INDIA NIPPON ELECTRICALS LIMITED

33rd Annual Report
2017-2018

INDIA NIPPON ELECTRICALS LIMITED

Board of Directors

T K BALAJI, Chairman
ARVIND BALAJI, Managing Director
T MOMOSE
PRIYAMVADA BALAJI
KG RAGHAVAN
V BALARAMAN
G CHIDAMBAR
R VIJAYARAGHAVAN
JAYSHREE SURESH
MUKESH KUMAR SOMANI

Audit & Risk Management Committee

K G RAGHAVAN, Chairman
V BALARAMAN
G CHIDAMBAR
R VIJAYARAGHAVAN

Stakeholders Relationship Committee

R VIJAYARAGHAVAN, Chairman
T K BALAJI
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

G VENKATRAM

Auditors

M/S. DELOITTE HASKINS & SELLS LLP
CHENNAI

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,
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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INDIA NIPPON ELECTRICALS LIMITED

FINANCIAL HIGHLIGHTS OF TEN YEARS PERFORMANCE

Rs. in lacs

S.No.	Description	Year ended 31st March									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Profit and Loss Account											
1	Sales #	12792	16908	22885	26005	26802	26153	32653	37703	39265	**46301**
2	Other income	872	620	624	803	890	846	690	1144	1632	**1576**
3	Total Income	13664	17528	23509	26808	27692	26999	33343	38847	40897	**47877**
4	Profit before interest, depreciation and tax	1793	2952	3767	4525	4146	3183	3978	4564	5131	**7688**
5	Depreciation	284	357	415	528	613	562	775	418	417	**597**
6	Profit before interest and tax	1509	2595	3352	3997	3533	2621	3203	4146	4714	**7091**
7	Interest	17	18	17	21	18	12	16	13	6	**7**
8	Profit before tax	1492	2577	3335	3976	3515	2609	3187	4133	4708	**7084**
9	Profit after tax	1175	1992	2543	3130	2837	1966	2266	3058	3240	**5010**
Balance Sheet											
10	Net Fixed Assets	1798	2633	2832	3710	3935	3970	4236	4629	5481	**6548**
11	Investments	7272	9999	8857	9344	10968	11913	14178	17606	21421	**24091**
12	Net Current Assets	5221	2943	5477	6059	5859	5654	4160	4364	1897	**3863**
13	Total	14291	15575	17166	19113	20762	21537	22574	26599	28799	**34502**
14	Share capital	808	808	808	1131	1131	1131	1131	1131	1131	**1131**
15	Reserves & Surplus	13425	14709	16358	17982	19631	20406	21443	25468	27668	**33371**
16	Net worth	14233	15517	17166	19113	20762	21537	22574	26599	28799	**34502**
17	Loan funds	58	58	-	-	-	-	-	-	-	**-**
18	Total	14291	15575	17166	19113	20762	21537	22574	26599	28799	**34502**
19	Return on Net worth (%)	8	13	15	17	14	9	10	11	11	**15**
20	Return on capital employed (%)	11	17	20	21	17	12	14	16	16	**21**
21	Earning per share (Rs.) - Refer note 2	14.54	24.65	22.49	27.67	25.08	17.38	20.03	27.04	14.32	**22.15**
22	Dividend per share (Rs.)	6.0	7.5	9.5	9.0	9.0	9.0	9.0	9.0	10.0	**6.0**
23	Book value per share (Rs.) - Refer note 2	171	187	208	165	180	187	196	235	127	**153**
24	Fixed assets turnover (No.of times)	7	6	8	7	7	7	8	8	7	**7**
25	Working capital turnover (No. of times)	2	6	4	4	5	5	8	9	21	**12**
26	Profit as % of total income	13	17	16	17	15	12	12	12	13	**16**
27	Net profit as % of total income	9	11	11	12	10	7	7	8	8	**10**
28	No.of shareholders	4827	6052	5806	6289	6295	6427	7247	7656	8821	**12255**

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

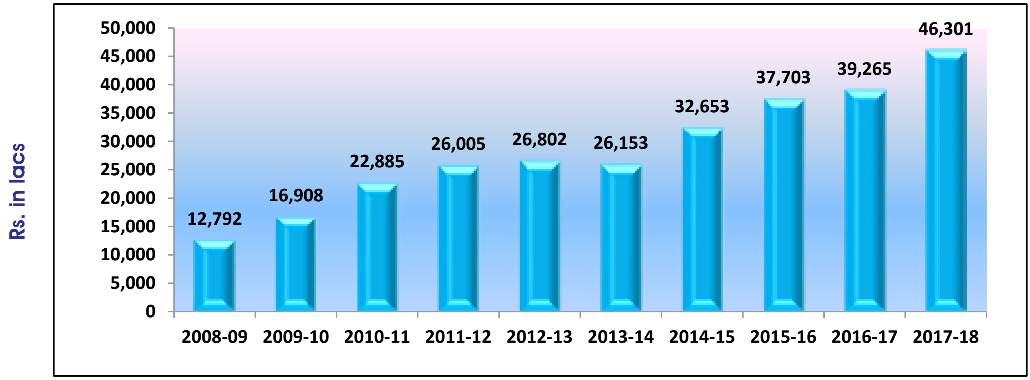
Includes Excise duty and net of turnover discount for the FY's 2015-16, 2016-17 & 2017-18 (included from Apr 17 to Jun 17)

Note:

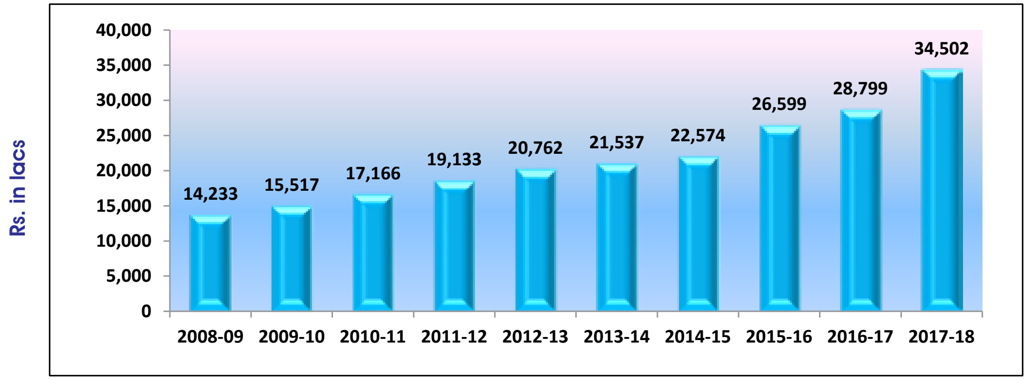
1. Figures in respect of FY's 2007-08 to 2014-15 are as per Indian GAAP and that of FY's 2015-16, 2016-17 & 2017-18 are as per Indian Accounting Standards (Ind AS).
2. The Equity shares of Rs. 10 each was sub divided in to two equity shares of Rs. 5 each during the year. Accordingly the EPS and Book value per share has been computed by taking the increased number of shares for FY 2016-17 and 2017-18.

FINANCIAL HIGHLIGHTS 2009 - 2018

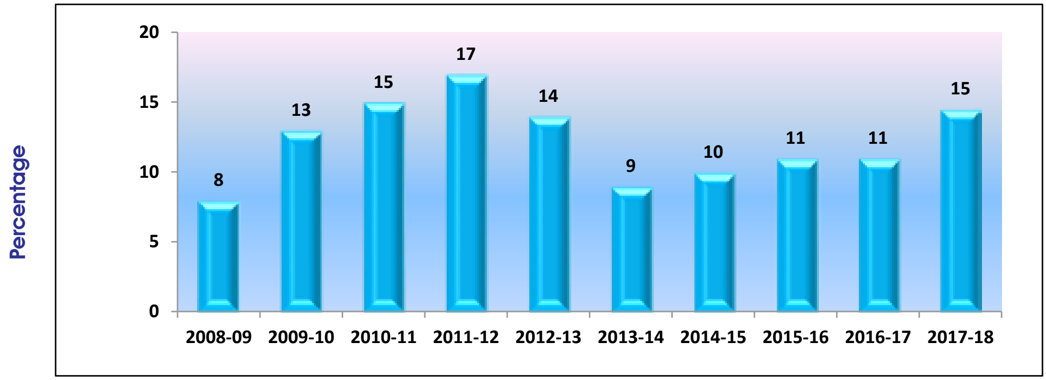
SALES



NETWORTH

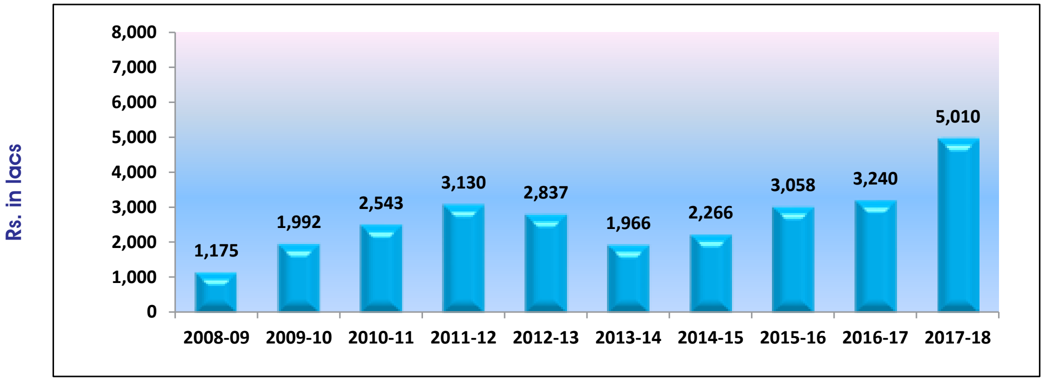


RETURN ON NETWORTH

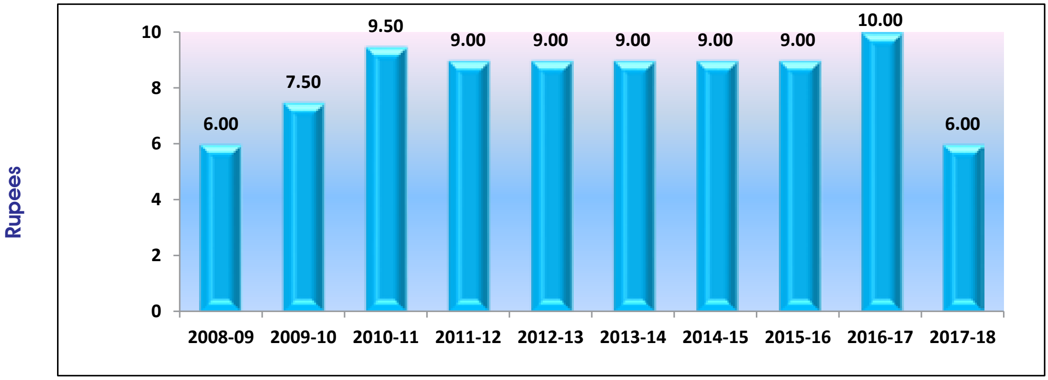


to read alongwith Notes in page 2

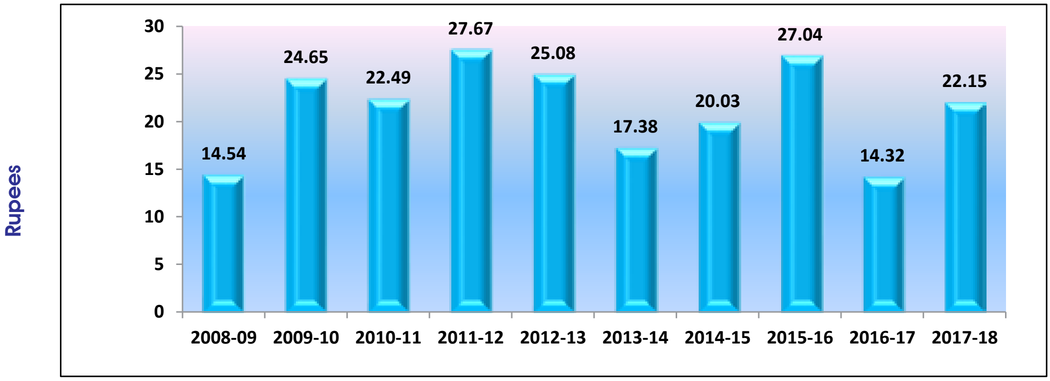
PROFIT AFTER TAX



DIVIDEND PER SHARE



EARNING PER SHARE



to read alongwith Notes in page 2

INDIA NIPPON ELECTRICALS LIMITED

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

CIN: L31901TN1984PLC011021

Ph: 044-2846 0063 Fax: 044-2846 0631

E-mail: inelcorp@inel.co.in

Website: www.indianippon.com

Notice to Shareholders

NOTICE is hereby given that the 33rd Annual General Meeting of the Shareholders of India Nippon Electricals Limited will be held on Monday the 27th August 2018 at Kasturi Srinivasan Hall, No.168 T.T.K. Road, Chennai 600014 at 10.30 A.M. to transact the following business.

ORDINARY BUSINESS

1. **Adoption of audited accounts for the year ended 31st March 2018 and the Directors' and Auditors' report thereon.**

   To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

   "**RESOLVED THAT** the audited balance sheet as at 31st March 2018, the statement of profit and loss, notes forming part thereof, the cash flow statement for the year ended on that date and the consolidated financial statements together with auditors' report thereon and the Board's report as presented to the meeting be and are hereby approved and adopted."

2. **Declaration of Dividend for the year 2017-18**

   To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

   "**RESOLVED THAT** the first interim dividend of Rs.6 declared and paid for every equity share of face value of Rs.10 each on 11310712 equity shares and the second interim dividend of Rs.3.50 declared and paid for every equity share of face of value of Rs.5 each on 22621424 equity shares, by the Board of Directors of the Company as per Resolutions passed on 29th January 2018 and 8th May 2018 respectively, absorbing a total sum of Rs.1470.44 lacs (excluding dividend tax of Rs.300.89 lacs paid) in the aggregate, be and are hereby noted and confirmed as the final dividend for the year ended 31st March 2018."

3. **Election of Mr T Momose as Director liable for retirement by rotation**

   To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

   "**RESOLVED THAT** Mr T Momose (DIN: 06984707), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable for retirement by rotation."

SPECIAL BUSINESS

4. **Election of Ms Priyamvada Balaji as Director liable for retirement by rotation**

   To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT subject to the provisions of Sections 152, 160, 161 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as recommended by the Nomination and Remuneration Committee of the Company, Ms Priyamvada Balaji (DIN: 00730712), who was appointed by the Board on 29th January, 2018 in the casual vacancy arising out of resignation of Mr K Seshadri (DIN: 00301839), be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. Ratification of the remuneration of Mr K Suryanarayanan, the Cost Auditor for the year 2018-19

To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.2.75 lacs and reimbursement of actual travel and out-of-pocket expenses, for the financial year commencing on 1st April 2018 and ending on 31st March 2019, as recommended by the Audit & Risk Management Committee and as approved by the Board of Directors of the Company on 8th May 2018, to be paid to Mr K Suryanarayanan, Cost Accountant (Registration No.24946), be and is hereby ratified and confirmed."

6. Approval of payment of Commission to Directors

To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"RESOLVED THAT pursuant to the provisions of Articles 118 (b) (ii) of the Articles of Association of the Company, Section 197 and other applicable provisions, if any, of the Companies Act, 2013 and in terms of the Nomination & Remuneration policy of the Company, a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198 of the Companies Act 2013, be paid to and distributed amongst the Directors (other than Managing/ Whole-time Director(s)) or some or any of them in such amounts or proportions and in such manner as may be recommended by Nomination & Remuneration committee and approved by the Board of Directors."

7. Ratification/ Approval of Related Party Transactions

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 (Listing Regulations) and other applicable provisions, if any of the Listing Regulations, Companies Act, 2013 and Rules made thereunder, including statutory modification(s) or re- enactment thereof for the time being in force and as may be notified from time to time, consent of the members of the company be and is hereby accorded to the Board of Directors of the company to enter into contract(s)/ arrangement(s)/ transaction(s) with parties as detailed in the table forming part of the Explanatory Statement annexed to this notice with respect to Sale, purchase or supply of goods or materials, leasing of property of any kind, availing or rendering of any services, appointment of agent for purchase or sale of goods, materials, services or property or appointment of such parties to any office or place of profit in the company or any other transactions of whatever nature, at arm's length basis and in the ordinary course of business, notwithstanding that such transactions may exceed 10% of the Consolidated Turnover of the Company in any financial year or such other threshold limits as may be specified by the Listing Regulations from time to time, up to such extent and on such terms and conditions as specified in the table forming part of the Explanatory Statement annexed to this notice.

FURTHER RESOLVED THAT the members hereby ratify the material related party transactions between the Company and TVS Motors Company Limited, for the financial years 2016-17 & 2017-18, at arm's length basis and in the ordinary course of business, under the existing related party arrangement as detailed in the Explanatory Statement to this Notice.

FURTHER RESOLVED THAT the terms and conditions of the transactions with the Related Parties shall be approved by the Audit & Risk Management Committee."

By order of the Board
S SAMPATH
Company Secretary

Place : Chennai
Date : 8th May 2018

NOTES:

a. **A Member entitled to attend and vote at the above meeting is entitled to appoint a proxy and the proxy need not be a member. The instrument appointing proxy and the power of attorney or other authority, if any, should be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting. A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than ten percent of the total share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.**

b. The Register of Members and Share Transfer Books of the Company will remain closed from 21st August 2018 to 27th August 2018 [both days inclusive] for the purpose of annual general meeting.

c. Pursuant to Section 125 of the Companies Act, 2013, dividends declared for the year ended 31st March 2011 and for the subsequent years, which remain unclaimed for a period of 7 years will be transferred to the Investors Education and Protection Fund on due dates. Members who have not encashed their dividend warrants are requested to make their claims with the Company by surrendering the unencashed dividend warrants immediately.

d. The Notice of the 33rd Annual General Meeting of the Company and instructions for remote e-voting, along with the Attendance slip and proxy form, is being sent by electronic mode to all members whose e.mail addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their e.mail addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

e. Members are requested to affix their signature at the space provided on the attendance slip annexed to proxy form and hand over the slip at the entrance of the meeting hall.

f. All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company on all working days between 10.00 am and 12.00 noon.

g. As a measure of economy, copies of the annual report will not be distributed at the meeting hall. Members are, therefore, requested to bring their copy of the annual report

In terms of SEBI (LODR) Regulations 2015, a brief resume of Mr T Momose who is proposed to be re-appointed as director at this meeting is given below

ITEM NO.3

Mr Tadaya Momose was born on 29th Sep 1959. He holds a Bachelor degree in Law and Economics from Chiba University, Japan. He served Nissan Motor Co Ltd, Japan from 1982 to 2014. He joined Mahle Electric Drives Japan Corporation (erstwhile Kokusan Denki Co Ltd), Japan in April 2014 as Operating Officer/ Dy. General Manager of Sales Division. He became a director of the company at the AGM held on 27th Aug 2014.He does not hold any shares in the Company. He is not related to any director(s) of the Company. He does not hold any other directorships and is not part of any committees of the Board.

The resolution is recommended for the approval of the shareholders.

Interest of Directors

Mr T Momose is interested in the resolution relating to his appointment as a Director of the Company.

EXPLANATORY STATEMENTS

THE FOLLOWING EXPLANATORY STATEMENTS AS REQUIRED UNDER SECTION 102 OF THE COMPANIES 2013 SET OUT ALL MATERIAL FACTS RELATING TO THE BUSINESSES UNDER ITEM NOS.4-7 OF THE ACCOMPANYING NOTICE DATED 8TH MAY 2018.

ITEM NO.4

Ms Priyamvada Balaji, born on 23rd October 1978, has been working as a Whole-time Director of Lucas Indian Service for 5 years. She is also a member of the Board of Directors of Lucas TVS Ltd. Prior to joining the TVS group, she has 12 years of experience in Financial Services in Mumbai and Bangalore working with many international companies.

She was a Senior Director, and Regional Head for the Western Region Corporate ratings at India Ratings (earlier Fitch Ratings India) as well as a member of the National Rating Committee. She also has experience with rating large international bond placements. Within India Ratings, she has had analytical experience in the automotive, metals and mining and industrial sectors. Prior to that, she has experience in leading corporates such as HSBC in the corporate bank and in Arthur Andersen in corporate finance.

She has a Post Graduate Diploma from the Indian Institute of Management, Ahmedabad (batch of 2000) and a BA in Economics (Silver Medalist) from Stella Maris College, Chennai.

With her academic background and practical experience in the fields of finance and marketing of automotive parts, and exposure to operational management of manufacturing companies, her induction would be considered beneficial to the company.

Ms Priyamvada Balaji was appointed by the Board on 29th January 2018 in the casual vacancy arising out of resignation of Mr. K Seshadri. She was nominated by Lucas Indian Service Limited (Joint Venturer Company) to the Board and her appointment was recommended by the Nomination and Remuneration Committee.

Ms Priyamvada Balaji does not hold any shares in India Nippon Electricals Limited and is related to the Chairman and the Managing Director of the Company. She is presently holding directorship(s) in Lucas TVS Ltd, Delphi TVS Diesel Systems Ltd, TVS Training and Services Ltd, Harita Electronics Pvt Ltd, Hastham Swasthi Pvt Ltd, Punarvasu Swasthi Pvt Ltd, Adyar Property Holding Company Pvt Ltd., Tamil Nadu Skill Development Corporation and she is the Whole-time Director in Lucas Indian Service Limited. She is the Chairman of the Audit Committee of Lucas Indian Services Limited.

Interest of Directors

Ms Priyamvada Balaji is interested in the resolution relating to her appointment as a Director of the Company besides the MD and Chairman of the company being her relatives.

The resolution is recommended for the approval of shareholders

ITEM NO.5

At the meeting of the Board of Directors of the Company held on 8th May 2018, the Board has approved, after considering the recommendation of the Audit & Risk Management Committee, the appointment of Mr K Suryanarayanan, Cost Accountant (Registration No.24946), for the conduct of Cost Audit of the Company at a remuneration of Rs.2.75 lacs and reimbursement of actual travel and out-of-pocket expenses for the financial year ending March 31, 2019. The remuneration approved by the Board of Directors needs to be ratified by the shareholders under Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

The resolution at Item No.5 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item No.5.

The resolution is recommended for the approval of shareholders..

ITEM NO.6

At the AGM held on 26th August 2013, shareholders approved a proposal for payment of commission not exceeding 1% of the net profits of the company to the non-whole time directors of the company for a period of 5 years from 01st April 2013. The validity of the above resolution expired on 31st March 2018.

With the formation of various committees of Directors under corporate governance, the role and responsibilities of non-whole time Directors have considerably increased and they have been devoting time and attention for improving the operations of the company. Hence, it is considered desirable and necessary to pay remuneration by way of commission to the non-Whole-time Directors. Section 197 (4) of the Companies Act, 2013 provides that in the case of Directors (other than Managing Director or whole time Director) the company may, by special resolution, authorise payment of commission. The above proposal was approved by the Board, at the meeting held on 8th May 2018 as recommended by the Nomination and Remuneration Committee.

The Directors of the Company may be deemed to be interested in the resolution to the extent of commission payable to them.

The resolution is recommended for the approval of shareholders.

ITEM NO.7

TVS Motor Company Limited (TVSM) has been one of your Company's most important customers right from its inception. TVSM contributes significantly to the Company's revenue and profits. The transactions are carried out based on competitive considerations as TVSM has local & global suppliers and your Company has to compete with them for winning TVSM's business. TVSM, which was neither a related party under the erstwhile Accounting Standards nor under the Companies Act, 2013, became a related party consequent to the implementation of Indian Accounting Standards (IND AS). As per Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the members by way of Ordinary Resolution is required for material related party transactions (i.e. transactions exceeding 10% of the consolidated turnover of the Company as per the latest audited financial statements). Transactions between your Company and TVSM exceeded the threshold limit of 10% of the annual consolidated turnover during the years 2016-17 and 2017-18 as detailed in the table below:

Name of Related Party	Nature of Related Party Relationship	Nature of Transaction	Value of Transaction	% of consolidated turnover
		2016-17		
TVS Motor Company Limited	Entity forming part of the same Group (TVS Group)	a) Sale of finished goods b) Design and development services	Rs. 178.20 Crore	45%
		2017-18		
TVS Motor Company Limited	Entity forming part of the same Group (TVS Group)	a) Sale of finished goods b) Design and development services	Rs. 229.00 Crore	49%

Material terms of the transactions with TVSM include the following:

1) All the transactions were on continuing basis and were undertaken on arm's length basis and in the ordinary course of business.

2) The transactions were based on RFQs, Purchase / Service Orders issued from time to time.

3) In case of proprietary products, prices are negotiated and agreed mutually based on product specification and degree of customization/ technology involved.

Going forward, your Company expects significant growth in business volumes with certain related parties (including TVSM) in line with the expected growth in two/ three wheeler segment as a result of which transactions with those related parties may become material related party transactions. Right now, these transactions are not material in nature, carried on with due approval of the Audit Committee and the details of transactions are disclosed as Notes to the Financial Statements. All such transactions are carried on and shall be continued at arm's length basis and in the ordinary course of business.

For the period commencing from 1st April, 2018, the Audit & Risk Mangement Committee/ Board had recommended the below mentioned contracts/ arrangements/ transactions for consideration of the members on such terms and conditions as specified in the table below:

<table>
<tr><th>S. No.</th><th>Name of Related Party</th><th>Name of Director/ KMP interested</th><th>Nature of relationship</th><th>Aggregate maximum value of the contract/ arrangement per transaction in any financial year</th><th>Nature and material terms of Contract/ arrangement/ transaction</th></tr>
<tr><td>1</td><td>TVS Motor Company Limited</td><td>None</td><td>Subsidiary of the ultimate parent Company i.e. TV Sundaram Iyengar & Sons Private Limited</td><td>Up to 70% of the consolidated turnover of the Company for the previous financial year</td><td rowspan="5">The proposed contracts/ arrangements/ transactions relate to sale /purchase of goods/services or any other transaction(s), which shall be governed by the Company's Related Party Transaction Policy and shall be approved by the Audit & Risk Management Committee within the overall limits approved by the members.

