



EXPANDING  
OPPORTUNITIES,  
ADDING VALUE.



**INDIA NIPPON ELECTRICALS LIMITED**  
Annual Report 2020-21



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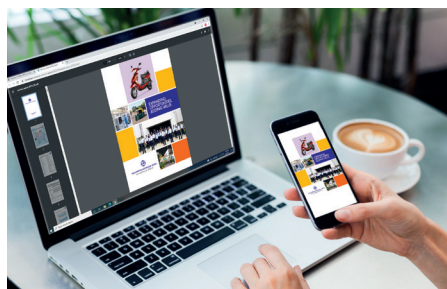
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India Nippon, we are constantly driven to improve on our performance. Aligned with this purpose, we are investing in our capabilities, strengthening our product portfolio and increasing our customer base. Opportunities to grow our aftermarket and export business are also being scouted with intense focus.

Throughout our journey, we have demonstrated the ability to adapt to changing technology and deliver innovation that resonates with customer needs. Today, while we extract more value for our core business of ignition system solutions for internal combustion engines, we are simultaneously preparing ourselves to capitalise on the opportunities presented by tomorrow's technology of electric mobility. Additionally, we are leveraging our technological know-how to tap opportunities in areas beyond the automotive segment.

The opportunities for our business are expanding. As we capitalise on these prospects, it will set the momentum for accelerated growth and deliver greater value for all our stakeholders.



## KNOW US BETTER

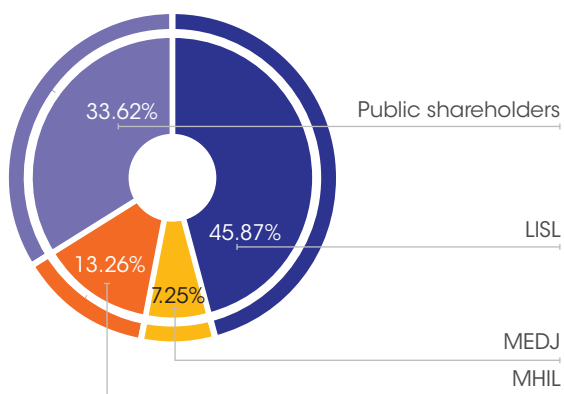
Incorporated in 1984, India Nippon Electricals Limited (INEL) is among the leading manufacturers of electronic ignition systems for the automotive industry, with special focus on two-wheelers, three-wheelers and portable generator sets. We also manufacture sensors, controllers and convertors. The trust we have gained for our products, many of which enjoy market leadership position, inspires us to continually build on our portfolio and capabilities to serve our customers better. Today, in addition to our core offerings for internal combustion engines, we are bringing products for electric vehicles to the market, demonstrating our firm intent to play an important role in this future technology.

Our differentiators of high quality and reliability have enabled us to build a strong customer base in India and a growing overseas clientele. In India, we supply to many leading two-wheeler automotive companies and other internal combustion (IC) engine manufacturers. We are also steadily growing our aftermarket and export business.



### Shareholding pattern

Our Company is a joint venture between Lucas Indian Service Limited (LISL), a wholly-owned subsidiary of Lucas TVS Limited, MAHLE Electric Drives Japan Corporation (MEDJ) and Mahle Holding (India) Private Limited (MHIL).





## Product portfolio

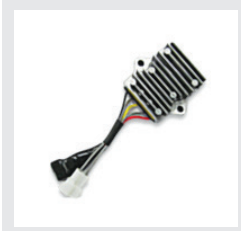
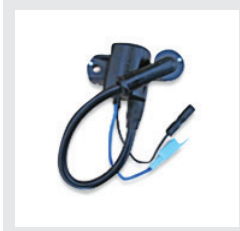
Our core products include flywheel magneto, digital ignitors, sensors, integrated starter generator (ISG), controllers and DC-DC converters, which are aligned with present and future market needs. Our sensors are used across engine and exhaust applications, transmission applications and automotive safety applications. We also offer transistor-controlled ignition (TCI), ignition coil and regulator rectifier products, among others, to support customer needs.

At INEL, new products and solutions are being developed to reimagine tomorrow's growth. Keeping pace with technological disruptions in the automotive sector, we are actively working on increasing our offerings for the electric mobility and non-automotive segment. This demonstrates our steadfast commitment to evolve in tandem with the industry and be future-ready.

### AC Generator



### Electronic products

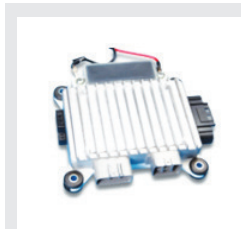
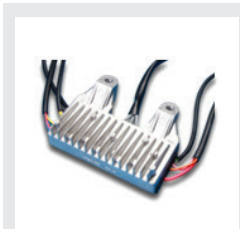


Dual Output Ig.coil

CDI / TCI Unit

Ignition Coil

Regulator Rectifier



EGR Controller

Converter

Integral Unit

Governor Control Unit



## Electronic products



Engine & Exhaust Applications



Throttle Position Sensor (Rotary type)



Throttle Position Sensor (Linear type)



Speed Sensor



Oil Level Sensor



VR Sensor



Transmission Applications



TMAP Sensor



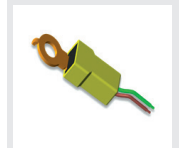
TBAP Sensor



Coolant Temperature Sensor



Air Temperature Sensor



Temperature Sensor



Automotive Safety Applications



Differential Pressure Sensor



Crankcase Ventilation Sensor



RPAS Ultrasonic Sensor

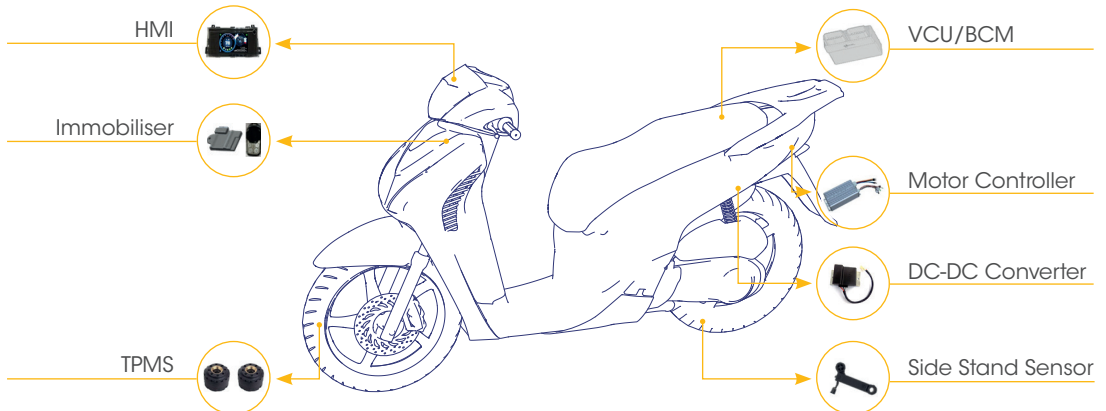


Side Stand Sensor



Tyre Pressure Monitoring Sensor

## EV Portfolio



## Product applications

Two-wheelers



Three-wheelers /  
all-terrain vehicle (ATV)



Portable  
gensets



General-purpose  
engines



## Manufacturing facilities

Our operations are supported by three world-class manufacturing facilities located close to our customers' units. Our strategic presence enables us to reach out better to our customers, offer just-in-time supplies and improve speed-to-market for the introduction of new products. The facilities are located at Hosur (Tamil Nadu), Puducherry and Rewari (Haryana).

### Hosur (Tamil Nadu)







## Puducherry



### Quality focus

At INEL, our products are benchmarked to global standards, manufacturing processes are designed to ensure a high level of excellence, and quality measures are woven into each and every aspect of our activity. Our unwavering focus on exceeding customer expectations has led us to constantly upgrade our quality standards and strive for 'zero defect'. We also embrace a culture of continuous improvement to ensure quality products at competitive prices, making us the partner of choice for leading automotive manufacturers.

Our plants hold the following certifications:

**Product Responsibility** – IATF: 16949:2016

**Employee Wellbeing & Safety** – IOS 45001:2018

**Environment** – IOS 14001:2015

**Continuous process improvement** – ISO 9001:2015



## Research & Development

A team of dedicated and qualified engineers, who have been trained in-house as well as at the collaborator's company, are engaged in designing and developing innovative electronic ignition products. We are also working on developing new technology solutions and softwares to serve the e-mobility segment and non-automotive sectors. Our continued quest for introducing future-ready solutions is reflected in the sustained investments we are making in our R&D capabilities, with a new Technology Centre being established in Hosur, Tamil Nadu.



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Visual representation of the upcoming Technology Centre





## Business Strengths



### Customer-Centric

We have consistently delivered innovative products that meet the requirements of our customers. Whether they seek higher functional performance, improved fuel economy, BS-VI compliant products, lower costs, or the ability to meet stricter emission norms, our customer-centricity drives us to meet exacting customer needs.



### Technology-Driven

Embedding advanced technology is the cornerstone of our success and is central to the way we operate even today. While IC engine technology remains our forte, we are staying ahead of the transformation curve by investing in the relevant technology to enable us to cater to the electric mobility segment as well as the non-automotive market.



### Quality & Reliability

Our high standards of quality and reliability are deeply valued by OEMs and end-users. Our high focus on these competitive differentiators remain unchanged as we continue to make new investments to update our processes, embed IoT systems and further strengthen our manufacturing and delivery capabilities.



### Agility & Flexibility

Our teams work in close collaboration with our customers and keep their eyes on changing market trends. This enables us to quickly respond to our customers' needs. Underpinned by our strategically located manufacturing units, we are also able to offer just-in-time supplies, thus reducing storage and inventory cost for our customers.



### Delivering Value

We are passionate about exploring innovative solutions that will increase operational efficiencies and lower costs, all the while meeting our high-quality standards. Our experience and expertise also enable us to bring to the market products that meet stricter emission norms.



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# MANAGING DIRECTOR'S MESSAGE



The committed efforts of our team enabled us to deliver a resilient performance. Our revenues were maintained at levels similar to the previous year despite the loss of business volumes in the first quarter and even while the two-wheeler industry in India registered degrowth.

**Arvind Balaji**  
Managing Director

## Dear Shareholders,

On behalf of India Nippon Electricals Limited, we offer our deepest condolences to those who have lost their loved ones due to the COVID-19 pandemic. It was also a year during which medical professionals and other frontline workers have worked round-the-clock to keep us safe even while putting themselves at risk. I take this opportunity to extend our heartfelt gratitude for their selfless services.

The nationwide lockdown followed by restrictions in several parts of the country had a large negative impact on India's GDP growth in FY 2020-21. The performance of the automotive sector, already reeling under the impact of a slowing down economy, was further exacerbated during this period. For FY 2020-21, two-wheeler growth declined by around 13% due to the closure of distribution networks in the first quarter and widespread uncertainty throughout the year.

## Performance review

While none would have wished for the unprecedented circumstances the year has brought upon us, I am proud of how we have responded as an organisation.

Driven by our resolve and agility, we continued to work towards expanding business opportunities and successfully navigating the changing landscape while ensuring strict adherence to COVID-19 appropriate safety protocols.

The committed efforts of our team enabled us to deliver a resilient performance. Our revenues were maintained at levels similar to the previous year despite the loss of business volumes in the first quarter and even while the two-wheeler industry in India registered degrowth. Improvement in our market share and more business from existing customers contributed towards sustaining our revenues.

In these challenging times, thanks to the austerity measures we have implemented as well as the full support of our employees, we were able to prevent severe erosion

of our margins. We incurred additional costs due to the new way of conducting business operations during COVID-19 times and maintaining health and safety protocols, including rolling out free vaccination drives for employees and their families as well as for our suppliers and local communities. We are glad to share that not a single employee was laid-off during the pandemic, salaries were paid on time and financial support was extended to those adversely impacted by the pandemic. While this has kept our overheads high, we believe it was the right thing to do in face of the exceptional crisis that we are facing together as a community.



The year was also defined by notable operational highlights across the Company. We continue to be among the market leaders for our core products.



## Operational highlights

The year was also defined by notable operational highlights across the Company. We continue to be among the market leaders for our core products. Aftermarket and exports have been identified as our growth levers, and we are pleased to share that we fired on both these cylinders during the year. Aftermarket sales grew by 48% as we strengthened our distribution network and our product portfolio, while exports grew by 59% led by new customer acquisition. We remain focused on pursuing both these business opportunities aggressively to deliver accelerated growth. Investments were made towards enhancing our competencies. Increasing the automation levels at our facilities, upgrading our processes and expanding our manufacturing capacity were the thrust areas.

In another important development, INEL was recognised with the 'Great Place to Work' certification. We achieved this milestone in the very first year that we participated in this prestigious survey. This is a rare honour and further





reinforces our employee-centric approach.

## Expanding product lines and customer base

At INEL, our quality-led portfolio has earned us the trust of our customers, placing us in an excellent position to increase our content per vehicle from our existing customer base. Further, going beyond the introduction of new products, we are developing new solutions for our customers.

We are also focused on increasing our customer base. Dedicated resources are being deployed to identify potential applications and explore new lines of business. In the automotive business, new customers are being identified across geographies even as we continue to strengthen our relationship with existing customers by offering them a wider range of products.

## Future-ready with new Technology Centre

Underpinning our future-readiness is our upcoming state-of-the-art Technology Centre. In its final stages of completion, the new Technology Centre will power our ability in developing futuristic product lines. While our traditional

business is, and will remain for the next several years, electronic ignition products for IC engine vehicles, the new Technology Centre demonstrates our firm intent to be prepared for electric mobility. We have already successfully introduced several products for electric scooters, reaffirming our commitment to being a future-ready partner to our customers. The Technology Centre will also play a central role in augmenting our innovation thrust for non-automotive businesses and powering our growth strategy.

## Values-led culture

A values-led culture, we believe, is pivotal for creating a unified and motivated workforce. At a time when we are living in anxious and uncertain times, our core values became even more important in guiding the way we work. Throughout the year, we have placed the topmost priority not only on the physical health and safety of our employees but also on their emotional wellbeing. As you are reading this report, we are happy to inform you that 100% of our employees have been vaccinated. As we push forward into another year ahead, our focus is to further reinforce our values-led way of working against a machine-like, business approach.



Throughout the year, we have placed the topmost priority not only on the physical health and safety of our employees but also on their emotional wellbeing.





## Social responsibility

As a socially responsible organisation, we are committed to improving the quality of life in the communities in which we live and work and protecting the environment. With COVID-19 upending lives and livelihoods, considerable part of our welfare initiatives were directed towards supporting the fight against the pandemic. We contributed ₹ 75 Lacs to the PM CARES Fund and ₹ 25 Lacs to IIT Madras for COVID-19 related research. Additionally, we engaged in our regular efforts for promoting education and health around our manufacturing locations. As part of our efforts to leave a greener planet for future generations, I am pleased to share that now over 95% of our energy at our facilities is being derived from renewable sources.



Although we enter FY 2021-22 still being challenged by the pandemic, we believe that the medium-term outlook remains robust.



## Outlook

Although we enter FY 2021-22 still being challenged by the pandemic, we believe that the medium-term outlook remains robust. As the vaccination drive gathers momentum, normalisation of economic activity will prevail fuelling market demand. We remain positive about our prospects as we put the thrust on growing our aftermarket and exports businesses, enhancing our customer base and expanding our portfolio. Our increased investments in developing advanced technologies and strengthening our team will also help us to win in emerging areas and support business diversification.

## Acknowledgement

In closing, I would like to first recognise and thank the employees of INEL. Their incredible dedication, perseverance and resiliency contributed to our success in this exceptional year. Together we faced the storm, and together we have emerged stronger with all the learnings.

On behalf of the Board of Directors, I take this opportunity to acknowledge the continued support received from Lucas TVS Limited, Lucas Indian Service

Limited, Mahle Electric Drives Japan Corporation, and Mahle Holding (India) Pvt Limited. We express our gratitude to the Central Government, the State Government at all our locations and our bankers for their steadfast support. Finally, our sincere thanks to our customers, business partners, shareholders, and all other stakeholders for their continued trust. Together, I am confident that we will build on INEL's success and create better value for all.

## Stay safe, stay well.

Yours sincerely,

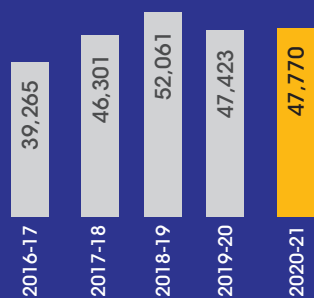
**Arvind Balaji**  
Managing Director



# FINANCIAL HIGHLIGHTS

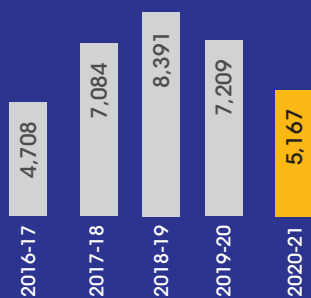
## Revenue from Operations

(₹ In Lacs)



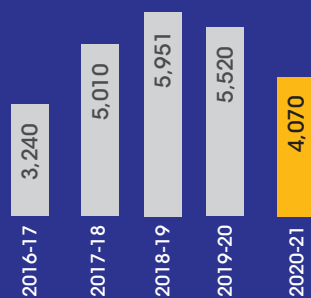
## Profit before Tax

(₹ In Lacs)



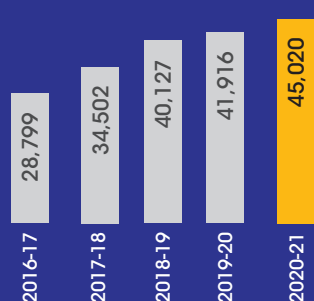
## Profit after Tax

(₹ In Lacs)



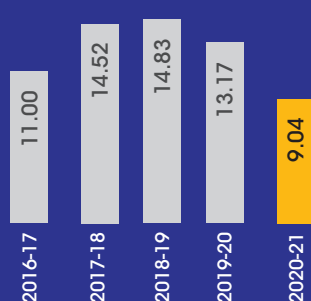
## Net Worth

(₹ In Lacs)



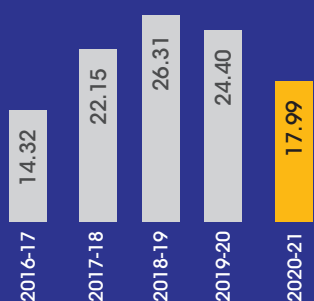
## Return on Network

(In %)



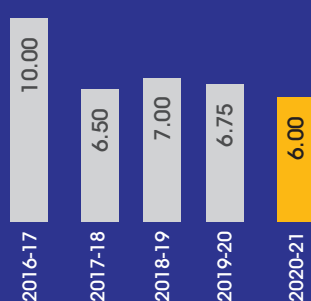
## Earnings Per Share

(In ₹)



## Dividend Per Share

(In ₹)



# ADDING VALUE TO OUR COMMUNITIES

Making a positive difference in our communities is integral to how we do business and core to INEL's culture.



Our Corporate Social Responsibility (CSR) initiatives are focused on supporting the underprivileged communities around our manufacturing facilities. Our team members actively engage with local communities to understand their needs. This helps us to deliver interventions that address the challenges that they face.

During the year, we extended support for the construction of toilets at Dungarwas High School, Rewari and Masani Primary School, Rewari. We also undertook roofing work at Dungarwas High School to resolve the water leakage problem. These activities were undertaken post consultation with village representatives and the education authorities. Additionally, we extended support for promoting the cause of education in rural Tamil Nadu.

**195**

Student beneficiaries

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## COVID-19 Response

To support the fight against the pandemic, we contributed ₹75 Lacs to the PM CARES Fund and ₹ 25 Lacs to IIT Madras for COVID-19 related research. Financial assistance was also provided to a hospital in Tamil Nadu for supporting the recovery of COVID-19 patients.

In wake of the severe second wave of COVID-19, there was an immense need to strengthen the healthcare infrastructure in the country. With this in consideration, post 31st March, 2021, the following initiatives were taken to augment public healthcare:

- Issuing medical-related materials to the nearest government hospitals and primary health care centres in and around Hosur, Tamil Nadu



- Providing 10 oxygen concentrators to primary health centres around our manufacturing facilities
- Providing materials to distribute medical-related support for the local community in Madukarai, Village, Puducherry

The nationwide lockdown and restricted travels through the year resulted in dwindling work opportunities for mechanics. Among the most severely impacted were those based in the interiors of the country and in villages. We reached out to these mechanics and extended support to them and their families by giving them food ration kits and other daily essentials.



In addition to conducting vaccination drives for employees and their families, we are also carrying out vaccination programmes for our suppliers and local communities.

# CORPORATE INFORMATION

## Board of Directors

**T K Balaji**  
Chairman

**Arvind Balaji**  
Managing Director

**Anant Jaivant Talaulicar**

**V Balaraman**

**Jayshree Suresh**  
(up to 7<sup>th</sup> August, 2021)

**K G Raghavan**

**Mukesh Kumar Somani**

**Priyamvada Balaji**

**T Momose**  
(up to 7<sup>th</sup> August, 2021)

**R Vijayaraghavan**

**Jakob Ruemmler**  
(w.e.f 7<sup>th</sup> August, 2021)

**Kiyoyasu Kawakami**  
(w.e.f 18<sup>th</sup> August, 2021)

## Audit Committee

**K G Raghavan**  
Chairman

**Anant Jaivant Talaulicar**

**V Balaraman**

**R Vijayaraghavan**

## Stakeholders Relationship Committee

**Jayshree Suresh**  
Chairperson

**T K Balaji**

**R Vijayaraghavan**  
Chairman

## Nomination & Remuneration Committee

**V Balaraman**  
Chairman

**T K Balaji**

**R Vijayaraghavan**

## CSR Committee

**Jayshree Suresh**  
Chairperson

**Arvind Balaji**

**Priyamvada Balaji**

## President

**Ravinder Sharma**

## Chief Technical Officer

**R Umashankar**

## Chief Financial Officer

**Elango Srinivasan**

## Company Secretary & Compliance Officer

**G Venkatram**

## Auditors

**Deloitte Haskins & Sells LLP**  
Chennai

## Cost Auditor

**K Suryanarayanan**

## Secretarial Auditor

**B. Chandra**

## Bankers

Bank of Baroda

ICICI Bank Limited

Axis Bank Limited

HDFC 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

E-mail: investors@inel.co.in

CIN: L31901TN1984PLC011021

**Website:** www.indianippon.com

## Subsidiary Company

PT Automotive Systems  
Indonesia

## Factories

**Hosur-Thalli Road**

Uliveeranapalli 635 114,  
Tamilnadu

Ph: 04347 - 233432 - 233438

**Madukarai Road**

Kariamanicam,  
Nettapakkam Commune  
Puducherry 605 106.

Ph: 0413 - 2697801 - 2697827

**Masani Village**

Rewari District, Haryana 122 106

Ph: 01274 - 240860/240212





# MANAGEMENT DISCUSSION AND ANALYSIS

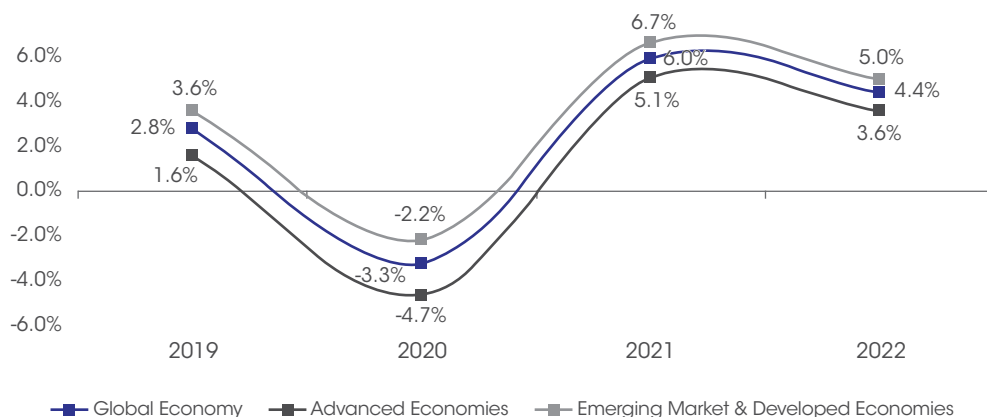
## Economy Overview

### Global Economy

The global economy is recovering from the significant disruptions caused by the spread of the COVID-19 pandemic in 2020. The monetary and fiscal policy responses by various central banks and the Government in many countries led to a stronger-than-expected economic recovery across regions in the second half of 2020. According to the IMF, after an estimated contraction by 3.3% in 2021, the global economy is projected to grow 6.0% in 2021 and 4.4% in 2022, due

to additional policy support in a few large economies and expectations of widespread vaccination rollout. The recovery is likely to be supported by steady but highly uneven global vaccination programme and the associated gradual relaxation of pandemic-control measures in several countries, as well as rising confidence. However, new mutants of the COVID-19 virus, second/third waves of infections, re-imposition of lockdowns in many countries and uneven access to vaccines across world continue to weigh on the outlook.

### World Economic Growth (%)



Source: IMF World Economic Outlook, April 2021

### Indian Economy

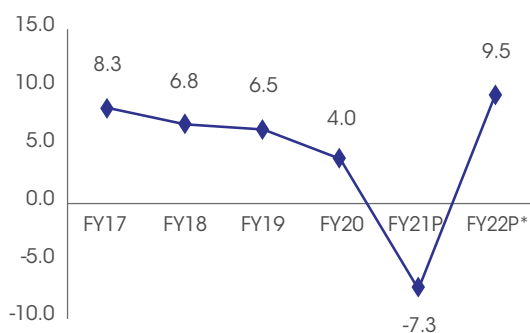
The Indian economy faced a massive reduction in economic activity and plummeted demand scenario in the wake of pandemic-induced lockdowns especially in the first half of FY 2020-21. Contact-intensive sectors such as airline passenger traffic and big-ticket items such as vehicle purchases were the hardest hit by the pandemic. As

per the provisional estimates released by the National Statistics Organisation (NSO), Indian economy is estimated to contract by 7.3% in FY 2020-21, as compared to 4.0% economic growth recorded in the previous year FY 2019-20.

The second wave of COVID-19 has turned out to be more virulent, having transmitted across urban and rural areas. The consequent

restrictions imposed by states to curb the spread has resulted in a slowdown in urban as well as rural consumption. Accordingly, the Reserve Bank of India (RBI) in its Monetary Policy Committee (MPC) estimated Indian economy to grow by 9.5% in FY 2021-22. Alongside, supportive monetary and financial conditions, coupled with an expected pick-up in the vaccination pace, should limit the downside. On the positive side, improvement in external demand should support India's export sector, while normal monsoon may revive rural demand faster, even as increasing COVID-19 spread to rural areas poses downside risks.

### India Economic Growth (%)



Source: National Statistics Office; FY21 Provisional Estimates dated 31<sup>st</sup> May, 2021

\*RBI Monetary Policy June 2021

## Industry Overview

### Global Auto Vehicle Market

The world auto industry faced a new, unprecedented challenge in 2020 due to the COVID-19 pandemic, which led to shutdowns of a large part of the auto industry and its many suppliers around the world during several weeks. According to International Organization of Motor Vehicle Manufacturers (OICA), global auto production in 2020 declined by 16% YoY to less than 78 million vehicles, which is equivalent to 2010's sales levels. All main producing countries had

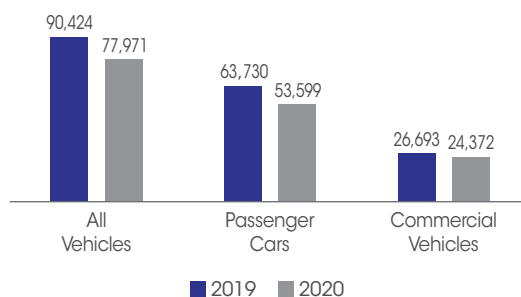
sharp declines, ranging from 11% to almost 40%. Europe which represented an almost 22% share of the global production, saw a drop of more than 21% on average. Asia remains by far the world's largest producing region, with 57% share of global production.

Region	Production growth in 2020 (% Change YoY)
Europe	-21.6
NAFTA	-20.5
South America	-30.4
Brazil	-32.0
Asia-Oceania	-10.2
Africa	-35.3

Source: OICA

The decrease in sales of automobiles in 2020 was attributable to decline in consumer demand, as many countries imposed lockdowns.

### Global Auto Sales (Units in '000')



Source: OICA

The manufacturers in automobile industry depend heavily on supply of parts and components from various countries. The outbreak of the COVID-19 pandemic acted as a massive restraint on the auto vehicle parts manufacturing market in 2020 as supply chains were disrupted due to trade restrictions imposed by several governments across countries leading to slowdown in production.



With continued parts supply issues, especially semi-conductors, growth in the first half of 2021 is estimated to be at a slower pace. Also, certain European governments have reduced the extent of incentives.

Globally, the pandemic has enforced a massive change in attitudes towards mobility, with health and safety taking utmost precedence. The newer preference could be for micro-mobility or small-format mobility. While the electric vehicle (EV) segment was also hit by the global slowdown, and by the pandemic, adoption could rise again 2021 onwards in key geographies like Europe and China, aided by regulation, technology, and monetary incentives.

### Indian Automobile Industry Performance

The Indian automobile industry is one of the core sectors of the Indian economy, contributing about 49% to the country's manufacturing GDP and 7.5% to its overall GDP. The industry value chain employs over

32 million people, and the Indian automobile market is the fourth largest in the world. In the last decade, production of two-wheelers (2Ws) has nearly trebled, and that of passenger vehicles (PVs) and commercial vehicles (CVs) has doubled. The USD 100-billion Indian automobile industry is also witnessing a massive qualitative jump, with increased focus on safer and more environment-friendly vehicles, driven by a mix of policy changes and changing consumer preference. As per National Automotive Mission Plan 2016-2026, the sector is expected to account for 65 million new jobs within India by 2026.

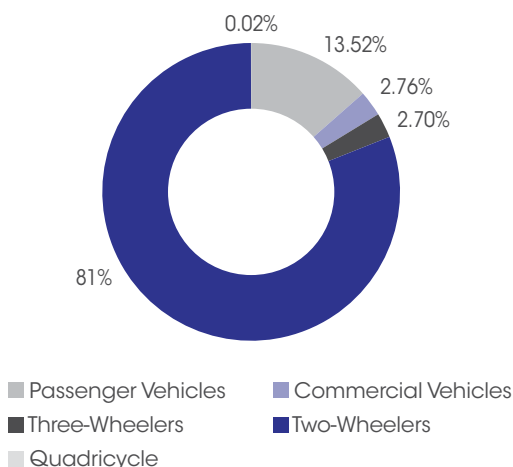
According to Society of Indian Automobile Manufacturers (SIAM), the automobile industry produced a total of 2,26,52,108 vehicles including passenger vehicles, commercial vehicles, three-wheelers (3Ws), two-wheelers (2Ws) and quadricycles in FY 2020-21 as against 2,63,53,293 vehicles in FY 2019-20, registering a de-growth of 14.0% over the same period last year.

### Automobile Production Trends (Units in '1000')

Category	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Passenger Vehicles	3,465	3,802	4,020	4,028	3,425	3,062
Commercial Vehicles	787	810	895	1,112	757	625
Three-Wheelers	934	784	1,022	1,269	1,133	611
Two-Wheelers	18,830	19,934	23,155	24,500	21,033	18,350
Quadricycle	1	2	2	5	6	4
Grand Total	24,017	25,331	29,094	30,915	26,353	22,652

Source: SIAM

### Domestic Market Share - Production-wise - FY 2020-21



Source: SIAM

The automobile sector faced significant challenges during FY 2020-21 owing to the pandemic, which led to supply chain

disruption, manufacturing slowdown and declining consumer demand. The sector witnessed uncertainty in the value chain, due to lockdowns and issues relating to supply of semiconductors and higher prices of raw material. Further, safety and social distancing compulsions are forcing consumers to avoid showroom visits, leading to rapid adoption of digitalisation and contactless vehicle buying experience.

On the sales front, a deep structural slowdown in the industry even before the pandemic, combined with the impact of COVID-19 in FY 2020-21, has pushed back demand for all vehicle segments. However, in the second half of FY 2020-21, despite the adverse impact of the COVID-19 induced economic downturn, sales surged due to better-than-expected economic recovery and shift in customer preference towards personal mobility.

### Automobile Sales Trends (Units in '000')

Category	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Passenger Vehicles	2,789	3,048	3,289	3,377	2,774	2,711
Commercial Vehicles	686	714	857	1,007	718	569
Three-Wheelers	538	512	636	701	637	216
Two-Wheelers	16,456	17,590	20,200	21,180	17,416	15,119
Quadricycle	0	0	0	1	1	0
Grand Total	20,469	21,863	24,981	26,266	21,546	18,616

Source: SIAM

### India's Two-Wheeler industry

The 2Ws segment which is the most affordable means of individual mobility, witnessed 13.19% YoY sales decline during FY 2020-21. The overall decline can be attributed to the complete nationwide lockdown imposed for

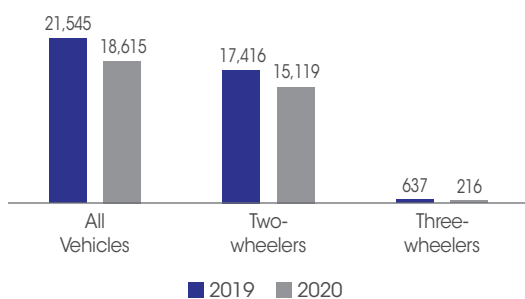
about 2 months in April and May 2020, along with a series of regional lockdowns that stretched through H1 FY21. While scooter sales declined by 19.51%, motorcycles, which are popular in rural India, saw 10.65% sales decline.



### India's Three-Wheeler industry

With most public transportation services running at minimal capacity, there was a substantial drop in the demand for shared transportation and last-mile connectivity services. This had significant bearing on 3Ws sales, which declined 66% YoY to 2,16,197 units. Public carrier volumes plummeted 74.49%, to 1,34,087 units, and goods carrier sales dropped 26.38% to 82,110 units.

### Domestic Auto Vehicle Sales (Units in '1000')



Source: SIAM

Going ahead, CARE Ratings expects H1-FY 2021-22 to be softer and sales to gain pace October onwards, with festivities, wedding season, expected reopening of schools, colleges, offices and rise in infrastructural and mining activities. However, key challenges like supply chain constraint due to semi-conductors and continued price hikes can affect demand in near term.

### Electric Vehicle (EV) Market

The India EV Market was valued at USD 5 billion in 2020 and is expected to reach USD 47 billion by 2026 registering a CAGR of above 44% during the forecast period. The EV market is still in its nascent stage in India. It is expected to grow at a much faster rate during the forecast period due to various Government incentives and increased focus on reducing carbon emissions.

E-Commerce companies such as Amazon etc. are launching initiatives to use e-Mobility for last-mile deliveries to reduce carbon footprint. India is experimenting with e-Mobility for public transport and has deployed electric inter-city buses across some of the major cities. In addition, state governments are also playing active role in deployment of policies encouraging EV.

