
2nd interim	28.05.2013	50	03.07.2013	03.07.2020	3,42,695
2013-14					
1st interim	28.01.2014	40	05.03.2014	05.03.2021	3,10,488
2nd interim	23.05.2014	50	28.06.2014	28.06.2021	3,58,770
2014-15					
1st interim	09.02.2015	45	17.03.2015	17.03.2022	3,70,066
Final dividend	27.08.2015	45	02.10.2015	02.10.2022	3,76,490
2015-16					
1st interim	29.01.2016	40	05.03.2016	05.03.2023	3,70,344
2nd interim	26.03.2016	50	01.05.2016	01.05.2023	4,63,735
2016-17					
1st interim	27.01.2017	40	26.02.2017	26.02.2024	4,15,232
2nd interim	30.03.2017	60	29.04.2017	29.04.2024	*

(*) Paid in April 2016

Investors are requested to note the following:

- Investors holding shares in physical mode are requested to communicate the change of address, if any, directly to the Registered Office of the Company at the above address.
- As required by SEBI, investors, who have not furnished so far, are advised to furnish details of their bank account number, name and address of the bank for incorporating the same in the dividend warrants. This information is required to avoid wrong credits being obtained by unauthorised persons.
- Investors who have not availed nomination facility are requested to fill in the nomination form and submit the same to the Company along with the requisite proof of nomination.
- Investors are requested to note that any dividend which remains unencashed for a period of seven years will be transferred to 'Investor Education and Protection Fund' in terms of Section 124 of the Companies Act, 2013.
- Those who have not encashed their warrants may contact the Company immediately and surrender their warrants for further action.
- Investors holding shares in electronic form are requested to deal only with their depository participant in respect of change of address, nomination facility and furnishing bank account number, etc.
- In terms of SEBI (LODR) Regulations, 2015, a suspense account has been opened and all the unclaimed shares have been transferred. The voting rights on the 31st March 2017 shall remain frozen till the rightful owners of such shares claim the shares.

Particulars	Physical	
	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1st April 2016	51	13,598
Number of shareholders who approached the company for transfer of shares and shares transferred from suspense account during the year	2	471
Number of shareholders and aggregate number of shares transferred to the unclaimed suspense account during the year	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31st March 2017	49	13,127

Independent Auditor's Report

To the Members of India Nippon Electricals Limited

Report on the Standalone IndAS Financial Statements

We have audited the accompanying standalone IndAS financial statements of India Nippon Electricals Limited (the Company) which comprises the Balance Sheet as at March 31, 2017, the statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (Hereinafter referred to as "the Standalone IndAS financial statements")..

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these standalone IndAS financial statements that give a true and fair view of the financial position, profit (financial performance including other comprehensive income) cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India ,including the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone IndAS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone IndAS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made therunder.

We conducted our audit of the standalone IndAS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone IndAS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone IndAS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the standalone IndAS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone IndAS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company Directors, as well as evaluating the overall presentation of the standalone IndAS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone IndAS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone IndAS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the IndAS, of the financial position of the Company as at 31st March 2017 and its financial performance including other comprehensive income,its cash flows and the changes in the equity for the year ended on that date.

Report on other Legal and Regulatory Requirements:

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure–A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by section 143(3) of the Act, we report that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with rule 7 of the companies (accounts) Rules 2014;

e. On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Sec 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure–B"; and

g. With respect to the other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigation on its financial position in its standalone IndAS financial statements – Refer Note : 39 to the Standalone IndAS financial statements disclosing Contingent Liabilities;

   ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv. The company has provided requisite disclosures in its Standalone IndAS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the company. Refer Note: 44 to the Standalone IndAS financial statement

For **BRAHMAYYA & CO.,**
Chartered Accountants,
Firm Registration No.: 000511S

(P S Kumar)
Partner
Membership Number:15590

Place of signature : Chennai
Date of signature : 18th May 2017

Annexure–A referred to in paragraph 1 of our report of even date.

The provisions of the following clauses of Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year.

a) Clause 3(v) with regard to acceptance of deposits from the public since the Company has not accepted any deposits.

b) Clause 3(viii) with regard to default in repayment of dues to a financial institution or Bank or Debenture Holders since the Company has not borrowed any amount during the year.

c) Clause 3(ix) with regard to Money raised by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

d) Clause 3(xii) with regard to Compliance by the Nidhi Company.

e) Clause 3(xiv) with regard to preferential allotment (or) private placement of shares since the Company has not made any preferential allotment (or) private placement of shares (or) fully (or) partly convertible debentures during the year.

f) Clause 3(xvi) since the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and the situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets at reasonable intervals. The fixed assets are physically verified by the external agency, which in our opinion, is reasonable having regard to the size of the group and nature of its assets . No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals.

(b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of the examination of the records of the inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of accounts.

(iii) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of The Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of Companies Act, 2013, with respect to the loans and investments made

(v) On the basis of the records, we are of the opinion that prima facie cost records and accounts specified by the Central Government of India under sub-section (1) of section 148 of the Companies Act, 2013 have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.

(vi) (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, cess and other statutory dues.

(b) Based on the audit procedures and on the information and explanations given by the management, we furnish below the details of dues of Service Tax / Duty of Excise / Local area Development Tax / Income Tax , which have not been deposited on account of disputes.

Statute	Nature of dues	Period to which relates (Financial Year)	Amount due In ₹ Lakhs	Forum where dispute is pending
Service tax under Finance Act,1994	Non- payment of service tax on commercial training	2012-2015 and 2015-2016	10.08	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Service tax under Finance Act ,1994	Disallowance of Service Tax credit availed.	2005-06 and 2006-07	11.49	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Service tax under Finance Act ,1994	Disallowance of Service Tax Credit availed.	2006-07	0.27	Commissioner of Central Excise (Appeals).
Service tax under Finance Act ,1994	Disallowance of Service Tax Credit availed.	2007-08 2012-13	1.50	Office of the Superintendent Central Excise
Local Area Development Tax of Haryana state.	Local Area Development Tax Assessment demand	2003-04 and 2004-05	0.41	Joint Excise Taxation Commissioner

Statute	Nature of dues	Period to which relates (Financial Year)	Amount due In ₹ Lakhs	Forum where dispute is pending
Tamil Nadu VAT Act 2006	VAT ineligible credits	2007-08 to 2015-16	193.41	Assistant Commissioner of Commercial Taxes
Central Sales Act 1956	Penalty for issuing C-Forms without inclusion of B-Certificate	2010-11 to 2015-16	1.63	Assistant Commissioner of Commercial Taxes
Income Tax Act 1961	Deduction under Sec 80IB-with respect to Disallowance of Royalty payment, Apportionment of R&D Expenditure.	2012-13	64.77	Commissioner of Income Tax (Appeals)

(vii) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(viii) Based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(ix) Based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(x) Based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.

For **BRAHMAYYA & CO.,**
Chartered Accountants,
Firm Registration No.: 000511S

Place of signature : Chennai
Date of signature : 18th May 2017

(P S Kumar)
Partner
Membership Number:15590

Annexure–B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of India Nippon Electricals Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For **BRAHMAYYA & CO.,**
Chartered Accountants,
Firm Registration No.: 000511S

Place of signature : Chennai
Date of signature : 18th May 2017

(P S Kumar)
Partner
Membership Number:15590

BALANCE SHEET (STANDALONE) AS AT 31-MARCH-2017

₹ in Lakhs

	Particulars	Note No	As at 31 Mar-2017	As at 31 Mar-2016	As at 1 Apr-2015
1	**ASSETS**				
1.1	**Non-current assets**				
a)	Property, Plant and Equipment	5.1	4,963.42	4,185.27	4,153.99
b)	Capital Work-in-progress		321.92	205.78	60.70
c)	Investment Property		-	-	-
d)	Other Intangible Assets	5.2	196.06	238.29	44.40
e)	Financial Assets				
	(i) Investments	6	9,886.38	9,787.54	9,192.66
	(ii) Trade Receivables		-	-	-
	(iii) Loans	7	89.80	75.52	101.99
	(iv) Others	8	37.01	33.24	31.16
f)	Deferred Tax Assets (Net)	9	643.19	935.46	1,062.32
g)	Other Non-current Assets	10	94.82	83.17	65.99
	Non-current Assets - Total		**16,232.60**	**15,544.27**	**14,713.21**
1.2	**Current assets**				
a)	Inventories	11	2,242.13	2,492.02	1,804.91
b)	Financial Assets				
	(i) Investments	12	11,534.72	7,818.56	6,244.15
	(ii) Trade Receivables	13	6,638.55	6,069.19	6,334.16
	(iii) Cash and cash equivalents	14	309.93	1,016.00	347.01
	(iv) Bank balances other than (iii) above		-	-	-
	(v) Loans		-	-	-
	(vi) Others	15	82.76	86.07	100.16
c)	Other Current assets	16	391.81	544.00	490.30
	Current Assets - Total		**21,199.90**	**18,025.84**	**15,320.69**
	Assets - Total		**37,432.50**	**33,570.11**	**30,033.90**

₹ in Lakhs

	Particulars	Note No	As at 31 Mar-2017	As at 31 Mar-2016	As at 1 Apr-2015
2	**EQUITY AND LIABILITIES**				
2.1	**EQUITY:**				
a)	Equity Share Capital	17	1,131.07	1,131.07	1,131.07
b)	Other Equity		27,667.59	25,467.97	24,002.64
	Equity - Total		**28,798.66**	**26,599.04**	**25,133.71**
2.2	**LIABILITIES**				
2.2.1	**Non-current liabilities**				
a)	Financial Liabilities				
	(i) Borrowings		-	-	-
	(ii) Trade Payables		-	-	-
	(iii) Others		-	-	-
b)	Provisions	18	199.28	200.72	170.78
c)	Deferred Tax Liabilities (Net)		-	-	-
d)	Other non-current liabilities		-	-	-
	Non-current Liabilities - Total		**199.28**	**200.72**	**170.78**
2.2.2	**Current Liabilities**				
a)	Financial Liabilities				
	(i) Borrowings		-	-	-
	(ii) Trade payables	19	4,695.25	3,859.14	3,031.52
	(iii) Others	20	44.25	607.35	38.06
b)	Other current liabilities	21	2326.72	1,793.25	1,401.27
c)	Provisions	22	1,190.75	360.17	155.83
d)	Current tax Liabilities (Net)	23	177.59	150.44	102.73
	Total Current Liabilities		**8,434.56**	**6,770.35**	**4,729.41**
	Equity and Liabilities - Total		**37,432.50**	**33,570.11**	**30,033.90**

See accompanying notes to Financial Statements

T K BALAJI
Chairman

ARVIND BALAJI
Managing Director

As per our report of even date
For **Brahmayya & Co**
Chartered Accountants
Registration No: 000511S

ELANGO SRINIVASAN
Chief Financial Officer

S SAMPATH
Company Secretary

P S KUMAR
Partner
Membership No.15590

Chennai
18th May 2017

STATEMENT OF PROFIT AND LOSS (STANDALONE) FOR THE YEAR ENDED 31-MARCH-2017

₹ in Lakhs

Sl. No	Particulars	Note No	Apr'16 To Mar'17	Apr'15 To Mar'16
I	Revenue from Operations	24	39,430.35	37,841.68
II	Other Income	25	1,361.94	1,005.42
III	**TOTAL INCOME**		**40,792.29**	**38,847.10**
IV	Expenses:			
	Cost of Material Consumed	26	23,366.07	23,569.73
	Purchase of Stock in Trade	-		
	Changes in inventories of Finished Goods and Work-in-Progress	27	75.74	(250.13)
	Other Manufacturing Expenses	28	1,572.54	1,510.18
	Employee Benefit Expenses	29	4,339.64	3,922.96
	Finance Costs	30	5.93	13.29
	Depreciation and Amortisation Expenses	-	416.89	417.67
	Excise duty	-	4,434.46	4,254.69
	Other Expenses	31	1,872.76	1,275.52
	TOTAL EXPENSES		**36,084.03**	**34,713.91**
V	Profit before exceptional items and tax (I - IV)		4,708.26	4,133.19
VI	Exceptional items		-	-
VII	Profit Before Tax (V - VI)		4,708.26	4,133.19
			4,708.26	**4,133.19**
VIII	TAX EXPENSES:			
	(1) Current Tax		1,158.47	998.05
	(2) Deferred Tax		309.95	54.29
	(3) Income Tax for earlier years		-	22.35
			1,468.42	**1,074.69**
IX	Profit for the period from continuing operations (VII-VIII)		3,239.84	3,058.50
X	Profit from discontinued operations		-	-
XI	Tax expenses of discontinued operations		-	-
XII	Profit from DIscontinued operatIons (after tax) (X-XI)		-	-
XIII	Profit for the period (IX+XII)		**3,239.84**	**3,058.50**
XIV	Other Comprehensive Income:			
	A (i) Items that will not be reclassified to ProfIt or Loss	32	306.27	313.11
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		14.83	(68.45)
	B (i) Items that will be reclassifled to ProfIt or Loss		-	-
	(ii) Income tax relating to items that will be reclassified to Profit or Loss		-	-
			321.10	244.66
	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit for the period and other comprehensive income)		3,560.94	3,303.16
XVI	Earnings per equity share			
	1.Basic		28.65	27.04
	2.Diluted		28.65	27.04
	See accompanying notes to Financial Statements			

T K BALAJI
Chairman

ARVIND BALAJI
Managing Director

As per our report of even date
For **Brahmayya & Co**
Chartered Accountants
Registration No: 000511S

ELANGO SRINIVASAN
Chief Financial Officer

S SAMPATH
Company Secretary

P S KUMAR
Partner
Membership No.15590

Chennai
18th May 2017

Standalone cash flow Statement for the year Ended 31st March 2017

S No.	DESCRIPTION	YEAR ENDED 31.03.2017 ₹ in Lakhs	YEAR ENDED 31.03.2016 ₹ in Lakhs
A.	**Cash Flow from Operating Activities:**		
	Net Profit before tax and extraordinary items	4,708.26	4,133.19
	Adjustments for		
	Add: - Depreciation	416.89	417.67
	- Dividend Received	(188.93)	(258.88)
	- Interest Received	(191.49)	(197.74)
	- (Profit)/Loss on sale of investments(net)	(621.29)	(148.92)
	- Increase in Fair value of investments	(308.91)	(321.90)
	- Write-back provisions	(10.68)	(17.20)
	Operating Profit before Working Capital changes	3,803.85	3,606.22
	Adjustments for - Trade & Other Receivables	(445.74)	(358.24)
	- Inventories	249.89	(687.11)
	- Trade Payables and other liabilities	599.94	1,612.81
	Cash generated from Operations	4,207.94	4,173.68
	Income Tax paid	(1,014.28)	(858.98)
	Cash Flow before extraordinary items	3,193.66	3,314.70
	Extraordinary items	-	-
	Net Cash from Operating Activities- A	3,193.66	3,314.70
B.	**Cash Flow from Investing Activities:**		
	Purchase of Fixed Assets	(1,150.68)	(642.84)
	(Purchase) / Sale of Investments (net)	(2,530.20)	(1,369.90)
	Profit on Sale of Investment	621.29	148.92
	Re-payment of Inter Corporate Deposit	-	-
	Interest / Dividend Received	383.73	470.71
	Net Cash from /(used) in Investment Activities -B	(2,675.86)	(1,393.11)
C.	**Cash Flow from Financing Activities:**		
	Interest Paid	-	-
	Dividends Paid	(452.42)	(1,526.94)
	Dividend Tax	(207.23)	(195.74)
	Net Cash used in Financing Activities-C	(659.65)	(1,722.68)

S No.	DESCRIPTION	YEAR ENDED 31.03.2017 ₹ in Lakhs	YEAR ENDED 31.03.2016 ₹ in Lakhs
D.	Net (decrease)/Increase in Cash Equivalents (A+B+C)	(141.85)	198.91
E.	Cash & Cash Equivalent as at 1-Apr-2016 (Openning Balance)	398.53	199.62
F.	Cash & Cash Equivalent as at 31-Mar-2017 (Closing Balance)	256.68	398.53

Reconciliation of Cash and Cash Equivalents:

₹ in Lakhs

Particulars	YEAR ENDED 31-Mar-17	YEAR ENDED 31-Mar-16
Cash and Bank balances as per Balance Sheet (To refer Note No.14)	309.93	1,016.00
Less: Bank balances not considered as cash and cash equivalents as defined in Ind AS 7 on Cash Flow Statement in earmarked accounts		
- Unpaid dividends	(44.25)	(607.35)
- Margin Money	(9.00)	(9.00)
- In Fixed Deposit (More than 12 Months)	-	(1.12)
Cash and Cash Equivalents	256.68	398.53

Note : The above Cash Flow Satement has been prepared under Indirect method as set out in Ind AS 7 on Cash Flow Statement notified Under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014

For and on behalf of the Board

T K BALAJI
Chairman

ARVIND BALAJI
Managing Director

ELANGO SRINIVASAN
Chief Financial Officer

S SAMPATH
Company Secretary

Chennai
18th May 2017

As per our report of even date

For **Brahmayya & Co**
Chartered Accountants
Registration No: 000511S

P S KUMAR
Partner
Membership No.15590

Statement of changes in Equity:

Equity Share Capital

₹ in Lakhs

Particulars	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid	
At 01-Apr-2015	1,131.07
At 31-Mar-2016	1,131.07
Add: Issued during the year	-
As at 31-Mar-2017	**1,131.07**

Other Equity

₹ in Lakhs

Particulars	Reserves and Surplus			Other Comprehensive Income	Total Equity attributable to equity share holder
	Capital Redemption Reserve	Retained Earnings	General Reserve	Other items of Other Comprehensive Income	
Balance as of April 1, 2015	39.56	1,353.82	22,609.26	-	24,002.64
Changes in the equity for the year March 31, 2016					
Dividends	-	(1,526.95)	-	-	(1,526.95)
Dividend Tax	-	(310.88)	-	-	(310.88)
Profits for the year	-	3,058.50	-	-	3,058.50
Other Comprehensive Income	-	-	-	244.66	244.66
Transfer to General Reserve	-	(1,300.00)	1,300.00	-	-
Exchange difference on translation of foreign operation	-	-	-	-	-
Non - controlling interests on acquisition of subsidiary/Joint venture	-	-	-	-	-
Balance as of March 31, 2016	**39.56**	**1,274.49**	**23,909.26**	**244.66**	**25,467.97**
Balance as of April 1, 2016	39.56	1,274.49	23,909.26	244.66	25,467.97
Changes in the equity for the year March 31, 2017					
Dividends	-	(1,131.07)	-	-	(1,131.07)
Dividend Tax	-	(230.25)	-	-	(230.25)
Profits for the year	-	3,239.84	-	-	3,239.84
Other Comprehensive Income	-	-	-	321.10	321.10
Transfer to General Reserve	-	-	-	-	-
Exchange difference on translation of foreign operation	-	-	-	-	-
Non - controlling interests on acquisition of subsidiary/Joint venture	-	-	-	-	-
Balance as of March 31, 2017	**39.56**	**3,153.01**	**23,909.26**	**565.76**	**27,667.59**

Notes to the Standalone Financial Statements for the year ended March 31, 2017:

1) Company overview and significant Accounting Policies:

India Nippon Electricals Ltd. ("the Company") is a public limited company incorporated and domiciled in India and has its registered office at No.11 & 13, Patullo Road, Chennai-600 002, Tamilnadu, India. The shares of the Company are listed on the BSE Limited and National Stock Exchange of India Ltd.

