

**35<sup>th</sup> Annual General Meeting of India Nippon Electricals Ltd held at 10 AM on 21<sup>st</sup> September  
2020 through VC/ OAVM.  
(Transcript of the Meeting)**

**Company Secretary:**

We welcome you all to the 35<sup>th</sup> Annual General Meeting of India Nippon Electricals Ltd. Due to COVID-19 pandemic, we are conducting the meeting in a fully electronic mode and we have just got a confirmation that the requisite quorum is present electronically and hence the meeting is called to order. We will be playing a Prayer Song for starting the proceedings. I request the Host to start playing the Prayer Song.

[Prayer Song]

**Company Secretary:**

Since we are hosting the meeting electronically, except for the panellists, all the attendees and the shareholders are being completely muted and we are providing a facility for those who have registered as a speaker shareholder to raise your queries after the notice is read, and the MD speech is completed. The video will also be recorded.

In the panel, we have all the Directors, including the Managing Director, Chairperson of the Audit & Risk Management Committee, the N&R Committee and Stakeholders Relationship Committee. And we also have all the auditors of company, the President, the KMPs., i.e., the CFO and the Company Secretary and the Scrutinizer. Since the auditors report is an unqualified or non modified report, the same is not required to be read out in the AGM. With the permission of the shareholders, we take the Auditor's Report as read, as required under Section 145 of the Companies Act, 2013.

The notice convening the meeting also has been circulated by email to all the members, and also were hosted in the website of the company and the Stock Exchanges.

Before we get into the items of the notice, I request the Managing Director to deliver his speech.

**Managing Director:**

Text of MD's Speech is reproduced below:

**LADIES AND GENTLEMEN,**

It is my privilege to welcome you all, on behalf of the Board of Directors and the Management Team of India Nippon Electricals Limited, to the 35th Annual General Meeting of the Company.

The Company's Annual Report and Audited Accounts for the year ended March 31, 2020, have been with you for some time now and with your kind permission, shall take them as read.

I would like to begin by giving an outline of the macroeconomic environment which prevailed in 2019-20, the impact of COVID-19 pandemic and your Company's efforts to meet the challenge thrown at us by it as well as the overall industry performance and developments to provide a proper context for you to evaluate the performance of your Company during the year. Thereafter, I would like to present some of the key highlights and the way forward.

## **MACRO-ECONOMIC ENVIRONMENT**

Global economy faced significant uncertainties in the year 2019-20 due to protracted trade tensions, high policy uncertainty, supply chain disruptions and shrinking global manufacturing activity. Indian economy too was impacted by the global headwinds and challenges. In addition, the domestic financial sector continued to face downward pressure. The real GDP growth was at around 4.2% in 2019-20 as compared to 6.8% in 2018-19. After growing rapidly in the first half of 2018-19, the Non-banking Financial Sector had decelerated sharply since then. The growth of loans from NBFCs declined substantially to 3.4% during the year from 31.9% during its peak in 2018-19. The infrastructure supportive industries remained stagnant for most part of the fiscal as compared to a growth of 4.4% in 2018-19. In the beginning of the year, the world faced the COVID-19 pandemic which lead to imposition of lock downs and further increased the negative impact on the economy.

To overcome the increasing strain on the economy due to the combination of above factors, as well as the expected drastic impact of COVID-19, the Government introduced a slew of measures, which we think, will help in mitigating the risks to a significant extent over the next 2-3 years. The measures include a Rs 20 lakh crore package which was designed to restart the economy and business, protect jobs, extend the support to those vulnerable and poor and informal sectors, an aggressive campaign for self-sustenance under 'Atmanirbhar Bharath' and policies supportive for localization of production and supply chain. The Government has also introduced relaxations under various legislations to help the already stressed sectors in the Industry.

Many estimates show that India's growth will rebound in the year 2022. However, it calls for cautious optimism as rating agencies still predict that the rising number of COVID-19 cases could hamper private spending and thereby causing contraction in the economy. We think a smooth recovery in labour markets, including in the large informal sector, capitalizing on opportunities arising due to supply chain diversification and increasing ease of doing business along with localization are the key to supporting long term economic recovery.

## **OVERALL AUTO INDUSTRY PERFORMANCE**

The two-wheeler industry faced a challenging 2019-20. Within the two-wheeler Industry that saw decline of 14%, motorcycle declined by 13% while scooter and moped declined by 15% & 28%

respectively. Three-wheeler segment also showed a negative growth of 12%. The full effect of the new third party insurance norms for two wheelers, introduced in 2018, was felt in 2019-20. In addition, all OEMs had to prepare themselves for launch of a completely new range of products compliant with BS VI regulations as well as other safety standards.