Some of the arrangements could be in the form of Purchase Orders/ Service Orders based on negotiations whose terms and conditions shall satisfy arm's length criteria.</td></tr>
<tr><td>2</td><td>Lucas TVS Limited</td><td>Mr T K Balaji, Chairman, Mr Arvind Balaji, MD and Ms Priyamvada Balaji, Director are Directors</td><td>Associate Company</td><td>Up to 25% of the consolidated turnover of the Company for the previous financial year</td></tr>
<tr><td>3</td><td>Lucas Indian Service Limited</td><td>Mr T K Balaji, Chairman, Mr Arvind Balaji, MD and Ms Priyamvada Balaji, Director are Directors</td><td>Associate Company/ Joint Venturer</td><td>Up to 15% of the consolidated turnover of the Company for the previous financial year</td></tr>
<tr><td>4</td><td>Mahle Electric Drives Japan Corporation</td><td>Mr Tadaya Momose and Mr Mukesh Somani, Directors, are Directors</td><td>Associate Company / Joint Venturer</td><td>Up to 15% of the consolidated turnover of the Company for the previous financial year</td></tr>
<tr><td>5</td><td>India Japan Lighting Private Limited</td><td>Mr T K Balaji, Chairman is a Director</td><td>Private Company where Directors are Directors</td><td>Up to 10% of the consolidated turnover of the Company for the previous financial year</td></tr>
</table>

Any other information relevant or important for the Members to take decision on the proposed resolution: None

In view of compliance with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of members for the above Related Party Transactions is being sought by way of Ordinary Resolution. The proposal outlined above will contribute to continuous growth in sales & profits of your Company and is in the interest of the Company. Hence, the Audit & Risk Management Committee / Board recommends the resolution set out in the Item as an Ordinary resolution. None of the Related Parties shall vote in the resolution. None of Director, key managerial personnel and their relatives, is concerned or interested in the said resolution except to the extent of their directorship and shareholding in the Company.

INSTRUCTIONS FOR MEMBERS OPTING FOR REMOTE E-VOTING:

a)	The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice calling for the Annual General Meeting (AGM) by 'electronic means' and all the businesses may be transacted through e-Voting services provided by National Securities Depository Limited (NSDL) in compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014. 'Electronic voting system' means a secured system based process of display of electronic ballots, recording of votes of the Members and the number of votes polled in favour of or against, in such a manner that the entire voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralised server with adequate cyber security. 'Remote e-voting' means the facility of casting votes by a Member using an electronic voting system from a place other than venue of a general meeting.
b)	The facility for voting through ballot paper shall be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
c)	The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date fixed for this purpose, viz., 20th August 2018.
d)	Mr S Ananthanarayan (CP 1828), Practicing company Secretary, Chennai has been appointed as Scrutinizer for conducting the e-Voting process in a fair and transparent manner.

(e)	Members are requested to read the instructions given below:		
	(A)	The instructions for e-Voting are as under:	
		In case of members' receiving e-mail from NSDL [for members whose email IDs are registered with the Company / Depository Participants(s)]:	
		(i)	Open e-mail and then open PDF file viz., "India Nippon Electricals Limited –33rd AGM remote e-Voting.pdf" with their Client ID or Folio No. as password. The said PDF file contains the User ID and password for e-Voting. Please note that the password is an initial password.
		(ii)	Launch internet browser by typing the following URL in the address bar: www.eVoting.nsdl.com
		(iii)	Click on shareholder – Login
		(iv)	Enter User ID and password as initial password noted in step (i) above. Click Login.
		(v)	Password change menu appears. Change the password with new password with minimum 8 digits / characters or combination thereof. Note the new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential
		(vi)	Home page of remote e-voting opens. Go to "remote e-voting" icon and select "Active Remote E-voting Cycles".
		(vii)	Select "EVEN" of India Nippon Electricals Limited.

		(viii)	Now members are ready for remote e-Voting as Cast Vote page opens.
		(ix)	Cast the vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
		(x)	Upon confirmation, the message "Vote cast successfully" will be displayed.
		(xi)	Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.
		(xii)	Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant board resolution / authority letter etc. together with the attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail to 'geetakumar2000@yahoo.com' with a copy marked to evoting@nsdl.co.in and raman@scl.co.in.
	(B)	In case of members receiving physical copy of the Notice of AGM:	
		(i)	Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:

EVEN (Remote e-Voting Event Number)	USER ID	PASSWORD / PIN

		(ii)	Please follow all steps carefully as explained in sl no.(e) (A) (ii) to (xii) above to cast vote.
	(f)	In case of any queries, members may refer to the Frequently Asked Questions (FAQs) for members and remote e-Voting user manual for members available at the downloads section of www.evoting.nsdl.com or contact NSDL at the following Telephone No: 022- 24994600.	
	(g)	If members are already registered with NSDL for remote e-Voting, then they can use their existing user ID and password for casting the vote.	
	(h)	Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).	
	(i)	The remote e-Voting period commences from 9 AM on 24th August 2018 and ends by 5 PM on 26th August 2018. During this period, members holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., 20th August 2018, may cast their votes electronically. The remote e-Voting module will be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.	
	(j)	Members who have already exercised their voting through remote e-voting can attend the Annual General Meeting but cannot vote again.	
	(k)	Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e., 21st August 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in with a copy marked to raman@scl.co.in. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "forgot user details/password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.1800-222-990.	
	(l)	The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.	
	(m)	In terms of Regulation 44 of SEBI (LODR) Regulations 2015, the results of the remote e-voting are to be submitted to the Stock Exchanges within 48 hours of the conclusion of the AGM. The results declared along with Scrutiniser's report shall be placed on the Company's website www.indianippon.com and on the website of NSDL.	

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 33rd Annual Report and Audited Accounts for the year ended 31st March 2018.

1. Financial Highlights (on standalone basis)

(Rs. in lacs)

Particulars	Year ended 31st March '18	Year ended 31st March '17
Total Income	47877	40897
Profit before depreciation, exceptional items and taxes	7681	5125
Less: Depreciation	597	417
Profit before tax & exceptional items	7084	4708
Less: Exceptional items	-	-
Profit before tax	7084	4708
Less: Taxation	2074	1468
Profit after tax	5010	3240
Add:		
Balance in statement of profit and loss including general reserve	27062	25184
Total Comprehensive income available for appropriation	32072	28424
Appropriations:		
Dividend and Dividend Distribution tax	817	1362
Surplus carried forward	31255	27062

2. Financial and Operational Performance

Your Company's sales has gone up as compared to the previous year by 29% in value terms. However, the total income had gone up by 17% due to transition to Goods and Services Tax regime. Profit before tax and exceptional items, has increased by around 49% over the previous year because of increased level of sales and profitable sales product mix and cost reduction in material cost despite increase in employee cost. Your company also increased production capacity in Pondy and Hosur units to meet out the higher demand from the customers and increased investments in R&D equipment to take care of technological change requirements.

3. Management Discussion and Analysis

a. Overall economic view:

Indian economy has recorded a GDP growth of 6.6% in FY 17-18 against 7.1% last fiscal. First half has faced a temporary slow down due to reform measure of GST implementation and cascading effect of demonetisation from previous year. Growth in Govt expenditure, which was the driver in the previous year also fell in this year. This has resulted in subdued demand in early part of the year. However, India continues to be one of the best performing economies in the world despite the temporary blip. The economy has shown signs of recovery in later part of the year. Industrial production has picked up after bottoming out in June 2017. While few measures like PSU Bank recapitalisation, Dynamic fuel pricing, Disinvestment from PSU will likely help revive the economy, increase in NPA in banks and increasing fuel prices in dollar terms and weakening of the Indian rupee remain a concern. However inflation has come down whereas Bond yields keep rising and repo rates remain flat.

b. Industry structure and developments:

Automobile industry recorded excellent growth of nearly 15% in FY 17-18 compared to 5.4% in FY16-17 after a lull witnessed in the last quarter of previous year due to demonetisation. The two wheeler industry registered an overall growth of around 15% led by 20% and 16% growth in scooter and motorcycle segments. Moped showed negative growth of 5%. Three wheeler segment recovered and showed 30% against negative growth of 16% last year. Overall automobile exports showed good recovery and recorded growth of 16%. Two wheeler grew due to launch of new models and also for good monsoon growth and the underlying growth in rural economy. Dynamic daily change in fuel pricing and increasing USD fuel prices have not deterred the growth in two wheelers. However, after market suffered set back due to initial hiccups in GST implementation. Two wheeler OEMs have started focussing more on speedy implementation of BS VI norms.

c. Performance review:

Your company had a sales growth of around 29% as against industry growth of 15%, mainly due to increase in market share of our customers, robust growth in sales of electronic parts for three wheeler segment and higher share of business from the various customers in traditional product of magnetos. Business from electronic products has increased by about 36%. Your company showed sales growth in all segments of motor cycle, scooter and moped outperforming the industry growth. Your company showed sales growth in all segments of motorcycle, scooter and moped outperforming the industry growth and also recorded a significant growth of 38% in aftermarket. During the year your company introduced BSIV products and also a few electronic products.

Your company has embarked upon improvement of shop floor facilities with modern equipment and efficient and reliable production processes. Our customers recognised the company's efforts in cost reduction and quality improvements. De-risking of suppliers base was one of the areas focussed to ensure regular supplies of electronic components apart from cost reduction activities.

d. Business outlook, Opportunities and Threats:

Your company has created Strategy and action plan to meet the market trends & requirements and to spur growth. The measures taken by Govt during last fiscal give credence to a reasonable optimistic outlook in future. GST implementation and the "Make in India" initiative are expected to spur demand and sales in future. Projected moderate rise in GDP, declining inflation trend and expected increased spending by Govt before elections will boost the economic growth in the short term. Economy is forecast to regain its momentum with GDP growth rising to 7-7.5% in 2019 from 6.6% in last fiscal. However, spiralling oil prices and current and fiscal deficit may clip the growth to moderate levels. Two wheeler industry is expected to grow between 7-8% in FY19 against the growth of 15% last year.

Industry is evolving with growth of start-ups in providing solutions in electronic products.

As vehicles become more complex and rely more on electronics, the trend of usage of electronic components in automobiles is gradually increasing and more electronic features are added irrespective of the models. Your company is well positioned to support the trend. At the same time, cautious approach is being followed since the rate of obsolescence in electronic products is high.

Your company is fully geared up to manufacture and roll out future electronic products keeping in mind new emission requirements. Few traditional products are likely to be phased out in the medium term. Automobile industry, worldwide, is undergoing a sea change in terms of technology and the Indian auto market is positively responding to it.

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. Efforts are on to set up Advanced Engineering Technical Centre in coming year and to commercialise various new products in the coming years.

At the same time, your company is taking aggressive cost reduction measures not only in direct areas but also in indirect areas and plans to make more immune to labour fluctuations and inflation costs through robust processes and solutions.

e. Human resources and industrial relations:

The long term wage settlement for Hosur Plant is underway and negotiations are in advanced stages. The industrial relations in all the units of the company continue to be harmonious.

f. Risks and concerns:

Protectionist measures adopted by few countries, global trade war and entry of start ups in providing efficient engineering solutions continue to haunt the industry. 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.

h. Internal Audit and Internal Control Systems:

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.

Internal financial control system provides for well-documented policies and procedures that orderly and safeguarding of a fraud of accounting, reliable financial information

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.

4. Internal Financial Controls

Your Company's internal financial control system provides for well-documented policies and procedures that ensure orderly and efficient conduct of business, safeguarding of assets, detection and prevention of frauds and errors, adequacy and completeness of accounting records and timely preparation of reliable financial information.

5. 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 Rs.69.50 lacs 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 report on CSR activities is annexed to this report.

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

6.1 Subsidiary company

Your subsidiary company, PT Automotive Systems Indonesia, was started as a subsidiary of your company in Indonesia to manufacture and supply products to one of its major customers from India. However as the volumes did not reach the expected levels, your company meets the requirements of the customer from India itself. The approvals granted by the appropriate authorities of the Government of Indonesia are valid till 2020 by which time an appropriate decision will be taken.

6.2. Associate company

Synergy Shakthi Renewable Energy Private Limited (SSREPL) was not in operation during the financial year 2017-18 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 Rs 98.45 lacs as against a loss of Rs 541.90 lacs during the previous year. SSREPL along with the State Biomass Industry Association 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. The project also provided linkages with the agro-economy for promotion of social cause of rural development and employment avenues for local population.

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 was hoped that there would be favourable changes in the regulatory policies that would enable SSREPL to re-establish its operations on a viable scale. As the efforts taken in this direction have not borne fruits so far and considering the need to reflect the diminution in the value of investments due to non-operation of the plant, appropriate provision has been made in the accounts.

6.3. 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.

7. Sub-division of face value of shares

The Board of Directors in their meeting held on 29th January, 2018 recommended sub-division of face value of shares from Rs.10 per share to Rs.5 per share and the same was approved by the shareholders through postal ballot on 8th March, 2018 with consequential amendments to the Memorandum and Articles of Association.

8. Dividend

Your Company had declared and paid a first interim dividend of Rs.6 per share on the pre subdivision face value of Rs.10 per share, in the meeting of the Board of Directors held on 29th January 2018 absorbing a sum of Rs.678.64 lacs, besides dividend distribution tax of Rs.13815 lacs and a second interim dividend of Rs.3.50 per share, in the meeting held on 8th May, 2018 on the subdivided share of face value of Rs.5 per share, absorbing a sum of Rs.791.75 lacs, besides dividend distribution tax of Rs.162.74 lacs. The total outgo due to dividend, with respect to financial year 2017-18, was Rs.1771.33 lacs (Rs.1470.44 lacs towards dividend and Rs.300.89 lacs dividend distribution tax). The first interim dividend declared for the year 2017-18 was paid during the year and was reflected in the financial statements. The second interim dividend was paid after the end of financial year and hence will be reflected in the financial statements of 2018-19.

9. 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.

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

Details of Conservation of Energy, technology absorption and Foreign Exchange outgo and earnings are given as Annexure to the Report.

11. Particulars of Employees

The information required under Section 197 of the Companies Act, 2013 and Rule 5(2) made thereunder, as amended, is 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 to the Report.

12. Annual Return

Extract of Annual Return is given as annexure to the Report.

13. Corporate Governance

Pursuant to the Listing Regulations 2015, the

'Report on Corporate Governance' is enclosed as annexure to this report. The certificates required from Managing Director on Compliance with the Code of Conduct and Business Ethics and Managing Director / CFO Certification are annexed to this report.

14. 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.

15. Directors & Key Managerial Personnel (KMP)

Mr. K Seshadri, resigned from the Board of Directors with effect from 29th January 2018 and in his place Ms. Priyamvada Balaji was appointed under Section 161 of the Companies Act, 2013 which is proposed for approval of members under Section 152 in the ensuing Annual General Meeting.

Mr. Tadaya Momose, will be retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

A brief resume of Ms. Priyamvada Balaji and Mr. Tadaya Momose and other relevant information have been furnished in the Notice of the Annual General Meeting including the resolutions for the same. The Directors recommend these businesses for approval.

The Board wishes to place on record its appreciation of the contributions made by Mr. K Seshadri for the development of the Company during his long tenure as Director of the Company.

The term of appointment of Mr. Arvind Balaji Managing Director, was due for re-appointment and the shareholders approved his re-appointment for a further period of five years with effect from 1st April, 2018 through postal ballot as recommended by the Nomination and Remuneration Committee and the Board of Directors.

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.

Mr. S Sampath, Company Secretary retired with effect from 8th May, 2018 and in his place Mr. G Venkatram (ACS No. A23989) was appointed with effect from the same date, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

15.1 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.

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

The terms of appointment of the Independent Directors are available on the website of the company viz., www.indianippon.com.

15.3 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.

15.4 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 Schedule 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.

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

Summary of the Nomination and Remuneration Policy, which details the principles underlying Directors/ Key Managerial Personnel appointment, remuneration etc is presented as part of the Corporate Governance Report. The policy can be accessed at www.indianippon.com. Additional details including various ratios required under the Companies Act 2013 is given as separate annexure to this report.

16. Auditors

(i) Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013 and Rules made thereunder, M/S Deloitte, Haskins & Sells LLP, Chartered Accountants, were appointed for a period of five years from the conclusion of the 32nd Annual General Meeting held on 24th August 2017 until the conclusion of the forthcoming 37th Annual General Meeting subject to ratification by the members at every annual general meeting if so required under the Act.

(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 2016-17 in XBRL format.

Mr. K Suryanarayanan who was appointed as Cost Auditor for the financial year 2017-18 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 2018-19 also and a remuneration of Rs.2.75 lacs 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 Report

Ms. B Chandra, Practicing Company Secretary was appointed as Secretarial Auditor by the Board of Directors for the financial year 2017-18 whose report is annexed to this report. Ms. B Chandra, Practicing Company Secretary was re-appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2018-19.

(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.

17. Particulars of contracts or arrangements with related parties

The Audit Committee accords omnibus approval to Related Party Transactions which are foreseen and repetitive in nature. The Audit Committee reviews, on a quarterly basis, the details of the Related Party Transaction entered pursuant to the aforementioned omnibus approval.

Consequent to the application of Indian Accounting Standards (IND AS), your Company's transactions with TVS Motor Company Limited had become a material related party transaction. Further, your Company envisages that transactions with certain other related parties may become material in the future taking into consideration the overall trajectory in two/ three wheeler business. Approval of the shareholders is being sought under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the material Related Party Transactions and the proposal along with detailed explanatory statement is given as part of the Notice to Shareholders for the ensuing Annual General Meeting.

All the existing and proposed transactions with related parties are in the ordinary course of business and on arm's length basis and the details of 'material' related party transactions are disclosed in form AOC–2 which is annexed to forms part of this report.

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

18. 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 5 on Accounts for the financial year 2017-18. The same is within the prescribed limits under provisions of Section 186 of the Companies Act 2013.

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 TVS Limited, Lucas Indian Service Ltd, Mahle Electric Drives Japan Corporation 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

Place : Chennai
Date : 8th May 2018

T K BALAJI
DIN No.:00002010
Chairman

Annexure 1 to the Directors' Report
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 0.87 EU by implementing various activities like:

1. Replacing the conventional coil heating oven with new highly energy efficient Induction heating oven for Ring Gear Shrink fit application.
2. Provided a dedicated portable air compressor for Hubers potting machine to avoid using a 30KW capacity Air Compressor from the central grid on Holidays & Sundays to conserve electrical energy.
3. Provided a High energy efficient "Low speed High volume" fans-2 nos in our Electronic components manufacturing block to save energy.
4. Provided a small STD Panel Coolers to all stator coil winding machines and eliminated the 11.0TR capacity centralised Air conditioner which was used for the winding room. This has not only helped us to conserve energy, but also helped us in improving the process flow.
5. As a pilot project, installed around 7 nos of Solar streets lights for our land scape area to conserve electrical energy.
6. Enhanced the Green Energy (Wind & Solar) Consumption from 71.00 % to 89.40 % during the Financial Year 17-18.

b) Future plans for energy conservation:

The company is aiming at greater energy conservation by implementing measure like installing VFD drives for Air compressors, installing energy efficient water pumps for washing machines, Rotor pre heating system with Induction oven & etc. Also planning to install 250 KW capacity Roof Top Solar system in Pondicherry plant and 150 KW capacity Roof top solar system in Rewari plant.

2. Technology Absorption, Adaptation and Innovation:

On development front, the company faced with a challenging environment wherein, in the near term the company need to provide existing product solutions to retain & improve market share and in medium term develop solutions to meet requirements for meeting BSVI norms. Towards this, your company regrouped Engineering team to have focus on

a) Existing product development, VA/VE, adjacent products etc

b) New System development with Electronic Fuel Injection (EFI) and Integrated Starter Generator (ISG) including test facility establishment and related software development.

A new Tech Centre in Hosur will become operational this year with a mandate to provide contemporary solutions for two / three wheeler & GP Engines industry.

Expenditure on R&D:	**Rs. in lacs**
Capital	136.84
Revenue	599.31
Total	736.15
% on net turnover	1.64%

3. Foreign Exchange Outgo and Earnings:

Export Activities

Exports during the year ended 31st March 2018 amounted to Rs. 1765 lacs as against Rs. 2112 lacs 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 Rs. 4752 lacs and Rs. 2394 lacs respectively.

For and on behalf of the Board of Directors

Place : Chennai
Date :8th May 2018

T K BALAJI
DIN No.:00002010
Chairman

Annexure 3 to the Directors' Report

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

S. No.	Name of Director / KMP	Designation	% Increase in remuneration	Ratio to median remuneration	
1.	Mr. T K Balaji	Chairman	Refer Note 1	1:1.12	
	Mr. Arvind Balaji	Managing Director	36.5%	1:36.09	
	Mr. V Balaraman	Independent Director	40.74%	1:1.65	
	Mr. G Chidambar	-do-	46.67%	1:1.72	
	Mr. K G Raghavan	-do-	Nil	1:1.09	
	Mr. R Vijayaraghavan	-do-	20.74%	1:1.41	
	Ms. Jayshree Suresh	-do-	Nil	1:1.17	
	Mr Mukesh Somani	Non Independent Director	Refer Note 1	1:0.87	
	Ms. Priyamvada Balaji	-do-	Refer Note 2	1:0.13	
	Mr. Tadaya Momose	-do-	Refer Note 3	NA	
	Mr. Elango Srinivasan	CFO	13.75%	NA	
	Mr. S Sampath	CS	3.75%	NA	
2.	Percentage increase in median remuneration of employees	9.61%			
3.a.	Average percentile increase already made in the salaries of employees other than the managerial personnel				13.34%
3.b.	Percentile increase in the managerial remuneration				27.2%
3.c.	There are no exceptional circumstances for increase in the managerial remuneration				
4	The total number of permanent employees on the rolls of the Company as on 31st March 2018:				528
5.	It is hereby affirmed that the remuneration paid during the year is as per the remuneration policy of the Company				

Notes :

1. For Mr. T K Balaji, Chairman and Mr. Mukesh Somani, Director, no commission was paid for previous year i.e. 2016-17. Hence percentage increase in remuneration is treated as not applicable
2. Ms. Priyamvada Balaji, Director was appointed during the year. Hence percentage increase in remuneration is treated as not applicable
3. Mr. Tadaya Momose, Director did not receive remuneration for both the years. Hence percentage increase in remuneration is treated as not applicable
4. NIL indicates no increase in remuneration for the current year in comparison with previous year.

For and on behalf of the Board of Directors

Place : Chennai
Date : 8th May 2018

T K BALAJI
DIN No.:00002010
Chairman

Annexure 4 to the Directors' Report

Form MGT - 9

Extract of Annual Return

as on the financial year ended on 31.03.2018
[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
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: 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 parts and accessories for motor vehicles and their engines	34300	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	Not Applicable	Subsidiary company	99.97%	2(87)
2.	Synergy Shakthi Renewable Energy P Ltd	U40108TN1995PTC030884	Associate Company	40%	2(6)

IV. (i) 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				
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	% change during the year
A. Promoters										
(1) Indian										
a.	Individual / HUF									
b.	Central Govt									
c.	State Govt(s).									
d.	Bodies Cop.	10377332	-	10377332	45.87	10377332	-	10377332	45.87	-
e.	Banks/ FI									
f.	Any other									
	Sub-total (A) (1)	**10377332**	**-**	**10377332**	**45.87**	**10377332**	**-**	**10377332**	**45.87**	**-**
(2) Foreign										
a.	NRIs-Individuals									
b.	Other – Individuals									
c.	Bodies Corp.	4641000	-	4641000	20.52	4641000	-	4641000	20.52	-
d.	Banks / FI									
e.	Any other									
	Sub-Total (A) (2)	**4641000**	**-**	**4641000**	**20.52**	**4641000**	**-**	**4641000**	**20.52**	**-**
	Total shareholding of promoter (A) = (A) (1) + (A) (2)	**15018332**	**-**	**15018332**	**66.39**	**15018332**	**-**	**15018332**	**66.39**	**-**
B. Public shareholding										
(1) Institutions										
a.	Mutual Funds	-	-	-	-	30396	-	30396	0.13	0.13
b.	Alternative Investment Fund	-	-	-	-	476312	-	476312	2.11	2.11
c.	Banks / FI	75922	-	75922	0.34	70363	-	70363	0.31	(0.03)
d.	Central Govt.									
e.	State Govt(s)									
f.	Venture Capital Funds									
g.	Insurance companies	3588	-	3588	0.01	-	-	-	-	0.01
h.	Foreign portfolio investor-corporate	18000	-	18000	0.08	15909	-	15909	0.07	(0.01)
i.	Foreign Venture									
j.	Capital funds									
k.	Others (specify)									
	Sub-total (B) (1)	**97510**	**-**	**97510**	**0.43**	**592980**	**-**	**592980**	**2.62**	**2.19**

(2) Non-Institutions									
a) Bodies Corp									
i) Indian	811668	3868	815536	3.61	920784	3188	923972	4.08	(0.47)
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital in excess of Rs.2 lakh	1119242	-	1119242	4.95	499422	-	499422	2.21	(2.74)
ii) Individual shareholders holding nominal share capital upto Rs.2 lakh	4820396	657146	5477542	24.21	4835550	553268	5388818	23.82	(0.30)
c) Others (specify)									
i) IEPF Authority	-	-	-	-	40606	-	40606	0.18	0.18
ii) Clearing member									
iii) Trust									
iv) Foreign national									
v) HUF									
vi) Non-resident Indians	83362	9900	93262	0.41	147394	9900	157294	0.70	0.29
Sub-total (B) (2)	**6834668**	**670914**	**7505582**	**33.18**	**6443756**	**566356**	**7010112**	**30.99**	**2.19**
Total public shareholding (B) = (B) (1)+(B) (2)	**6932178**	**670914**	**7603092**	**33.61**	**7036736**	**566356**	**7603092**	**33.61**	**-**
C. Shares held by custodian for GDRs & ADRs									
Grand Total(A+B+C)	**21950510**	**670914**	**22621424**	**100**	**22055068**	**566356**	**22621424**	**-**	**-**

(ii) 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	10377332	45.87	-	10377332	45.87	-	-
2.	Mahle Electric Drives Japan Corporation	4641000	20.52	-	4641000	20.52	-	-

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

S. 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	15018332	66.39	No change during the year	15018332	66.39
2.	At the end of the year	15018332	66.39	No change during the year	15018332	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	Sundharam Alternative Opportunities Fund-Nano Cap Series I	-	-	21.04.17	68000	Purchase	68000	363510	1.61
				28.04.17	132000	Purchase	200000		
				05.05.17	2188	Purchase	202188		
				12.05.17	10730	Purchase	212918		
				19.05.17	14508	Purchase	227426		
				26.05.17	1250	Purchase	228676		
				09.06.17	854	Purchase	229530		
				16.06.17	9980	Purchase	239510		
				30.06.17	9798	Purchase	249308		
				07.07.17	31728	Purchase	281036		
				14.07.17	12474	Purchase	293510		
				21.07.17	11854	Purchase	305364		
				04.08.17	146	Purchase	305510		
				11.08.17	22000	Purchase	327510		
				17.08.17	36000	Purchase	363510		
2	Harita Sheela P Ltd	232260	1.03	-	-	-	-	232260	1.03
3	Ketu R Mehta	210000	0.93	-	-	-	-	210000	0.93
4	Vibgyor Investors and Developers P Ltd	-	-	15.09.17	19230	Purchase	19230	200000	0.88
				22.09.17	62438	Purchase	81668		
				29.09.17	8332	Purchase	90000		
				13.10.17	31782	Purchase	121782		
				20.10.17	8520	Purchase	130302		
				27.10.17	69698	Purchase	200000		
5	Harita Balaji P Ltd	164782	0.73	-	-	-	-	164782	0.73
6	Mayank R Mehta	140000	0.62	-	-	-	-	140000	0.62

7	Sundharam Alternative Opportunities Fund –Nano Cap Series II	-	-	26.05.17 02.06.17 09.06.17 16.06.17 23.06.17 30.06.17 07.07.17 04.08.17 11.08.17 17.08.17	26272 13230 6976 9010 5094 9936 12284 7638 12362 10000	Purchase Purchase Purchase Purchase Purchase Purchase Purchase Purchase Purchase Purchase	26272 39502 46478 55488 60582 70518 82802 90440 102802 112802	112802	0.50
8	General Insurance Corporation of India	70000	0.31	-	-	-	-	70000	0.31
9	D Srimathi	51760	0.23	13.10.17	4662	Purchase	56422	56422	0.25
10.	Hiren Chandrakant Parikh	-	-	15.04.17 17.08.17 18.08.17 29.09.17	44400 1650 350 4600	Purchase Purchase Purchase Purchase	44400 46050 46400 51000	51000	0.23

(v) Shareholding of Directors and Key Managerial Personnel:

S. 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	-	-	-	-	-
2	Arvind Balaji	-	-	-	-	-
3	Mukesh Kumar Somani	-	-	-	-	-
4	T Momose	-	-	-	-	-
5	Priyamvada Balaji	-	-	-	-	-
6	KG Raghavan	-	-	-	-	-
7	V Balaraman	-	-	-	-	-
8	G Chidambar	-	-	-	-	-
9	R Vijayaraghavan	-	-	-	-	-
10	Jayshree Suresh	-	-	-	-	-
Key Managerial Personnel						
1	S Sampath, CS	-	-	-	-	-
2	Elango Srinivasan, CFO	100	0.0004	No change during the year	100	0.0004

Note for Sl No.IV (i)-(v):

During the year, the share capital of the company was sub divided from one equity share of Rs.10 each to two equity shares of Rs.5 each with effect from 23rd March, 2018. Consequently, the shareholding reflected at the end of the year is on the basis of revised number of shares. For comparative reason, the company has adjusted the opening balance of shares accordingly.