The Company is a leading manufacturer of Electronic Ignition Systems for auto industry with special focus on two-wheeler industry in technical collaboration with Mahle Electric Drives Japan Corporation, Japan. In addition to the support from the collaborators, the Company has a developed Research & Development centre recognised by DSIR,Govt of India. The Company has four manufacturing facilities in India and it is also exporting volumes

The financial statements were approved by the Board of Directors and authorized to issue on 18th May 2017

2) Basis of preparation of Financial Statements:

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value, the provisions of The Companies Act, 2013 (The Act) and where applicable, the guidelines issued by the Securities and Exchange Board of India (SEBI). The IND AS.s are notified under Section 133 of the Act, Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements are the first financial statements of the Company in compliance with all Ind AS. The transition was carried out from Indian Accounting Standards generally accepted in India as prescribed under section 133 of The Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP) which was the previous GAAP and in accordance with IND AS 101 "First Time Adoption of Indian Accounting Standards".

The financial statements are as permitted by Schedule III to The Companies Act, 2013 and presented in lakhs of Indian Rupees (INR).

Use of estimates:

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

The areas involving critical estimates or judgments are:

i) Estimation of fair value of unlisted securities;

The fair value of unlisted securities is determined using the valuation techniques. The company uses its Judgement to select the methods and make assumptions at end of each reporting period. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

ii) Defined benefit obligation;

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, etc. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

iii) Impairment testing

Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value.

The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

iv) Estimation and evaluation of provisions and contingencies relating to tax litigation.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

v) Estimation Warranty claims

Provision is made for estimated warranty claims in respect of product sold which are still under warranty at the end of the reporting period. The claims are expected to be settled in the next financial year. The company estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from the historical amounts.

Standards issued but not yet effective:

As per Companies (Indian Accounting Standards) (Amendment) Rules, 2017 dated 17th March 2017 MCA has notified amendments to two new standards namely Ind AS 102 - Share-based Payment and Ind AS 7 -

Statement of Cash Flows which will be effective from 1st April 2017.

During current year, there are no share based payments transactions occurred and hence Ind AS 102 is not applicable to the company. Further, amendment to Ind AS 7 pertains to additional disclosure requirement such as "An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes". The Company has not opted for early adoption of the above amendments and will not have any material impact on the financial statements of the Company when adopted.

3) Significant Accounting Policies:

a) Current and Non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

i) expected to be realized or intended to be sold or consumed in the normal operating cycle

ii) held primarily for the purpose of trading

iii) expected to be realized within twelve months after the reporting period.

A liability is treated as current when:

i) it is expected to be settled in the normal operating cycle

ii) it is held primarily for the purpose of trading

iii) it is due to be settled within twelve months after the reporting period, or

iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Includes Excise Duty collected for onward remittance to the Government but excludes Value Added Tax, Sales Tax and Service Tax.

Revenue from sale of product is recognised when significant risks and rewards of ownership pass to the dealer/ customer as per the terms of the contract and it is probable that economic benefits associated with the transaction will flow to the company.

Income in the form of dividends and interest – Please refer to note no. 3 (m) (x)

c) Property, Plant & Equipment:

Freehold Land is carried at historical cost. Till the closure of the financial statements as at 31st March, 2015, all other items of tangible Property Plant and Equipment were stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. On the Date of Transition i.e. 1-April-2015, the Company had opted to elect the option to consider the written down values of these assets as deemed cost as on 1st April, 2015 as permitted by Indian Accounting Standard (Ind AS) 101 "First-time Adoption of Indian Accounting Standards", Appendix D, Paragraph D7AA.

Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred up to the date the asset is ready for its intended use. However, cost excludes Excise Duty, Value Added Tax and Service Tax, to the extent credit of the duty or tax is availed of. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

d) Depreciation and Amortization:

i) Depreciation on tangible fixed assets (other than land) is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shift) as evaluated by the Management, on straight line method, in accordance with Part A of Schedule II to the Companies Act 2013 less the number of years the asset had been used prior to 1st April, 2015.

ii) Tools and dies are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of two years.

iii) On tangible fixed assets added / disposed of during the year, depreciation is charged on pro-rata basis from the date of addition or till the date of disposal

e) Intangible Assets:

i) Intangible assets include cost of acquired software, license and technical know how. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

ii) Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

iii) Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

iv) Intangible assets are amortized on the following basis:

a) Softwares - Over a period of five years

b) SAP - Over a period of ten years

c) Windows Server - Over a period of five years

d) Licenses - Over a period of two to three years

e) Technical Knowhow - Over a period of five years

f) Impairment of Assets:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

g) Foreign currency translation:

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e. in Indian rupee (INR).

ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates

b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.

c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

h) Inventories:

i) Inventories are valued at the lower of cost and net realisable value.

ii) Cost of raw materials, components, stores, spares, work-in-process and finished goods are ascertained at weighted average cost

iii) Cost of finished goods and work-in-process comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

i) Employee benefits:

i) Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Other Long term employee benefits:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employement obligation:

Payments to defined contribution retirement benefit schemes (provident fund & superannuation) are charged as an expense as they fall due for defined benefit schemes (Gratuity), the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in Other Comprehensive Income for the period in which they occur.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the scheme.

j) Taxes on income - Current Tax:

Tax expense comprises of current and deferred taxes. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where there is a legally enforceable right to offset.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

k) Provisions and Contingent Liabilities:

i) Provisions:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent Liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability.

l) Cash & Cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

m) Investments & Other financial assets:

i) Classification:

The Company classifies its financial assets in the following categories:

a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) Those measured at amortized cost.
The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement:

At Initial recognition, the Company measures a financial asset at its fair value plus (in the case of a financial asset not at fair value through profit or loss) transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

iii) Debt instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

iv) Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

v) Fair value through Profit & Loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

vi) Equity Instruments:

The Company subsequently measures all investments in equity (except of the subsidiaries / associate) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

vii) Impairment of Financial Assets:

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial instruments which requires expected credit losses to be recognised from initial recognition of the receivables.

viii) Derecognition of Financial Assets:

A financial asset is derecognized only when

a) the Company has transferred the rights to receive cash flows from the financial asset or
b) the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has not transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

ix) Financial Liabilities:

a) Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

b) Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

c) Financial liabilities at fair value through profit or loss :

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

d) Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 – "Financial Instruments" are satisfied. For liabilities designated as Fair Value through Profit and Loss ("FVTPL"), fair value gains/ losses attributable to changes in own credit risk are recognized in Other Comprehensive Income ("OCI"). These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

e) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

f) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

g) Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

x) Income Recognition

a) Interest Income:

Generally, interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

b) Dividends:

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

xi) Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year including potential equity shares, if any, on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

n) Cash flow Statements:

Cash flow statements are prepared using the indirect method whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into Operating, Investing and Financing activities of the Company.

o) Dividends Paid:

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Company.

4) First-time adoption of Ind AS:

i) These standalone financial statements of the company for the year ended March 31,2017 have been prepared in accordance with IND AS. For the purposes of transition to IND AS, the Company has followed the guidance prescribed in IND AS 101 – First Time Adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to IND AS has resulted in the presentation of financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the standalone financial statements for the year ended March 31, 2017 and the comparative information.

In transiting the financial statements from the IGAAP to IND AS as already mentioned, the Company had chosen the options and exemptions available under IND AS 101 – First Time Adoption of Indian Accounting Standard selectively.

Principally, as provided by Paragraph 10 of IND AS 101, the Company had aligned with the accounting principles and standards prescribed by IND AS. Further, as provided by paragraph D7AA of Appendix D Exemptions from other Ind ASs of IND AS 101, the Company had opted for the Written Down Values as of March 31, 2015 to be deemed cost of tangible and intangible assets on April 1, 2015. Also, the previous GAAP carrying values of investment in Subsidiary as on March 31, 2015 and the investment in Associate, the fair value have been adopted as the deemed cost per paragraphs D14 and D15 of Ind AS 101.

With regard to the deemed cost of Tangible and Intangible assets refer to above, as of 31-Mar-2015, the details of the assets works as follows:

Total cost incurred up to 31-Mar-2015 (Gross Block) = ₹ 10,744.07 Lakhs

Accumulated Depreciation up to 31-Mar-2015 = ₹ 6,568.50 Lakhs

ii) Reconciliations:

The following reconciliations provide the effect of transition to IND AS from IGAAP in accordance with Ind AS 101.

1. Equity as at April 1, 2015 and March 31, 2016
2. Net profit for the year ended March 31, 2016

Reconciliation of Equity as previously reported under IGAAP to IND AS is provided below

4.a. Reconciliation of equity as previously reported under IGAAP to Ind AS

₹ in Lakhs

		Particulars	Note No.	Opening Balance Sheet as at April 1,2015			Balance Sheet as at March 31,2016		
				IGAAP	Effects of transition to Ind - AS	IND AS	IGAAP	Effects of transition to Ind - AS	IND AS
	ASSETS								
1	Non-current assets								
	(a)	Property, Plant and Equipment		4,175.57	(21.59)	4,153.98	3,906.44	278.82	4,185.26
	(b)	Capital Work-in-progress		60.70	-	60.70	205.79	-	205.79
	(c)	Investment Property		-	-	-	-	-	-
	(d)	Other Intangible Assets		-	44.40	44.40	189.02	49.27	238.29
	(e)	Financial Assets				-			-
		(i) Investments		8,272.18	920.48	9,192.66	8,546.53	1,241.00	9,787.53
		(ii) Trade Receivables		-	-	-	-	-	-
		(iii) Loans		101.99	-	101.99	75.52	-	75.52
		(iv) Others (to be specified)		31.16	-	31.16	33.24	-	33.24
	(f)	Deferred Tax Assets (Net)		386.92	675.40	1,062.32	445.05	490.41	935.46
	(g)	Other Non-current Assets		65.99	-	65.99	83.17	-	83.17
2	Current assets								
	(a)	Inventories		1,804.91	-	1,804.91	2,492.02	-	2,492.02
	(b)	Financial Assets		-	-	-	-	-	-
		(i) Investments		5,905.30	338.85	6,244.15	7,149.76	668.79	7,818.56
		(ii) Trade Receivables		6,334.17	-	6,334.17	6,069.20	-	6,069.20
		(iii) Cash and cash equivalents		347.01	-	347.01	1,016.00	-	1,016.00
		(iv) Bank balances other than (iii) above		-	-	-	-	-	-
		(v) Loans		-	-	-	-	-	-
		(vi) Others		100.16	-	100.16	86.07	-	86.07
	(c)	Current Tax Assets (Net)		-	-	-	-	-	-
	(d)	Other Current assets		490.30	-	490.30	544.00	-	544.00
		Total Assets		**28,076.36**	**1,957.54**	**30,033.90**	**30,841.82**	**2,728.29**	**33,570.11**

₹ in Lakhs

		Particulars	Note No.	Opening Balance Sheet as at April 1,2015			Balance Sheet as at March 31,2016		
				IGAAP	Effects of transition to Ind - AS	IND AS	IGAAP	Effects of transition to Ind - AS	IND AS
EQUITY AND LIABILITIES									
		Equity							
	(a)	Equity Share Capital		1,131.07	-	1,131.07	1,131.07	-	1,131.07
	(b)	Other Equity		21,443.25	2,559.39	24,002.64	22,749.26	2,718.71	25,467.97
		LIABILITIES		-	-	-	-	-	-
1	**Non-current liabilities**			-	-	-	-	-	-
	(a)	Financial Liabilities		-	-	-	-	-	-
		(i) Borrowings		-	-	-	-	-	-
		(ii) Trade Payables		-	-	-	-	-	-
		(iii) Other financial liabilities		-	-	-	-	-	-
		(Other than those specified in item (b), to be specified)		-	-	-	-	-	-
	(b)	Provisions		170.77	-	170.78	200.72	-	200.72
	(c)	Deferred Tax Liabilities (Net)		-	-	-	-	-	-
	(d)	Other non-current liabilities		-	-	-	-	-	-
2	**Current liabilities**			-	-	-	-	-	-
	(a)	Financial Liabilities		-	-	-	-	-	-
		(i) Borrowings		-	-	-	-	-	-
		(ii) Trade payables		3,031.52	-	3,031.52	3,859.14	-	3,859.14
		(iii) Other financial liabilities		38.06	-	38.06	607.35	-	607.35
		(other than those specified in		-	-	-	-	-	-
	(b)	Other current liabilities		1,401.27	-	1,401.27	1,793.24	-	1,793.24
	(c)	Provisions		757.69	(601.85)	155.83	350.60	9.58	360.18
	(d)	Current tax Liabilities (Net)		102.73	-	102.73	150.44	-	150.44
	Total Equity and Liabilities			**28,075.36**	**1,957.54**	**30,033.90**	**30,841.82**	**2,728.29**	**33,570.11**

Explanation for reconciliation of Balance Sheet as previously reported under IGAAP to INDAS:

a) Property, Plant and Equipment Refer note No - 4

b) Investment:

i) Investment in equity instruments in subsidiaries, Associates and Joint ventures are carried at cost. Investment in mutual funds and venture capital funds are carried fair value through profit and loss account.

ii) Tax free bonds are carried at cost since both maturity value and face value are constant.

c) Provisions: Adjustments reflect dividend (corporate dividend tax), declared and approved post reporting period

d) Other Equity:

i) Adjsutments to retained earnings and Other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.

ii) In addition, as per Ind AS-19, actuarial gians and losses are recognised in other comprehensive as compared to being recognised in the statement of profit and loss under IGAAP.

e) Deferred Tax : Defered tax on Investments and Plant Property, Equipment has been made in accordance with Ind AS

4.b. Reconciliation Statement of Profit and Loss as previously reported under IGAAP to Ind AS for the year ended 31-Mar-2016

₹ in Lakhs

	Particulars	Indian GAAP Balances	Effects of transition to Ind - AS	Ind AS Balance
I	Revenue from operations(Gross)	38,213.01	(371.33)	37,841.68
	Less: Excise Duty	4,254.69	(4,254.69)	-
	Revenue from operations(Net)	33,958.32	3,883.36	37,841.68
II	Other Income	683.52	321.90	1,005.42
III	**Total income**	**34,641.84**	**4,205.26**	**38,847.10**
IV	Expenses			
	Cost of Material consumed	23,569.73	-	23,569.73
	Purchase of stock in trade	-	-	-
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	(250.13)	-	(250.13)
	Other Manufacturing Expenses	1,510.18	-	1,510.18
	Employee Benefit Expenses	3,938.20	(15.24)	3,922.96
	Finance costs	13.29	-	13.29
	Depreciation and amortisation expenses	664.67	(247.00)	417.67
	Excise duty	-	4,254.70	4,254.70
	Other expenses	1,700.58	(425.07)	1,275.51
	Total Expenses	**31,146.52**	**3,567.39**	**34,713.91**
V	**Profit(loss) before exceptional items and tax (I-IV)**	**3,495.32**	**637.87**	**4,133.19**
VI	Exeptional items			
VII	Profit before tax (V-VI)	3,495.32	637.87	4,133.19
VIII	Tax Expenses			
	1.Current tax	1,020.40	-	1,020.40
	2.Deffered tax	(58.13)	112.42	54.29
IX	Profit (loss) for the period from continuing operations (VII-VIII)	2,533.05	525.45	3,058.50
X	Profit (loss) from discontinued operations	-		-
XI	Tax expenses of discontinued operations	-		-
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)	-		-
XIII	Profit (loss) for the period (IX+XII)	2,533.05	525.45	3,058.50
XIV	Other comprehensive income			
	A (i) Items that will not be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	313.11	313.11
	B (i) Items that will be reclassified to profit or loss		(68.45)	(68.45)
	(ii) Income tax relating to items that will be reclassified to profit or loss			
XV	**Total Comprehensive Income for the period (XIII+XIV) (comprising profit (loss) for the period and other comprehensive income)**	**2,533.05**	**770.11**	**3,303.16**
XVI	Earnings per equity share			
	1.Basic	-	-	
	2.Diluted	-	-	

Explanation for reconciliation of Profit and loss as previously reported under IGAAP to INDAS:

f) Excise duty: Excise duty has been reclassified to expenses schedule in statement of profit and loss account in acordance with with revised Schedule III

g) Income on Investment routed through profit and losss: Since investment in mutual funds and venture capital funds are carried at fair value, the difference between cost and fair value has been recognised in the statement of profit and loss account in accordance with Ind AS.

h) Employee Benefit Expenses: As per Ind AS-19 - Employee Benefits, actuarial gain and losses are recognised in the other comprehensive and not reclassified to profit and loss account in the subsequent period

i) Deferred Tax: Tax component on actuarial gains and Investment in LTVS which is transferred to other comprehensive income under Ind AS

5.1. Property, Plant & Equipment

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31-Mar-2017:

₹ in Lakhs

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 01-Apr-2016	1,239.82	1,000.42	2,167.10	110.48	41.01	25.48	4,584.31
Additions	-	106.84	999.35	18.92	24.56	2.63	1,152.30
Deletions	-	-	-	-	-	-	-
Gross carrying value as on 31-Mar-2017 = (A)	**1,239.82**	**1,107.26**	**3,166.45**	**129.40**	**65.57**	**28.11**	**5,736.61**
Accumulated depreciation as on 01-Apr-2016	-	40.03	326.76	14.55	13.53	4.57	399.44
Depreciation	-	40.87	304.09	11.57	13.68	3.94	374.15
Accumulated depreciation on deletions	-	-	-	-	-	-	-
Accumulated depreciation as on 31-Mar-2017 = (B)	**-**	**80.90**	**630.85**	**26.12**	**26.81**	**8.51**	**773.19**
Carrying value as on 31-Mar-2017 = (A - B)	**1,239.82**	**1,026.36**	**2,535.60**	**103.28**	**38.76**	**19.60**	**4,963.42**

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31-Mar-2016:

₹ in Lakhs

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 01-Apr-2015	1,239.82	966.70	1,825.98	86.59	24.89	10.01	4,153.99
Additions	-	33.72	341.12	23.89	16.12	15.47	430.32
Deletions	-	-	-	-	-	-	-
Gross carrying value as on 31-Mar-2016 = (A)	**1,239.82**	**1,000.42**	**2,167.10**	**110.48**	**41.01**	**25.48**	**4,584.31**
Accumulated depreciation as on 01-Apr-2015	-	-	-	-	-	-	-
Depreciation	-	40.03	326.76	14.55	13.53	4.57	399.44
Accumulated depreciation on deletions	-	-	-	-	-	-	-
Accumulated depreciation as on 31-Mar-2016 = (B)	**-**	**40.03**	**326.76**	**14.55**	**13.53**	**4.57**	**399.44**
Carrying value as on 31-Mar-2016 = (A - B)	**1,239.82**	**960.39**	**1,840.34**	**95.93**	**27.88**	**20.91**	**4,185.27**
Carrying value as on 01-Apr-2015	**1,239.82**	**966.70**	**1,825.98**	**86.59**	**24.89**	**10.01**	**4,153.99**

5.2. Intangible Asset:

₹ in Lakhs

Following are the changes in the carrying value of Intangible assets for the year ended 31-Mar-2017:

Particulars	Softwares	SAP	Windows Server	Licenses	Technical Knowhow	Total
Gross carrying value as on 01-Apr-2016	30.19	164.91	18.56	9.53	33.32	256.51
Additions	0.54	-	-	-	-	0.54
Deletions	-	-	-	-	-	-
Gross carrying value as on 31-Mar-2017 = (A)	**30.73**	**164.91**	**18.56**	**9.53**	**33.32**	**257.05**
Accumulated amortization as on 01-Apr-2016	6.56	2.90	0.37	0.51	7.91	18.25
Amortization	7.14	17.41	4.41	5.87	7.91	42.74
Accumulated amortization on deletions	-	-	-	-	-	-
Accumulated amortization as on 31-Mar-2017 = (B)	**13.70**	**20.31**	**4.78**	**6.38**	**15.82**	**60.99**
Carrying value as on 31-Mar-2017 = (A - B)	**17.03**	**144.60**	**13.78**	**3.15**	**17.50**	**196.06**

Following are the changes in the carrying value of Intangible assets for the year ended 31-Mar-2016:

₹ in Lakhs

Particulars	Softwares	SAP	Windows Server	Licenses	Technical Knowhow	Total
Gross carrying value as on 01-Apr-2015	11.08	-	-	-	33.32	44.40
Additions	19.11	164.91	18.56	9.53	-	212.11
Deletions	-	-	-	-	-	-
Gross carrying value as on 31-Mar-2016 = (A)	**30.19**	**164.91**	**18.56**	**9.53**	**33.32**	**256.51**
Accumulated amortization as on 01-Apr-2015	-	-	-	-	-	-
Amortization	6.53	2.90	0.37	0.51	7.91	18.22
Accumulated amortization on deletions	-	-	-	-	-	-
Accumulated amortization as on 31-Mar-2016 = (B)	**6.53**	**2.90**	**0.37**	**0.51**	**7.91**	**18.22**
Carrying value as on 31-Mar-2016	**23.66**	**162.01**	**18.19**	**9.02**	**25.41**	**238.29**
Carrying value as on 01-Apr-2015	**11.08**	**-**	**-**	**-**	**33.32**	**44.40**

6 NON-CURRENT INVESTMENTS - UNQUOTED:

₹ in Lakhs

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/Units	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
a) Investments in Equity instruments fully paid up						
i) Investment carried at cost:						
PT Automotive Systems Indonesia	Subsidiary	4474	27,000	1,207.98	1,207.98	1,207.98
ii) Investment carried at fair value through other comprehensive income:						
Synergy Shakthi Renewable Energy P Ltd	Associate	10	6,000,000	1.00	1.00	1.00
Lucas TVS Ltd	Others	100	97,351	4,821.13	4,466.50	4,137.95
IRIS Ecopower Venture Private Limited	Others	10	157,400	15.74	-	-
				6,045.85	**5,675.48**	**5,346.93**
b) Investments in Debentures or Bonds						
Investment carried at Amortised cost:						
National Highways Authority of India	Others	1000	12,362	123.62	123.62	123.62
Hudco (Taxfree) 2022			50,000	530.89	530.89	530.89
Indian Railway Finance Corporation Ltd			50,000	500.00	500.00	500.00
India Infrastructure Finance Corporation Ltd			50,000	500.00	500.00	500.00
Power Finance Corporation Limted Series 1			50,000	500.00	508.03	508.03
				2,154.51	**2,162.54**	**2,162.54**
c) Investments in Venture capital Funds						
Investment carried at fair value through profit and loss:						
TVS Shriram Growth Fund Scheme 1A	Others	1000	33,261	309.89	438.51	537.47
TVS Shriram Growth Fund Scheme 1B			38,940	471.60	500.50	212.20
				781.49	**939.01**	**749.67**
d) Investment in Mutual Funds:						
Investment carried at fair value through profit and loss:						
ICICI Prudential FMP Series 73-391 days Plan G Reg	Others	10	7,000,000	904.53	829.61	766.84
Reliance FHF XXV - Series 18 -Growth		10	-	-	180.90	166.68
				904.53	**1,010.51**	**933.52**
				9,886.38	**9,787.54**	**9,192.66**

Other disclosure:

Aggregate value of Un-quoted investments - Carried at cost	1,207.98	1,207.98	1,207.98
Aggregate value of Un-quoted investments - Carried at FVTOCI	4,837.87	4,467.50	4,138.95
Aggregate value of Un-quoted investments - Carried at FVTPL	1,686.02	1,949.52	1,683.19
Aggregate value of Un-quoted investments - Carried at Amortised cost	2,154.51	2,162.54	2,162.54

₹ in Lakhs

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
7	**LOANS:**			
	(Unsecured and considered good)			
	Loans & Advances to employees	89.80	75.52	101.99
		89.80	**75.52**	**101.99**
8	**OTHER FINANCIAL ASSETS:**			
	Bank deposits with more than 12 months maturity	37.01	33.24	31.16
		37.01	**33.24**	**31.16**
9	**Deferred Tax Assets (Net)**			
a	Deferred Tax Assets (Net) (Refer (9A))	643.19	935.46	1,062.32
		643.19	**935.46**	**1,062.32**

9A The tax effects of significant temporary differences that resulted in deferred income tax assets and Liabilities are as follows:

Deferred income tax assets			
Rebates and discounts	59.41	57.03	57.03
Leave encashment	96.45	67.71	44.66
Plant, Property and Equipment	(16.20)	117.22	214.76
Early separation scheme	6.12	10.35	12.23
Investment	418.49	597.64	673.56
Others	78.92	85.51	60.08
Total deferred tax assets	**643.19**	**935.46**	**1,062.32**

Deferred tax assets and deferred tax liabilities have been offset wherever the company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax asset and deferred tax liabilities relate to income leveid by the same authority.

9B Income tax expense in the statement of profit and loss comprise

Current taxes	1158.47	1020.4
Deferred taxes	309.95	54.29
Inocme tax expense	**1468.42**	**1074.69**

A reconciliation of income tax provision to the amount computed by applying the statutory income relates to the income before income taxes is summarized below:

Profit before income taxes	4708.26	4133.19
Expected tax rates	34.608%	34.608%
Coumputed expected tax expenses	1,629.43	1,430.41
Effect on non deductible expenses	292.61	152.74
Effect of exempt non-operating income	(275.17)	(261.35)
Reversal of tax	(118.53)	(73.37)
Additional dedcution of R&D expenses	(49.79)	(144.03)
Others	(10.14)	(29.71)
Total	**1,468.42**	**1,074.69**

₹ in Lakhs

Particulars		As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
10	**OTHER NON-CURRENT ASSETS:**			
a	Capital Advance	5.30	5.30	5.30
b	Advance other than capital advance			
	- Sundry Deposits	71.41	63.69	49.46
	- Sales Tax Receivable	-	6.54	4.41
	- Income Receivable	18.11	7.64	6.82
		94.82	**83.17**	**65.99**
11	**INVENTORIES:**			
	(Lower of Cost and Net realisable value)			
a	Raw Materials	1,389.54	1,626.01	1,182.65
b	Raw Materials - Goods in Transit	38.49	31.08	45.80
c	Work in Progress	274.79	308.31	174.65
d	Finished Goods	340.90	305.76	234.82
e	Finished Goods in Transit	187.54	207.85	162.33
f	Stores and Spares	10.87	13.01	4.66
		2,242.13	**2,492.02**	**1,804.91**

12 CURRENT INVESTMENTS - UNQUOTED:
INVESTMENT IN MUTUAL FUNDS

₹ in Lakhs

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units 31-March 2017	31-March 2017	31-March 2016	01-April 2015
INVESTMENT IN MUTUAL FUNDS						
Investment carried at fair value through profit and loss:						
Axis Short Term inst-G	Others	10	9,456,821	1,681.44	508.64	-
Birla Sun Life Dynamic Bond Fund -Reg-Growth		20	2,430,082	705.55	1,047.14	681.82
Birla Sun Life Short Term Fund - Growth Regular Plan		50	1,523,154	948.50	952.70	486.25
Birla Sun Life Cash Plus -IP-Daily Dividend		10	-	-	-	104.79
DWS Treasury Fund Investment Reg -Daily Dividend		10	-	-	-	111.64
DWS Short Maturity Fund Reg - Quarterly Divdend		10	-	-	-	234.77
ICICI Emerging Sector Fund		100	4,222	3.66	3.66	3.66
ICICI Prudential Short Term Reg - DM		10	3,760,490	461.46	430.80	408.04
ICICI Prudential Flexible Income - Reg - Daily Dividend		10	-	-	-	116.86
ICICI Pru Short-Term Reg-G		30	2,936,810	1,002.10	634.29	-
IDFC Money Manager Investment B - G		20	-	-	595.14	549.23

₹ in Lakhs

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units 31-March 2017	31-March 2017	31-March 2016	01-April 2015
IDFC SSI Medium -term Reg DQ	Others	10	3,604,615	387.85	363.82	-
IDFC SSI Medium -term Reg Growth		20	1,664,098	461.41	676.61	238.21
IDFC SSI ST Reg-G		30	3,343,087	1,115.66	-	-
JP Morgan India Short term Income fund - Growth			-	-	-	689.29
Kotak Bond Short Term Plan - Reg -DM		10	3,320,365	337.09	318.38	302.26
Kotak Bond Short Term Plan - Growth		20	4,166,125	1,280.50	797.82	739.21
IDFC SSIF -MTP Reg-Quarterly - Dividend		1800	-	-	244.77	344.50
Reliance Short Term Fund -Growth		20	5,280,239	1,627.20	1,116.73	743.84
Reliance Liquid Fund-Treasury Plan-Daily Dividend		20	-	-	-	489.74
Kotak Equity Arbitrage Reg-G		20	1,307,548	306.25	-	-
Birla SL Cash Plus-G		260	134,646	350.77	-	-
Birla Sun Life Cash Plus -IP-Daily Dividend		100	-	-	128.02	-
ICICI Pru Liquid Plan -G		240	146,073	350.80	-	-
IDFC Cash Reqular-G		1970	26,104	514.48	-	-
SBI Premier Liquid -DD		1000		-	0.04	0.04
				11,534.72	**7,818.56**	**6,244.15**
Aggregate provision for diminution in value of investments				-	-	-
				11,534.72	**7,818.56**	**6,244.15**
Aggregate value of Unquoted investements - carried at FVTPL				**11,534.72**	**7,818.56**	**6,244.15**

₹ in Lakhs

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
13	**TRADE RECEIVABLES:**			
a	Trade Receivables - Unsecured			
	- Considered good	6,638.55	6,069.19	6,334.16
		6,638.55	**6,069.19**	**6,334.16**
14	**CASH & CASH EQUIVALENTS:**			
a	Balance with banks			
	- In current Account	255.21	396.44	198.49
b	Cash in hand	0.98	1.69	1.13
c	Cheques, drafts in hand	0.49	0.40	-
d	Other Bank Balances:		-	-
	- in Fixed deposit		1.12	100.33
	- in Margin Money	9.00	9.00	9.00
	- in Deposit account (Dividend Warrant)	44.25	607.35	38.06
		309.93	**1,016.00**	**347.01**

₹ in Lakhs

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
15	**OTHER FINANCIAL ASSETS:**			
a	Interest Accrued on deposits/employee dues	82.76	86.07	100.16
		82.76	**86.07**	**100.16**
16	**OTHER FINANCIAL ASSETS:**			
a	Advances other than Capital Advances:			
	- Vendor Advance	190.14	264.90	281.35
	- Rental & Others	6.98	18.85	0.65
b	Others:	-	-	-
	- Prepaid expenses	88.86	77.62	61.17
	- Excise and Customs availment	65.65	128.41	128.49
	- Receivable - Taxes	36.72	52.82	18.64
	- Receivable - Others	3.46	1.40	-
		391.81	**544.00**	**490.30**

17 SHARE CAPITAL

₹ in Lakhs

		As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
a	Authorised Share Capital:			
	15,000,000 number of Equity shares of ₹ 10 each	1,500.00	1,500.00	1,500.00
b	Issued, Subscribed and Fully Paid up Share Capital: 11,310,712 number of Equity shares of ₹ 10 each	1,131.07	1,131.07	1,131.07
c	Par Value per Share ₹	10.00	10.00	10.00
d	Number of equity shares at the beginning of the year	11,310,712	11,310,712	11,310,712
	Add: Rights issue	-	-	-
	Bonus issue	-	-	-
	Less: Buy back	-	-	-
	Number of equity shares at the end of the year	11,310,712	11,310,712	11,310,712
	All shares are of the same nature ranking pari passu			
e	% of Shares held by			
	Holding company	NIL	NIL	NIL
	Ultimate holding company	NIL	NIL	NIL
	Subsidary company	NIL	NIL	NIL
	Associates of holding company	NIL	NIL	NIL
	Associates of ultimate holding company	NIL	NIL	NIL

f	Number of shares held by share holders more than 5% of total shares			
	Name of the Share holder	**nos. current yr**	**nos. previous yr**	**nos. previous yr**
	Lucas Indian Service Ltd, India	5,188,666	5,188,666	5,188,666
	Mahle Electric Drives Japan Corpn., Japan (formerly Kokusan Denki Co Ltd, Japan)	2,320,500	2,320,500	2,320,500
g	Shares reserved for (specify the number of shares and terms)			
		Number of shares		
	Issue under options:	NIL	NIL	NIL
	Contracts / Commitments	NIL	NIL	NIL
	Disinvestments	NIL	NIL	NIL
		Terms		
	Issue under options :	NIL		
	Contracts / Commitments	NIL		
	Disinvestments	NIL		

h	Details of shares alloted/bought back during the five years proceeding the balance sheet date					
	Particulars	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**
	A) Aggregate number andclass of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
	B) Equity shares of ₹ 10 each alloted as fully paid up by way of bonus shares	-	-	-	-	-
	C) Aggregate number of shares bought back	-	-	-	-	-

i	Terms of Conversion of Nil (security) convertible into equity / preference			
	Date	No of security	Terms	farthest date of conversion to earliest date of conversion

j	Amount of Calls unpaid ₹				
	(i) Calls unpaid by directors	₹	NIL	NIL	NIL
	(ii)Calls unpaid by officers	₹	NIL	NIL	NIL
k	No of shares Forfeited :		NIL	NIL	NIL
	Amount originally paid up :		NIL	NIL	NIL

₹ in Lakhs

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
18	**PROVISIONS:**			
a)	Leave encashment	140.28	141.72	111.78
b)	Others	59.00	59.00	59.00
		199.28	**200.72**	**170.78**
19	**TRADE PAYABLES:**			
	Trade Payables	4,695.25	3,859.14	3,031.52
		4,695.25	**3,859.14**	**3,031.52**

The Company has sent circulars to Suppliers / Vendors for getting information as required under "Micro Small and Medium Enterprises Development Act 2006". No vendor has given registration details. However, they have indicated the status of undertaking as defined under the Act. With the available information, the amount outstanding as on 31-Mar-2017 is ₹ 391.31 Lakhs (As on 31-Mar-2016 is ₹ 200.55 Lakhs and as on 31-Mar-2015 is ₹ 232.84 Lakhs)

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
20	**OTHER FINANCIAL LIABILITIES:**			
	Dividend Un-paid	44.25	607.35	38.06
		44.25	**607.35**	**38.06**
21	**OTHER CURRENT LIABILITIES:**			
a	Excise duty/Service Tax/ VAT payable	121.45	119.73	137.41
b	Tax Deducted at source/Tax Collected at Source	42.77	35.94	24.92
c	Professional Tax payable	32.12	29.38	4.54
d	Earnest Money Deposit	41.12	39.05	-
e	Commission to Directors	123.25	94.50	61.00
f	Other payable	1966.01	1,474.65	1,173.40
		2,326.73	**1,793.25**	**1,401.27**
21 (f)	**Details of Other payable:**			
a	Stale Cheque	16.68	9.89	2.56
b	Employee Dues	356.70	230.27	354.52
c	Provision - Other Expenses	977.44	518.04	433.97
d	Provision - Customer	203.73	122.28	33.39
e	Provision - Payroll	199.79	491.68	272.30
f	Tool Advance Payable	109.26	71.12	-
g	Excise Duty on Finished Goods	23.45	22.10	21.04
h	Other Liabilities	78.96	9.27	55.62
		1966.01	**1,474.65**	**1,173.40**
22	**SHORT TERM PROVISIONS:**			
a	Provisions for employee benefits:			
	- Gratuity	134.16	56.48	34.16
	- Leave encashment	138.43	87.55	21.08
b	Others:	-	-	-
	- Provision for Warranty (*)	101.36	101.02	100.59
	- Provision for Dividend	678.64	-	-
	- Provision for Dividend Tax	138.16	115.12	-
		-	-	-
		1,190.75	**360.17**	**155.83**

(*) Product Warranty:

Particulars	2016-17	2015-16
Opening Balance	101.02	100.59
Additions	24.81	10.19
Utilizations	(24.47)	(9.76)
Closing Balance	**101.36**	**101.02**

₹ in Lakhs

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
23	**CURRENT TAX LIABILITIES:**			
a	Provision for Income Tax (Net)	177.59	150.44	102.73
		177.59	**150.44**	**102.73**

24	**REVENUE FROM OPERATIONS:**		
	Sale of Products:	**Apr'16 To Mar'17**	**Apr'15 To Mar'16**
a	Export Sales	2,112.13	1,778.64
b	Domestic Sales	37,504.04	36,295.71
c	Sale of Services	-	-
		39,616.17	38,074.35
d	less: Discount to Customers	350.82	371.33
		39,265.35	**37,703.02**
e	Other operating revenues	165.00	138.66
		39,430.35	**37,841.68**
25	**OTHER INCOME:**		
a	Interest Income	191.49	197.74
b	Dividend Income	188.93	258.88
c	Net gain on sale of investment	621.29	148.92
d	Other Non-operating income	51.32	77.98
e	Increase in fair value of invesements	308.91	321.90
		1,361.94	**1,005.42**
26	**COST OF MATERIALS CONSUMED:**		
a	Opening Stock of Raw Materials	1,657.08	1,182.65
b	Add: Purchases	23,137.01	24,044.16
		24,794.09	25,226.81
c	Less: Closing stock of Raw Materials	(1,428.02)	(1,657.08)
		23,366.07	**23,569.73**

		Apr'16 To Mar'17	Apr'15 To Mar'16
		₹ in Lakhs	
27	**CHANGE IN INVENTORIES:**		
	Inventories at the end of the period		
	Finished Goods	471.39	513.61
	Work-in-Progress	274.79	308.31
		746.18	**821.92**
	Inventories at the begning of the period		
	Finished Goods	513.61	397.15
	Work-in-Progress	308.31	174.64
		821.92	**571.79**
	Net (Increase) / Reduction	**75.74**	**(250.13)**
28	**OTHER MANUFACTURING EXPENSES:**		
a	Stores & Other Consumables	380.35	395.66
b	Power & Fuel	548.71	558.55
c	Repairs to Building	152.64	94.23
d	Repairs to Machinery	248.61	174.43
e	Repairs Others	42.71	48.26
f	Technical Know-how / Support Fees	99.69	153.54
g	Other Expenses	99.83	85.51
		1,572.54	**1,510.18**
29	**EMPLOYEE BENEFIT EXPENSES:**		
a	Salaries & Wages	3,448.96	3,167.38
b	Providend Fund & Super Annuation Fund	261.93	187.82
c	Staff Welfare & Canteen expenses	628.75	567.76
		4,339.64	**3,922.96**
30	**FINANCE COSTS:**		
a	Bank Charges	5.93	13.29
		5.93	**13.29**

₹ in Lakhs

		Apr'16 To Mar'17	Apr'15 To Mar'16
31	**OTHER EXPENSES:**		
a	Rent	124.88	24.15
b	Repairs to Vehicles	6.96	8.48
c	Insurance	60.84	66.78
d	Rates and Taxes (Excluding taxes on income)	262.02	27.45
e	Communication Expenses	51.35	54.80
f	Postage, Printing & Stationery	32.83	37.92
g	Sitting Fees	9.81	10.02
h	Travelling and Conveyance Expenses	198.42	247.22
i	Legal and Professional Charges	359.34	160.93
j	Donation	3.10	4.34
k	Corporate Social Responsibility	60.00	61.50
l	Recruitment Expenses	10.60	12.86
m	Remuneration to Watch and Ward	100.84	95.73
n	Commisson to Directors	123.25	94.50
o	After Sales service expenses (Warranty)	24.81	10.19
p	Exchange Fluctuation	6.81	21.75
q	Freight Outwards	191.44	153.63
r	Advertisement	10.53	5.28
s	Audit Fees:		
	a) Statutory Auditors:		
	i) Statutory Audit (*)	16.20	9.20
	ii) Tax Audit	2.00	1.60
	iii) Other Attestation Matters	3.91	3.66
	iii) Other Services	0.65	0.74
	iv) Reimbursement of Expenses	4.14	2.63
	b) Cost Audit	2.45	2.12
	c) Secretarial Audit	1.75	1.76
	d) Reimbursement - Other audits	2.91	5.01
	(*) Includes ₹ 5 Lakhs special audit fee for Transition to Ind AS		
t	Others	200.92	151.27
		1,872.76	**1,275.52**

₹ in Lakhs

	Apr'16 To Mar'17	Apr'15 To Mar'16
32 ITEMS WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:		
Increase/(decrease) in Fair Value of Investments (*)	354.63	328.55
Remeasurement of the defined benefit plan	(48.36)	(15.44)
Increase/(decrease) of DTA on fair value investments	(2.65)	(71.81)
Increase/(decrease) of DTA on defined benefit plan	17.48	3.36
	321.10	**244.66**

*The investment in Lucas TVS limited amounting to ₹ 28.24 crores representing the cross holding was shown at cost initially from 1-Apr-2015 (i.e. date of transition) till 31-Dec-2016. However, for the year ended 31-Mar-2017 on reconsideration, its now been treated as fair value through Other Comprehensive income the effect of which is to increase in Other Comprehensive income by ₹ 354.63 for the year 2016-17.