The India EV Market has been impacted by the outbreak of COVID-19 pandemic in FY 2020-21 due to supply chain disruptions and halt of manufacturing units due to continuous lockdowns and travel restrictions across the country. According to The Society of Manufacturers of Electric Vehicles (SMEV), EV sales in India, excluding e-rickshaws declined by 19.41% in FY 2020-21 to 2,38,120 units as compared to 2,95,497 units in FY 2019-20. Electric two- and three-wheelers registered sales of 1,43,837 units (-5.37%) and 88,378 units (-37.18%) respectively in FY 2020-21. Electric passenger vehicle sales up 110% YoY to 5,905 units in FY 2020-21 as against 2,814 units in the previous year.

### Indian Auto Component Industry

The Indian auto component industry, being a critical part of the original equipment manufacturers (OEMs) value chain, has grown at a healthy pace over the past few years. The ₹ 3.2 Lac crore sector derives 60% of its revenue from automobile original equipment manufacturers (OEMs), with the balance split equally between replacement demand and exports.

FY 2020-21 was a year of transition for the Indian auto components industry. The year presented fresh challenges in the form of outbreak of COVID-19 and the resultant supply side disruptions, loss in production of automobiles, rise in input costs, trade disruptions, etc. Alongside, the industry also



witnessed business growth opportunities for the long term. The announcement of an incentive-based vehicle scrappage policy, though voluntary, is expected to lead to a rise in automobile sales in the country, which has a direct benefit for the auto components industry. Additionally, the government's focus on quick adoption of electric vehicles may create significant potential for auto component manufacturers. The Production Linked Incentive (PLI) scheme would encourage investments in the industry. The shift from BS-4 to BS-6 norms, which though is at present an impediment for the industry, will place the industry on par with international regulations on safety and emissions in the long term.

As per CRISIL Rating Agency, the ongoing rebound in economic activity will drive a strong recovery for OEMs in FY 2021-22. Improving fleet utilisation and better availability of finance will also improve demand for commercial vehicles, while demand for personal vehicles (passenger cars and two-wheelers) will be driven by improving urban consumer sentiment, resilient rural incomes, modest vehicle price increases and attractive financing options.

The automotive components sector could see a revenue growth of 21-23% in FY 2021-22 compared with de-growth of 13% and 8% in FY 2019-20 and FY 2020-21, respectively. The growth will be driven by uptick in OEM demand. Replacement demand, which was impacted due to lockdowns and restricted movement of people and freight, will recover gradually. Besides, exports – which account for 20% of revenue – will be aided by steady demand from the US and staggered recovery in the European Union, two geographies that accounts for 55% of India's automotive component exports.

## Company Overview

India Nippon Electricals Limited (INEL) is a leading manufacturer of electronic ignition systems for the automotive industry with special focus on two-wheelers (2WS), three-wheelers (3Ws) and portable generator / engines sets. Incorporated in 1984, INEL supplies its products to leading vehicle manufacturers in India. The Company also manufactures sensors, controllers and convertors. INEL enjoys market leadership for many of its products and continues to widen its product portfolio and capabilities with future technology. In addition to its core portfolio offerings of internal combustion engines, the Company has also forayed into electrical vehicles market. Over the years, the Company has built high quality differentiated product portfolio, which has enabled it to build a strong customer base in India and an increasing overseas clientele. The Company continues to focus on expanding aftermarket and export business. In the international market, INEL has established its footprints in North America, Japan and Europe.

## Widening Product Portfolio

The core products of INEL includes Flywheel Magnetos, digital ignitors, sensors, integrated starter generator (ISG), controllers and DC-DC convertors etc. The Company also offers transistor controlled ignition (TCI), ignition coil and regulator rectifiers. The sensors are used across engine and exhaust applications, transmission applications and automotive safety applications. Over the years, INEL has successfully demonstrated to the two-wheeler industry its ability to adapt to the changing business and technological needs of customers in the areas of quality and customer service.



INEL has identified that electronic products hold much promise in an era of technological disruption in the automotive sector and is working to enhance its capabilities and capacities in the electric mobility and non-automotive segment. The Company is actively expanding its product portfolio that will allow INEL to grow in Electric Vehicle (EV) domain. INEL will continue to focus on development of new products for electric vehicle segments and increase global presence for existing products to evolve in tandem with the industry and to be future-ready.

### **State-of-the-art Manufacturing Facilities aided by In-house R&D Centre**

The Company has three manufacturing facilities in India - one each in Tamil Nadu (Hosur), Puducherry, and Haryana (Rewari Dist). INEL has technical collaboration with Mahle Electric Drives Japan Corporation, Japan. In addition to the support from the collaborator, the Company has a Research & Development Centre recognised by DSIR, Govt of India. All manufacturing sites of the Company have been certified under ISO 14001:2015 (Environmental Management Systems) & ISO 45001:2018 (Occupational Health and Safety Management Systems) standards.

## **Business Strategies**

### **Strengthening Manufacturing Systems**

The Company is striving to adopt world-class manufacturing systems by increasing its capacity, strengthening its manufacturing processes and upgrading its IoT systems. The Company is updating its core process and focusing on automation to ensure reliability and quality.

### **Focusing on Aftermarket and export**

The Company has identified the Aftermarket and export segment as the two thrust areas

for future growth. Exports registered a growth of 59% in FY 2020-21 despite the global slowdown while the Aftermarket segment registered an uptick of 48% Y-o-Y in FY 2020-21. The Company is strengthening its distribution network, introducing new products and aggressively looking to improve market share from the Aftermarket segment going forward.

In the exports segment, the Company is planning to strengthen its position in ASEAN and Latin America. The Company is also planning to expand its new line of business such as sensors in the international market. The Company will work towards solidifying its position with current customers by offering them value propositions. It will also target new customers, geographies and expand its business.

### **Investing in advanced technology**

The Company is investing in more advanced technologies development through a new technology centre to cater to the evolving needs of customers. The new technology centre will also focus on new technology products for the electric vehicles market.

### **Exploring new lines of business**

INEL is leveraging its knowhow of mechatronics and engineering to target the non-automotive market. This strategy will also reduce its dependency on the automotive industry which has been sluggish in the past few years.

### **Developing human capital**

The Company is working towards aligning its human resources to capture new opportunities. The Company plans to increase the size of its engineering and business development team to meet its goals. In order to become future-ready, it plans to attract new talent through its upcoming dedicated Technology Centre.

## Financial Overview

Standalone Financial Snapshot (₹ In Lacs)			
Year	FY 2019-20	FY 2020-21	YoY Change
Gross Sales	47,835	48,030	0.41%
Net Sales	47,423	47,770	0.73%
Operating Profit	4,751	3,604	-24.14%
Depreciation	941	1,035	9.99%
Profit After Tax (PAT)	5,520	4,070	-26.27%

- The slump in vehicle sales during FY 2020-21 adversely impacted the financial performance of the Company. INEL was able to sustain the performance of FY 2019-20 with marginal increase in sales by 0.73% in FY 2020-21 to ₹ 47,770 Lacs.
- Operating profit declined by 24.14% to ₹ 3,604 Lacs in FY 2020-21 as compared to ₹ 4,751 Lacs in FY 2019-20. This is because the Company incurred loss in Q1 FY 2020-21 as there were no sales due to the COVID-19 pandemic. The factories were shut down during the said period. However, the Company continued to incur necessary expenses and support employees and their families. Other expenses also went up due to social distancing norms.
- The Net profit declined by 26.27% in FY 2020-21 to ₹ 4,070 Lacs due to lower operating profit, higher depreciation and profit on sale of land ₹ 11.6 Cr recognised in FY 2019-20. Decline in profit was partly offset by reduced income tax expenditure since the Company has chosen to follow lower rate of income tax as given in Income Tax Act.
- The Company has declared an interim dividend of ₹ 6 per share on face value of

₹ 5 per share which will be the final dividend for the year ended 31<sup>st</sup> March, 2021.

- INEL is zero debt Company with cash and liquid investments of around ₹ 328 Lacs as on 31<sup>st</sup> March, 2021.

## Details of Key Standalone Financial Ratios that registered more than 25% change during FY 2020-21

Ratios	FY 2019-20	FY 2020-21	YoY Change
Debtors Turnover (x)	4.94	4.84	-2.0%
Inventory Turnover (x)	12.92	11.65	-9.9%
Interest Coverage Ratio (x)	-	-	-
Current Ratio (x)	3.19	2.64	-17.24
Debt Equity Ratio (x)	0.00	0.00	-
Operating Profit Margin (%)	10.02%	7.54%	-24.7%
Net Profit Margin (%)	11.64%	8.52%	-26.8%
Return on Networth - RoNW (x)	13.17%	9.04%	-31.4%

- The Company has zero debt in its Balance Sheet as on 31<sup>st</sup> March, 2021. Hence, there is no significance of Interest Coverage Ratio and Debt Equity Ratio.
- Operating profit margin declined to 7.54% in FY 2020-21 from 10.02% in the previous year. Net Profit Margin reduced to 8.52% in FY 2020-21 from 11.64% in FY 2019-20. The decline in operating profit margin was mainly due to change in sales product mix, steep increase in price of steel and copper and some unabsorbed expenses due to the COVID-19 lockdown. Consequently, return on Networth declined to 9.04% in FY 2020-21 from 13.17% in FY 2019-20.



## Impact of COVID-19

The management has evaluated the possible impact of the pandemic on the business operations and the financial position of the Company and no material adverse impact on sustainability has been found. The second wave of COVID-19 may impact the Company in terms of lower demand. The second wave has significantly impacted the rural markets in India and two-wheeler demand is expected to take at least 2 years to surpass FY 2018-19 levels. However, the Company is debt-free and would have adequate liquidity available to honour its liabilities and obligations, as and when due. The management will continue to monitor any material changes to its COVID-19 impact assessment, resulting from the future economic conditions and future uncertainty, if any.

## Outlook

Over the period of time, INEL has improved tremendously in every aspect such as productivity, cost positioning, market positioning, technology positioning. The same has been reflected in better performance of the Company led by timely introduction of many BS-VI products with short lead time, cost management initiatives, investment in state-of-the-art equipment resulting in more efficient production processes. The Company with firm and debt-free balance sheet stands to gain from the improving economic environment and investment in latest technologies. Going ahead, INEL will continue to capitalise on expanding its plants and diversifying product portfolio, invest in new line of opportunities such as electric vehicles, leverage its growing export and Aftermarket segments and enhance its research and development capabilities.

## Risk and Mitigation

**Industry Risk:** Vehicles are an integral part of the Company's business, and their demand is

affected by the nation's economic situation. Hence, any drop in vehicle demand or production will have a significant impact on the Company's business.

**Mitigation:** The Company constantly strives to increase organic revenue and diversify customers across vehicle segments. Driven by improving product mix, geographical presence in overseas market, advanced technology, robust cost reduction system and liquidity build-up, the Company is well placed to outpace industry growth even in a challenging environment.

**Raw Material Risk:** The Company is exposed to volatility in the price of raw materials, which forms significant part of the overall cost. Any disruption in availability or sharp increase in raw material prices will erode margin.

**Mitigation:** To insulate itself from price volatility, the Company has cost compensation provisions with all major customers, which enable it to pass on price increases, thereby protecting its own margins.

**Competition Risk:** The Company might face increased competition from its peers as the lucrative growth prospects of the Automobile and Auto components industries are always attracting new players to the market.

**Mitigation:** The Company enjoys strong and long-standing direct relationship with many global OEMs. It has continued its investment in newer products and better quality control in order to stay ahead of its peers. As a result, INEL has increased its market share even during the unprecedented COVID-19 pandemic.

**Customer Concentration Risk:** The Company supplies and sells its auto components to OEMs in the Indian automotive industry. Any decline in demand from OEMs due to

fall in end user demand could impact the Company's performance.

**Mitigation:** The Company has been proactively looking to add new clients by offering newer products with the support of state-of-the-art tools and design centre. INEL is also striving to increase share of business with existing customers. While meeting the domestic demand, the Company is also leveraging the lucrative Aftermarket and export segment.

**Technology / Obsolescence Risk:** Failure or delay in achieving the required level of technological sophistication or assessing market needs properly could have a negative impact on the Company's performance and financial position.

**Mitigation:** The Company has consistently delivered cutting-edge technology products with enhanced R&D capabilities. The Company undertakes research and development initiatives to meet the needs of advanced technologies and products, based on a precise understanding of the market needs. It has an in-house R&D Centre to remain up-to-date with the global trends.

## Human Resource

The Company believes that the key to excellent business results is a committed talent pool. Human resources are the most critical element responsible for growth and the Company acknowledges their contribution and works towards their satisfaction as a top priority. The HR policies continually strive towards attracting, retaining, and developing the best talent required for the business to grow. The Company focuses to provide opportunities for the development and enhancing the skill sets of its employees

at all levels of the business. Regular trainings are conducted for the employees to ensure skill upgradation and personal development throughout the various organisational levels. INEL has been recognised as 'Great Place to Work' on their first attempt to apply for the prestigious certification. As on 31<sup>st</sup> March, 2021, the total numbers of employees on rolls of the Company were 549.

## Corporate Social Responsibility (CSR)

INEL aims at creating economic value and is committed to actively contribute toward the development of a sustainable society. Several projects are executed with better governance and ethical business practices. The Company has a Corporate Social Responsibility ("CSR") Committee in place to formulate and recommend CSR Policy to the Board. The aim is to establish the Company's image as a reliable, credible, responsible business partner by making a positive difference in the society, where the Company operates its business.

During the year under review, the Company has spent an amount of ₹ 130 Lacs towards CSR activities with primary focus on promoting skill development, promotion of education in rural areas, conservation of natural resources such as plantation of trees in and around the factory location, promoting health care and sanitation etc. The Company has identified projects to support local communities and strengthened relationships with them. The Company has never faced any labour issues due to cordial relationships between the workforce as well as their families. During the COVID-19 pandemic, the Company also reached out to the mechanics in villages whose shops were closed to support them and their families.





## Internal Control Systems and Adequacy

The Company has an adequate system of internal controls for business processes, operations, financial reporting, fraud control and compliance with applicable laws and regulations. INEL also has an audit function to provide reasonable assurance regarding the effectiveness and efficiency of operations, safeguarding of assets, reliability of financial records and reports and compliance with applicable laws and regulations. The Company improves internal control systems and accuracy of information on real-time basis through the effective use of ERP system, which helps to analyse and exercise better control. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee along with the management actively reviews from time to time the performance of statutory / internal auditors, the adequacy and effectiveness of internal control systems and suggests improvements for strengthening the existing control system in view of changing business needs.

## Cautionary Statement

Statements in this Management Discussion and Analysis of the Company describing the Company's objectives, expectations or predictions may be forward-looking within the meaning of applicable laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Thus, the Company's actual performance/results could differ from the projected estimates in the forward-looking statements. The discussions on our financial condition and result of operations should be read together with our audited, consolidated Financial Statements and the notes to these statements included in the Annual Report.

# BOARDS' REPORT

Your Directors have pleasure in presenting the 36<sup>th</sup> Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March, 2021.

## 1. Financial Highlights (on standalone basis):

(In ₹ Lacs)

Particulars	Year ended 31 <sup>st</sup> March, '21	Year ended 31 <sup>st</sup> March, '20
Total Income	49,743	50,395
Profit before depreciation, exceptional items and taxes	6,202	8,150
<b>Less:</b>		
Depreciation	1,035	941
Profit before tax & exceptional items	5,167	7,209
Exceptional items	-	-
Profit before tax	5,167	7,209
Taxation	1,097	1,689
Profit after tax	4,070	5,520
<b>Add:</b>		
Balance in statement of profit and loss including general reserve	37,017	35,433
Total Comprehensive income available for appropriation	41,087	40,953
<b>Appropriations:</b>		
Dividend and Dividend Distribution tax	1,357	2,932
Surplus carried forward	39,730	38,021

## 2. Financial and Operational Performance:

The year 2020-21 felt the full impact of COVID-19 both in terms of Industry production and sales. Q1 bore the maximum brunt of COVID-19. The subsequent quarters witnessed gradual increase peaking in Q3 with Q4 seeing a slight dip in vehicle production. However, your Company's performance was better than the overall performance of the industry which saw a decline of 13% in terms of sales. When compared to

previous year, your Company was able to achieve a nominal growth despite the difficulties faced by the Industry. This better performance as against the industry was enabled by strong recovery posted by some of your Company's customers and also smart growth in the export and aftermarket segments.

Financial performance remained subdued due to a combination of various factors in the operating front caused due to COVID-19 and challenges



connected with product sales mix. Profit before depreciation, exceptional items and taxes declined by 24% while the Profit before tax declined by 28% over the previous year. However, we are hopeful that the trend of recovery will sustain and translate in to stable financial performance in the coming year.

### **3. Management Discussion and Analysis (MD&A):**

The MD&A is provided separately in the Annual Report.

### **4. Internal Financial Controls:**

The company has established internal financial framework including Internal Controls over Financial Reporting and anti-fraud framework. The framework is reviewed regularly by the management and strengthened, from time to time to ensure adequacy and effectiveness of internal financial controls. While Internal Controls over Financial Reporting is certified by the Statutory Auditors, the Chief Financial Officer and the Managing Director certify the adequacy of overall Financial Controls to the Audit Committee and Board on quarterly/ annual basis.

### **5. Corporate Social Responsibility:**

Your Company recognises that, being a business citizen, it should go beyond economic value and should encompass social and environmental value. Your Company believes in and practices the Triple Bottom Line of People, Planet and Profits. We are committed to actively contribute towards the development of a sustainable society. With the objective of steering the CSR activities, your Company had constituted a Corporate Social Responsibility ("CSR") Committee. The Committee formulates and recommends

changes to CSR Policy, the annual action plan of all CSR initiatives, lays down the periodic monitoring mechanism for CSR activities and oversees the entire process. Further, in line with the amendments notified to the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company had amended the CSR Policy at the meeting held on 28<sup>th</sup> May, 2021. The said policy is posted in the website of the company.

A list of projects / programs to be undertaken towards CSR was recommended by the CSR Committee for the year 2020-21 at the beginning of the year. Based on the recommendation, the Board had approved the projects/ programs. However, as the impact of COVID-19 was pronounced during the year, your Company had to re-allocate some of the CSR spending towards COVID-19 related projects/ activities which were later approved by the CSR Committee. Out of the total CSR spending for 2020-21 of ₹ 130 Lacs, the Company had spent ₹ 101 Lacs towards various initiatives of Central/ State Governments and other institutions in fighting the pandemic. Initiatives include supporting IIT Madras for COVID-19 related research and a contribution towards PM CARES Fund. The remaining were spent towards other projects in line with the CSR Policy as approved by the CSR committee. As a result, your Company is fully compliant with the requirement to spend 2% of the average 3 year's profit computed in the prescribed manner for the year 2020-21.

The Report on CSR activities, in line with the CSR Rules, is given by way of an annexure to this Report.

## 6. Subsidiary Company and the Consolidated Financial Statements:

### 6.1. Subsidiary company

Your subsidiary company, PT Automotive Systems Indonesia, was granted approval to continue its operations from the Investment Coordinating Board of Indonesia (BKPM) in 2017 for a further period of three years and a permanent license was granted by BKPM in 2020 to explore business opportunities. However, due to the prevailing situation in the Industry where the manufacturers of two wheelers have their own sources for the products in the subsidiary's range of manufacture, the Company is evaluating different options of exiting the country. During the year, the Subsidiary had taken steps to realise the investment in assets it holds and to facilitate the exit of the Company from the Country, all of which are expected to bear fruit in financial year 2021-22. Financial position of the subsidiary is provided in Form AOC-1 as required under Section 129 (3) of the Companies Act 2013 as part of the financial statements.

### 6.2. Consolidated Financial Statements

The Consolidated Financial Statements of the Company is 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. Pursuant to the provisions of Section 136 of the Companies Act, 2013, the audited financial statements of the subsidiary have been placed on the website of the Company at [www.indianippon.com](http://www.indianippon.com) and the same will be made available to the members on receipt of a request from them.

## 7. Dividend:

Your Company had declared and paid an interim dividend worth ₹ 6 per share during the year under review (on Face value of ₹ 5 each). Your Directors recommend consideration of the same as dividend for the year. The dividend for the year will absorb a sum of ₹ 1,357.29 Lacs.

## 8. 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.

## 9. 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.

## 10. Business Responsibility Report:

A detailed Business Responsibility Report for the year 2020-21 describing the initiatives taken from an environmental, social and governance perspective, is given as Annexure to this Report and will also be available on the Company's website.

## 11. Particulars of Employees:

Information required under Section 197 of the Companies Act, 2013 and Rule 5(2) made thereunder, as amended, is given as Annexure to this report. In terms of second 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. Any shareholder interested





in obtaining a copy of said Annexure may write to the Company Secretary at [investors@inel.co.in](mailto:investors@inel.co.in).

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

## **12. Annual Return:**

A copy of the Annual Return filed for the year 2019-20 has been posted in the Company's website [www.indianippon.com/investors](http://www.indianippon.com/investors) and a copy of the Annual Return for the year 2020-21 will be posted in the website after the same is filed with the Registrar of Companies.

## **13. Risk Management Committee:**

Consequent to the Securities and Exchange Board of India's amendments to Listing Regulations requiring top 1000 listed Companies by way of market capitalization to form Risk Management Committee, the Company has constituted a Risk Management Committee at the meeting held on 7<sup>th</sup> August, 2021. The Risk Management framework and its implementation were earlier reviewed by the Audit & Risk Management committee which has now been renamed as Audit Committee. The Company's robust Risk Management Policy is overseen by the Board and implemented by the management team. In line with the new requirements which will provide enhanced focus on the risk management process, the Company is further strengthening the Risk Management mechanism through the newly formed Committee and by

revamping the existing Risk Management Policy/ Framework to address future risks.

## **14. Dividend Distribution Policy:**

The Company has been consistent in rewarding its shareholders by way of dividend payment. Overall, the Company maintains a strong track record of dividend payment in all the financial years. As required by Securities and Exchange Board of India's amendments to Listing Regulations, the Company has formulated a Dividend Distribution Policy and the same was approved at the meeting held on 7<sup>th</sup> August, 2021. This policy is available at the Company's website and the link is given as part of the Corporate Governance report which is annexed to this report. The policy covers the circumstances under which the shareholders may or may not expect dividend, the financial parameters that shall be considered while declaring dividend, the internal and external factors that shall be considered for declaration of dividend, the policy as to how the retained earnings shall be utilized and parameters that shall be adopted with regard to various classes of shares, if any.

## **15. Corporate Governance:**

Pursuant to SEBI Listing Regulations, the 'Report on Corporate Governance' is enclosed with this report as an Annexure. A certificate from the Secretarial Auditors of the Company regarding compliance of the conditions of the Corporate Governance as stipulated by the SEBI Listing Regulations, is given as annexure to this report. The certificate required from Managing Director / CFO, is also given as annexure to this report.

## 16. 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.

## 17. Directors & Key Managerial Personnel (KMP):

### Directors:

The following table presents the appointment and tenure of the Independent Directors of your Company:

Name of the Director	Date of appointment (first term)	Date of re-appointment (second term)	Re-appointed/ appointed up to
Mr V Balaraman	27 <sup>th</sup> August, 2014	16 <sup>th</sup> August, 2019	AGM, 2022
Mr K G Raghavan	27 <sup>th</sup> August, 2014	16 <sup>th</sup> August, 2019	AGM, 2023
Mr R Vijayaraghavan	27 <sup>th</sup> August, 2014	16 <sup>th</sup> August, 2019	AGM, 2023
Dr Jayshree Suresh	27 <sup>th</sup> August, 2014	16 <sup>th</sup> August, 2019	AGM, 2022
Mr Anant Jaivant Talaular	6 <sup>th</sup> April, 2019	-	5 <sup>th</sup> April, 2023

Further, Ms Priyamvada Balaji, Director of the Company will be retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. A brief resume of Ms Priyamvada Balaji who is proposed to be re-appointed and other relevant information shall be furnished in the Notice of the Annual General

Meeting including the resolution for the same. The Directors recommend this for approval.

Subsequent to the end of financial year, one of your Company's Promoters MEDJ had intimated about their intention to change the nomination of Directors



to the Board by inducting Mr Kiyoyasu Kawakami (DIN: 09283649) and Mr Jakob Ruemmler (DIN:09237428) in the place of Mr Tadaya Momose (DIN: 06984707) and Mr Mukesh Kumar Somani (DIN: 06608983) respectively both of whom had resigned from the Board with effect from 7<sup>th</sup> August, 2021. Mr Kiyoyasu Kawakami who replaces Mr Tadaya Momose will be liable to retire by rotation while Mr Jakob Ruemmler who replaces Mr Mukesh Kumar Somani will not be liable to retire by rotation. Mr Jakob Ruemmler had already been appointed in the casual vacancy arising out of the resignation of Mr Mukesh Kumar Somani at the Board meeting held on 7<sup>th</sup> August, 2021 and the same shall be included in the notice to the shareholders. Mr Kiyoyasu Kawakami was proposed to be appointed in place of Mr Tadaya Momose & the proposal has been considered subject to the completion of Statutory processes for Director appointment. Both of them shall be Non-Executive Non-Independent Directors and shall be entitled for the remuneration as per the Nomination & Remuneration Policy Guidelines of the Company. The Nomination and Remuneration Committee had recommended their appointment at the meeting held on 6<sup>th</sup> August, 2021 and shall be placed before the shareholders in the forthcoming AGM. A detailed note showing their qualification, expertise and experience shall be provided as part of the Notice of AGM.

The Board would like to place on record the invaluable contributions made by both Mr Tadaya Momose and Mr Mukesh

Kumar Somani during their tenure as Directors of the Company.

### **Key Managerial Personnel:**

Mr Arvind Balaji, Managing Director, Mr Elango Srinivasan, Chief Financial Officer and Mr G Venkatram, Company Secretary are KMPs in terms of Section 2(51) and Section 203 of the Companies Act 2013.

### **17.1 Declaration by Independent Directors as required u/s 149:**

Declaration of Independence comprising all the requirements of Companies Act, 2013 and SEBI Listing Regulations were received by the Company and was taken on record by the Board after verifying the veracity of the declarations, from Mr V Balaraman, Mr K G Raghavan, Mr R Vijayaraghavan, Dr Jayshree Suresh and Mr Anant Jaivant Talaulicar. Further, a report by Practising Company Secretary highlighting that none of the Directors of the Company are debarred or disqualified is given as part of the report on Corporate Governance.

### **17.2 Terms of appointment of Independent Directors of India Nippon Electricals Limited:**

The terms of appointment for all the Independent Directors issued by your company is available on the website of the company viz., [www.indianippon.com/policies/](http://www.indianippon.com/policies/).

### **17.3 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 Report on Corporate Governance, which is an Annexure to this report.

#### 17.4 Separate meeting of Independent Directors & Board evaluation:

The Company conducted two separate meetings of Independent Directors during the year – first on 27<sup>th</sup> June, 2020 pertaining to the financial year 2019-20 and the second one on 26<sup>th</sup> March, 2021 for the financial year 2020-21. The deferred meeting of Independent Directors for the financial year 2019-20 was due to the Covid-19 pandemic and the consequent relaxation given by the Ministry of Corporate Affairs from conducting the meeting during that year.

At the meeting held on 27<sup>th</sup> June, 2020, the Independent Directors evaluated the performance of the Board and Committees through a robust framework of evaluation comprising the following parameters:

##### Board was evaluated on following parameters:

- Strategy
- Performance Management & Succession Plan
- Execution, Investments, M&A and Financial Controls
- Talent Management
- Risk Management
- Core Governance & Compliance
- Review of Information
- Monitoring of Committee

##### Committees were evaluated on the following parameters:

- Functions and Duties
- Management Relations
- Support to the Committee
- Overall

Individual Directors were evaluated as per the parameters specified in the Nomination and Remuneration Policy Guidelines on the same scale below.

At the meeting held on 26<sup>th</sup> March, 2021, the Independent Directors generally evaluated the performance of the Board, Committees and Directors.

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

The detailed principles underlying Directors/ Key Managerial Personnel appointment, remuneration etc is given in the Nomination and Remuneration Policy Guidelines approved by the Board a summary of which is presented as part of the Corporate Governance Report. The policy can be accessed at [www.indianippon.com/policies/](http://www.indianippon.com/policies/). Additional details including various ratios required under the Companies Act 2013 is given as separate Annexure to this report.

#### 18. Auditors:

##### 18.1 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 32<sup>nd</sup> Annual General Meeting held on 24<sup>th</sup> August, 2017 until the conclusion of the 37<sup>th</sup> Annual General Meeting to be held in the year 2022. Since the requirement of ratification has been done away with, no ratification is proposed for approval of shareholders.





### 18.2 Cost Auditor:

The Company maintains Cost records as required under the Companies Act, 2013 and relevant Rules/ Orders made thereunder. 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 2020-21. Mr K Suryanarayanan who was appointed as Cost Auditor for the financial year 2020-21 has submitted his report pursuant to the Companies (Cost Record and Audit) Rules 2014 and the same was filed in Extensible Business Reporting Language (XBRL) format.

The Board has re-appointed Mr K Suryanarayanan as cost auditor for the financial year 2021-22 at a remuneration of ₹ 3.30 Lacs. The ratification of his remuneration shall be 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.

### 18.3 Secretarial Auditor & the Secretarial Audit Report:

Mr B Chandra, Practicing Company Secretary was appointed as Secretarial Auditor by the Board of Directors for the financial year 2020-21 whose report is annexed to this report. She was re-appointed as the Secretarial Auditor for carrying out Secretarial Audit, issuing the annual Compliance Report under SEBI Listing Regulations and issuing the Certificate on Corporate Governance Compliance for the financial year 2021-22, at the Board meeting held on 7<sup>th</sup> August, 2021.

### 18.4 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.

### 19. Particulars of contracts or arrangements with related parties:

During the year, the Audit Committee had accorded omnibus approval to Related Party Transactions which were foreseen, repetitive in nature and are not carried out under agreements with related parties. The Audit Committee reviews, on a quarterly basis, the details of Related Party Transactions entered pursuant to the aforementioned omnibus approval as well as transactions carried on under agreements with related parties. 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 Company has a policy on Related Party Transactions and the same is displayed on the Company's website at the link provided as part of Corporate Governance Report.

### 20. 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 of Notes to Accounts for the financial year 2020-21. The same is within the prescribed limits under provisions of Section 186 of the Companies Act 2013.

## 21. 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 (ICC) at all its Units. Your Company has also enabled a Complaints hotline where any affected women employees can lodge their Complaints for attention of the Internal Complaints Committee/ Ethics Committee for Redressal. During the year under review, your Company has not received any complaint(s) of sexual harassment from any of the women employees of the Company.

## 22. Acknowledgements:

Your Directors acknowledge the continued support received from Lucas TVS Limited, Lucas Indian Service Limited, Mahle Electric Drives Japan Corporation, Mahle Holding (India) Pvt Limited, and also wish to thank the Governments at the Centre and in the States of Tamil Nadu, Haryana and Puducherry, our Bankers and SIPCOT for the assistance rendered by them from time to time. The Directors also acknowledge the support from customers, business partners, shareholders and all other stakeholders for their continued trust.

For and on behalf of the Board of Directors

Place: Chennai

Date: 7<sup>th</sup> August, 2021

**T K BALAJI**

DIN No: 00002010  
Chairman



# ANNEXURES TO BOARDS' 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 achieved the targeted level of 0.85 EU by implementing various activities like:

- 1) Replaced the 5.0HP Hydraulic Power pack in the Rotor "F" line broaching machine with 3.0HP VFD controlled system and achieved an energy savings of 11,856 Kwh / Year.
- 2) Magnetizer machine's water chiller unit operating duration optimized by interlinking with machine on/off control.
- 3) Installed 3.5KW ground mounted Solar System for Street lights and Lawn scape lightings.
- 4) A dedicated compressor provided for Hubbers potting machine to avoid operating the big size centralized compressors on Sundays & Holidays.
- 5) FBC Washing machine drying fan operation optimized by providing a timer controller.
- 6) Replaced around 250 No's of 56 Watts CFL Lamps with new 36 watts LED Lamps.

- 7) Utilization of Renewable energy increased from 82.2% to 98.3%

#### b) Future plans for energy conservation:

The company is aiming at greater energy conservation by implementing various measures like Providing a Lux level sensor to Auto cut-off the shop floor lights, Installing Bio a gas plant in Kitchen for cooking purpose, Providing motion sensor to auto cut- off of lights & A/C's in office, Providing a Thyristor controller for rotor line curing oven & etc.

### 2. Technology Absorption, Adaptation and Innovation:

The Company had transitioned all the major product lines to comply with BS-VI emission standards. The Company is using a platform-based design approach to commonize the components/parts across different applications. The company has not only succeeded in meeting the new requirements of the customers but also provided new value add features in the products leading to customer delight. The Company enhanced the efficiency of some of our products by incorporating new design ideas leading to benefits to our customers. The Technology centre is on the verge of completion and will be commencing its operations during the first half of FY 2021-22. The Technology centre will host many state-of-the-art facilities for performance and emission testing for two wheelers, three wheelers and general purpose engines and will

also spearhead the Company's thrust into futuristic product lines.

The Company is actively progressing in development of new products in the area of displays and clusters, Sensors, DC-DC converters, Controller for EV, ISG and other automotive and non-automotive applications.

<b>Expenditure on R&amp;D:</b>	<b>₹ in Lacs</b>
Capital	1,088.44
Revenue	904.49
Total	1,992.93
% on net turnover	4.17%

### 3. Foreign Exchange Outgo and Earnings:

#### Export Activities

Exports during the year ended 31<sup>st</sup> March, 2021 amounted to ₹ 2,302.98 Lacs as against ₹ 1,451.00 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 ₹ 4,764 Lacs and ₹ 1,804 Lacs respectively.

For and on behalf of the Board of Directors

**T K BALAJI**

DIN No.:00002010  
Chairman

Place: Chennai  
Date: 7<sup>th</sup> August, 2021





## DISCLOSURE UNDER RULE 5 (1) OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S. No.	Name of Director / KMP	Designation	% Increase/ decrease in remuneration	Ratio to median remuneration
1.	Mr T K Balaji	Non-Executive Chairman	-33.77	1: 0.77
	Mr Arvind Balaji	Managing Director	-18.52	1: 34.66
	Mr Anant Jaivant Talaulicar	Independent Director	-6.54	1: 0.77
	Mr V Balaraman	Independent Director	-21.35	1: 1.08
	Mr K G Raghavan	Independent Director	-13.04	1: 0.77
	Mr R Vijayaraghavan	Independent Director	-16.67	1: 1.23
	Dr Jayshree Suresh	Independent Director	-9.72	1: 1.00
	Mr Mukesh Kumar Somani	Non-Executive Director	-22.41	1: 0.69
	Ms Priyamvada Balaji	Non-Executive Director	-20.00	1: 0.62
	Mr Tadaaya Momose	Non-Executive Director	NA (refer Note 1)	NA
	Mr Elango Srinivasan	Chief Financial Officer	5.06	1: 8.29
	Mr G Venkatram	Company Secretary	-6.73	1: 3.73
2.	Percentage increase in median remuneration of employees			1.41%
3.a.	Average percentile increase in the salaries of employees other than managerial personnel			4.22%
3.b.	Percentile increase in managerial remuneration			-14.88%
3.c.	There has been a decrease in managerial remuneration in line with the overall performance of the Company. However, the Company maintains its managerial remuneration and non-managerial personnel remuneration in line with industry standards to attract and retain the best talent.			
4.	The total number of permanent employees on the rolls of the Company as on 31 <sup>st</sup> March, 2020			549
5.	It is hereby affirmed that the remuneration paid during the year is as per the remuneration policy of the Company			

### Notes :

Mr Tadaaya Momose, Director did not receive remuneration for both the years. Hence, percentage increase in remuneration is treated as not applicable

For and on behalf of the Board of Directors

Place: Chennai  
Date: 7<sup>th</sup> August, 2021

**T K BALAJI**  
DIN No.:00002010  
Chairman

## REPORT ON CSR ACTIVITIES AS PRESCRIBED UNDER THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014

### 1. Brief outline on CSR Policy of the Company:

The Company 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. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr Jayshree Suresh	Chairperson of the Committee	3	3
2.	Mr Arvind Balaji	Member of the Committee	3	3
3.	Ms Priyamvada Balaji	Member of the Committee	3	3

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.  
Policy link is given as part of Corporate Governance Report.
- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable
- Average net profit of the company as per section 135(5): ₹ 6,499 Lacs.
- Two percent of average net profit of the company as per section 135(5): ₹ 130 Lacs.
  - Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Not Applicable
  - Amount required to be set off for the financial year, if any: Not Applicable
  - Total CSR obligation for the financial year (7a+7b- 7c): ₹ 130 Lacs



8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 130 Lacs	N.A.	N.A.	N.A.	N.A.	N.A.