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:

Sl no	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount Rs. in lacs
1.	Gross Salary a. salary as per provisions contained in Section 17 (1) of the Income-tax Act	Mr Arvind Balaji Managing Director	71.59
	b. Value of perquisites u/s 17 (2) of the Income-tax Act 1961		6.30
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission -As % of profit -Others specify		130.00 1.8% -
5.	Others, please specify		-
	Total (A)		**207.89**
	Ceiling as per the Act		**329.14**

B. Remuneration to other Directors:

Sl no	Particulars of remuneration	Name of directors (Mr./Mrs)					Total amount Rs. in lacs
1.	**Independent directors**	**K G Raghavan**	**V Balaraman**	**G Chidambar**	**R Vijayaraghavan**	**Jayshree Suresh**	
	Fees for attending board/ committee meetings	0.67	2.59	2.71	2.19	1.07	**9.23**
	Commission	6.25	9.50	9.90	8.15	6.75	**40.55**
	Others, please specify	-	-	-	-	-	**-**
	Total (1)	6.92	12.09	12.61	10.34	7.82	**49.78**
2.	**Other Non-executive Directors**	**TK Balaji**	**Priyamvada Balaji**	**Mukesh Kumar Somani**	**K Seshadri***	**-**	-
	Fee for attending board / committee meetings	2.59	0.20	0.95	0.99	-	**4.73**
	Commission	6.45	0.75	5.00	3.65	-	**15.85**
	Others, please specify						
	Total (2)	9.04	0.95	5.95	4.64	-	**20.58**
	Total = B (1+2)	**15.96**	**13.04**	**18.56**	**14.98**	**-**	**70.36**
	Total Managerial Remuneration (A+B)						**278.25**
	Overall ceiling as per the Act (Ceiling excludes sitting fees)						**329.14**

Note: Mr K Seshadri was a Director of the Company till 29th January, 2018.

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

Sl no	Particulars of Remuneration	Key Managerial Personnel (Rs. in lacs)	
		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	45.50	30.49
	b. Value of perquisites u/s 17 (2) of the Income-tax Act 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission As % of profit	-	-
5.	Others, please specify	-	-
	Total	45.50	30.49

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board of Directors

Place : Chennai
Date : 8th May 2018

T K BALAJI
DIN No.:00002010
Chairman

Annexure 5 to the Directors' Report

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 CSR policy.
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: Rs.3468.66 lacs
5)	Prescribed CSR expenditure (two percent of the amount as in item 4 above): Rs.69.50 lacs
6)	Details of CSR spent during the financial year (a) Total amount to be spent for the financial year: Rs.69.50 lacs (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.	Educating Rural India	Providing access and developing facilities to education in the rural areas [Clause ii of Schedule VII]	Projects were located in Thiruvarur District, Tamil Nadu	Rs.69.50 lacs	Rs.69.50 Lacs	Rs.69.50 Lacs	Spent through Swami Dayananda Educational Trust (SDET).

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.

Jayshree Suresh
Member, CSR Committee

Arvind Balaji
Member, CSR Committee &
Chairman of the meeting

Place : Chennai
Date : 8th May 2018

Annexure 6 to the Directors' Report

Disclosure of particulars of contracts / arrangements entered into by the company with related parties

A.	**Details of contracts or arrangements not at arm's length basis: NIL**	
B.	**Details of material contracts or arrangement or transactions at arm's length basis:**	
1.	Name(s) of the related party and nature of relationship	TVS Motor Company Limited, Entity forming part of the same group (TVS Group)
2.	Nature of contracts/ arrangements / transactions	a) Sale of Goods (Products, Components etc) b) Design and development services
3.	Duration of contracts/ arrangements/ transactions	2017-18
4.	Salient terms of the contracts or arrangements or transactions including the value, if any.	a) All the transactions were on continuing basis and were undertaken on arm's length basis and in the ordinary course of business. b) The transactions were based on RFQs, Purchase / Service Orders issued from time to time. c) In case of proprietary products, prices are negotiated and agreed mutually based on product specification and degree of customization/ technology involved. d) Value of Transaction in 2017-18 – Rs. 229 Crores.
5.	Date (s) of approval by the Board, if any.	Approval of the Audit Committee/ Board has been obtained on 8th May 2018 and the shareholders' ratification / approval pursuant to the requirements of Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is being proposed in the forthcoming Annual General Meeting.
6.	Amount paid as advances, if any	Nil

For and on behalf of the Board of Directors

Place : Chennai
Date : 8th May 2018

T K BALAJI
DIN No.:00002010
Chairman

Annexure 7 to the Directors' Report

Secretarial Auditor's Certificate on Corporate Governance

To the Members of India Nippon Electricals Limited

1. We have examined the compliance of conditions of Corporate Governance by M/s. India Nippon Electricals Limited, for the year ended on 31st March, 2018, as stipulated under the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in the Listing Regulations for the period 1st April 2017 to 31st March 2018, with the relevant records and documents maintained by the Company and furnished to us and the Report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. Based on the aforesaid examination and according to the information and 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.
4. 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.

Place : Chennai

Date : 8th May 2018

B CHANDRA

Practising Company Secretary

Annexure 8 to the Directors' Report

Form No. MR-3
Secretarial Audit Report
For the Financial Year ended 31st March 2018

[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,

NO. 11 & 13, (OLD NO. 6 & 7) PATULLOS ROAD

CHENNAI 600002

Dear Sir,

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 31.03.2018, 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 31.03.2018, according to the provisions of:

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

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

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

(iv) 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;

(v) 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, 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 Excutive 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 Excutive officer and Chief Financial officer of the Company which are submitted to the Board of Directors of the Company, I report that the Company has complied with the provisions of the applicable statutes to the Company including Factories act alongwith other connected legislations, labour related legislations and the following statutes and the rules made there under to the extent it is applicable to them:

1. The Explosive Act, 1884

2. The Petroleum Act, 1934

3. The Environment (Protection) Act, 1986
4. The Water (Prevention and Control of Pollution) Act, 1974
5. The Air (Prevention and Control of Pollution) Act, 1981

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.

I further report that during the year under review, the company had passed applicable resolutions for

1. Approval for sub-division of company's equity shares of face value of Rs.10 (Rupees ten) each into 2 equity shares of face value of Rs.5 (Rupees five) each
2. Approval for alteration of the capital clause in the Memorandum & Articles of Association of the Company
3. Re-appointment of Managing Director Mr Arvind Balaji for a period of 5 years from 01.04.2018

Place : Chennai

Date : 8th May 2018

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 Accounts of the company.
4. Where ever 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.

Place : Chennai
Date : 8th May 2018

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

Compliance with Code of Conduct and Business Ethics

To

The shareholders of India Nippon Electricals Limited,
Chennai

On the basis of the written declarations received from members of the Board and Senior Management Personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, it is hereby certified that both the members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31st March 2018.

Place : Chennai
Date : 8th May 2018

Arvind Balaji
Managing Director

Certificate of MD / CFO

To

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

We certify that we have reviewed the fnancial statements prepared based on the Indian Accounting Standards for the year ended 31st March 2018 and to the best of our knowledge and belief:

(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 applicable Indian Accounting Standards, Laws and Regulations.

(3) no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for fnancial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to fnancial reporting and have disclosed to the Auditors and the Audit & Risk Management Committee, defciencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these defciencies.

We have indicated to the Auditors and the Audit & Risk Management Committee:

(1) signifcant changes, if any, in internal control over fnancial reporting during the year;

(2) signifcant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the fnancial statements; and

(3) that there were no instances of signifcant fraud of which we have become aware and the involvement therein, of the management or an employee having a signifcant role in the Company's internal control system over fnancial reporting.

Elango Srinivasan	**Arvind Balaji**
Chief Financial Officer	Managing Director

Place : Chennai
Date : 8th May 2018

REPORT ON CORPORATE GOVERNANCE

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:

2.1 Composition of Board of Directors and change in Board:

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 Lucas Indian Service Limited (Promoter), in terms of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), the Board is required to have fifty percent of its Directors as Independent Directors. The Board has 10 Directors. Both the Promoters of the Company i.e. Lucas Indian Service Limited and Mahle Electric Drives Japan Corporation had nominated 3 Directors and 2 Directors respectively to the Board. In addition, the Board has a women Director who is related to the nominees of Lucas Indian Service Limited. The rest of the Board is independent comprising of 5 Directors including a women Director.

Mr Arvind Balaji was appointed as Whole-time Director for a period of 5 years w.e.f. 1st April 2013 subject to renewal for further periods of five years at a time. The Board of Directors, at their meeting held on 27th August 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. Subsequently, he was re-appointed as Managing Director for a further period of 5 years starting 1st April 18 at the Board meeting held on 29th January 18. This was approved by the shareholders through Postal Ballot on 8th March 2018.

During the year 2017-18, Mr K Seshadri has resigned from directorship and Ms Priyamvada Balaji was inducted into the Board as a non-executive Director effective 29th January 2018 in the place of Mr K Seshadri. As required by the provisions of the Companies Act, 2013, her appointment is placed for the approval of the shareholders at the forthcoming Annual General Meeting.

Independent Directors were appointed at the Annual General Meeting held on 27th August 2014 for a period of 5 years. Except Mr. Arvind Balaji, Managing Director and Mr. Mukesh Kumar Somani, Director other Non Independent directors who are on the Board as on 31st March 2018 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 and Ms Priyamvada Balaji, Director are related to the each other. 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 (Listing Obligations and Disclosure Requirements) Regulations 2015 such as annual operating plans, capex budget and its quarterly updates, quarterly results, minutes of meetings of Audit Risk & Management 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 background 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.

2.2. Key Managerial Personnel:

Mr Arvind Balaji, Managing Director, Mr Elango Srinivasan, CFO and Mr S Sampath, Company Secretary are the Key Managerial Personnel pursuant to Section 203 of the Companies Act, 2013. Mr S Sampath retired and Mr G Venkatram was appointed by the Board of Directors on the recommendations of N&RC on 8th May 2018 as Company Secretary. Mr G Venkatram is also the Compliance Officer of the Company.

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 (http://indianippon.com/policies/#1470805151153-1fc6963d-fe7b).

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 6 times during 2017-18 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
18.05.2017	9
09.08.2017	5
24.08.2017	9
04.11.2017	8
29.01.2018	8
27.03.2018	8

The last AGM was held on 24th August 2017 and 9 Directors (including Mr K Seshadri who resigned from the Company on 29th January, 2018) attended the AGM.

The composition of Board of Directors, their directorship(s) in other Companies and membership in Committees (Audit Committees, Stakeholders Relationship Committees) and the details of their attendance at the Board Meetings, AGM of the Company is 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	Chairman	6	Yes	13	2	Nil
Mr. Arvind Balaji	Managing Director	6	Yes	12	Nil	Nil
Mr. T Momose	Non Executive Director	1	Yes	Nil	Nil	Nil
Mr. Mukesh Kumar Somani	Non Executive Director	5	Yes	4	-	-
Ms Priyamvada Balaji (**)	Non Executive Director	1	N.A.	8	1	-
Mr. V Balaraman	Non Executive Independent Director	6	Yes	6	5	2
Mr. K G Raghavan	Non Executive Independent Director	3	Yes	2	Nil	Nil
Mr. G Chidambar	Non Executive Independent Director	6	Yes	2	1	1
Mr. R Vijayaraghavan	Non Executive Independent Director	5	Yes	8	3	5
Mrs. Jayshree Suresh	Non Executive Independent Director	5	No	1	-	-
Mr K Seshadri	Non Executive Director	3	yes	Ceased to be director w.e.f. 29th Jan 2018		

(*) includes private companies; (**) Director since 29th Jan 2018.

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. None of the Directors hold any equity shares of the Company.

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 & Risk Management Committee:

5.1. The Committee has 4 members consisting of independent directors with Mr K G Raghavan being the Chairman of the Audit Committee. The role and terms of reference of the Audit Committee cover the areas mentioned in Regulation18 read with Part C of Schedule II of the Listing Regulations and Section 177 of the Companies Act, 2013.

During the year, the Audit Committee was renamed as "Audit & Risk Management Committee", considering the importance of risk management in the context of the business and to strengthen the Corporate Governance practices. Under this, the Committee was entrusted with the responsibility to assist the Board in overseeing and approving the Company's enterprise wide risk management framework and overseeing/ identifying/ assessing all risks that the organization faces and evaluating adequate risk management infrastructure in place to address those risks.

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 met 4 times during the year 2017-18 on 18.05.2017, 09.08.2017, 04.11.2017 and 29.01.2018.

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	1	18.05.2017
Mr V Balaraman, Member	Non-Executive Independent Director	4	18.05.2017, 09.08.2017, 04.11.2017, 29.01.2018
Mr G Chidambar, Member	Non-Executive Independent Director	4	18.05.2017, 09.08.2017, 04.11.2017, 29.01.2018.
Mr R Vijayaraghavan, Member	Non-Executive Independent Director	3	18.05.2017, 04.11.2017, 29.01.2018.
Mr K Seshadri, Member (Ceased to be Member of the Committee w.e.f.29.01.2018)	Non-Executive Non Independent Director	1	18.05.2017
Mr Arvind Balaji (Ceased to be Member of the Committee w.e.f. 27.03.2018)	Managing Director	2	04.01.2017, 29.01.2018

6. Stakeholders Relationship Committee (SRC):

The Committee comprises of 3 Directors and met 4 times during the year on 20.04.2017, 24.07.2017, 30.10.2017 & 05.02.2018. Mr R Vijayaraghavan was appointed as the Chairman of the Committee following the resignation of Mr K Seshadri from directorship.

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

Name of Directors	Status	No. of meetings attended	Date of meeting
Mr R Vijayaraghavan, Chairman of SRC (inducted on 29th January, 2018)	Non-Executive Independent Director	1	05.02.2018
Mr T K Balaji, Member	Non-Executive Director	4	20.04.2017, 24.07.2017, 30.10.2017, 05.02.2018.
Mr K Seshadri, Member (Ceased to be a member on 29th January, 2018)	Non-Executive Director	2	20.04.2017, 30.10.2017
Mr G Chidambar, Member	Non-Executive Independent Director	4	20.04.2017, 24.07.2017, 30.10.2017, 05.02.2018.

The Company Secretary is the Secretary to the SRC.

The functions of the SRC 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 severally the CEO, CFO and the Company Secretary & Compliance Officer to approve share transfer, transmissions, transpositions etc periodically, which shall be ratified by the SRC:

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

During the financial year 2017-18, the company received three complaints from the shareholders non receipt of dividend warrants (2) and rejection of demat request owing to signature mismatch (1) and these were redressed to the satisfaction of the concerned investors.

7. Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee (CSR Committee) comprises of 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 (http://indianippon.com/policies/#1470804879887-386cfd92-edaf). During the year 2017-18, the Committee met on 18th May 2017 attended by all the members viz., Mr G Chidambar, Mr Arvind Balaji and Mrs Jayshree Suresh:

Name of Directors	Status	No. of meetings attended	Date of meeting
Mr G Chidambar, Chairman of the CSR Committee	Non Executive Independent Director	1	18.05.2017
Mr Arvind Balaji, Member	Managing Director	1	18.05.2017
Dr (Mrs.) Jayshree Suresh, Member	Non Executive Independent Director	1	18.05.2017

8. Nomination & Remuneration Committee:

8.1. Composition of the Committee:

The 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 2017-18, the Committee of Directors met 4 times, as detailed below:

Name of the Member	Status	No. of meetings attended	Dates of meeting
V Balaraman, Chairman	Non-Executive Independent Director	4	18.05.2017, 09.08.2017, 29.01.2018, 27.03.2018.
T K Balaji, Member	Non-Executive Director	4	18.05.2017, 09.08.2017, 29.01.2018, 27.03.2018.
R Vijayaraghavan, Member	Non-Executive Independent Director	3	18.05.2017, 29.01.2018, 27.03.2018.

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:

a) Determining the appropriate size, diversity and composition of the Board.

b) Setting a formal procedure for selecting new Directors for appointment to the Board.

c) Ensuring that on appointment, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act.

d) Lay down criteria for evaluating the performance of the Board, the Committees of Board and the individual Directors.

e) Reviewing the functioning of evaluation mechanism specified in (d) above

f) Identifying and recommending Directors who are to be put forward for retirement by rotation.

g) To consider and determine the remuneration policy for the directors, KMP and Senior Management.

h) Delegating any of its powers

8.4. Summary of the Nomination and Remuneration Policy for appointment and evaluation of Directors/ KMP etc:

The committee shall identify and ascertain the integrity, qualification, expertise, positive attributes, independence and experience of the person for appointment as Director and recommend to the Board his/her appointment. In case of KMP/ Senior Management, the person appointed as KMP or at Senior Management level should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The company shall not appoint or continue the employment of any person as Whole-time Director/ Managing Director, who has attained the age of seventy years. However, the term of the person holding such position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution with suitable explanatory statement justifying such extension. More details on criteria of evaluation etc can be referred from the policy which is available at http://indianippon.com/policies/#1529658495687-f8459f56-5525.

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 MD is given in the annexure to the Boards Report.

As per the terms of appointment, the Board of Directors at their meeting held on 8th May 2018 approved payment of commission of Rs.130 lacs to Mr Arvind Balaji, Managing Director for the year 2017-18 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 and expired on 31st March 2018. For payment of commission to non executive Directors, not exceeding 1% of the net profits computed in accordance with the provisions of Section 198 of the Companies Act 2013, a resolution is placed in the Notice dated 8th May 2018 for the approval of shareholders.

Provision has been made in the accounts towards commission to the Directors for the period ended 31st March 2018 as given below. The N&RC recommended to distribute the commission to all directors on a formula basis to give due weightage to the membership and chairmanship of various committees and the overall attendance. 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 2017-18:

Name of the Directors	Amount (Rs. in lacs)
Mr T K Balaji	6.45
Mr K G Raghavan	6.25
Mr V Balaraman	9.50
Mr G Chidambar	9.90
Mr R Vijayaraghavan	8.15
Dr (Mrs.) Jayshree Suresh	6.75
Ms Priyamvada Balaji	0.75
Mr Mukesh Kumar Somani	5.00
Mr K Seshadri (part of the year)	3.65
Total	**56.40**

b. Sitting fees:

Remuneration by way of Sitting Fee for attending Board/ Committee Meetings paid to non-executive Directors for the year 2017-18 is tabulated hereunder:

Name of the Directors	Rs. in actuals					
	Board	Audit Committee	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	Total
Mr T K Balaji	115000	-	72000	72000	-	259000
Mr K Seshadri*	55000	12000	32000	-	-	99000
Mr K G Raghavan	55000	12000	-	-	-	67000
Mr V Balaraman	115000	72000	-	72000	-	259000
Mr G Chidambar	115000	72000	72000	-	12,000	271000
Mr R Vijayaraghavan	95000	52000	20000	52,000	-	219000
Mrs Jayshree Suresh	95000	-	-	-	12000	107000
Mr Mukesh Kumar Somani	95000					95000
Ms Priyamvada Balaji**	20000					20000
Total	760000	220000	196000	196,000	24,000	1396000

(*) ceased to be a director w.e.f. 29.01.2018; (**) appointed as director effective 29.01.2018

10. Disclosures:

a) Related party transactions (RPT Policy):

The Audit Committee accords omnibus approval to Related Party Transactions which are foreseen and repetitive in nature. The Audit Committee reviews, on a quarterly basis, the details of the Related Party Transaction entered pursuant to the aforementioned omnibus approval.

Consequent to the application of Indian Accounting Standards (IND AS), the Company's transactions with TVS Motor Company Limited had become a material related party transaction. Further, the Company envisages that transactions with certain other related parties may become material in the future taking into consideration the overall trajectory in two/ three wheeler business. Approval of the shareholders is being sought under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the proposal along with detailed explanatory statement is given as part of the Notice to Shareholders for the ensuing Annual General Meeting.

All the existing and proposed transactions with related parties are in the ordinary course of business and on arm's length basis and the details of 'material' related party transactions are disclosed in form AOC–2 which is annexed to and forms part of this report.

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. The RPT policy as approved by the Board of Directors is available on the website of the company viz., www.indianippon.com (http://indianippon.com/policies/#1470805172518-a45bc2d7-8ed1).

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 (http://indianippon.com/policies/#1470804879832-fced73b1-0f46).

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 (http://indianippon.com/policies/#1470804879832-fced73b1-0f46).

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 (http://indianippon.com/policies/#1492055060076-4479fa81-0b1c).

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 2018, this was submitted on 10th April 2018.

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 (http://indianippon.com/policies/#1470805066157-3b28cb1d-3233).

n) All the members of Board and senior management personnel have confirmed compliance with the code for the year ended 31st March 2018. 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
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.
32nd AGM	2017	Satguru Gnanananda Hall (Naradha Gana Sabha-Main Hall) 314, T.T.K. Road, Chennai-600018	24th Aug 2017	10:30 AM

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

During the last three years viz., 2014-15 to 2016-17, no approval of the shareholders was obtained by passing special resolutions:

13. Sub-division of shares and Postal Ballot:

a) During the current year the Company obtained the approval of shareholders through postal ballot for sub dividing the face value of the equity shares of the company from face value of Rs.10 each to face value of Rs.5 each. The shareholders approved the proposal on 8th March 2018. Ms B Chandra was appointed as Scrutinizer and she submitted her report on 10th March 2018. The Chairman of the company announced the postal ballot result on 10th March 2018. A new ISIN INE092B01025 was allotted by the Stock Exchanges and the company fixed 22nd March 2018 as Record Date for sub division of shares. The details of businesses approved by shareholders are as given below:

1.	Approval for sub-division of company's equity shares of face value of Rs.10 (Rupees ten) each into 2 equity shares of face value of Rs.5 (Rupees five) each	The ordinary resolution was passed as more than the requisite majority of votes were cast/ polled in favour of the resolution.
2.	Approval for alteration of the capital clause in Memorandum of Association of the Company	The ordinary resolution was passed as more than the requisite majority of votes were cast/ polled in favour of the resolution.
3.	Approval for alteration of Article 3 of the Articles of Association of the Company	The special resolution was passed as more than the requisite majority of votes were cast/ polled in favour of the resolution.
4.	Re-appointment of Managing Director for a period of 5 years from 01.04.2018	The special resolution was passed as more than the requisite majority of votes were cast/ polled in favour of the resolution.

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 2017-18.

14. Means of Communication:

a) Quarterly results were published in Business Line and the Tamil version of the same was published in Dinamani and Tamil Murasu. The Company has opted to publish the audited annual results for the year ended 31st March 2018 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 (http://indianippon.com/investors/#1470805025514-331c8cf8-b321).

15. General Information for Shareholders:

Date, Time and Venue of the Annual General Meeting	27th August 2018 at 10:30 A.M. Kasturi Srinivasan Hall 168, TTK Road, Chennai 600 014
Financial Reporting for the Quarter ending: 30th June 2018 30th September 2018 31st December 2018 31st March 2019	 1st fortnight of Aug 2018 1st fortnight of November 2018 1st fortnight of February 2019 May 2019
1st Interim Dividend for 2017-18 @ Rs.6 per share	Declared by Board: 29th Jan 2018 Record Date: 9th Feb 2018 Payment date: 16th Feb 2018
2nd interim dividend for 2016-17 @ Rs.3.50 per share	Declared by Board: 8th May 2018 Record Date: 18th May 2018 Payment date: 24th May 2018
Book closure period for the purpose of AGM	From 21st Aug 2018 to 27th Aug 2018 (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: INE092B01025. This is the new ISIN allotted by the Depositories in March 2018 post sub division of face value of the equity shares of the company from Rs.10 to Rs.5.