33 EMPLOYEE BENEFITS:

The company provides for gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount on the respective employee's salary and the tenure of employment with the company. The employee benefits notified under section 133 of the companies act are given below:

a) Defined Contribution Plan:

i) Provident Fund:

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment.

Both the employee and the Company make monthly contributions to the Employee's Provident Fund scheme administered by Government of India equal to a specified percentage of the covered employee's salary.

ii) Superannuation Fund:

Eligible employees receive benefits from the superannuation fund, which is a defined contribution plan.

Aggregate contributions alongwith interest theron are paid at retirement, death, incapacitation or termination of employment. The Company makes yearly contributions to the Superannuation Fund Scheme administered by Life Insurance Corporation of India. Liabilities with regard to the Superannuation fund are determined by the Life Insurance Corporation of India as the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the Life Insurance Corporation of India's Employees Superannuation Fund.

The Company recognised ₹ 217.80 Lakhs (LY-188.06 Lakhs) for Provident Fund and superannuation

fund contribution in the statement of profit and loss.

b) Leave encashment:

The Employees of the Company are entitled to compensated absence. Employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 30 days. The Company records an obligation for compensated absences in the period in which employees render services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The liability has been actuarially evaluated and accounted in the books.

c) Defined benefit Plan:

Gratuity:

The Company provides a gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the Life Insurance Corporation of India's Employees Gratuity Fund Trust (the "Trust"). Trustees administer contrbutions by means of a group gratuity policy with Life Insurance Corporation of India. The liability has been actuarially evaluated and accounted in the books.

34 The following table set out the status of the gratuity plan and the amount recognised in the company's financial statement as at March 31, 2017 and March 31, 2016

₹ in Lakhs

	Gratuity	
Net Employee benefit expense recognized in the employee cost in statement of profit & loss account	**March 31, 2017**	**March 31, 2016**
Current service cost	37.67	26.90
Interest cost on benefit obligation	46.12	34.42
Expected return on plan assets	(49.91)	(36.57)
Sub Total	**33.88**	**24.75**
Recognised in Other Comprehensive Income		
Net actuarial (gain)/loss recognized in the year		
i. Demographic Assumptions on obligation	0.00	0.00
ii. Financial Assumptions on obligation	0.00	0.00
iii. Experience Adjustments on obligation	53.58	15.24
iv. Financial Assumptions on plan assets	(3.06)	0.00
Sub Total	**50.52**	**15.24**
Net benefit expense	84.40	39.99
Balance Sheet		
Benefit asset / liability		
Present value of defined benefit obligation	721.63	490.23
Fair value of plan assets	554.3	509.64
Assets / (Liability) recognized in the balance sheet	(167.33)	19.41
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation	598.52	430.3
Benefit transferred in	0.00	0.00
Benefit transferred Out	0.00	0.00
Benefits paid	(14.28)	(16.63)
Expenses Recognised in Statement of Profit and Loss Account		
Current service cost	37.67	26.9
Interest cost on benefit obligation	46.12	34.42
Recognised in Other Comprehensive Income		
Actuarial (gain)/loss on obligation	53.58	15.24
Closing defined benefit obligation	721.61	490.23
Change in the fair value of plan assets		
Opening fair value of plan assets	509.64	424.54
Contributions by employer	6.72	65.16
Contributions transfer in	0.00	0.00
Benefits paid	(14.27)	(16.63)
Expenses Recognised in Profit and Loss Account		
Expected return	49.91	36.57
Recognised in Other Comprehensive Income		
Actuarial (gain) / loss on plan assets	2.3	0.00
Closing fair value of plan assets	554.3	509.64

Investment details of the plan assets: Company has deposited with Life Insurance Corporation of India (Group gratuity policy)

Assumptions		
Discount Rate (%)	7.30%	8%
Estimated Rate of Return on Plan Assets	7.30%	8%
Attrition Rate	11.00%	13%
Expected rate of salary increase (%)	5%	5%
Expected Average Remaining Service (years)	7.6	6.8
Expected Average Remaining Service/mortality and withdrawal (years)		

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Expected Benefit payments in the following years

Within 1 year	94.12
1 - 2 years	104.08
2 - 3 years	85.41
3 - 4 years	85.14
4 - 5 years	72.89
Above 5 years	356.76

35 RELATED PARTY DISCLOSURES:

Joint Venturers of the Company	: Mahle Electric Drives Japan Corpn. (MEDJC) (formerly Kokusan Denki Co, Ltd, Japan) Lucas Indian Service Ltd (LIS)
Subsidiary of the Company	: P T Automotive Systems Indonesia (PT ASI)
Associate Company	: Synergy Shakthi Renewable Energy Pvt. Ltd., (SSREL)
Key Managerial Personnel (KMP)	: Mr Arvind Balaji - Managing Director Mr Elango Srinivasan - Chief Financial Officer Mr S Sampath - Company Secretary
Enterprise over which KMP has significant influence	: Lucas TVS Limited (LTVS)

Notes forming part of Financial Statements for the year ended 31st March 2017 :

Disclosure in respect of transactions with related parties for the period 01-Apr-2016 to 31-Mar-2017.

₹ in Lakhs

Description	Joint Venturers of the company		Subsidiary of the company		Associate Company		Enterprise over which KMP has significant influence		Firm in which Director is a Partner		KMP with significant influence	
Transactions during the Year	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
MEDJC:												
Support fee	25.25	9.78	-	-	-	-	-	-	-	-	-	-
Royalty	106.79	108.75	-	-	-	-	-	-	-	-	-	-
Purchase of Raw Materials	100.08	166.16	-	-	-	-	-	-	-	-	-	-
Travel Reimbursement	0.90	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	232.05	313.33	-	-	-	-	-	-	-	-	-	-
Sales	108.41	126.69	-	-	-	-	-	-	-	-	-	-
LIS												
Professional Service	6.00	6.27	-	-	-	-	-	-	-	-	-	-
Travel Reimbursement	33.41	-	-	-	-	-	-	-	-	-	-	-
Rent	11.76	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	518.87	700.41	-	-	-	-	-	-	-	-	-	-
PT ASI	-	-	-	-	-	-	-	-	-	-	-	-
SSREL												
Purchase of Electricity	-	-	-	-	-	-	-	-	-	-	-	-
LTVS												
Rent paid	-	-	-	-	-	-	104.51	12.52	-	-	-	-
Expenses reimbursed	-	-	-	-	-	-	287.26	284.55	-	-	-	-
Services rendered	-	-	-	-	-	-	349.34	338.42	-	-	-	-
Dividend received	-	-	-	-	-	-	111.95	97.35	-	-	-	-
KMP												
Remuneration paid (Short-term employee benefits)	-	-	-	-	-	-	-	-	-	-	223.13	165.26

36 Expenditure on R&D:

₹ in Lakhs

		2016-17	**2015-16**
a)	Capital	36.02	9.53
b)	Revenue:		
	Salary	355.38	294.40
	Electricity	7.17	7.79
	Travel	31.71	17.99
	Outsourcing	25.43	17.10
	Revenue & Others	126.94	103.58
		546.63	**440.86**
	Total R & D expenditure (a) + (b)	**582.65**	**450.39**

37 FINANCIAL INSTRUMENTS

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

₹ in Lakhs

March 31, 2017

	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
Financial assets					
Investments					
Equity Shares	-	-	4837.87	4,837.87	4,837.87
Mutual Funds and Bonds	2,154.51	13,220.75	-	15,375.26	15,583.58
Trade receivables	6,638.56			6,638.56	6,638.56
Loans	89.80			89.80	89.80
Cash and cash equivalents	309.93			309.93	309.93
Bank Balances	-			-	
Other Financial Assets	119.77			119.77	119.77
Total	**9,312.57**	**13,220.75**	**4,837.87**	**27,371.19**	**27,579.51**
Financial liabilities					
Trade payables	4,695.25			4,695.25	4,695.25
Other Financial Liabilities	44.24			44.24	44.24
Total	**4,739.49**	**-**	**-**	**4,739.49**	**4,739.49**

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

March 31, 2016

	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
Financial assets					
Investments					
Equity Shares	-	-	4,467.50	4,467.50	4,467.50
Mutual Funds and Bonds	2,162.54	9,768.06	-	11,930.60	12,050.33
Trade receivables	6,069.20			6,069.20	6,069.20
Loans	75.52			75.52	75.52
Cash and cash equivalents	1,016.00			1,016.00	1,016.00
Bank Balances	-			-	
Other Financial Assets	119.31			119.31	119.31
Total	**9,442.57**	**9,768.06**	**4,467.50**	**23,678.13**	**23,797.86**
Financial liabilities					
Trade payables	3,859.14			-	-
Other Financial Liabilities	607.35			3,859.14	3,859.14
Total	**4,466.49**	**-**	**-**	**3,859.14**	**3,859.14**

The carrying amounts for trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values due to their short-term nature.For Financial assets that are measured at fair value, the carring amounts are equal to the fair values.

Fair value measurements

(i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurem

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

(ii) Financial assets measured at fair value through Profit & Loss (FVTPL)

a. Financial assets measured at fair value – recurring fair value measurements

₹ in Lakhs

31 March 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in Venture capital Funds		781.49		781.49
Investment in Mutual Funds	12,439.26			12,439.26
Total	**12,439.26**	**781.49**	**-**	**13,220.75**

31 March 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in Venture capital Funds		939.01		939.01
Investment in Mutual Funds	8,829.06			8,829.06
Total	**8,829.06**	**939.01**	**-**	**9,768.06**

b. Financial instruments measured at amortised cost

31 March 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in Debentures or Bonds	-	2,154.51	-	2,154.51
	-	**2,154.51**	**-**	**2,154.51**

31 March 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in Debentures or Bonds	-	2,162.54		2,162.54
	-	**2,162.54**	**-**	**2,162.54**

(iii) Financial assets measured at fair value through Other Comprehensive Income (FVTOCI)

a. Financial assets measured at fair value – recurring fair value measurements **₹ in Lakhs**

31 March 2017	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	4,838	4,838
Total	**-**	**-**	**4,838**	**4,838**

31 March 2016	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	4,468	4,468
Total	**-**	**-**	**4,468**	**4,468**

The fair value of mutual funds is based on quoted price. The fair value of Venture capital Funds,tax free bonds and government bonds is based on quoted prices and market observable inputs.
The fair value of unquoted equity Shares is determined using Level 3 inputs like Discounted cash flows, Market multiple method,Option pricing model, etc

There are no transfer between levels during the periods.

The company has invested in the energy generating companies as per the regulation of Electricity Act. Although the investments are classified as "Equity" shares, as per IND AS 32 –"Financial Instruments, Presentation" the definition of "equity" requires an entitlement in the residual interest in net assets whereas the company as per share holder agreement requires to transfer the shares at cost. However, no changes are given effect to the above as per IND AS 32, since the regulation of Electricity Act does not permit description in any other manner.

IND AS 109 requires an equity share other than investments in subsidiaries, associates and joint ventures to be valued at "Fair Value Through Other Comprehensive Income" if elected initially or valued at "Fair Value Through Profit and Loss Account". However, on account of what is stated in the previous paragraph, these shares are shown at cost and the fair value is deemed to be the cost.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a Financial Risk Management Framework

Company's principal financial liabilities comprise trade payables and Other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments, Trade receivables, loans, cash and bank balances and other financial assets.

Risk Exposures and Responses

The Company is exposed to credit risk,market risk and liquidity risk. The Board of Directors reviews policies for managing each of these risks, which are summarised below.

i Credit risk

Credit risk management

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.The company is mainly exposed to credit risk from credit sales. At 31 March 2017, the company has trade receivables of ₹ 6638.56 Lakhs.

The company is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the company's financial results. The company attempts to mitigate credit risk by assessing the creditworthiness of customers and closely monitoring payment history.

Credit risk on cash and cash equivalents is limited as company generally invest in deposits with banks. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 March 2017, and consequently no material provisions have been made for bad and doubtful debts

ii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk i.e. interest rate risk, currency risk, and Commodity risk.

Interest rate risk

The company has no outstanding borrowings and investment in bonds at fixed rates. Accordingly, no Interest risk is perceived.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk arising from transactions i.e. imports of materials, recognised assets and liabilities denominated in a currency that is not the company's functional currency.

Company's Total Foreign currency exposure:

Particulars	Currency	March 31, 2017		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹ Lakhs
Trade Receivables	EUR	68.51	1.10	75.36
	USD	64.44	5.88	378.91
Trade Payables	USD	65.06	6.40	416.15
	JPY	0.58	48.58	28.28
		March 31, 2016		
Trade Receivables	EUR	74.20	0.84	62.33
	USD	65.84	5.45	58.83
Trade Payables	USD	66.47	3.26	217.44
	JPY	0.59	17.40	10.27

The company foreign currency exposure on net basis is minimal. Accordingly, no Foreign currency risk is perceived.

Commodity Risk

The company has commodity price risk, primarily related to the purchases of Steel, Aluminium and Copper. However, the company do not bear significant exposure to earnings risk, as such changes are included in the rate-recovery mechanisms with the customers.

iii. Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The tables below set out the maturities of the company's financial liabilities:

₹ in Lakhs

	At 31 March 2017			
	Up to 1 year	**1 to 2 years**	**2 to 5 years**	**Total**
Trade and other payables	4,739.49			4,739.49
Total	**4,739.49**	-	-	**4,739.49**

	At 31 March 2016			
	Up to 1 year	**1 to 2 years**	**2 to 5 years**	**Total**
Trade and other payables	4,466.49			4,466.49
Total	**4,466.49**	-	-	**4,466.49**

39 CONTINGENT LIABILITIES & COMMITMENTS

₹ in Lakhs

		2016-17	2015-16
(i)	Contingent liabilities		
a	Claims against the company not acknowledged as debt	-	-
b	Sales Tax demand in appeal	-	0.41
c	Excise Duty/Service Tax	-	13.26
d	Other money for which the company is contingently liable	2.00	2.00
(ii)	Commitments		
a	Estimated amount of contracts remaining to be executed on capital account and not provided for	94.85	70.06
b	Uncalled liability on shares and other investments partly paid	-	-
c	Other commitments - For subscribing to rights issues in Synergy Shakthi Renewable Energy P Limited (SSREL)	1,200.00	-

40 The agreement with the Union of Workmen at Puducherry plant of the company is under negotiation with the Management for the period commencing from March, 2015. Pending the finalisation of the same, an estimated amount has been provided for the year ended 31st March 2017. Pending finalization of the amount, the Plant Performance Incentive Payment of employees is provided on estimated basis for the year ended 31st March 2017

41 Amount of proposed dividend to

Equity share holders	₹ 10 Per share	₹ 9 Per share
Preference share holders	- NIL -	- NIL -
Arrears of fixed cumulative dividends on preference shares	-	-

42 NOTE ON EARNINGS PER SHARE:

	2016-17	2015-16
Profit after tax (A) (₹ in Lakhs)	3,239.84	3,058.50
Number of equity shares of ₹ 10 each at the beginning of the year	11,310,712	11,310,712
Number of equity shares of ₹ 10 each at the end of the year (B)	11,310,712	11,310,712
Earnings per share (basic and diluted in Rupees) (A/B)	28.65	27.04

43 DETAILS OF CSR EXPENDITURE:

a. Gross amount required to be spent by the Company during the year ₹ 60.00 Lakhs

b. Amount spent during the year on:

₹ in Lakhs

Category	2016-17		2015-16	
	In Cash	Yet to be paid in Cash	In Cash	Yet to be paid in Cash
Construction/Acquisition of Asset	- NIL -	- NIL -	- NIL -	- NIL -
On purposes other than (i) above	60.00	- NIL -	61.50	- NIL -

44 DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

₹ in Lakhs

Particulars	SBN's	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	0.45	0.69	1.14
(+) Permitted receipts	0.55	5.29	5.83
(-) Permitted payments	-	(3.69)	(3.69)
(-) Amount deposited in Banks	(0.99)	-	(0.99)
Closing cash in hand as on December 30, 2016	-	2.29	2.29

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

T K BALAJI
Chairman

ARVIND BALAJI
Managing Director

As per our report of even date
For **Brahmayya & Co**
Chartered Accountants
Registration No: 000511S

ELANGO SRINIVASAN
Chief Financial Officer

S SAMPATH
Company Secretary

P S KUMAR
Partner
Membership No.15590

Chennai
18th May 2017

STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013, RELATED TO ASSOCIATE COMPANY

1	Name of Associate	Synergy Shakthi Renewable Energy Pvt. Ltd.,
2	Latest Audited Balance Sheet date	31-Mar-17
3	Date on which the Associate was acquired	22-Jan-09
4	Share of Associate/Joint Ventures held by the Company on the year end:	
	- No. of shares	6,000,000
	- Amount of investment in Associate	₹ 600 Lakhs
	- Extend of Holding %	40%
4	Description of how there is significant influnce	Control of 30% of total Share Capital
5	Reason why the associate is not consolidated	Consolidated in accordance with Accounting Standard 23 (Equity method of accounting)
6	Networth attributable to shareholding as per latest audited balance sheet	₹ 56.11 Lakhs
7	Profit / (Loss) for the year:	
	i. Considered in Consolidation	₹ (264.53) Lakhs
	ii. Not considered in Consolidation	₹ (396.80) Lakhs

T K BALAJI
Chairman

ARVIND BALAJI
Managing Director

As per our report of even date
For **Brahmayya & Co**
Chartered Accountants
Registration No: 000511S

ELANGO SRINIVASAN
Chief Financial Officer

S SAMPATH
Company Secretary

P S KUMAR
Partner
Membership No.15590

Chennai
18th May 2017

STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013, RELATING TO SUBSIDIARY COMPANY

1	Name of the Subsidiary	P T Automotive Systems Indonesia	
2	Reporting period for the subsidiary concerned	1-Apr-2016 To 31-Mar-2017	
3	Date on which the subsidiary was acquired	12-Apr-2006	
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Currency : IDR Exchange rate: 1 INR = IDR 205.73 (Balance Sheet) 1 INR = IDR 198.14 (Profit and Loss)	
		Amount in Indonesian Rupiah	Equivalent amount in Indian Rupees
		As on 31-March-2017	
5	Share Capital	24,694,328,700	120,838,266
	Reserves & Surplus	947,694,905	3,567,787
6	Total Assets	25,642,023,606	124,406,053
7	Total Liabilities	-	-
8	Investments	- NIL -	- NIL -
9	Turnover	- NIL -	- NIL -
10	Profit before Taxation	(367,691,361)	(1,855,701)
11	Provision for Taxation	-	-
12	Profit after Taxation	(367,691,361)	(1,855,701)
13	Proposed Dividend	- NIL -	- NIL -
14	% of share holding	99.97%	

Note: PT Automotive Systems Indonesia is yet to commence operations

T K BALAJI
Chairman

ARVIND BALAJI
Managing Director

As per our report of even date
For **Brahmayya & Co**
Chartered Accountants
Registration No: 000511S

ELANGO SRINIVASAN
Chief Financial Officer

S SAMPATH
Company Secretary

P S KUMAR
Partner
Membership No.15590

Chennai
18th May 2017

Independent Auditor's Report

To the Members of India Nippon Electricals Limited

Report on the Consolidated IndAS Financial Statements

We have audited the accompanying consolidated IndAS financial statements of India Nippon Electricals Limited ("hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") its associate comprising the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss(including other Comprehensive income), the consolidated Cash Flow Statement, Consolidated Statement of changes in equity, for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated IndAS financial statements").