(b) Details of CSR amount spent against ongoing projects for the financial year: Nil

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project on - (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	PM CARES Fund (Support to fight COVID pandemic)	Clause viii	No	Not Applicable	Not Applicable	75,00,000	Yes	-	-
2.	IIT Madras (Support towards research to fight COVID pandemic)	Clause ix.b	No	Not Applicable	Not Applicable	25,00,000	Yes	-	-
3.	Lourdes Hospital (Support to Hospital to fight COVID pandemic)	Clause (i)	Yes	Tamil Nadu	Krishnagiri	1,01,244	Yes	-	-
4.	Swami Dayananda Educational Trust (Supporting education in rural India)	Clause (ii)	No	Tamil Nadu	Tiruvurur	9,45,939	No	Swami Dayananda Educational Trust	CSR00003383
5.	Govt. Primary School (Construction of School Buildings)	Clause (ii)	Yes	Haryana	Rewari	7,77,684	Yes	-	-
6.	Govt. Secondary School (Construction of School Buildings)	Clause (ii)	Yes	Haryana	Rewari	11,75,133	Yes	-	-
<b>Total</b>						<b>130,00,000</b>			

- (d) Amount spent in Administrative Overheads: Nil
  - (e) Amount spent on Impact Assessment, if applicable: Nil
  - (f) Total amount spent for the Financial Year : (8b+8c+8d+8e): ₹ 130 Lacs
  - (g) Excess amount for set off, if any: Nil
9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).
- (a) Date of creation or acquisition of the capital asset(s). 31<sup>st</sup> March, 2021
  - (b) Amount of CSR spent for creation or acquisition of capital asset : ₹ 19,52,817
  - (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
    - 1. Govt. Primary School, Masani Village, Rewari, Haryana 123106
    - 2. Govt. Secondary School, Dungarwas Village, Rewari, Haryana 123106
  - (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
 

Toilets buildings, approach road and lighting

    - 1. Govt. Primary School, Masani Village, Rewari, Haryana 123106
    - 2. Govt. Secondary School, Dungarwas Village, Rewari, Haryana 123106
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). Not Applicable.

**Elango Srinivasan**  
Chief Financial Officer

**Arvind Balaji**  
Managing Director  
Member

**Dr Jayshree Suresh**  
Independent Director  
Chairperson



## 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 - relative of ultimate parent company
2. Nature of contracts/ arrangements / transactions	a) Sale of products b) Service rendered (tool development charges) c) Service received
3. Duration of contracts/ arrangements/ transactions	2020-21
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 2020-21 – ₹33,292.25 Lacs.
5. Date (s) of approval by the Board, if any.	Approval of the Audit & Risk Management Committee/ Board had been obtained on 27 <sup>th</sup> March, 2020 and the shareholders' ratification / approval pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was obtained at the Annual General Meeting held on Aug 27, 2018.  Further, the Audit & Risk Management Committee grants omnibus approval for all transactions and the transactions were placed every quarter for consideration.
6. Amount paid as advances, if any	Nil

For and on behalf of the Board of Directors

Place: Chennai  
Date: 7<sup>th</sup> August, 2021

**T K BALAJI**  
DIN No.:00002010  
Chairman



## PRACTISING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE

**To: The Members of India Nippon Electricals Limited**

1. I have examined the compliance of conditions of Corporate Governance by India Nippon Electricals Limited, for the year ended on 31<sup>st</sup> March, 2021, as stipulated under the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Listing Regulations) for the period 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021, 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. My 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, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.
4. I 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: 31<sup>st</sup> July, 2021  
UDIN A020879C000718862

**B CHANDRA**  
PRACTISING COMPANY SECRETARY



**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> March, 2021**

[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

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 31.03.2021, 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<sup>st</sup> March, 2021, 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

I am 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 2018
- b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- c. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008 and
- d. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;

(vii) The Company has its factories located in Hosur, Puducherry, Rewari (Haryana) which manufacture Electronic Ignition System for two wheelers, three wheelers and portable engines. The Company had since established systems and processes for ensuring compliance with the laws applicable specifically to the industry in which the Company operates which is yet to stabilise, over and above the existing system of submission of compliance reports by the Company Secretary and Compliance 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 Company Secretary and Compliance 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 along with 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. Few transactions were carried out under agreements which were approved/ratified by the Audit and Risk Management Committee subsequent to the transactions. However, the transaction was carried out in the same terms as per the agreement. For other transactions the same were ratified in the immediately following meeting of Audit and Risk Management Committee. As per the IEPF rules, the company is obligated to publish a notice in the leading newspaper in English and regional language having wide circulation informing the concerned that the names of such shareholders and their folio number or DP ID - Client ID are available on their website duly mentioning the website address, before three months of the due date of transfer of shares to the IEPF under Section 125 of the Companies Act. During the year the compliance was not achieved even though the Company explained that it got missed out due to the pandemic.

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.

Place : Chennai  
Date : 31<sup>st</sup> July, 2021

Signature:  
Name of Company Secretary in Practice: **B.CHANDRA**  
ACS No.: 20879  
C P No.: 7859  
UDIN: A020879C000718840  
Peer review no I2008TN611500

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

My 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. My responsibility is to express an opinion on these secretarial records based on audit.
2. I have followed the audit practices and processes as were appropriate, also taking into account the peculiar circumstances leading to the national lockdown imposed by the Government of India due to the pandemic, 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. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I 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. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date: 31<sup>st</sup> July, 2021  
Place: Chennai

Signature:  
**B. CHANDRA**  
Practising Company Secretary  
Membership No. 20879





**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
India Nippon Electricals Limited  
No. 11 & 13, (Old No. 6 & 7) Patullos Road,  
Chennai 600002

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of India Nippon Electricals Limited having CIN L31901TN1984PLC011021 and having registered office at 11 & 13 (Old no 6 & 7) Patullos Road, Chennai 600002 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Name of Director	DIN	Date of appointment in Company
TIRUMALA KUMARA BALAJI	00002010	28/07/1986
RANGANATHAN VIJAYARAGHAVAN	00026763	28/05/2013
VENKATARATNAM BALARAMAN	00267829	25/10/2008
RAGHAVAN KADABA GOPI VALLABH IYENGAR	00359471	25/03/2005
ARVIND BALAJI	00557711	25/10/2008
THIRUMALA KUMARABALAJI PRIYAMVADA	00730712	29/01/2018
MUKESH KUMAR SOMANI	06608983	28/05/2016
JAYSHREE SURESH PAREKH	06861217	26/03/2014
TADAYA MOMOSE	06984707	27/08/2014
ANANT JAIVANT TALAULICAR	00031051	06/04/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date 31<sup>st</sup> July, 2021  
Place Chennai  
UDIN A020879C000718895  
Peer review no I2008TN611500

**B CHANDRA**  
PRACTISING COMPANY SECRETARY  
CP 7859

## 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 financial statements prepared based on the Indian Accounting Standards for the year ended 31<sup>st</sup> March 2021 and to the best of our knowledge and belief:

- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 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.
- 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 financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit & Risk Management Committee, deficiencies 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 deficiencies.

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

- (1) significant changes, if any, in internal control over financial reporting during the year;
- (2) significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
- (3) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Elango Srinivasan**  
Chief Financial Officer

**Arvind Balaji**  
Managing Director

Place: Chennai

Date: 28<sup>th</sup> May, 2021



## COMPLIANCE WITH CODE OF CONDUCT AND BUSINESS ETHICS

To

The Members 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) Regulations 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 31<sup>st</sup> March 2021.

Place : Chennai

Date : 7<sup>th</sup> August, 2021

**Arvind Balaji**

Managing Director

# 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 endeavor to improve on these aspects.

### 2. Board of Directors and Key Managerial Personnel:

#### 2.1. Composition of Board of Directors and changes 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. Further, as per the Articles of Association read with the general authorization granted by the Board to the Managing Director, all powers that are not required to be exercised only by the Board or Shareholders under the Act are exercisable by the Managing Director subject to the superintendence and control of the Board.

The Board of the Company comprises of 10 Directors out of which 5 are nominated by Promoters of the Company and the rest are Independent Directors. The Board also comprise of 2 women Directors out of which one was nominated by the Promoters and the other being Independent. As per the amended Article of Association of the Company, Lucas Indian Service Limited (LISL) is entitled to nominate 3 Directors and Mahle Electric

Drives Japan Corporation (MEDJ), as far as it along with Mahle Holding (India) Private Limited holds atleast 15% of the Company's Share Capital, is entitled to nominate 2 Directors. The Chairman of the Company and the Managing Director shall be nominees of LISL. In addition, 2 out of 3 nominees of LISL & 1 out of 2 nominees of MEDJ shall not be required to retire by rotation. However, considering the composition of the Board, Mr Arvind Balaji, Managing Director and nominee of LISL and Mr Mukesh Somani, nominee of MEDJ are not liable to retire by rotation while all other non-independent Directors retire by rotation.

Subsequent to the end of financial year, MEDJ had intimated about their intention to change the nomination of Directors to the Board by inducting Mr Kiyoyasu Kawakami and Mr Jakob Ruemmler in the place of Mr Tadaya Momose and Mr Mukesh Kumar Somani respectively who had resigned from the Board with effect from 7<sup>th</sup> August, 2021.

Mr Kiyoyasu Kawakami who replaces Mr Tadaya Momose will be liable to retire by rotation while Mr Jakob Ruemmler who replaces Mr Mukesh Kumar Somani will not be liable to retire by rotation. Mr Jakob Ruemmler had already been appointed in the casual vacancy arising out of the resignation of Mr Mukesh Kumar Somani at the Board meeting held on 7<sup>th</sup> August, 2021 and the same shall be included in the notice to the shareholders. Mr Kiyoyasu Kawakami was proposed to be appointed in place of Mr Tadaya Momose & the proposal



has been considered subject to the completion of Statutory processes for Director appointment. Both of them will be non-executive non – Independent Directors and shall be entitled for the same remuneration as other non-executive Directors. The Nomination and Remuneration Committee had recommended their appointment at the meeting held on 6<sup>th</sup> August, 2021 and shall be placed before the shareholders in the forthcoming AGM. A detailed note showing their qualification, expertise and

experience shall be provided as part of the Notice of AGM.

Mr Arvind Balaji's tenure as Managing Director is valid for a period of five years from 1<sup>st</sup> April, 2018. His appointment was approved by the Shareholders through a Special Resolution by Postal Ballot on 8<sup>th</sup> March, 2018 on such terms and conditions specified in the Notice of Postal Ballot, Companies Act 2013 and Schedule V to the said Act.

The following table shows the Directorship of Independent Directors along with their date and tenure of appointment:

Name of the Director	Date of appointment (first term)	Date of re-appointment (second term)	Re-appointed/ appointed up to
Mr V Balaraman	27 <sup>th</sup> August, 2014	16 <sup>th</sup> August, 2019	AGM, 2022
Mr K G Raghavan	27 <sup>th</sup> August, 2014	16 <sup>th</sup> August, 2019	AGM, 2023
Mr R Vijayaraghavan	27 <sup>th</sup> August, 2014	16 <sup>th</sup> August, 2019	AGM, 2023
Dr Jayshree Suresh	27 <sup>th</sup> August, 2014	16 <sup>th</sup> August, 2019	AGM, 2022
Mr Anant Jaivant Talaulicar	6 <sup>th</sup> April, 2019	-	5 <sup>th</sup> April, 2023

Upon re-appointment/appointment of the Independent Directors, the revised appointment letters were issued to each of the Directors covering all the requirements of the Listing Regulations and Companies Act and the same was posted on the website of the company. The weblink is provided in a separate section of this report under policies.

The company had received a Certificate of Non-Disqualification of Directors for the financial year 2020-21 from Ms B Chandra, Practising Company Secretary, pursuant to Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 stating that none of the Directors of the company have been debarred or disqualified by SEBI, MCA or any such Statutory Authority

from being appointed or continuing as director of companies.

Ms Priyamvada Balaji, Non-executive Director nominated by LISL retires by rotation and being eligible, offers herself for re-appointment.

The Board and Committees meet at regular intervals. Policy formulation, evaluation of performance and control functions vest with the Board, while the Committees attend to specific areas in depth and recommends action plan to the Board.

Mr T K Balaji, Non-Executive Chairman of the Company is related to Mr Arvind Balaji, Managing Director and Ms Priyamvada Balaji, Director and Mr



Arvind Balaji, Managing Director and Ms Priyamvada Balaji, Director are also 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 the Listing Regulations 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 G Venkatram, Company Secretary are the Key Managerial Personnel pursuant to Section 203 of the Companies Act, 2013. Mr G Venkatram is also the Compliance Officer of the Company.

## 2.3 Familiarisation program:

The Listing Regulation requires listed companies to conduct familiarisation programme for the Independent Directors so as to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. The Company facilitates the members of its Board to familiarise themselves with the industry and its operation.

In this regard, 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 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, various regulatory developments etc., by way of presentations and discussions. The details are available in the Company's website. The weblink is provided in a separate section of this report under policies.



## 2.4 Board Skills/Expertise/Competency Matrix:

The Board Skills/ Expertise/Competency matrix as required by SEBI Listing Regulations is as below:

Skill	Description	List of Directors possessing the core skill/ expertise/ competency
Leadership / Strategy	Experience of playing leadership roles in reputed Companies, with competencies around strategy development & implementation, sales & marketing, business administration, operations and people management.	M/s TK Balaji, Arvind Balaji, Anant Talaulicar, V Balaraman, Jayshree Suresh, T Momose, Mukesh Kumar Somani, Priyamvada Balaji.
Industry Experience	Strong knowledge and experience in automotive industry and in managing business operations of a sizeable organization in the business of manufacture and sale of automobiles, automotive electronics and other auto components.	M/s TK Balaji, Arvind Balaji, Anant Talaulicar, T Momose, Priyamvada Balaji.
Financial knowledge	Practical knowledge and experience in accounting and finance to analyze statements, assess financial viability, contribute to financial planning, oversee budgets and funding.	M/s TK Balaji, Arvind Balaji, Anant Talaulicar, V Balaraman, Mukesh Kumar Somani, Priyamvada Balaji, KG Raghavan, R Vijayaraghavan.
Executive management	Experience in evaluating performance of senior management, and overseeing strategic human capital/ succession planning. Experience in industrial relations and organizational change management programmes.	M/s TK Balaji, Arvind Balaji, Anant Talaulicar, V Balaraman, T Momose, Mukesh Kumar Somani, Priyamvada Balaji, Jayshree Suresh.
Technology	Relevant knowledge of IT governance and systems including privacy, data management and security.	M/s TK Balaji, Arvind Balaji, Anant Talaulicar, T Momose, Mukesh Kumar Somani, Priyamvada Balaji.
Risk Management	Ability to monitor and advise the Company on risks as applicable to the Industry(ies) in which it operates.	M/s TK Balaji, Arvind Balaji, Anant Talaulicar, V Balaraman, Jayshree Suresh, T Momose, Mukesh Kumar Somani, Priyamvada Balaji, KG Raghavan, R Vijayaraghavan.
Regulatory Compliance	Ability to understand, interpret and advise on regulations as applicable to the Company.	M/s KG Raghavan, R Vijayaraghavan, Mukesh Kumar Somani, T Momose.

Note: The above table was populated on the basis of the existing Directors of the Board as on 31<sup>st</sup> March, 2021.

Based on the above mentioned skill/ expertise/ competency, the Board is well structured to ensure diversity in experience, complementarity of skills with a balance in age, gender, knowledge, social-economic backgrounds. The Board also confirms that all the Independent Directors of the company fulfill the conditions specified in the SEBI Listing Regulations and are independent of management.

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

The Board met 5 times during 2020-21 as detailed below. Since the Ministry of Corporate Affairs and SEBI had permitted

the conduct of Board/ Committee meetings entirely online due to the COVID-19 pandemic, all the meetings held during the year was held through video conferencing/ other audio visual means by following all the necessary protocols specified in the respective circulars/ notifications. The following table shows the date of board meetings along with attendance details:

Date of meeting	Directors present
27 <sup>th</sup> June, 2020	9
20 <sup>th</sup> August, 2020	10
12 <sup>th</sup> November, 2020	10
12 <sup>th</sup> February, 2021	7
26 <sup>th</sup> March, 2021	10

The last AGM was held on 21<sup>st</sup> September, 2020 through Audio Visual means and was attended by 9 Directors. The following table shows 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:

Name	Attendance particulars		Number of directorships and committee memberships/ chairmanships		
	Board meeting	Last AGM	Other Directorships*	Other Committee Memberships	Other Committee Chairmanships
<b>Non-Executive Directors</b>					
Mr T K Balaji	5	Yes	10	1	-
Ms Priyamvada Balaji	5	Yes	11	1	-
Mr T Momose	3	Yes	-	-	-
Mr Mukesh Kumar Somani	5	Yes	3	-	-
<b>Managing Director</b>					
Mr Arvind Balaji	5	Yes	11	2	-
<b>Independent Directors</b>					
Mr Anant Jaivant Talaulicar	4	No	8	3	-
Mr V Balaraman	5	Yes	1	1	-
Dr Jayshree Suresh	5	Yes	2	-	-
Mr K G Raghavan	4	Yes	2	-	-
Mr R Vijayaraghavan	5	Yes	8	8	4

(\*) includes private companies;



The following table shows the listed entities in which the Directors hold position as Director other than the Company and category of directorship as on 31<sup>st</sup> March, 2021:

Name of the Director	Name of the Listed Company	Category of Directorship
Mr T K Balaji	Sundaram Clayton Ltd	Director
Ms Priyamvada Balaji	-	-
Mr T Momose	-	-
Mr Mukesh Kumar Somani	-	-
Mr Arvind Balaji	Schaeffler India Ltd	Independent Director
Mr V Balaraman	-	-
Dr Jayshree Suresh	-	-
Mr K G Raghavan	-	-
Mr R Vijayaraghavan	Bimetal Bearings Ltd	Independent Director
	Sundaram Clayton Ltd	Independent Director
	Sanco Trans Ltd	Independent Director
Mr Anant Jaivant Talaulicar	The Hi-Tech Gears Ltd	Director
	Force Motors Ltd	Independent Director
	Birlasoft Ltd	Independent Director
	KPIT Technologies Ltd	Independent Director
	Everest Industries Ltd	Independent Director

As far as Mr Arvind Balaji, Managing Director is concerned, he serves as an Independent Director of Schaeffler India Ltd with effect from 6<sup>th</sup> November, 2019. In terms of the provisions of the Companies Act, 2013, approval of the Board of Directors was obtained on 13<sup>th</sup> August, 2019 permitting Mr Arvind Balaji, Managing Director to play the role of an Independent Director in Schaeffler India Ltd.

None of the non-executive directors holds directorships in more than seven listed entities and serve as an Independent Director in more than seven listed entities. The number of directorships and Committee memberships of all directors are also within the limits specified in the Companies Act 2013. None of the Directors hold any equity shares of the Company.

#### 4. Committees of the Board:

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

#### 5. Audit Committee:

Consequent to the amendment in SEBI Listing Regulations effective 5<sup>th</sup> May, 2021, top 1,000 listed Companies by way of market capitalisation had to

constitute a separate Risk Management Committee. Hence, the Audit & Risk Management Committee was renamed as Audit Committee and a separate Risk Management Committee was formed at the meeting of Board of Directors held on 7<sup>th</sup> August, 2021. The Charter of the Risk management Committee covers all the relevant ingredients as per SEBI Listing Regulations. Details of the composition and functioning of the Risk Management Committee shall be provided in the report of next financial year.

The Audit Committee has 4 members consisting of independent directors with Mr K G Raghavan being the Chairman of the Committee. The role and terms of reference of the Committee cover the areas mentioned in Regulation 18 read with Part C of Schedule II of the Listing Regulations and Section 177 of the Companies Act, 2013, as amended from time to time.

The role of the 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 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 Committee. The Committee met 4 times during the year 2020-21 on 27<sup>th</sup> June, 2020, 20<sup>th</sup> August, 2020, 12<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021 and all the meetings were held fully on video conferencing/ other audio visual means.

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 of the Committee	Independent Director	3	27 <sup>th</sup> June, 2020, 20 <sup>th</sup> August, 2020 and 12 <sup>th</sup> November, 2020
Mr V Balaraman, Member	Independent Director	4	27 <sup>th</sup> June, 2020, 20 <sup>th</sup> August, 2020, 12 <sup>th</sup> November, 2020 and 12 <sup>th</sup> February, 2021
Mr Anant Jaivant Talaulicar, Member	Independent Director	3	27 <sup>th</sup> June, 2020, 20 <sup>th</sup> August, 2020 and 12 <sup>th</sup> November, 2020
Mr R Vijayaraghavan, Member	Independent Director	4	27 <sup>th</sup> June, 2020, 20 <sup>th</sup> August, 2020, 12 <sup>th</sup> November, 2020 and 12 <sup>th</sup> February, 2021





## 6. Stakeholders Relationship Committee (SRC):

The Committee has 3 members consisting of 2 independent directors (Mr R Vijayaraghavan as Chairman of the Committee and Dr Jayshree Suresh as member) and the Non-executive Chairman Mr T K Balaji as a member. The terms of reference of the Committee are as follows:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- Review of measures taken for effective exercise of voting rights by Members.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the Members of the company.
- Any other role/ responsibility and function as may be specified by the Board from time to time.

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 the Committee	Independent Director	2	27 <sup>th</sup> June, 2020 and 12 <sup>th</sup> February, 2021
Mr T K Balaji, Member	Non Executive Director	2	27 <sup>th</sup> June, 2020 and 12 <sup>th</sup> February, 2021
Dr Jayshree Suresh, Member	Independent Director	2	27 <sup>th</sup> June, 2020 and 12 <sup>th</sup> February, 2021

At the meeting of Board of Directors held on 7<sup>th</sup> August, 2021 Dr Jayshree Suresh was appointed as Chairperson of the Committee and Mr R Vijayaraghavan shall continue as a member.

The company, during the year 2020-21, appointed Cameo Corporate Services Ltd (Cameo), having office at Subramanian Building, No.1, Club House Road, Chennai - 600002, as the Share Transfer (STA) at the meeting of the Board of Directors held on 12<sup>th</sup> February, 2021, in place of Sundaram Clayton Ltd who had intimated the company that they had closed their Share Transfer Agent operations. Consequently the

electronic connectivity was shifted to the new STA, Cameo with effect from 10<sup>th</sup> March, 2021.

The Company Secretary is the Secretary to the SRC. In addition to the abovementioned terms of reference, the SRC approves transfers, transmission, consolidation and splitting of share certificates and authorises the officials to make necessary endorsements on

the share certificates etc. The Board has authorised severally the President, 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 SEBI Listing Regulations, Mr G Venkatram, Company Secretary has been appointed as Compliance Officer. For any clarification, Members may contact the Company Secretary at the dedicated e.mail ID: investors@inel.co.in or at the email ID of cameo at investor@cameoindia.com.

During the financial year 2020-21, the company received two complaints (regarding non-receipt of share certificate and non-receipt of annual report for 2019-20) from the Members. All the complaints have been redressed to the satisfaction of the Members.

Further during the year, the Committee had taken various steps to reduce the unpaid/ unclaimed dividend. The Company, as directed by the Committee, had identified Members to whom recent dividend has been paid electronically but the previous dividend(s) remained unpaid/ unclaimed and had credited all such past unpaid /unclaimed dividends without any further action required from the members. The Company had also sent intimation to such members upon completion of the remittance and the list of such members to whom the unpaid/ unclaimed dividend was remitted, was posted in the website immediately after the remittance. During the year, the company had identified 47 members

and paid the unpaid/ unclaimed dividend to them in 2 batches. The details of those Members and the dividend remitted are posted on the website of the company at <https://indianippon.com/investors/#tab-1538379419138-9-1>. The Committee will continue to take such initiatives in the current year also.

The Committee had also in line with the requirement of the SEBI Listing Regulations had laid down service standards to be followed by the Share Transfer Agent and had monitored adherence to the service standards by way of report submitted by the Share Transfer Agent.

## 7. Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee (CSR Committee) comprises of 3 members with Chairperson being Dr Jayshree Suresh, an Independent Director. The remaining two members are Mr Arvind Balaji, Managing Director and Ms Priyamvada Balaji, Non-executive Director.

Following the amendments to the CSR Rules dated 23<sup>rd</sup> January, 2021, the Committee at their meeting held on 28<sup>th</sup> May, 2021, considered the following:

- CSR Annual Action Plan.
- The new CSR Policy.

The CSR Annual Action Plan was further revised on 7<sup>th</sup> August, 2021.

The weblink is provided in a separate section of this report under policies.



During the year, the Committee met 3 times on 27<sup>th</sup> June, 2020, 20<sup>th</sup> August, 2020 and 12<sup>th</sup> February, 2021 and the attendance details are as given below:

Name of Directors	Status	No. of meetings attended	Date of meeting
Dr Jayshree Suresh, Chairperson of the Committee	Independent Director	3	27 <sup>th</sup> June, 2020, 20 <sup>th</sup> August, 2020 and 12 <sup>th</sup> February, 2021
Mr Arvind Balaji, Member	Managing Director	3	27 <sup>th</sup> June, 2020, 20 <sup>th</sup> August, 2020 and 12 <sup>th</sup> February, 2021
Ms Priyamvada Balaji, Member	Director	3	27 <sup>th</sup> June, 2020, 20 <sup>th</sup> August, 2020 and 12 <sup>th</sup> February, 2021

The report of the CSR activities approved by the CSR Committee is given as annexure to the Board's Report.

## 8. Nomination & Remuneration Committee:

The Nomination & Remuneration Committee (NRC) has 3 members with the Chairman of the NRC being Mr V Balaraman, an Independent Director. The remaining two members are Mr T K Balaji, Non- executive Chairman and Mr R Vijayaraghavan, an Independent Director. During the year, the Committee met 2 times viz., 27<sup>th</sup> June, 2020 and 20<sup>th</sup> August, 2020 as detailed below:

Name of Directors	Status	No. of meetings attended	Date of meeting
Mr V Balaraman, Chairman of the Committee	Independent Director	2	27 <sup>th</sup> June, 2020 and 20 <sup>th</sup> August, 2020
Mr T K Balaji, Member	Non Executive Director	2	27 <sup>th</sup> June, 2020 and 20 <sup>th</sup> August, 2020
Mr R Vijayaraghavan, Member	Independent Director	2	27 <sup>th</sup> June, 2020 and 20 <sup>th</sup> August, 2020

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

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- recommend to the board, all remuneration, in whatever form, payable to senior management.

**Summary of the Nomination and Remuneration Policy Guidelines is as below:**

- The age of Independent Directors, at the time of appointment/ re-appointment, shall not be more than 70 years. However, in exceptional cases, the Committee may recommend to the Board, the appointment/ re-appointment of Independent Directors who are above the age of 70 years with suitable rationale.
- The initial term of appointment of Independent Directors shall be for any period up to 4 years. Re-appointment for another term of up to 4 years shall be on the basis of recommendations of the Committee and approval of Members by special resolution. After two such terms, an Independent Director, after the cooling off period as per law, may be considered by the Committee for re-appointment, subject to fulfilling all the Statutory criteria.
- Non-Executive Non-Independent Directors, shall be appointed to the Board subject to the age limit as per Companies Act, the Listing Regulations and in addition the Articles of Association of the Company.
- Appointment of such Non-Executive Non-Independent Directors shall

be subject to Compliance with the requirements of the Listing Regulations requirements and the requirements of Companies Act, 2013 and Rules made thereunder.

- Appointment of Managing Director/ Whole Time director shall be as per the Articles of Association of the Company which provides the right to appoint Managing Director/ Whole Time director to Lucas Indian Service Limited (Promoter Company) so far as certain conditions specified are satisfied.
- All Non-executive directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder.
  - a) sitting fees for each meeting of the Board or Committee of the Board attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Rules notified thereunder;
  - b) commission on an annual basis of such sum as may be approved by the Board, not exceeding the limits as specified under the Companies Act/ the Regulations, on the recommendation of the Committee. The Committee shall take into consideration factors like attendance, participation and contribution during meetings and such other parameters the Committee may deem fit for the purpose of deciding the quantum of commission to be paid to each Non-Executive Director.



- Remuneration of the Managing Director/ Whole Time Director may be fixed in accordance with the provisions of SEBI Listing Regulations, Companies Act, 2013 and Rules made thereunder, subject to approval of the Committee/ Board and Members, as the case may be.
- Non-executive Directors may be compensated for services rendered which are professional in nature and in the opinion of the Committee such Director possesses requisite qualification for the practice of the profession. However, this shall not apply for an Independent Director.
- The Board shall appoint and remove all KMPs based on the recommendation of the Committee by way of a resolution.
- All KMPs and Senior Management Personnel shall be issued a Letter of Appointment clearly setting out the terms and conditions of appointment which shall govern their term/ tenure/ increments/ evaluation criteria etc.
- The committee authorizes the Chairman / Managing Director to evaluate the performance of the KMP and Senior Management Personnel at regular intervals applying suitable criteria as per the industry practice.
- The remuneration and other benefits to the KMPs shall be fixed by the Chairman / Managing Director and shall be placed before the Committee for recommendation to the Board. For Senior Management Personnel, the remuneration and other benefits shall be determined by the Chairman/ Managing

Director based on suitable criteria as per the industry practice.

More details on criteria of evaluation etc., and the policy can be referred from the website of the company. The weblink is provided in a separate section of this report under policies.

## **9. Remuneration of Directors:**

### **9.1 Managing Director:**

Remuneration: The Board, on the recommendation of the NRC shall review and approve the remuneration payable to the Managing Director within the overall limits approved by the Members. The remuneration structure to the MD includes basic pay, perquisites, allowances, commission and retirement benefits.

For the year 2020-21, the total remuneration paid to Mr Arvind Balaji, Managing Director is ₹ 224.93 Lacs comprising of ₹ 113 Lacs in commission and ₹ 111.93 Lacs by way of salary.

### **9.2 Non-Executive Directors:**

The Board, on the recommendation of the NRC, reviews and approves the remuneration payable to the Non-executive Directors in the form of commission within the overall limits approved by the Members.

The Non-Executive Directors shall also be entitled to sitting fees for attending the meetings of the Board and the Committees thereof. The details of Commission and Sitting fee are given below:

#### **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 as approved by the Members at their meeting held on 27<sup>th</sup> August, 2018.

For the year 2020-21, the Board had approved the payment of commission to Non-executive Directors at the meeting held on 28<sup>th</sup> May, 2021 based on the recommendations of the NRC. The NRC had 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 other material pecuniary relationship or transactions of the

Non-Executive Directors with the company during the year.

Name of the Directors (Mr./ Ms)	Amount of commission (₹ in Lacs)
Mr T K Balaji	5.0
Mr Anant Jaivant Talaulicar	5.0
Mr V Balaraman	7.0
Dr Jayshree Suresh	6.5
Ms Priyamvada Balaji	4.0
Mr Mukesh Kumar Somani	4.5
Mr K G Raghavan	5.0
Mr R Vijayaraghavan	8.0
<b>Total</b>	<b>45.0</b>

Mr Tadaya Momose, who is a Japanese national, was not paid any Sitting Fees/ Commission for the year 2020-21 since he had waived his rights to receive the same. However, the Company bears all the expenses of the incidental expenditure for his attendance in meetings.

#### b) *Sitting fees:*

Remuneration by way of Sitting Fee for attending Board/ Committee Meetings and separate meeting of Independent Directors paid to non-executive Directors for the year 2020-21 is tabulated hereunder (₹ in actuals).

Name of the Directors	Board	Audit & Risk Management Committee	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	Separate meeting of Independent Directors	Total
Mr T K Balaji	1,00,000	-	40,000	40,000	-	-	1,80,000
Mr K G Raghavan	80,000	60,000	-	-	-	40,000	1,80,000
Mr V Balaraman	1,00,000	80,000	-	40,000	-	40,000	2,60,000
Mr Anant Jaivant Talaulicar	80,000	60,000	-	-	-	40,000	1,80,000
Mr R Vijayaraghavan	1,00,000	80,000	40,000	40,000	-	40,000	3,00,000
Dr Jayshree Suresh	1,00,000	-	40,000	-	60,000	40,000	2,40,000
Mr Mukesh Kumar Somani	1,00,000	-	-	-	-	-	1,00,000
Ms Priyamvada Balaji	1,00,000	-	-	-	60,000	-	1,60,000
<b>Total</b>	<b>7,60,000</b>	<b>2,80,000</b>	<b>1,20,000</b>	<b>1,20,000</b>	<b>1,20,000</b>	<b>2,00,000</b>	<b>16,00,000</b>





## 10. Other Disclosures:

### 10.1 Related party transactions, RPT Policy and materially significant Related Party Transactions:

At the Annual General Meeting held on 27<sup>th</sup> August, 2018, the members had approved transacting with, inter-alia, TVS Motor Company Limited (TVSM), a related party, in any financial year, up to a limit of 70% of the consolidated turnover of the Company for the previous financial year as per the Audited Financial Statements. The approval was given considering the importance of the Company's relationship with TVSM as TVSM is the Company's most important customer right from inception and that TVSM contributes significantly to the Company's revenue and profits. All transactions with TVSM are carried out based on competitive considerations as TVSM has local & global suppliers and the Company has to compete with them for winning TVSM's business.

Owing to the COVID-19 Pandemic, the turnover of the Company for the financial year 2020-21 was impacted. Hence, as a percentage of the Consolidated Turnover of previous year, transaction with TVSM could be higher than the 70% limit earlier approved by the shareholders, considering the expected rebound in the two wheeler market. Also, going forward, the Company expects higher turnover with TVSM commensurate with its growth in the overall sales & hence, from financial year 2021-22, the Company proposes to seek the approval of members for an absolute higher threshold in monetary terms for transacting with TVSM as per the material terms below: Also, going forward, the Company expects higher turnover with TVSM commensurate with its growth in the overall sales & hence, from financial year 2021-22, the Company proposes to seek the approval of members for an absolute higher threshold in monetary terms for transacting with TVSM as per the material terms below:

Name of Related Party	Name of Director/ KMP interested	Nature of relationship	Aggregate maximum value of the contract/ arrangement per transaction in any financial year	Nature and material terms of Contract/ arrangement/ transaction
TVS Motor Company Limited	None	Subsidiary of the ultimate parent Company i.e. TV Sundram Iyengar & Sons Private Limited	Up to ₹ 500 Crore per financial year.	<p>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 Committee within the overall limits approved by the members.</p> <p>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.</p>

Suitable resolution shall be included in the notice of the forthcoming AGM. All other material related party transactions are expected to be within the limit approved by the members.