18. Listing fee for 2017-18: Annual Listing Fees for the year ended March 2018 have been paid to BSE Ltd and NSE Ltd.

19. Share price data:

Share Price in Rs. Nominal Value of Share Rs.10

Month	National Stock Exchange of India Ltd.		BSE Ltd	
	High	Low	High	Low
Apr'17	729.00	551.00	728.40	551.10
May'17	688.70	582.30	683.75	595.00
Jun'17	655.00	582.55	657.80	605.50
Jul'17	709.90	591.00	709.00	613.85
Aug'17	819.00	629.70	835.00	633.30
Sep'17	1216.40	806.05	1215.00	813.00
Oct'17	1430.00	1042.95	1424.80	1015.00
Nov'17	1392.00	1075.10	1390.00	1053.00
Dec'17	1182.90	1045.10	1178.70	1048.70
Jan'18	1200.00	1060.00	1200.00	1057.00
Feb'18	1089.95	930.00	1100.00	900.00
Mar'18	1011.65	443.35	1007.60	440.00

Share 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
31.03.2016	366	7738	(13)	(9)
31.03.2017	549	9173	50	18
31.03.2018	463	10114	69*	10

(*) the % change was calculated taking into account the corporate action by way of sub-division of face value of equity shares from Rs.10 to Rs.5

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
31.03.2016	359	25342	(15)	(9)
31.03.2017	552	29620	54	17
31.03.2018	463	32969	68*	11

(*) the % change was calculated taking into account the corporate action by way of sub-division of face value of equity shares from Rs.10 to Rs.5

20. Distribution of Equity Shareholding as on 31st March 2018:

Number of Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	Share holding (%)
1 – 100	6942	56.65	242216	1.07
101-500	2846	23.22	712131	3.15
501-1000	931	7.60	699320	3.09
1001-2000	1080	8.81	1724701	7.62
2001-3000	141	1.15	358053	1.58
3001-4000	117	0.95	430755	1.90
4001-5000	50	0.41	227646	1.01
5001-10000	90	0.73	646776	2.86
10001 & above	58	0.48	17579826	77.72
Total	12255	100.00	22621424	100.00

21. Pattern of Equity Shareholding as on 31st March 2018:

Shareholders	No. of Shares held	% of Total shares held
Promoter-Indian	10377332	45.87
Promoter-Foreign	4641000	20.52
Directors and Relatives	3712	0.02
Mutual Funds	30396	0.13
Alternative Investment Fund	476312	2.11
Financial Institutions/ Banks	70363	0.31
Foreign portfolio investor-corporate	15909	0.07
Bodies corporate	923972	4.08
IEPF Authority	40606	0.18
Individuals	5884528	26.01
NRIs	157294	0.70
Total	22621424	100.00

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 15 days. Grievances received from shareholders and other miscellaneous correspondence on changes of addresses, bank 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 31.03.2018, there were 22055068 shares in electronic mode, including 15018332 shares held by promoters. Shares held in electronic mode accounted for 97.50% of total holding. The shareholding pattern in physical and demat is as given under:

	Particulars	Shares in Nos.		
		Physical Mode	Electronic mode	Total holding
	No. of shareholders as on 31.03.2018	469	11786	12255
a)	Promoters holding M/s Lucas Indian Service Ltd, Chennai		10377332	10377332
	M/s Mahle Electric Drives Japan Corporation (formerly known as Kokusan Denki Company Ltd)		4641000	4641000
b)	Non Promoters holding	566356	7036736	7603092
	Total (a+b)	566356	22055068	22621424
	%	2.50	97.50	100

24. Commodity price risk or foreign exchange risk and hedging activities:

Please refer Note no.38 of the financial statements for details.

25. 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.

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.

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 / Two Tamil newspapers and are posted on this website of the Company.

b) Request to Investors

Members who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March 2011 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 31.03.2018 Rs.
2010-11 3rd interim	27.05.2011	10	02.07.2011	02.07.2018	45,753
2011-12					
1st interim	03.02.2012	40	10.03.2012	10.03.2019	254,348
2nd interim	30.05.2012	50	05.07.2012	05.07.2019	283,900
2012-13					
1st interim	06.02.2013	40	14.03.2013	14.03.2020	275,796
2nd interim	28.05.2013	50	03.07.2013	03.07.2020	327,520
2013-14					
1st interim	28.01.2014	40	05.03.2014	05.03.2021	299,908
2nd interim	23.05.2014	50	28.06.2014	28.06.2021	336,040
2014-15					
1st interim	09.02.2015	45	17.03.2015	17.03.2022	340,437
Final dividend	27.08.2015	45	02.10.2015	02.10.2022	357,349
2015-16					
1st interim	29.01.2016	40	05.03.2016	05.03.2023	352,372
2nd interim	26.03.2016	50	01.05.2016	01.05.2023	426,590
2016-17					
1st interim	27.01.2017	40	26.02.2017	26.02.2024	340,596
2nd interim	30.03.2017	60	29.04.2017	29.04.2024	593,244
2017-18					
1st interim	29.01.2018	60	06.03.2018	06.03.2025	555,894
2nd interim	08.05.2018	70	13.06.2018	13.06.2025	Declared/ paid in May'18

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 2018 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 2017	49	26254
Number of shareholders who approached the company for transfer of shares and shares transferred from suspense account during the year	3	9164
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 2018	46	17090

INDEPENDENT AUDITOR'S REPORT

To The Members of India Nippon Electricals Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **India Nippon Electricals Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and 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 the significant accounting policies and other explanatory information.

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes 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 judgments 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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 Ind AS 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 Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, 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 purposes of our audit.

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

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ananthi Amarnath
(Partner)
(Membership No. 209252)

Place : Chennai
Date : 8th May 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 March 31, 2018 in conjunction with our audit of the standalone Ind AS 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. 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, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, 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, to the best of our information and according to the explanations given to us, 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 March 31, 2018, based on the criteria for internal financial control over financial reporting 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.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place : Chennai
Date : 8th May 2018

Ananthi Amarnath
(Partner)
(Membership No. 209252

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships 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 Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence compliance with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Excise Duty, Value Added Tax, Service Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Excise Duty, Value Added Tax, Service Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Service Tax, Local Area Development Tax, Value Added Tax, Sales Tax and Income Tax which have not been deposited as on 31st March 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute	Period to which the Amount Relates	Amount Involved (Rs. in lacs)	Amount Unpaid (Rs. in lacs)
Service tax under Finance Act,1994	Non- payment of service tax on commercial training	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2012-2015 and 2015-2016	10.08	10.08
Service tax under Finance Act ,1994	Disallowance of Service Tax credit availed.	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2005-06 and 2006-07	11.49	11.49
Service tax under Finance Act ,1994	Disallowance of Service Tax Credit availed.	Commissioner of Central Excise (Appeals).	2006-07	0.27	0.27
Service tax under Finance Act ,1994	Disallowance of Service Tax Credit availed.	Office of the Superintendent Central Excise	2007-08 2012-13	1.50	1.50
Local Area Development Tax of Haryana state.	Local Area Development Tax Assessment demand	Joint Excise Taxation Commissioner	2003-04 and 2004-05	0.41	0.41
Tamil Nadu VAT Act 2006	VAT ineligible credits	Assistant Commissioner of Commercial Taxes	2007-08 to 2015-16	193.41	193.41
Central Sales Act 1956	Penalty for issuing C-Forms without inclusion of B-Certificate	Assistant Commissioner of Commercial Taxes	2010-11 to 2015-16	1.63	1.63
Income Tax Act 1961	Deduction under Sec 80IB- with respect to Disallowance of Royalty payment, Apportionment of R&D Expenditure.	Commissioner of Income Tax (Appeals)	2012-13	64.77	64.77

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place : Chennai
Date : 8th May 2018

Ananthi Amarnath
(Partner)
(Membership No. 209252

BALANCE SHEET (STANDALONE) AS AT 31-MARCH-2018

Rs. in lacs

S.No.	Particulars	Note No.	As at 31-Mar-2018	As at 31-Mar-2017
1	**ASSETS**			
1.1	**Non-current assets**			
a)	Property, Plant and Equipment	4.1	5,661.52	4,963.42
b)	Capital Work-in-progress		693.59	321.92
c)	Other Intangible Assets	4.2	193.12	196.06
d)	Financial Assets			
	(i) Investments	5	13,155.30	9,886.38
	(ii) Loans	6	92.98	89.80
	(iii) Others financial assets	7	39.46	37.01
e)	Deferred Tax Assets (Net)	8	245.51	643.19
f)	Other Non-current Assets	9	164.07	76.71
	Non-current Assets - Total		**20,245.55**	**16,214.49**
1.2	**Current assets**			
a)	Inventories	10	3,127.14	2,242.13
b)	Financial Assets			
	(i) Investments	11	10,935.78	11,534.72
	(ii) Trade Receivables	12	9,334.69	6,638.55
	(iii) Cash and cash equivalents	13.1	400.27	256.68
	(iv) Other bank balances	13.2	334.36	53.25
	(v) Others financial assets	14	101.19	100.87
c)	Other Current assets	15	284.33	391.81
	Current Assets - Total		**24,517.76**	**21,218.01**
	Assets - Total		**44,763.31**	**37,432.50**

Rs. in lacs

S.No.	Particulars	Note No.	As at 31-Mar-2018	As at 31-Mar-2017
2	**EQUITY AND LIABILITIES**			
2.1	**EQUITY:**			
a)	Equity Share Capital	16	1,131.07	1,131.07
b)	Other Equity	-	33,371.43	27,667.59
	Equity - Total		**34,502.50**	**28,798.66**
2.2	**LIABILITIES**			
2.2.1	**Non-current liabilities**			
a)	Provisions	17	260.60	140.28
	Non-current Liabilities - Total		**260.60**	**140.28**
2.2.2	**Current Liabilities**			
a)	**Financial Liabilities**			
	(i) Trade payables	18	7,639.10	6,245.86
	(ii) Others financial liabilities	19	286.04	1,025.41
b)	Provisions	21	189.26	239.79
c)	Current tax liabilities (Net)	22	387.99	236.59
d)	Other current liabilities	20	1,497.82	745.91
	Total Current Liabilities		**10,000.21**	**8,493.56**
	Equity and Liabilities - Total		**44,763.31**	**37,432.50**

See accompanying notes to Standalone Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ananthi Amarnath
Partner

Place : Chennai
Date : 8th May 2018

For and on behalf of the Board of Directors

T K Balaji
Chairman

Arvind Balaji
Managing Director

Elango Srinivasan
Chief Financial Officer

S Sampath
Company Secretary

STATEMENT OF PROFIT AND LOSS (STANDALONE) FOR THE YEAR ENDED 31-MARCH-2018

Rs. in lacs

S.No.	Particulars	Note No.	Apr'17 To Mar'18	Apr'16 To Mar'17
I	Revenue from Operations	23	46,639.73	39,542.57
II	Other Income	24	1,237.03	1,354.06
III	**TOTAL INCOME**		**47,876.76**	**40,896.63**
IV	**Expenses:**			
	Cost of Material Consumed	25	29,936.44	23,366.07
	Changes in inventories of Finished Goods and Work-in-Progress	26	(223.47)	75.74
	Excise duty	-	1,401.19	4,434.46
	Other Operating Expenses	27	2,065.27	1,676.88
	Employee Benefit Expenses	28	5,163.13	4,339.64
	Finance Costs	29	7.19	5.93
	Depreciation and Amortisation Expenses	4.1 & 4.2	597.13	416.89
	Other Expenses	30	1,846.09	1,872.76
	TOTAL EXPENSES		**40,792.97**	**36,188.37**
V	Profit Before Tax (I - IV)		7,083.79	4,708.26
			7,083.79	**4,708.26**
VI	**TAX EXPENSES:**			
	(1) Current Tax	32.1	1,987.01	1,158.47
	(2) Deferred Tax	32.1	87.22	309.95
			2,074.23	1,468.42
VII	Profit for the year (V-VI)		5,009.56	3,239.84
VIII	**OTHER COMPREHENSIVE INCOME (OCI):**			
	(i) Items that will not be reclassified to Profit or Loss	31	**1,821.52**	**306.27**
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(310.45)	14.83
	Total other comprehensive income for the year, net of tax		1,511.07	321.10
IX	**Total Comprehensive Income for the year (VII+VIII) (Comprising Profit for the year and other comprehensive income)**		6,520.63	3,560.94
X	**Earnings per equity share**			
	1.Basic	43	22.15	14.32
	2.Diluted	43	22.15	14.32

See accompanying notes to Standalone Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ananthi Amarnath
Partner

Place : Chennai
Date : 8th May 2018

For and on behalf of the Board of Directors

T K Balaji
Chairman

Arvind Balaji
Managing Director

Elango Srinivasan
Chief Financial Officer

S Sampath
Company Secretary

STATEMENT OF CASH FLOWS (STANDALONE) FOR THE YEAR ENDED 31-MARCH 2018

Rs. in lacs

S.No.	Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
A.	**Cash flows from Operating Activities:**		
	Net Profit before tax	7,083.79	4,708.26
	Adjustments for		
	Add/(Less): - Depreciation and amortization expenses	597.13	416.89
	- Dividend Income recognised in profit or loss	(184.11)	(188.93)
	- Interest Income recognised in profit or loss	(239.68)	(191.49)
	- Increase in Fair value of investments	(592.09)	(308.91)
	- Profit on sale of investments(net)	(173.12)	(621.29)
	- Investments written off	-	8.03
	- Property, plant and equipment written off	9.35	-
	- Advances written off	5.30	-
	- Finance costs recognised in profit or loss	7.19	5.93
	- Write-back provisions	-	(10.68)
	Operating Profit before Working Capital changes	**6,513.76**	**3,817.81**
	Adjustments for (increase) / decrease in operating assets:		
	- Loans	(3.18)	(14.28)
	- Other Non-current Financial Assets	(2.45)	(3.77)
	- Other Non-current assets	(4.02)	(11.65)
	- Trade Receivables	(2,696.14)	(569.36)
	- Inventories	(885.01)	249.89
	- Other Current Financial Assets	1.24	-
	- Other Current assets	107.48	170.30
	Adjustments for increase / (decrease) in operating liabilities:		
	- Trade Payables	1,393.64	1,136.84
	- Other Financial Liabilities	(739.37)	(532.28)
	- Other Liabilities	751.92	279.61
	- Non-current Provisions	120.32	(1.44)
	- Current Provisions	(79.84)	10.73
	Cash generated from operations	4,478.35	4,532.40
	Income taxes paid	1,835.61	1,131.32
	Net Cash generated by Operating Activities (A)	**2,642.72**	**3,401.08**
B.	Cash flows from Investing Activities:		
	Purchase of Property, Plant & Equipment (including CWIP)	(1,762.35)	(1,268.98)
	Payments to acquire investments	(2,848.72)	(5,260.87)
	Proceeds on sale of investments	2,794.78	2,722.67
	Interest Received	238.12	176.69
	Dividend Received	184.11	188.93
	Increase / (decrease) in other bank balances	(281.11)	564.22
	Net Cash used in Investing Activities (B)	**(1,675.17)**	**(2,877.34)**
C.	**Cash flows from Financing Activities:**		
	Finance costs	(7.19)	(5.93)
	Dividends and taxes on dividend paid	(816.79)	(659.66)

Rs. in lacs

S.No.	Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
	Net Cash used in Financing Activities (C)	**(823.98)**	**(665.59)**
D.	Net Increase / (decrease) in Cash and Cash Equivalents (A+B+C)	143.59	(141.85)
E.	Add : Cash & Cash Equivalents as at beginning of the year - Refer Note 13.1	256.68	398.53
F.	Cash & Cash Equivalents as at end of the year - Refer Note 13.1	400.27	256.68

Note: The above Cash Flow Satement has been prepared under Indirect method as set out in Ind AS 7 on Cash Flow Statement.

See accompanying notes to Standalone Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ananthi Amarnath
Partner

Place : Chennai
Date : 8th May 2018

For and on behalf of the Board of Directors

T K Balaji
Chairman

Arvind Balaji
Managing Director

Elango Srinivasan
Chief Financial Officer

S Sampath
Company Secretary

STATEMENT OF CHANGES IN EQUITY (STANDALONE) FOR THE YEAR ENDED 31st MARCH 2018

Particulars	Amount
Equity shares of Rs. 10 each issued, subscribed and fully paid	
As at 01-April-2016	1,131.07
Add: Issued during the year	-
As at 31-March-2017	1,131.07
Add: Issued during the year	-
As at 31-March-2018 (refer Note 16 (d) for shares split)	**1,131.07**

Other Equity

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, 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
Balance as of March 31, 2017	**39.56**	**3,153.01**	**23,909.26**	**565.76**	**27,667.59**
Balance as of April 1, 2017	**39.56**	**3,153.01**	**23,909.26**	**565.76**	**27,667.59**
Changes in the equity for the year March 31, 2018					
Dividends	-	(678.64)	-	-	(678.64)
Dividend Tax	-	(138.15)	-	-	(138.15)
Profits for the year	-	5,009.56	-	-	5,009.56
Other Comprehensive Income	-	-	-	1,511.07	1,511.07
Balance as of March 31, 2018	**39.56**	**7,345.78**	**23,909.26**	**2,076.83**	**33,371.43**

Additional Disclosures:

General Reserve:

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purpose. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Retained Earnings:

The amount that can be distributed by the company as dividends to its equity shareholders is determined based on the separate financial statements of the company and also considering the requrirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

Reserve for equity instruments through other comprehensive income:

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed of.

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Ananthi Amarnath
Partner
Place : Chennai
Date : 8th May 2018

T K Balaji
Chairman

Arvind Balaji
Managing Director

Elango Srinivasan
Chief Financial Officer

S Sampath
Company Secretary

Notes to the Standalone Financial Statements for the year ended March 31, 2018:

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, Patullos 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.

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 theAct, Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Ind AS 115, Revenue from Contracts with Customers, as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The new standard is based on IFRS 15, Revenue from Contracts with Customers. The standard is effective for the accounting periods commencing on or after 1 April 2018.

Ind AS 115 replaces Ind AS 11 Construction contracts and Ind AS 18 Revenue. The core principle of Ind AS 115 is that an entity recognises revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer – assess whether the contract is within the scope of Ind AS 115. 'Customer' has now been defined.
- Identify the performance obligations in the contract – determine whether the goods and services in a contract are distinct.
- Determine the transaction price – transaction price will include fixed, variable and non cash considerations.
- Allocate the transaction price to the performance obligations in the contract – allocation based on a stand-alone selling price basis using acceptable methods.
- Recognise revenue when (or as) the entity satisfies a performance obligation – i.e. recognise revenue at a point in time or over a period of time based on performance obligations.

The Company is currently evaluating the requirements of the standards, and the transition effects on the financial statements.

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. However, sales tax/ value added tax (VAT)/Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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 (o)

c) Property, Plant & Equipment:

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).

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

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

iv) The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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) Licenses - Over a period of two to three years

d) 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.

d) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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 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 finance cost.

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. The company does not recognise a contingent liability but discloses its existence in Financial Statements.

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)

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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 Other Comprehensive Income:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

vi) Fair value through Profit & Loss:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

vii) Equity Instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

viii) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement;and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

ix) 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.

n) Financial Liabilities:

i) 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.

ii) 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.

iii) 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. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. 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 or loss. The Company has not designated any financial liability as at fair value through profit and loss.

iv) 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, 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.

v) 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.

vi) 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.

vii) 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.

o) Income Recognition

i) 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.

ii) 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.

iii) Export benefits:

Export benefits in the nature of Merchandise Exports from India Scheme (MEIS) under Foreign Trade Policy are recognised in the Statement of Profit and Loss when there is no uncertainty in receiving / utilizing the same, taking into consideration the prevailing regulations.

p) 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.

q) 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.

r) 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.

s) Operating Segment:

The Chief Operational Decision Maker (MD) monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss reported by the segment periodically. The operations of the company relate to only one segment which is Electronic products for two/three wheelers and engines.

t) Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1st April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee : A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

u) Expenditure on Corporate Social Responsibility (CSR)

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss account.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

4.1. Property, Plant & Equipment

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31-March-2018:

Rs. in lacs

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 01-April-2017	1,239.82	1,107.26	3,166.45	129.40	65.57	28.11	5,736.61
Additions	-	63.55	1,087.18	32.13	62.87	15.72	1,261.45
Deletions	-	-	16.86	1.14	0.26	2.80	21.06
Gross carrying valueas on 31-March-2018 = (A)	**1,239.82**	**1,170.81**	**4,236.77**	**160.39**	**128.18**	**41.03**	**6,977.00**
Accumulated depreciation as on 01-April-2017	-	80.90	630.85	26.12	27.21	8.51	773.59
Depreciation	-	51.00	460.61	16.60	20.77	4.62	553.60
Accumulated depreciation on deletions	-	-	9.32	0.68	0.21	1.50	11.71
Accumulated depreciation as on 31-March-2018 = (B)	**-**	**131.90**	**1,082.14**	**42.04**	**47.77**	**11.63**	**1,315.48**
Carrying value as on 31-March-2018 = (A - B)	**1,239.82**	**1,038.91**	**3,154.63**	**118.35**	**80.41**	**29.40**	**5,661.52**

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

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 01-April-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-March-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-April-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-March-2017 = (B)	**-**	**80.90**	**630.85**	**26.12**	**27.21**	**8.51**	**773.59**
Carrying value as on 31-March-2017 = (A - B)	**1,239.82**	**1,026.36**	**2,535.60**	**103.28**	**38.76**	**19.60**	**4,963.42**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

4.2. Intangible Asset:

Following are the changes in the carrying value of Intangible assets for the year ended 31-March-2018:

Rs. in lacs

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 01-April-2017	49.29	164.91	9.53	33.32	257.05
Additions	17.54	12.75	10.30	-	40.59
Deletions	-	-	-	-	-
Gross carrying value as on 31-March-2018 = (A)	**66.83**	**177.66**	**19.83**	**33.32**	**297.64**
Accumulated amortization as on 01-April-2017	18.48	20.31	6.38	15.82	60.99
Amortization	13.02	18.95	3.65	7.91	43.53
Accumulated amortization on deletions	-	-	-	-	-
Accumulated amortization as on 31-March-2018 = (B)	**31.50**	**39.26**	**10.03**	**23.73**	**104.52**
Carrying value as on 31-March-2018 = (A - B)	**35.33**	**138.40**	**9.80**	**9.59**	**193.12**

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

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 01-April-2016	48.75	164.91	9.53	33.32	256.51
Additions	0.54	-	-	-	0.54
Deletions	-	-	-	-	-
Gross carrying value as on 31-March-2017 = (A)	**49.29**	**164.91**	**9.53**	**33.32**	**257.05**
Accumulated amortization as on 01-April-2016	6.93	2.90	0.51	7.91	18.25
Amortization	11.55	17.41	5.87	7.91	42.74
Accumulated amortization on deletions	-	-	-	-	-
Accumulated amortization as on 31-March-2017 = (B)	**18.48**	**20.31**	**6.38**	**15.82**	**60.99**
Carrying value as on 31-March-2017	**30.81**	**144.60**	**3.15**	**17.50**	**196.06**

Note: Amortization expense is included in depreciation and amortization expenses in the Statement of Profit and Loss Account.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

Rs. in lacs

Note No.	Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/Units	As at 31-March-2018	No. of Shares/Units	As at 31-March-2017
5	**NON-CURRENT INVESTMENTS - UNQUOTED:**						
(a)	**Investments in Equity instruments fully paid up**						
	i) Investment carried at cost:						
	PT Automotive Systems Indonesia Limited	Subsidiary	4,474	27,000	1,207.98	27,000	1,207.98
	ii) Investment carried at fair value through other comprehensive income:						
	Synergy Shakthi Renewable Energy Pvt Ltd	Associate	10	18,000,000	742.80	6,000,000	1.00
	Lucas TVS Ltd	Others	100	97,351	7,129.94	97,351	4,821.13
	IRIS Ecopower Venture Private Limited	Others	10	258,400	25.84	157,400	15.74
					9,106.56		**6,045.85**
(b)	**Investments in Debentures or Bonds**						
	Investments carried at amortised cost:						
	National Highways Authority of India	Others	1,000	12,362	123.62	12,362	123.62
	Hudco (Taxfree) 2022			50,000	530.89	50,000	530.89
	Indian Railway Finance Corporation Ltd			50,000	500.00	50,000	500.00
	India Infrastructure Finance Corporation Ltd			50,000	500.00	50,000	500.00
	Power Finance Corporation Limted Series 1			50,000	500.00	50,000	500.00
					2,154.51		**2,154.51**
(c)	**Investments in Venture capital Funds**						
	Investment carried at fair value through profit and loss:						
	TVS Shriram Growth Fund Scheme 1A	Others	1,000	13,627	85.44	33,261	309.89
	TVS Shriram Growth Fund Scheme 1B			30,609	640.95	38,940	471.60
	TVS Shriram Growth Fund Scheme 3			10,000	100.00	1,000	-
	Sundaram Alternative Opportunities series		100,000	100	100.00	100	-
					926.39		**781.49**
(d)	**Investment in Mutual Funds:**						
	Investment carried at fair value through profit and loss:						
	ICICI Prudential FMP Series 73-391 days Plan Growth Regular	Others	10	7,000,000	967.84	7,000,000	904.53
	Reliance FHF XXV - Series 18 -Growth		10	-	-		-
					967.84		**904.53**
					13,155.30		**9,886.38**

Other disclosure:

Aggregate value of Un-quoted investments - Carried at Cost	1,207.98		1,207.98
Aggregate value of Un-quoted investments - Carried at FVTOCI	7,898.58		4,837.87
Aggregate value of Un-quoted investments - Carried at FVTPL	1,894.23		1,686.02
Aggregate value of Un-quoted investments - Carried at Amortised cost	2,154.51		2,154.51
Aggregate carrying value of Un-quoted investments	**13,155.30**		**9,886.38**
Aggregate amount of impairment in value of investments	1,057		599

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

Rs. in lacs

Note No.	Particulars	As at 31-March-2018	As at 31-March-2017
6	**LOANS (Unsecured and considered good)**		
	Loans & Advances to employees	92.98	89.80
		92.98	89.80
7	**OTHER FINANCIAL ASSETS:**		
	Bank deposits with more than 12 months maturity	39.46	37.01
		39.46	37.01
8	**DEFERRED TAX ASSETS (NET):**		
	Deferred Tax Assets (Net) - Refer Note 32.3	245.51	643.19
		245.51	643.19
9	**OTHER NON-CURRENT ASSETS**		
	(Unsecured and considered good unless otherwise stated):		
a	Capital Advance	88.64	5.30
b	Sundry Deposits	75.43	71.41
		164.07	76.71
10	**INVENTORIES:**		
	(Lower of Cost and Net realisable value)		
a	Raw Materials	1,988.75	1,389.54
b	Raw Materials - Goods in Transit	167.79	38.49
c	Work in Progress	342.36	274.79
d	Finished Goods	464.81	340.90
e	Finished Goods in Transit	162.48	187.54
f	Stores and Spares	0.95	10.87
		3,127.14	2,242.13

The cost of inventories recognised as an expense during the year was Rs. 29,712.97 lacs (for the year ended March 31, 2017: Rs. 23,441.81 lacs)

The cost of inventories recognised as an expense includes Rs. 14.31 lacs (Previous Year Rs. 32.11 lacs) in respect of write down of inventory to Net realisable value

11 CURRENT INVESTMENTS - UNQUOTED:
INVESTMENT IN MUTUAL FUNDS

Rs. in lacs

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units 31-March-2018	As at 31-March-2018	No. of Units 31-March-2017	As at 31-March-2017
Investment carried at fair value through profit and loss:						
Axis Short Term Instant Growth	Others	10	9,456,821	1,782.38	9,456,821	1,681.44
Birla Sun Life Dynamic Bond Fund -Regular Growth		20	1,185,859	355.55	2,430,082	705.55
Birla Sun Life Short Term Fund - Regular Growth Plan		50	1,522,237	1,011.48	1,523,154	948.50
Aditya Birla SL Equity Savings -Growth		10	1,941,788	251.07	-	-
ICICI Emerging Sector Fund		100	4,222	3.66	4,222	3.66
ICICI Prudential Short Term Regular - Monthly Dividend		10	1,405,466	173.24	3,760,490	461.46
ICICI Pru Short-Term Regular Growth		30	2,936,810	1,063.49	2,936,810	1,002.10
ICICI Prudential Equity Income-Growth		10	1,994,613	255.51	-	-
ICICI Pru Flexible Income -Growth		300	109,066	363.54	-	-
IDFC SSI Medium -term Regular - Quarterly Dividend		10	3,720,129	400.61	3,604,615	387.85

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

Rs. in lacs

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units 31-March-2018	As at 31-March-2018	No. of Units 31-March-2017	As at 31-March-2017
IDFC SSI Medium -term Regular Growth	Others	20	1,659,189	482.60	1,664,098	461.41
IDFC SSI ST Regular Growth		30	3,343,087	1,182.52	3,343,087	1,115.66
Kotak Bond Short Term Plan - Regular - Monthly Dividend		10	-	-	3,320,365	337.09
Kotak Bond Short Term Plan - Growth		20	3,397,377	1,102.02	4,166,125	1,280.50
Reliance Short Term Fund -Growth		20	5,280,239	1,724.14	5,280,239	1,627.20
Kotak Equity Arbitrage Reg- Growth		20	1,307,548	325.10	1,307,548	306.25
Kotak Treasury Advantage -Growth		20	1,306,393	363.09	-	-
Birla SL Cash Plus-Growth		260	-	-	134,646	350.77
ICICI Pru Liquid Plan -Growth		240	-	-	146,073	350.80
IDFC Cash Regular-Growth		1,970	-	-	26,104	514.49
HDFC HOF Series 1-Growth		10	1,000,000	95.78	-	-
				10,935.78		**11,534.72**
Aggregate provision for diminution in value of investments				-		-
				10,935.78		11,534.72

Aggregate value of Unquoted investments - carried at FVTPL	10,935.78	11,534.72
Aggregate carrying value of Un-quoted investments	**10,935.78**	**11,534.72**

Rs. in lacs

Note No.	Particulars	As at 31-March-2018	As at 31-March-2017
12	**TRADE RECEIVABLES:**		
a	Trade Receivables - Unsecured		
	- Considered good	9,334.69	6,638.55
		9,334.69	**6,638.55**

The average credit period on sale of goods is 45 days. No interest is charged on overdue trade receivables.