Management's Responsibility for the Consolidated IndAS Financial Statements

The Holding company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance(including other comprehensive income), consolidated cash flows and Consolidated Statement of changes in equity of the Group including its Associate in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Boards of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated IndAS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of Consolidated IndAS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated IndAS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated IndAS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and the disclosures in the consolidated IndAS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated IndAS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated IndAS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances . An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated IndAS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated IndAS financial statements.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us and based on the considerations of reports of other auditors on separate financial statements and on the other financial information of the subsidiary and associate , the foresaid consolidated IndAS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the IndAS, of the consolidated financial position of the Group ,its associate as at 31st March 2017 , and their consolidated financial performance including other comprehensive income ,their consolidated cash flows and Consolidated statement of changes in equity for the year ended on that date.

Other Matters

We did not audit the financial statements of the subsidiary, whose financial statement reflects total assets of ₹ 12,44,06,053 as at 31st March 2017, total revenues of ₹ 13,34,492 and net cash out flows amounting to ₹ 46,60,801 for the year ended on that date, as considered in the consolidated IndAS financial statements. The consolidated IndAS financial statements also include the Group's share of net loss of ₹ 2,64,53,227 for the year ended 31st March 2017, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated IndAS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and an associate, and our report in terms of sub-sections (3) of section 143 of the Act, insofar as it relates to the aforesaid subsidiary and associate, is based solely on the reports of the other auditors.

The subsidiary is located outside India, whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which has been audited by other auditor under generally accepted auditing standards applicable in its country. The company's management has converted the financial statements of the subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India.We have audited these conversion adjustments made by the company's management.Our opinion in so far as it relates to the balances and affairs of the subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the company are audited by us.

Our opinion on the consolidated IndAS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the management.

Report on Other Legal and Regulatory Requirements

As required by Section143 (3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statement and the other financial information of subsidiary ,the associate, as noted in the "other matter" paragraph , we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated IndAS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated IndAS financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated IndAS financial statements.

(d) In our opinion, the aforesaid consolidated IndAS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its associate company incorporated in India , none of the directors of the Holding company, and its associate company incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding company and associate company incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary and associate, as noted in 'Other matter' paragraph :

i. The consolidated IndAS financial statements disclose the impact of pending litigation on its the consolidated financial position of the Group, and its Associate Refer Note : 39 to the Consolidated IndAS financial statements disclosing contingent liabilities.

ii. The Group and its Associate have made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding company and its Associate Company incorporated in India during the year ended 31st March 2017. As the subsidiary is a foreign company, it did not have any obligations under the said Fund.

iv. The company has provided requisite disclosures in its Consolidated IndAS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the company. Refer Note : 44 to the Consolidated IndAS financial statements

For BRAHMAYYA & CO.,
Chartered Accountants,
Firm Registration No.: 000511S

Place of signature : Chennai
Date : 18th May 2017.

(P S Kumar)
Partner
Membership Number:15590

Annexure A- to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of India Nippon Electricals Limited ("the Holding Company") and relied on the report of the other auditor of its associate company, which is incorporated in India.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its associate company , which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the associate company, which is incorporated in India, is based on the corresponding report of its auditors.

For BRAHMAYYA & CO.,
Chartered Accountants,
Firm Registration No.: 000511S

Place of signature : Chennai
Date : 18th May 2017.

(P S Kumar)
Partner
Membership Number:15590

BALANCE SHEET (CONSOLIDATED) AS AT 31-MARCH-2017

₹ in Lakhs

	Particulars	Note No	As at 31 Mar-2017	As at 31 Mar-2016	As at 1 Apr-2015
1	**ASSETS**				
1.1	**Non-current assets**				
a)	Property, Plant and Equipment	5.1	5,505.26	4,740.74	4,691.00
b)	Capital Work-in-progress		321.92	205.78	60.70
c)	Investment Property		-	-	-
d)	Other Intangible Assets	5.2	196.06	238.29	44.40
e)	Financial Assets				
	(i) Investments	6	7,383.71	7,549.40	7,109.90
	(ii) Trade Receivables		-	-	-
	(iii) Loans	7	89.80	75.52	101.99
	(iv) Others	8	37.01	33.24	31.16
f)	Deferred Tax Assets (Net)	9	643.19	935.46	1,062.32
g)	Other Non-current Assets	10	94.82	83.17	65.99
	Non-current Assets - Total		**14,271.77**	**13,861.60**	**13,167.46**
1.2	**Current assets**				
a)	Inventories	11	2,242.13	2,492.02	1,804.91
b)	Financial Assets				
	(i) Investments	12	11,534.72	7,818.56	6,244.15
	(ii) Trade Receivables	13	6,638.56	6,069.20	6,334.18
	(iii) Cash and cash equivalents	14	1,008.29	1,760.95	1,066.38
	(iv) Bank balances other than (iii) above		-	-	-
	(v) Loans		-	-	-
	(vi) Others	15	82.76	86.07	100.16
c)	Other Current assets	16	398.01	544.00	507.16
	Current Assets - Total		**21,904.47**	**18,770.80**	**16,056.94**
	Assets - Total*		**36,176.24**	**32,632.40**	**29,224.40**

₹ in Lakhs

Particulars		Note No	As at 31 Mar-2017	As at 31 Mar-2016	As at 1 Apr-2015
2	**EQUITY AND LIABILITIES**				
2.1	**EQUITY:**				
a)	Equity Share Capital	17	1,131.07	1,131.07	1,131.07
b)	Other Equity		26,411.31	24,525.93	23,183.34
	Equity - Total		**27,542.38**	**25,657.00**	**24,314.41**
2.2	**LIABILITIES**				
2.2.1	**Non-current liabilities**				
a)	Financial Liabilities				
	(i) Borrowings		-	-	-
	(ii) Trade Payables		-	-	-
	(iii) Others		-	-	-
b)	Provisions	18	199.28	200.72	170.78
c)	Deferred Tax Liabilities (Net)		-	-	-
d)	Other non-current liabilities		-	-	-
	Non-current Liabilities - Total		**199.28**	**200.72**	**170.78**
2.2.2	**Current Liabilities**				
a)	Financial Liabilities				
	(i) Borrowings		-	-	-
	(ii) Trade payables	19	4,695.24	3,859.14	3,031.51
	(iii) Others	20	44.25	607.35	38.06
b)	Other current liabilities	21	2,326.75	1,797.57	1,409.67
c)	Provisions	22	1,190.75	360.18	155.83
d)	Current tax Liabilities (Net)	23	177.59	150.44	104.14
	Total Current Liabilities		**8,434.58**	**6,774.68**	**4,739.21**
	Equity and Liabilities - Total		**36,176.24**	**32,632.40**	**29,224.40**

See accompanying notes to Financial Statements

T K BALAJI
Chairman

ARVIND BALAJI
Managing Director

As per our report of even date
For **Brahmayya & Co**
Chartered Accountants
Registration No: 000511S

ELANGO SRINIVASAN
Chief Financial Officer

S SAMPATH
Company Secretary

P S KUMAR
Partner
Membership No.15590

Chennai
18th May 2017

STATEMENT OF PROFIT AND LOSS (CONSOLIDATED) FOR THE YEAR ENDED 31-MARCH-2017

₹ in Lakhs

Sl. No	Particulars	Note No	Apr'16 To Mar'17	Apr'15 To Mar'16
I	Revenue from Operations	24	39,430.35	37,841.68
II	Other Income	25	1,375.28	1,033.01
III	**TOTAL INCOME**		**40,805.63**	**38874.69**
IV	Expenses:			
	Cost of Material Consumed	26	23,366.07	23,569.73
	Purchase of Stock in Trade	-		
	Changes in inventories of Finished Goods and Work-in-Progress	27	75.74	(250.13)
	Other Manufacturing Expenses	28	1,572.55	1,510.18
	Employee Benefit Expenses	29	4,339.64	3,922.96
	Finance Costs	30	6.05	13.38
	Depreciation and Amortisation Expenses	-	416.89	417.67
	Excise duty	-	4,434.46	4,254.70
	Other Expenses	31	1,904.54	1,313.49
	TOTAL EXPENSES		**36,115.94**	**34751.98**
V	Profit before exceptional items and tax (I - IV)		4,689.69	4,122.71
VI	Share of Net (Loss) of Associate & Others:			
	(1) Share of (Loss) - Minority - Subsidiary		(0.01)	(0.00)
	(2) Share of (Loss) on non-integral interest - Associate		(264.53)	(155.78)
			4,425.15	**3,966.93**
VII	Exceptional items		-	-
VIII	Profit Before Tax (VI - VII)		4,425.15	3,966.93
IX	TAX EXPENSES:			
	(1) Current Tax		1,158.47	998.05
	(2) Deferred Tax		309.95	54.29
	(3) Income Tax for earlier years		-	22.35
			1,468.42	**1,074.69**
X	Profit for the period from continuing operations (VIII-IX)		2,956.73	2,892.24
XI	Profit from discontinued operations		-	-
XII	Tax expenses of discontinued operations		-	-
XIII	Profit from DIscontinued operatIons (after tax) (XI - XII)		-	-
XIV	**Profit for the period (X + XIII)**		**2,956.73**	**2,892.24**
XV	Other Comprehensive Income:	32		
	A (i) Items that will not be Reclassfied to Proflt or Loss		306.27	313.11
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		14.83	(68.45)
	B (i) Items that will be reclassifled to Proflt or Loss		-	-
	(ii) Income tax relating to items that will be reclassified to Profit or Loss		-	-
			321.10	**244.66**
XVI	**Total Comprehensive Income for the period (XIII+XIV)** (Comprising Profit for the period and other comprehensive income)		**3,277.83**	**3,136.90**
XVII	Profirts attributable to :			
	Owners of the Company		2,956.74	2,892.24
	Non-controlling interests		(0.01)	(0.00)
			2,956.73	**2,892.24**
XVIII	Total Comprehensive Income attributable to :			
	Owners of the Company		3,277.84	3,136.90
	Non-controlling interests		(0.01)	(0.00)
			3,277.83	**3,136.90**
XVI	Earnings per equity share			
	1.Basic		26.14	25.57
	2.Diluted		26.14	25.57

See accompanying notes to Financial Statements

T K BALAJI
Chairman

ARVIND BALAJI
Managing Director

As per our report of even date
For **Brahmayya & Co**
Chartered Accountants
Registration No: 000511S

ELANGO SRINIVASAN
Chief Financial Officer

S SAMPATH
Company Secretary

P S KUMAR
Partner
Membership No.15590

Chennai
18th May 2017

Consolidated Cash Flow Statement for the Year Ended 31st March 2017

S No.	DESCRIPTION	YEAR ENDED 31-Mar-17 ₹ in Lakhs	YEAR ENDED 31.03.2016 ₹ in Lakhs
A.	**Cash Flow from Operating Activities:**		
	Net Profit before tax and extraordinary items	4,689.69	4,122.71
	Adjustments for		
	Add: - Depreciation	416.89	417.67
	- Dividend Received	(188.93)	(258.88)
	- Interest Received	(202.49)	(214.61)
	-(Profit)/Loss on sale of investments(net)	(621.29)	(148.92)
	-Write-back provisions	(10.68)	(17.20)
	-Increase in Fair value of investments	(308.91)	(321.90)
	Operating Profit before Working Capital changes	**3,774.28**	**3,578.87**
	Adjustments for - Trade & Other Receivables	(404.34)	313.15
	- Inventories	249.89	(687.10)
	- Trade Payables and other liabilities	1,050.52	956.18
	Cash generated from Operations	4,670.35	4,161.10
	Income Tax paid	(1,014.28)	(858.98)
	Cash Flow before extraordinary items	3,656.07	3,302.12
	Net Cash from Operating Activities- A	**3,656.07**	**3,302.12**
B.	**Cash Flow from Investing Activities:**		-
	Purchase of Fixed Assets	(1,150.69)	(642.84)
	Sale of Fixed Assets	-	-
	(Purchase) / Sale of Investments (net)	(2,530.20)	(1,369.90)
	Profit on Sale of Investment	148.92	148.92
	Re-payment of Inter Corporate Deposit	-	-
	Interest / Dividend Received	394.73	487.58
	Net Cash from /(used) in Investment Activities -B	**(3,137.24)**	**(1,376.24)**

S No.	DESCRIPTION	YEAR ENDED 31-Mar-17 ₹ in Lakhs	YEAR ENDED 31.03.2016 ₹ in Lakhs
C.	**Cash Flow from Financing Activities:**		
	Dividends Paid	(452.42)	(1,526.95)
	Dividend Tax	(207.23)	(195.74)
	Net Cash used in Financing Activities-C	**(659.65)**	**(1,722.69)**
D.	Net (decrease)/Increase in Cash Equivalents (A+B+C)	(140.82)	203.19
E.	Cash & Cash Equivalents as at 1-April-2016 (Opening Balance)	425.70	222.51
F.	Cash & Cash Equivalents as at 31-March-2017 (Closing Balance)	284.88	425.70

Reconciliation of Cash and Cash Equivalents:

Particulars	YEAR ENDED 31-Mar-17	YEAR ENDED 31-Mar-16
Cash and Bank balances as per Balance Sheet (To refer Note No.14)	1,008.29	1,760.95
Less: Bank balances not considered as cash and cash equivalents as defined in Ind AS 7 on Cash Flow Statement in earmarked accounts		
- Unpaid dividends	44.25	607.35
- Margin Money	9.00	9.00
- In Fixed Deposit (More than 12 Months)	670.16	718.90
Cash and Cash Equivalents	**284.88**	**425.70**

Note : The above Cash Flow Statement has been prepared under Indirect method as set out in Ind AS 7 on Cash Flow Statement notified Under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014.

For and on behalf of the Board

As per our report of even date

T K BALAJI
Chairman

ARVIND BALAJI
Managing Director

For **Brahmayya & Co**
Chartered Accountants
Registration No: 000511S

ELANGO SRINIVASAN
Chief Financial Officer

S SAMPATH
Company Secretary

P S KUMAR
Partner
Membership No.15590

Chennai
18th May 2017

Statement of changes in Equity:

₹ in Lakhs

Equity Share Capital

Particulars	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid	
At 01-Apr-2015	1,131.07
At 31-Mar-2016	1,131.07
Add: Issued during the year	-
As at 31-Mar-2017	**1,131.07**

Other Equity

₹ in Lakhs

Particulars	Reserves and Surplus			Other Comprehensive Income		Total Equity attributable to equity share holder	Non - controlling interests	Total
	Capital Redemption Reserve	General Reserve	Retained Earnings	Exchange differences on translating statements of foreign operation	Other items of Other Comprehensive Income			
Balance as of April 1, 2015	39.56	21,840.70	1,353.82	(51.14)	-	23,182.94	0.40	23,183.34
Changes in the equity for the year March 31, 2016								
Dividends	-	-	(1,526.95)	-	-	(1,526.95)	-	(1,526.95)
Dividend Tax	-	-	(310.88)	-	-	(310.88)	-	(310.88)
Profits for the year	-	-	2,892.24	-	-	2,892.24	-	2,892.24
Other Comprehensive Income	-	-	-	-	244.66	244.66	-	244.66
Transfer to General Reserve	-	1,300.00	(1,300.00)	-	-	-	-	-
Exchange difference on translation of foreign operation	-	-	-	43.12	-	43.12	-	43.12
Non - controlling interests on acquisition of subsidiary/Joint venture	-	-	-	-	-	-	0.40	0.40
Balance as of March 31, 2016	**39.56**	**21,840.70**	**1,108.23**	**1,291.98**	**244.66**	**24,525.13**	**0.80**	**24,525.93**
Balance as of April 1, 2016	39.56	21,840.70	1,108.23	1,291.98	244.66	24,525.13	0.80	24,525.93
Changes in the equity for the year March 31, 2017								
Dividends	-	-	(1,131.07)	-	-	(1,131.07)	-	(1,131.07)
Dividend Tax	-	-	(230.25)	-	-	(230.25)	-	(230.25)
Profits for the year	-	-	2,956.73	-	-	2,956.73	-	2,956.73
Other Comprehensive Income	-	-	-	-	321.10	321.10	-	321.10
Transfer to General Reserve	-	-	-	-	-	-	-	-
Exchange difference on translation of foreign operation	-	-	-	(31.53)	-	(31.53)	-	(31.53)
Non - controlling interests on acquisition of subsidiary/Joint venture	-	-	-	-	-	-	0.40	0.40
Balance as of March 31, 2017	**39.56**	**21,840.70**	**2,703.64**	**1,260.45**	**565.76**	**26,410.11**	**1.20**	**26,411.31**

NOTES TO THE CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR END MARCH 31, 2017

1) COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES:

India Nippon Electricals Ltd. ("the Company") is a public limited company incorporated and domiciled in India and has its registered office at No.11 & 13, Patullo Road, Chennai-600 002, Tamilnadu, India. The shares of the Company are listed on the BSE Limited and National Stock Exchange of India Ltd.

The Company is a leading manufacturer of Electronic Ignition Systems for auto industry with special focus on two-wheeler industry in technical collaboration with Mahle Electric Drives Japan Corporation, Japan. In addition to the support from the collaborators, the Company has a developed Research & Development centre recognised by DSIR,Govt. of India. The Company has four manufacturing facilities in India and is also exporting volumes.

The financial statements were approved by the Board of Directors and authorized to issue on 18th May 2017.

2) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value, the provisions of The Companies Act, 2013 (The Act) and where applicable, the guidelines issued by the Securities and Exchange Board of India (SEBI). The IND AS.s are notified under Section 133 of the Act, Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements are the first financial statements of the Company in compliance with all Ind AS. The transition was carried out from Indian Accounting Standards generally accepted in India as prescribed under section 133 of The Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP) which was the previous GAAP and in accordance with IND AS 101 "First Time Adoption of Indian Accounting Standards".

The financial statements are as permitted by Schedule III to The Companies Act, 2013 and presented in lakhs of Indian Rupees (INR).

Use of estimates:

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

The areas involving critical estimates or judgments are:

i) Estimation of fair value of unlisted securities;

The fair value of unlisted securities is determined using the valuation techniques. The company uses its judgement to select the methods and make assumptions at end of each reporting period. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

ii) Defined benefit obligation;

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, etc. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

iii) Impairment testing

Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value.

The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

iv) Estimation and evaluation of provisions and contingencies relating to tax litigation.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

v) Estimation Warranty claims

Provision is made for estimated warranty claims in respect of product sold which are still under warranty at the end of the reporting period. The claims are expected to be settled in the next financial year. The company estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from the historical amounts.

Standards issued but not yet effective:

As per Companies (Indian Accounting Standards) (Amendment) Rules, 2017 dated 17th March 2017 MCA has notified amendments to two new standards namely Ind AS 102 - Share-based Payment and Ind AS 7 - Statement of Cash Flows which will be effective from 1st April 2017.

During current year, there are no share based payments transactions occurred and hence Ind AS 102 is not applicable to the company. Further, amendment to Ind AS 7 pertains to additional disclosure requirement such as "An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes". The Company has not opted for early adoption of the above amendments and will not have any material impact on the financial statements of the Company when adopted.