For all related party transactions, the Audit Committee accords omnibus approval with clear threshold limits on an annual basis. Transactions that are not foreseeable and for which transaction details are not available, are granted omnibus approval up to ₹ 1 Crore per transaction. Where agreement with related parties exist, the said agreement is approved by the Audit Committee. Transactions entered into under omnibus approval are also placed before the Audit Committee every quarter for review and the limits are enhanced when required. All the existing and proposed transactions with related parties are in the ordinary course of business and on arm's length basis. The company had also instituted a mechanism of yearly certification of related party transactions by internal auditors. The details of 'material' related party transactions are disclosed in form AOC-2 which is annexed to and forms part of the Board's report. Further transactions with the related parties have been reported elsewhere in the annual report, as per the applicable Accounting Standards.

## 10.2 Whistle-blower Policy & Vigil Mechanism:

The Company had established a vigil mechanism, also called the Whistle Blower Policy, which is adopted by the Board. The said mechanism provides for directors and employees reporting concerns about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct

and Business Ethics Policy etc. An Ethics Committee headed by the Managing Director of the Company reviews all the concerns and ensures timely completion of investigations required and disciplinary actions wherever needed. The vigil mechanism also 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 exceptional cases.

A dedicated ethics helpline has been provided with further provision for investigating into leakage of Unpublished Price Sensitive Information (UPSI) and the procedure to be followed for such investigation. A comprehensive portal has been implemented for lodging complaints by internal and external stakeholders. The Whistle Blower policy and the Code of Conduct and Business Ethics as approved by the Board is available on the website of the company. The weblink is provided in a separate section of this report under policies.

The Company regularly conducts online certification and familiarisation programmes for employees about Whistle Blower mechanism. Ethics Committee works with leading consultants to analyze and report all complaints lodged through the comprehensive portal. The reports are reviewed by the Audit Committee every quarter.

## 10.3 Prevention of insider trading and code of corporate disclosure practices:

The Company has adopted a Code of Conduct to Regulate, Monitor and Report trading by Designated Persons and their immediate Relatives and



Code of Practice and Procedures for Fair Disclosure of Unpublished price sensitive information. The company has appointed the Company Secretary as Compliance Officer for this purpose. Trading in the securities of the Company is prohibited during the period where the trading window is closed and the Designated persons have to obtain pre-clearance for trading beyond a threshold, during a valid trading window period. The trading window closure period in case of quarterly/ yearly results commences from the end of the quarter and will remain in effect until 48 hours after the results are published. In case of specific proposals that shall be placed before the Board for consideration, the trading window is closed for a period of 15 days prior to the UPSI remaining unpublished and the closure shall be in effect until 48 hours after the same is disseminated in public domain. In case Board meeting is not required to consider the UPSI, the Compliance Officer shall fix the trading window closure period taking into consideration the nature of information. The policy is available at the website of the company. The weblink is provided in a separate section of this report under policies.

As required by the Insider Trading Regulations, the compliance with internal control over insider trading is certified annually by the Managing Director to the Audit Committee. The Compliance Officer is responsible for reporting all the other Compliances with the Insider Trading Regulations and the Codes to the Board/ Audit Committee.

Further, the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information,

inter-alia, specifies the legitimate purposes for which UPSI can be shared and mandates the maintenance of electronic database of persons who have access to the UPSI and the date, time etc of sharing various UPSI. Both the codes are available at the company's website. The weblink is provided in a separate section of this report under policies.

#### **10.4 Subsidiary company:**

The minutes of the Board meetings of the subsidiary is tabled for approval of the Board of Directors. The financial statements of the subsidiary company is presented to the Audit Committee and are also placed for consideration and approval of the Board. The Board has formulated a policy for determining "material" subsidiaries as per which the company does not have a material subsidiary i.e. subsidiary of the Company does not have income or net worth exceeding twenty percent of the consolidated income or net worth respectively of the Company in the immediately preceding accounting year. The said Policy is available in the Company's website. The weblink is provided in a separate section of this report under policies.

#### **10.5 Quarterly report on share capital audit:**

Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 requires 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 dematerialization requests have been confirmed within 15 days and by explaining the reasons if any, for those requests pending beyond 15 days. The Audit Report shall 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 also report whether in-principle approval for listing the shares has been obtained from the Stock Exchanges in respect of the 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 31<sup>st</sup> March, 2021, this was submitted on 29<sup>th</sup> April, 2021.

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.

## 10.6 Commodity Price & Foreign Exchange Risk and hedging:

As per the Company's policy on determining the materiality of events/information, exposure to a particular commodity in value terms, as on 31<sup>st</sup> March, 2021, shall be material if the value or impact involved, or is expected to involve, exceeds 10% of the consolidated turnover or networth of the Company, whichever is lower, as per the latest audited financial statement.

Considering the above, the Company's exposure to Copper was material for the year. Any exposure to key commodities are managed through cost compensation provisions with all major customers which provides for compensation for major raw material cost variations as also forex variations. Quotations are given and prices are settled with the base reference for Raw material prices and Forex rates to facilitate compensation for escalation of costs by Customers. Costs are also analyzed with that of competitors through financial benchmarking. As such there is no separate hedging carried out by the Company to cover the commodity risk. The following table provides the details of exposure as on 31<sup>st</sup> March, 2021:

Commodity Name	Exposure in INR Lacs towards the particular commodity	Exposure in Quantity terms towards the particular commodity (in Kgs)	% of such exposure hedged through commodity derivatives				Total
			Domestic market		International market		
			OTC	Exchange	OTC	Exchange	
Copper	5,405.26	9,96,345	Nil	Nil	Nil	Nil	Nil



## 10.7 Disclosure on Financial Ratios:

The disclosures on financial Ratios are provided as part of Management Discussion & Analysis report.

## 10.8 Details of Non Compliance:

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

**10.9** 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.

**10.10** The Board, in line with the requirements of the Companies Act, 2013 and SEBI Listing Regulations had formulated following policies:

Name of the Policy	Weblink
a. Policy for determining 'materiality' for disclosure of events / information to Stock Exchanges	<a href="http://indianippon.com/policies/#tab-1538384612071-8-1">http://indianippon.com/policies/#tab-1538384612071-8-1</a>
b. Policy for preservation and Archival of documents	<a href="http://indianippon.com/policies/#tab-1538384669736-10-8">http://indianippon.com/policies/#tab-1538384669736-10-8</a>
c. Nomination and Remuneration Policy Guidelines	<a href="http://indianippon.com/policies/#tab-1538384687615-11-6">http://indianippon.com/policies/#tab-1538384687615-11-6</a>
d. Code of Conduct and Business Ethics	<a href="http://indianippon.com/policies/#tab-1538384514950-3-5">http://indianippon.com/policies/#tab-1538384514950-3-5</a>
e. Corporate Social Responsibility Policy	<a href="http://indianippon.com/policies/#tab-1538384386-2-40">http://indianippon.com/policies/#tab-1538384386-2-40</a>
f. Code of Conduct to Regulate, Monitor and Report trading by Designated Persons and their Immediate Relatives	<a href="http://indianippon.com/policies/#tab-1538384729246-12-3">http://indianippon.com/policies/#tab-1538384729246-12-3</a>
g. Material Subsidiary policy	<a href="http://indianippon.com/policies/#tab-1538384628717-9-10">http://indianippon.com/policies/#tab-1538384628717-9-10</a>
h. Related Party Transaction Policy	<a href="http://indianippon.com/policies/#tab-1538384572765-6-10">http://indianippon.com/policies/#tab-1538384572765-6-10</a>
i. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	<a href="http://indianippon.com/policies/#tab-1538384497094-2-8">http://indianippon.com/policies/#tab-1538384497094-2-8</a>
j. Whistle-Blower Policy & Vigil Mechanism	<a href="http://indianippon.com/policies/#tab-1538384386-1-33">http://indianippon.com/policies/#tab-1538384386-1-33</a>
k. Risk Management Policy	<a href="https://indianippon.com/policies/#tab-1538384530822-4-0">https://indianippon.com/policies/#tab-1538384530822-4-0</a>
l. Dividend Distribution Policy	<a href="https://indianippon.com/policies/#tab-1628351664078-13-5">https://indianippon.com/policies/#tab-1628351664078-13-5</a>
m. Familiarisation program	<a href="https://indianippon.com/policies/#tab-1538384562478-5-4">https://indianippon.com/policies/#tab-1538384562478-5-4</a>

**10.11** The company has complied with all applicable mandatory requirements in terms of Listing Regulations and adopted non-mandatory requirements in an appropriate manner as applicable. Further, it is specifically declared that the Company has complied with the requirements of Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

**10.12** Management Discussion & Analysis report, details of separate meeting of independent directors and board evaluation are given elsewhere in the Annual report.

**10.13** The company's Code of Conduct and Business Ethics has been displayed on the website of the company. The weblink is provided in a separate section under policies.

**10.14** All the members of Board and senior management personnel have confirmed compliance with the code for the year

ended 31<sup>st</sup> March, 2021. The annual report contains a declaration to this effect signed by the Managing Director.

**10.15** The Company had constituted the Internal Complaints Committee (ICC) at all its units where it was required to be constituted under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as amended. During the year under review, no established complaint on sexual harassment was received and hence no complaint was pending at the end of the year.

**10.16** A certificate from the Secretarial Auditor of the Company regarding non-disqualification and non-disbarment of any of the Directors of the Company is annexed to this report.

**10.17** The total fee paid to the Statutory Auditors of the Company inclusive of fee paid for all the services received by the company for the year 2020-21: ₹ 23.70 Lacs.

## 11. Annual General Meetings:

The Annual General Meetings of the Company are convened within the Statutory timelines. The details of location and time of the previous three Annual General Meetings are as below:

Meeting	Year	Location	Date	Time
33 <sup>rd</sup> AGM	2018	Kasturi Srinivasan Hall 168, TTK Road, Chennai-14	27 <sup>th</sup> August, 2018	10:30 AM
34 <sup>th</sup> AGM	2019	Kasturi Srinivasan Hall 168, TTK Road, Chennai-14	16 <sup>th</sup> August, 2019	10:00 AM
35 <sup>th</sup> AGM	2020	Video Conference/ Other Audio Visual Means	21 <sup>st</sup> September, 2020	10:00 AM





## 12. Special resolutions passed in the previous annual general meetings/ through Postal Ballot:

During the last three years viz., 2017-18 to 2019-20, approval of the Members was obtained by passing the following special resolutions:

Postal Ballot – 2017-18	Approval for alteration of Article 3 of the Articles of Association of the Company Re-appointment of Managing Director for a period of 5 years from 01 <sup>st</sup> April, 2018
A.G.M. – 2017-18	Approval of payment of Commission to Directors
A.G.M. – 2018-19	Re-appointment of Independent Director: Mr V Balaraman Re-appointment of Independent Director: Mr K G Raghavan Re-appointment of Independent Director: Mr R Vijayaraghavan Re-appointment of Independent Director: Dr Jayshree Suresh
A.G.M. – 2019-20	Adoption of Memorandum of Association as per provisions of the Companies Act, 2013. Adoption of new set of Articles of Association

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 shall be included in the notice convening the AGM of the Company for the year 2020-21.

## 13. Means of Communication:

- a) Quarterly results were published in Business Line and the Tamil version of the same was published in Dinamani. The Company had published the audited annual results for the year ended 31<sup>st</sup> March, 2021 within the stipulated time.
- b) The quarterly results and also the annual audited results are published in the Company's website viz. <http://indianippon.com/investors/#tab-1538379212092-4-3>.
- c) The Company had a meeting with Sundaram Asset Management Company Ltd on 1<sup>st</sup> March, 2021. No presentation was made at the meeting. However, the transcript of the meeting was posted on the Company website at the following link [https://indianippon.com/wp-content/uploads/2021/03/investors\\_meet\\_01\\_03\\_2021\\_transcript.pdf](https://indianippon.com/wp-content/uploads/2021/03/investors_meet_01_03_2021_transcript.pdf).
- d) In view of the situation arising due to COVID-19 global pandemic, the annual general meeting of the company is being conducted on Friday the 17<sup>th</sup> September, 2021 at 10:00 A.M. through video conferencing (VC) or Other Audio Visual Means (OAVM) as per the guidelines issued by the Ministry of Corporate Affairs (MCA). Hence, members can attend and participate in the ensuing AGM through VC/OAVM. For the procedure on participation, Members may refer to the Notice of the meeting.

## 14. General Information for Members:

Financial Reporting for the Quarter ending:	The dates are based on the due date as on the date of this report without factoring in changes that may be notified due to COVID-19 pandemic.
30 <sup>th</sup> June, 2021	1 <sup>st</sup> fortnight of August 2021
30 <sup>th</sup> September, 2021	1 <sup>st</sup> fortnight of November 2021
31 <sup>st</sup> December, 2021	1 <sup>st</sup> fortnight of February 2022
31 <sup>st</sup> March, 2022	May 2022
Interim Dividend for 2020-21 @ ₹ 6 per equity share	Declared by Board: 26 <sup>th</sup> March, 2021. Record Date: 9 <sup>th</sup> April, 2021 Payment date: 22 <sup>nd</sup> April, 2021
Book closure period for the purpose of AGM	From 11 <sup>th</sup> September, 2021 to 17 <sup>th</sup> September, 2021 (both days inclusive)
Listing on Stock Exchange & payment of Listing Fee	The Company's Shares are listed on BSE Limited and National Stock Exchange of India Limited. The address of the exchanges is as follows:  <b>BSE Limited:</b> Floor 25, Phiroze Jheejeebhoy Towers Dalal Street, Mumbai – 400 001.  <b>National Stock Exchange of India Ltd:</b> Exchange Plaza, 5 <sup>th</sup> Floor, Plot no C 1, G Block, IFB Centre, Bandra Kurla Complex, Bandra (East), Mumbai 400051  The Annual Listing fees for the Financial Year 2020-21 has been paid on time.
Stock Code	NSE: INDNIPPON BSE: 532240
ISIN	INE092B1025

### 14.1 Share price data:

#### a) High, Low during each month of Financial Year 2020-21:

Share price in ₹

Month	National Stock Exchange of India Ltd.		BSE Ltd	
	High	Low	High	Low
April, 2020	307.50	182.15	309.00	185.25
May, 2020	284.90	225.25	287.50	227.25
June, 2020	299.00	255.00	299.00	251.05
July, 2020	299.00	264.85	299.00	265.40
August, 2020	406.00	268.95	400.00	273.50
September, 2020	364.80	314.00	365.00	315.00
October, 2020	363.75	323.15	361.50	312.05
November, 2020	362.05	325.60	360.00	326.00
December, 2020	375.00	320.05	375.00	319.40
January, 2021	389.90	331.00	401.00	330.45
February, 2021	448.80	329.40	447.30	331.50
March, 2021	417.30	356.00	416.95	355.00



**b) Share price performance in comparison to broad-based indices – NSE Nifty and BSE Sensex.**

Company's share price performance in comparison to NSE Nifty based on the share price as on 31<sup>st</sup> March, during the last three years:

Date	Company's Share Price Close (₹)	Nifty Points (Close)	Percentage Change in	
			Company's share price	Nifty
31 <sup>st</sup> March, 2019	424	11624	(9)	15
31 <sup>st</sup> March, 2020	190	8598	(55)	(26)
31 <sup>st</sup> March, 2021	369	14691	94	71

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

Date	Company's Share Price Close (₹)	Sensex Points (Close)	Percentage Change in	
			Company's share price	Sensex
31 <sup>st</sup> March, 2019	422	38545	(9)	17
31 <sup>st</sup> March, 2020	190	29468	(55)	(24)
31 <sup>st</sup> March, 2021	369	49509	94	68

**14.2 Distribution of Equity Shareholding as on 31<sup>st</sup> March, 2021:**

No. of shares held		No. of members	% of members	No. of shares held	Shareholding pattern(%)
1	100	8,941	62.99	3,01,911	1.33
101	500	2,892	20.38	7,33,205	3.24
501	1,000	924	6.51	7,11,047	3.14
1,001	2,000	967	6.81	15,43,387	6.82
2,001	3,000	164	1.16	4,16,883	1.84
3,001	4,000	105	0.74	3,86,065	1.71
4,001	5,000	48	0.34	2,21,055	0.98
5,001	10,000	86	0.61	5,82,662	2.58
>=	10,001	66	0.47	1,77,25,209	78.36
<b>Total</b>		<b>14,193</b>	<b>100.00</b>	<b>2,26,21,424</b>	<b>100.00</b>

### 14.3 Pattern of Equity Shareholding as on 31<sup>st</sup> March, 2021:

Members	No. of Shares held	% of Total shares held
Promoter-Indian	1,33,77,332	59.14
Promoter-Foreign	16,41,000	7.25
Directors and Relatives	7,432	0.03
Mutual Funds	5,67,588	2.51
Alternative Investment Fund	82,561	0.36
Clearing Members	38,158	0.17
LLP	2,38,275	1.05
Foreign Portfolio Investor-Individual	2,150	0.01
HUF	2,83,579	1.25
Bodies Corporate	8,16,138	3.61
IEPF Authority	88,078	0.39
Individuals	53,20,631	23.52
NRIs	1,58,502	0.70
<b>Total</b>	<b>2,26,21,424</b>	<b>100.00</b>

### 14.4 Share Transfer System:

Securities and Exchange Board of India (SEBI) in its circular No.D & CC / FITTC / Cir-15 dated 27<sup>th</sup> 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 STA. 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. However, SCL intimated to the company that they will not be continuing the operations of Share Transfer Agent.

Hence, with effect from 12<sup>th</sup> February, 2021, M/s Cameo Corporate Services Ltd, (Registration No.INR000003753 issued by SEBI) currently located at 'Subramanian Building', No.1, Club House Road, Chennai - 600002. Tel: (44) 40020734/735/ 28460390 (5 lines), were appointed as STA. 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 dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from Members and other miscellaneous correspondence on changes of addresses, bank mandates etc., is processed by the STA promptly.



## 14.5 Dematerialisation of Shares and Liquidity:

The Company's shares have been compulsorily dematerialised effective 28<sup>th</sup> April, 2001. In accordance with SEBI Circular No. SEBI/Cir/ISD/3/2011 dated 17<sup>th</sup> June, 2011 and the amendments thereof, the entire shareholding of promoters has been dematerialised.

As on 31<sup>st</sup> March, 2021, there were 2,23,31,996 shares in electronic mode, including 1,50,18,332 shares held by promoters. Shares held in electronic mode accounted for 98.72% of total holding. The shareholding pattern in physical and demat is as given under: (shares in numbers)

Particulars	Physical Mode	Electronic mode	Total holding
No. of Members as of 31 <sup>st</sup> March, 2021	236	13,957	14,193
a) Promoters holding:	-	1,03,77,332	1,03,77,332
M/s Lucas Indian Service Ltd, Chennai			
M/s Mahle Electric Drives Japan Corporation, Japan	-	16,41,000	16,41,000
M/s Mahle Holding (India) Pvt Ltd., India	-	30,00,000	30,00,000
<b>Total promoter holding</b>	<b>-</b>	<b>1,50,18,332</b>	<b>1,50,18,332</b>
b) Non Promoters holding	2,89,428	73,13,664	2,23,31,996
<b>Total</b>	<b>2,89,428</b>	<b>2,23,31,996</b>	<b>2,26,21,424</b>
%	1.28	98.72	100

SEBI had notified amendment to Listing Regulations on 8<sup>th</sup> June, 2018 and as per the amendments, with effect from 1<sup>st</sup> April, 2019 request for transfer of securities shall not be processed unless the securities are held in dematerialised with a depository participant. However, transmission and transposition of securities can be processed in physical form.

As on 31<sup>st</sup> March, 2021 the total number of Members holding shares in physical mode have reduced from 263 members holding 3,03,598 shares at the beginning of the year to 236 members holding 2,89,428 shares. The Members who are still holding in physical mode are requested to dematerialize it.

## 14.6 Plant Locations:

India Nippon Electricals Ltd - CIN: L31901TN1984PLC011021

Unit 1	Hosur-Thalli Road, Uliveeranapalli, Hosur - 635 114, Tamil Nadu Tel: (4347) 233438.
Unit 2	Madukarai Road, Kariamanickam Village, Nettapakkam Commune. Puducherry 605 106. Tel: (413) 2699052.
Unit 3	Masani Village, Rewari District. Haryana - 122 106. Tel: (1274) 240860
Address for Correspondence:	
Registered Office: No.11 & 13, Patullos Road, Chennai - 600 002. Ph. (44) 28460063/73. For investors complaints: investorscomplaints@inel.co.in; investor@cameoindia.com	

## 15. Transfer of Shares to Investor Education and Protection Fund (IEPF) Authority:

As per Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended from time to time, all the shares in respect of which dividend has remained unpaid / unclaimed for seven consecutive years or more are required to be transferred electronically to the Demat Account opened in the name of IEPF Authority by the Ministry of Corporate Affairs.

Members may like to note that the eForm IEPF 1 (for the unpaid 2<sup>nd</sup> interim dividend of 2011-12) filed by the company in the earlier year which was not approved by MCA due to technical glitch at their end, was approved during the year and following which the company was able to file the IEPF-4 for transfer of shares.

During the year, the Company has sent individual notices to all the Members whose dividends are lying unpaid/ unclaimed against their name for seven consecutive years and followed other procedures seeking action from the Members. The list of such Members is displayed on the website of the Company. In compliance with the aforesaid provisions, the Company has transferred 3952 shares on 2<sup>nd</sup> April, 2021 to IEPF account bearing Demat account no 10656671 and DPID IN300708 opened with Punjab National Bank. In case the dividends are not claimed within the due date(s) mentioned above, necessary steps will be initiated by the Company to transfer shares held by the members to IEPF. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF.

As required under the said provisions, all subsequent corporate benefits that accrues in relation to the above shares will also be credited to the said IEPF Account. In the event of transfer of shares and the unclaimed dividends to IEPF, Members are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF-5, as per the following procedures:

- Download the Form IEPF - 5 from the website of IEPF (<http://www.iepf.gov.in>) for filling the claim for refund of shares and dividends.
- Read the instructions provided on the website / instructions kit along with the e-form carefully before filling the form.
- After filling / completing the form, to save it and submit the duly completed form by following the instructions given in the upload link on the website.
- On successful uploading, the acknowledgment will be generated indicating the SRN. This SRN is to be used for future tracking of the form.
- Printout of the duly completed IEPF - 5 and the acknowledgment issued after uploading the form will have to be submitted together with an Indemnity Bond in original along with the other documents as mentioned in the Form IEPF-5 to the Nodal Officer of the Company viz., Mr G Venkatram, (Company Secretary & Compliance Officer of the Company) in an envelope marked "Claim for refund from IEPF Authority". In the process, general





information about the Company which have to be provided are as under: (a) Corporate Identification Number (CIN) of the Company:- L31901TN1984PLC011021, (b) Name of the company:- India Nippon Electricals Ltd, (c) Address of registered office of the Company: No.11 & 13, Pattulos Road, Chennai-600002, (d) email ID:- investors@inel.co.in.

Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules, 2012, the Company shall provide / host the required details of unclaimed dividend amount referred in relevant sections of the Act, 2013 on its website and also in the Ministry of Corporate Affairs (MCA) website in the relevant form every year.

## 16. Request to Investors

Members who have not encashed their dividend warrants in respect of dividends declared for the year ended 31<sup>st</sup> March, 2015 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:

Financial Year	Date of Declaration	% of dividend	Date of transfer to special account	Due Date for transfer of dividend to IEPF	As of 31 <sup>st</sup> March, 2021 ₹
<b>2013-14</b>					
2 <sup>nd</sup> interim	23 <sup>rd</sup> May, 2014	50	29 <sup>th</sup> Jun, 2014	29 <sup>th</sup> Jul, 2021	2,63,025.00
<b>2014-15</b>					
1 <sup>st</sup> interim	9 <sup>th</sup> Feb, 2015	45	18 <sup>th</sup> Mar, 2015	17 <sup>th</sup> Apr, 2022	2,74,641.00
Final Dividend	27 <sup>th</sup> Aug, 2015	45	3 <sup>rd</sup> Oct, 2015	2 <sup>nd</sup> Nov, 2022	2,83,779.00
<b>2015-16</b>					
1 <sup>st</sup> interim	29 <sup>th</sup> Jan, 2016	40	6 <sup>th</sup> Mar, 2016	5 <sup>th</sup> Apr, 2023	2,79,324.00
2 <sup>nd</sup> interim	26 <sup>th</sup> Mar, 2016	50	2 <sup>nd</sup> May, 2016	1 <sup>st</sup> Jun, 2023	3,68,180.00
<b>2016-17</b>					
1 <sup>st</sup> interim	27 <sup>th</sup> Jan, 2017	40	5 <sup>th</sup> Mar, 2017	4 <sup>th</sup> Apr, 2024	3,07,792.00
2 <sup>nd</sup> interim	30 <sup>th</sup> Mar, 2017	60	6 <sup>th</sup> May, 2017	5 <sup>th</sup> Jun, 2024	4,80,336.00
<b>2017-18</b>					
1 <sup>st</sup> interim	29 <sup>th</sup> Jan, 2018	60	7 <sup>th</sup> Mar, 2018	6 <sup>th</sup> Apr, 2025	4,23,012.00
2 <sup>nd</sup> interim	8 <sup>th</sup> May, 2018	70	14 <sup>th</sup> Jun, 2018	14 <sup>th</sup> Jul, 2025	5,04,945.00
<b>2018-19</b>					
1 <sup>st</sup> interim	9 <sup>th</sup> Feb, 2019	60	18 <sup>th</sup> Mar, 2019	17 <sup>th</sup> Apr, 2026	3,88,452.00
2 <sup>nd</sup> interim	6 <sup>th</sup> Apr, 2019	80	13 <sup>th</sup> May, 2019	12 <sup>th</sup> Jun, 2026	5,14,900.00
<b>2019-20</b>					
1 <sup>st</sup> interim	10 <sup>th</sup> Feb, 2020	60	18 <sup>th</sup> Mar, 2020	17 <sup>th</sup> Apr, 2027	3,75,756.00
2 <sup>nd</sup> interim	16 <sup>th</sup> Mar, 2020	75	22 <sup>nd</sup> Apr, 2020	22 <sup>nd</sup> May, 2027	5,25,252.00
<b>2020-21 *</b>	26 <sup>th</sup> Mar, 2021	120	2 <sup>nd</sup> May, 2021	1 <sup>st</sup> June, 2028	
Interim					

(\*) Interim Dividend for 2020-21 amounting to ₹ 13,57,28,544 was paid on 22<sup>nd</sup> April, 2021.

## 17. 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 unauthorized 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.

Disclosure in respect of equity shares transferred in the Company's unclaimed suspense account pursuant to the requirement of Regulation 34(3) and Schedule V Part F of the Listing the Regulations, the following table provides details in respect of the equity shares lying in the suspense account:

Details	Number of Members	Number of equity shares
Aggregate number of the Members and the outstanding shares in the suspense account lying as on 1 <sup>st</sup> April, 2020	37	50,020
Number of Members and aggregate number of shares transferred to the unclaimed suspense account during the year	0	0
<b>Total</b>	<b>37</b>	<b>50,020</b>
Number of Members who approached the company for transfer of shares and shares transferred from suspense account during the year	1	1,856
Unclaimed Shares Transfer to IEPF Authority during the year	2	2,952
<b>Total</b>	<b>34</b>	<b>4,5212</b>
Aggregate number of the Members and the outstanding shares in the suspense account lying as on 31 <sup>st</sup> March, 2021	34	45,212



The Company has already sent three reminders to the Members for claiming those shares at their latest available address(es) with the Company or Depository, as the case may be.

All the corporate benefits in terms of securities accruing on those shares like bonus shares, split etc would also be credited to unclaimed suspense account of the Company. The voting rights on shares lying in unclaimed suspense account shall remain frozen till the rightful owner claims the shares.

## **Non Mandatory Requirement:**

### **1. *Modified opinion(s) in audit report***

There was no qualification by the auditors on the financial statements of the Company.

### **2. *Reporting of Internal Auditor***

As per the requirements, the internal auditor may report directly to the Audit Committee. The same is reported by briefing the Audit Committee through discussion and presentation of the observations every quarter by the Internal Auditors.

# BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

## Introduction

The primary goal of the Company is to create value for all its stakeholders vis-à-vis customers, shareholders, employees and the community at large who contribute their valuable resources for Company's success. To this end, Company's strategies and its operative conduct aims at efficiency in the use of resources and ethical conduct taking into account the impact of its actions on all stakeholders.

In this regard, this Business Responsibility Report is prepared to reflect the Company's core commitment to its stakeholders and also in Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In preparing this report, the Company had adopted the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business, 2011 framework which is designed to bring out the Company's performance in its interaction with environment and relevant stakeholders.

## Section A: General Information about the Company

1. Name of the Company	India Nippon Electricals Limited	
2. Year of Registration	1984	
3. Corporate Identity Number (CIN) of the Company	L31901TN1984PLC011021	
4. Registered office address	No. 11 & 13, Pattulos Road, Chennai-600002	
5. Website	www.indianippon.com	
6. E-mail id	inelcorp@inel.co.in	
7. Financial Year reported	2020-21	
8. Sector(s) that the Company is engaged in (Industrial activity code - wise)	NIC CODE	Description
	34300	Manufacture of parts and accessories for motor vehicles and their engines
9. Three key products/ services that the Company manufactures/ provides	Electronic Ignition Systems for Two-wheelers/three wheelers and Portable engines. For further information on the list of products, please refer to the initial portions of the Annual Report.	
10. Total number of locations where business activity is undertaken by the Company:	The company has a Subsidiary outside India in Indonesia viz., PT Automotive Systems Indonesia. However, the Subsidiary is yet to start its operations and the Company is exploring ways to exit the Company.	
i. Number of International Locations -	The Company has three manufacturing locations as under:	
ii. Number of National Locations -	<ol style="list-style-type: none"> <li>Hosur-Thali Road, Uliveeranapalli, Hosur, Tamil Nadu - 635114, India.</li> <li>Madukkarai Road, Kariamankkam, Nettapakkam Commune, Puducherry-605106, India.</li> <li>Masani Village, Rewari, Haryana-122106, India.</li> </ol>	
11. Markets served by the Company - Local/State/National/ International	India, North America, Japan and Europe	



## Section B: Financial details of the Company

1. Paid up Capital (INR)	₹ 1,131 Lacs
2. Total Turnover (INR)	₹ 49,743 Lacs (Standalone)
3. Profit after tax (INR)	₹ 4,070 Lacs (Standalone)
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of net profit (INR)	₹ 130 Lacs (Being 2% of the average net profits for the three immediately preceding financial years)
5. List of activities in which expenditure in 4 above has been incurred	<ul style="list-style-type: none"> <li>• Eradicating hunger, poverty, promoting preventive health-care and sanitation and making available safe drinking water;</li> <li>• Promoting education, including special education and employment enhancing vocational skills especially among children, women and livelihood enhancement projects;</li> <li>• Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups;</li> <li>• Rural development projects; and</li> <li>• Health care.</li> </ul>

## Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies?	The company has a Subsidiary outside India in Indonesia viz., PT Automotive Systems Indonesia. However, the Subsidiary is yet to start its operations and the Company is exploring ways to exit the Company.
2. Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	Not applicable since the Subsidiary Company is yet to start its operations.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	<p>Since suppliers and distributors are critical to the Company's operations the Company engages with all its suppliers through various channels and ensures that they comply with the ethical and compliance standards. During the year, the Company had actively engaged its Suppliers, Distributors and Mechanics in managing the COVID-19 pandemic and involved them in various efforts targeted at mitigating the impact. All of them were provided with awareness training on environmental and social issues. Vendor meets are used as a platform to raise awareness on health &amp; safety, environmental and community initiatives of the Company.</p> <p>However, none of the suppliers, distributors etc collaborate with the Company in specific Business Responsibility initiatives.</p>

## Section D: BR Information

### 1. Details of Director / Official responsible for implementation of the BR policy/ policies

Sl. No.	Particulars	Director	BR Head
1.	DIN	00557711	N.A
2.	Name	Mr Arvind Balaji	Mr Ravinder Sharma
3.	Designation	Managing Director	President
4.	Telephone	044 28460073	04347 230239
5.	E-mail id	inelcorp@inel.co.in; ravinder.s@inel.co.in	

### 2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y/N)

The following nine areas had been adopted under NVG on Business Responsibility::

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 Businesses should promote the well-being of all employees.
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 Businesses should respect and promote human rights.
- P6 Businesses should respect, protect, and make efforts to restore the environment.
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 Businesses should support inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

S. No	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy / policies for?	Y	Y*	Y*	Y*	Y*	Y	N	Y	Y*
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y





S. No	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	-	Y	Y
			IATF 16949: 2016	ISO- 45001: 2018			ISO- 14001: 2015			ISO- 9001: 2015
		All the policies of the Company are in compliance with national / international standards wherever applicable.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Mandatory policies viz., Code of Conduct & Business Ethics, Whistle Blower Policy, CSR Policy, Code of Conduct to regulate, monitor and report Trading by Insiders have been adopted by the board and other operational internal policies are approved by the management which were taken note of by the Board.								
5.	Does the Company have a specified committee of the Board / Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
		Implementation of the Company's Code of Conduct and Business Ethics as well as the Whistle-Blower mechanism is overseen by the Ethics Committee. The Ethics Committee comprises of the Managing Director and other Senior Officials of the Company. The Ethics Committee in turn reports to the Audit Committee in respect of status of any violations and actions taken thereof and the overall Compliance with Company's Code of Conduct and Business Ethics.								
		The Internal Complaints Committee handles Complaints relating to Sexual Harassment and recommends suitable action. Implementation and adherence to the Corporate Social Responsibility Policy is administered by the CSR Committee in line with the requirements of the Companies Act, 2013. The Environmental, Health and Safety (EHS) policy is overseen by the EHS function. All other policies have the oversight of the President and Managing Director of the Company.								
6.	Has the policy been formally communicated to all relevant internal and external stakeholders?	All applicable policies have been communicated to relevant stakeholders and are available in the Company's website. The Company has engaged an external agency to provide familiarization and training programmes for all internal stakeholders regarding the Code of Conduct and Business Ethics, Whistle-Blower mechanism and the Policy on Prevention of Sexual Harassment. External stakeholders are sensitized by including relevant clauses in their contracts/ POs and communications.								
		All the policies that are approved by the Board are available on the Company's website in the following link <a href="http://www.indianippon.com/policies">www.indianippon.com/policies</a> .								