Out of total trade receivables as at 31 March 2018, Rs. 8,211.47 lacs (previous year Rs. 5702.15 lacs) represent receivable from customers who represent more that 5 % of total receivables.

The company's receivables are predominantly from its related parties and large Original Equipment Manufacturers. The Company has never experienced doubtful debts in earlier years, therefore, there is no credit risk and thus no allowance for expected credit losses have been made. Also refer Note 38 (a) (i) to the standalone financial statements for the year ended March 31, 2018.

13.1	**CASH & CASH EQUIVALENTS:**		
a	Balances with banks		
	- In current Account	398.59	255.21
b	Cash in hand	1.68	0.98
c	Cheques, drafts in hand	-	0.49
		400.27	**256.68**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

Rs. in lacs

Note No.	Particulars		As at 31-March-2018	As at 31-March-2017
13.2	**OTHER BANK BALANCES:**			
	- in Fixed deposit		285.00	-
	- in Margin Money		-	9.00
	- in Deposit account (Dividend Warrant)		49.36	44.25
			334.36	**53.25**
14	**OTHER FINANCIAL ASSETS:**			
a	Interest Accrued on deposits and employee dues		93.57	92.01
b	Duty draw back		7.62	8.86
			101.19	**100.87**
15	**OTHER CURRENT ASSETS:**			
a	**Advances other than Capital Advances:**			
	- Vendor Advance		184.88	190.14
	- Rental & Others		5.68	6.98
b	**Others:**			
	- Prepaid expenses		82.15	88.86
	- Excise and Customs availment		-	102.09
	- Receivable - Others		11.62	3.74
			284.33	**391.81**
16	**SHARE CAPITAL:**			
a	**Authorised Share Capital:**			
	30,000,000 number of Equity shares of Rs.5 each (Previous year 15,000,000 number of Equity shares of Rs. 10 each)		1,500.00	1,500.00
b	**Issued, Subscribed and Fully Paid up Share Capital:**			
	22,621,424 number of Equity shares of Rs. 5 each (Previous year 1,13,10,712 number of Equity shares of Rs. 10 each)		1,131.07	1,131.07
c	**Par Value per Share**		Rs. 5.00	Rs. 10.00
d	Number of equity shares at the beginning of the year		11,310,712	11,310,712
	Add:	Rights issue	-	-
		Share split*	11,310,712	
		Bonus issue	-	-
	Less:	Buy back	-	-
	Number of equity shares at the end of the year		22,621,424	11,310,712

* The shareholders had approved the sub-division of the company's equity shares of face value of Rs. 10 each to two equity shares of face value of Rs. 5 each through postal ballot on 8th March 2018. Accordingly, as per requirements of Ind AS 33, earnings per share has been computed by taking the Increased number of shares for all the periods reported.

e **Rights attached to equity shares:** The Company has only one class of equity shares having par value of Re.5 per share (March 31, 2017 - Rs. 10/-). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

During the year ended March 31, 2018, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 6/- (March 31, 2017: Rs.10/-). Also Refer Note 42.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential payments.The distribution will be in proportion to the number of equity shares held by the shareholders.

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
Lucas Indian Service Ltd, India	10,377,332	5,188,666
Percentage held	45.87%	45.87%
Mahle Electric Drives Japan Corpn., Japan (formerly Kokusan Denki Co Ltd, Japan)	4,641,000	2,320,500
Percentage held	20.52%	20.52%

Rs. in lacs

Note No.		Particulars	As at 31-March-2018	As at 31-March-2017
17		**NON CURRENT PROVISIONS:**		
		Provision for employee benefits:	260.60	140.28
		- Compensated absences		
			260.60	**140.28**
18		**TRADE PAYABLES:**		
		Trade Payables*	7,639.10	6,245.86
			7,639.10	**6,245.86**

* There are no dues to enterprises as defined under Micro & Small Enterprises Development Act, 2006, as at 31 March 2018 (as at 31 March 2017) which is on the basis of such parties being identified by the management and relied upon by the auditors.

19		**OTHER FINANCIAL LIABILITIES:**		
	a	Unpaid Dividend	49.36	44.25
	b	Earnest Money Deposit	50.28	41.12
	c	Commission to Directors	186.40	123.24
	d	Unpaid Interim Dividend and Dividend tax (refer Note 42)	-	816.80
			286.04	**1,025.41**
20		**OTHER CURRENT LIABILITIES:**		
	a	GST/Excise duty/Service Tax/ VAT payable	630.64	121.45
	b	Tax Deducted at source/Tax Collected at Source	45.71	42.77
	c	Professional Tax payable	31.75	32.12
	d	Other payable	789.72	549.57
			1,497.82	**745.91**

Details of Other payable:

20 (d)		**Other Payables:**		
	a	Provision - Customer	522.51	203.73
	b	Tool Advance Payable	128.00	109.26
	c	Excise Duty on Finished Goods	-	23.45
	d	Gratuity	132.78	134.16
	e	Other Liabilities	6.43	78.97
			789.72	**549.57**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

Rs. in lacs

Note No.	Particulars	As at 31-March-2018	As at 31-March-2017
21	**CURRENT PROVISIONS:**		
a	Provisions for employee benefits:		
	- Compensated absences	87.90	138.43
b	Others:		
	- Provision for Warranty (Note Below)	101.36	101.36
		189.26	239.79
Note: Product Warranty:			
	Opening Balance	101.36	101.02
	Additions	25.03	24.81
	Utilizations	(25.03)	(24.47)
	Closing Balance	**101.36**	**101.36**
22	**CURRENT TAX LIABILITIES:**		
a	Income Tax Payable (Net of advance tax paid as at March 31, 2018 Rs. 4,268 lacs (As at March 31, 2017 Rs. 2,439 lacs))	387.99	236.59
		387.99	**236.59**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

Rs. in lacs

Note No.	Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
23	**REVENUE FROM OPERATIONS:**		
	Sale of Products:		
a	Export Sales	1,764.84	2,112.13
b	Domestic Sales (including excise duty in the previous year)	45,000.86	37,504.04
		46,765.70	**39,616.17**
c	Discount to Customers (Turnover Discount)	(464.95)	(350.82)
		46,300.75	**39,265.35**
d	Other operating revenues:		
	- Export benefits	56.04	55.03
	- Scrap sales and others	282.94	222.19
		46,639.73	**39,542.57**
24	**OTHER INCOME:**		
a	Interest income earned on financial assets that are not designated as fair value through Profit & loss:		
	i) Bank deposits (at amortised cost)	61.54	14.97
	ii) Financial assets carried at amortized cost	174.84	174.80
	iii) Other financial assets carried at amortized cost	3.30	1.72
b	Dividend Income from equity investments	184.11	188.93
c	Other Non-operating income	37.54	43.44
d	Other gains and losses		
	i) Net gain on sale of investments (carried at FVTPL)	173.12	621.29
	ii) Net gain on foreign currency transactions	10.49	-
	iii) Increase in fair value of investments (carried at FVPTL)	592.09	308.91
		1,237.03	**1,354.06**
25	**COST OF MATERIALS CONSUMED:**		
a	Opening Stock of Raw Materials	1,428.02	1,657.08
b	**Add:** Purchases	30,664.96	23,137.01
		32,092.98	**24,794.09**
c	**Less:** Closing stock of Raw Materials	2,156.54	1,428.02
		29,936.44	**23,366.07**
26	**CHANGE IN INVENTORIES:**		
	Inventories at the end of the period		
	Finished Goods	627.29	471.39
	Work-in-Progress	342.36	274.79
		969.65	**746.18**
	Inventories at the begning of the period		
	Finished Goods	471.39	513.61
	Work-in-Progress	274.79	308.31
		746.18	**821.92**
	Net (Increase) / Reduction	**(223.47)**	**75.74**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

Rs. in lacs

Note No.	Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
27	**OTHER OPERATING EXPENSES:**		
a	Stores & Other Consumables	689.13	484.69
b	Power & Fuel	588.26	548.71
c	Repairs to Building	181.41	152.64
d	Repairs to Machinery	325.26	248.61
e	Repairs Others	127.49	42.71
f	Royalty/Technical Know-how / Support Fees	43.42	99.69
g	Other Expenses	110.30	99.83
		2,065.27	**1,676.88**
28	**EMPLOYEE BENEFIT EXPENSES:**		
a	Salaries & Wages	4,083.71	3,448.96
b	Contribution to Provident and other funds (Refer Note 33 and 34)	320.71	261.93
c	Staff Welfare expenses	758.71	628.75
		5,163.13	**4,339.64**
29	**FINANCE COSTS:**		
a	Bank Charges	7.19	5.93
		7.19	**5.93**
30	**OTHER EXPENSES:**		
a	Rent (Refer Note 40)	113.52	124.88
b	Repairs to Vehicles	9.61	6.96
c	Insurance	57.53	60.84
d	Rates and Taxes (Excluding taxes on income)	21.86	262.02
e	Communication Expenses	41.14	51.35
f	Postage, Printing & Stationery	42.89	32.83
g	Sitting Fees	13.96	9.81
h	Travelling and Conveyance Expenses	171.07	198.42
i	Legal and Professional Charges	367.28	359.34
j	Donation	25.88	3.10
k	Corporate Social Responsibility (Refer Note 44)	69.50	60.00
l	Recruitment Expenses	18.99	10.60
m	Remuneration to Watch and Ward	99.77	100.84
n	Commisson to Directors	186.40	123.25
o	After Sales service expenses (Warranty)	25.03	24.81
p	Exchange Fluctuation	-	6.81
q	Freight Outwards	237.69	191.44
r	Advertisement	5.99	10.53
s	**Audit Fees:**		
	a) Statutory Auditors:		
	i) Statutory Audit	12.00	16.20
	ii) Tax Audit	2.00	2.00
	iii) Other Attestation Matters	3.85	3.91
	iii) Other Services	1.10	0.65
	iv) Reimbursement of Expenses	3.55	4.14
	b) Cost Audit	2.50	2.45
	c) Secretarial Audit	1.75	1.75
	d) Reimbursement - Other audits	1.17	2.91
t	Others	310.06	200.92
		1,846.09	**1,872.76**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

Rs. in lacs

Note No.	Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
31	**ITEMS WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:**		
	Increase/(decrease) in fair value of investments	1,850.83	354.63
	Remeasurement of the defined benefit plan	(29.31)	(48.36)
	Increase/(decrease) of DTA on fair value investments	(320.59)	(2.65)
	Increase/(decrease) of DTA on defined benefit plan	10.14	17.48
		1,511.07	**321.10**
32	**INCOME TAXES AND DEFERRED TAXES:**		
32.1	**Income tax expense in the statement of profit and loss comprise:**		
	Current taxes	1,987.01	1,158.47
	Deferred taxes	87.22	309.95
	Income tax expense	**2,074.23**	**1,468.42**
	The income tax expense for the year can be reconciled to the accounting profit as follows:		
	Profit before income taxes	7,083.79	4,708.26
	Expected tax expenses using Company's applicable rate*	2,451.56	1,629.43
	Effect on expenses that are not deductible in determining taxable profit	(78.14)	196.00
	Effect of income that is exempt from taxation	(124.23)	(120.18)
	Effect of different tax rates for long term capital gains	(17.50)	(21.92)
	Effect of concessions on Research and Development expenses	(127.38)	(204.78)
	Others - Changes in recognised deductible temporary differences	(30.08)	(10.13)
	Total	**2,074.23**	**1,468.42**
	* The tax rate used for the 2017-2018 and 2016-2017 reconciliations above is the Corporate tax rate of 30%, applicable surcharge and cess payable by corporate entities in India on taxable profits under the India Law.		
32.2	**Income Tax on Other Comprehensive Income**		
	Deferred taxes on Remeasurement of defined benefit obligation	10.14	17.48
	Deferred taxes on Fair value measurements of investments	(320.59)	(2.65)
	Total	**(310.45)**	**14.83**

32.3 Following is the analysis of the deferred tax asset/(liabilities) presented in the Balance sheet.

Particulars	Apr'17 To Mar'18			
	Opening Balance	**Recognised in Profit & Loss**	**Recognised in OCI**	**Closing balance**
Tax effect of items constituting deferred tax assets:				
Rebates and discounts	59.41	-	-	59.41
Leave encashment	96.45	24.16	-	120.61
Early separation scheme	6.12	(4.86)	-	1.26
Investments	418.49	(112.76)	(320.59)	(14.87)
Gratuity	43.83	1.11	10.14	55.08
Bonus	22.42	16.49	-	38.91
Others (includes ED on Finished Goods and provisions)	12.67	47.04	-	59.71
Tax effect of items constituting deferred tax liabilities:				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(16.20)	(58.40)	-	(74.60)
Total deferred tax assets	**643.19**	**(87.22)**	**(310.45)**	**245.51**

Rs. in lacs

Particulars	Apr'16 To Mar'17 Opening Balance	Recognised in Profit & Loss	Recognised in OCI	Closing balance
Tax effect of items constituting deferred tax assets:				
Rebates and discounts	57.03	2.38	-	59.41
Leave encashment	67.71	28.74	-	96.45
Early separation scheme	10.35	(4.23)	-	6.12
Investments	597.64	(176.50)	(2.65)	418.49
Gratuity	24.48	1.87	17.48	43.83
Bonus	22.25	0.17	-	22.42
Others (includes ED on Finished Goods and provisions)	43.54	(30.87)	-	12.67
Tax effect of items constituting deferred tax liabilities:				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	115.31	(131.51)	-	(16.20)
Total deferred tax assets	**938.31**	**(309.95)**	**14.83**	**643.19**

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 Rs.212.35 Lacs (LY-217.80 Lacs) for Provident Fund and superannuation fund contribution in the statement of profit and loss.

iii) Employee State Insurance Benefits:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Employee State Insurance, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Employee state Insurance for the year aggregated to Rs. 13.11 lacs (March 31, 2017: Rs. 12.23 lacs) and is included in "Staff Welfare Expenses".

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

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 operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC).

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently, for these plans, investments are made in government securities, debt instruments, Short term debt instruments, Equity instruments and Asset Backed, Trust Structured securities as per notification of Ministry of Finance.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

In respect of the above plans, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2018 by a member firm of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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, 2018 AND MARCH 31, 2017

Rs. in lacs

Particulars	March 31, 2018	March 31, 2017
Net Employee benefit expense recognized in the employee cost in statement of profit & loss account		
Current service cost	43.55	37.67
Interest cost on benefit obligation	51.98	46.13
Expected return on plan assets	(47.39)	(49.91)
Sub Total	48.14	33.89

Rs. in lacs

Particulars	March 31, 2018	March 31, 2017
Recognised in Other Comprehensive Income		
Net actuarial (gain)/loss recognized in the year		
i. Demographic Assumptions on obligation	-	-
ii. Financial Assumptions on obligation	-	-
iii. Experience Adjustments on obligation	27.82	53.58
iv. Financial Assumptions on plan assets	1.49	(3.06)
Sub Total	29.31	50.52
Net benefit expense	77.45	84.41
Balance Sheet		
Benefit asset / liability		
Present value of defined benefit obligation	836.66	721.63
Fair value of plan assets	703.88	554.30
Assets / (Liability) recognized in the balance sheet	**(132.78)**	**(167.33)**
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation	721.63	598.52
Benefits paid	(19.14)	(14.28)
Expenses Recognised in Statement of Profit and Loss Account		
Current service cost	43.55	37.67
Past service cost	10.82	-
Interest cost on benefit obligation	51.98	46.13
Recognised in Other Comprehensive Income		
Actuarial (gain)/loss on obligation	27.81	53.58
Closing defined benefit obligation	**836.65**	**721.62**
Change in the fair value of plan assets		
Opening fair value of plan assets	**554.30**	**509.64**
Contributions by employer	125.85	6.72
Contributions transfer in	-	-
Benefits paid	(19.14)	(14.27)
Expenses Recognised in Profit and Loss Account		
Expected return	47.39	49.91
Recognised in Other Comprehensive Income		
Actuarial (gain) / loss on plan assets	(4.53)	2.30
Closing fair value of plan assets	**703.87**	**554.30**
Investment details of the plan assets: Company has deposited with Life Insurance Corporation of India (Group gratuity policy)		
Assumptions		
Discount Rate (%)	7.58%	7.30%
Estimated Rate of Return on Plan Assets	7.30%	7.80%
Attrition Rate	9.00%	11.00%
Expected rate of salary increase (%)	6.00%	5.00%
Expected Average Remaining Service (years)	8.60%	7.60%

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

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	95.53
1 - 2 years	93.37
2 - 3 years	93.44
3 - 4 years	81.20
4 - 5 years	81.65
Above 5 years	450.51

Sensitivity Analyses

A. Discount Rate + 50 BP	8.08%	7.80%
Defined Benefit Obligation [PVO]	81,083,711	70,190,098
Current Service Cost	4,847,849	4,227,711
B. Discount Rate - 50 BP	7.08%	6.80%
Defined Benefit Obligation [PVO]	86,396,034	74,240,180
Current Service Cost	5,191,407	4,490,360
C. Salary Escalation Rate +50 BP	6.50%	5.50%
Defined Benefit Obligation [PVO]	86,545,703	74,370,709
Current Service Cost	5,196,698	4,498,886
D. Salary Escalation Rate -50 BP	5.50%	4.50%
Defined Benefit Obligation [PVO]	80,918,425	70,043,934
Current Service Cost	4,842,095	4,219,196

35.1 Related Party Disclosures:

Related Parties and their relationship:

Joint Venturers of the Company	:	Mahle Electric Drives Japan Corpn. (MEDJC) (formerly Kokusan Denki Co, Ltd, Japan) Lucas Indian Service Ltd (LIS)
Ultimate Parents of Joint Venturers of the Company	:	TV Sundaram Iyengar & Sons Private Limited Mahle GmbH
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)
Relatives of Ultimate Parent Company	:	Brakes India Private Limited Delphi TVS Diesel Systems Limited India Japan Lighting Pvt Ltd Sundaram Clayton Limited Sundram Fasteners Limited TVS Logistics Services Limited (TVS Logistics) TVS Motor Company Limited (TVS Motors) TVS Training &Services Limited TVS Educational Society Mahle Holding (India) Pvt Ltd

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

35.2 Disclosure in respect of transactions and balances with related parties

Rs. In lacs

Description	Joint Venturers of the company		Subsidiary of the company		Relatives of Ultimate Parent		Enterprise over which KMP has significant influence		Associate of the Company		Key Managerial Person	
Transactions during the Year	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
MEDJC												
Support fee	14.44	25.25	-	-	-	-	-	-	-	-	-	-
Royalty	43.42	99.69	-	-	-	-	-	-	-	-	-	-
Purchase of Raw Materials	48.73	100.08	-	-	-	-	-	-	-	-	-	-
Travel Reimbursement	5.57	0.90	-	-	-	-	-	-	-	-	-	-
Dividend paid	139.23	232.05	-	-	-	-	-	-	-	-	-	-
Sales	14.69	108.41	-	-	-	-	-	-	-	-	-	-
LIS												
Sales	711.19	-										
Professional Service	-	6.00	-	-	-	-	-	-	-	-	-	-
Travel Reimbursement	8.51	33.41	-	-	-	-	-	-	-	-	-	-
Rent	19.77	11.76	-	-	-	-	-	-	-	-	-	-
Dividend paid	311.32	518.87	-	-	-	-	-	-	-	-	-	-
LTVS												
Sales	-	-	-	-	-	-	13.31	-	-	-	-	-
Purchase of raw materials						-	12.89	-				
Rent paid	-	-	-	-	-	-	84.32	104.51	-	-	-	-
Expenses reimbursed	-	-	-	-	-	-	329.49	287.26	-	-	-	-
Services rendered	-	-	-	-	-	-	456.71	349.34	-	-	-	-
Dividend received	-	-	-	-	-	-	165.49	111.95	-	-	-	-
TVS MOTORS												
Sales	-	-	-	-	22,900.91	17,820.59	-	-	-	-	-	-
BRAKES INDIA PRIVATE LIMITED	-	-	-	-		-	-	-	-	-	-	-
Purchase of raw materials	-	-	-	-	1.33	1.08	-	-	-	-	-	-
MAHLE HOLDING (INDIA) PVT LTD	-	-	-	-		-	-	-	-	-	-	-
Expenses reimbursed	-	-	-	-	0.50	0.97	-	-	-	-	-	-
SUNDARAM CLAYTON LIMITED	-	-	-	-		-	-	-	-	-	-	-
Services rendered	-	-	-	-	4.72	3.26	-	-	-	-	-	-
SUNDARAM FASTNERS LIMITED	-	-	-	-		-	-	-	-	-	-	-
Purchase of raw materials	-	-	-	-	249.48	185.52	-	-	-	-	-	-
DELPHI TVS DIESEL SYSTEMS LIMITED	-	-	-	-		-	-	-	-	-	-	-
Sales	-	-	-	-	104.27	418.75	-	-	-	-	-	-
INDIA JAPAN LIGHTING PVT LTD	-	-	-	-		-	-	-	-	-	-	-
Sales	-	-	-	-	20.70	-	-	-	-	-	-	-
Raw Materials Purchase	-	-	-	-	0.18	-	-	-	-	-	-	-
TVS LOGISTICS	-	-	-	-	-	1.97	-	-	-	-	-	-
TVS EDUCATIONAL SOCIETY	-	-	-	-	128.55	-	-	-	-	-	-	-
TVS TRAINING & SERVICES LTD	-	-	-	-	-	0.12	-	-	-	-	-	-
KMP												
Remuneration paid	-	-	-	-	-	-	-	-	-	-	283.88	223.13
(Short-term employee benefits)												

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

35.2 Disclosure in respect of transactions and balances with related parties - Continued:

Rs. In lacs

Balances as at year end	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Trade Payables:												
BRAKES INDIA PRIVATE LIMITED	-	-	-	-	1.33	-	-	-	-	-	-	-
LIS	0.14	31.42	-	-	-	-	-	-	-	-	-	-
LTVS	-	-	-	-	188.60	31.62	-	-	-	-	-	-
SUNDARAM CLAYTON LIMITED	-	-	-	-	1.23	0.83	-	-	-	-	-	-
MEDJC	27.69	28.97	-	-	-	-	-	-	-	-	-	-
MAHLE HOLDING (INDIA) PVT LTD	-	-	-	-	0.22	0.14	-	-	-	-	-	-
TVS LOGISTICS	-	-	-	-	0.12	-	-	-	-	-	-	-
INDIA JAPAN LIGHTING PVT LTD	-	-	-	-	0.23	-	-	-	-	-	-	-
Other Financial Liabilities:												
KMP (Commission payable)	-	-	-	-	-	-	-	-	-	-	130.00	90.00
LIS (Dividend payable)	-	311.32	-	-	-	-	-	-	-	-	-	-
MEDJC (Dividend payable)	-	139.23	-	-	-	-	-	-	-	-	-	-
Trade Receivables:												
LIS	203.79	2.73	-	-	-	-	-	-	-	-	-	-
INDIA JAPAN LIGHTING PVT LTD	-	-	-	-	20.06	-	-	-	-	-	-	-
DELPHI TVS DIESEL SYSTEMS LIMITED	-	-	-	-	-	15.36	-	-	-	-	-	-
TVS MOTORS	-	-	-	-	5,025.39	3,385.25	-	-	-	-	-	-
MEDJC	13.31	-	-	-	-	-	-	-	-	-	-	-
LTVS	-	-	-	-	16.91	-	-	-	-	-	-	-
Investments in Equity Shares:												
PT AUTOMOTIVE SYSTEMS INDONESIA	-	-	1,207.98	1,207.98	-	-	-	-	-	-	-	-
SYNERGY SHAKTHI RENEWABLE ENERGY PVT LTD	-	-	-	-	-	-	-	-	742.80	1.00	-	-
LTVS	-	-	-	-	7,129.94	4,821.13	-	-	-	-	-	-

36 EXPENDITURE ON R&D:

Rs. in lacs

Description	Apr'17 To Mar'18	Apr'16 To Mar'17
(a) Capital (Refer Note 1 below)	136.84	36.02
(b) Revenue: (Refer Note 2 below)		
Salary	380.69	355.38
Electricity	11.00	7.17
Travel	18.00	31.71
Outsourcing	26.96	25.43
Revenue & Others	162.66	126.94
	599.31	**546.63**
Total R & D expenditure (a) + (b)	**736.15**	**582.65**

Note 1 - This expenditure is included in additions for the year. Refer Note 4.1 and 4.2 to the financial statements.