### **COMPANY PERFORMANCE IN 2019-20**

During the year, your Company's sales performance was better than the overall two-wheeler industry performance which saw a negative growth of 14% as against 2018-19. Your Company registered a 9% decrease. Challenges were faced both in the domestic and export front, while the Aftermarket segment saw a smart growth of 8% in terms of sales when compared to the previous year. Your Company was largely able to contain the impact of deceleration in the Industry, due to a combination of higher value of BS VI products, efforts taken to increase presence in new segments/ products like Sensors, robust growth in after-market sales and increase in share of business from customers and product lines.

Increased competition and obsolescence of some of the products, as well as the volatile nature of demand post COVID will put pressure on profits. However, your company has a robust cost reduction system in place as well as new product pipeline to help mitigate its effects. Earlier diversification measures have started to yield results as the company was able to bag order from new customers in domestic and overseas markets. Overall, your Company has been able to improve its position in the Industry.

In line with its commitment to Stakeholders approach to business and to face the challenges posed by COVID-19, your Company had demonstrated utmost care to its employees by ensuring various employee friendly measures like arranging transportation, giving work from home option, provisioning of all Personal Protective Equipment to protect against infection and continuous training to habituate the employees to work in line with relevant Standard Operating Procedures. Apart from employees, our care also extended to the community wherein your Company had contributed to COVID-19 related relief and rehabilitation activities which will form part of the CSR spending for FY 2020-21.

### **PERFORMANCE IN CURRENT FISCAL & OUTLOOK FOR 2020-21 AND INITIATIVES FOR THE FUTURE**

Though the first Quarter of the current fiscal was subdued, there were some very encouraging developments during the current Quarter in terms of order wins that augurs well for the Company in the long term. The Company had won a significant order from a customer in the US which holds the promise of improved performance in the years to come and more such business down the line.

Your Company is strengthening its position in Electronics segment by developing new products like Sensors, Controllers etc. Also, priority is being given for development of the new products and applications for regulatory and technology requirements. Focus is also being given to identify the new

segments, EV products. Establishment of R & D center in Hosur, which is expected to be operational by end of FY 2020-21, is a step in the direction of establishing your Company as a key Technology player which can help in unlocking the potential further and act as springboard to grow faster.

Due to the re-evaluation of personal mobility options arising out of COVID-19 pandemic, personal vehicle sales has already picked-up and we firmly believe that the two-wheeler industry is on track to strong recovery in the short to medium term which augurs well for the core segment where your Company operates. Combined with the Governments emphasis on significantly localizing production of many auto components, global Companies looking to find resilient supply chain options where India has many unique advantages, we strongly believe that your Company's efforts to strengthen its R&D capabilities and grow its Product and Customer pipeline will yield handsome benefits going forward.

## **CONCLUSION**

Overall, the directors are confident that your Company is ready to meet the challenges posed due to COVID-19 as well as the evolving changes in the industry. Your Company is confident that it will not only grow its market share further but will also diversify into new products and markets. Your Company is committed to capitalize on the drive for localization and the need for a resilient and geographically diversified supply chain and is fully geared for that purpose. We believe these commitments and beliefs will contribute to the successful accomplishments of all our future growth endeavour.

## **ACKNOWLEDGEMENT**

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

I also wish to thank our Bankers, Governments at the Center and in the States of Tamil Nadu, Haryana and Pondicherry and other Government agencies, who have extended their co-operation.

I wish to thank all the customers, employees and suppliers for their continued support and services.

Thank you.

**Company Secretary:**

Thank you, MD.

**Chairman:**

Before we proceed to the items of the Notice, would like to introduce the Directors to the shareholders. Let me start with myself. I am Balaji and I am the Chairman of the Board of Directors. I am also the MD of Lucas-TVS and Delphi TVS and I am on the Boards of other TVS Companies.

I will now introduce our independent directors starting with the Chairman of the Audit Committee, Mr K G Raghavan. He is a leading Supreme Court Lawyer who is participating in this meeting today. Welcome, Mr Raghavan.

I now move on to the Chairman of Nomination & Remuneration Committee Mr V Balaraman. He is known to many shareholders as he was holding senior position as MD of Ponds India and a Director of Hindustan Lever. He has served as an independent director on many boards.