S. No	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
7.	Does the Company have in-house structure to implement the policy / policies	As described above and elsewhere in this report, the Company has established in-house structures to implement these policies.								
8.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy / policies?	The Company has implemented a dedicated Ethics helpline with the help of an external agency to assist in reporting, handling and resolving issues reported. The Code of Conduct and Business Ethics specifies that violation of any of the Policies approved by the Board/ Management as reportable under the Ethics helpline mechanism established by the Company.								
9.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	<p>Implementation of the Company's Code of Conduct and other policies are reviewed through internal audit carried out by external professionals/ firms. Quality, Safety, Health and Environment related policies are subject to internal and external audits as part of certification process and continuous assessments. The Company also engages consultants on need basis to audit and suggest improvements in the functioning of Quality, Safety, Health and Environment related processes.</p> <p>Further, Internal Financial Control requirements are evaluated annually by internal and external auditors.</p>								

\* The policies are embedded in the Company's Code of Conduct and Business Ethics, Whistle-Blower Policy, Policy on Prevention of Sexual Harassment, Quality and Environmental, Occupational Health and Safety (EOHS) policy which inter alia, relates to safe and sustainable products, protection of environment etc.

**2a If answer to Sr. No.1 against any of the Principle is 'No', please explain why: (Tick upto 2 options)**

S. No.	Question	Business Ethics	Product Responsibility	Well being of employees	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principle	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-



S. No.	Question	Business Ethics	Product Responsibility	Well being of employees	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	<p>P7</p> <p>The Company through the various industry forums endeavors to promote growth and technological progress, economic reforms, inclusive development policies and sustainable business principles. Therefore, there is no need for the Company to have a Public Policy as envisaged under this Principle.</p>								

### 3. Governance Related to Business Responsibility:

**(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

MD/ President and Senior Management review the Business Responsibility performance of the Company through their monthly review meetings. Each function covers the Business Responsibility related performance as part of their presentations. The action points that emerge from the discussions at these meetings are reviewed in subsequent meetings to ensure their closure. Board reviews the overall performance annually in terms of Business Responsibility Reporting.

**(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Business Responsibility Report is available as part of the Annual Report and no separate report is published by the Company in this regard.

## Section E: Principle-wise Performance

### Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? No
2. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others? Yes

The Company acts with integrity in accordance with its Core Principles and Values of:

1. Commitment to Compliance
2. Commitment to Cultural Values
3. Commitment to Honesty and Ethics
4. Commitment to Stakeholders

#### Commitment to Compliance

- Company commits, both in its internal affairs and external relationships to operate in accordance with the Law in letter and spirit.
- Company will adhere to principles of fair competition and shall create an atmosphere where Policies, Procedures and Controls are adhered to.

#### Commitment to Cultural Values

- Company will honor and imbibe the culture and rich heritage of the founders.
- Company will undertake all activities to earn the trust of stakeholders and with respect for people and environment.

#### Commitment to Honesty & Ethics

- Company will handle all conflicts of interest between personal and professional relationships with utmost care so as to not compromise on stakeholder's value.
- Company will ensure full, fair, accurate, timely and understandable disclosures.

#### Commitment to Stakeholders

- Company will act to create value to our Customers, protect the dignity and rights of our Employees and treat all Suppliers fairly.
- Company's action shall always be in line with the goal of sustainable development and will strive to give back to community what it draws from the community.



Company's Code of Conduct & Business Ethics (CoC & BE) applies to Directors, Officers and Employees (i.e. Permanent, Contract, Fixed Term, Retainer, Trainee and Field Staff) of the Company, its Holding, Subsidiary and Associate Companies. Directors, Officers and Employees of Holding, Subsidiary or Associate Companies shall be covered as far as they are involved in any business, commercial or corporate transactions related to INEL. Annual affirmation of Compliance with CoC & BE is taken from all those who are covered by the CoC & BE.

The CoC & BE is intended to guide the employees in treatment of one another, as well as their interaction with customers, suppliers, partners, public officials and other stakeholders. The Company ensures, through appropriate clauses in POs/ contracts/ periodical confirmations that external parties who deal with the Company comply with ethical conduct. All suppliers are expected, in their contracts, to understand and comply with this Code.

INEL is committed to transparency in its financial reporting. INEL cooperates fully with its auditors and under no circumstances withholds information from them. A robust system for financial controls and processes is maintained to ensure the accuracy and timeliness of financial reporting.

The CoC & BE is implemented and monitored on a regular basis through several mechanisms:

1. On-going training to employees
2. Whistle Blower policy
3. Sensitization sessions on prohibition of Insider Trading

4. Policy on Fair disclosure
5. Regular updates to Senior Management

The Code of Conduct to regulate, monitor and report trading by insiders adopted for regulating, monitoring and reporting Insider Trading by designated persons covers all the aspects required under SEBI Insider Trading Regulations.

The Whistle Blower policy of the Company aims:

- To establish a vigil mechanism for employees, directors and third-parties to report genuine concerns or grievances including concerns about unethical behaviour, actual or suspected fraud or violation of the Company's CoC & BE.
- To provide adequate safeguards against victimization of employee(s), director(s) and third- parties who avail of the mechanism to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
- To provide for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

The Whistle Blower policy also takes care of suspected or actual leak of Unpublished Price Sensitive Information and process to be followed in such cases.

INEL is committed for highly ethical practices in dealing with suppliers, awarding business purely based on merit, strong internal control systems, well defined procedure and approval work flow for source selection and price settlements.

**3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The Company has extended a dedicated Ethics Helpline wherein all the stakeholders (external and internal) can lodge their complaint regarding unethical behaviour, violation of CoC& BE etc. Direct access to Chairman of Audit Committee is provided in case of serious issues of financial statement misrepresentation, fraud or violations of serious nature that would entail severe penalty or imprisonment to the Company and/or the Directors or if there is conflict of interest relating to Ethics Committee members. Ethics Committee follows a well delineated process of timely resolution of all Complaints which is spelt out in the Policy itself. All complaints' summary are placed before the Audit Committee along with the action taken. Internal Complaints Committee (ICC) handles and disposes off all complaints relating to sexual harassment. During the year the Company had received no Complaints which required action by the Ethics Committee/ICC.

INEL also has an investor grievance mechanism to respond to investor grievances in a timely and appropriate manner. The investor grievances are reviewed at the Board level by the Stakeholders Relationship Committee and immediate action is taken to resolve the same. During the year the Company had received 2 Investor Complaints and both of them were resolved before 31<sup>st</sup> March, 2021.

Respective Product/ Marketing teams have established customer care cells

which monitors all complaints received from customers/ end users of the Company's products.

**Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

- 1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**
- 2. For each such product, provide the details in respect of resource use (energy, water, raw material etc.) per unit of product**

The Company had taken steps to incorporate environmental concerns across its products and processes. As a part of it, in certain new projects which the Company had taken up for development, the following changes were incorporated in design to address environmental concerns.

- a) Improving RR efficiency** - The efficiency of Regulator rectifiers are improved by applying new design ideas in power electronics which would improve the efficiency by approx. 15-20%. This will reduce the power requirement of Alternator products thus saving significant copper and steel per unit of product. This idea is being promoted to all our customers to address environmental concerns in saving copper and steel.
- b) Reducing wiring harness Gauge:** 4mm wire was used in all Alternators for wiring harness which has been reduced to 2.5mm thus reducing the amount of copper used per product.



This is being applied transversally in all the products in production as well as all the upcoming new products.

- c) **Limiting use of heavy metals** – The company continues to limit the use of heavy metals through (i) use of Welding instead of soldering for connecting copper wires with terminals all its products and For connecting copper wires and terminations (ii) removal of plating process which uses heavy metal for plating on some of the key component surfaces. This helps us to improve the health and environment as both lead based soldering and heavy metal plating creates health and environment hazards.

- d) **Leadfree Soldering:** Depending on the customer request, the Company had designed and developed products that adopt lead free soldering process, wherever it is required, thus reducing the amount of lead used.

The Company had used a platform based design approach to commonize the components/parts across different applications. This has helped to reduce the validation requirement for different application and hence saving power consumed by the validation equipment. Other initiatives of the Company towards product sustainability include:

- a) Product design has been optimized to reduce the weight; thereby machining cycle time reduced will consume less energy.
- b) Weight reduction in plastic component, thereby limiting consumption of plastic material.

- c) Design optimization in existing products, thereby reduction of raw material usage and production cycle time for effective utilization of both natural resource and energy.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

Yes. The Company ensures that its suppliers are at least certified under the ISO14001 standards. The validity of the certificates of suppliers are tracked and monitored at regular intervals by effective reminders well in advance. The Company has taken many initiatives to ensure sustainable sourcing and as also identify, select and approve suppliers based on the guidelines of internationally recognized Automotive Quality Management System - IATF 16949:2016.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes, towards localization of sourcing, the Company encourages suppliers proximity to our plants (100~125kms). The Tier-1 suppliers in turn source their requirements from smaller producers (Tier-2) located in their nearby areas. Few suppliers have set up manufacturing facilities near our plants (< 50 kms). The small producers and local community benefit from this.

The Company focuses on encouraging and enhancing capabilities of the supply



chain through training and support for improving their productivity and quality. The training covers topics like quality management, productivity improvement and also our MSME suppliers have undergone training programs held by ACMA and reputed quality consultants. Currently, the Company is purchasing approximately 60% of its requirements through local sources. The company also encourages local suppliers for supply of indirect material including canteen requirements. The current procurement from MSME is 41%.

- 5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Yes. Details given below.

- 6. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product**
- Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**
  - Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

In the product design stage, efforts have been taken to increase product Reusability, Recyclability and Recoverability (RRR) rate and currently it is about 93%. On the plastic parts of the vehicles, the material grade and recyclability symbol are marked for

easy identification during segregation and recycling. The Company has a mechanism of recycling products and waste. In manufacturing, the Company recycles Powder from coating plant which results in recycling of around 5%, using Dust Collection process and Metal & plastic waste forwarded for recycling plant <5%. In addition, the company has introduced a "HOT RUNNER" cavities in the Pulser Coil injection moulding machines which reduces the Nylon 66 plastic waste by 60%. Also the company has introduced a new Industrial neutral cleaner for stator coil washing purpose which reduces the consumption by 50%. Potting chemical consumption is reduced in CDI products by optimizing the process parameters.

Company is making efforts to use recycled input materials in our products, reducing the demand for virgin material and contributing to the conservation of the global resource base. In all of the Acrylonitrile Butadiene Styrene (ABS) plastic parts, up to 5% of regrind material by mass is added. In Poly Propylene (PP) plastic parts, up to 15% of regrind material by mass is added. Further, 100% recycled PP is used in some of our components. Plans are made to increase usage of recycled plastics. Up to 40 % of foundry returns are being re-used in aluminum foundries for some of the components, thereby conserving precious resources and energy.

### **Process**

In process design all efforts have been taken to minimize the generation of waste by introduction of error proof mechanism (Poka - Yoke system), cyclone filtering system, D3 station where all the product scraps will be collected and taken up for



rework & reuse. In the stator coil Power Coating cell Cyclone filtering system is introduced to collect all the waste EPOXY powders and is being filtered and reused. Also, the no. of mistake proof stations (Poka- Yoke station) have been increased from 74 to 122 nos to prevent waste generation.

The company has a system of capturing all the waste that is being generated in each and every station and the waste shall be moved to a central location called D3 where most of the defects will be reworked and reused. Presently the company is maintaining a Scrap level of 0.5%. All the metal scraps generated in CNC machines, plastic waste generated in Injection molding machines, copper waste generated in winding machines etc are being sent to recycling plants.

### ***Packaging***

All efforts have been taken to minimize the Packaging material consumption during logistics planning. 93% of our supplies are being done through reusable plastic bins and carton box package is being restricted to only 7%. Polyurethane cover which was used for rapping the Rotor was totally eliminated in one of the BSVI fast moving product and the Company had introduced a fixed washable cover in the bin. Also we encourage our vendor partners to supply the materials through reusable Bins only. Currently 50% of our receipts are only through reusable Bins.

### ***Other wastes***

A portion of used thinners is distilled and reused back in the flushing during varnish plant maintenance. The treated sewage water is being used for gardening and landscape within the company premises to the extent of 100%. Powder sludge and

waste containing oil is sent to Pollution Control Board approved incineration plant. Used engine oil which is removed from the DG sets is being recycled and reused. The Company had introduced a multi layered gravitational filtering unit for cleaning and reusing the CNC coolant oil. Also, the company is in the process of installing an ETP plant for treating the residual coolant oil. The company has also introduced a High Voltage Electrostatic hydraulic oil filtration machine for periodically purifying the hydraulic oil which is being used in the presses to avoid oil wastage. E-waste is being sent to Pollution Control Board approved suppliers.

The Company continuously works on improving the products to deliver fuel efficiency and control of emission which will help the economy in reducing reliance on fossil fuels and cut the carbon footprint. All type of hazardous waste like used oil, used chemical wastes, solder dross, coolant oil, Epoxy powder and oil choked cotton waste are sent to a Waste Management Limited facility located in Gummidipoondi.

## **Principle 3 - Businesses should promote the well-being of all employees**

The Company gives utmost importance to employees' safety and welfare measures. Various policies and measures have been put in place with respect to the same. All the employees are provided with subsidized food (breakfast, lunch, snacks and tea) and transportation. Uniform is standardized across all levels/grades.

The Company has tie up with local multi specialty Hospitals in each of the locations where it operates. Occupational Health Centers (OHC) are available for medical/

health check-up of the Company's employees and to meet any emergency requirements. The Company also has tie ups with local hospitals. The Company has provided Medclaim policy coverage for the benefit of its employees and their family members.

Crèche facility is in place for the benefit of employee's children. The Company gives training to all its employees on a rotational basis to equip them and deliver the best.

Sl. No	Requirement	Details (as at 31 <sup>st</sup> March, 2021 wherever applicable)
1	Total number of employees on roll	549
2	Total number of employees hired on temporary / Contractual / casual basis.	1957
3	Number of permanent women employees	67
4	Number of permanent employees with disabilities	NIL
5	Employee association recognised by management?	<p>The Company has 3 Labour Union representing the interests and welfare of all union employees / workmen.</p> <p>Union elections are held once in 3 years as per the by-laws of the Union.</p> <p>The Company maintains a good and cordial relationship with the Union.</p>
6	Percentage of permanent employees who are members of recognised employee association	100% of permanent employees in the workers grade
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment as at the end of last financial year and as at the end of current financial year	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	<p>(a) Permanent Employees - 100%</p> <p>(b) Permanent Women Employees - 100%</p> <p>(c) Casual/Temporary/Contractual Employees - 100%</p> <p>(d) Employees with Disabilities- Nil</p>



**Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

**1. Has the company mapped its internal and external stakeholders?**

Yes. Investors, employees, customers, suppliers, government, regulatory authorities, trade union, two wheeler mechanics and local community constitute the internal and external stakeholders of the Company.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Yes, the Company has identified economically deprived children and women who are in great need of care and protection as disadvantaged, vulnerable and marginalised. Specifically, the Company had identified stakeholders in the local community as well as across the business value chain who were impacted the most by the Covid-19 pandemic.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

During the Covid-19 pandemic, the Company had taken special efforts to engage with the local community which had faced shortage of ration and other supplies. Similarly, as an ongoing effort, the Company is engaging with two-wheeler mechanics and supporting them with ration and supplies. The Company had supported Government schools which

had benefited around 195 poor students. Further, the Company had contributed to the PM CARES Fund and towards IIT Research for Covid-19 pandemic. All of the above are more detailedly set out in the CSR report. The Company also supports Swami Dayananda Educational Trust (SDET) which prioritizes development of economically deprived children and women. SDET addresses the three major challenges faced with respect to Education in Rural India – Lack of schools, inadequate infrastructure and lack of good teachers. SDET works to address and overcome these challenges by making available quality education to Children from many villages. SDET provides school buses to children coming from villages located further away in a safe and secure manner – with little interruption to their daily routines or studies. The educational institutions are staffed with experienced and dedicated teachers and equipped with latest pedagogical tools, including smart boards, libraries, and computer and science laboratories and sports facilities. All this comes at a very nominal cost as SDET subsidizes the expenditure. Scholarships are also given to students who come from financially challenged backgrounds.

**Principle 5 - Businesses should respect and promote human rights.**

**1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Company does not have a stated Human Rights Policy. The Code of Conduct and Business Ethics states out the principles of Human Rights recognised by the Company. All the

employees are mandated to adhere and uphold the standards contained therein.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Refer to point 3 under principle 1 above.

**Principle 6 - Businesses should respect, protect, and make efforts to restore the environment.**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers / Contractors / NGOs / others.**

The Company's Environment and Occupational Health & Safety (EOHS) Policy is applicable for all the employees of the Company and all people visiting and working at its various units. The Company also provides support to suppliers, distributors and contractors in adopting the best practices and standards on Environment and Occupational Health & Safety. All manufacturing sites of the Company have been certified under ISO 14001:2015 (Environmental management systems) & ISO 45001:2018 (Occupational health and safety management systems) standards.

The Company actively promotes the certification of all its key stakeholders-suppliers, dealers and contractors under the above said standards for Environment and Occupational Health & Safety.

**2. Does the company have strategies / initiatives to address global environmental issues such as**

**climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

The Company's EOHS Policy has committed to combat climate change by improving energy efficiency and use of renewable energy. The strategies and activities carried out and the results achieved are explained in 6.4 & 6.5.

**3. Does the company identify and assess potential environmental risks? Y/N.**

Yes. The Company is certified under ISO 14001: 2015 and ISO 45001:2018 standards and has laid down procedure for Risk identification, assessment, and mitigation.

***Risk Identification and Assessment***

The identification of risks and opportunities is through a formalized process across all manufacturing and supporting functions. The input for identification of risks and opportunities are:

- Significant aspects with score
- Significant aspects due to Emergency conditions, Legal requirements and Interested Party Concern.
- Internal and External issues.
- Environmental conditions.
- Needs and Expectations of Interested parties.

The Company also classifies the likely environmental impact of its activities into: emissions to air, releases to water, releases to land, use of raw materials and natural resources, use of energy, the energy emitted e.g. heat, radiation,



vibration (noise), light), generation of waste and/or by-products and use of space.

#### ***Risk Mitigation and Monitoring***

The severity of any particular risk is assessed along with the concerned departments qualitatively and the risk mitigation measures like adopting best available technology, implementation of objectives, improvement of compliance management process, adopting effective engineering controls are proposed and implemented.

Risks and effectiveness of its management are reviewed and reported to the top management based on severity.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**
5. **Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

#### ***Renewable Energy***

The company draws more than 95% of its total energy requirement through various renewable energy sources like Solar & Wind Power as below:

- 1) Around 495 KW capacity of Roof top Solar system is installed.
- 2) Around 3.13 million units are consumed from Solar Energy & Wind Energy plants.

The result of energy conservation measures are given as part of annexure to Board's Report.

6. **Are the Emissions / Waste generated by the company within the permissible limits given by CPCB/ SPCB for the financial year being reported?**

Yes. All parameters of emission / waste generation by the Company conform to the prescribed norms. Compliances pertaining to emissions and wastes are reported periodically to the respective State Pollution Control Boards.

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil. No show cause notices have been issued by the concerned authorities.

#### **Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Among others, the Company is member of the following:

- Confederation of Indian Industry (CII);
- Society of Indian Automobile Manufacturers (SIAM)
- Automotive Research Association of India (ARAI)
- Automobile Components Manufacturers Association (ACMA)

- Industrial Waste Management Association
- National Safety Council (NSC)

**2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).**

The Company, through various industry associations, participates in advocating matters relating to advancement of the industry and public good.

The Company works closely with leading Industry Associations and Chambers of Commerce at International National, State and Local levels to advocate and pursue various causes that are in the larger interests of industry, economy, society and the public. From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment etc.

**Principle 8 - Businesses should support inclusive growth and equitable development.**

**1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes. As given in the CSR Report that is annexed to the Boards report.

**2. Are the programmes / projects undertaken through in- house team / own foundation / external NGO/ government structures / any other organization?**

Our CSR policy focuses on addressing critical social, environmental and economic needs of the underprivileged and downtrodden sections of the society. We adopt an approach that integrates the solutions to these problems into the strategies of the company to benefit the communities at large and create social and environmental impact. The policy includes contributing or adopting projects in the following areas of intervention defined in Schedule VII of the Companies Act:

- Livelihood enhancement projects
- Ensuring environmental sustainability
- Promoting education
- Other activities defined in Schedule VII as may be identified in future by the CSR Committee.

As stated earlier, the Company partners with Swami Dayananda Educational Trust (SDET) for livelihood enhancement projects and promoting education. For other activities, the Company identifies suitable organizations like NGOs/ Trusts to implement projects identified. From time to time, the Company also implements projects directly.

**3. Have you done any impact assessment of your initiative?**

Yes. We believe that every activity should result in some impact. We have measurable parameters for all our activities in all the focus areas. These are





constantly checked by our internal audit system. Our Employees also measure the impact our programmes have made.

**4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

The details of contribution are given as part of the CSR Report that is annexed to the Boards report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Yes. In case of our engagement with SDET, the Company gets a detailed Annual and periodical updates on the projects supported. In case of other projects, our direct connect with beneficiaries at the grass root, and our integrated approach has ensured sustained impacts for the beneficiaries. Thus, our social change projects have become sustainable.

**Principle 9 - Businesses should support inclusive growth and equitable development.**

The Company continues to provide value to its Customers by increased dealer engagement and improving service penetration, besides improvement in its products.

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

The Company regularly interacts with customers, conducts workshops for mechanics/ dealers/ distributors and collects their feedback. This has had significant influence over its products and has led to many service improvements.

There are no consumer complaints pending under the Consumer Protection Act as on the end of the financial year. Apart from this, there are only two types of routine complaints we get:-

- a) Shortage / wrong spare parts supplies made to distributors sometimes due to error in packing
- b) Routine warranty complaints that is sent through the distributors for settlement.

In the case of shortage and wrong supplies made we have a standard procedure by which the short supply or wrong supply is made good to the distributor as and when it happens. As regards warranty, the defective parts are sent to the Company through the distributors and it is checked as per Standard Operating Procedure and the decision taken in line with it to settle the claims as per the merit of the claim.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks.**

The Company is using user friendly MRP stickers for all aftermarket cartons. The company contact details are printed on cartons in addition to customer care contact details. We have printed detailed product catalogue for all products manufactured and is distributed to all the distributors, dealers and garages. We have also distributed, in person, catalogues to various garages on all India basis. These contain information that is relevant about the product that cannot be included in the labels and is desirable from the perspective of Customers.

The Company also distributes product related leaflets, stickers and posters as part of product sensitization measures. The Company regularly invites garage mechanics to our plant and conducts full day training program including plant visits, demo and training.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

There have been no such cases in the last five years against the Company.

**4. Did your company carry out any consumer survey / consumer satisfaction trends?**

The Company regularly obtains feedback from consumers on areas of satisfaction & similarly on their concerns or areas of dis-satisfaction. The Company has been able to consistently improve its performance against the customer satisfaction indicators and have improved its ratings in various evaluations carried out by the major customers. In the aftermarket segment, the Company is in constant touch with dealers/ distributors and mechanics and collects their feedback.



# INDEPENDENT AUDITOR'S REPORT

**To the Members of India Nippon Electricals Limited**

## **Report on the Audit of the Standalone Financial Statements**

### **Opinion**

We have audited the accompanying standalone financial statements of India Nippon Electricals Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities

under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

- The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report, and related annexures and Report on Corporate Governance but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Director's report and related Annexures and Corporate Governance Report are expected to be made available to us after the date of this auditor's report.

- Our opinion on the standalone financial statements does not cover the other information and will not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Board's Report and related annexures and Corporate Governance, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 Ind AS 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 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 Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 the Requirements of section 197 (16) of the Act, as amended,
    - In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.



h. 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 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 has been no delay in transferring amounts, 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 And Sells LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Ananthi Amarnath**

(Partner)

(Membership No. 209252)

UDIN: 21209252AAAAGA7226

Place: Chennai

Date: 28<sup>th</sup> May, 2021



## 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 31st March, 2021 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, including adherence to 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 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.

### 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 31st March, 2021, based on the criteria for internal financial control over financial reporting established by the respective 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 And Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**Ananthi Amarnath**

(Partner)

(Membership No. 209252)

UDIN: 21209252AAAAGA7226

Place: Chennai

Date: 28<sup>th</sup> May, 2021

## 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 (property, plant and equipment).
- (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 explanation 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. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as Right of Use asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (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. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (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, Goods and Services Tax, Customs Duty, 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, Goods and Services Tax, Customs Duty, cess and other material statutory dues in arrears as at 31st March, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax, Income tax, Excise Duty, Value Added Tax and Goods and Services Tax which have not been deposited as on 31st March, 2021 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute	Period to which the Amount Relates	Amount Involved (₹) in lakhs	Amount Unpaid (₹) in lakhs
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	3.76	3.48
Tamil Nadu VAT Act 2006	VAT ineligible credits	Assistant Commissioner of Commercial Taxes	2007-08 to 2015-16	193.41	193.41
Central Goods and Services Tax Act, 2017	Penalty for E-Waybill vehicle Not matched	Commissioner of Goods & Services Tax & Central Excise (Appeals)	2018-19	9.25	9.25
Central Sales Act 1956	Demand notice for Sales Tax assessment for manual F form verification	Excise & Taxation Officer-cum-Assessing Authority	2014-15 to 2015-16	20.55	18.23
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
Central Excise Act, 1944	Non Payment of Excise Duty for Design & Drawings received	Directorate General of Goods & Services Tax Intelligence (DGGSTI)	2014-15 to 2017-18	12.55	12.55
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
Service Tax under Finance Act, 1994	Disallowance of Service Tax Credit availed	Commissioner of Central Excise (Appeals)	2006-07	0.27	0.27
Income Tax Act 1961	Disallowance u/s 14a	Commissioner of Income Tax (Appeals)	2016-17	8.48	8.48

Name of Statute	Nature of Dues	Forum where Dispute	Period to which the Amount Relates	Amount Involved (₹) in lakhs	Amount Unpaid (₹) in lakhs
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	13.16	13.16
Income Tax Act 1961	Wrong interest computation	Commissioner of Income Tax (Appeals)	2017-18	8.13	8.13

(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 Order 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.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 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.

In our opinion and according to the information and explanations given to us, the Company has disclosed the details of related party transactions 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 directors of its holding, subsidiary or associate company or persons connected with them 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-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins And Sells LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Ananthi Amarnath**

(Partner)

(Membership No. 209252)

UDIN: 21209252AAAAGA7226

Place: Chennai

Date: 28<sup>th</sup> May, 2021



# STANDALONE BALANCE SHEET

as at 31<sup>st</sup> March, 2021

S. No.		Particulars	Note No.	As at 31 <sup>st</sup> March, 2021	(₹ in lacs) As at 31 <sup>st</sup> March, 2020
1		<b>ASSETS</b>			
1.1		<b>Non-current assets</b>			
a)		Property, Plant and Equipment	4.1	7,147.66	6,039.44
b)		Capital Work-in-progress		3,386.72	1,324.46
c)		Intangible assets	4.2	125.15	155.70
d)		Right-of-use assets	4.3	1,311.29	1,402.21
e)		<b>Financial Assets</b>			
		(i) Investments	5	14,020.19	13,080.49
		(ii) Loans	6	82.89	88.50
		(iii) Others financial assets	7	46.24	43.33
f)		Other Non-current Assets	8	252.11	466.44
		<b>Non-current Assets - Total</b>		<b>26,372.25</b>	<b>22,600.57</b>
1.2		<b>Current assets</b>			
a)		Inventories	9	4,377.46	3,868.45
b)		<b>Financial Assets</b>			
		(i) Investments	10	13,247.95	14,308.48
		(ii) Trade Receivables	11	10,940.07	8,813.13
		(iii) Cash and cash equivalents	12.1	327.74	1,309.64
		(iv) Other bank balances	12.2	2,207.53	768.31
		(v) Others financial assets	13	121.77	98.04
c)		Current tax assets (Net)	14	304.99	-
d)		Other Current assets	15	804.56	597.53
				<b>32,332.07</b>	<b>29,763.58</b>
1.3		Assets classified as held for sale	4.1.1	507.58	507.58
		<b>Current Assets - Total</b>		<b>32,839.65</b>	<b>30,271.16</b>
		<b>Assets - Total</b>		<b>59,211.90</b>	<b>52,871.73</b>
2		<b>EQUITY AND LIABILITIES</b>			
2.1		<b>EQUITY:</b>			
a)		Equity Share Capital	16	1,131.07	1,131.07
b)		Other Equity	-	43,888.51	40,785.06
		<b>Equity - Total</b>		<b>45,019.58</b>	<b>41,916.13</b>
2.2		<b>LIABILITIES</b>			
2.2.1		<b>Non-current liabilities</b>			
a)		<b>Financial Liabilities</b>			
		(i) Lease Liabilities	41	351.05	407.02
b)		Provisions	17	245.04	377.41
c)		Deferred tax liability (Net)	18	1,177.33	671.51
		<b>Non-current Liabilities - Total</b>		<b>1,773.42</b>	<b>1,455.94</b>
2.2.2		<b>Current Liabilities</b>			
a)		<b>Financial Liabilities</b>			
		(i) Trade payables			
		Total outstanding dues to micro enterprises and small enterprises		2,263.91	1,765.37
		Total outstanding dues to other than micro enterprises and small enterprises	19	6,944.02	5,838.54
		(ii) Lease Liabilities	41	107.13	104.26
		(iii) Others financial liabilities	20	1,718.14	369.73
b)		Provisions	21	95.88	70.50
c)		Current tax liabilities (Net)	22	-	158.37
d)		Other current liabilities	23	1,289.82	1,192.89
		<b>Total Current Liabilities</b>		<b>12,418.90</b>	<b>9,499.66</b>
		<b>Equity and Liabilities - Total</b>		<b>59,211.90</b>	<b>52,871.73</b>

See accompanying notes to Standalone 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

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : 28<sup>th</sup> May, 2021

Place : Chennai  
Date : 28<sup>th</sup> May, 2021

# STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended 31<sup>st</sup> March, 2021

S. No.	Particulars	Note No.	₹ in lacs	
			Apr'20 To Mar'21	Apr'19 To Mar'20
I	Revenue from Operations	24	48,123.12	47,880.92
II	Other Income	25	1,619.45	2,513.82
III	<b>TOTAL INCOME</b>		<b>49,742.57</b>	<b>50,394.74</b>
IV	<b>Expenses:</b>			
	Cost of Material Consumed	26	32,626.17	31,431.07
	Changes in inventories of Finished Goods and Work-in-Progress	27	(133.09)	29.09
	Other Operating Expenses	28	2,163.17	2,287.63
	Employee Benefit Expenses	29	6,614.25	6,040.29
	Finance Costs	30	56.02	55.56
	Depreciation and Amortisation Expenses	4.1- 4.3	1,034.93	940.76
	Other Expenses	31	2,214.02	2,401.47
	<b>TOTAL EXPENSES</b>		<b>44,575.47</b>	<b>43,185.87</b>
V	Profit Before Tax (I - IV)		5,167.10	7,208.87
			<b>5,167.10</b>	<b>7,208.87</b>
VI	<b>TAX EXPENSES:</b>			
	(1) Current Tax	33.1	1,026.47	1,732.21
	(2) Income tax relating to earlier year	33.1	(388.83)	-
	(3) Deferred Tax	33.3	74.35	(43.47)
	(4) Deferred tax relating to earlier years	33.1	385.21	-
			<b>1,097.20</b>	<b>1,688.74</b>
VII	Profit for the year (V-VI)		<b>4,069.90</b>	<b>5,520.13</b>
VIII	<b>OTHER COMPREHENSIVE INCOME (OCI):</b>			
	A (i) Items that will not be reclassified to Profit or Loss		437.12	(345.54)
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss	32	(46.28)	(453.44)
	<b>Total other comprehensive (loss) / income for the year, net of tax</b>		<b>390.84</b>	<b>(798.98)</b>
IX	<b>Total Comprehensive Income for the year (VII+VIII) (Comprising Profit for the year and other comprehensive income)</b>		<b>4,460.74</b>	<b>4,721.15</b>
X	<b>Earnings per equity share</b>			
	1. Basic	44	17.99	24.40
	2. Diluted	44	17.99	24.40

See accompanying notes to Standalone Financial Statements

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

**Ananthi Amarnath**  
Partner

For and on behalf of the Board of Directors

**T K Balaji**  
Chairman

**Elango Srinivasan**  
Chief Financial Officer

**Arvind Balaji**  
Managing Director

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : 28<sup>th</sup> May, 2021

Place : Chennai  
Date : 28<sup>th</sup> May, 2021

CORPORATE OVERVIEW

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# STANDALONE STATEMENT OF CASH FLOW

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

S. No.	Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
A.	<b>Cash flows from Operating Activities:</b>		
	Net Profit before tax	5,167.10	7,208.87
	Adjustments for		
	<b>Add/(Less):</b> - Depreciation and amortization expenses	1,034.93	940.76
	- Dividend Income recognised in profit or loss	(162.67)	(213.03)
	- Interest Income recognised in profit or loss	(251.10)	(217.30)
	- Increase in Fair value of investments	-	(422.59)
	- Profit on sale of investments(net)	(1,048.16)	(447.32)
	- Profit on sale of land	-	(1,164.91)
	- Property, plant and equipment written off	4.58	1.72
	- Investments written off	88.51	20.32
	- Advances written off	0.84	-
	- Finance costs recognised in profit or loss	56.02	55.56
	- Net unrealised exchange (gain) / loss	(16.21)	(5.20)
	<b>Operating Profit before Working Capital changes</b>	<b>4,873.84</b>	<b>5,756.88</b>
	Adjustments for (increase) / decrease in operating assets:		
	- Loans	5.61	4.99
	- Other Non-current Financial Assets	(2.91)	(2.43)
	- Other Non-current assets	(9.37)	(0.81)
	- Trade Receivables	(2,127.78)	1,584.73
	- Inventories	(509.01)	(334.70)
	- Other Current Financial Assets	5.82	6.02
	- Other Current assets	(207.03)	(198.96)
	Adjustments for increase / (decrease) in operating liabilities:		
	- Trade Payables	1,604.02	77.09
	- Other Financial Liabilities	1,348.41	(10.58)
	- Other Liabilities	96.94	(249.82)
	- Non-current Provisions	(132.37)	31.41
	- Current Provisions	25.38	15.40
	Cash generated from operations	4,971.55	6,679.22
	Income taxes paid	(1,101.00)	(1,745.15)
	<b>Net Cash generated by Operating Activities (A)</b>	<b>3,870.55</b>	<b>4,934.07</b>

# STANDALONE STATEMENT OF CASH FLOW (CONTD.)

for the year ended 31<sup>st</sup> March, 2021

		(₹ in lacs)	
S. No.	Particulars	Apr' 20 To Mar' 21	Apr' 19 To Mar' 20
B.	<b>Cash flows from Investing Activities:</b>		
	Purchase of Property, Plant & Equipment (including CWIP)	(3,713.56)	(1,865.60)
	Acquisition of investments	(27,434.60)	(44,542.80)
	Proceeds on sale of land	-	1,184.06
	Proceeds on sale of investments	28,818.55	45,035.79
	Interest Received	221.55	213.11
	Dividend Received	162.67	213.03
	(Increase) / decrease in other bank balances	(1,439.22)	(711.40)
	<b>Net Cash used in Investing Activities (B)</b>	<b>(3,384.61)</b>	<b>(473.81)</b>
C.	<b>Cash flows from Financing Activities:</b>		
	Payment of lease liabilities	(54.53)	(763.61)
	Finance costs (including interest on lease payments)	(56.02)	(55.56)
	Dividends and taxes on dividend paid	(1,357.29)	(2,931.69)
	<b>Net Cash used in Financing Activities (C)</b>	<b>(1,467.84)</b>	<b>(3,750.86)</b>
D.	Net Increase / (decrease) in Cash and Cash Equivalents (A+B+C)	(981.90)	709.40
E.	Add : Cash & Cash Equivalents as at beginning of the year - Refer Note 12.1	1,309.64	600.24
F.	Cash & Cash Equivalents as at end of the year - Refer Note 12.1	327.74	1,309.64

See accompanying notes to Standalone 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

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : 28<sup>th</sup> May, 2021

Place : Chennai  
Date : 28<sup>th</sup> May, 2021



# STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended 31<sup>st</sup> March, 2021

## Equity Share Capital

(₹ in lacs)

Particulars	No. of Shares	Amount
Equity shares of ₹ 5 each issued, subscribed and fully paid		
As at 1 <sup>st</sup> April, 2019	2,26,21,424	1,131.07
<b>Add:</b> Issued during the year	-	-
As at 31 <sup>st</sup> March, 2020	2,26,21,424	1,131.07
<b>Add:</b> Issued during the year	-	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>2,26,21,424</b>	<b>1,131.07</b>

## Other Equity

(₹ in lacs)

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		
<b>Balance as of 1<sup>st</sup> April, 2019</b>	<b>39.56</b>	<b>11,524.04</b>	<b>23,909.26</b>		<b>3,522.74</b>	<b>38,995.60</b>
<b>Changes in the equity for the year ended 31<sup>st</sup> March, 2020</b>						
Dividends	-	(2,431.83)	-		-	(2,431.83)
Dividend Tax	-	(499.86)	-		-	(499.86)
Profits for the year	-	5,520.13	-		-	5,520.13
Other Comprehensive Income	-	-	-		(798.98)	(798.98)
Transfer to General Reserve	-	-	-		-	-
Transfer from OCI to Retained earnings on disposal of investments held at FVTOCI. Also refer to Note 5.1	-	(1,004.80)	-		1,004.80	-
<b>Balance as of 31<sup>st</sup> March, 2020</b>	<b>39.56</b>	<b>13,107.68</b>	<b>23,909.26</b>		<b>3,728.56</b>	<b>40,785.06</b>

# STANDALONE STATEMENT OF CHANGES IN EQUITY (CNTD.)

for the year ended 31<sup>st</sup> March, 2021

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 1 <sup>st</sup> April, 2020	39.56	13,107.68	23,909.26	3,728.56	40,785.06
Changes in the equity for the year ended 31 <sup>st</sup> March, 2021					
Dividends	-	(1,357.29)	-	-	(1,357.29)
Profits for the year	-	4,069.90	-	-	4,069.90
Other Comprehensive Income	-	-	-	390.84	390.84
<b>Balance as of 31<sup>st</sup> March, 2021</b>	<b>39.56</b>	<b>15,820.29</b>	<b>23,909.26</b>	<b>4,119.40</b>	<b>43,888.51</b>

## 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

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : 28<sup>th</sup> May, 2021

Place : Chennai  
Date : 28<sup>th</sup> May, 2021



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 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 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 three manufacturing facilities in India and supplies to domestic as well as overseas markets.