Note 2 - This expenditure are included in the respective head under Other Expenses. Refer Note 31 to the financial statements.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

37 FINANCIAL INSTRUMENTS

The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows:

Rs. In lacs

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
Financial assets					
Investments					
Equity Shares	1,207.98	-	7,898.58	9,106.56	9,106.56
Mutual Funds and Bonds	2,154.51	12,830.01	-	14,984.52	15,195.50
Trade receivables	9,334.69	-	-	9,334.69	9,334.69
Loans	92.98	-	-	92.98	92.98
Cash and cash equivalents	400.27	-	-	400.27	400.27
Other bank balances	334.36	-	-	334.36	334.36
Other Financial Assets	140.65	-	-	140.65	140.65
Total	**13,665.44**	**12,830.01**	**7,898.58**	**34,394.03**	**34,605.01**
Financial liabilities					
Trade payables	7,639.10	-	-	7,639.10	7,639.10
Other Financial Liabilities	286.04	-	-	286.04	286.04
Total	**7,925.14**	**-**	**-**	**7,925.14**	**7,925.14**

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

Rs. In lacs

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
Financial assets					
Investments					
Equity Shares	1,207.98	-	4,837.87	6,045.85	6,045.85
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	256.68	-	-	256.68	256.68
Other bank balances	53.25	-	-	53.25	53.25
Other Financial Assets	137.88	-	-	137.88	137.88
Total	**10,538.66**	**13,220.75**	**4,837.87**	**28,597.28**	**28,805.60**
Financial liabilities					
Trade payables	6,245.86	-	-	6,245.86	6,245.86
Other Financial Liabilities	1,025.41	-	-	1,025.41	1,025.41
Total	**7,271.27**	**-**	**-**	**7,271.27**	**7,271.27**

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 carrying 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 measurements:

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) on a recurring basis

Rs. in lacs

31 March 2018	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	926.39	-	-	926.39
Investment in Mutual Funds	11,903.62	-	-	11,903.62
Total	12,830.01	-	-	12,830.01

31 March 2017	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	781.49	-	-	781.49
Investment in Mutual Funds	12,439.25	-	-	12,439.25
Total	13,220.74	-	-	13,220.74

The fair value of mutual funds and venture capital funds are based on quoted price and therefore is considered to be a Level 1 fair valuation.

(iii) Financial assets measured at fair value through Other Comprehensive Income (FVTOCI) on a recurring basis

31 March 2018	Level 1	Level 2	Level 3	Total
Un listed equity instruments	25.84	742.80	7,129.94	7,898.58
Total	25.84	742.80	7,129.94	7,898.58

31 March 2017	Level 1	Level 2	Level 3	Total
Un listed equity instruments	15.74	1.00	4,821.13	4,837.87
Total	15.74	1.00	4,821.13	4,837.87

The investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI as the directors believe that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

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. Accordingly, investment in IRIS Ecopower is considered to be a Level 1 fair valuation.

The company has invested in the equity shares of Synergy Shakthi Renewable Energy Private Limited (SSREL). Fair valuation of this investment is based on the value of land, building and plant and machinery of SSREL wherein building, plant and machinery have been valued at realizable value after considering depreciation and land is valued based on the land rates observable from Tamil Nadu government owned industrial park website. Therefore, this investment is considered to be a level 2 fair valuation.

The company has invested in the equity shares of Lucas TVS Limited. This investment is considered to be a level 3 fair valuation.

Valuation technique used - Market Approach: Comparable companies Method ("CCM") (EV/EBITDA Multiple i.e. Enterprise Value/Earnings Before Interest Tax Depreciation and Amortization multiple).

Significant unobservable inputs - EV/EBITDA Multiple at 6.5x

Relationship of Unobservable Inputs to Fair Value - A slight increase or decrease in the multiple will result in an increase or decrease in the fair value. A decrease in the multiple by 0.5x would result in a decrease in the fair value by Rs. 1,079 lacs and an increase in the multiple by 0.5x would result in a increase in the fair value by Rs. 61.42 lacs.

There are no transfer between levels during the periods.

(iv) Fair value of financial assets and financial liabilities that are not measured at fair value

The Company considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the balance sheet approximates their fair value. Fair value hierarchy of these financial assets and liabilities are categorized as Level 3.

(v) Reconciliation of Level 3 fair value measurements of unlisted equity shares irrevocably designated as at FVTOCI

Particulars	Apr'17 To Mar'18	Apr'17 To Mar'18
Opening Balance	4,821.13	4466.49
Total gains recognized in other comprehensive income	2,308.81	354.64
Closing Balance	**7,129.94**	**4821.13**

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 refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a four to five major OEMs and large number of small customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At 31 March 2018, the Company did not consider there to be any significant concentration of credit risk which had not been adequately provided for. The carrying amount of the financial assets recorded in the financial statements represents the maximum exposure to credit risk.

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: Rs. in lacs

Particulars	Currency	Exchange Rate	Amount in Foreign Currency	Amount in Rs. lacs
			March 31, 2018	
Trade Receivables	EUR	79.80	1.82	144.95
	USD	65.17	3.28	214.00
	JPY	0.61	1.44	0.88
Trade Payables	USD	65.17	10.65	694.14
	JPY	0.61	34.58	21.11
			March 31, 2017	
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

Foreign currency sensitivity

The Company is exposed to the following currencies - Euro, US Dollars and Japan Yen.

The following table details the Company's sensitivity to a 5% increase and decrease in the Rs. against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

		March 31, 2018		March 31, 2017	
Particulars	**Currency**	**Increase**	**Decrease**	**Increase**	**Decrease**
Effect on profit before tax	EUR	7.25	(7.25)	3.77	(3.77)
Increase/(Decrease)	USD	(24.01)	24.01	(1.68)	1.68
	JPY	(1.01)	1.01	1.41	(1.41)
Effect on equity	EUR	11.02	(11.02)	3.77	(3.77)
Increase/(Decrease)	USD	(25.69)	25.69	(1.68)	1.68
	JPY	0.40	(0.40)	1.41	(1.41)

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

The tables below set out the maturities of the company's financial liabilities: Rs. in lacs

Particulars	At 31 March 2018				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade and other payables - Non interest bearing	7,639.10	-	-	-	7,639.10
Other financial liabilities	286.04	-	-	-	286.04
Total	7,925.14	-	-	-	7,925.14

Particulars	At 31 March 2017				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade and other payables - Non interest bearing	6,245.86	-	-	-	6,245.86
Other financial liabilities	1,025.41	-	-	-	1,025.41
Total	7,271.27	-	-	-	7,271.27

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

Particulars	At 31 March 2018				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade receivables (non interest bearing instruments)	9,334.69	-	-	-	9,334.69
Investments (variable interest bearing instruments)	10,935.78	-		13,155.30	24,091.08
Other financial assets (variable interest bearing instruments)	835.82	132.44	-	-	968.26
Total	21,106.29	132.44	-	13,155.30	34,394.03

Particulars	At 31 March 2017				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade receivables (non interest bearing instruments)	6,638.56	-	-	-	6,638.56
Investments (variable interest bearing instruments)	11,534.72	-		9,886.38	21,421.10
Other financial assets (variable interest bearing instruments)	410.80	126.81	-	-	537.61
Total	18,584.08	126.81	-	9,886.38	28,597.27

39 CONTINGENT LIABILITIES & COMMITMENTS

Rs. in lacs

Particulars	As at 31-March-2018	As at 31-March-2017
(i) Contingent liabilities		
a Claims against the company not acknowledged as debt:	-	-
b 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	493.75	94.85
b Other commitments - For subscribing to rights issues in Synergy Shakthi Renewable Energy Limited (SSREL)	-	1,200.00

Notes to the Standalone Financial Statements for the year ended March 31, 2018 - Continued :

40 OPERATING LEASE

The Company is obligated under some cancellable operating leases for office premises which are renewable on a periodical basis. The lease payments under cancellable operating leases for the year ended 31 March 2018 amounts to Rs. 71.98 lacs (PY - Rs. 87.10 lacs). The Company has also entered in to cancellable operating lease agreements primarily for factory space at Rewari and Kolhapur plant. The lease period is for 10 years. The lease payments under non-cancellable leases for the year ended 31 March 2018 amounts to Rs. 42.54 lacs (PY - Rs. 37.78 lacs), the future expected minimum lease payments under Operating Leases are as follows:

Rs. in lacs

Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
i) Not later than one Year	87.35	86.79
ii) Later than one year and not later than five years	342.13	25.18
iii) Later than five years	446.69	-
Total	876.17	111.97

41 OPERATING SEGMENT:

The operations of the company relate to only one segment which is Electronic products for two/three wheelers and engines. The Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and assess its performance, the entire operations are to be classified as a single business segment. The geographical segments considered for disclosure are – India and Rest of the World. All the manufacturing facilities are located in India. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

Geographical Information

Revenue and receivables are specified by location of customers while the other geographic information is specified by the location of the assets. The following table presents revenue, expenditure and assets information regarding the Company's geographical segments:

Rs. in lacs

Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
Revenue from Operations:		
India	44,874.89	37,430.44
Rest of the World	1,764.84	2,112.13
Segment Assets:		
India	44,157.98	36,335.04
Rest of the World	359.82	454.27
Capital Expenditure:		
India	1,762.35	1,268.98
Rest of the World	-	-

42 AMOUNT OF DIVIDEND PAID AND PROPOSED TO EQUITY SHARE HOLDERS

Rs. in lacs

Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
Dividends on Equity shares declared and paid:		
Interim dividend for the year ended 31 March 2018, Rs.6 per share (31 March 2017, Rs. 10 per share)	678.64	1,131.07
Dividend tax paid on the above	138.15	230.25
Proposed dividends on Equity shares*:		
Second interim and final dividend for the year ended 31 March 2018, Rs. 3.5 per share (PY: Nil)	791.75	-

* Proposed dividend on equity shares are not recognised as a liability (including DDT thereon) as at 31 March 2018.

43 NOTE ON EARNINGS PER SHARE:

Rs. in lacs

Particulars		Apr'17 To Mar'18	Apr'16 To Mar'17
Profit after tax	(A) (Rs. in lacs)	5,009.56	3,239.84
Number of equity shares of Rs.10 each at the beginning of the year		11,310,712	11,310,712
Number of equity shares of Rs.5 each at the end of the year (B)		22,621,424	11,310,712
Earnings per share (basic and diluted in Rupees) (A/B)		22.15	14.32

The Board of Directors in their meeting held on 8th March 2018 had approved the split of the company's equity shares of face value of Rs. 10 each into 2 equity shares of face value of Rs. 5 each. Accordingly, as per requirements of Ind AS 33, earnings per share has been computed by taking the increased number of shares for the all the periods reported.

44 DETAILS OF CSR EXPENDITURE:

Rs. in lacs

Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
a. Gross amount required to be spent by the Company during the year	69.50	60.00
b. Amount spent during the year on:		
Category		
(i) Construction/Acquisition of Asset:		
In cash	- NIL -	- NIL -
Yet to be paid in cash	- NIL -	- NIL -
(ii) On purposes other than (i) above		
In cash	69.50	60.00
Yet to be paid in cash	- NIL -	- NIL -

45 APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved for issue by the board of directors on 8th May 2018.

46 The financial statements of the company for the year ended 31 March 2017 were audited by the previous auditors - M/s. Brahmayya & Co.

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Ananthi Amarnath
Partner

T K Balaji
Chairman

Arvind Balaji
Managing Director

Place : Chennai
Date : 8th May 2018

Elango Srinivasan
Chief Financial Officer

S Sampath
Company Secretary

INDIA NIPPON ELECTRICALS LIMITED

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-18
3	Share of Associate/Joint Ventures held by the Company on the year end:	
	- No. of shares	18,000,000
	- Amount of investment in Associate	Rs. 1800 Lacs
	- 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	Rs. 56.11 Lacs
7	Profit / (Loss) for the year:	
	i. Considered in Consolidation	Rs. (39.38) Lacs
	ii. Not considered in Consolidation	Rs. (59.07) Lacs

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Ananthi Amarnath
Partner

T K Balaji
Chairman

Arvind Balaji
Managing Director

Place : Chennai
Date : 8th May 2018

Elango Srinivasan
Chief Financial Officer

S Sampath
Company Secretary

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-2017 To 31-Mar-2018	
3	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 208.85 (Balance Sheet) 1 INR = IDR 212.45 (Profit and Loss)	
		Amount in Indonesian Rupiah	**Equivalent amount in Indian Rupees**
		As on 31-March-2018	
4	Share Capital	24,694,328,700	120,838,266
5	Reserves & Surplus	1,147,283,689	8,445,771
6	Total Assets	26,054,690,442	123,197,433
7	Total Liabilities	-	-
8	Investments	- NIL -	- NIL -
9	Turnover	- NIL -	- NIL -
10	Profit before Taxation	199,588,784	955,678
11	Provision for Taxation	-	-
12	Profit after Taxation	199,588,784	955,678
13	Proposed Dividend	- NIL -	- NIL -
14	% of share holding	99.97%	

Note: PT Automotive Systems Indonesia is yet to commence operations

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Ananthi Amarnath
Partner

T K Balaji
Chairman

Arvind Balaji
Managing Director

Place : Chennai
Date : 8th May 2018

Elango Srinivasan
Chief Financial Officer

S Sampath
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To The Members of India Nippon Electricals Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **India Nippon Electricals Limited** (hereinafter referred to as "the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group"), which includes Group's share of loss in its associate, comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board 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 judgments 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 Ind AS 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 the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting 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 thereunder.

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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS 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 Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by 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 Ind AS 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 consideration of reports of other auditors on the subsidiary and associate referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS 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 Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, and their consolidated profit, consolidated total 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 one subsidiary, whose financial statements reflect total assets of Rs. 1,231.97 lacs as at 31st March, 2018, total revenues of Rs. Nil and net cash inflows amounting to Rs. 22.10 lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 38.39 lacs for the year ended 31st March, 2018 as considered in the consolidated Ind AS financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate is based solely on the report of the other auditor.

Our opinion on the consolidated Ind AS financial statements above 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 other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of one associate incorporated in India, referred in the Other Matters paragraph above 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 purposes of our audit of the aforesaid consolidated Ind AS financial statements.

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

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), 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 Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its associate company incorporated in India, none of the directors of the Parent and its associate company incorporated in India are disqualified as on 31st March 2018 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 and the operating effectiveness of such controls to whom internal financial controls over financial reporting is applicable, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent and associate company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

(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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Parent and its associate.

ii. The Parent and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There were no amounts to which were required to transferred to the Investor Education and Protection Fund by the Parent and its associate company incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place : Chennai
Date : 8th May 2018

Ananthi Amarnath
(Partner)
(Membership No. 209252)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of India Nippon Electricals Limited (hereinafter referred to as "Parent") which includes internal financial controls over financial reporting of the Company's associate company, which is company incorporated in India, as of that date. The Company has only one subsidiary, PT Automotive Systems Indonesia, which is a company incorporated outside India and therefore reporting on the adequacy and operating effectiveness of Internal Financial Controls over Financial Reporting, is not applicable to the said subsidiary. Hence, this Report on the Internal Financial Controls over Financial Reporting relating to the Consolidated Financial Statements relates solely to the Parent Company and its associate.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its associate company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 the respective 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its associate company, which is company incorporated in India, 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 the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, 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 of the associate company, which is company incorporated in India, 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 internal financial controls system over financial reporting of the Parent and its associate company which is company incorporated in India.

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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor referred to in the Other Matters paragraph below, the Parent and its associate company, which is company 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 March 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one associate, which is company incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place : Chennai
Date : 8th May 2018

Ananthi Amarnath
(Partner)
(Membership No. 209252)

BALANCE SHEET (CONSOLIDATED) AS AT 31-MARCH-2018

Rs. in lacs

S.No.	Particulars	Note No.	As at 31-Mar-2018	As at 31-Mar-2017
1	**ASSETS**			
1.1	**Non-current assets**			
a)	Property, Plant and Equipment	4.1	6,188.62	5,505.26
b)	Capital Work-in-progress		693.59	321.92
c)	Other Intangible Assets	4.2	193.12	196.06
d)	Financial Assets			
	(i) Investments	5	11,670.46	7,383.71
	(ii) Loans	6	92.98	89.80
	(iii) Others financial assets	7	39.46	37.01
e)	Deferred Tax Assets (Net)	8	245.51	643.19
f)	Other Non-current Assets	9	164.07	76.71
	Non-current Assets - Total		**19,287.81**	**14,253.66**
1.2	**Current assets**			
a)	Inventories	10	3,127.14	2,242.13
b)	Financial Assets			
	(i) Investments	11	10,935.78	11,534.72
	(ii) Trade Receivables	12	9,334.69	6,638.56
	(iii) Cash and cash equivalents	13.1	428.22	284.88
	(iv) Other bank balances	13.2	1,007.57	723.41
	(v) Others financial assets	14	101.19	100.87
c)	Other Current assets	15	288.05	398.01
	Current Assets - Total		**25,222.64**	**21,922.58**
	Assets - Total		**44,510.45**	**36,176.24**

Rs. in lacs

S.No.	Particulars	Note No.	As at 31-Mar-2018	As at 31-Mar-2017
2	**EQUITY AND LIABILITIES**			
2.1	**EQUITY:**			
a)	Equity Share Capital	16	1,131.07	1,131.07
b)	Other Equity	-	33,108.48	26,411.31
	Equity - Total		**34,239.55**	**27,542.38**
2.2	**LIABILITIES**			
2.2.1	**Non-current liabilities**			
a)	Provisions	17	260.60	140.28
	Non-current Liabilities - Total		**260.60**	**140.28**
2.2.2	**Current Liabilities**			
a)	Financial Liabilities			
	(i) Trade payables	18	7,639.10	6,245.85
	(ii) Others financial liabilities	19	286.04	1,025.42
b)	Provisions	21	189.26	239.79
c)	Current tax liabilities (Net)	22	387.99	236.59
d)	Other current liabilities	20	1,507.91	745.93
	Total Current Liabilities		**10,010.30**	**8,493.58**
	Equity and Liabilities - Total		**44,510.45**	**36,176.24**

See accompanying notes to Consolidated Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Ananthi Amarnath
Partner

T K Balaji
Chairman

Arvind Balaji
Managing Director

Place : Chennai
Date : 8th May 2018

Elango Srinivasan
Chief Financial Officer

S Sampath
Company Secretary

STATEMENT OF PROFIT AND LOSS (CONSOLIDATED) FOR THE YEAR ENDED 31-MARCH-2018

Rs. in lacs

S.No.	Particulars	Note No.	Apr'17 To Mar'18	Apr'16 To Mar'17
I	Revenue from Operations	23	46,639.73	39,542.57
II	Other Income	24	1,267.54	1,367.39
III	**TOTAL INCOME**		**47,907.27**	**40,909.96**
IV	**EXPENSES:**			
	Cost of Material Consumed	25	29,936.44	23,366.07
	Changes in inventories of Finished Goods and Work-in-Progress	26	(223.47)	75.74
	Excise duty	-	1,401.19	4,434.46
	Other Operating Expenses	27	2,065.27	1,676.89
	Employee Benefit Expenses	28	5,163.13	4,339.64
	Finance Costs	29	7.22	6.05
	Depreciation and Amortisation Expenses	4.1 & 4.2	597.13	416.89
	Other Expenses	30	1,867.02	1,904.54
	TOTAL EXPENSES		**40,813.93**	**36,220.28**
V	Profit before exceptional items, share of Net profit of Associate - (I - IV)		7,093.34	4,689.68
VI	Share of Net (Loss) of Associate & Others:			
	(1) Share of (Loss) - Minority - Subsidiary		(0.01)	(0.01)
	(2) Share of (Loss) on non-integral interest - Associate		(39.38)	(264.53)
VII	Profit Before Tax (V - VI)		**7,053.95**	**4,425.14**
VIII	**TAX EXPENSES:**			
	(1) Current Tax	32.1	1,987.01	1,158.47
	(2) Deferred Tax	32.1	87.22	309.95
			2,074.23	**1,468.42**
IX	Profit for the year (VII - VIII)		**4,979.72**	**2,956.72**
X	**OTHER COMPREHENSIVE INCOME (OCI):**			
	(i) Items that will not be reclassified to Profit or Loss	31	1,821.52	306.27
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(310.45)	14.83
	Total other comprehensive income for the year, net of tax		**1,511.07**	**321.10**
XI	**Total Comprehensive Income for the year (IX+X) (Comprising Profit for the year and other comprehensive income)**		**6,490.79**	**3,277.82**
XII	**Profits attributable to :**			
	Owners of the Company		4,979.73	2,956.73
	Non-controlling interests		(0.01)	(0.01)
			4,979.72	2,956.72
XIII	**Total Comprehensive Income attributable to :**			
	Owners of the Company		6,490.80	3,277.83
	Non-controlling interests		(0.01)	(0.01)
			6,490.79	3,277.82
XIV	**Earnings per equity share**			
	1.Basic	43	22.01	13.07
	2.Diluted	43	22.01	13.07

See accompanying notes to Consolidated Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ananthi Amarnath
Partner

Place : Chennai
Date : 8th May 2018

For and on behalf of the Board of Directors

T K Balaji
Chairman

Arvind Balaji
Managing Director

Elango Srinivasan
Chief Financial Officer

S Sampath
Company Secretary

INDIA NIPPON ELECTRICALS LIMITED

STATEMENT OF CASH FLOWS (CONSOLIDATED) FOR THE YEAR ENDED 31st MARCH 2018

Rs. in lacs

S.No.	Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
A.	**Cash flows from Operating Activities:**		
	Net Profit before tax	7,093.34	4,689.69
	Adjustments for		
	Add/(Less): - Depreciation and amortization expenses	597.13	416.89
	- Dividend Income recognised in profit or loss	(184.11)	(188.93)
	- Interest Income recognised in profit or loss	(248.18)	(202.49)
	- Increase in Fair value of investments	(592.09)	(308.91)
	- Profit on sale of investments(net)	(173.12)	(621.29)
	- Investments written off	-	8.03
	- Property, plant and equipment written off	9.35	-
	- Advances written off	5.30	-
	- Write-back provisions	-	(10.68)
	- Finance costs recognised in profit or loss	7.22	6.05
	- Share of loss of associates	39.38	264.53
	- Net unrealised exchange (gain) / loss	(32.50)	(2.33)
	Operating Profit before Working Capital changes	**6,521.72**	**4,050.56**
	Adjustments for (increase) / decrease in operating assets:		
	- Loans	(3.18)	(14.28)
	- Other Non-current Financial Assets	(2.45)	(3.77)
	- Other Non-current assets	(4.02)	(11.65)
	- Trade Receivables	(2,696.13)	(569.36)
	- Inventories	(885.01)	249.89
	- Other Current Financial Assets	1.24	-
	- Other Current assets	109.96	709.09
	Adjustments for increase / (decrease) in operating liabilities:		
	- Trade Payables	1,396.48	1,162.90
	- Other Financial Liabilities	(739.37)	(529.95)
	- Other Liabilities	761.98	249.24
	- Non-current Provisions	120.32	(1.44)
	- Current Provisions	(79.84)	13.55
	Cash generated from operations	4,501.70	5,304.78
	Income taxes paid	1,835.61	1,131.32
	Net Cash generated by Operating Activities (A)	**2,666.09**	**4,173.46**
B.	**Cash flows from Investing Activities:**		
	Purchase of Property, Plant & Equipment (including CWIP)	(1,751.75)	(1,268.98)
	Sale of Property, Plant & Equipment	-	-
	Payments to acquire investments	(2,848.72)	(5,260.87)
	Proceeds on sale of investments	2,755.16	2,437.81
	Interest Received	246.62	205.80
	Dividend Received	184.11	188.93
	Increase / (decrease) in bank balances not considered as cash and cash equivalents	(284.16)	48.74
	Net Cash used in Investing Activities (B)	**(1,698.74)**	**(3,648.57)**

Rs. in lacs

S.No.	Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
C.	**Cash flows from Financing Activities:**		
	Finance costs	(7.22)	(6.05)
	Dividends and taxes on dividend paid	(816.79)	(659.66)
	Net Cash used in Financing Activities (C)	**(824.01)**	**(665.71)**
D.	Net Increase / (decrease) in Cash and Cash Equivalents (A+B+C)	143.34	(140.82)
E.	Add : Cash & Cash Equivalents as at beginning of the year - Refer Note 13.1	284.88	425.70
F.	Cash & Cash Equivalents as at end of the year - Refer Note 13.1	428.22	284.88

Note: The above Cash Flow Satement has been prepared under Indirect method as set out in Ind AS 7 on Cash Flow Statement.

See accompanying notes to Consolidated Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Ananthi Amarnath
Partner

T K Balaji
Chairman

Arvind Balaji
Managing Director

Place : Chennai
Date : 8th May 2018

Elango Srinivasan
Chief Financial Officer

S Sampath
Company Secretary

STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED) FOR THE YEAR ENDED 31st MARCH 2018

	Rs. in lacs
Particulars	**Amount**
Equity shares of Rs. 10 each issued, subscribed and fully paid	
As at 01-April-2016	1,131.07
As at 31-March-2017	1,131.07
As at 31-March-2018 (refer Note 16 (d) for shares split)	**1,131.07**

Other Equity

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, 2016	**39.56**	**23,140.70**	**1,108.23**	**(8.02)**	**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	-	-	2,956.72	-	-	2,956.73	-	2,956.73
Other Comprehensive Income	-	-	-	-	321.10	321.10	-	321.10
Exchange difference on translation of foreign operation	-	-	-	(31.53)	-	(31.53)	-	(31.53)
Non - controlling interests on acquisition of subsidiary	-	-	-	-	-	-	0.40	0.40
Balance as of March 31, 2017	**39.56**	**23,140.70**	**2,703.63**	**(39.55)**	**565.76**	**26,410.11**	**1.20**	**26,411.31**

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, 2017	**39.56**	**23,140.70**	**2,703.63**	**(39.55)**	**565.76**	**26,410.11**	**1.20**	**26,411.31**
Changes in the equity for the year March 31, 2018								
Dividends	-	-	(678.64)	-	-	(678.64)	-	(678.64)
Dividend Tax	-	-	(138.15)	-	-	(138.15)	-	(138.15)
Profits for the year	-	-	4,979.73	-	-	4,979.73	(0.01)	4,979.72
Other Comprehensive Income	-	-	-	-	1,970.08	1,970.08	-	1,970.08
Exchange difference on translation of foreign operation	-	-	-	(34.02)	-	(34.02)	-	(34.02)
Non - controlling interests on acquisition of subsidiary	-	-	-	-	-	-	(0.82)	(0.82)
Derecognition of fair value changes of investment in associate	-	-	-	-	599.00	599.00	-	599.00
Balance as of March 31, 2018	**39.56**	**23,140.70**	**6,866.57**	**(73.57)**	**3,134.84**	**33,108.11**	**0.37**	**33,108.48**

Additional Disclosures:

General Reserve:

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purpose. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Retained Earnings:

The amount that can be distributed by the company as dividends to its equity shareholders is determined based on the separate financial statements of the company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

Reserve for equity instruments through other comprehensive income:

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed of.