3) SIGNIFICANT ACCOUNTING POLICIES:

a) Current and Non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

i) expected to be realized or intended to be sold or consumed in the normal operating cycle

ii) held primarily for the purpose of trading

iii) expected to be realized within twelve months after the reporting period.

A liability is treated as current when:

i) it is expected to be settled in the normal operating cycle

ii) it is held primarily for the purpose of trading

iii) it is due to be settled within twelve months after the reporting period, or

iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Includes Excise Duty collected for onward remittance to the Government but excludes Value Added Tax, Sales Tax and Service Tax.

Revenue from sale of product is recognised when significant risks and rewards of ownership pass to the dealer/ customer as per the terms of the contract and it is probable that economic benefits associated with the transaction will flow to the company.

Income in the form of dividends and interest – Please refer to note no. 3 (m) (x)

c) Property, Plant & Equipment:

Freehold Land is carried at historical cost. Till the closure of the financial statements as at 31st March, 2015, all other items of tangible Property Plant and Equipment were stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. On the Date of Transition i.e. 1-April-2015, the Company had opted to elect the option to consider the written down values of these assets as deemed cost as on 1st April, 2015 as permitted by Indian Accounting Standard (Ind AS) 101 "First-time Adoption of Indian Accounting Standards", Appendix D, Paragraph D7AA.

Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred up to the date the asset is ready for its intended use. However, cost excludes Excise Duty, Value Added Tax and Service Tax, to the extent credit of the duty or tax is availed of. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

d) Depreciation and Amortization:

i) Depreciation on tangible fixed assets (other than land) is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shift) as evaluated by the Management, on straight line method, in accordance with Part A of Schedule II to the Companies Act 2013 less the number of years the asset had been used prior to 1st April, 2015.

ii) Tools and dies are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of two years.

iii) On tangible fixed assets added / disposed of during the year, depreciation is charged on pro-rata basis from the date of addition till the date of disposal

e) Intangible Assets:

i) Intangible assets include cost of acquired software, license and technical know how. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.

ii) Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.

iii) Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

iv) Intangible assets are amortized on the following basis:

a) Softwares - Over a period of five years

b) SAP - Over a period of ten years

c) Windows Server - Over a period of five years

d) Licenses - Over a period of two to three years

e) Technical Knowhow - Over a period of five years

f) Impairment of Assets:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

g) Foreign currency translation:

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e. in Indian rupee (INR).

ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates

b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.

c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

h) Inventories:

i) Inventories are valued at the lower of cost and net realisable value.

ii) Cost of raw materials, components, stores, spares, work-in-process and finished goods are ascertained at weighted average cost

iii) Cost of finished goods and work-in-process comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

i) Employee benefits:

i) Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Other Long term employee benefits:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employement obligation:

Payments to defined contribution retirement benefit schemes (provident fund) are charged as an expense as they fall due for defined benefit schemes (Gratuity), the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in Other Comprehensive Income for the period in which they occur.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the scheme.

j) Taxes on income - Current Tax:

Tax expense comprises of current and deferred taxes. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where there is a legally enforceable right to offset.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

k) Provisions and Contingent Liabilities:

i) Provisions:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent Liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability.

l) Cash & Cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

m) Investments & Other financial assets:

i) Classification:

The Company classifies its financial assets in the following categories:

a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement:

At Initial recognition, the Company measures a financial asset at its fair value plus (in the case of a financial asset not at fair value through profit or loss) transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

iii) Debt instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

iv) Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

v) Fair value through Profit & Loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

vi) Equity Instruments:

The Company subsequently measures all investments in equity (except of the subsidiaries / associate) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

vii) Impairment of Financial Assets:

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial instruments which requires expected credit losses to be recognised from initial recognition of the receivables.

viii) Derecognition of Financial Assets:

A financial asset is derecognized only when

a) the Company has transferred the rights to receive cash flows from the financial asset or

b) the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has not transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

ix) Financial Liabilities:

a) Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

b) Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

c) Financial liabilities at fair value through profit or loss :

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

d) Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 – "Financial Instruments" are satisfied. For liabilities designated as Fair Value through Profit and Loss ("FVTPL"), fair value gains/ losses attributable to changes in own credit risk are recognized in Other Comprehensive Income ("OCI"). These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

e) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

f) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

g) Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

x) Income Recognition

a) Interest Income:

Generally, interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates

the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

b) Dividends:

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

xi) Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year including potential equity shares, if any, on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

n) Cash flow Statements:

Cash flow statements are prepared using the indirect method whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into Operating, Investing and Financing activities of the Company.

o) Dividends Paid:

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Company.

4) FIRST-TIME ADOPTION OF IND AS:

i) These standalone financial statements of India Nippon Electricals Ltd. for the year ended March 31,2017 have been prepared in accordance with IND AS. For the purposes of transition to IND AS, the Company has followed the guidance prescribed in IND AS 101 – First Time Adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to IND AS has resulted in the presentation of financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the standalone financial statements for the year ended March 31, 2017 and the comparative information.

In transiting the financial statements from the IGAAP to IND AS as already mentioned, the Company had chosen the options and exemptions available under IND AS 101 – First Time Adoption of Indian Accounting Standard selectively.

Principally, as provided by Paragraph 10 of IND AS 101, the Company had aligned with the accounting principles and standards prescribed by IND AS. Further, as provided by paragraph D7AA of Appendix D Exemptions from other Ind ASs of IND AS 101, the Company had opted for the Written Down Values as of March 31, 2015 to be deemed cost of tangible and intangible assets on April 1, 2015. Also, the previous GAAP carrying values of investments in Subsidiaries and Associates as on March 31, 2015 have been adopted as the deemed cost per paragraphs D14 and D15 of Ind AS 101.

With regard to the deemed cost of Tangible and Intangible assets refer to above, as of 31-Mar-2015, the details of the assets works as follows:

Total cost incurred up to 31-Mar-2015 (Gross Block) = ₹ 10,744.07 Lakhs

Accumulated Depreciation up to 31-Mar-2015 = ₹ 6,568.50 Lakhs

ii) Reconciliations:

The following reconciliations provide the effect of transition to IND AS from IGAAP in accordance with Ind AS 101.

1. Equity as at April 1, 2015 and March 31, 2016
2. Net profit for the year ended March 31, 2016

Reconciliation of Equity as previously reported under IGAAP to IND AS is provided below

4.a. Reconciliation of equity as previously reported under IGAAP to Ind AS

₹ in Lakhs

		Particulars	Note No.	Opening Balance Sheet as at April 1,2015			Balance Sheet as at March 31,2016		
				IGAAP	Effects of transition to Ind - AS	IND AS	IGAAP	Effects of transition to Ind - AS	IND AS
	ASSETS								
1	**Non-current assets**								
	(a)	Property, Plant and Equipment		4,688.44	2.56	4,691.00	4,461.92	278.82	4,740.74
	(b)	Capital Work-in-progress		60.70	-	60.70	205.78	-	205.78
	(c)	Investment Property		-	-	-	-	-	-
	(d)	Other Intangible Assets		-	44.40	44.40	189.02	49.27	238.29
	(e)			-	-	-	-	-	-
	(f)	Financial Assets		-	-	-	-	-	-
		(i) Investments		6,739.57	370.33	7,109.90	6,858.14	691.26	7,549.40
		(ii) Trade Receivables		-	-	-	-	-	-
		(iii) Loans		101.99	-	101.99	75.52	-	75.52
		(iv) Others (to be specified)		31.16	-	31.16	33.24	-	33.24
	(g)	Deferred Tax Assets (Net)		386.92	675.40	1,062.32	445.05	490.41	935.46
	(h)	Other Non-current Assets		65.99	-	65.99	83.17	-	83.17
2	**Current assets**			-	-	-	-	-	-
	(a)	Inventories		1,804.91	-	1,804.91	2,492.02	-	2,492.02
	(b)	Financial Assets		-	-	-	-	-	-
		(i) Investments		5,905.30	338.85	6,244.15	7,149.77	668.79	7,818.56
		(ii) Trade Receivables		6,334.18	-	6,334.18	6,069.20	-	6,069.20
		(iii) Cash and cash equivalents		1,066.38	-	1,066.38	1,760.95	-	1,760.95
		(iv) Bank balances other than (iii) above		-	-	-	-	-	-
		(v) Loans		-	-	-	-	-	-
		(vi) Others		100.16	-	100.16	86.07	-	86.07
	(c)	Current Tax Assets (Net)		-	-	-	-	-	-
	(d)	Other Current assets		507.16	-	507.16	544.00	-	544.00
	Total Assets			**27,792.86**	**1,431.54**	**29,224.40**	**30,453.85**	**2,178.55**	**32,632.40**

₹ in Lakhs

Particulars			Note No.	Opening Balance Sheet as at April 1,2015			Balance Sheet as at March 31,2016		
				IGAAP	Effects of transition to Ind - AS	IND AS	IGAAP	Effects of transition to Ind - AS	IND AS
EQUITY AND LIABILITIES									
	Equity			-					
	(a)	Equity Share Capital		1,131.07	-	1,131.07	1,131.07	-	1,131.07
	(b)	Other Equity		21,149.98	2,033.36	23,183.34	22,356.96	2,168.97	24,525.93
	LIABILITIES			-	-	-	-	-	-
1		**Non-current liabilities**		-	-	-	-	-	-
	(a)	Financial Liabilities		-	-	-	-	-	-
		(i) Borrowings		-	-	-	-	-	-
		(ii) Trade Payables		-	-	-	-	-	-
		(iii) Other financial liabilities		-	-	-	-	-	-
		(Other than those specified in item (b), to be specified)		-	-	-	-	-	-
	(b)	Provisions		170.78	-	170.78	200.72	-	200.72
	(c)	Deferred Tax Liabilities (Net)		-	-	-	-	-	-
	(d)	Other non-current liabilities		-	-	-	-	-	-
2		**Current liabilities**		-	-	-	-	-	-
	(a)	Financial Liabilities		-	-	-	-	-	-
		(i) Borrowings		-	-	-	-	-	-
		(ii) Trade payables		3,031.51	-	3,031.51	3,859.14	-	3,859.14
		(iii) Other financial liabilities		38.06	-	38.06	607.35	-	607.35
		(other than those specified in		-	-	-	-	-	-
	(b)	Other current liabilities		1,409.67	-	1,409.67	1,797.57	-	1,797.57
	(c)	Provisions		757.65	(601.82)	155.83	350.60	9.58	360.18
	(d)	Current tax Liabilities (Net)		104.14	-	104.14	150.44	-	150.44
		Total Equity and Liabilities		**27,792.86**	**1,431.54**	**29,224.40**	**30,453.85**	**2,178.55**	**32,632.40**

Explanation for reconciliation of Balance Sheet as previously reported under IGAAP to INDAS:

a) Property, Plant and Equipment Refer note No - 4

b) Investment:

i) Investment in equity instruments in subsidiaries, Associates and Joint ventures are carried at cost. Investment in mutual funds and venture capital funds are carried fair value through profit and loss account.

ii) Tax free bonds are carried at cost since both maturity value and face value are constant.

c) Provisions: Adjustments reflect dividend (corporate dividend tax), declared and approved post reporting period

d) Other Equity:

i) Adjsutments to retained earnings and Other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.

ii) In addition, as per Ind AS-19, actuarial gians and losses are recognised in other comprehensive as compared to being recognised in the statement of profit and loss under IGAAP.

e) Deferred Tax : Defered tax on Investments and Plant Property, Equipment has been made in accordance with Ind AS

4.b. Reconciliation Statement of Profit and Loss as previously reported under IGAAP to Ind AS for the year ended 31-Mar-2016

₹ in Lakhs

	Particulars	Indian GAAP Balances	Effects of transition to Ind - AS	Ind AS Balance
I	Revenue from operations(Gross)	38,213.01	(371.33)	37,841.68
	Less: Excise Duty	4,254.69	(4,254.69)	-
	Revenue from operations(Net)	33,958.32	3,883.36	37,841.68
II	Other Income	711.11	321.90	1,033.01
III	**Total income**	**34,669.43**	**4,205.26**	**38,874.69**
IV	Expenses			
	Cost of Material consumed	23,569.73	-	23,569.73
	Purchase of stock in trade	-	-	
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	(250.13)	-	(250.13)
	Other Manufacturing Expenses	1,510.18	-	1,510.18
	Employee Benefit Expenses	3,938.20	(15.24)	3,922.96
	Finance costs	13.38	-	13.38
	Depreciation and amortisation expenses	664.67	(247.00)	417.67
	Excise duty	-	4,254.70	4,254.70
	Other expenses	1,738.59	(425.10)	1,313.49
	Total Expenses	**31,184.62**	**3,567.36**	**34,751.98**
V	Profit(loss) before exceptional items and tax (I-IV)	3,484.81	637.90	4,122.71
VI	Exeptional items			
VII	Profit(loss) before tax (V-VI)	3,484.81	637.90	4,122.71
VIII	Share of Net (Loss) of Associate & Others:			
	(1) Share of (Loss) - Minority - Subsidiary	(0.00)	-	(0.00)
	(2) Share of (Loss) on non-integral interest - Associate	(155.78)	-	(155.78)
		3,329.03	637.90	3,966.93
IX	Tax Expenses			
	1.Current tax	1,020.40	-	1,020.40
	2.Deffered tax	(58.13)	112.42	54.29
X	Profit (loss) for the period from continuing operations (VII-VIII)	2,366.76	525.48	2,892.24
XI	Profit (loss) from discontinued operations	-		-
XII	Tax expenses of discontinued operations	-		-
XIII	Profit/(loss) from DIscontinued operatIons (after tax) (X-XI)	-		-
XIV	Profit (loss) for the period (IX+XII)	2,366.76	525.48	2,892.24
XV	Other comprehensive income			
	A (i) Items that will not be reclassifled to proflt or loss		313.11	313.11
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(68.45)	(68.45)
	B (i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
XVI	Total Comprehensive Income for the period (XIII+XIV) (comprising profit (loss) for the period and other comprehensive income)	2,366.76	770.14	3,136.90
XVII	Earnings per equity share			
	1.Basic	-	-	
	2.Diluted	-	-	

Explanation for reconciliation of Profit and loss as previously reported under IGAAP to INDAS:

f) **Excise duty:** Excise duty has been reclasified to expenses schedule in statement of profit and loss account in acordance with with revised Schedule III

g) **Income on Investment routed through profit and losss:** Since investment in mutual funds and venture capital funds are carried at fair value, the difference between cost and fair value has been recognised in the statement of profit and loss account in accordance with Ind AS.

h) **Employee Benefit Expenses:** As per Ind AS-19 - Employee Benefits, actuarial gain and losses are recognised in the other comprehensive and not reclassified to profit and loss account in the subsequent period

i) **Deferred Tax:** Tax component on actuarial gains and Investment in LTVS which is transferred to other comprehensive income under Ind AS

5.1. Property, Plant & Equipment

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31-Mar-2017:

₹ in Lakhs

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 01-Apr-2016	1,795.30	1,000.42	2,167.10	110.48	41.01	25.48	5,139.79
Additions	-	106.84	999.35	18.92	24.56	2.63	1,152.30
Deletions	13.63	-	-	-	-	-	13.63
Gross carrying value as on 31-Mar-2017 = (A)	**1,781.67**	**1,107.26**	**3,166.45**	**129.40**	**65.57**	**28.11**	**6,278.46**
Accumulated depreciation as on 01-Apr-2016	-	40.03	326.76	14.55	13.53	4.58	399.45
Depreciation	-	40.87	304.09	11.57	13.68	3.94	374.15
Accumulated depreciation on deletions	-	-	-	-	-	-	-
Accumulated depreciation as on 31-Mar-2017 = (B)	**-**	**80.90**	**630.85**	**26.12**	**26.81**	**8.52**	**773.20**
Carrying value as on 31-Mar-2017 = (A - B)	**1,781.67**	**1,026.36**	**2,535.60**	**103.28**	**38.76**	**19.59**	**5,505.26**

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31-Mar-2016:

₹ in Lakhs

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 01-Apr-2015	1,776.83	966.70	1,825.98	86.59	24.89	10.01	4,691.00
Additions	18.47	33.72	341.12	23.89	16.12	15.47	448.79
Deletions	-	-	-	-	-	-	-
Gross carrying value as on 31-Mar-2016 = (A)	**1,795.30**	**1,000.42**	**2,167.10**	**110.48**	**41.01**	**25.48**	**5,139.79**
Accumulated depreciation as on 01-Apr-2015	-	-	-	-	-	-	-
Depreciation	-	40.03	326.76	14.55	13.53	4.58	399.45
Accumulated depreciation on deletions	-	-	-	-	-	-	-
Accumulated depreciation as on 31-Mar-2016 = (B)	**-**	**40.03**	**326.76**	**14.55**	**13.53**	**4.58**	**399.45**
Carrying value as on 31-Mar-2016 = (A - B)	**1,795.30**	**960.39**	**1,840.34**	**95.93**	**27.88**	**20.90**	**4,740.74**
Carrying value as on 01-Apr-2015	**1,776.83**	**966.70**	**1,825.98**	**86.59**	**24.89**	**10.01**	**4,691.00**

5.2. Intangible Asset:

Following are the changes in the carrying value of Intangible assets for the year ended 31-Mar-2017:

₹ in Lakhs

Particulars	Softwares	SAP	Windows Server	Licenses	Technical Knowhow	Total
Gross carrying value as on 01-Apr-2016	30.19	164.91	18.56	9.53	33.32	256.51
Additions	0.54	-	-	-	-	0.54
Deletions	-	-	-	-	-	-
Gross carrying value as on 31-Mar-2017 = (A)	**30.73**	**164.91**	**18.56**	**9.53**	**33.32**	**257.05**
Accumulated depreciation as on 01-Apr-2016	6.56	2.90	0.37	0.51	7.91	18.25
Depreciation	7.14	17.41	4.41	5.87	7.91	42.74
Accumulated depreciation on deletions	-	-	-	-	-	-
Accumulated depreciation as on 31-Mar-2017 = (B)	**13.70**	**20.31**	**4.78**	**6.38**	**15.82**	**60.99**
Carrying value as on 31-Mar-2017 = (A - B)	**17.03**	**144.60**	**13.78**	**3.15**	**17.50**	**196.06**

Following are the changes in the carrying value of Intangible assets for the year ended 31-Mar-2016:

₹ in Lakhs

Particulars	Softwares	SAP	Windows Server	Licenses	Technical Knowhow	Total
Gross carrying value as on 01-Apr-2015	11.08	-	-	-	33.32	44.40
Additions	19.11	164.91	18.56	9.53	-	212.11
Deletions	-	-	-	-	-	-
Gross carrying value as on 31-Mar-2016 = (A)	**30.19**	**164.91**	**18.56**	**9.53**	**33.32**	**256.51**
Accumulated depreciation as on 01-Apr-2015	-	-	-	-	-	-
Depreciation	6.53	2.90	0.37	0.51	7.91	18.22
Accumulated depreciation on deletions	-	-	-	-	-	-
Accumulated depreciation as on 31-Mar-2016 = (B)	**6.53**	**2.90**	**0.37**	**0.51**	**7.91**	**18.22**
Carrying value as on 31-Mar-2016	**23.66**	**162.01**	**18.19**	**9.02**	**25.41**	**238.29**
Carrying value as on 01-Apr-2015	**11.08**	**-**	**-**	**-**	**33.32**	**44.40**

6 NON-CURRENT INVESTMENTS - UNQUOTED:

₹ in Lakhs

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/Units	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
a) Investments in Equity instruments						
Investment carried at fair value through other comprehensive income:						
Synergy Shakthi Renewable Energy P Ltd	Associate	10	6,000,000	1.00	1.00	1.00
Less:						
Share of Profit / (Loss) in Associates				(1,294.68)	(1,030.15)	(874.77)
				(1,293.68)	(1,029.15)	(873.77)
Lucas TVS Ltd	Others	100	97,351	4,821.12	4,466.49	4,137.94
IRIS Ecopower Venture Private Limited	Others	10	157,400	15.74	-	-
				3,543.18	**3,437.34**	**3,264.17**
b) Investments in Debentures or Bonds						
Investment carried at Amortised cost:						
National Highways Authority of India	Others	1000	12,362	123.62	123.62	123.62
Hudco (Taxfree) 2022			50,000	530.89	530.89	530.89
Indian Railway Finance Corporation Ltd			50,000	500.00	500.00	500.00
India Infrastructure Finance Corporation Ltd			50,000	500.00	500.00	500.00
Power Finance Corporation Limted Series 1			50,000	500.00	508.03	508.03
				2,154.51	**2,162.54**	**2,162.54**
c) Investments in Venture capital Funds						
Investment carried at fair value through profit and loss:						
TVS Shriram Growth Fund Scheme 1A	Others	1000	33,261	309.89	438.51	537.47
TVS Shriram Growth Fund Scheme 1B			38,940	471.60	500.50	212.20
Investment in Mutual Funds				**781.49**	**939.01**	**749.67**
d) Investment in Mutual Funds						
Investment carried at fair value through profit and loss:						
ICICI Prudential FMP Series 73-391 days Plan G Reg	Others	10	7,000,000	904.53	829.61	766.84
Reliance FHF XXV - Series 18 -Growth			-	-	180.90	166.68
				904.53	**1,010.51**	**933.52**
				7,383.71	**7,549.40**	**7,109.90**
Other disclosure:						
Aggregate value of Un-quoted investments - Carried at FVTOCI				3,543.18	3,437.34	3,264.17
Aggregate value of Un-quoted investments - Carried at FVTPL				1,686.02	1,949.52	1,683.19
Aggregate value of Un-quoted investments - Carried at Amortised cost				2,154.51	2,162.54	2,162.54

₹ in Lakhs

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
7	**LOANS:**			
	(Unsecured and considered good)			
	Loans & Advances to employees	89.80	75.52	101.99
		89.80	**75.52**	**101.99**
8	**OTHER FINANCIAL ASSETS:**			
	Bank deposits with more than 12 months maturity	37.01	33.24	31.16
		37.01	**33.24**	**31.16**
9	**Deferred Tax Assets (Net)**			
a	Deferred Tax Assets (Net) (Refer (9A))	643.19	935.46	1,062.32
		643.19	**935.46**	**1,062.32**

9A The tax effects of significant temporary differences that resulted in deferred income tax assets and Liabilities are as follows:

Deferred income tax assets			
Rebates and discounts	59.41	57.03	57.03
Leave encashment	96.45	67.71	44.66
Plant, Property and Equipment	(16.20)	117.22	214.76
Early separation scheme	6.12	10.35	12.23
Investment	418.49	597.64	673.56
Others	78.92	85.51	60.08
Total deferred tax assets	**643.19**	**935.46**	**1,062.32**

Deferred tax assets and deferred tax liabilities have been offset wherever the company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax asset and deferred tax liabilities relate to income leveid by the same authority.