## 2) Basis of preparation of Financial Statements:

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

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

Accounting policies have been consistently applied except for the following changes:

- (i) On 24<sup>th</sup> March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I and II of Schedule III and are applicable from 1<sup>st</sup> April, 2021. Key amendments relating to Division II which related to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

### Balance Sheet:

- Lease liabilities should be separately disclosed under the head "financial liabilities", duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters
- Specified format for ageing schedule of trade receivables, trade payables,

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

capital work-in-progress and intangible asset under development.

- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in the name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

## Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements. The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.
- (ii) The Indian Parliament has approved the Code on Social Security, 2020 which may impact the employee benefit expenses of the Company. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying

the financial impact are yet to be determined. The Company will give appropriate impact in the financial results once the code becomes effective and related rules to determine the financial impact are notified."

## 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



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

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.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 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 recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenues and costs relating to sales contracts are recognized as the related goods are delivered, and titles have passed, at which time all the following conditions are satisfied:-

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transactions can be measured reliably.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the relatable allocation of the discounts/ incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

### Interest income

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 Goods and service taxes, 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 1<sup>st</sup> 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 to three 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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

- 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



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

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.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

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-employment 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



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

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.

## i) **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)

- 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





## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

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 Company 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.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

**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, and 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, and only if the criteria in Ind-AS 109 -

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

"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/losses 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.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 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 Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever

events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## 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 31<sup>st</sup> March, 2021

### 4.1. Property, Plant & Equipment:

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31<sup>st</sup> March, 2021:

(₹ in lacs)

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 1 <sup>st</sup> April, 2020	713.08	1,583.51	5,919.27	267.05	286.66	44.04	8,813.61
Additions	-	95.88	1,857.31	18.46	40.66	-	2,012.31
Deletions	-	-	36.51	3.55	3.34	3.25	46.65
<b>Gross carrying value as on 31<sup>st</sup> March, 2021 = (A)</b>	<b>713.08</b>	<b>1,679.39</b>	<b>7,740.07</b>	<b>281.96</b>	<b>323.98</b>	<b>40.79</b>	<b>10,779.27</b>
Accumulated depreciation as on 1 <sup>st</sup> April, 2020	-	316.50	2,212.41	94.58	130.20	20.48	2,774.17
Depreciation	-	113.59	697.72	30.28	53.87	4.23	899.69
Accumulated depreciation on deletions	-	-	33.76	0.16	5.22	3.11	42.25
<b>Accumulated depreciation as on 31<sup>st</sup> March, 2021 = (B)</b>	<b>-</b>	<b>430.09</b>	<b>2,876.37</b>	<b>124.70</b>	<b>178.85</b>	<b>21.60</b>	<b>3,631.61</b>
<b>Carrying value as on 31<sup>st</sup> March, 2021 = (A - B)</b>	<b>713.08</b>	<b>1,249.30</b>	<b>4,863.70</b>	<b>157.26</b>	<b>145.13</b>	<b>19.19</b>	<b>7,147.66</b>

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31<sup>st</sup> March, 2020:

(₹ in lacs)

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 1 <sup>st</sup> April, 2019	713.08	1,347.51	5,376.62	211.53	215.74	44.16	7,908.64
Additions	-	236.00	560.98	55.52	71.72	3.79	928.01
Deletions	-	-	18.33	-	0.80	3.91	23.04
<b>Gross carrying value as on 31<sup>st</sup> March, 2020 = (A)</b>	<b>713.08</b>	<b>1,583.51</b>	<b>5,919.27</b>	<b>267.05</b>	<b>286.66</b>	<b>44.04</b>	<b>8,813.61</b>
Accumulated depreciation as on 1 <sup>st</sup> April, 2019	-	218.00	1,620.31	66.15	82.72	16.45	2,003.63
Depreciation	-	98.50	608.95	28.43	48.23	6.42	790.53
Accumulated depreciation on deletions	-	-	16.85	-	0.75	2.39	19.99
<b>Accumulated depreciation as on 31<sup>st</sup> March, 2020 = (B)</b>	<b>-</b>	<b>316.50</b>	<b>2,212.41</b>	<b>94.58</b>	<b>130.20</b>	<b>20.48</b>	<b>2,774.17</b>
<b>Carrying value as on 31<sup>st</sup> March, 2020 = (A - B)</b>	<b>713.08</b>	<b>1,267.01</b>	<b>3,706.86</b>	<b>172.47</b>	<b>156.46</b>	<b>23.56</b>	<b>6,039.44</b>

**Note 4.1.1 Cost of land approved by the Board of Directors for disposal amounting to ₹ 507.58 lacs is clasified as asset held for sale.**



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 4.2. Intangible Assets:

Following are the changes in the carrying value of Intangible assets for the year ended 31<sup>st</sup> March, 2021:

(₹ in lacs)

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 1 <sup>st</sup> April, 2020	69.24	177.66	70.22	33.32	350.44
Additions	-	-	11.29	-	11.29
<b>Gross carrying value as on 31<sup>st</sup> March, 2021 = (A)</b>	<b>69.24</b>	<b>177.66</b>	<b>81.51</b>	<b>33.32</b>	<b>361.73</b>
Accumulated amortization as on 1 <sup>st</sup> April, 2020	59.19	75.97	26.26	33.32	194.74
Amortization	5.28	17.76	18.80	-	41.84
<b>Accumulated amortization as on 31<sup>st</sup> March, 2021 = (B)</b>	<b>64.47</b>	<b>93.73</b>	<b>45.06</b>	<b>33.32</b>	<b>236.58</b>
<b>Carrying value as on 31<sup>st</sup> March, 2021 = (A - B)</b>	<b>4.77</b>	<b>83.93</b>	<b>36.45</b>	<b>-</b>	<b>125.15</b>

Following are the changes in the carrying value of Intangible assets for the year ended 31<sup>st</sup> March, 2020:

(₹ in lacs)

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 1 <sup>st</sup> April, 2019	69.24	177.66	42.08	33.32	322.30
Additions	-	-	28.14	-	28.14
<b>Gross carrying value as on 31<sup>st</sup> March, 2020 = (A)</b>	<b>69.24</b>	<b>177.66</b>	<b>70.22</b>	<b>33.32</b>	<b>350.44</b>
Accumulated amortization as on 1 <sup>st</sup> April, 2019	44.52	58.21	13.68	31.64	148.05
Amortization	14.67	17.76	12.58	1.68	46.69
<b>Accumulated amortization as on 31<sup>st</sup> March, 2020 = (B)</b>	<b>59.19</b>	<b>75.97</b>	<b>26.26</b>	<b>33.32</b>	<b>194.74</b>
<b>Carrying value as on 31<sup>st</sup> March, 2020 = (A - B)</b>	<b>10.05</b>	<b>101.69</b>	<b>43.96</b>	<b>-</b>	<b>155.70</b>

**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 31<sup>st</sup> March, 2021

### 4.3. Right to Use Assets:

Following are the changes in the carrying value of Right to use assets for the year ended 31<sup>st</sup> March, 2021:

(₹ in lacs)

Particulars	Leasehold Land	Leasehold Buildings	Total
Gross carrying value as on 1 <sup>st</sup> April, 2020	1,421.51	84.22	1,505.73
Additions	-	2.47	2.47
<b>Gross carrying value as on 31<sup>st</sup> March, 2021 = (A)</b>	<b>1,421.51</b>	<b>86.69</b>	<b>1,508.20</b>
Accumulated amortization as on 1 <sup>st</sup> April, 2020	71.98	31.54	103.52
Amortisation charge during the year	71.89	21.50	93.39
<b>Accumulated amortization as on 31<sup>st</sup> March, 2021 = (B)</b>	<b>143.87</b>	<b>53.04</b>	<b>196.91</b>
<b>Carrying value as on 31<sup>st</sup> March, 2021 = (A - B)</b>	<b>1,277.64</b>	<b>33.65</b>	<b>1,311.29</b>

Following are the changes in the carrying value of Right to use assets for the year ended 31<sup>st</sup> March, 2020:

(₹ in lacs)

Particulars	Leasehold Land	Leasehold Buildings	Total
Gross carrying value as on 1 <sup>st</sup> April, 2019	-	-	-
Reclassification from Land lease pre payments	935.72	-	935.72
Additions	485.79	84.22	570.01
<b>Gross carrying value as on 31<sup>st</sup> March, 2020 = (A)</b>	<b>1,421.51</b>	<b>84.22</b>	<b>1,505.73</b>
<b>Accumulated amortization as on 1<sup>st</sup> April, 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Amortisation charge during the year	71.98	31.54	103.52
<b>Accumulated amortization as on 31<sup>st</sup> March, 2020 = (B)</b>	<b>71.98</b>	<b>31.54</b>	<b>103.52</b>
<b>Carrying value as on 31<sup>st</sup> March, 2020 = (A - B)</b>	<b>1,349.53</b>	<b>52.68</b>	<b>1,402.21</b>

**Note:** The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## for the year ended 31<sup>st</sup> March, 2021

### 5 Non-Current Investments - Unquoted:

Note No.	Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/Units	As at	No. of	As at
					31 <sup>st</sup> March, 2021	Shares/Units	31 <sup>st</sup> March, 2020
(a)	Investments in Equity instruments fully paid up						
i)	Investment carried at cost:						
	PT Automotive Systems Indonesia	Subsidiary	4,474	27,000	1,207.98	27,000	1,207.98
ii)	Investment carried at fair value through other comprehensive income:						
	Synergy Shakti Renewable Energy Pvt Ltd (Refer Note below)	Associate	10	-	-	-	-
	Lucas TVS Ltd	Others	100	97,351	9,611.86	97,351	9,181.17
	IRIS Ecopower Venture Private Limited	Others	10	2,93,400	41.34	2,58,400	29.34
					10,861.18		10,418.49
(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 Bonds			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 Limited Series 1			50,000	500.00	50,000	500.00
	State Bank of India Series I 8.75 BD Perpetual FVRS 10 Lacs	Others	10,00,000	25	262.52		-
	State Bank of India Series I 7.74 BD Perpetual FVRS 10 Lacs		10,00,000	25	256.02		-
					2,673.05		2,154.51

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## for the year ended 31<sup>st</sup> March, 2021



Note No.	Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/Units	(₹ in lacs)	
					As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
(c)	Investments in Venture capital Funds					
	Investment carried at fair value through profit and loss:					
	TVS Shriram Growth Fund Scheme 1B			1	0.01	0.01
	TVS Shriram Growth Fund Scheme 3			33,000	330.00	330.00
	Sundaram Alternative Opportunities series		1,00,000	177.48	155.96	177.48
					<b>485.96</b>	<b>507.49</b>
					<b>14,020.19</b>	<b>13,080.49</b>
	<b>Other disclosure:</b>					
	Aggregate value of Un-quoted investments - Carried at Cost				1,207.98	1,207.98
	Aggregate value of Un-quoted investments - Carried at FVTOCI				9,653.20	9,210.51
	Aggregate value of Un-quoted investments - Carried at FVTPL				485.96	507.49
	Aggregate value of Un-quoted investments - Carried at Amortised cost				2,673.05	2,154.51
	<b>Aggregate carrying value of Un-quoted investments</b>				<b>14,020.19</b>	<b>13,080.49</b>
	Aggregate amount of impairment in value of investments				-	-

**Note: 5.1** During the previous year, the company sold its investment in Synergy Shakti Renewable Energy Limited, an associate, for a consideration of ₹ 196.20 lacs. Loss on sale of investment amounting to ₹ 1,004.80 lacs has been recognised in OCI.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 6 Loans:

(Unsecured and considered good)

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Loans & Advances to employees	82.89	88.50
	<b>82.89</b>	<b>88.50</b>

## 7 Other Financial Assets:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Bank deposits with more than 12 months maturity	46.24	43.33
	<b>46.24</b>	<b>43.33</b>

## 8 Other Non-Current Assets:

(Unsecured and considered good unless otherwise stated):

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Capital Advance	171.87	395.57
b Sundry Deposits	80.24	70.87
	<b>252.11</b>	<b>466.44</b>

## 9 Inventories:

(Lower of Cost and Net realisable value)

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Raw Materials	2,905.22	2,479.67
b Raw Materials - Goods in Transit	348.06	398.71
c Work in Progress	329.65	331.19
d Finished Goods	367.51	537.54
e Finished Goods in Transit	425.22	120.56
f Stores and Spares	1.80	0.78
	<b>4,377.46</b>	<b>3,868.45</b>



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 10 Current Investments - Unquoted: Investment In Mutual Funds

		(₹ in lacs)				
Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2021	No. of Units 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2020
Investment carried at fair value through profit and loss:						
Axis Short Term-G		10	94,56,821	2,259.55	94,56,821	2,093.67
Aditya Birla SL Corporate Bond-G		50	15,22,237	1,307.67	15,22,237	1,191.22
Aditya Birla SL Equity Savings -Growth		10	-	-	19,41,788	241.56
ICICI Pru Short Term-G		30	11,55,193	529.81	29,36,810	1,238.43
ICICI Prudential Equity Income-Growth		10	-	-	19,94,613	253.52
IDFC Bond Medium Term Reg-G	Others	20	16,59,189	606.40	16,59,189	566.52
IDFC Bond Short Term Reg-G		30	33,43,087	1,493.22	33,43,087	1,388.81
Kotak Bond Short-term Reg-G		20	33,97,377	1,387.99	33,97,377	1,291.01
Reliance Short Term Fund -Growth		20	12,71,160	518.57	32,58,368	1,230.85
ICICI Pru Saving -Growth			-	-	3,80,071	1,472.20
Kotak Liquid Reg-Growth			-	-	17,654	706.26
Kotak liquid fund Direct Growth			15,630	650.07	-	-
HDFC Liquid fund Direct Plan - Growth			4,963	200.78	-	-
ICICI pru liquid fund Direct plan - Growth			2,13,695	651.21	-	-
Aditya Birla SL Liquid fund Direct Plan - Growth			1,60,443	531.92	-	-
L&T Liquid fund Direct Growth		17,755	500.49	-	-	
Nippon India liquid fund Direct plan - Growth		19,970	1,004.98	-	-	
SBI liquid fund Direct plan - Growth		7,781	250.68	-	-	
Kotak Treasury Advantage -Growth	20	-	-	45,53,571	1,461.40	
HDFC HOF Series 1 1140D November 2017 -1- Reg-G	10	10,00,000	105.79	10,00,000	63.17	
Sundaram Money Direct-G:SBBNAB481185		4,62,136	200.56	2,44,660	102.44	
IDFC Arbitrage fund G - Direct plan		9,77,227	261.50	9,77,227	251.45	
ICICI prudential equity Arbitrage Fund G - Direct Plan		9,34,279	262.09	9,34,279	252.09	
Aditya Birla sun life Arbitrage Fund G - Direct Plan		12,03,265	262.09	12,03,265	251.81	
Kotak Equity Arbitrage Reg-G Direct: 940614/82		8,67,173	262.59	8,67,173	252.08	
			13,247.95		14,308.48	
Aggregate provision for diminution in value of investments				-		-
			13,247.95		14,308.48	
Aggregate value of Unquoted investments - carried at FVTPL				13,247.95		14,308.48
Aggregate carrying value of Unquoted investments			13,247.95		14,308.48	

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 11 Trade Receivables:

(₹ in lacs)		
Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Trade Receivables - Unsecured		
- Considered good	10,940.07	8,813.13
	<b>10,940.07</b>	<b>8,813.13</b>

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<sup>st</sup> March, 2021, ₹ 9,533.36 lacs (previous year ₹ 7,817.05 lacs) represent receivable from customers who represent more than 5 % of total receivables.

The company's receivables are predominantly from its related parties and large Original Equipment Manufacturers. The Company has not incurred any loss due to bad debts in earlier years, therefore, there is no credit risk and no allowance for expected credit losses have been made. Also refer Note 39 (a) (i) to the standalone financial statements for the year ended 31<sup>st</sup> March, 2021.

## 12.1 Cash & Cash Equivalents:

(₹ in lacs)		
Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Balances with banks		
- In current account	326.23	1,304.04
b Cash on hand	1.51	5.60
	<b>327.74</b>	<b>1,309.64</b>

## 12.2 Other Bank Balances:

(₹ in lacs)		
Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
- in Fixed deposit	798.00	700.00
- in Deposit accounts (Dividend Warrants)	1,409.53	68.31
	<b>2,207.53</b>	<b>768.31</b>





## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 13 Other Financial Assets:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Interest Accrued on deposits and employee dues	117.60	88.05
b Duty draw back receivable	4.17	1.05
c Insurance claim receivable	-	8.94
	<b>121.77</b>	<b>98.04</b>

### 14 Current Tax Assets:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Advance tax (Net of provision of tax amounting to ₹ 9,267.62 lacs)	304.99	-
	<b>304.99</b>	<b>-</b>

### 15 Other Current Assets:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a <b>Advances other than Capital Advances:</b>		
- Vendor Advance	396.32	452.86
- Rental & Others	3.94	7.65
b <b>Others:</b>		
- Prepaid expenses	325.22	109.47
- Receivable - Others	79.08	27.55
	<b>804.56</b>	<b>597.53</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 16 Share Capital:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>a Authorised Share Capital:</b>		
3,00,00,000 number of Equity shares of ₹ 5 each	1,500.00	1,500.00
(Previous year 30,000,000 number of Equity shares of ₹ 5 each)		
<b>b Issued, Subscribed and Fully Paid up Share Capital:</b>		
2,26,21,424 number of Equity shares of ₹ 5 each	1,131.07	1,131.07
(Previous year 22,621,424 number of Equity shares of ₹ 5 each)		
<b>c Par Value per Share</b>	5.00	5.00
<b>d Number of equity shares at the beginning of the year</b>	2,26,21,424	2,26,21,424
Add: Rights issue	-	-
Share split	-	-
Bonus issue	-	-
Less: Buy back	-	-
Number of equity shares at the end of the year	2,26,21,424	2,26,21,424

- e** Rights attached to equity shares: The Company has only one class of equity shares having par value of ₹ 5 per share (31<sup>st</sup> March, 2020 - ₹ 5/-). 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 31<sup>st</sup> March, 2021, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 6/- (31<sup>st</sup> March, 2020: ₹ 10.75/-). Also Refer Note 43.

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.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 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	1,03,77,332	1,03,77,332
Percentage held	45.87%	45.87%
Mahle Electric Drives Japan Corpn., Japan (formerly Kokusan Denki Co Ltd, Japan)	16,41,000	16,41,000
Percentage held	7.26%	7.26%
Mahle Holding (India) Private Limited	30,00,000	30,00,000
Percentage held	13.26%	13.26%

### 17 Non Current Provisions:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Provision for employee benefits:		
- Compensated absences	245.04	377.41
	<b>245.04</b>	<b>377.41</b>

### 18 Deferred Tax Liability:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Deferred Tax Liability (Net) - Refer Note 33.3	1,177.33	671.51
	<b>1,177.33</b>	<b>671.51</b>

### 19 Trade Payables:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Total outstanding dues to micro enterprises and small enterprises (Refer Note 46)	2,263.91	1,765.37
Total outstanding dues to other than micro enterprises and small enterprises	6,944.02	5,838.54
	<b>9,207.93</b>	<b>7,603.91</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 20 Other Financial Liabilities:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Unpaid Dividend	1,409.53	68.46
b Earnest Money Deposit	150.61	79.12
c Commission to Directors	158.00	222.15
	<b>1,718.14</b>	<b>369.73</b>

## 21 Current Provisions:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a <b>Provisions for employee benefits:</b>		
- Compensated absences	67.84	57.47
b <b>Others:</b>		
- Provision for Warranty (Note Below)	28.04	13.03
	<b>95.88</b>	<b>70.50</b>
<b>Note: Product Warranty:</b>		
Opening Balance	13.03	26.01
Additions	27.46	-
Utilizations	(12.45)	(12.98)
<b>Closing Balance</b>	<b>28.04</b>	<b>13.03</b>

## 22 Current Tax Liabilities:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Income tax payable (Net of advance tax amounting to ₹ 8,467.46 lacs)	-	158.37
	<b>-</b>	<b>158.37</b>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 23 Other Current Liabilities:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Goods and Service Tax payable	472.42	307.18
b Tax Deducted at source/Tax Collected at Source	94.60	67.61
c Professional Tax/PF/ESI payable	43.61	41.41
d Other payable (refer Details below)	679.19	776.69
	<b>1,289.82</b>	<b>1,192.89</b>

#### Details of Other payable:

#### 23 (d) Other Payables:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Provision - Customer	518.97	571.53
b Tool Advance Payable	18.50	20.15
c Gratuity - (Refer Note 35)	141.72	185.01
d Other Liabilities	-	-
	<b>679.19</b>	<b>776.69</b>

### 24 Revenue From Operations:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Sale of Products:</b>		
a Export Sales	2,302.98	1,451.05
b Domestic Sales	45,727.34	46,384.21
	<b>48,030.32</b>	<b>47,835.26</b>
c Discount to Customers (Turnover Discount)	(260.62)	(412.17)
	<b>47,769.70</b>	<b>47,423.09</b>
d Other operating revenues:		
- Export benefits	50.32	81.08
- Scrap sales and others	303.10	376.75
	<b>48,123.12</b>	<b>47,880.92</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 24.1 Disaggregated revenue information:

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, the Company has identified only one segment as reportable segment which is Electrical and Electronic products for two/three wheelers and engines. Refer Note 42.

## 24.2 Trade Receivables and Contract Balances:

The Company classifies the right to consideration in exchange for deliverables as a trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. In case of customers where the credit is allowed, the same is disclosed in Note 11 - Trade Receivables.

## 24.3 Transaction price allocated to the remaining performance obligation:

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

## 24.4 Information about major customers:

Customers from whom the revenue is more than 10 % of the revenue from external customers of the company are as follows:

Name of the Customers	(₹ in lacs)	
	Apr'20 To Mar'21	Apr'19 To Mar'20
Company A	25,745.26	25,469.19
Company B	13,569.54	13,096.29
Company C	1,307.94	5,452.85
Others*	7,407.58	3,816.93
	<b>48,030.32</b>	<b>47,835.26</b>

\*The Company has no other customers from whom the revenue is more than 10 % of the revenue from external customers of the company.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 25 Other Income:

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
a Interest Income earned on financial assets that are not designated as fair value through profit and loss (FVTPL):		
i) Bank deposits (at amortised cost)	54.06	37.23
ii) Investments (at amortized cost)	196.72	179.71
iii) Other financial assets (at amortized cost)	0.32	0.36
b Dividend Income from equity investments	162.67	213.03
c Other Non-operating income	141.31	43.47
d Other gains and losses		
i) Net gain on sale of investments (carried at FVTPL)	1,048.16	447.32
ii) Net gain on sale of land (carried at cost)	-	1,164.91
iii) Net gain on foreign currency transactions	16.21	5.20
iv) Increase in fair value of investments (carried at FVTPL)	-	422.59
	<b>1,619.45</b>	<b>2,513.82</b>

### 26 Cost of Materials Consumed:

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
a Opening Stock of Raw Materials	2,878.38	2,514.49
b <b>Add:</b> Purchases	33,001.07	31,794.96
	<b>35,879.45</b>	<b>34,309.45</b>
c <b>Less:</b> Closing stock of Raw Materials	3,253.28	2,878.38
	<b>32,626.17</b>	<b>31,431.07</b>



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 27 Change in Inventories:

(₹ in lacs)		
Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
Inventories at the end of the period		
Finished Goods	792.73	658.10
Work-in-Progress	329.65	331.19
	<b>1,122.38</b>	<b>989.29</b>
Inventories at the beginning of the period		
Finished Goods	658.10	740.17
Work-in-Progress	331.19	278.21
	<b>989.29</b>	<b>1,018.38</b>
<b>Net Increase / (Reduction)</b>	<b>(133.09)</b>	<b>29.09</b>

## 28 Other Operating Expenses:

(₹ in lacs)		
Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
a Stores & Other Consumables	778.10	814.54
b Power & Fuel	599.21	597.82
c Repairs to Building	165.19	215.29
d Repairs to Machinery	306.93	329.89
e Repairs Others	63.57	146.68
f Royalty/Technical Know-how / Support Fees	9.82	11.19
g Others	240.35	172.22
	<b>2,163.17</b>	<b>2,287.63</b>

## 29 Employee Benefit Expenses:

(₹ in lacs)		
Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
a Salaries & Wages (Refer 29.1)	5,642.55	4,951.69
b Contribution to Provident and other funds (Refer Note 34 & 35)	323.52	326.68
c Staff Welfare expenses	648.18	761.92
	<b>6,614.25</b>	<b>6,040.29</b>

**29.1** (During the year the company introduced a voluntary retirement service scheme which closed on 27/02/2021 and incurred a settlement cost of ₹ 486.15 lacs which is included in employee benefit expenses in the current year)



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 30 Finance Costs:

		(₹ in lacs)
Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
a Bank Charges	7.32	4.55
b Interest on Lease expenses - Refer note 41 (E)	48.70	51.01
	<b>56.02</b>	<b>55.56</b>

### 31 Other Expenses:

		(₹ in lacs)
Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
a Rent	3.61	-
b Repairs to Vehicles	7.75	7.95
c Insurance	52.80	53.40
d Rates and Taxes (Excluding taxes on income)	26.62	27.30
e Communication Expenses	21.95	50.31
f Postage, Printing & Stationery	25.15	35.71
g Sitting Fees	16.00	17.20
h Travelling and Conveyance Expenses	44.03	233.81
i Legal and Professional Charges	213.52	244.44
j Management Charges (Refer Note 36)	478.35	527.03
k Donation	10.88	3.63
l Corporate Social Responsibility (Refer Note 45)	130.00	120.00
m Remuneration to Watch and Ward	136.33	120.15
n Commission to Directors	158.00	222.19
o After Sales service expenses (Warranty)	30.38	24.86
p Freight Outwards	275.17	252.72
q Advertisement and Sales promotion	243.93	232.56
r <b>Audit Fees:</b>		
a) <b>Statutory Auditors:</b>		
i) Statutory Audit	15.00	13.50
ii) Tax Audit	2.50	2.25
iii) Other Attestation Matters	6.20	6.20
iv) Reimbursement of Expenses	0.36	2.57
b) Cost Audit	3.16	3.16
c) Secretarial Audit	1.75	1.75
d) Reimbursement - Other audits	0.65	0.62
s Investment written off/Fair value reduction	88.51	20.32
t Miscellaneous Expenses	221.42	177.84
	<b>2,214.02</b>	<b>2,401.47</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 32 Items will not be Reclassified to Profit or Loss:

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
Increase/(decrease) in fair value of investments	430.69	(312.00)
Remeasurement of the defined benefit plan	6.43	(33.54)
Increase/(decrease) of DTA on fair value investments	(44.66)	(465.16)
Increase/(decrease) of DTA on defined benefit plan	(1.62)	11.72
	<b>390.84</b>	<b>(798.98)</b>

## 33 Income Taxes and Deferred Taxes:

### 33.1 Income tax expense in the statement of profit and loss comprise:

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
Current taxes	1,026.47	1,732.21
Income tax relating to earlier year (Refer note 33.1a)	(388.83)	-
Deferred taxes	74.35	(43.47)
Deferred tax relating to earlier year (Refer note 33.1b)	385.21	-
<b>Income tax expense</b>	<b>1,097.20</b>	<b>1,688.74</b>

**33.1a** Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 issued on 20<sup>th</sup> September, 2019, corporate assessee have been given an option to apply a lower income tax rate with effect from 1<sup>st</sup> April, 2019 within the due date of filing of return, subject to certain conditions specified therein. During the year, the company evaluated the impact of availment of the said option, and accordingly opted for a lower income tax rate under section 115BAA at the time of filing the income tax return for FY 19-20. This has resulted in reversal of excess provision of income tax amounting to ₹ 389 lacs pertaining to FY 19-20.

**33.1b** The company reassessed its deferred tax as at 31<sup>st</sup> March, 2021 and reversed deferred tax asset amounting to ₹ 385 lacs arising from investment in subsidiary based on probability of realising the same in the foreseeable future.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before income taxes	5,167.10	7,208.87
Applicable tax rates*	25.17%	34.94%
Tax expenses using Company's applicable rate*	1,300.56	2,519.07
Effect on expenses that are not deductible in determining taxable profit	47.56	35.30
Effect of income that is exempt from taxation	(43.71)	(137.24)
Effect of different tax rates for long term capital gains	(155.80)	(568.62)
Effect of concessions on Research and Development expenses	-	(155.06)
Deferred tax impact on rate change	(40.21)	-
Others - Permanent differences	(11.20)	(4.71)
<b>Total</b>	<b>1,097.20</b>	<b>1,688.74</b>

\*The tax rate used for 2020-2021 and 2019-2020 reconciliations above is the Corporate tax rate of 22% and 30% respectively, applicable surcharge and cess payable by corporate entities in India on taxable profits under the Indian Law.

### 33.2 Income Tax on Other Comprehensive Income:

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
Deferred taxes on Remeasurement of defined benefit obligation	(1.62)	11.72
Deferred taxes on Fair value measurements of investments	(44.66)	(465.16)
<b>Total</b>	<b>(46.28)</b>	<b>(453.44)</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

**33.3 Following is the analysis of the deferred tax asset/(liabilities) presented in the Balance sheet:**

(₹ in lacs)

Particulars	Apr'20 To Mar'21			
	Opening Balance	Recognised in Profit & Loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax assets:</b>				
Rebates and discounts	59.99	(16.78)	-	43.21
Leave encashment	151.96	(73.21)	-	78.75
Early separation scheme	0.01	97.88	-	97.89
Investments in Subsidiary & Associate	385.21	(385.21)	-	(0.00)
Gratuity	44.50	(7.21)	(1.62)	35.68
Bonus	72.91	(6.32)	-	66.60
Others and provisions	68.25	(19.10)	-	49.15
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(293.90)	(113.55)	-	(407.45)
Investments other than above	(1,160.44)	63.94	(44.66)	(1,141.16)
<b>Net deferred tax assets / (liabilities)</b>	<b>(671.51)</b>	<b>(459.56)</b>	<b>(46.28)</b>	<b>(1,177.33)</b>

(₹ in lacs)

Particulars	Apr'19 To Mar'20			
	Opening Balance	Recognised in Profit & Loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax assets:</b>				
Rebates and discounts	59.99	-	-	59.99
Leave encashment	142.79	9.17	-	151.96
Early separation scheme	0.10	(0.09)	-	0.01
Investments in Subsidiary & Associate	893.80	-	(508.59)	385.21
Gratuity	90.10	(57.32)	11.72	44.50
Bonus	95.43	(22.52)	-	72.91
Others	39.69	28.56	-	68.25
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(308.28)	14.38	-	(293.90)
Investments other than above	(1,275.16)	71.29	43.43	(1,160.44)
<b>Net deferred tax assets / (liabilities)</b>	<b>(261.54)</b>	<b>43.47</b>	<b>(453.44)</b>	<b>(671.51)</b>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 34 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 thereon 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 ₹ 254.32 Lacs (LY-248.14 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 ₹ 3.61 lacs (31<sup>st</sup> March, 2020: ₹ 4.75 lacs) and is included in "Staff Welfare Expenses".

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 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.





## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

**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<sup>st</sup> March, 2021 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.