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Ananthi Amarnath
Partner

T K Balaji
Chairman

Arvind Balaji
Managing Director

Place : Chennai
Date : 8th May 2018

Elango Srinivasan
Chief Financial Officer

S Sampath
Company Secretary

Notes to the Consolidated Financial Statements for the year ended March 31, 2018:

1) Company overview and significant Accounting Policies:

India Nippon Electricals Ltd. ("the Company"/"Parent company") is a public limited company incorporated and domiciled in India and has its registered office at No.11 & 13, Patullos 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 Company has 99.97% share in a company incorporated in Indonesia - PT Automotive Systems Indonesia which is a foreign direct investment company established based on Notarial Deed DR. A, Partomuan Pohan, SH., LL.M., No. 9 dated April 12, 2006. The scope of activities comprises producing and marketing on two and three wheels components and spare parts, for Domestic and Export Market. This entity is a subsidary for the Parent company.

The Company also has 40% share in a company incorporated in India - Synergy Shakthi Renewable Energy Limited which is into biomass energy production. This entity is an associate for the Parent company.

Together, these entities are known as the Group.

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 theAct, Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Ind AS 115, Revenue from Contracts with Customers, as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The new standard is based on IFRS 15, Revenue from Contracts with Customers. The standard is effective for the accounting periods commencing on or after 1 April 2018.

Ind AS 115 replaces Ind AS 11 Construction contracts and Ind AS 18 Revenue. The core principle of Ind AS 115 is that an entity recognises revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer – assess whether the contract is within the scope of Ind AS 115. 'Customer' has now been defined.

- Identify the performance obligations in the contract – determine whether the goods and services in a contract are distinct.
- Determine the transaction price – transaction price will include fixed, variable and non cash considerations.
- Allocate the transaction price to the performance obligations in the contract – allocation based on a stand-alone selling price basis using acceptable methods.
- Recognise revenue when (or as) the entity satisfies a performance obligation – i.e. recognise revenue at a point in time or over a period of time based on performance obligations.

The Parent Company is currently evaluating the requirements of the standards, and the transition effects on the financial statements.

3) Significant Accounting Policies:

a) Current and Non-current classification:

The Group 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 Group 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. However, sales tax/ value added tax (VAT)/Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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 group.

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

c) Property, Plant & Equipment:

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).

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

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

iv) The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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) Licenses - Over a period of two to three years

d) 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.

d) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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 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 Group 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 finance cost.

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. The Group does not recognise a contingent liability but discloses its existence in Financial Statements.

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 Group 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)

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 Group 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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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 Group 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 Other Comprehensive Income:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst Parent FVTOCI debt instrument is reported as interest income using the EIR method.

vi) Fair value through Profit & Loss:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

vii) Equity Instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

viii) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

ix) Impairment of Financial Assets:

The Group 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.

n) Financial Liabilities:

i) Classification

The Group 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.

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

iii) 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.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group 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 or loss. The Group has not designated any financial liability as at fair value through profit and loss.

iv) 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 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 Group 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 Group has not designated any financial liability as at fair value through profit or loss.

v) 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.

vi) 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.

vii) 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 Group are recognized at the proceeds received, net of direct issue costs.

o) Income Recognition

i) 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 Group 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.

ii) **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 Group, and the amount of dividend can be reliably measured.

iii) **Export benefits:**

Export benefits in the nature of Merchandise Exports from India Scheme (MEIS) under Foreign Trade Policy are recognised in the Statement of Profit and Loss when there is no uncertainty in receiving / utilizing the same, taking into consideration the prevailing regulations.

p) 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.

q) 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 Group.

r) 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.

s) Operating Segment:

The Chief Operational Decision Maker (MD) monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss reported by the segment periodically. The operations of the Group relate to only one segment which is Electronic products for two/three wheelers and engines.

t) Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1st April 2016, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee : A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

u) Expenditure on Corporate Social Responsibility (CSR)

The Group accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss account.

v) 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 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 LTD (ASSOCIATE);

As required by Indian Accounting Standard 28, Investments in Associates and Joint venutres in Consolidated Financial Statement of the company is accounted for its share of losses of the associate under the 'Equity' method of accounting.

After the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 - Continued:

4.1. Property, Plant & Equipment

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31-March-2018:

Rs. in lacs

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 01-April-2017	1,781.67	1,107.26	3,166.45	129.40	65.57	28.11	6,278.46
Additions	-	63.55	1,087.18	32.13	62.87	15.72	1,261.45
Deletions	-	-	16.86	1.14	0.26	2.80	21.06
Effect of foreign currency exchange differences	15.14	-	-	-	-	-	15.14
Gross carrying valueas on 31-March-2018 = (A)	**1,766.53**	**1,170.81**	**4,236.77**	**160.39**	**128.18**	**41.03**	**7,503.71**
Accumulated depreciation as on 01-April-2017	-	80.90	630.85	26.12	26.81	8.52	773.20
Depreciation	-	51.00	460.61	16.60	20.77	4.62	553.60
Accumulated depreciation on deletions	-	-	9.32	0.68	0.21	1.50	11.71
Effect of foreign currency exchange differences	-	-	-	-	-	-	-
Accumulated depreciation as on 31-March-2018 = (B)	**-**	**131.90**	**1,082.14**	**42.04**	**47.37**	**11.64**	**1,315.09**
Carrying value as on 31-March-2018 = (A - B)	**1,766.53**	**1,038.91**	**3,154.63**	**118.35**	**80.81**	**29.39**	**6,188.62**

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

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 01-April-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	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	13.63	-	-	-	-	-	13.63
Gross carrying value as on 31-March-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-April-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	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	-	-	-	-	-	-
Accumulated depreciation as on 31-March-2017 = (B)	**-**	**80.90**	**630.85**	**26.12**	**26.81**	**8.52**	**773.60**
Carrying value as on 31-March-2017 = (A - B)	**1,781.67**	**1,026.36**	**2,535.60**	**103.28**	**38.76**	**19.59**	**5,505.26**

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 - Continued:

4.2. Intangible Asset:

Following are the changes in the carrying value of Intangible assets for the year ended 31-March-2018:

Rs. in lacs

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 01-April-2017	49.29	164.91	9.53	33.32	257.05
Additions	17.54	12.75	10.30	-	40.59
Deletions	-	-	-	-	-
Gross carrying value as on 31-March-2018 = (A)	**66.83**	**177.66**	**19.83**	**33.32**	**297.64**
Accumulated amortization as on 01-April-2017	18.48	20.31	6.38	15.82	60.99
Amortization	13.02	18.95	3.65	7.91	43.53
Accumulated amortization on deletions	-	-	-	-	-
Accumulated amortization as on 31-March-2018 = (B)	**31.50**	**39.26**	**10.03**	**23.73**	**104.52**
Carrying value as on 31-March-2018 = (A - B)	**35.33**	**138.40**	**9.80**	**9.59**	**193.12**

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

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 01-April-2016	48.75	164.91	9.53	33.32	256.51
Additions	0.54	-	-	-	0.54
Deletions	-	-	-	-	-
Gross carrying value as on 31-March-2017 = (A)	**49.29**	**164.91**	**9.53**	**33.32**	**257.05**
Accumulated amortization as on 01-April-2016	6.93	2.90	0.51	7.91	18.25
Amortization	11.55	17.41	5.87	7.91	42.74
Accumulated amortization on deletions	-	-	-	-	-
Accumulated amortization as on 31-March-2017 = (B)	**18.48**	**20.31**	**6.38**	**15.82**	**60.99**
Carrying value as on 31-March-2017	**30.81**	**144.60**	**3.15**	**17.50**	**196.06**

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 - Continued:

Rs. in lacs

Note No.	Particulars	Associate/ Others	Face value	No. of Shares/ Units	As at 31-March-2018	No. of Shares/ Units	As at 31-March-2017
5	NON-CURRENT INVESTMENTS - UNQUOTED:						
(a)	**Investments in Equity instruments fully paid up**						
	Investment carried at fair value through other comprehensive income:						
	Synergy Shakthi Renewable Energy Pvt Ltd (Refer Note-2 below)	Associate	10	18,000,000	1,201.00	6,000,000	1.00
	Less: Share of Loss in Associate				735.07		1,294.69
	Net Value of Investment in Synergy Shakthi Renewable Energy Pvt Ltd				465.93		-1,293.69
	Lucas TVS Ltd	Others	100	97,351	7,129.94	97,351	4,821.13
	IRIS Ecopower Venture Private Limited	Others	10	258,400	25.84	157,400	15.74
					7,621.71		**3,543.18**
(b)	**Investments in Debentures or Bonds**						
	Investments carried at amortised cost:						
	National Highways Authority of India	Others	1,000	12,362	123.62	12,362	123.62
	Hudco (Taxfree) 2022			50,000	530.89	50,000	530.89
	Indian Railway Finance Corporation Ltd			50,000	500.00	50,000	500.00
	India Infrastructure Finance Corporation Ltd			50,000	500.00	50,000	500.00
	Power Finance Corporation Limted Series 1			50,000	500.00	50,000	500.00
					2,154.51		**2,154.51**
(c)	**Investments in Venture capital Funds**						
	Investment carried at fair value through profit and loss:						
	TVS Shriram Growth Fund Scheme 1A	Others	1,000	13,627	85.44	33,261	309.89
	TVS Shriram Growth Fund Scheme 1B			30,609	640.95	38,940	471.60
	TVS Shriram Growth Fund Scheme 3			10,000	100.00	1,000	-
	Sundaram Alternative Opportunities series		100,000	100	100.00	100	-
					926.39		**781.49**
(d)	**Investment in Mutual Funds:**						
	Investment carried at fair value through profit and loss:						
	ICICI Prudential FMP Series 73-391 days Plan Growth Regular	Others	10	7,000,000	967.85	7,000,000	904.53
	Reliance FHF XXV - Series 18 -Growth		10	-	-		-
					967.85		**904.53**
					11,670.46		**7,383.71**

Note 1 - Other disclosure:

Aggregate value of Un-quoted investments - Carried at FVTOCI	7,621.71		3,543.18
Aggregate value of Un-quoted investments - Carried at FVTPL	1,894.24		1,686.02
Aggregate value of Un-quoted investments - Carried at Amortised cost	2,154.51		2,154.51
Aggregate carrying value of Un-quoted investments	**11,670.46**		**7,383.71**
Aggregate amount of impairment in value of investments	-		-

Note 2 - Financial information in respect of individually not material associate:

The Group's share of profit (loss)	(39.39)		(264.54)
The Group's share of other comprehensive income	-		-
The Group's share of total comprehensive income	(39.39)		(264.54)
Aggregate carrying amount of the Group's interests in the associate	465.93		(1,293.69)
Cumulative share of loss of the associate	735.07		694.69

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 - Continued:

Rs. in lacs

Note No.	Particulars	As at 31-March-2018	As at 31-March-2017
6	**LOANS (Unsecured and considered good)**		
	Loans & Advances to employees	92.98	89.80
		92.98	**89.80**
7	**OTHER FINANCIAL ASSETS:**		
	Bank deposits with more than 12 months maturity	39.46	37.01
		39.46	**37.01**
8	**DEFERRED TAX ASSETS (NET):**		
	Deferred Tax Assets (Net) - Refer Note 32.3	245.51	643.19
		245.51	**643.19**
9	**OTHER NON-CURRENT ASSETS**		
	(Unsecured and considered good unless otherwise stated):		
a	Capital Advance	88.64	5.30
b	Sundry Deposits	75.43	71.41
		164.07	**76.71**
10	**INVENTORIES:**		
	(Lower of Cost and Net realisable value)		
a	Raw Materials	1,988.75	1,389.54
b	Raw Materials - Goods in Transit	167.79	38.49
c	Work in Progress	342.36	274.79
d	Finished Goods	464.81	340.90
e	Finished Goods in Transit	162.48	187.54
f	Stores and Spares	0.95	10.87
		3,127.14	**2,242.13**

The cost of inventories recognised as an expense during the year was Rs. 29,712.97 lacs (for the year ended March 31, 2017: Rs. 23,441.81 lacs)

The cost of inventories recognised as an expense includes Rs. 14.31 lacs (Previous Year Rs. 32.11 lacs) in respect of write down of inventory to Net realisable value

11 CURRENT INVESTMENTS - UNQUOTED: INVESTMENT IN MUTUAL FUNDS

Rs. in lacs

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units 31-March-2018	As at 31-March-2018	No. of Units 31-March-2017	As at 31-March-2017
Investment carried at fair value through profit and loss:						
Axis Short Term Instant Growth	Others	10	9,456,821	1,782.38	9,456,821	1,681.44
Birla Sun Life Dynamic Bond Fund -Regular Growth	Others	20	1,185,859	355.55	2,430,082	705.55
Birla Sun Life Short Term Fund - Regular Growth Plan	Others	50	1,522,237	1,011.48	1,523,154	948.50
Aditya Birla SL Equity Savings -Growth	Others	10	1,941,788	251.07	-	-
ICICI Emerging Sector Fund	Others	100	4,222	3.66	4,222	3.66
ICICI Prudential Short Term Regular - Monthly Dividend	Others	10	1,405,466	173.24	3,760,490	461.46
ICICI Pru Short-Term Regular Growth	Others	30	2,936,810	1,063.49	2,936,810	1,002.10
ICICI Prudential Equity Income-Growth	Others	10	1,994,613	255.51	-	-
ICICI Pru Flexible Income -Growth	Others	300	109,066	363.54	-	-
IDFC SSI Medium -term Regular - Quarterly Dividend	Others	10	3,720,129	400.61	3,604,615	387.85

Rs. in lacs

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units 31-March-2018	As at 31-March-2018	No. of Units 31-March-2017	As at 31-March-2017
IDFC SSI Medium -term Regular Growth		20	1,659,189	482.60	1,664,098	461.41
IDFC SSI ST Regular Growth		30	3,343,087	1,182.52	3,343,087	1,115.66
Kotak Bond Short Term Plan - Regular - Monthly Dividend		10		-	3,320,365	337.09
Kotak Bond Short Term Plan - Growth		20	3,397,377	1,102.02	4,166,125	1,280.50
Reliance Short Term Fund -Growth		20	5,280,239	1,724.14	5,280,239	1,627.20
Kotak Equity Arbitrage Reg-Growth		20	1,307,548	325.10	1,307,548	306.25
Kotak Treasury Advantage -Growth		20	1,306,393	363.09	-	-
Birla SL Cash Plus-Growth		260	-	-	134,646	350.77
ICICI Pru Liquid Plan -Growth		240	-	-	146,073	350.80
IDFC Cash Reqular-Growth		1970	-	-	26,104	514.49
HDFC HOF Series 1-Growth		10	1,000,000	95.78	-	-
				10,935.78		**11,534.72**
Aggregate provision for diminution in value of investments				-		-
				10,935.78		11,534.72

	As at 31-March-2018	As at 31-March-2017
Aggregate value of Unquoted investments - carried at FVTPL	10,935.78	11,534.72
Aggregate carrying value of Un-quoted investments	**10,935.78**	**11,534.72**

Rs. in lacs

Note No.	Particulars	As at 31-March-2018	As at 31-March-2017
12	**TRADE RECEIVABLES:**		
a	**Trade Receivables - Unsecured**		
	- Considered good	9,334.69	6,638.56
		9,334.69	**6,638.56**

The average credit period on sale of goods is 45 days. No interest is charged on overdue trade receivables.

Out of total trade receivables as at 31 March 2018, Rs. 8,211.47 lacs (previous year Rs. 5702.15 lacs) represent receivable from customers who represent more that 5 % of total receivables.

The company's receivables are predominantly from its related parties and large Original Equipment Manufacturers. The Company has never experienced doubtful debts in earlier years, therefore, there is no credit risk and thus no allowance for expected credit losses have been made. Also refer Note 38 (a) (i) to the Consolidated financial statements for the year ended March 31, 2018.

Note No.	Particulars	As at 31-March-2018	As at 31-March-2017
13.1	**CASH & CASH EQUIVALENTS:**		
a	**Balances with banks**		
	- In current Account	426.54	283.41
b	Cash in hand	1.68	0.98
c	Cheques, drafts in hand	-	0.49
		428.22	**284.88**

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 - Continued:

Rs. in lacs

Note No.	Particulars	As at 31-March-2018	As at 31-March-2017
13.2	**OTHER BANK BALANCES:**		
	- in Fixed deposit	958.21	670.16
	- in Margin Money	-	9.00
	- in Deposit account (Dividend Warrant)	49.36	44.25
		1,007.57	**723.41**
14	**OTHER FINANCIAL ASSETS:**		
a	Interest Accrued on deposits and employee dues	93.57	92.01
b	Duty draw back	7.62	8.86
		101.19	**100.87**
15	**OTHER CURRENT ASSETS:**		
a	**Advances other than Capital Advances:**		
	- Vendor Advance	184.88	190.14
	- Rental & Others	5.68	6.98
b	**Others:**		
	- Prepaid expenses	85.87	88.86
	- Excise and Customs availment	-	102.09
	- Receivable - Others	11.62	9.94
		288.05	**398.01**
16	**SHARE CAPITAL:**		
a	**Authorised Share Capital:**		
	30,000,000 number of Equity shares of Rs.5 each	1,500.00	1,500.00
	(Previous year 15,000,000 number of Equity shares of Rs. 10 each)		
b	**Issued, Subscribed and Fully Paid up Share Capital:**		
	22,621,424 number of Equity shares of Rs. 5 each	1,131.07	1,131.07
	(Previous year 1,13,10,712 number of Equity shares of Rs. 10 each)		
c	**Par Value per Share**	Rs. 5.00	Rs. 10.00
d	**Number of equity shares at the beginning of the year**	11,310,712	11,310,712
	Add: Rights issue	-	-
	Share split*	11,310,712	
	Bonus issue	-	-
	Less: Buy back	-	-
	Number of equity shares at the end of the year	22,621,424	11,310,712

* The shareholders had approved the sub-division of the company's equity shares of face value of Rs. 10 each to two equity shares of face value of Rs. 5 each through postal ballot on 8th March 2018. Accordingly, as per requirements of Ind AS 33, earnings per share has been computed by taking the Increased number of shares for all the periods reported.

e **Rights attached to equity shares:** The Company has only one class of equity shares having par value of Rs.5 per share (March 31, 2017 - Rs. 10/-). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

During the year ended March 31, 2018, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 6/- (March 31, 2017: Rs.10/-). Also Refer Note 42.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential payments.The distribution will be in proportion to the number of equity shares held by the shareholders.

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
Lucas Indian Service Ltd, India	10,377,332	5,188,666
Percentage held	45.87%	45.87%
Mahle Electric Drives Japan Corpn., Japan (formerly Kokusan Denki Co Ltd, Japan)	4,641,000	2,320,500
Percentage held	20.52%	20.52%

Rs. in lacs

Note No.		Particulars	As at 31-March-2018	As at 31-March-2017
17		**NON CURRENT PROVISIONS:**		
		Provision for employee benefits:	260.60	140.28
		- Compensated absences		
			260.60	**140.28**
18		**TRADE PAYABLES:**		
		Trade Payables*	7,639.10	6,245.86
			7,639.10	**6,245.86**

* There are no dues to enterprises as defined under Micro & Small Enterprises Development Act, 2006, as at 31 March 2018 (as at 31 March 2017) which is on the basis of such parties being identified by the management and relied upon by the auditors.

Note No.		Particulars	As at 31-March-2018	As at 31-March-2017
19		**OTHER FINANCIAL LIABILITIES:**		
	a	Unpaid Dividend	49.36	44.25
	b	Earnest Money Deposit	50.28	41.12
	c	Commission to Directors	186.40	123.25
	d	Unpaid Interim Dividend and Dividend tax (refer Note 42)	-	816.80
			286.04	**1,025.42**
20		**OTHER CURRENT LIABILITIES:**		
	a	Excise duty/Service Tax/ VAT payable	630.64	121.45
	b	Tax Deducted at source/Tax Collected at Source	45.71	42.77
	c	Professional Tax payable	31.76	32.12
	d	Other payable	799.80	549.59
			1,507.91	**745.93**

Details of Other payable:

Note No.		Particulars	As at 31-March-2018	As at 31-March-2017
20 (d)		**Other Payables:**		
	a	Provision - Customer	522.51	203.73
	b	Tool Advance Payable	128.00	109.26
	c	Excise Duty on Finished Goods	-	23.46
	d	Gratuity	132.78	134.16
	e	Other Liabilities	16.51	78.98
			799.80	**549.59**

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 - Continued:

Rs. in lacs

Note No.	Particulars	As at 31-March-2018	As at 31-March-2017
21	**SHORT TERM PROVISIONS:**		
a	**Provisions for employee benefits:**		
	- Leave encashment	87.90	138.43
b	**Others:**		
	- Provision for Warranty	101.36	101.36
		189.26	**239.79**
Note: Product Warranty:			
	Opening Balance	101.36	101.02
	Additions	25.03	24.81
	Utilizations	(25.03)	(24.47)
	Closing Balance	**101.36**	**101.36**
22	**CURRENT TAX LIABILITIES:**		
a	Income Tax Payable (Net of advance tax paid as at March 31, 2018 Rs. 4,268 lacs (As at March 31, 2017 Rs. 2,439 lacs))	387.99	236.59
		387.99	**236.59**

Rs. in lacs

Note No.	Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
23	**REVENUE FROM OPERATIONS:**		
	Sale of Products:		
a	Export Sales	1,764.84	2,112.13
b	Domestic Sales (including excise duty in the previous year)	45,000.86	37,504.04
		46,765.70	**39,616.17**
c	Discount to Customers (Turnover Discount)	(464.95)	(350.82)
		46,300.75	**39,265.35**
d	Other operating revenues:		
	- Export benefits	56.04	55.03
	- Scrap sales and others	282.94	222.19
		46,639.73	**39,542.57**
24	**OTHER INCOME:**		
a	Interest Income earned on financial assets that are not designated as fair value through profit and loss:		
	i) Bank deposits (at amortised cost)	70.04	25.97
	ii) Financial assets carried at amortized cost	174.84	174.80
	iii) Other financial assets caried at amortized cost	3.30	1.72
b	Dividend Income from equity investments	184.11	188.93
c	Other Non-operating income	37.54	43.44
d	Other gains and losses		
	i) Net gain on sale of investments (carried at FVTPL)	173.12	621.29
	ii) Net gain on foreign currency transactions	32.50	2.33
	iii) Increase in fair value of investments (carried at FVPTL)	592.09	308.91
		1,267.54	**1,367.39**
25	**COST OF MATERIALS CONSUMED:**		
a	Opening Stock of Raw Materials	1,428.02	1,657.08
b	**Add:** Purchases	30,664.96	23,137.01
		32,092.98	**24,794.09**
c	**Less:** Closing stock of Raw Materials	2,156.54	1,428.02
		29,936.44	**23,366.07**
26	**CHANGE IN INVENTORIES:**		
	Inventories at the end of the period		
	Finished Goods	627.29	471.39
	Work-in-Progress	342.36	274.79
		969.65	**746.18**
	Inventories at the begning of the period		
	Finished Goods	471.39	513.61
	Work-in-Progress	274.79	308.31
		746.18	**821.92**
	Net (Increase) / Reduction	**(223.47)**	**75.74**

Rs. in lacs

Note No.	Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
27	**OTHER OPERATING EXPENSES:**		
a	Stores & Other Consumables	689.13	484.69
b	Power & Fuel	588.26	548.71
c	Repairs to Building	181.41	152.64
d	Repairs to Machinery	325.26	248.61
e	Repairs Others	127.49	42.71
f	Technical Know-how / Support Fees	43.42	99.69
g	Other Expenses	110.30	99.84
		2,065.27	**1,676.89**
28	**EMPLOYEE BENEFIT EXPENSES:**		
a	Salaries & Wages	4,083.71	3,448.96
b	Contribution to Provident and other funds (Refer Note 33 and 34)	320.71	261.93
c	Staff Welfare expenses	758.71	628.75
		5,163.13	**4,339.64**
29	**FINANCE COSTS:**		
a	Bank Charges	7.22	6.05
		7.22	**6.05**
30	**OTHER EXPENSES:**		
a	Rent (Refer Note 40)	113.52	124.88
b	Repairs to Vehicles	9.61	6.96
c	Insurance	57.55	60.84
d	Rates and Taxes (Excluding taxes on income)	22.72	264.35
e	Communication Expenses	41.13	51.35
f	Postage, Printing & Stationery	42.89	32.83
g	Sitting Fees	13.96	9.81
h	Travelling & Conveyance Expenses	171.07	198.42
i	Legal & Professional Charges	371.49	370.16
j	Donation	0.38	3.10
k	Corporate Social Responsibility (Refer Note 44)	95.00	60.00
l	Recruitment Expenses	18.99	10.60
m	Remuneration to Watch and Ward	99.77	100.84
n	Commisson to Directors	186.40	123.25
o	After Sales service expenses (Warranty)	25.03	24.81
p	Exchange Fluctuation	-	6.81
q	Freight Outwards	237.69	191.44
r	Advertisement	5.99	10.53
s	**Audit Fees:**		
	a) Statutory Auditors:		
	i) Statutory Audit	12.00	16.20
	ii) Tax Audit	2.00	2.00
	iii) Other Attestation Matters	3.85	3.91
	iii) Other Services	1.10	0.65
	iv) Reimbursement of Expenses	3.55	4.14
	b) Cost Audit	2.50	2.45
	c) Secretarial Audit	1.75	1.75
	d) Reimbursement - Other audits	1.17	2.91
t	Estate Service Fee	15.85	18.63
u	Others	310.06	200.92
		1,867.02	**1,904.54**

Rs. in lacs

Note No.	Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
31	**ITEMS WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:**		
	Increase/(decrease) in fair value of investments	1,850.83	354.63
	Remeasurement of the defined benefit plan	(29.31)	(48.36)
	Increase/(decrease) of DTA on fair value investments	(320.59)	(2.65)
	Increase/(decrease) of DTA on defined benefit plan	10.14	17.48
		1,511.07	**321.10**
32	**INCOME TAXES AND DEFERRED TAXES:**		
32.1	**Income tax expense in the statement of profit and loss comprise:**		
	Current taxes	1,987.01	1,158.47
	Deferred taxes	87.22	309.95
	Income tax expense	**2,074.23**	**1,468.42**
	The income tax expense for the year can be reconciled to the accounting profit as follows:		
	Profit before income taxes	7,053.95	4,425.14
	Expected tax expenses using Company's applicable rate*	2,441.23	1,629.43
	Effect on expenses that are not deductible in determining taxable profit	(78.14)	196.00
	Effect of income that is exempt from taxation	(124.23)	(120.18)
	Effect of different tax rates for long term capital gains	(17.50)	(21.92)
	Effect of concessions on Research and Development expenses	(127.38)	(204.78)
	Others - Changes in recognised deductible temporary differences	(19.75)	(10.13)
	Total	**2,074.23**	**1,468.42**
	* The tax rate used for the 2017-2018 and 2016-2017 reconciliations above is the Corporate tax rate of 30%, applicable surcharge and cess payable by corporate entities in India on taxable profits under the India Law.		
32.2	**Income Tax on Other Comprehensive Income**		
	Deferred taxes on Remeasurement of defined benefit obligation	10.14	17.48
	Deferred taxes on Fair value measurements of investments	(320.59)	(2.65)
	Total	**(310.45)**	**14.83**

32.3 Following is the analysis of the deferred tax asset/(liabilities) presented in the Balance sheet.

Particulars	Apr'17 To Mar'18			
	Opening Balance	**Recognised in Profit & Loss**	**Recognised in OCI**	**Closing balance**
Tax effect of items constituting deferred tax assets:				
Rebates and discounts	59.41	-	-	59.41
Leave encashment	96.45	24.16	-	120.61
Early separation scheme	6.12	(4.86)	-	1.26
Investments	418.49	(112.76)	(320.59)	(14.87)
Gratuity	43.83	1.11	10.14	55.08
Bonus	22.42	16.49	-	38.91
Others (includes ED on Finished Goods and provisions)	12.67	47.04	-	59.71
Tax effect of items constituting deferred tax liabilities:				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(16.20)	(58.40)	-	(74.60)
Total deferred tax assets	**643.19**	**(87.22)**	**(310.45)**	**245.51**

Particulars	Apr'16 To Mar'17			
	Opening Balance	Recognised in Profit & Loss	Recognised in OCI	Closing balance
Tax effect of items constituting deferred tax assets:				
Rebates and discounts	57.03	2.38	-	59.41
Leave encashment	67.71	28.74	-	96.45
Early separation scheme	10.35	(4.23)	-	6.12
Investments	597.64	(176.50)	(2.65)	418.49
Gratuity	24.48	1.87	17.48	43.83
Bonus	22.25	0.17	-	22.42
Others (includes ED on Finished Goods and provisions)	43.54	(30.87)	-	12.67
Tax effect of items constituting deferred tax liabilities:				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	115.31	(131.51)	-	(16.20)
Total deferred tax assets	**938.31**	**(309.95)**	**14.83**	**643.19**

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 Rs.212.35 Lacs (LY-217.80 Lacs) for Provident Fund and superannuation fund contribution in the statement of profit and loss.

iii) Employee State Insurance Benefits:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Employee State Insurance, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Employee state Insurance for the year aggregated to Rs. 13.11 lacs (March 31, 2017: Rs. 12.23 lacs) and is included in "Staff Welfare Expenses".