9B Income tax expense in the statement of profit and loss comprise

Current taxes	1158.47	1020.4
Deferred taxes	309.95	54.29
Inocme tax expense	**1468.42**	**1074.69**

A reconciliation of income tax provision to the amount computed by applying the statutory income relates to the income before income taxes is summarized below:

Profit before income taxes	4689.69	4122.71
Expected tax rates	34.608%	34.608%
Computed expected tax expenses	1623.00	1426.79
Effect on non deductible expenses	292.61	152.74
Effect of exempt non-operating income	(275.17)	(261.35)
Reversal of tax	(112.10)	(69.75)
Additional dedcution of R&D expenses	(49.79)	(144.03)
Others	(10.14)	(29.71)
Total	**1,468.42**	**1,074.69**

₹ in Lakhs

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
10 OTHER NON-CURRENT ASSETS:			
a Capital Advance	5.30	5.30	5.30
b Advance other than capital advance			
- Sundry Deposits	71.41	63.69	49.46
- Sales Tax Receivable	-	6.54	4.41
- Income Receivable	18.11	7.64	6.82
	94.82	**83.17**	**65.99**
11 INVENTORIES:			
(Lower of Cost and Net realisable value)			
a Raw Materials	1,389.54	1,626.01	1,182.65
b Raw Materials - Goods in Transit	38.49	31.08	45.80
c Work in Progress	274.79	308.31	174.65
d Finished Goods	340.90	305.76	234.82
e Finished Goods in Transit	187.54	207.85	162.33
f Stores & Spares	10.87	13.01	4.66
	2,242.13	**2,492.02**	**1,804.91**

12 CURRENT INVESTMENTS - UNQUOTED: INVESTMENT IN MUTUAL FUNDS

₹ in Lakhs

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units 31-March 2017	31-March 2017	31-March 2016	01-April 2015
INVESTMENT IN MUTUAL FUNDS						
Investment carried at fair value through profit and loss:						
Axis Short Term inst-G	Others	10	9,456,821	1,681.44	508.64	-
Birla Sun Life Dynamic Bond Fund -Reg-Growth	Others	20	2,430,082	705.55	1,047.14	681.82
Birla Sun Life Short Term Fund - Growth Regular Plan	Others	50	1,523,154	948.50	952.70	486.25
Birla Sun Life Cash Plus -IP-Daily Dividend	Others	10	-	-	-	104.79
DWS Treasury Fund Investment Reg -Daily Dividend	Others	10	-	-	-	111.64
DWS Short Maturity Fund Reg - Quarterly Divdend	Others	10	-	-	-	234.77
ICICI Emerging Sector Fund	Others	100	4,222	3.66	3.66	3.66
ICICI Prudential Short Term Reg - DM	Others	10	3,760,490	461.46	430.80	408.04
ICICI Prudential Flexible Income - Reg - Daily Dividend	Others	10	-	-	-	116.86
ICICI Pru Short-Term Reg-G	Others	30	2,936,810	1,002.10	634.29	-
IDFC Money Manager Investment B - G	Others	20	-	-	595.14	549.23

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units 31-March 2017	31-March 2017	31-March 2016	01-April 2015
IDFC SSI Medium -term Reg DQ	Others	10	3,604,615	387.85	363.82	-
IDFC SSI Medium -term Reg Growth		20	1,664,098	461.41	676.61	238.21
IDFC SSI ST Reg-G		30	3,343,087	1,115.66	-	-
JP Morgan India Short term Income fund - Growth			-	-	-	689.29
Kotak Bond Short Term Plan - Reg -DM		10	3,320,365	337.09	318.38	302.26
Kotak Bond Short Term Plan - Growth		20	4,166,125	1,280.50	797.82	739.21
IDFC SSIF -MTP Reg-Quarterly - Dividend		1800	-	-	244.77	344.50
Reliance Short Term Fund -Growth		20	5,280,239	1,627.20	1,116.73	743.84
Reliance Liquid Fund-Treasury Plan-Daily Dividend		20	-	-	-	489.74
Kotak Equity Arbitrage Reg-G		20	1,307,548	306.25	-	-
Birla SL Cash Plus-G		260	134,646	350.77	-	-
Birla Sun Life Cash Plus -IP-Daily Dividend		100	-	-	128.02	-
ICICI Pru Liquid Plan -G		240	146,073	350.80	-	-
IDFC Cash Reqular-G		1970	26,104	514.48	-	-
SBI Premier Liquid -DD		1000		-	0.04	0.04
				11,534.72	**7,818.56**	**6,244.15**
Aggregate provision for diminution in value of investments				-	-	-
				11,534.72	**7,818.56**	**6,244.15**
Aggregate value of Unquoted investements - carried at FVTPL				**11,534.72**	**7,818.56**	**6,244.15**

₹ in Lakhs

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
13	**TRADE RECEIVABLES:**			
a	Trade Receivables - Unsecured			
	- Considered good	6,638.56	6,069.20	6,334.18
		6,638.56	**6,069.20**	**6,334.18**
14	**CASH & CASH EQUIVALENTS:**			
a	Balance with banks			
	- In current Account	283.41	423.61	221.38
b	Cash in hand	0.98	1.69	1.13
c	Cheques, drafts in hand	0.49	0.40	-
d	Other Bank Balances:			
	- in Fixed deposit	670.16	718.90	796.81
	- in Margin Money	9.00	9.00	9.00
	- in Deposit account (Dividend Warrant)	44.25	607.35	38.06
		1,008.29	**1,760.95**	**1,066.38**

₹ in Lakhs

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
15	**OTHER FINANCIAL ASSETS:**			
a	Interest Accrued on deposits/employee dues	82.76	86.07	100.16
		82.76	**86.07**	**100.16**
16	**OTHER FINANCIAL ASSETS:**			
a	Advances other than Capital Advances:			
	- Vendor Advance	190.14	264.90	281.35
	- Rental & Others	6.98	18.85	0.65
b	Others:	-	-	-
	- Prepaid expenses	88.86	77.62	74.06
	- Excise & Customs availment	65.65	128.41	128.49
	- Receivable - Taxes	36.72	52.82	18.64
	- Receivable - Others	9.66	1.40	3.97
		398.01	**544.00**	**507.16**

17 SHARE CAPITAL

₹ in Lakhs

		As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
a	Authorised Share Capital:			
	15,000,000 number of Equity shares of ₹ 10 each	1,500.00	1,500.00	1,500.00
b	Issued, Subscribed and Fully Paid up Share Capital: 11,310,712 number of Equity shares of ₹ 10 each	1,131.07	1,131.07	1,131.07
c	Par Value per Share ₹	10.00	10.00	10.00
d	Number of equity shares at the beginning of the year	11,310,712	11,310,712	11,310,712
	Add: Rights issue	-	-	-
	Bonus issue	-	-	-
	Less: Buy back	-	-	-
	Number of equity shares at the end of the year	11,310,712	11,310,712	11,310,712
	All shares are of the same nature ranking pari passu			
e	% of Shares held by			
	Holding company	NIL	NIL	NIL
	Ultimate holding company	NIL	NIL	NIL
	Subsidary company	NIL	NIL	NIL
	Associates of holding company	NIL	NIL	NIL
	Associates of ultimate holding company	NIL	NIL	NIL

f	Number of shares held by share holders more than 5% of total shares			
	Name of the Share holder	**nos. current yr**	**nos. previous yr**	**nos. previous yr**
	Lucas Indian Service Ltd, India	5,188,666	5,188,666	5,188,666
	Mahle Electric Drives Japan Corpn., Japan (formerly Kokusan Denki Co Ltd, Japan)	2,320,500	2,320,500	2,320,500
g	Shares reserved for (specify the number of shares and terms)			
		Number of shares		
	Issue under options:	NIL	NIL	NIL
	Contracts / Commitments	NIL	NIL	NIL
	Disinvestments	NIL	NIL	NIL
		Terms		
	Issue under options :	NIL		
	Contracts / Commitments	NIL		
	Disinvestments	NIL		

h	Details of shares alloted/bought back during the five years proceeding the balance sheet date					
	Particulars	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**
	A) Aggregate number andclass of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
	B) Equity shares of ₹ 10 each alloted as fully paid up by way of bonus shares	-	-	-	-	-
	C) Aggregate number of shares bought back	-	-	-	-	-

i	Terms of Conversion of Nil (security) convertible into equity / preference			
	Date	No of security	Terms	farthest date of conversion to earliest date of conversion

j	Amount of Calls unpaid ₹				
	(i) Calls unpaid by directors	₹	NIL	NIL	NIL
	(ii)Calls unpaid by officers	₹	NIL	NIL	NIL
k	No of shares Forfeited :		NIL	NIL	NIL
	Amount originally paid up :		NIL	NIL	NIL

₹ in Lakhs

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
18	**PROVISIONS:**			
a)	Interest Accrued on deposits/employee dues			
	- Leave encashment	140.28	141.72	111.78
b)	Others	59.00	59.00	59.00
		199.28	**200.72**	**170.78**
19	**TRADE PAYABLES::**			
	Trade Payables	4,695.24	3,859.14	3,031.51
		4,695.24	**3,859.14**	**3,031.51**

The Company has sent circulars to Suppliers / Vendors for getting information as required under "Micro Small and Medium Enterprises Development Act 2006". No vendor has given registration details. However, they have indicated the status of undertaking as defined under the Act. With the available information, the amount outstanding as on 31-Mar-2017 is ₹ 391.31 Lakhs (As on 31-Mar-2016 is ₹ 200.55 Lakhs and as on 31-Mar-2015 is ₹ 232.84 Lakhs)

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
20	**OTHER FINANCIAL LIABILITIES:**			
	Dividend Un-paid	44.25	607.35	38.06
		44.25	**607.35**	**38.06**
21	**OTHER CURRENT LIABILITIES:**			
a	Excise duty/Service Tax/ VAT payable	121.45	119.73	137.41
b	Tax Deducted at source/Tax Collected at Source	42.77	35.94	24.92
c	Professional Tax payable	32.12	29.38	4.54
d	Earnest Money Deposit	41.12	39.05	-
e	Commission to Directors	123.25	94.50	61.00
f	Other payable	1966.04	1,478.97	1,181.80
		2,326.75	**1,797.57**	**1,409.67**
21 (f)	**Details of Other payable:**			
a	Stale Cheque	16.68	9.89	2.56
b	Employee Dues	356.70	21.05	354.52
c	Provision - Other Expenses	977.44	522.23	433.97
d	Provision - Customer	203.73	122.28	33.39
e	Provision - Payroll	199.79	670.64	272.30
f	Tool Advance Payable	109.26	71.58	-
g	Excise Duty on Finished Goods	23.46	22.10	21.07
h	Other Liabilities	78.98	39.20	63.99
		1966.04	**1,478.97**	**1,181.80**

₹ in Lakhs

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
22	**SHORT TERM PROVISIONS:**			
a	Provisions for employee benefits:			
	- Gratuity	134.16	56.48	34.16
	- Leave encashment	138.43	87.55	21.08
b	Others:			
	- Provision for Warranty (*)	101.36	101.02	100.59
	- Provision for Dividend	678.64	-	-
	- Provision for Dividend Tax	138.16	115.13	-
		-	-	-
		1,190.75	**360.18**	**155.83**

* Product Warranty:

Particulars	2016-17	2015-16
Opening Balance	101.02	100.59
Additions	24.81	10.19
Utilizations	(24.47)	(9.76)
Closing Balance	**101.36**	**101.02**

		As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
23	**CURRENT TAX LIABILITIES:**			
a	Provision for Income Tax (Net)	177.59	150.44	102.73
		177.59	**150.44**	**102.73**

24	**REVENUE FROM OPERATIONS:**		
	Sale of Products:	**Apr'16 To Mar'17**	**Apr'15 To Mar'16**
a	Export Sales	2,112.13	1,778.64
b	Domestic Sales	37,504.04	36,295.71
c	Sale of Services	-	-
		39,616.17	38,074.35
d	Discount to Customers (TOD)	(350.82)	(371.33)
		39,265.35	**37,703.02**
e	Other operating revenues	165.00	138.66
		39,430.35	**37,841.68**
25	**OTHER INCOME:**		
a	Interest Income	202.49	214.61
b	Dividend Income	188.93	258.88
c	Net gain on sale of investment	621.29	148.92
d	Net gain on foreign currency transaction	2.33	10.71
e	Other Non-operating income	51.33	77.99
f	Increase in fair value of invesements	308.91	321.90
		1,375.28	**1,033.01**

		Apr'16 To Mar'17	Apr'15 To Mar'16
			₹ in Lakhs
26	**COST OF MATERIALS CONSUMED:**		
a	Opening Stock of Raw Materials	1,657.08	1,182.65
b	Add: Purchases	23,137.01	24,044.16
		24,794.09	25,226.81
c	Less: Closing stock of Raw Materials	(1,428.02)	(1,657.08)
		23,366.07	**23,569.73**
27	**CHANGE IN INVENTORIES:**		
	Inventories at the end of the period		
	Finished Goods	471.39	513.61
	Work-in-Progress	274.79	308.31
		746.18	**821.92**
	Inventories at the begning of the period		
	Finished Goods	513.61	397.15
	Work-in-Progress	308.31	174.64
		821.92	**571.79**
	Net (Increase) / Reduction	**75.74**	**(250.13)**
28	**OTHER MANUFACTURING EXPENSES:**		
a	Stores & Other Consumables	380.35	395.66
b	Power & Fuel	548.71	558.55
c	Repairs to Building	152.64	94.23
d	Repairs to Machinery	248.61	174.43
e	Repairs Others	42.71	48.26
f	Technical Know-how / Support Fees	99.69	153.54
g	Other Expenses	99.84	85.51
		1,572.55	**1,510.18**
29	**EMPLOYEE BENEFIT EXPENSES:**		
a	Salaries & Wages	3,448.96	3,167.38
b	Providend Fund & Super Annuation Fund	261.93	187.82
c	Staff Welfare & Canteen expenses	628.75	567.76
		4,339.64	**3,922.96**
30	**FINANCE COSTS:**		
a	Bank Charges	6.05	13.38
		6.05	**13.38**

₹ in Lakhs

		Apr'16 To Mar'17	Apr'15 To Mar'16
31	**OTHER EXPENSES:**		
a	Rent	124.88	24.15
b	Repairs to Vehicles	6.96	8.48
c	Insurance	60.84	66.78
d	Rates and Taxes (Excluding taxes on income)	264.35	43.85
e	Communication Expenses	51.35	54.80
f	Postage, Printing & Stationery	32.83	37.92
g	Sitting Fees	9.81	10.02
h	Travelling & Conveyance Expenses	198.42	247.22
i	Legal & Professional Charges	370.16	166.36
j	Donation	3.10	4.34
k	Corporate Social Responsibility	60.00	61.50
l	Recruitment Expenses	10.60	12.86
m	Remuneration to Watch and Ward	100.84	95.73
n	Commisson to Directors	123.25	94.50
o	After Sales service expenses (Warranty)	24.81	10.19
p	Exchange Fluctuation	6.81	21.75
q	Freight Outwards	191.44	153.63
r	Advertisement	10.53	5.28
s	Audit Fees:		
	a) Statutory Auditors:		
	i) Statutory Audit (*)	16.20	9.20
	ii) Tax Audit	2.00	1.60
	iii) Other Attestation Matters	3.91	3.66
	iii) Other Services	0.65	0.74
	iv) Reimbursement of Expenses	4.14	2.63
	b) Cost Audit	2.45	2.12
	c) Secretarial Audit	1.75	1.75
	d) Reimbursement - Other audits	2.91	5.01
	(*) Includes ₹ 5 Lakhs special audit fee for Transition to Ind AS		
t	Estate Service Fee	18.63	16.15
u	Others	200.92	151.27
		1,904.54	**1,313.49**
32	**ITEMS WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:**		
	Increase/(decrease) in Fair Value of Investments (*)	354.63	328.55
	Remeasurement of the defined benefit plan	(48.36)	(15.44)
	Increase/(decrease) of DTA on fair value investments	(2.65)	(71.81)
	Increase/(decrease) of DTA on defined benefit plan	17.48	3.36
		321.10	**244.66**

*The investment in Lucas TVS limited amounting to ₹ 28.24 crores representing the cross holding was shown at cost initially from 1-Apr-2015 (i.e. date of transition) till 31-Dec-2016. However, for the year ended 31-Mar-2017 on reconsideration, its now been treated as fair value through Other Comprehensive income the effect of which is to increase in Other Comprehensive income by ₹ 354.63 for the year 2016-17.

33 EMPLOYEE BENEFITS:

The company provides for gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount on the respective employee's salary and the tenure of employment with the company. The employee benefits notified under section 133 of the companies act are given below:

a) Defined Contribution Plan:

i) Provident Fund:

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment.

Both the employee and the Company make monthly contributions to the Employee's Provident Fund scheme administered by Government of India equal to a specified percentage of the covered employee's salary.

ii) Superannuation Fund:

Eligible employees receive benefits from the superannuation fund, which is a defined contribution plan.