I move on to the Chairman of the Stakeholders Relationship Committee Mr R Vijayaraghavan, who, as you all know, is a leading Tax Lawyer in Chennai and has been on the Board of your Company for Many years. Welcome, Mr Vijayaraghavan.

I then move to the Chairman of the CSR Committee Ms. Jayshree Suresh who has joined our Board a few years ago. She has a distinguished academic background and has served in many capacities and it is a great honour to have her on our Board. Thank you Jayshree, welcome to the AGM.

Mr Anant Talaulicar who is our Independent Director- is not present in the meeting today. He joined our Board last year. He was the managing director of Cummins India, and he has since retired from Cummins India and he has kindly agreed to serve as an independent director in our Board.

Now I introduce to you the directors representing the Mahle group starting with Mr Mukesh Somani who is the Financial Head and Momose San who has joined all the way from Japan who is In-Charge of business development. Welcome Mr. Somani and welcome to Mr Momose.

Finally I will introduce your Managing Director Mr Arvind Balaji. He also holds the position as JMD of Lucas TVS and Ms. Priyamvada Balaji, Director of your company is also the Whole-time Director of Lucas Indian Service and a Director in Lucas TVS among other positions.

I have great pleasure in extending a warm welcome to all the shareholders who have registered themselves to speak in this forum. It's unfortunate that we could not have the face to face meeting, but given the circumstances this is the best we could do.

Over to the Company Secretary. Thank you.

**Company Secretary:**

Thank you, Chairman.

Now, we go to the items mentioned in the Notice of AGM. The Notice has been dispatched to Members well in advance through electronic mode, since this time, we did not have any physical dispatch. It has also been posted in the website of the Company and the Stock Exchanges. Since it has been with the shareholders for a while, it is assumed that the shareholders have read the

contents. So, we are proceeding to read the headings of the Businesses which will be considered in the meeting. The company has offered remote e-Voting facility for all the shareholders and the remote e-Voting has commenced on 18<sup>th</sup> September 2020 and it ended yesterday i.e., 20<sup>th</sup> September 2020.

There is also a facility for e-Voting at the venue of the meeting, i.e. during the continuation of the AGM, and the voting will be open for fifteen minutes after the conclusion of the AGM.

Those members who have not exercised remote e-voting may exercise their votes electronically during the AGM and up to 15 minutes from the conclusion of the meeting.

Results of the remote e-voting and the voting during the AGM would be announced to the Stock Exchanges and will also be posted on the website of the Company within 48 hours from the conclusion of the AGM.

**Now I proceed to read the items of Notice:**

NOTICE is hereby given that the 35th Annual General Meeting of the Shareholders of India Nippon Electricals Limited will be held on Monday the 21<sup>st</sup> September 2020 through Video Conference (V.C.)/ Other Audio Visual Means (O.A.V.M.) at 10 A.M. (I.S.T.) to transact the following business.

**Ordinary Business**

1. Adoption of audited accounts for the year ended 31st March 2020 and the Directors' and Auditors' report thereon, to be passed as an Ordinary Resolution.
2. Declaration of Dividend for the year 2019-20, to be passed as an Ordinary Resolution.
3. Election of Mr Tadaya Momose as Director liable for retirement by rotation, to be passed as an Ordinary Resolution

**Special Business**

4. Ratification of the remuneration of Mr K Suryanarayanan, the Cost Auditor for the year 2020-21, to be passed as an Ordinary Resolution
5. Adoption of Memorandum of Association as per the provisions of Companies Act, 2013, to be passed as a special Resolution. We are amending the Memorandum of Association to largely bring it in line with the provisions of the Companies Act, 2013. The resolution fully sets out all the changes/ amendments which we are proposing.
6. Adoption of new set of Articles of Association, to be passed as a special Resolution. This was required to be carried out by virtue of amendments to the Joint Venture Agreement which we had between Joint Venture Partners as well as to bring the articles in line with the provisions of the Companies Act, 2013.

The Explanatory Statements carry the information with regard to the changes which are proposed in the Memorandum and Articles as well as the Director who is proposed to be re-appointed in the AGM. With the Permission of the shareholders I take all the resolutions as read.

Now, the floor is open for questions by the shareholders. We have got speaker request registration from Nine shareholders for expressing their views and for asking any queries, which they have.

We request the shareholders to try and restrict to a reasonable time, say, three minutes and the queries may be on the financials or the annual report or the items to be considered as a part of the notice.