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 operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC).

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently, for these plans, investments are made in government securities, debt instruments, Short term debt instruments, Equity instruments and Asset Backed, Trust Structured securities as per notification of Ministry of Finance.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

In respect of the above plans, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2018 by a member firm of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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, 2018 AND MARCH 31, 2017

Rs. in lacs

Particulars	March 31, 2018	March 31, 2017
Net Employee benefit expense recognized in the employee cost in statement of profit & loss account		
Current service cost	43.55	37.67
Interest cost on benefit obligation	51.98	46.13
Expected return on plan assets	(47.39)	(49.91)
Sub Total	48.14	33.89

Rs. in lacs

Particulars	March 31, 2018	March 31, 2017
Recognised in Other Comprehensive Income		
Net actuarial (gain)/loss recognized in the year		
i. Demographic Assumptions on obligation	-	-
ii. Financial Assumptions on obligation	-	-
iii. Experience Adjustments on obligation	27.82	53.58
iv. Financial Assumptions on plan assets	1.49	(3.06)
Sub Total	29.31	50.52
Net benefit expense	77.45	84.41
Balance Sheet		
Benefit asset / liability		
Present value of defined benefit obligation	836.66	721.63
Fair value of plan assets	703.88	554.30
Assets / (Liability) recognized in the balance sheet	**(132.78)**	**(167.33)**
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation	721.63	598.52
Benefits paid	(19.14)	(14.28)
Expenses Recognised in Statement of Profit and Loss Account		
Current service cost	43.55	37.67
Past service cost	10.82	-
Interest cost on benefit obligation	51.98	46.13
Recognised in Other Comprehensive Income		
Actuarial (gain)/loss on obligation	27.81	53.58
Closing defined benefit obligation	**836.65**	**721.62**
Change in the fair value of plan assets		
Opening fair value of plan assets	**554.30**	**509.64**
Contributions by employer	125.85	6.72
Contributions transfer in	-	-
Benefits paid	(19.14)	(14.27)
Expenses Recognised in Profit and Loss Account		
Expected return	47.39	49.91
Recognised in Other Comprehensive Income		
Actuarial (gain) / loss on plan assets	(4.53)	2.30
Closing fair value of plan assets	**703.87**	**554.30**

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

Assumptions		
Discount Rate (%)	7.58%	7.30%
Estimated Rate of Return on Plan Assets	7.30%	7.80%
Attrition Rate	9.00%	11.00%
Expected rate of salary increase (%)	6.00%	5.00%
Expected Average Remaining Service (years)	8.60%	7.60%

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	95.53
1 - 2 years	93.37
2 - 3 years	93.44
3 - 4 years	81.20
4 - 5 years	81.65
Above 5 years	450.51

Sensitivity Analyses

A. Discount Rate + 50 BP	8.08%	7.80%
Defined Benefit Obligation [PVO]	81,083,711	70,190,098
Current Service Cost	4,847,849	4,227,711
B. Discount Rate - 50 BP	7.08%	6.80%
Defined Benefit Obligation [PVO]	86,396,034	74,240,180
Current Service Cost	5,191,407	4,490,360
C. Salary Escalation Rate +50 BP	6.50%	5.50%
Defined Benefit Obligation [PVO]	86,545,703	74,370,709
Current Service Cost	5,196,698	4,498,886
D. Salary Escalation Rate -50 BP	5.50%	4.50%
Defined Benefit Obligation [PVO]	80,918,425	70,043,934
Current Service Cost	4,842,095	4,219,196

35.1 Related Party Disclosures:

Related Parties and their relationship:

Joint Venturers of the Company	:	Mahle Electric Drives Japan Corpn. (MEDJC) (formerly Kokusan Denki Co, Ltd, Japan)
		Lucas Indian Service Ltd (LIS)
Ultimate Parents of Joint Venturers of the Company	:	TV Sundaram Iyengar & Sons Private Limited
		Mahle GmbH
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)
Relatives of Ultimate Parent Company	:	Brakes India Private Limited
		Delphi TVS Diesel Systems Limited
		India Japan Lighting Pvt Ltd
		Sundaram Clayton Limited
		Sundram Fasteners Limited
		TVS Logistics Services Limited (TVS Logistics)
		TVS Motor Company Limited (TVS Motors)
		TVS Training & Services Limited
		TVS Educational Soceity
		Mahle Holding (India) Pvt Ltd

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 - Continued:

35.2 Disclosure in respect of transactions and balances with related parties.

Rs. in lacs

Description	Joint Venturers of the company		Relatives of Ultimate Parent		Enterprise over which KMP has significant influence		Associate of the Company		Key Managerial Person	
Transactions during the Year	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
MEDJC										
Support fee	14.44	25.25	-	-	-	-	-	-	-	-
Royalty	28.98	106.79	-	-	-	-	-	-	-	-
Purchase of Raw Materials	48.73	100.08	-	-	-	-	-	-	-	-
Travel Reimbursement	5.57	0.90	-	-	-	-	-	-	-	-
Dividend paid	139.23	232.05	-	-	-	-	-	-	-	-
Sales	14.69	108.41	-	-	-	-	-	-	-	-
LIS										
Sales	711.19	-								
Professional Service	-	6.00	-	-	-	-	-	-	-	-
Travel Reimbursement	8.51	33.41	-	-	-	-	-	-	-	-
Rent	19.77	11.76	-	-	-	-	-	-	-	-
Dividend paid	311.32	518.87	-	-	-	-	-	-	-	-
LTVS										
Sales	-	-	-	-	13.31	-	-	-	-	-
Purchase of raw materials				-	12.89	-				
Rent paid	-	-	-	-	84.32	104.51	-	-	-	-
Expenses reimbursed	-	-	-	-	329.49	287.26	-	-	-	-
Services rendered	-	-	-	-	456.71	349.34	-	-	-	-
Dividend received	-	-	-	-	165.49	111.95	-	-	-	-
TVS MOTORS										
Sales	-	-	22,900.91	17,820.59	-	-	-	-	-	-
BRAKES INDIA PRIVATE LIMITED	-	-		-	-	-	-	-	-	-
Purchase of raw materials	-	-	1.33	1.08	-	-	-	-	-	-
MAHLE HOLDING (INDIA) PVT LTD	-	-		-	-	-	-	-	-	-
Expenses reimbursed	-	-	0.50	0.97	-	-	-	-	-	-
SUNDARAM CLAYTON LIMITED	-	-		-	-	-	-	-	-	-
Services rendered	-	-	4.72	3.26	-	-	-	-	-	-
SUNDARAM FASTNERS LIMITED	-	-		-	-	-	-	-	-	-
Purchase of raw materials	-	-	249.48	185.52	-	-	-	-	-	-
DELPHI TVS DIESEL SYSTEMS LIMITED	-	-		-	-	-	-	-	-	-
Sales	-	-	104.27	418.75	-	-	-	-	-	-
INDIA JAPAN LIGHTING PVT LTD	-	-		-	-	-	-	-	-	-
Sales	-	-	20.70	-	-	-	-	-	-	-
Raw Materials Purchase	-	-	0.18	-	-	-	-	-	-	-
TVS LOGISTICS	-	-	-	1.97	-	-	-	-	-	-
TVS EDUCATIONAL SOCIETY	-	-	128.55	-	-	-	-	-	-	-
TVS TRAINING & SERVICES LTD	-	-	-	0.12	-	-	-	-	-	-
KMP										
Remuneration paid	-	-	-	-	-	-	-	-	283.88	223.13
(Short-term employee benefits)										

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 - Continued:

35.2 Disclosure in respect of transactions and balances with related parties - Continued :

Rs. In lacs

Balances as at year end	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Trade Payables:										
BRAKES INDIA PRIVATE LIMITED	-	-	1.33	-	-	-	-	-	-	-
LIS	0.14	31.42	-	-	-	-	-	-	-	-
LTVS	-	-	188.60	31.62	-	-	-	-	-	-
SUNDARAM CLAYTON LIMITED	-	-	1.23	0.83	-	-	-	-	-	-
MEDJC	27.69	28.97	-	-	-	-	-	-	-	-
MAHLE HOLDING (INDIA) PVT LTD	-	-	0.22	0.14	-	-	-	-	-	-
TVS LOGISTICS	-	-	0.12	-	-	-	-	-	-	-
INDIA JAPAN LIGHTING PVT LTD	-	-	0.23	-	-	-	-	-	-	-
Other Financial Liabilities:										
KMP (Commission payable)	-	-	-	-	-	-	-	-	130.00	90.00
LIS (Dividend payable)	-	311.32	-	-	-	-	-	-	-	-
MEDJC (Dividend payable)	-	139.23	-	-	-	-	-	-	-	-
Trade Receivables:										
LIS	203.79	2.73	-	-	-	-	-	-	-	-
INDIA JAPAN LIGHTING PVT LTD	-	-	20.06	-	-	-	-	-	-	-
DELPHI TVS DIESEL SYSTEMS LIMITED	-	-	-	15.36	-	-	-	-	-	-
TVS MOTORS	-	-	5,025.39	3,385.25	-	-	-	-	-	-
MEDJC	13.31	-	-	-	-	-	-	-	-	-
LTVS	-	-	16.91	-	-	-	-	-	-	-
Investments in Equity Shares:										
PT AUTOMOTIVE SYSTEMS INDONESIA	-	-	-	-	-	-	-	-	-	-
SYNERGY SHAKTHI RENEWABLE ENERGY PVT LTD	-	-	7,129.94	4,821.13	-	-	465.93	(1,293.69)	-	-
LTVS	-	-	7,129.94	4,821.13	-	-	-	-	-	-

36 EXPENDITURE ON R&D:

Rs. in lacs

Description	2017-18	2016-17
(a) Capital (Refer Note 1 below)	136.84	36.02
(b) Revenue: (Refer Note 2 below)		
Salary	380.69	355.38
Electricity	11.00	7.17
Travel	18.00	31.71
Outsourcing	26.96	25.43
Revenue & Others	162.66	126.94
	599.31	**546.63**
Total R & D expenditure (a) + (b)	**736.15**	**582.65**

Note 1 - This expenditure is included in additions for the year. Refer Note 4.1 and 4.2 to the financial statements.

Note 2 - This expenditure are included in the respective head under Other Expenses. Refer Note 31 to the financial statements.

37 FINANCIAL INSTRUMENTS

The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows:

Rs. In lacs

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
Financial assets					
Investments					
Equity Shares	-	-	7,621.71	7,621.71	7,621.71
Mutual Funds and Bonds	2,154.51	12,830.02	-	14,984.53	15,195.51
Trade receivables	9,334.69	-	-	9,334.69	9,334.69
Loans	92.98	-	-	92.98	92.98
Cash and cash equivalents	428.22	-	-	428.22	428.22
Other bank balances	1,007.57	-	-	1,007.57	1,007.57
Other Financial Assets	140.65	-	-	140.65	140.65
Total	**13,158.62**	**12,830.02**	**7,621.71**	**33,610.35**	**33,821.33**
Financial liabilities					
Trade payables	7,639.10	-	-	7,639.10	7,639.10
Other Financial Liabilities	286.04	-	-	286.04	286.04
Total	**7,925.14**	**-**	**-**	**7,925.14**	**7,925.14**

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

Rs. In lacss

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
Financial assets					
Investments					
Equity Shares	-	-	3,543.18	3,543.18	3,543.18
Mutual Funds and Bonds	2,154.51	13,220.74	-	15,375.25	15,583.57
Trade receivables	6,638.56	-	-	6,638.56	6,638.56
Loans	89.80	-	-	89.80	89.80
Cash and cash equivalents	284.88	-	-	284.88	284.88
Other bank balances	723.41	-	-	723.41	723.41
Other Financial Assets	137.88	-	-	137.88	137.88
Total	**10,029.04**	**13,220.74**	**3,543.18**	**26,792.96**	**27,001.28**
Financial liabilities					
Trade payables	6,245.86	-	-	6,245.86	6,245.86
Other Financial Liabilities	1,025.41	-	-	1,025.41	1,025.41
Total	**7,271.27**	**-**	**-**	**7,271.27**	**7,271.27**

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 carrying 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 measurements:

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) on a recurring basis

Rs. in lacs

31 March 2018	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	926.39	-	-	926.39
Investment in Mutual Funds	11,903.63	-	-	11,903.63
Total	12,830.02	-	-	12,830.02

31 March 2017	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	781.49	-	-	781.49
Investment in Mutual Funds	11,903.63	-	-	11,903.63
Total	12,685.12	-	-	12,685.12

The fair value of mutual funds and venture capital funds are based on quoted price and therefore is considered to be a Level 1 fair valuation.

(iii) Financial assets measured at fair value through Other Comprehensive Income (FVTOCI) on a recurring basis

Rs. in lacs

31 March 2018	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	7,621.71	7,621.71
Total	-	-	7,621.71	7,621.71

31 March 2017	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	4,837.87	4,837.87
Total	-	-	4,837.87	4,837.87

The investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Group has chosen to designate these investments in equity instruments as at FVTOCI as the directors believe that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

The Group 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. Accordingly, investment in IRIS Ecopower is considered to be a Level 1 fair valuation.

The Group has invested in the equity shares of Synergy Shakthi Renewable Energy Private Limited (SSREL). Fair valuation of this investment is based on the value of land, building and plant and machinery of SSREL wherein building, plant and machinery have been valued at realizable value after considering depreciation and land is valued based on the land rates observable from Tamil Nadu government owned industrial park website. Therefore, this investment is considered to be a level 2 fair valuation.

The Group has invested in the equity shares of Lucas TVS Limited. This investment is considered to be a level 3 fair valuation. Valuation technique used - Market Approach: Comparable companies Method ("CCM") (EV/EBITDA Multiple i.e. Enterprise Value/Earnings Before Interest Tax Depreciation and Amortization multiple).

Significant unobservable inputs - EV/EBITDA Multiple at 6.5x

Relationship of Unobservable Inputs to Fair Value - A slight increase or decrease in the multiple will result in an increase or decrease in the fair value. A decrease in the multiple by 0.5x would result in a decrease in the fair value by Rs. 1,079 lacs and an increase in the multiple by 0.5x would result in a increase in the fair value by Rs. 61.42 lacs.

There are no transfer between levels during the periods.

(iv) Fair value of financial assets and financial liabilities that are not measured at fair value

The Company considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the balance sheet approximates their fair value. Fair value hierarchy of these financial assets and liabilities are categorized as Level 3.

(v) Reconciliation of Level 3 fair value measurements of unlisted equity shares irrevocably designated as at FVTOCI

Rs. in lacs

Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
Opening Balance	4,821.13	4,466.49
Total gains recognized in other comprehensive income	2,308.81	354.64
Closing Balance	**7,129.94**	**4,821.13**

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a Financial Risk Management Framework

Group'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 refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a four to five major OEMs and large number of small customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At 31 March 2018, the Group did not consider there to be any significant concentration of credit risk which had not been adequately provided for. The carrying amount of the financial assets recorded in the financial statements represents the maximum exposure to credit risk.

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 Group 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 Holding 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	Exchange Rate	Amount in Foreign Currency	Amount in Rs. Lacs
			March 31, 2018	
Trade Receivables	EUR	79.80	1.82	144.95
	USD	65.17	3.28	214.00
	JPY	0.61	1.44	0.88
Trade Payables	USD	65.17	10.65	694.14
	JPY	0.61	34.58	21.11
			March 31, 2017	
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

Foreign currency sensitivity

The Holding Company is exposed to the following currencies - Euro, US Dollars and Japan Yen.

The following table details the Holding Company's sensitivity to a 5% increase and decrease in the Rs. against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

Rs. in lacs

		March 31, 2018		March 31, 2017	
Particulars	**Currency**	**Increase**	**Decrease**	**Increase**	**Decrease**
Effect on profit before tax	EUR	7.25	(7.25)	3.77	(3.77)
Increase/(Decrease)	USD	(24.01)	24.01	(1.68)	1.68
	JPY	(1.01)	1.01	1.41	(1.41)
Effect on equity	EUR	11.02	(11.02)	3.77	(3.77)
Increase/(Decrease)	USD	(25.69)	25.69	(1.68)	1.68
	JPY	0.40	(0.40)	1.41	(1.41)

Commodity Risk

The Group 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 Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group has no outstanding bank borrowings. The Group 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 Group's financial liabilities:

Rs. in lacs

Particulars	At 31 March 2018				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade and other payables - Non interest bearing	7,639.10	-	-	-	7,639.10
Other financial liabilities	286.04	-	-	-	286.04
Total	7,925.14	-	-	-	7,925.14

Particulars	At 31 March 2017				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade and other payables - Non interest bearing	6,245.86	-	-	-	6,245.86
Other financial liabilities	1,025.41	-	-	-	1,025.41
Total	7,271.27	-	-	-	7,271.27

The tables below set out the maturities of the Group's financial assets:

Particulars	At 31 March 2018				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade receivables (non interest bearing instruments)	9,334.69	-	-	-	9,334.69
Investments (variable interest bearing instruments)	10,935.78	-		11,670.46	22,606.24
Other financial assets (variable interest bearing instruments)	1,536.98	132.44	-	-	1,669.42
Total	21,807.45	132.44	-	11,670.46	33,610.35

Particulars	At 31 March 2017				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade receivables (non interest bearing instruments)	6,638.56	-	-	-	6,638.56
Investments (variable interest bearing instruments)	11,534.72	-		7,383.71	18,918.43
Other financial assets (variable interest bearing instruments)	1,109.16	126.81	-	-	1,235.97
Total	19,282.44	126.81	-	7,383.71	26,792.96

39 CONTINGENT LIABILITIES & COMMITMENTS

Particulars	As at 31-March-2018	As at 31-March-2017
(i) Contingent liabilities		
a Claims against the company not acknowledged as debt:	-	-
b 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	493.75	94.85
b Other commitments - For subscribing to rights issues in Synergy Shakthi Renewable Energy Limited (SSREL)	-	1,200.00

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 - Continued:

40 OPERATING LEASE

The Company is obligated under some cancellable operating leases for office premises which are renewable on a periodical basis. The lease payments under cancellable operating leases for the year ended 31 March 2018 amounts to Rs. 71.98 lacs (PY - Rs. 87.10 lacs).

The Company has also entered in to cancellable operating lease agreements primarily for factory space at Rewari and Kolhapur plant. The lease period is for 10 years. The lease payments under non-cancellable leases for the year ended 31 March 2018 amounts to Rs. 42.54 lacs (PY - Rs. 37.78 lacs), the future expected minimum lease payments under Operating Leases are as follows:

Rs. in lacs

Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
i) Not later than one Year	87.35	86.79
ii) Later than one year and not later than five years	342.13	25.18
iii) Later than five years	446.69	-
Total	**876.17**	**111.97**

41 OPERATING SEGMENT:

The operations of the company relate to only one segment which is Electronic products for two/three wheelers and engines. The Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and assess its performance, the entire operations are to be classified as a single business segment. The geographical segments considered for disclosure are – India and Rest of the World. All the manufacturing facilities are located in India. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

Geographical Information

Revenue and receivables are specified by location of customers while the other geographic information is specified by the location of the assets. The following table presents revenue, expenditure and assets information regarding the Group's geographical segments:

Rs. in lacs

Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
Revenue from Operations:		
India	44,874.89	37,430.44
Rest of the World	1,764.84	2,112.13
Segment Assets:		
India	42,673.14	34,536.93
Rest of the World	1,591.80	996.12
Capital Expenditure:		
India	1,751.75	1,268.98
Rest of the World	-	-

42 AMOUNT OF DIVIDEND PAID AND PROPOSED TO EQUITY SHARE HOLDERS

Rs. in lacs

Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
Dividends on Equity shares declared and paid:		
Interim dividend for the year ended 31 March 2018, Rs.6 per share (31 March 2017, Rs. 10 per share)	678.64	1,131.07
Dividend tax paid on the above	138.15	230.25
Proposed dividends on Equity shares*:		
Second interim and final dividend for the year ended 31 March 2018, Rs. 3.5 per share (PY: Nil)	791.75	-

Proposed dividend on equity shares are not recognised as a liability (including DDT thereon) as at 31 March 2018.

43 NOTE ON EARNINGS PER SHARE:

Rs. in lacs

Particulars		Apr'17 To Mar'18	Apr'16 To Mar'17
Profit after tax	(A) (Rs. in lacs)	4,979.72	2,956.72
Number of equity shares of Rs.10 each at the beginning of the year		11,310,712	11,310,712
Number of equity shares of Rs.5 each at the end of the year (B)		22,621,424	11,310,712
Earnings per share (basic and diluted in Rupees) (A/B)		22.01	13.07

The Board of Directors in their meeting held on 8th March 2018 had approved the split of the Parent Company's equity shares of face value of Rs. 10 each into 2 equity shares of face value of Rs. 5 each. Accordingly, as per requirements of Ind AS 33, earnings per share has been computed by taking the increased number of shares for the all the periods reported.

44 DETAILS OF CSR EXPENDITURE:

Rs. in lacs

Particulars	Apr'17 To Mar'18	Apr'16 To Mar'17
a. Gross amount required to be spent by the Company during the year	69.50	60.00
b. Amount spent during the year on:		
Category		
(i) Construction/Acquisition of Asset:		
In cash	- NIL -	- NIL -
Yet to be paid in cash	- NIL -	- NIL -
(ii) On purposes other than (i) above		
In cash	69.50	60.00
Yet to be paid in cash	- NIL -	- NIL -

45 APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved for issue by the board of directors on 8th May 2018.

46 The financial statements of the company for the year ended 31 March 2017 were audited by the previous auditors - M/s. Brahmayya & Co.

For and on behalf of the Board of Directors

T K Balaji
Chairman

Arvind Balaji
Managing Director

Place : Chennai
Date : 8th May 2018

Elango Srinivasan
Chief Financial Officer

S Sampath
Company Secretary

Notes

INDIA NIPPON ELECTRICALS LIMITED

Regd. Office: 11 & 13, Patullos Road, Chennai – 600 002
CIN: L31901TN1984PLC011021, Email: inelcorp@inel.co.in
Phone: 044-2846 0073, Fax: 044-2846 0631

PROXY FORM

FORM No. : MGT 11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	: L31901TN1984PLC011021	E-Mail ID	:
Name of the Company	: India Nippon Electricals Limited	Folio No.	:
Registered Office	: 11 & 13, Patullos Road, Chennai – 600 002	DP ID / Client ID	:
		No. of Shares	:
Name of the Member(s)	:		
Registered Address	:		

I/We being the Member(s) of India Nippon Electricals Limited holding ___________ Equity Shares, hereby appoint:

S.No.	Name	Address	Email id	Signature	
1					Or failing him
2					Or failing him
3					

as my/our Proxy to attend and vote (on a poll) on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Monday, 27th August 2018 at 10.30 A.M. at Kasturi Srinivasan Hall (Mini Hall), The Music Academy, No.168, TTK Road, Royapettah, Chennai - 600014 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	**Resolution**	**Vote**	
Ordinary Business		For	Against
1.	Adoption of audited accounts for the year ended 31st March 2018 and the Directors' and Auditors' report thereon		
2.	Declaration of Dividend for the year 2017-18		
3.	Election of Mr T Momose as Director liable for retirement by rotation		
Special Business			
4.	Election of Ms Priyamvada Balaji as Director liable for retirement by rotation		
5.	Ratification of the remuneration of Mr K Suryanarayanan, the Cost Auditor for the year 2018-19		
6.	Approval of payment of Commission to Directors		
7.	Ratification / Approval of Related Party Transactions		

Signed this ____ day of __________________ 2018. Signature of Member ___________________

Affix Re.1/- Revenue Stamp

Signature of Proxy holder _________________________

Notes:

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered office of the Company or at the Office of the Share Transfer Agent namely Sundaram-Clayton Limited at "Jayalakshmi Estates" 1st Floor, No. 29, Haddows Road, Chennai 600 006, not less than 48 hours before the commencement of the meeting.
2. It is optional to put a in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/ she thinks appropriate.

INDIA NIPPON ELECTRICALS LIMITED

REGULATOR &
RECTIFIER UNIT

STATORS

ROTORS

IGNITION COIL

BRUSHLESS
ALTERNATOR