**35 The following table set out the status of the gratuity plan and the amount recognised in the company's financial statement as at 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020:**

Particulars	(₹ in lacs)	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Current service cost	65.91	60.42
Interest cost on benefit obligation	70.56	74.83
Expected return on plan assets	(62.11)	(66.87)
<b>Sub Total</b>	<b>74.36</b>	<b>68.38</b>
<b>Recognised in Other Comprehensive Income</b>		
Net actuarial (gain)/loss recognized in the year		
i. Demographic Assumptions on obligation	-	-
ii. Financial Assumptions on obligation	-	-
iii. Experience Adjustments on obligation	(6.43)	33.54
iv. Financial Assumptions on plan assets	(3.52)	(4.26)
<b>Sub Total</b>	<b>(9.95)</b>	<b>29.28</b>
<b>Net benefit expense</b>	<b>64.41</b>	<b>97.66</b>
<b>Balance Sheet</b>		
<b>Benefit asset / liability</b>		
Present value of defined benefit obligation	1,127.34	1,167.40
Fair value of plan assets	985.62	982.38
<b>Assets / (Liability) recognized in the balance sheet</b>	<b>(141.72)</b>	<b>(185.02)</b>
<b>Change in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	1,167.39	1,011.71
Benefits paid	(173.62)	(17.37)

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)		
Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Expenses Recognised in Statement of Profit and Loss Account</b>		
Current service cost	65.91	60.42
Past service cost	-	-
Interest cost on benefit obligation	70.56	74.83
<b>Recognised in Other Comprehensive Income</b>		
Actuarial (gain)/loss on obligation	(2.90)	37.80
<b>Closing defined benefit obligation</b>	<b>1,127.34</b>	<b>1,167.39</b>
<b>Change in the fair value of plan assets</b>		
Opening fair value of plan assets	982.38	881.48
Contributions by employer	111.23	47.14
Contributions transfer in	-	-
Benefits paid	(173.62)	(17.37)
<b>Expenses Recognised in Profit and Loss Account</b>		
Expected return	62.11	66.87
<b>Recognised in Other Comprehensive Income</b>		
Actuarial (gain) / loss on plan assets	3.52	4.26
<b>Closing fair value of plan assets</b>	<b>985.62</b>	<b>982.38</b>
<b>Investment details of the plan assets: Company has deposited with Life Insurance Corporation of India (Company gratuity policy)</b>		

## Assumptions

(₹ in lacs)		
Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Discount Rate (%)	6.66%	6.53%
Estimated Rate of Return on Plan Assets	6.66%	6.53%
Attrition Rate	7.00%	7.00%
Expected rate of salary increase (%)	6.50%	6.00%
Expected Average Remaining Service (years)	9.70	9.70



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

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.

The expected future cash flows in respect of gratuity were as follows:

(₹ in lacs)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Within 1 year	86.09	101.65
1 - 2 years	99.66	94.61
2 - 3 years	138.39	98.63
3 - 4 years	104.12	143.37
4 - 5 years	145.56	126.75
Above 5 years	509.47	584.28

### Sensitivity Analyses

(₹ in lacs)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
A. Discount Rate + 50 BP	7.16%	7.03%
Defined Benefit Obligation [PVO]	1,088.19	1,126.94
Current Service Cost	62.39	63.32
B. Discount Rate - 50 BP	6.16%	6.03%
Defined Benefit Obligation [PVO]	1,168.88	1,210.32
Current Service Cost	67.80	68.69
C. Salary Escalation Rate +50 BP	7.00%	6.50%
Defined Benefit Obligation [PVO]	1,169.76	1,211.40
Current Service Cost	67.71	68.77
D. Salary Escalation Rate -50 BP	6.00%	5.50%
Defined Benefit Obligation [PVO]	1,087.00	1,125.55
Current Service Cost	62.28	63.21

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 36 Related Party Disclosures:

### 36.1

<b>a) Related Parties and their relationship where control exists:</b>	
Joint Venturers of the Company	: Lucas Indian Service Ltd (LIS)
	Mahle Electric Drives Japan Corpn. (MEDJC) (formerly Kokusan Denki Co. Ltd, Japan)
	Mahle Holding (India) Private Limited
Ultimate Parents of Joint Venturers of the Company	: T V Sundram Iyengar & Sons Private Limited
	Mahle GmbH
Subsidiary of the Company	: PT Automotive Systems Indonesia (PTASI)
Associate of the Company	: Synergy Shakthi Renewable Energy Pvt. Ltd., (SSREPL) - Upto 30 <sup>th</sup> March, 2020
<b>b) Related Parties and their relationship where transaction exists:</b>	
Relatives of Ultimate Parent Company	: Sundaram Clayton Limited
	Sundram Fastners Limited
	TVS Motor Company Limited
	TVS Capital Funds Private Limited
	TVS Electronics Limited
Entities in which KMP has significant influence	: Lucas TVS Limited
Entities in which Director(s) are interested	: India Japan Lighting Private Limited - upto 27 <sup>th</sup> Dec, 2019
	TVS Educational Society
	Southern Roadways P Ltd
<b>c) Key Managerial Personnel:</b>	
Key Managerial Personnel (KMP)	: Mr Arvind Balaji - Managing Director
	Mr Elango Srinivasan - Chief Financial Officer
	Mr G Venkatram - Company Secretary



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 36.2 Disclosure in respect of transactions and balances with related parties:

Description	Joint Ventures of the company		Subsidiary of the company		Relatives of Ultimate Parent		Enterprise in which KMP has significant influence		Associate of the Company (upto 30 <sup>th</sup> March, 2020)		Key Managerial Personnel		Entities in which Director(s) are interested	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Transactions during the Year</b>														
<b>MAHLE ELECTRIC DRIVES JAPAN CORPORATION</b>														
Royalty paid	8.13	34.41	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	98.46	498.91	-	-	-	-	-	-	-	-	-	-	-	-
Sale of products	61.65	15.78	-	-	-	-	-	-	-	-	-	-	-	-
<b>LUCAS INDIAN SERVICE LTD</b>														
Sale of products	2,517.41	1,788.55	-	-	-	-	-	-	-	-	-	-	-	-
Rent paid	25.20	22.64	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	622.64	1,115.56	-	-	-	-	-	-	-	-	-	-	-	-
<b>MAHLE HOLDING (INDIA) PVT LTD</b>														
Dividend paid	180.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses reimbursed	0.27	0.27	-	-	-	-	-	-	-	-	-	-	-	-
<b>LUCAS TVS LTD</b>														
Sale of products	-	-	-	-	-	-	402.49	458.40	-	-	-	-	-	-
Sale of SSREPL investment	-	-	-	-	-	-	-	196.20	-	-	-	-	-	-
Purchase of raw materials	-	-	-	-	-	-	139.79	130.35	-	-	-	-	-	-
Lease Rent paid	-	-	-	-	-	-	93.63	89.17	-	-	-	-	-	-
Expenses reimbursed	-	-	-	-	-	-	372.43	378.83	-	-	-	-	-	-
Travel reimbursements received	-	-	-	-	-	-	0.84	33.27	-	-	-	-	-	-
Payment for Services received	-	-	-	-	-	-	595.24	591.09	-	-	-	-	-	-
Dividend received	-	-	-	-	-	-	160.63	184.97	-	-	-	-	-	-

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended 31<sup>st</sup> March, 2021

Description	Joint Ventures of the company		Subsidiary of the company		Relatives of the company		Ultimate Parent		Enterprise in which KMP has significant influence		Associate of the Company (upto 30 <sup>th</sup> March, 2020)		Key Managerial Personnel		Entities in which Director(s) are interested	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Transactions during the Year</b>																
<b>TVS MOTORS COMPANY LTD</b>																
Sale of products	-	-	-	-	33,248.06	29,699.32	-	-	-	-	-	-	-	-	-	-
Services rendered	-	-	-	-	43.37	-	-	-	-	-	-	-	-	-	-	-
Payment for Services received	-	-	-	-	0.82	-	-	-	-	-	-	-	-	-	-	-
<b>TVS ELECTRONICS LIMITED</b>																
Advances paid for materials	-	-	-	-	0.14	-	-	-	-	-	-	-	-	-	-	-
<b>SUNDARAM CLAYTON LIMITED</b>																
Payment for Services received	-	-	-	-	6.66	6.20	-	-	-	-	-	-	-	-	-	-
<b>SUNDARAM FASTNERS LIMITED</b>																
Purchase of raw materials	-	-	-	-	318.33	442.42	-	-	-	-	-	-	-	-	-	-
<b>INDIA JAPAN LIGHTING PVT LTD</b>																
Sale of products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	157.93	-
<b>TVS EDUCATIONAL SOCIETY</b>																
Expenses reimbursement received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.82	9.76
Payment for Services received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,083.07	878.83
<b>SOUTHERN ROADWAYS PVT LTD</b>																
Payment for Services received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.51	-



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

Description	Joint Venturers of the company		Subsidiary of the company		Relatives of Ultimate Parent		Enterprise in which KMP has significant influence		Associate of the Company (upto 30 <sup>th</sup> March, 2020)		Key Managerial Personnel		Entities in which Director(s) are interested	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Transactions during the Year</b>														
<b>TVS CAPITAL FUNDS PRIVATE LIMITED</b>														
Investment in funds	-	-	-	-	-	230.00	-	-	-	-	-	-	-	-
Redemption of funds	-	-	-	-	-	167.16	-	-	-	-	-	-	-	-
Decrease in fair value	-	-	-	-	-	408.45	-	-	-	-	-	-	-	-
Other capital receipts	-	-	-	-	75.17	138.89	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	1.75	1.18	-	-	-	-	-	-	-	-
<b>KMP</b>														
Remuneration paid (Short-term employee benefits):														
Mr Arvind Balaji - Managing Director	-	-	-	-	-	-	-	-	-	224.93	276.04	-	-	-
Mr Elango Srinivasan - Chief Financial Officer	-	-	-	-	-	-	-	-	-	53.77	51.18	-	-	-
Mr G Venkatram - Company Secretary	-	-	-	-	-	-	-	-	-	24.18	25.30	-	-	-
<b>Balances as at year end</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Trade Payables:</b>														
LUCAS INDIAN SERVICE LTD	-	1.92	-	-	-	-	-	193.32	-	-	-	-	-	-
LUCAS TVS LTD	-	-	-	-	-	-	113.95	-	-	-	-	-	-	-
SUNDARAM CLAYTON LIMITED	-	-	-	-	1.41	1.48	-	-	-	-	-	-	-	-
MAHLE ELECTRIC DRIVES JAPAN CORPORATION	-	16.86	-	-	-	-	-	-	-	-	-	-	-	-
SUNDRAM FASTNERS LIMITED	-	-	-	-	103.96	85.56	-	-	-	-	-	-	-	-
TVS EDUCATIONAL SOCIETY	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

Description	Joint Ventures of the company		Subsidiary of the company		Relatives of Ultimate Parent		Enterprise in which KMP has significant influence		Associate of the Company (upto 30 <sup>th</sup> March, 2020)		Key Managerial Personnel		Entities in which Director(s) are interested	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Balances as at year end</b>														
<b>Other Financial Liabilities:</b>														
KMP (Commission payable)	-	-	-	-	-	-	-	-	-	-	113.00	167.00	-	-
MAHLE ELECTRIC DRIVES JAPAN CORPORATION (Dividend payable)	98.46	-	-	-	-	-	-	-	-	-	-	-	-	-
LUCAS INDIAN SERVICE LTD (Dividend payable)	622.64	-	-	-	-	-	-	-	-	-	-	-	-	-
MAHLE HOLDING (INDIA) PVT LTD (Dividend payable)	180.00	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trade Receivables:</b>														
LUCAS INDIAN SERVICE LTD	530.37	207.15	-	-	-	-	-	-	-	-	-	-	-	-
TVS MOTORS COMPANY LTD	-	-	-	-	6,785.71	5,861.29	-	-	-	-	-	-	-	-
TVS ELECTRONICS LIMITED	-	-	-	-	0.14	-	-	-	-	-	-	-	-	-
MAHLE ELECTRIC DRIVES JAPAN CORPORATION	23.07	-	-	-	-	-	-	-	-	-	-	-	-	-
LUCAS TVS LTD	-	-	-	-	-	-	63.75	270.26	-	-	-	-	-	-
<b>Investments in Equity Shares:</b>														
PT Automotive Systems Indonesia	-	1,207.98	1,207.98	-	-	-	-	-	-	-	-	-	-	-
LUCAS TVS LTD	-	-	-	-	-	-	9,611.86	9,181.17	-	-	-	-	-	-
<b>Investments in Venture Capital Funds:</b>														
TVS CAPITAL FUNDS PRIVATE LIMITED	-	-	-	-	330.01	330.01	-	-	-	-	-	-	-	-



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 37 Expenditure on R&D:

Description	(₹ in lacs)	
	Apr'20 To Mar'21	Apr'19 To Mar'20
(a) Capital (Refer Note 1 below)	1,088.44	20.55
(b) Revenue: (Refer Note 2 below)		
Salary	547.02	518.72
Electricity	15.63	19.65
Travel	6.34	58.49
Outsourcing	4.37	1.33
Revenue & Others	331.13	297.63
	<b>904.49</b>	<b>895.82</b>
<b>Total R &amp; D expenditure (a) + (b)</b>	<b>1,992.93</b>	<b>916.37</b>

**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 is included in the respective head under Other Expenses. Refer Note 31 to the financial statements.

### 38 Financial Instruments:

The carrying value and fair value of financial instruments by categories as of 31<sup>st</sup> March, 2021 were as follows:

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
<b>Financial assets</b>					
Investments					
Equity Shares	1,207.98	-	9,653.20	10,861.18	10,861.18
Mutual Funds and Bonds	2,673.05	13,733.91	-	16,406.96	16,581.51
Trade receivables	10,940.07	-	-	10,940.07	10,940.07
Loans	82.89	-	-	82.89	82.89
Cash and cash equivalents	327.74	-	-	327.74	327.74
Other bank balances	2,207.53	-	-	2,207.53	2,207.53
Other Financial Assets	168.01	-	-	168.01	168.01
<b>Total</b>	<b>17,607.27</b>	<b>13,733.91</b>	<b>9,653.20</b>	<b>40,994.38</b>	<b>41,168.93</b>
<b>Financial liabilities</b>					
Trade payables	9,207.93	-	-	9,207.93	9,207.93
Lease Liability	458.18	-	-	458.18	458.18
Other Financial Liabilities	1,718.14	-	-	1,718.14	1,718.14
<b>Total</b>	<b>11,384.25</b>	<b>-</b>	<b>-</b>	<b>11,384.25</b>	<b>11,384.25</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

The carrying value and fair value of financial instruments by categories as of 31<sup>st</sup> March, 2020 were as follows:

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
<b>Financial assets</b>					
Investments					
Equity Shares	1,207.98	-	9,210.51	10,418.49	10,418.49
Mutual Funds and Bonds	2,154.51	14,815.97	-	16,970.48	17,138.77
Trade receivables	8,813.13	-	-	8,813.13	8,813.13
Loans	88.50	-	-	88.50	88.50
Cash and cash equivalents	1,309.64	-	-	1,309.64	1,309.64
Other bank balances	768.31	-	-	768.31	768.31
Other Financial Assets	141.37	-	-	141.37	141.37
<b>Total</b>	<b>14,483.44</b>	<b>14,815.97</b>	<b>9,210.51</b>	<b>38,509.92</b>	<b>38,678.21</b>
<b>Financial liabilities</b>					
Trade payables	7,603.91	-	-	7,603.91	7,603.91
Lease Liability	511.28	-	-	511.28	511.28
Other Financial Liabilities	369.73	-	-	369.73	369.73
<b>Total</b>	<b>8,484.92</b>	<b>-</b>	<b>-</b>	<b>8,484.92</b>	<b>8,484.92</b>

The carrying amounts for assets at amortized cost are considered to be the same as their fair values due to their short-term nature.

## Fair value measurements

### (i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are classified 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.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### (ii) Financial assets measured at fair value through Profit & Loss (FVTPL) on a recurring basis

31 <sup>st</sup> March, 2021	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	-	485.96	-	485.96
Investment in Mutual Funds	-	13,247.95	-	13,247.95
<b>Total</b>	<b>-</b>	<b>13,733.91</b>	<b>-</b>	<b>13,733.91</b>

31 <sup>st</sup> March, 2020	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	-	507.49	-	507.49
Investment in Mutual Funds	-	14,308.48	-	14,308.48
<b>Total</b>	<b>-</b>	<b>14,815.97</b>	<b>-</b>	<b>14,815.97</b>

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The investments in mutual funds and venture capital funds are in open ended schemes which are not listed on any recognised stock exchanges. The NAVs are based on the data published by the respective Asset Management Companies. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

31 <sup>st</sup> March, 2021	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	9,653.20	9,653.20
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9,653.20</b>	<b>9,653.20</b>

31 <sup>st</sup> March, 2020	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	9,210.51	9,210.51
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9,210.51</b>	<b>9,210.51</b>

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.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

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 3 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 6x

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 ₹ 582 lacs and an increase in the multiple by 0.5x would result in a increase in the fair value by ₹ 582 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	(₹ in lacs)	
	Apr'20 To Mar'21	Apr'19 To Mar'20
Opening Balance	9,181.17	9,187.37
Total (loss) / gain recognized in other comprehensive income	430.69	-6.20
Closing Balance	9,611.86	9,181.17



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 39 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 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<sup>st</sup> March 2021, 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.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 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.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	Currency	31 <sup>st</sup> March, 2021		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹ lacs
Trade Receivables	EUR	85.29	1.82	155.40
	USD	73.11	10.56	772.10
Trade Payables	EUR	86.90	0.25	21.84
	USD	73.86	6.53	482.54
	JPY	0.67	69.78	46.63
	GBP	101.46	0.01	1.44
31 <sup>st</sup> March, 2020				
Trade Receivables	EUR	82.85	0.44	36.19
	USD	74.89	6.00	449.68
	JPY	0.69	7.68	5.31
Trade Payables	USD	75.80	6.29	476.53
	EUR	83.95	0.01	0.84
	JPY	0.70	32.72	22.95

## Foreign currency sensitivity

Particulars	31 <sup>st</sup> March, 2021			31 <sup>st</sup> March, 2020	
	Currency	Increase	Decrease	Increase	Decrease
Effect on profit before tax	EUR	6.70	(6.70)	1.81	(1.81)
Increase/(Decrease)	USD	14.72	(14.72)	(1.06)	1.06
	JPY	(2.33)	2.33	(0.87)	0.87
	GBP	(0.07)	0.07	-	-
Effect on equity	EUR	8.51	(8.51)	5.81	(5.81)
Increase/(Decrease)	USD	13.66	(13.66)	(8.04)	8.04
	JPY	(3.20)	3.20	(0.87)	0.87
	GBP	(0.07)	0.07	-	-



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### Commodity Risk

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

### iii. Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

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

(₹ in lacs)

Particulars	31 <sup>st</sup> March, 2021				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade and other payables - Non interest bearing	9,207.93	-	-	-	9,207.93
Lease Liability	107.13	185.16	182.88	146.30	621.47
Other financial liabilities	1,718.14		-	-	1,718.14
<b>Total</b>	<b>11,033.20</b>	<b>185.16</b>	<b>182.88</b>	<b>146.30</b>	<b>11,547.54</b>

(₹ in lacs)

Particulars	31 <sup>st</sup> March, 2020				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade and other payables - Non interest bearing	7,603.91	-	-	-	7,603.91
Lease Liability	104.26	204.79	178.72	237.75	725.52
Other financial liabilities	369.73	-	-	-	369.73
<b>Total</b>	<b>8,077.90</b>	<b>204.79</b>	<b>178.72</b>	<b>237.75</b>	<b>8,699.16</b>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended 31<sup>st</sup> March, 2021

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

(₹ in lacs)

Particulars	31 <sup>st</sup> March, 2021				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade receivables (non interest bearing instruments)	10,940.07	-	-	-	10,940.07
Investments (variable interest bearing instruments)	13,247.95	-	-	14,020.19	27,268.14
Other financial assets (variable interest bearing instruments)	2,657.04	129.13	-	-	2,786.17
<b>Total</b>	<b>26,845.06</b>	<b>129.13</b>	<b>-</b>	<b>14,020.19</b>	<b>40,994.38</b>

(₹ in lacs)

Particulars	31 <sup>st</sup> March, 2020				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade receivables (non interest bearing instruments)	8,813.13	-	-	-	8,813.13
Investments (variable interest bearing instruments)	14,308.48	-	-	13,080.49	27,388.97
Other financial assets (variable interest bearing instruments)	2,175.99	131.83	-	-	2,307.82
<b>Total</b>	<b>25,297.60</b>	<b>131.83</b>	<b>-</b>	<b>13,080.49</b>	<b>38,509.92</b>

#### 40 Contingent liabilities & Commitments:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>(i) Contingent liabilities</b>		
a Money for which the company is contingently liable	2.00	2.00
<b>(ii) Commitments</b>		
a Estimated amount of contracts remaining to be executed on capital account and not provided for	1,761.81	2,690.23



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 41 Leases:

#### A) Break-up of current and non-current lease liabilities:

The following is the break-up of current and non-current lease liabilities as at 31<sup>st</sup> March, 2021:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a) Current lease liabilities	107.13	104.26
b) Non current lease liabilities	351.05	407.02
	<b>458.18</b>	<b>511.28</b>

#### B) Movement in Lease liabilities:

The following is the movement in lease liabilities during the year ended 31<sup>st</sup> March, 2021:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Balance as on 1 <sup>st</sup> April 2020	511.28	704.88
Additions	2.47	570.01
Finance costs accrued during the period	48.7	51.01
Payment of Lease liabilities	104.27	814.62
<b>Balance as on 31<sup>st</sup> March, 2021</b>	<b>458.18</b>	<b>511.28</b>

#### C) The table below provides details regarding the contractual maturities of lease liabilities as at 31<sup>st</sup> March, 2021 on an undiscounted basis:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
i) Less than one Year	107.13	104.26
ii) One to five years	368.04	383.51
iii) More than five years	146.3	237.75
<b>Total</b>	<b>621.47</b>	<b>725.52</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## D) The impact of changes in accounting policy on account of adoption of Ind AS 116 is as follows.

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Increase in lease liability by	458.18	511.28
Increase in rights of use by (including reclassifications)	2.47	1,505.73
Increase/(Decrease) in finance cost by	48.70	51.01
Increase/(Decrease) in depreciation by	93.39	103.52

## E) Amounts recognized in profit or loss

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Interest on lease liabilities	48.70	51.01

## F) Amounts recognized in profit or loss

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Total cash outflows for leases - principle repayments	55.57	763.61
Total cash outflows for leases - interest repayments	48.70	51.01
<b>Total</b>	<b>104.27</b>	<b>814.62</b>

## 42 Operating Segment:

The operations of the company relate to only one segment which is Electrical and 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:



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
<b>Revenue from Operations:</b>		
India	45,820.14	46,429.87
Rest of the World	2,302.98	1,451.05
<b>Segment Assets:</b>		
India	57,979.41	51,904.02
Rest of the World	927.50	967.71
<b>Capital Expenditure:</b>		
India	2,811.65	1,778.30
Rest of the World	901.91	87.30

### 43 i) Amount of dividend to Equity share holders:

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
Dividends on Equity shares:		
Interim dividend for the year ended 31 <sup>st</sup> March, 2021, ₹ 6 per share (31 <sup>st</sup> March 2020, ₹ 10.75* per share)	1,357.29	2,431.83
Dividend tax paid on the above	-	499.86

\*includes final dividend of FY 18-19 of ₹ 4/- per share.

### 44 Note on Earnings per share:

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
Profit after tax	4,069.90	5,520.13
Number of equity shares of ₹ 5 each at the beginning of the year	2,26,21,424	2,26,21,424
Number of equity shares of ₹ 5 each at the end of the year (B)	2,26,21,424	2,26,21,424
Earnings per share (basic and diluted in Rupees) (A/B)	17.99	24.40

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 45 Details of CSR Expenditure:

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
a. Gross amount required to be spent by the Company during the year	130.00	120.00
b. Amount spent during the year on:		
<b>Category</b>		
(i) Construction/Acquisition of Asset:		
In cash	- NIL -	- NIL -
Yet to be paid in cash	19.52	22.42
(ii) On purposes other than (i) above		
In cash	110.48	97.58
Yet to be paid in cash	- NIL -	- NIL -

## 46 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	2,263.91	1,765.37
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Micro, Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of confirmations from such parties collected by the Management till date.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

- 47** The company has assessed the impact of COVID-19 on its financial results based on the internal and external information, to the extent known and available, up to the date of approval of these financial statements and expects to recover the carrying amounts of property, plant and equipment, investments, inventories, trade receivables, other financial assets and other assets.
- 48** The Indian Parliament has approved the Code on Social Security, 2020 which could impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the change are applicable is yet to be notified and final rules are yet to be framed. The Company will carry out an evaluation of the impact and record the same in the financial statements in the period in which the Code becomes effective and the related rules are published.

### **49 Approval of Financial Statements**

The standalone financial statements were approved for issue by the board of directors on 28<sup>th</sup> May, 2021.

For and behalf of the Board

**T K BALAJI**

Chairman

**ARVIND BALAJI**

Managing Director

**ELANGO SRINIVASAN**

Chief Financial Officer

**G VENKATRAM**

Company Secretary

Place : Chennai

Date : 28<sup>th</sup> May, 2021

Place : Chennai

Date : 28<sup>th</sup> May, 2021

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

1	Name of the Subsidiary	PT Automotive Systems Indonesia	
2	Reporting period for the subsidiary concerned	1 <sup>st</sup> April, 2020 To 31 <sup>st</sup> March, 2021	
3	The date since when the Subsidiary was acquired	1 <sup>st</sup> July, 06	
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Currency : IDR	
		<b>Exchange rate:</b>	
		1 INR = IDR 198.25 (Balance Sheet)	
		1 INR = IDR 195.92 (Profit and Loss)	
		<b>Amount</b>	<b>Equivalent</b>
		<b>in Indonesian</b>	<b>amount in</b>
		<b>Rupiah</b>	<b>Indian Rupees</b>
		<b>As on 31<sup>st</sup> March, 2021</b>	
5	Share Capital	24,69,43,28,700	12,08,38,266
6	Reserves & Surplus	81,41,45,713	78,32,662
7	Total Assets	25,65,72,77,227	12,94,21,525
8	Total Liabilities	25,65,72,77,227	12,94,21,525
9	Investments	- NIL -	- NIL -
10	Turnover	- NIL -	- NIL -
11	Profit before Taxation	(2,08,82,58,701)	(1,06,58,862)
12	Provision for Taxation	-	-
13	Profit after Taxation	(2,08,82,58,701)	(1,06,58,862)
14	Proposed Dividend	- NIL -	- NIL -
15	% of share holding	99.97%	

**Note:** PT Automotive Systems Indonesia is yet to commence operations

For and behalf of the Board

**T K BALAJI**

Chairman

**ARVIND BALAJI**

Managing Director

**ELANGO SRINIVASAN**

Chief Financial Officer

**G VENKATRAM**

Company Secretary

Place : Chennai

Date : 28<sup>th</sup> May, 2021

Place : Chennai

Date : 28<sup>th</sup> May, 2021



# INDEPENDENT AUDITOR'S REPORT

**To the Members of India Nippon Electricals Limited**

## **Report on the Audit of the Consolidated Financial Statements**

### **Opinion**

We have audited the accompanying consolidated financial statements of India Nippon Electricals Company Limited ("the Parent Company") and its subsidiary, (the Parent Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information

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 separate financial statements of subsidiary referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India, of the

consolidated state of affairs of the Group as at 31st March, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the other auditors in terms of their reports referred to in Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.



## Information Other than the Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report and related annexures and Report on Corporate Governance, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Director's Report and related annexures and Report on Corporate Governance are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiary audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary is traced from their financial statements audited by the other auditors.

When we read the Director's Report and the related annexures and the Report on Corporate Governance, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required

under SA 720 'The Auditor's responsibilities Relating to Other Information'.

## Management's Responsibility for the Consolidated Financial Statements

The Parent's Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 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 financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the



respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements,

including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

(a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 1,294 lakhs as at 31st March, 2021, total revenues of ₹ Nil and net cash outflows amounting to ₹ 14.95 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of



subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated 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 the other auditors and the financial statements certified by the Management.

### **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 reports of the other auditors on the separate financial statements of the subsidiary entity referred to in the Other Matters section above we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns 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 Statement of Cash Flows and the 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 financial statements

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent Company as on 31st March, 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of subsidiary, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2021 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, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group
- ii) the Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

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

For **Deloitte Haskins And Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**Ananthi Amarnath**

(Partner)

(Membership No. 209252)

UDIN:21209252AAAAGB9642

Place: Chennai

Date: 28<sup>th</sup> May, 2021



## 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 31st March, 2021, we have audited the internal financial controls over financial reporting of India Nippon Electricals Limited (hereinafter referred to as "Parent"). 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.

### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Parent 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, 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 internal financial controls system over financial reporting of the Parent.

### 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 Parent, 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 31st March, 2021, 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.

For **Deloitte Haskins And Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**Ananthi Amarnath**

(Partner)

(Membership No. 209252)

UDIN:21209252AAAAGB9642

Place: Chennai

Date: 28<sup>th</sup> May, 2021





# CONSOLIDATED BALANCE SHEET

as at 31<sup>st</sup> March, 2021

		(₹ in lacs)		
S. No.	Particulars	Note No.	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
1	<b>ASSETS</b>			
1.1	<b>Non-current Assets</b>			
a)	<b>Property, Plant and Equipment</b>	4.1	7,148.00	6,039.78
b)	Capital Work-in-progress		3,386.72	1,324.46
c)	Investment Property	4.2	561.96	513.13
d)	Intangible assets	4.3	125.15	155.70
e)	Right-of-use assets	4.4	1,311.29	1,402.21
f)	<b>Financial Assets</b>			
(i)	Investments	5	12,812.21	11,872.51
(ii)	Loans	6	82.89	88.50
(iii)	Others financial assets	7	46.24	43.33
g)	Other Non-current Assets	8	252.11	466.44
	<b>Non-current Assets - Total</b>		<b>25,726.57</b>	<b>21,906.06</b>
1.2	<b>Current Assets</b>			
a)	Inventories	9	4,377.46	3,868.45
b)	<b>Financial Assets</b>			
(i)	Investments	10	13,247.95	14,308.48
(ii)	Trade Receivables	11	10,940.07	8,813.13
(iii)	Cash and cash equivalents	12.1	372.38	1,369.23
(iv)	Other bank balances	12.2	2,894.80	1,473.21
(v)	Others financial assets	13	121.77	98.04
c)	Current tax assets (Net)	14	304.99	-
d)	Other Current assets	15	804.56	602.31
	<b>Current Assets - Total</b>		<b>33,063.98</b>	<b>30,532.85</b>
1.3	Assets classified as held for sell	4.1.1	507.58	507.58
	<b>Assets - Total</b>		<b>33,571.56</b>	<b>31,040.43</b>
2	<b>EQUITY AND LIABILITIES</b>		<b>59,298.13</b>	<b>52,946.49</b>
2.1	<b>EQUITY:</b>			
a)	Equity Share Capital	16	1,131.07	1,131.07
b)	Other Equity		43,967.23	40,848.24
	<b>Equity - Total</b>		<b>45,098.30</b>	<b>41,979.31</b>
2.2	<b>LIABILITIES</b>			
2.2.1	<b>Non-current liabilities</b>			
a)	<b>Financial Liabilities</b>			
(i)	Lease Liabilities	41	351.05	407.02
b)	Provisions	17	245.04	377.41
c)	Deferred tax Liabilities (Net)	18	1,177.33	671.51
	<b>Non-current Liabilities - Total</b>		<b>1,773.42</b>	<b>1,455.94</b>
2.2.2	<b>Current Liabilities</b>			
a)	<b>Financial Liabilities</b>			
(i)	Trade payables			
	Total outstanding dues to micro enterprises and small enterprises		2,263.91	1,765.37
	Total outstanding dues to other than micro enterprises and small enterprises	19	6,944.02	5,838.54
(ii)	Lease Liabilities	41	107.13	104.26
(iii)	Others financial liabilities	20	1,718.14	369.73
b)	Provisions	21	95.88	70.50
c)	Current tax liabilities (Net)	22	-	159.99
d)	Other current liabilities	23	1,297.33	1,202.85
	<b>Total Current Liabilities</b>		<b>12,426.41</b>	<b>9,511.24</b>
	<b>Equity and Liabilities - Total</b>		<b>59,298.13</b>	<b>52,946.49</b>

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

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : 28<sup>th</sup> May, 2021

Place : Chennai  
Date : 28<sup>th</sup> May, 2021



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31<sup>st</sup> March, 2021

			(₹ in lacs)	
S. No.	Particulars	Note No.	Apr'20 To Mar'21	Apr'19 To Mar'20
I	Revenue from Operations	24	48,123.12	47,880.92
II	Other Income	25	1,616.58	2,628.73
III	<b>TOTAL INCOME</b>		<b>49,739.70</b>	<b>50,509.65</b>
IV	<b>Expenses:</b>			
	Cost of Material Consumed	26	32,626.17	31,431.07
	Changes in inventories of Finished Goods and Work-in-Progress	27	(133.09)	29.09
	Other Operating Expenses	28	2,163.17	2,287.63
	Employee Benefit Expenses	29	6,614.25	6,040.29
	Finance Costs	30	56.12	55.98
	Depreciation and Amortisation Expenses	4.1- 4.3	1,034.93	940.76
	Other Expenses	31	2,317.65	2,434.08
	<b>TOTAL EXPENSES</b>		<b>44,679.20</b>	<b>43,218.90</b>
V	Profit Before Tax (I - IV)		5,060.50	7,290.75
VI	<b>Share of Net (Loss) of Associate &amp; Others:</b>			
	(1) Share of (Loss) - Non-Controlling Interests		(0.01)	(0.01)
	(2) Share of (Loss) on non-integral interest - Associate		-	(166.09)
			<b>5,060.49</b>	<b>7,124.65</b>
VII	<b>TAX EXPENSES:</b>			
	(1) Current Tax	33.1	1,026.47	1,733.83
	(2) Income tax relating to earlier year	33.1	(388.83)	-
	(3) Deferred Tax	33.3	74.35	(43.47)
	(4) Deferred tax relating to earlier years	33.1	385.21	-
			<b>1,097.20</b>	<b>1,690.36</b>
VIII	Profit for the year (V-VI)		3,963.29	5,434.29
IX	<b>OTHER COMPREHENSIVE INCOME (OCI):</b>			
	A (i) Items that will not be reclassified to Profit or Loss		437.12	(39.74)
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss	32	(46.28)	(453.44)
	<b>Total other comprehensive (loss) / income for the year, net of tax</b>		<b>390.84</b>	<b>(493.18)</b>
X	<b>Total Comprehensive Income for the year (VII+VIII) (Comprising Profit for the year and other comprehensive income)</b>		<b>4,354.13</b>	<b>4,941.11</b>
XI	<b>Profits attributable to :</b>			
	Owners of the Company		3,963.30	5,434.30
	Non-controlling interests		(0.01)	(0.01)
			3,963.29	5,434.29
XII	<b>Total Comprehensive Income attributable to :</b>			
	Owners of the Company		4,354.14	4,941.12
	Non-controlling interests		(0.01)	(0.01)
			<b>4,354.13</b>	<b>4,941.11</b>
XIII	<b>Earnings per equity share</b>			
	1. Basic	44	17.52	24.02
	2. Diluted	44	17.52	24.02