So, in the order of the speakers we have, first, Mr. Nikhil Upadhyay from Ahmedabad who has registered himself as a speaker. I request, I think, he is in participation in the meeting. I request the Host to allow him to speak.

Hello. Mr.Nikhil, Yes.

**Nikhil Upadhyay:**

Hi Good Morning Sir, Am I audible?

**Company Secretary:**

Yes, very much Mr Nikhil

**Nikhil Upadhyay:**

So, sir, I have already sent you the questions just a few of them, and I will give a few of them. I think you have the copy of them.

**Company Secretary:**

Yes. Yes. I do have. If you have already sent in the questions, it will be appropriately answered at the end of the Q&A Session.

**Nikhil Upadhyay:**

So I don't need to. I do not add anything more than that.

**Company Secretary:**

Ok, you have nothing else to say?

**Managing Director:**

I think we have prepared some response for all the questions and they have been placed together. So, I think the CFO and the President would answer the questions at the end, combining all the questions and I think after their further clarification you can ask additional questions. Thanks.

**Company Secretary:**

Thank you. Mr. Nikhil

**Nikhil Upadhyay:**

Thank you.

**Company Secretary:**

And the second speaker is Gokul Maheswari from Mumbai. I request the Host to unmute Gokul Maheshwari.

**Gokul Mageshwari:**

Thank you for giving the opportunity. I have also sent my list of questions to the management so that they can prepare well in advance. The only thing which I would just add is, if the 2w sector were to get completely on EV today, very hypothetical, but what proportion of sales will be going out of our books by the switch to EV if you could just quantify that and clarify the rest of the questions that I have emailed earlier.

I am happy to repeat them for the benefit of the shareholders of the board or if it's there in your records, then it's fine.

**Company Secretary:**

It is up to you to repeat any important questions.

**Gokul Maheswari:**

No, I've already- I have the one big question on the EV technology that if it comes today in full force, what percentage of sales would actually not be relevant in that technology? I don't want to waste the time of the board and my fellow shareholders, so we can then proceed ahead. It would be great if you can answer the rest of the questions in the appropriate manner.

**Company Secretary:**

Sure, sure. Thank you.

**Gokul Maheswari:**

Thank you.

**Managing Director:**

So, should we wait till all the questions are asked or answer the shareholders one by one?

**Chairman:**

Since all the shareholders have already given the questions, let the MD/ Management Team answer those questions. After that, if any shareholders still want to seek any clarifications, we can ask them to do so.

**Managing Director:**

Agree with Chairman. Shall I speak first summarizing our response to various shareholders who have sent in their queries?

**Chairman:**

Yes, you need not answer shareholder by shareholder. You may sum up all the questions together and the common questions may be answered. All the questions which have come to us, let it be answered. And at the end of it, if the shareholders still want to seek some clarifications, they can ask.

**Managing Director:**

So, Elango (CFO) and Ravinder (President), first I will give a summary and then you can try to answer the questions that have been summarized from various shareholders and then they can ask further questions.

**Ravinder& Elango:**

Yes.

**Managing Director:**

I think the last speaker, pretty bluntly asked the most important question which is basically what if hundred percent of two wheeler production in India moves electric and the answer is equally straightforward.

Right now we're a completely IC Engine company. So effectively, if hundred percent goes to EV mode, our sale will be zero. I know, I'm exaggerating, of course, because we have after-market, exports and all that, but effectively we are a hundred percent IC Engine company. Now, what are strategies to counter that? And I've talked about that over the last two years and I'm happy to share that again. So, right now, we're doing few things that will help us in mitigating this risk to an extent.

Of course, we don't expect EV to take over overnight, so we continue to grow our IC Engine business, which is a source of profits and continues to give good results to the shareholders, both in India and outside India. Happy to report that we are gaining market share. There are many segments, like stationary engines, all-terrain vehicles etc which are going to remain with IC engines for quite some time and we will continue to grow in those segments in India and outside. So, that is going to be a continued sustained growth that's going to come.

And I don't think we should just think that's a bad thing. That's a very good thing for the company and we have global quality levels, global technology levels with which we are making the money and which we can invest further for the future.

The second thing that we're doing is investing in after-market, which has continued to grow and shown healthy numbers over the last few years and we are giving sustained effort to it. During the COVID-19

shutdown, we actually went over and beyond what we typically do, reached out to hundreds of mechanics all over the country through WebEx, further boosting our brand image and our position.