Aggregate contributions alongwith interest theron are paid at retirement, death, incapacitation or termination of employment. The Company makes yearly contributions to the Superannuation Fund Scheme administered by Life Insurance Corporation of India. Liabilities with regard to the Superannuation fund are determined by the Life Insurance Corporation of India as the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the Life Insurance Corporation of India's Employees Superannuation Fund.

The Company recognised ₹ 217.80 Lakhs (LY-188.06 Lakhs) for Provident Fund and superannuation fund contribution in the statement of profit and loss.

b) Leave encashment:

The Employees of the Company are entitled to compensated absence. Employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 30 days. The Company records an obligation for compensated absences in the period in which employees render services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The liability has been actuarially evaluated and accounted in the books.

c) Defined benefit Plan:

Gratuity:

The Company provides a gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees.

The Gratuity Plan provides a lump sum payment to vested employees at retirement death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the Life Insurance Corporation of India's Employees Gratuity Fund Trust (the "Trust"). Trustees administer contrbutions by means of a group gratuity policy with Life Insurance Corporation of India. The liability has been actuarially evaluated and accounted in the books.

34 The following table set out the status of the gratuity plan and the amount recognised in the company's financial statement as at March 31, 2017 and March 31, 2016

₹ in Lakhs

	Gratuity	
Net Employee benefit expense recognized in the employee cost in statement of profit & loss account	**March 31, 2017**	**March 31, 2016**
Current service cost	37.67	26.90
Interest cost on benefit obligation	46.12	34.42
Expected return on plan assets	(49.91)	(36.57)
Sub Total	**33.88**	**24.75**
Recognised in Other Comprehensive Income		
Net actuarial (gain)/loss recognized in the year		
i. Demographic Assumptions on obligation	0.00	0.00
ii. Financial Assumptions on obligation	0.00	0.00
iii. Experience Adjustments on obligation	53.58	15.24
iv. Financial Assumptions on plan assets	(3.06)	0.00
Sub Total	**50.52**	**15.24**
Net benefit expense	84.40	39.99
Balance Sheet		
Benefit asset / liability		
Present value of defined benefit obligation	721.63	490.23
Fair value of plan assets	554.3	509.64
Assets / (Liability) recognized in the balance sheet	(167.33)	19.41
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation	598.52	430.3
Benefit transferred in	0.00	0.00
Benefit transferred Out	0.00	0.00
Benefits paid	(14.28)	(16.63)
Expenses Recognised in Statement of Profit and Loss Account		
Current service cost	37.67	26.9
Interest cost on benefit obligation	46.12	34.42
Recognised in Other Comprehensive Income		

Actuarial (gain)/loss on obligation	53.58	15.24
Closing defined benefit obligation	721.61	490.23
Change in the fair value of plan assets		
Opening fair value of plan assets	509.64	424.54
Contributions by employer	6.72	65.16
Contributions transfer in	0.00	0.00
Benefits paid	(14.27)	(16.63)
Expenses Recognised in Profit and Loss Account		
Expected return	49.91	36.57
Recognised in Other Comprehensive Income		
Actuarial (gain) / loss on plan assets	2.30	0.00
Closing fair value of plan assets	**554.30**	**509.64**

Investment details of the plan assets: Company has deposited with Life Insurance Corporation of India (Group gratuity policy)

Assumptions		
Discount Rate (%)	7.30%	8%
Estimated Rate of Return on Plan Assets	7.30%	8%
Attrition Rate	11.00%	13%
Expected rate of salary increase (%)	5%	5%
Expected Average Remaining Service (years)	7.6	6.8
Expected Average Remaining Service/mortality and withdrawal (years)		

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Expected Benefit payments in the following years

Within 1 year	94.12
1 - 2 years	104.08
2 - 3 years	85.41
3 - 4 years	85.14
4 - 5 years	72.89
Above 5 years	356.76

35 RELATED PARTY DISCLOSURES:

Joint Venturers of the Company	: Mahle Electric Drives Japan Corpn. (MEDJC) (formerly Kokusan Denki Co, Ltd, Japan) Lucas Indian Service Ltd (LIS)
Subsidiary of the Company	: P T Automotive Systems Indonesia (PT ASI)
Associate Company	: Synergy Shakthi Renewable Energy Pvt. Ltd., (SSREL)
Key Managerial Personnel (KMP)	: Mr Arvind Balaji - Managing Director Mr Elango Srinivasan - Chief Financial Officer Mr S Sampath - Company Secretary
Enterprise over which KMP has significant influence	: Lucas TVS Limited (LTVS)

Notes forming part of Financial Statements for the year ended 31st March 2017 :

Disclosure in respect of transactions with related parties for the period 01-Apr-2016 to 31-Mar-2017.

₹ in Lakhs

Description	Joint Venturers of the company		Subsidiary of the company		Associate Company		Enterprise over which KMP has significant influence		Firm in which Director is a Partner		KMP with significant influence	
Transactions during the Year	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
MEDJC:												
Support fee	25.25	9.78	-	-	-	-	-	-	-	-	-	-
Royalty	106.79	108.75	-	-	-	-	-	-	-	-	-	-
Purchase of Raw Materials	100.08	166.16	-	-	-	-	-	-	-	-	-	-
Travel Reimbursement	0.90	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	232.05	313.33	-	-	-	-	-	-	-	-	-	-
Sales	108.41	126.69	-	-	-	-	-	-	-	-	-	-
LIS												
Professional Service	6.00	6.27	-	-	-	-	-	-	-	-	-	-
Travel Reimbursement	33.41	-	-	-	-	-	-	-	-	-	-	-
Rent	11.76	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	518.87	700.41	-	-	-	-	-	-	-	-	-	-
PT ASI	-	-	-	-	-	-	-	-	-	-	-	-
SSREL												
Purchase of Electricity	-	-	-	-	-	-	-	-	-	-	-	-
LTVS												
Rent paid	-	-	-	-	-	-	104.51	12.52	-	-	-	-
Expenses reimbursed	-	-	-	-	-	-	287.26	284.55	-	-	-	-
Services rendered	-	-	-	-	-	-	349.34	338.42	-	-	-	-
Dividend received	-	-	-	-	-	-	111.95	97.35	-	-	-	-
KMP												
Remuneration paid (Short-term employee benefits)	-	-	-	-	-	-	-	-	-	-	223.13	165.26

36 Expenditure on R&D:

₹ in Lakhs

		2016-17	2015-16
a)	Capital	36.02	9.53
b)	Revenue:		
	Salary	355.38	294.40
	Electricity	7.17	7.79
	Travel	31.71	17.99
	Outsourcing	25.43	17.10
	Revenue & Others	126.94	103.58
		546.63	**440.86**
	Total R & D expenditure (a) + (b)	**582.65**	**450.39**

37 FINANCIAL INSTRUMENTS

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

₹ in Lakhs

March 31, 2017

	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
Financial assets					
Investments					
Equity Shares	-	-	3543.18	3,543.18	3,543.18
Mutual Funds and Bonds	2,154.51	13,220.75	-	15,375.26	15,583.58
Trade receivables	6,638.56			6,638.56	6,638.56
Loans	89.80			89.80	89.80
Cash and cash equivalents	309.93			309.93	309.93
Bank Balances	-			-	
Other Financial Assets	119.77			119.77	119.77
Total	**9,312.57**	**13,220.75**	**3,543.18**	**26,076.50**	**26,284.82**
Financial liabilities					
Trade payables	4,695.25			4,695.25	4,695.25
Other Financial Liabilities	44.24			44.24	44.24
Total	**4,739.49**	**-**	**-**	**4,739.49**	**4,739.49**

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

March 31, 2016

	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
Financial assets					
Investments					
Equity Shares	-	-	3,437.34	3,437.34	3,437.34
Mutual Funds and Bonds	2,162.54	9,768.06	-	11,930.60	12,050.33
Trade receivables	6,069.20			6,069.20	6,069.20
Loans	75.52			75.52	75.52
Cash and cash equivalents	1,016.00			1,016.00	1,016.00
Bank Balances	-			-	
Other Financial Assets	119.31			119.31	119.31
Total	**9,442.57**	**9,768.06**	**3,437.34**	**22,647.97**	**22,767.70**
Financial liabilities					
Trade payables	3,859.14			-	-
Other Financial Liabilities	607.35			3,859.14	3,859.14
Total	**4,466.49**	**-**	**-**	**3,859.14**	**3,859.14**

The carrying amounts for trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values due to their short-term nature.For Financial assets that are measured at fair value, the carring amounts are equal to the fair values.

Fair value measurements

(i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurem

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

(ii) Financial assets measured at fair value through Profit & Loss (FVTPL)

a. Financial assets measured at fair value – recurring fair value measurements

₹ in Lakhs

31 March 2017	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds		781.49		781.49
Investment in Mutual Funds	12,439.26			12,439.26
Total	**12,439.26**	**781.49**	**-**	**13,220.75**

31 March 2016	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds		939.01		939.01
Investment in Mutual Funds	8,829.06			8,829.06
Total	**8,829.06**	**939.01**	**-**	**9,768.06**

b. Financial instruments measured at amortised cost

31 March 2017	Level 1	Level 2	Level 3	Total
Investments in Debentures or Bonds	-	2,154.51	-	2,154.51
	-	**2,154.51**	**-**	**2,154.51**

31 March 2016	Level 1	Level 2	Level 3	Total
Investments in Debentures or Bonds	-	2,162.54		2,162.54
	-	**2,162.54**	**-**	**2,162.54**

(iii) Financial assets measured at fair value through Other Comprehensive Income (FVTOCI)

a. Financial assets measured at fair value – recurring fair value measurements

₹ in Lakhs

31 March 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Un listed equity instruments	-	-	4,838	4,838
Total	**-**	**-**	**4,838**	**4,838**

31 March 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Un listed equity instruments	-	-	4,468	4,468
Total	**-**	**-**	**4,468**	**4,468**

The fair value of mutual funds is based on quoted price. The fair value of Venture capital Funds,tax free bonds and government bonds is based on quoted prices and market observable inputs.

The fair value of unquoted equity Shares is determined using Level 3 inputs like Discounted cash flows, Market multiple method, Option pricing model, etc

There are no transfer between levels during the periods.

The company has invested in the energy generating companies as per the regulation of Electricity Act. Although the investments are classified as "Equity" shares, as per IND AS 32 –"Financial Instruments, Presentation" the definition of "equity" requires an entitlement in the residual interest in net assets whereas the company as per share holder agreement requires to transfer the shares at cost. However, no changes are given effect to the above as per IND AS 32, since the regulation of Electricity Act does not permit description in any other manner.

IND AS 109 requires an equity share other than investments in subsidiaries, associates and joint ventures to be valued at "Fair Value Through Other Comprehensive Income" if elected initially or valued at "Fair Value Through Profit and Loss Account". However, on account of what is stated in the previous paragraph, these shares are shown at cost and the fair value is deemed to be the cost.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a Financial Risk Management Framework

Company's principal financial liabilities comprise trade payables and Other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments, Trade receivables, loans, cash and bank balances and other financial assets.

Risk Exposures and Responses

The Company is exposed to credit risk,market risk and liquidity risk. The Board of Directors reviews policies for managing each of these risks, which are summarised below.

i Credit risk

Credit risk management

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.The company is mainly exposed to credit risk from credit sales. At 31 March 2017, the company has trade receivables of ₹ 6638.56 Lakhs.

The company is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the company's financial results. The company attempts to mitigate credit risk by assessing the creditworthiness of customers and closely monitoring payment history.

Credit risk on cash and cash equivalents is limited as company generally invest in deposits with banks. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 March 2017, and consequently no material provisions have been made for bad and doubtful debts

ii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk i.e. interest rate risk, currency risk, and Commodity risk.

Interest rate risk

The company has no outstanding borrowings and investment in bonds at fixed rates. Accordingly, no Interest risk is perceived.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk arising from transactions i.e. imports of materials, recognised assets and liabilities denominated in a currency that is not the company's functional currency.

Company's Total Foreign currency exposure:

Particulars	Currency	March 31, 2017		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹ Lakhs
Trade Receivables	EUR	68.51	1.10	75.36
	USD	64.44	5.88	378.91
Trade Payables	USD	65.06	6.40	416.15
	JPY	0.58	48.58	28.28
		March 31, 2016		
Trade Receivables	EUR	74.20	0.84	62.33
	USD	65.84	5.45	58.83
Trade Payables	USD	66.47	3.26	217.44
	JPY	0.59	17.40	10.27

The company foreign currency exposure on net basis is minimal. Accordingly, no Foreign currency risk is perceived.

Commodity Risk

The company has commodity price risk, primarily related to the purchases of Steel, Aluminium and Copper. However, the company do not bear significant exposure to earnings risk, as such changes are included in the rate-recovery mechanisms with the customers.

iii. **Liquidity risk**

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The tables below set out the maturities of the company's financial liabilities:

₹ in Lakhs

	At 31 March 2017			
	Up to 1 year	**1 to 2 years**	**2 to 5 years**	**Total**
Trade and other payables	4,739.49			4,739.49
Total	**4,739.49**	-	-	**4,739.49**

	At 31 March 2016			
	Up to 1 year	**1 to 2 years**	**2 to 5 years**	**Total**
Trade and other payables	4,466.49			4,466.49
Total	**4,466.49**	-	-	**4,466.49**

39 CONTINGENT LIABILITIES & COMMITMENTS

₹ in Lakhs

			2016-17	**2015-16**
(i)		Contingent liabilities		
	a	Claims against the company not acknowledged as debt	-	-
	b	Sales Tax demand in appeal	-	0.41
	c	Excise Duty/Service Tax	-	13.26
	d	Other money for which the company is contingently liable	2.00	2.00
(ii)		Commitments		
	a	Estimated amount of contracts remaining to be executed on capital account and not provided for	94.85	70.06
	b	Uncalled liability on shares and other investments partly paid	-	-
	c	Other commitments - For subscribing to rights issues in Synergy Shakthi Renewable Energy P Limited (SSREL)	1,200.00	-

40 The agreement with the Union of Workmen at Puducherry plant of the company is under negotiation with the Management for the period commencing from March, 2015. Pending the finalisation of the same, an estimated amount has been provided for the year ended 31st March 2017. Pending finalization of the amount, the Plant Performance Incentive Payment of employees is provided on estimated basis for the year ended 31st March 2017

41 Amount of proposed dividend to

Equity share holders	₹ 10 Per share	₹ 9 Per share
Preference share holders	- NIL -	- NIL -
Arrears of fixed cumulative dividends on preference shares	-	-

42 NOTE ON EARNINGS PER SHARE:

	2016-17	2015-16
Profit after tax (A) (₹ in Lakhs)	2,956.73	2,892.24
Number of equity shares of ₹10 each at the beginning of the year	11,310,712	11,310,712
Number of equity shares of ₹10 each at the end of the year (B)	11,310,712	11,310,712
Earnings per share (basic and diluted in Rupees) (A/B)	26.14	25.57

43 DETAILS OF CSR EXPENDITURE:

a. Gross amount required to be spent by the Company during the year ₹ 60.00 Lakhs

b. Amount spent during the year on:

Category	2016-17		2015-16	
	In Cash	Yet to be paid in Cash	In Cash	Yet to be paid in Cash
Construction/Acquisition of Asset	- NIL -	- NIL -	- NIL -	- NIL -
On purposes other than (i) above	60.00	- NIL -	61.50	- NIL -

44 DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

₹ in Lakhs

Particulars	SBN's	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	0.45	0.69	1.14
(+) Permitted receipts	0.55	5.29	5.83
(-) Permitted payments	-	(3.69)	(3.69)
(-) Amount deposited in Banks	(0.99)	-	(0.99)
Closing cash in hand as on December 30, 2016	-	2.29	2.29

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

45 PRINCIPLES OF CONSOLIDATION:

	Name of the Company	Country of Incorporation	% shareholding of INEL	Category
1.	P T Automotive Systems Indonesia	Indonesia	99.97%	Subsidiary
2.	Synergy Shakthi Renewable Energy P Ltd	India	40.00%	Associate

INVESTMENT IN PT AUTOMOTIVE SYSTEMS INDONESIA (SUBSIDIARY):

The financial statements of PT Automotive Systems Indonesia have been audited by the auditors qualified to conduct audit in accordance with the laws of Indonesia.

The consolidated financial statement of the company and its subsidiary have been prepared on a line by line consolidation by adding the book values of the like items of assets, liabilities, income and expenditure as per the respective audited financial statements of the respective company.

In translating the financial statements of the foreign entity for incorporation in the consolidated financial statements, the assets and liabilities are translated at the exchange rates prevailing at the date of the Balance Sheet of the Subsidiary except Share Capital and income and expenditure items are translated at the average of the monthly closing rates of exchange for the year. The resulting exchange difference is classified as "Foreign Exchange Translation Reserve".

The consolidated financial statements have been prepared using uniform accounting policies for transactions and other events in similar circumstances, and where there is divergence in policies in the subsidiary's statements have been restated in accordance with the holding company's policies. The consolidated financial statements are presented to the extent possible, in the manner as the company's individual financial statements.

INVESTMENT IN SYNERGY SHAKTHI RENEWABLE ENERGY P LTD (ASSOCIATE);

As required by Indian Accounting Standard 28, Investments in Associates and Joint ventures in Consolidated Financial Statement of the company is accounted for its share of losses of the associate under the 'Equity' method of accounting.

Additional information relating to Subsidiary/Associate Companies:

Name of the entity	₹ Lakhs	Net Assets as on 31-Mar-2017		Share in loss 2016-17	
		As % of consolidated Net Assets	Amount ₹ Lakhs	As % of consolidated Profit (or) Loss	Amount ₹ Lakhs
Parent					
India Nippon Electricals Limited	26,039.75				
	1,246.39	95.21%	24,793.35	91.15%	2,725.94
Subsidiaries					
Indian		- NIL -	- NIL -	- NIL -	- NIL -
Foreign					
PT Automotive Systems Indonesia		4.78%	1,246.39	-0.62%	(18.56)
Minority interests in Subsidaries		0.0015%	0.40	0.0002%	0.00618
Associates (Investment as per the Equity method)					
Indian					
Synergy Shakthi Renewable Energy P Limited		0.46%	119.60	-8.85%	(264.53)
Foreign		- NIL -	- NIL -	- NIL -	- NIL -
Joint Venture		- NIL -	- NIL -	- NIL -	- NIL -

T K BALAJI
Chairman

ARVIND BALAJI
Managing Director

As per our report of even date
For **Brahmayya & Co**
Chartered Accountants
Registration No: 000511S

ELANGO SRINIVASAN
Chief Financial Officer

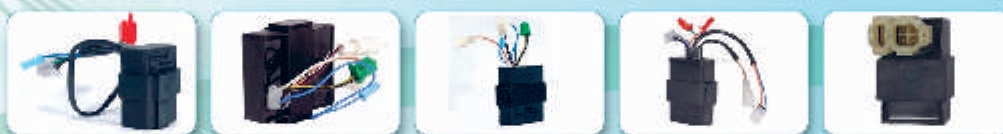
S SAMPATH
Company Secretary

P S KUMAR
Partner
Membership No.15590

Chennai
18th May 2017

FLYWHEEL MAGNETO

CONTROL UNITS



REGULATOR / RECTIFIER

IGNITION COIL / INTEGRAL UNIT

AUTOMOTIVE ELECTRONICS

NEW TECHNOLOGY PRODUCTS

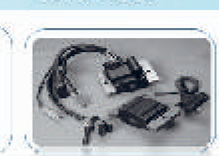
EGR WITH RR

SEONSORS

DUAL OUTPUT IGNITION MODULE

ECU

AUTO CHOKE MODULES



APPLICATIONS

PRODUCTS FOR 2 & 3 Wheelers, General Purpose Engine Applications