And you will see the numbers will show this in the coming years by top line growth. We have then started looking at how do we diversify our business using the technologies we already have.

We're working with some customers on 'in between technologies between' i.e. between IC engine and EV like hybrid technologies where we are having close discussions with customers, having developed the technology.

We are then working with non two wheeler customers like commercial vehicle customers. I'm happy to report that we have already won some business in the area of sensors. So, like that we are gradually increasing our product portfolio to diversify away from pure IC Engine to other related fields till the electric vehicles becomes a reality.

We are working on one product category, which I mentioned a couple of times in the past, and we're close to signing an agreement. When we do that, I will publicly disclose it, but we're making progress on developing those technologies to actually expand our products outside IC Engine business.

The way we see it for the next seven to eight years is probably IC Engine will remain a dominant part. All projections regarding the auto markets point to the fact that twenty to thirty percent will be EV and the rest will be IC Engine and we expect to gain market share in IC Engine while also preparing ourselves for EV.

During this time, we plan to invest in developing new technology and that is the reason we are setting up the R&D Center, that will give us a strong position for the future.

So that is, in a nutshell what I wanted to say, I request Ravinder and Elango to share a few more specific responses to the questions asked.

**Ravinder Sharma, President:**

Yes. Good morning, Everyone.

Actually, some questions came like, what is the revenue break-up between the two-wheeler, passenger vehicles and commercial vehicle segment. As MD said that we are basically an IC Engine company and we have the products under different categories. Now, we're working out the applications for these products in commercial vehicle segments also, and we are able to put some application there, and we're able to get some business. So, it is too early to say, but we're making a slow and definite step in that area.

Another question was that what is the top three products today? Actually, since we are a mechatronic company, So today, our top 3 products are IC based but we are going strong in those segments, not only in the domestic market, but from the export side also.

So we are going strong in that area. Our top customers are TVS, Hero, Greaves, Suzuki and recently we are able to make inroads into another big customer. We have already started the development of products for that customer and we expect it to show results in the current financial year. This new customer also has the potential to reach the top three customer. We're making good progress in that area.

Another question that came from shareholder is that, what are the main products we are developing or we lost in the last two, three, five years. We are constantly working and developing new technology products and we are planning to increase it further.

We have developed new products like sensors, DC-DC converters, controllers, etc. We are also working on some EV products right now. We are getting queries from EV customers and we started working on those lines also, but it is too early to say, but definitely we're moving towards those areas.

Most of the interesting questions have come from the EV side. So, as I mentioned earlier, not only the new customers, our existing customers are also planning to enter into EV segment. We already have their contacts and we have already started working on some Projects, so we are definitely moving in that direction. And whenever there is a market introduction of this product definitely our products will be there as part of it. Actually, one of our products is already there as part of a recently launched EV product.

There were also questions on the aftermarket and exports. As MD mentioned after-market is definitely the focus area and you might have seen that recently (in the last year) we have seen around 8 percent growth in that area, in spite of the market going down. And now we have started working very closely to tap the potential in this area. Definitely you will see that growth and we are targeting double digit growth in after market as well as in the exports.

Export side, we have already had a few prestigious customers and during last year we already had some good orders and now the development work is in progress. It is just a recent activity, which has been done.

On technical side, repeated questions are about, going forward, what are the other customers we are working with for exports, I cannot openly say their names but definitely we have got good business and you will see the results.

One question came that, have you completely changed over to the BS VI requirements and what is the price factor increase from BS IV to BS VI? It is difficult to say that, but definitely wherever the BS

IV changeover is there from BS IV, we're able to retain our orders, enhance our share of business and ensure profitability.

BS IV products are still going on for the export market as many of our customers are still exporting them to export markets.

One question was that what are the efforts we are making to gain market share. As MD mentioned, we have already started some of the products and definitely we will see those products once it is developed.

On R&D Center, our focus is to develop the new products and technologies, and give more value proposition to our customers so definitely we will keep on developing new technology products.

That is going to be our focus. There was one other question that there was some revenue de-growth in the export last year. What was the reason? Let me say that we have not lost any customer. It's just because of the sluggish export market. That was the reason there was a fall. But definitely you will see this improving in this current and the next year.

Elango you would like to add something?

**Elango Srinivasan;**

I can answer the financials related questions. If you are completed then I will take over.

**President:**

Yes. Please take over.

**Elango Srinivasan:**

Thank you, Good morning to all; there are five questions on the financials.

The first question is, why there is an increase in trade receivables and whether it is a good debt or a bad debt? Actually the trade receivable has come down from the previous year to the current year. And there is no bad debt, all are good quality in nature. So there is no need to worry on that.

And the next question is, when will the Kolhapur unit be restarted? Why it is closed? We have closed this Kolhapur Unit for the cost optimization benefit and if the business goes up and if there is a need, we will consider this but as of now, it is closed.

And the other question is on the land about Rs.5.30 Cr and why it is shown as meant for re-sale. Reclassification is done in the balance sheet on the basis of IND AS applicability and as per IND AS, if the land is kept unused for a long time it should be reclassified as meant for sale. That is why we classified it as such. It is the land held by the Company in Haridwar.

And the next question is regarding Rs.13 cr balance in the Current Account. Why we are keeping it? Actually there is lock-down since 21<sup>st</sup> March 2020 imposed by the Government and we have received the money from the customers on the 30<sup>th</sup> and 31<sup>st</sup> March 2020 and there was also bank holiday(s). So, we were not able to deposit the funds. The balance kept is temporary in nature. We have immediately utilized it in the current year.

The next one is on the reimbursement of expenses to the auditors. This expenses have actually come down when compared to last year and this is meant for the Plant visits by the auditors during each quarter for limited review audit. They visited all the plants last year. This is the minimal amount and we have restricted the actual expenditure. There is no need for any concern on this.

So these are the 5 questions we received on the financials. If there is any further question(s), I am ready to answer them. Thank you.

**Company Secretary:**

Thank you Sir.

**Chairman:**

Just want to thank Ravinder and Elango and MD for answering the questions. We could now request any shareholder, who may still want to discuss anything particular – a few minutes for each of them.

**Company Secretary:**

Sir we have six more shareholders who have registered speaker to speak in this forum. Can we proceed with that?

**Chairman:**

Yes.

**Company Secretary:**

Thank you Sir. Next we have Mr Sanjay Kular from Mumbai.

**Mr Sanjay Kular:**

Can you Hear me Sir?

How has been the performance of our company in the current quarter Q2? what is the activity level, whether it has reached Pre-COVID level, or is still below that or when do we expect to surpass that level? So, do we expect to register Rs.500 cr turnover in the current year? In the given situation? Our company share price has been hovering very low levels. Any plan of buy-back of shares? What is the outlook for the next two years of our company. That's all Sir.

**Company Secretary:**

Thank you. All questions have been taken note. We will answer at the end of the session.

Then we have Mr Mahendra Shah from Dharwad.

**Host:**

Sir, He has not joined the meeting.

**Company Secretary:**

Ok. Then we have Mr Aspi Bhesania from Mumbai.

**Aspi Bhesania:**

Can you see and hear me?

**Company Secretary:**

Yes

**Aspi Bhesania:**

So I would like to know whether next year, when you have physical meetings, you'll have video conferencing also? I'll request you to continue with this video conferencing facility so that we get to know what's happening in your company.

I am a shareholder from Mumbai. From many, many years I never heard anything about your company. I was having whatever shareholding I had twenty years back. I'm still having the same shareholding, even now.

**Chairman:**

Thanks for having faith in the company and keeping the shares. You would have seen from the results of the company that keeping the shares has been worthy. Next year, we will discuss your suggestion whether to continue video conferencing. Thank you.

**Aspi Bhesania:**

My question is, Mahle Electric holds 20.52% in our company. Is this company related to Nippon. How long can we use the name of Nippon when the shareholding is only twenty percent? Any intention to increase the holding?

**Chairman:**

Let me clarify this later.

**Aspi Bhesania:**

Sir, the company Lucas or Mahle giving us the technology when we have our own R&D Department. I request Mr T Momose, Director to give us speech as to what he's expecting from our company. Sir, how much of our income comes from auto and non auto.

Please explain more about Advance Engineering Center.

Sir, the company had developed roadmap for future products, which products?, if you can elaborate on those. And I'm sure company will not be affected by introduction of electric vehicles. Sir, from ten year highlights, the sales had doubled over ten years which is too less although profits have increased much more. Sir, thank you. And all the best.

**Company Secretary:**

Thank you.

We have next Mr. P Gopal from Chennai.

**Host:**

He also didn't join.

**Company Secretary:**

Okay fine. Then we have Mr P Jaichand from Chennai.

**Host:**

He also didn't join.

**Company Secretary:**

Then we have Ms Usha Sharma from Mumbai.

**Usha Sharma:**

Yes. Sir, I have a few questions.

What percentage of revenues comes from OEM sale and aftermarket? Can we expect the aftermarket to grow at high Single digit to Low double digit in the next few years? What percentage of revenues can come from after-market in the next five years? Congratulations, that we have scaled up to multiple products typically in two wheeler. What percentage of components do we currently cater to? How has this number changed in the past three to five years? What percentage of revenues has come from new products introduced in the past three years? What is our target for the next three years for the same? What is the revenue breakup between controllers, sensors, Electronic fuel injection systems etc. Of these, which segment has the highest potential in the next three years. Who is our nearest competitor? Typically, what is the price increase in the BV VI Vs BS IV components?

**Company Secretary:**

Okay. That's all Madam?

**Usha Sharma:**

Yes.

**Company Secretary:**

Ok. Now Chairman, may like to commence the response.

**Chairman:**

Yes. I would like, first of all, to thank all the shareholders who have raised incisive questions. Almost I felt like saying it will be very nice to have someone as our Advisors to guide our strategy. So very good questions and I'm sure the management team will answer them.

I just want to clarify one issue, which was brought out. India Nippon is not the name of any company named Nippon. It means Japan. So, when we conceived this company, there were two partners from India and one from Japan, it's called by the name India Nippon. It is not the property of anybody. So, the company has that name independent of the partners. I just wanted to clarify that.

I now hand it over to the MD to answer some of the questions.

**Company Secretary:**

We have one more last shareholder from Saurin Parekh from Mumbai. Yes Mr Saurin. You are not audible. Are you able hear us?

Mr Saurin, I think he has some connectivity issue. I think there is some technical difficulty with him.

We have now come to an end of the question & answer Session.

**Managing Director:**

Let me try and answer as many of questions as I can. The first question was towards how is the demand currently? What is the outlook?

You know, we can't give any projections about how it's going to be, but the current level of activity has gone back to pre-Covid levels mainly due to pent up demand as can be seen in the uptick in demand for OEMs. If you see the production data that was announced by all the OEMs you can actually see that they are very robust. How well the sales actually continues to grow will be known only in the coming months after the festival seasons. So far, so good. The market has rebounded well enough. How it translates, I think, we have to wait and watch.

As far as our technologies, they are wholly developed by us in our own R&D Center and the new R&D center will enhance our capabilities both in the current range of products as well as the new range of products in the coming years.

I think Ravinder & Elango you can answer some of the other questions about BS IV and BS VI price increase etc.

As far as aftermarket is concerned, it's about eight to ten percent of our sales and I think we can go up to perhaps 12-13 percent of our sales. We expected to grow in double digits in aftermarket segment. I think we just started to reach there and its going quite well.

Our Raw material cost ratio is about seventy percent and it is expected to stay at this level depending on the level of competition. Right now there is lots of competition both local and global like Varroc, Denso, Mitsuba this is the nature of auto industry.

Some shareholder asked about our growth. Our growth is in line with our customers. The way we can grow faster is by expanding our customer base as well as expanding our product range. I think we've talked enough about that.

I would rather like to introduce the products and then show you the results. As you would have seen, the company has performed quite well in the last few years due to the strategy it had adopted. So, with that confidence, I'm saying that in the coming years also we can deliver on our commitments to the shareholders.

I think that's it, that fundamentally answers the main questions.

Ravinder, What is the percentage of BS VI over BS IV?

**Ravinder Sharma:**

Thank you, MD. This varies from customer to customer, the BS IV to BS VI increase, but it ranges from six percent to around twelve percent. This is the range of increase from BS IV to BS VI. But many of the new technology products also introduced by the customers. So, that impact is further and it is up to the customers to see how they are offsetting the price increase. But normally, this is the level of BV IV to BS VI impact for us. Thank you.

**Managing Director:**

I think the last point, I would just like to make to all the shareholders is that, we all are convinced that the electric vehicles will come, but they will not come overnight and there will be a transition period between the IC engines and the electric vehicles. So the changes will happen, but it will happen over a period of time. During that time, I think there are both opportunities we can extract value from both in terms of the current business as well as developing products for the new business. So, I would urge you not to look at IC engine products as a bad thing as it is going to be a source of profit.

So I think both aspects should be focused on and that's all our company is planning in the years to come. Thank you.

**Chairman:**

Thank you. I'd like to take this opportunity to thank all the shareholders participating in the proceedings for asking very interesting questions.

And I like to thank all the directors in taking the efforts to join the meeting. Before I close the meeting, there was a request from the shareholder for Momose San to speak, so, I just want him to say a few words about how he sees the future for the company.

**Momose:**

Yes. Yes please.

**Chairman:**

So you can say a few words to our shareholders who wanted to know your views on the growth of our company.

**Momose:**

We would like to work together i.e., between the Indian team and Japan team. I think we would like to see new business opportunities. I think India is, of course, the best cost country and Japan of course is known for technology. We would like to explore more business opportunities with you. Thank you.

**Chairman:**

Yes, thank you. Mr Somani, would you like to say anything on behalf of Mahle?

**Mukesh:**

Thank you, thank you, Chairman, yes, I just wanted to say that Mahle has an ambition to be in India along and has the plans to be with the TVS very much happy with them and with this INEL is going to grow much faster than the market because of its niche position which TVS team brings on the board.

**Chairman:**

I would like to use this opportunity for the shareholders to listen to the views of Independent directors. So can I start with Mr K G Raghavan, Chairman of Audit Committee on what his views are on the prospects for the company.

**K G Raghavan:**

Thank you Chairman, I've been associated with this company now for the last eight to ten years and this is one of those companies where we have seen consistent growth in terms of business. The one aspect that I would like to emphasize is that the importance that the company has placed on good governance and I'm happy to inform the shareholders that the company has not violated, or has been found to violate any provision of law and the company has had a clean record on all fronts. This is very important from the point of view of good governance and I would say as an independent director, I feel extremely comfortable to be on the board of directors of your company. Thank you very much .

**Chairman:**

Now I will request Mr. Balaraman, the Chairman of the Nomination & Remuneration Committee to say a few words.

**Balaraman:**

Thank you Chairman, I have been on the board of this company for about seven years or so and I echo what the Chairman of Audit Committee Mr KG Raghavan said... we, as Independent Directors find that the company is extremely responsive in answering all of our queries, challenges and they are open to new thinking and they are socially very responsible.

They are very, very strict about obeying all the laws of the land and they are, they really care about shareholders. They care about society. They care about customers and employees. I'm most proud to be associated with this company as an independent Director.

**Chairman:**

Thank you Mr Balaraman for your generous words. Can I now request Mr Vijayaraghavan, the Chairman of the Stakeholders Relationship Committee to say a few words.

**Vijayaraghavan:**

I echo the sentiments of the other two Independent Directors, and I, as the Chairman of the Stakeholders Committee, am happy to say that there has been very less complaints from the shareholders, and I'm particularly very impressed by the transparency of the management, and whatever information asked for as an independent director, they give us all the information we require. That is why, all the independent directors are very comfortable. Compliance with the laws are ensured and the business is all done in an excellent way. We're very happy about the performance of the company. Thank you very much.

**Chairman:**

Thank you Mr Vijayaraghavan

Could I now ask Ms Jayshree the Chairperson of the CSR Committee to say a few words.

**Jayshree Suresh:**

Good morning to everybody. Very happy to be associated with this company and I am thankful for being on the board. Regarding CSR, we have been doing a lot of activities. One thing I'd like to point out is that the Company is very, very responsive. This year, they have gone beyond what was required under CSR because of the COVID situation. The Company does not think about doing such social support initiatives and they do it very willingly. Again, I would like to reiterate that they are very, very transparent and I agree with other Independent directors as well. I wish them all the best.

**Chairman:**

Thank you; Can I now ask Priyamvada, who is helping INEL to sell its products in the after market to say a few words.

**Priyamvada Balaji:**

Thank you chairman. I think the after-market has a very strong potential as far as INEL is concerned. And what is really encouraging is the deep grass root connect that the entire INEL after market and product development team has. So it's a combination of capturing its rightful share of the market based on the strong market share among the products available as well as new product ideas that come from the field, which will give us more wins and collectively get us good growth. So, I think we have very strong confidence in the outlook for the after-market. That's it from me, thank you very much.

**Chairman:**

And I like to thank all the directors for their valuable contribution, thankful to all the independent directors for guiding this company in this journey. And this year has been a challenging year but I'm confident that with all your support, the company will come out of this stronger as a result of the challenges that it has faced. So with this, I have to formally close this meeting.

Over to Company Secretary

**Company Secretary:**

Thank you, Chairman. Thank you all panellists and the shareholders, we have 15 more minutes to complete the voting process. All the shareholders who have not voted so far to cast their vote on all the resolutions. Thank you again.

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