See accompanying notes to Consolidated Financial Statements

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

**Ananthi Amarnath**  
Partner

For and on behalf of the Board of Directors

**T K Balaji**  
Chairman

**Elango Srinivasan**  
Chief Financial Officer

**Arvind Balaji**  
Managing Director

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : 28<sup>th</sup> May, 2021

Place : Chennai  
Date : 28<sup>th</sup> May, 2021

CORPORATE OVERVIEW

STATUTORY REPORTS

FINANCIAL STATEMENTS



# CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

S. No.	Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
A.	<b>Cash flows from Operating Activities:</b>		
	Net Profit before tax	5,060.50	7,290.75
	Adjustments for		
	<b>Add/(Less):</b> - Depreciation and amortization expenses	1,034.93	940.76
	- Dividend Income recognised in profit or loss	(162.67)	(213.03)
	- Interest Income recognised in profit or loss	(264.44)	(230.77)
	- Increase in Fair value of investments	-	(422.59)
	- Profit on sale of investments(net)	(1,048.16)	(447.32)
	- Profit on sale of land	-	(1,164.91)
	- Property, plant and equipment written off	4.58	1.72
	- Investments written off	88.51	20.32
	- Advances written off	0.84	-
	- Finance costs recognised in profit or loss	56.12	55.98
	- Share of loss of Associates	-	166.09
	- Net unrealised exchange (gain) / loss	72.05	(5.20)
	<b>Operating Profit before Working Capital changes</b>	<b>4,842.26</b>	<b>5,991.80</b>
	Adjustments for (increase) / decrease in operating assets:		
	- Loans	5.61	4.99
	- Other Non-current Financial Assets	(2.91)	(2.43)
	- Other Non-current assets	(9.37)	(0.81)
	- Trade Receivables	(2,127.78)	1,584.73
	- Inventories	(509.01)	(334.70)
	- Other Current Financial Assets	5.82	6.02
	- Other Current assets	(207.03)	(203.74)
	Adjustments for increase / (decrease) in operating liabilities:		
	- Trade Payables	1,604.02	77.08
	- Other Financial Liabilities	1,348.41	(10.58)
	- Other Liabilities	103.73	(244.89)
	- Non-current Provisions	(132.37)	31.41
	- Current Provisions	5.97	15.40
	Cash generated from operations	4,927.35	6,914.28
	Income taxes paid	(1,102.62)	(1,745.15)
	<b>Net Cash generated by Operating Activities (A)</b>	<b>3,824.73</b>	<b>5,169.13</b>

# CONSOLIDATED STATEMENT OF CASH FLOW (CONTD.)

for the year ended 31<sup>st</sup> March, 2021

		(₹ in lacs)	
S. No.	Particulars	Apr' 20 To Mar' 21	Apr' 19 To Mar' 20
B.	<b>Cash flows from Investing Activities:</b>		
	Purchase of Property, Plant & Equipment (including CWIP)	(3,713.56)	(1,837.99)
	Acquisition of investments	(27,434.60)	(44,542.80)
	Proceeds on sale of land	-	1,184.06
	Proceeds on sale of investments	28,818.55	44,799.07
	Interest Received	234.89	226.58
	Dividend Received	162.67	213.03
	Increase / (decrease) in other bank balances	(1,421.59)	(700.38)
	<b>Net Cash used in Investing Activities (B)</b>	<b>(3,353.64)</b>	<b>(658.43)</b>
C.	<b>Cash flows from Financing Activities:</b>		
	Payment of lease liabilities	(54.53)	(763.61)
	Finance costs (including interest on lease payments)	(56.12)	(55.98)
	Dividends and taxes on dividend paid	(1,357.29)	(2,931.69)
	<b>Net Cash used in Financing Activities (C)</b>	<b>(1,467.94)</b>	<b>(3,751.28)</b>
D.	Net Increase / (decrease) in Cash and Cash Equivalents (A+B+C)	(996.85)	759.42
E.	Add : Cash & Cash Equivalents as at beginning of the year - Refer Note 12.1	1,369.23	609.81
F.	Cash & Cash Equivalents as at end of the year - Refer Note 12.1	372.38	1,369.23

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

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : 28<sup>th</sup> May, 2021

Place : Chennai  
Date : 28<sup>th</sup> May, 2021



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31<sup>st</sup> March, 2021

## Equity Share Capital

(₹ in lacs)

Particulars	No. of Shares	Amount
Equity shares of ₹ 5 each issued, subscribed and fully paid		
As at 1 <sup>st</sup> April, 2019	2,26,21,424	1,131.07
<b>Add:</b> Issued during the year	-	-
As at 31 <sup>st</sup> March, 2020	2,26,21,424	1,131.07
<b>Add:</b> Issued during the year	-	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>2,26,21,424</b>	<b>1,131.07</b>

## Other Equity

(₹ in lacs)

Particulars	Reserves and Surplus			Other Comprehensive Income		Total Equity attributable to equity share holder	Non - controlling interests	Total
	Capital Redemption Reserve	Retained Earnings	General Reserve	Exchange differences on translating statements of foreign operation	Other items of Other Comprehensive Income			
Balance as of 1 <sup>st</sup> April, 2019	39.56	23,140.70	10,948.26	(40.04)	4,821.55	38,910.04	0.36	38,910.40
<b>Changes in the equity for the year ended 31<sup>st</sup> March, 2020</b>								
Dividends	-	(2,431.83)	-	-	-	(2,431.83)	-	(2,431.83)
Dividend Tax	-	(499.86)	-	-	-	(499.86)	-	(499.86)
Profits for the year	-	5,434.29	-	-	-	5,434.29	(0.01)	5,434.28
Other Comprehensive Income	-	-	-	-	(493.18)	(493.18)	-	(493.18)
Exchange difference on translation of foreign operation	-	-	-	(71.57)	-	(71.57)	-	(71.57)
<b>Balance as of 31<sup>st</sup> March, 2020</b>	<b>39.56</b>	<b>25,643.30</b>	<b>10,948.26</b>	<b>(111.61)</b>	<b>4,328.37</b>	<b>40,847.89</b>	<b>0.35</b>	<b>40,848.24</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CNTD.)

for the year ended 31<sup>st</sup> March, 2021

Particulars	Reserves and Surplus			Other Comprehensive Income		Total Equity attributable to equity share holder	Non - controlling interests	(₹ in lacs) Total
	Capital Redemption Reserve	Retained Earnings	General Reserve	Exchange differences on translating statements of foreign operation	Other items of Other Comprehensive Income			
Balance as of 1 <sup>st</sup> April, 2020	39.56	25,643.30	10,948.26	(111.61)	4,328.37	40,847.89	0.35	40,848.24
Changes in the equity for the year ended 31 <sup>st</sup> March, 2021								
Dividends	-	(1,357.29)	-	-	-	(1,357.29)	-	(1,357.29)
Profits for the year	-	3,963.29	-	-	-	3,963.29	0.07	3,963.36
Other Comprehensive Income	-	-	-	-	390.84	390.84	-	390.84
Exchange difference on translation of foreign operation	-	-	-	122.08	-	122.08	-	122.08
Balance as of 31 <sup>st</sup> March, 2021	39.56	28,249.30	10,948.26	10.47	4,719.21	43,966.81	0.42	43,967.23

## 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

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : 28<sup>th</sup> May, 2021

Place : Chennai  
Date : 28<sup>th</sup> May, 2021



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 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 Ignition Systems for auto industry with special focus on two-wheelers 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 three manufacturing facilities in India and supplies to domestic as well as overseas markets.

The Company has a foreign direct investment in PT Automotive Systems Indonesia ("PTASI") which is a subsidiary company established based on Notarial Deed DR. A, Partomuan Pohan, SH., LL.M., No. 9 dated 12<sup>th</sup> April, 2006 which was approved by the Ministry of Law and Human Rights on 1<sup>st</sup> May, 2006 No. C-12416 HT.01.01.TH.2006.

The scope of activities comprises producing and marketing on two and three wheels components and spare parts, for Domestic and Export Market. However, no operations have been commenced since inception.

## 2) Basis of preparation of Financial Statements:

The notes provide a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented unless otherwise stated. The financial statements are for the Group consisting of Parent company and its subsidiary PTASI ("the Group"). Also, refer note 2 (v).

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

Accounting policies have been consistently applied except for the changes below:

- (i) On 24<sup>th</sup> March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II of Schedule III and are applicable from 1<sup>st</sup> April, 2021. Key amendments relating to Division II which related to companies whose financial

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

## Balance Sheet:

- Lease liabilities should be separately disclosed under the head "financial liabilities", duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in the name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc."

## Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the consolidated financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

- (ii) The Indian Parliament has approved the Code on Social Security, 2020 which may impact the employee benefit expenses of the Company. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be determined. The Company will give appropriate impact in the financial results once the code becomes effective and related rules to determine the financial impact are notified."

## 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



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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 group 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



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for the year ended 31<sup>st</sup> March, 2021

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 group estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from the historical amounts.

## 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 recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenues and costs relating to sales contracts are recognized as the related goods are delivered, and titles have passed, at which time all the following conditions are satisfied:-

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;



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- it is probable that the economic benefits associated with the transaction will flow to the company ; and
- the costs incurred or to be incurred in respect of the transactions can be measured reliably.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the relatable allocation of the discounts/ incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

### Interest income

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 Goods and service taxes, 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 1<sup>st</sup> 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 to three years .

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

- 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



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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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

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-employment 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



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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.

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## 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)

- 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





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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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 Company 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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 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 compulsorily convertible



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 Parent Group.

## 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 group's lease asset classes primarily consist of leases for land and buildings. The group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (i) the contract involves the use of an identified asset (ii) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the group has the right to direct the use of the asset.

At the date of commencement of the lease, the group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## 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 Group	Country of Incorporation	% shareholding of INEL	Category
PT Automotive Systems Indonesia	Indonesia	99.97%	Subsidiary

### 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 Group 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 Group.

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

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 Group's policies. The consolidated financial statements are presented to the extent possible, in the manner as the Group's individual financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 4.1. Property, Plant & Equipment:

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31<sup>st</sup> March, 2021:

(₹ in lacs)

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 1 <sup>st</sup> April, 2020	713.03	1,583.51	5,919.27	267.05	286.66	44.04	8,813.56
Additions	-	95.88	1,857.31	18.46	40.66	-	2,012.31
Deletions	-	-	36.51	3.55	3.34	3.25	46.65
<b>Gross carrying value as on 31<sup>st</sup> March, 2021 = (A)</b>	<b>713.03</b>	<b>1,679.39</b>	<b>7,740.07</b>	<b>281.96</b>	<b>323.98</b>	<b>40.79</b>	<b>10,779.22</b>
Accumulated depreciation as on 1 <sup>st</sup> April, 2020	-	316.50	2,212.41	94.58	129.80	20.49	2,773.78
Depreciation	-	113.59	697.72	30.28	53.87	4.23	899.69
Accumulated depreciation on deletions	-	-	33.76	0.16	5.22	3.11	42.25
<b>Accumulated depreciation as on 31<sup>st</sup> March, 2020 = (B)</b>	<b>-</b>	<b>430.09</b>	<b>2,876.37</b>	<b>124.70</b>	<b>178.45</b>	<b>21.61</b>	<b>3,631.22</b>
<b>Carrying value as on 31<sup>st</sup> March, 2021 = (A - B)</b>	<b>713.03</b>	<b>1,249.30</b>	<b>4,863.70</b>	<b>157.26</b>	<b>145.53</b>	<b>19.18</b>	<b>7,148.00</b>

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31<sup>st</sup> March, 2020:

(₹ in lacs)

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 1 <sup>st</sup> April, 2019	713.03	1,347.51	5,376.62	211.53	215.74	44.16	7,908.59
Additions	-	236.00	560.98	55.52	71.72	3.79	928.01
Deletions	-	-	18.33	-	0.80	3.91	23.04
<b>Gross carrying value as on 31<sup>st</sup> March, 2020 = (A)</b>	<b>713.03</b>	<b>1,583.51</b>	<b>5,919.27</b>	<b>267.05</b>	<b>286.66</b>	<b>44.04</b>	<b>8,813.56</b>
Accumulated depreciation as on 1 <sup>st</sup> April, 2019	-	218.00	1,620.31	66.15	82.32	16.46	2,003.24
Depreciation	-	98.50	608.95	28.43	48.23	6.42	790.53
Accumulated depreciation on deletions	-	-	16.85	-	0.75	2.39	19.99
<b>Accumulated depreciation as on 31<sup>st</sup> March, 2020 = (B)</b>	<b>-</b>	<b>316.50</b>	<b>2,212.41</b>	<b>94.58</b>	<b>129.80</b>	<b>20.49</b>	<b>2,773.78</b>
<b>Carrying value as on 31<sup>st</sup> March, 2020 = (A - B)</b>	<b>713.03</b>	<b>1,267.01</b>	<b>3,706.86</b>	<b>172.47</b>	<b>156.86</b>	<b>23.55</b>	<b>6,039.78</b>

**Note 4.1.1 - Cost of land approved by the Board of Directors for disposal amounting to ₹ 507.58 lakhs is classified as asset held for sale.**



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### Note 4.2 Investment Property:

Following are the changes in the carrying value of Right to use assets for the year ended 31<sup>st</sup> March, 2021:

(₹ in lacs)

Particulars	Land	Total
Gross carrying value as on 1 <sup>st</sup> April, 2020	513.13	513.13
Effect of foreign currency exchange differences	48.83	48.83
<b>Carrying value as on 31<sup>st</sup> March, 2021 = (A)</b>	<b>561.96</b>	<b>561.96</b>
Gross carrying value as on 1 <sup>st</sup> April, 2019	541.00	541.00
Effect of foreign currency exchange differences	27.87	27.87
<b>Carrying value as on 31<sup>st</sup> March, 2020 = (A - B)</b>	<b>513.13</b>	<b>513.13</b>

### Note 4.3 Intangible Assets:

Following are the changes in the carrying value of Intangible assets for the year ended 31<sup>st</sup> March, 2021:

(₹ in lacs)

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 1 <sup>st</sup> April, 2020	69.24	177.66	70.22	33.32	350.44
Additions	-	-	11.29	-	11.29
<b>Gross carrying value as on 31<sup>st</sup> March, 2021 = (A)</b>	<b>69.24</b>	<b>177.66</b>	<b>81.51</b>	<b>33.32</b>	<b>361.73</b>
Accumulated amortization as on 1 <sup>st</sup> April, 2020	59.19	75.97	26.26	33.32	194.74
Amortization	5.28	17.76	18.80	-	41.84
<b>Accumulated amortization as on 31<sup>st</sup> March, 2021 = (B)</b>	<b>64.47</b>	<b>93.73</b>	<b>45.06</b>	<b>33.32</b>	<b>236.58</b>
<b>Carrying value as on 31<sup>st</sup> March, 2021 = (A - B)</b>	<b>4.77</b>	<b>83.93</b>	<b>36.45</b>	<b>-</b>	<b>125.15</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31<sup>st</sup> March, 2021

Following are the changes in the carrying value of Intangible assets for the year ended 31<sup>st</sup> March, 2020:

(₹ in lacs)

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 1 <sup>st</sup> April, 2019	69.24	177.66	42.08	33.32	322.30
Additions	-	-	28.14	-	28.14
<b>Gross carrying value as on 31<sup>st</sup> March, 2020 = (A)</b>	<b>69.24</b>	<b>177.66</b>	<b>70.22</b>	<b>33.32</b>	<b>350.44</b>
Accumulated amortization as on 1 <sup>st</sup> April, 2019	44.52	58.21	13.68	31.64	148.05
Amortization	14.67	17.76	12.58	1.68	46.69
<b>Accumulated amortization as on 31<sup>st</sup> March, 2020 = (B)</b>	<b>59.19</b>	<b>75.97</b>	<b>26.26</b>	<b>33.32</b>	<b>194.74</b>
<b>Carrying value as on 31<sup>st</sup> March, 2020 = (A - B)</b>	<b>10.05</b>	<b>101.69</b>	<b>43.96</b>	<b>-</b>	<b>155.70</b>

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

#### 4.3. Right to Use Assets:

Following are the changes in the carrying value of Right to use assets for the year ended 31<sup>st</sup> March, 2021:

(₹ in lacs)

Particulars	Leasehold Land	Leasehold Buildings	Total
Gross carrying value as on 1 <sup>st</sup> April, 2020	1,421.51	84.22	1,505.73
Additions	-	2.47	2.47
<b>Gross carrying value as on 31<sup>st</sup> March, 2021 = (A)</b>	<b>1,421.51</b>	<b>86.69</b>	<b>1,508.20</b>
Accumulated amortization as on 1 <sup>st</sup> April, 2020	71.98	31.54	103.52
Amortisation charge during the year	71.89	21.50	93.39
<b>Accumulated amortization as on 31<sup>st</sup> March, 2021 = (B)</b>	<b>143.87</b>	<b>53.04</b>	<b>196.91</b>
<b>Carrying value as on 31<sup>st</sup> March, 2021 = (A - B)</b>	<b>1,277.64</b>	<b>33.65</b>	<b>1,311.29</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

Following are the changes in the carrying value of Right to use assets for the year ended 31<sup>st</sup> March, 2020:

(₹ in lacs)			
Particulars	Leasehold Land	Leasehold Buildings	Total
Gross carrying value as on 1 <sup>st</sup> April, 2019	-	-	-
Reclassification from Land lease pre payments (Note 8 (c ))	935.72	-	935.72
Additions	485.79	84.22	570.01
<b>Gross carrying value as on 31<sup>st</sup> March, 2020 = (A)</b>	<b>1,421.51</b>	<b>84.22</b>	<b>1,505.73</b>
Accumulated amortization as on 1 <sup>st</sup> April, 2019	-	-	-
Amortisation charge during the year	71.98	31.54	103.52
<b>Accumulated amortization as on 31<sup>st</sup> March, 2020 = (B)</b>	<b>71.98</b>	<b>31.54</b>	<b>103.52</b>
<b>Carrying value as on 31<sup>st</sup> March, 2020 = (A - B)</b>	<b>1,349.53</b>	<b>52.68</b>	<b>1,402.21</b>

**Note:** The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31<sup>st</sup> March, 2021

### 5 Non-Current Investments - Unquoted:

Note No.	Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/ Units	As at 31 <sup>st</sup> March, 2021	(₹ in lacs)	
						No. of Shares/ Units	As at 31 <sup>st</sup> March, 2020
(a)	Investments in Equity instruments fully paid up						
i)	Investment carried at cost amount determined using the equity method of accounting (Refer note 3)						
	Synergy Shakthi Renewable Energy Pvt Ltd (Net of impairment in value)	Associate	10	-	-	1,80,00,000	362.99
	Less: Share of Accumulated losses in Associate				-		-362.99
	Net value of investment in Synergy Shakthi Renewable Energy Pvt Ltd				-		-
ii)	Investment carried at fair value through other comprehensive income:						
	Lucas TVS Ltd	Others	100	97,351	9,611.86	97,351	9,181.17
	IRIS Ecopower Venture Private Limited	Others	10	2,93,400	41.34	2,58,400	29.34
					<b>9,653.20</b>		<b>9,210.51</b>
(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 Bonds			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 Limited Series 1			50,000	500.00	50,000	500.00

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31<sup>st</sup> March, 2021



Note No.	Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/ Units	As at 31 <sup>st</sup> March, 2021	(₹ in lacs)	
						No. of Shares/ Units	As at 31 <sup>st</sup> March, 2020
	State Bank of India Series I 8.75 BD Perpetual FVRS 10 Lacs	Others	10,00,000	25	262.52	-	-
	State Bank of India Series I 7.74 BD Perpetual FVRS 10 Lacs		10,00,000	25	256.02	-	-
					<b>2,673.05</b>		<b>2,154.51</b>
(c)	<b>Investments in Venture capital Funds</b>						
	<b>Investment carried at fair value through profit and loss:</b>						
	TVS Shriram Growth Fund Scheme 1B	Others		1.00	0.01	1	0.01
	TVS Shriram Growth Fund Scheme 3			33,000	330.00	18,000	330.00
	Sundaram Alternative Opportunities series		1,00,000	177.48	155.95	200	177.48
					<b>485.96</b>		<b>507.49</b>
					<b>12,812.21</b>		<b>11,872.51</b>
	<b>Other disclosure:</b>						
	Aggregate value of Un-quoted investments - Carried at FVTOCI				9,653.20		9,573.50
	Aggregate value of Un-quoted investments - Carried at FVTPL				485.96		507.49
	Aggregate value of Un-quoted investments - Carried at Amortised cost				2,673.05		2,154.51
	<b>Aggregate carrying value of Un-quoted investments</b>				<b>12,812.21</b>		<b>12,235.50</b>
	Aggregate amount of impairment in value of investments				-		1,437.01

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31<sup>st</sup> March, 2021

Note No.	Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/ Units	As at 31 <sup>st</sup> March, 2021	(₹ in lacs)	
						No. of Shares/ Units	As at 31 <sup>st</sup> March, 2020
<b>Note 2 - Financial information in respect of individually not material associate (upto 30<sup>th</sup> March, 2020):</b>							
	The Group's share of profit (loss)				-	8,294.81	-
	The Group's share of other comprehensive income				-	-	-
	The Group's share of total comprehensive income				-	8,294.81	-
	Aggregate carrying amount of the Group's interests in the associate				-	-	-
	Cumulative share of loss of the associate				-	(362.99)	
<b>Note 3 - Accounting Treatment of Synergy Shakthi Renewable Energy Private Limited (SSREPL):</b>							

During the previous year, the group sold its investment in Synergy Shakthi Renewable Energy Pvt Ltd (SSREPL), an associate, for ₹ 196.20 lakhs on 30<sup>th</sup> March, 2020. The group's share of total accumulated loss in the books of SSREPL upto date of sale amounted to ₹ 729.33 lakhs. However, considering the principles of Ind AS 28, recognition of loss has been restricted to the carrying value in books as on date of sale.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 6 Loans:

(Unsecured and considered good)

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Loans & Advances to employees	82.89	88.50
	<b>82.89</b>	<b>88.50</b>

### 7 Other Financial Assets:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Bank deposits with more than 12 months maturity	46.24	43.33
	<b>46.24</b>	<b>43.33</b>

### 8 Other Non-Current Assets:

(Unsecured and considered good unless otherwise stated):

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Capital Advance	171.87	395.57
b Sundry Deposits	80.24	70.87
	<b>252.11</b>	<b>466.44</b>

### 9 Inventories:

(Lower of Cost and Net realisable value)

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Raw Materials	2,905.22	2,479.67
b Raw Materials - Goods in Transit	348.06	398.71
c Work in Progress	329.65	331.19
d Finished Goods	367.51	537.54
e Finished Goods in Transit	425.22	120.56
f Stores and Spares	1.80	0.78
	<b>4,377.46</b>	<b>3,868.45</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 10 Current Investments - Unquoted: Investment in Mutual Funds

(₹ in lacs)

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2021	No. of Units 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2020
<b>Investment carried at fair value through profit and loss:</b>						
Axis Short Term-G		10	94,56,821	2,259.55	94,56,821	2,093.67
Aditya Birla SL Corporate Bond-G		50	15,22,237	1,307.67	15,22,237	1,191.22
Aditya Birla SL Equity Savings -Growth		10	-	-	19,41,788	241.56
ICICI Pru Short Term-G		30	11,55,193	529.81	29,36,810	1,238.43
ICICI Prudential Equity Income-Growth		10	-	-	19,94,613	253.52
IDFC Bond Medium Term Reg-G		20	16,59,189	606.40	16,59,189	566.52
IDFC Bond Short Term Reg-G		30	33,43,087	1,493.22	33,43,087	1,388.81
Kotak Bond Short-term Reg-G		20	33,97,377	1,387.99	33,97,377	1,291.01
Reliance Short Term Fund -Growth		20	12,71,160	518.57	32,58,368	1,230.85
ICICI Pru Saving -Growth			-	-	3,80,071	1,472.20
Kotak Liquid Reg-Growth			-	-	17,654	706.26
Kotak liquid fund Direct Growth			15,630	650.07	-	-
HDFC Liquid fund Direct Plan - Growth			4,963	200.78	-	-
ICICI pru liquid fund Direct plan - Growth			2,13,695	651.21	-	-
Aditya Birla SL Liquid fund Direct Plan - Growth			1,60,443	531.92	-	-
L&T Liquid fund Direct Growth	Others		17,755	500.49	-	-
Nippon India liquid fund Direct plan - Growth			19,970	1,004.98	-	-
SBI liquid fund Direct plan - Growth			7,781	250.68	-	-
Kotak Treasury Advantage -Growth		20	-	-	45,53,571	1,461.40
HDFC HOF Series 1 1140D November 2017 -1- Reg-G		10	10,00,000	105.79	10,00,000	63.17
Sundaram Money Direct-G:SBBNAB481185			4,62,136	200.56	2,44,660	102.44
IDFC Arbitrage fund G - Direct plan			9,77,227	261.50	9,77,227	251.45
ICICI prudential equity Arbitrage Fund G - Direct Plan			9,34,279	262.09	9,34,279	252.09
Aditya Birla sun life Arbitrage Fund G - Direct Plan			12,03,265	262.09	12,03,265	251.81
Kotak Equity Arbitrage Reg-G Direct: 940614/82			8,67,173	262.59	8,67,173	252.08
			<b>13,247.95</b>		<b>14,308.48</b>	
Aggregate provision for diminution in value of investments			-	-	-	-
			<b>13,247.95</b>		<b>14,308.48</b>	
Aggregate value of Unquoted investments - carried at FVTPL			13,247.95		14,308.48	
<b>Aggregate carrying value of Unquoted investments</b>			<b>13,247.95</b>		<b>14,308.48</b>	

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 11 Trade Receivables:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Trade Receivables - Unsecured		
- Considered good	10,940.07	8,813.13
	<b>10,940.07</b>	<b>8,813.13</b>

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<sup>st</sup> March, 2021, ₹ 9,533.36 lakhs (previous year ₹ 7,817.05 lakhs) represent receivable from customers who represent more than 5 % of total receivables.

The company's receivables are predominantly from its related parties and large Original Equipment Manufacturers. The Company has not incurred any loss due to bad debts in earlier years, therefore, there is no credit risk and no allowance for expected credit losses have been made. Also refer Note 39 (a) (i) to the consolidated financial statements for the year ended 31<sup>st</sup> March, 2021.

## 12.1 Cash & Cash Equivalents:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Balances with banks		
- In current account	370.87	1,363.63
b Cash on hand	1.51	5.60
	<b>372.38</b>	<b>1,369.23</b>

## 12.2 Other Bank Balances:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
- in Fixed deposit	1,485.27	1,404.90
- in Deposit accounts (Dividend Warrants)	1,409.53	68.31
	<b>2,894.80</b>	<b>1,473.21</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 13 Other Financial Assets:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Interest Accrued on deposits and employee dues	117.60	88.05
b Duty draw back receivable	4.17	1.05
c Insurance claim receivable	-	8.94
	<b>121.77</b>	<b>98.04</b>

## 14 Current Tax Assets:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Advance tax (Net of provision of tax amounting to ₹ 9,267.62 lakhs)	304.99	-
	<b>304.99</b>	<b>-</b>

## 15 Other Current Assets:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a <b>Advances other than Capital Advances:</b>		
- Vendor Advance	396.32	452.86
- Rental & Others	3.94	7.65
b <b>Others:</b>		
- Prepaid expenses	325.22	114.25
- Receivable - Others	79.08	27.55
	<b>804.56</b>	<b>602.31</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 16 Share Capital:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>a Authorised Share Capital:</b>		
3,00,00,000 number of Equity shares of ₹ 5 each	1,500.00	1,500.00
(Previous year 30,000,000 number of Equity shares of ₹ 5 each)		
<b>b Issued, Subscribed and Fully Paid up Share Capital:</b>		
2,26,21,424 number of Equity shares of ₹ 5 each	1,131.07	1,131.07
(Previous year 22,621,424 number of Equity shares of ₹ 5 each)		
<b>c Par Value per Share</b>	5.00	5.00
<b>d Number of equity shares at the beginning of the year</b>	2,26,21,424	2,26,21,424
Add: Rights issue	-	-
Share split	-	-
Bonus issue	-	-
Less: Buy back	-	-
Number of equity shares at the end of the year	2,26,21,424	2,26,21,424

- e** Rights attached to equity shares: The Company has only one class of equity shares having par value of ₹ 5 per share (31<sup>st</sup> March, 2020 - ₹ 5/-). 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 31<sup>st</sup> March, 2021, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 6/- (31<sup>st</sup> March, 2020: ₹ 10.75/-). Also Refer Note 43.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## f Number of shares held by share holders more than 5% of total shares

Name of the Share holder	Nos. current year	Nos. previous year
Lucas Indian Service Ltd, India	1,03,77,332	1,03,77,332
Percentage held	45.87%	45.87%
Mahle Electric Drives Japan Corpn., Japan (formerly Kokusan Denki Co Ltd, Japan)	16,41,000	16,41,000
Percentage held	7.26%	7.26%
Mahle Holding (India) Private Limited	30,00,000	30,00,000
Percentage held	13.26%	13.26%

## 17 Non Current Provisions:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Provision for employee benefits:		
- Compensated absences	245.04	377.41
	<b>245.04</b>	<b>377.41</b>

## 18 Deferred Tax Liability:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Deferred Tax Liability (Net) - Refer Note 33.3	1,177.33	671.51
	<b>1,177.33</b>	<b>671.51</b>

## 19 Trade Payables:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Total outstanding dues to micro enterprises and small enterprises (Refer Note 46)	2,263.91	1,765.37
Total outstanding dues to other than micro enterprises and small enterprises	6,944.02	5,838.54
	<b>9,207.93</b>	<b>7,603.91</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 20 Other Financial Liabilities:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Unpaid Dividend	1,409.53	68.46
b Earnest Money Deposit	150.61	79.12
c Commission to Directors	158.00	222.15
	<b>1,718.14</b>	<b>369.73</b>

### 21 Current Provisions:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a <b>Provisions for employee benefits:</b>		
- Compensated absences	67.84	57.47
b <b>Others:</b>		
- Provision for Warranty (Note Below)	28.04	13.03
	<b>95.88</b>	<b>70.50</b>
<b>Note: Product Warranty:</b>		
Opening Balance	13.03	26.01
Additions	27.46	-
Utilizations	(12.45)	(12.98)
<b>Closing Balance</b>	<b>28.04</b>	<b>13.03</b>

### 22 Current Tax Liabilities:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Income tax payable (Net of advance tax amounting to ₹ 8,467.46 lacs)	-	159.99
	<b>-</b>	<b>159.99</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 23 Other Current Liabilities:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Goods and Service Tax payable	472.42	307.18
b Tax Deducted at source/Tax Collected at Source	94.60	67.61
c Professional Tax/PF/ESI payable	43.61	41.41
d Other payable (refer Details below)	686.70	786.65
	<b>1,297.33</b>	<b>1,202.85</b>

### Details of Other payable:

#### 23 (d) Other Payables:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a Provision - Customer	518.97	571.53
b Tool Advance Payable	18.50	20.15
c Gratuity - (Refer Note 35)	141.72	185.01
d Other Liabilities	7.51	9.96
	<b>686.70</b>	<b>786.65</b>

## 24 Revenue from Operations:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Sale of Products:</b>		
a Export Sales	2,302.98	1,451.05
b Domestic Sales	45,727.34	46,384.21
	<b>48,030.32</b>	<b>47,835.26</b>
c Discount to Customers (Turnover Discount)	(260.62)	(412.17)
	<b>47,769.70</b>	<b>47,423.09</b>
d Other operating revenues:		
- Export benefits	50.32	81.08
- Scrap sales and others	303.10	376.75
	<b>48,123.12</b>	<b>47,880.92</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 24.1 Disaggregated revenue information:

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, the Company has identified only one segment as reportable segment which is Electrical and Electronic products for two/three wheelers and engines. Refer Note 42.

## 24.2 Trade Receivables and Contract Balances:

The Company classifies the right to consideration in exchange for deliverables as a trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. In case of customers where the credit is allowed, the same is disclosed in Note 11 - Trade Receivables.

## 24.3 Transaction price allocated to the remaining performance obligation:

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

## 24.4 Information about major customers:

Customers from whom the revenue is more than 10 % of the revenue from external customers of the company are as follows:

(₹ in lacs)		
Name of the Customers	Apr'20 To Mar'21	Apr'19 To Mar'20
Company A	25,745.26	25,469.19
Company B	13,569.54	13,096.29
Company C	1,307.94	5,452.85
Others*	7,407.58	3,816.92
	<b>48,030.32</b>	<b>47,835.26</b>

\*The Company has no other customers from whom the revenue is more than 10 % of the revenue from external customers of the company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 25 Other Income:

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
a Interest Income earned on financial assets that are not designated as fair value through profit and loss (FVTPL):		
i) Bank deposits (at amortised cost)	67.40	50.70
ii) Investments (at amortized cost)	196.72	179.71
iii) Other financial assets (at amortized cost)	0.32	0.36
b Dividend Income from equity investments	162.67	213.03
c Other Non-operating income	141.31	43.47
d Other gains and losses		
i) Net gain on sale of investments (carried at FVTPL)	1,048.16	447.32
ii) Net gain on sale of land (carried at carried at cost)	-	1,164.91
iii) Net gain on foreign currency transactions	-	106.64
iv) Increase in fair value of investments (carried at FVTPL)	-	422.59
	<b>1,616.58</b>	<b>2,628.73</b>

## 26 Cost of Materials Consumed:

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
a Opening Stock of Raw Materials	2,878.38	2,514.49
b <b>Add:</b> Purchases	33,001.07	31,794.96
	<b>35,879.45</b>	<b>34,309.45</b>
c <b>Less:</b> Closing stock of Raw Materials	3,253.28	2,878.38
	<b>32,626.17</b>	<b>31,431.07</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 27 Change in Inventories:

(₹ in lacs)		
Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
<b>Inventories at the end of the period</b>		
Finished Goods	792.73	658.10
Work-in-Progress	329.65	331.19
	<b>1,122.38</b>	<b>989.29</b>
<b>Inventories at the beginning of the period</b>		
Finished Goods	658.10	740.17
Work-in-Progress	331.19	278.21
	<b>989.29</b>	<b>1,018.38</b>
<b>Net Increase / (Reduction)</b>	<b>(133.09)</b>	<b>29.09</b>

## 28 Other Operating Expenses:

(₹ in lacs)		
Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
a Stores & Other Consumables	778.10	814.54
b Power & Fuel	599.21	597.82
c Repairs to Building	165.19	215.29
d Repairs to Machinery	306.93	329.89
e Repairs Others	63.57	146.68
f Royalty/Technical Know-how / Support Fees	9.82	11.19
g Others	240.35	172.22
	<b>2,163.17</b>	<b>2,287.63</b>

## 29 Employee Benefit Expenses:

(₹ in lacs)		
Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
a Salaries & Wages (Refer 29.1)	5,642.55	4,951.69
b Contribution to Provident and other funds (Refer Note 34 & 35)	323.52	326.68
c Staff Welfare expenses	648.18	761.92
	<b>6,614.25</b>	<b>6,040.29</b>

**29.1** (During the year the company introduced a voluntary retirement service scheme which closed on 27/02/2021 and incurred a settlement cost of ₹ 486.15 lakhs which is included in employee benefit expenses in the current year)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 30 Finance Costs:

(₹ in lacs)		
Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
a Bank Charges	7.42	4.97
b Interest on Lease expenses - Refer note 41 (E)	48.70	51.01
	<b>56.12</b>	<b>55.98</b>

## 31 Other Expenses:

(₹ in lacs)		
Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
a Rent	3.61	-
b Repairs to Vehicles	7.75	7.95
c Insurance	52.80	53.40
d Rates and Taxes (Excluding taxes on income)	29.97	32.87
e Communication Expenses	21.95	50.31
f Postage, Printing & Stationery	25.15	35.71
g Sitting Fees	16.00	17.20
h Travelling and Conveyance Expenses	44.03	233.81
i Legal and Professional Charges	220.31	252.53
j Management Charges (Refer Note 36)	478.35	527.03
k Donation	10.88	3.63
l Corporate Social Responsibility (Refer Note 45)	130.00	120.00
m Remuneration to Watch and Ward	136.33	120.15
n Commission to Directors	158.00	222.19
o After Sales service expenses (Warranty)	30.38	24.86
p Net loss on foreign currency transactions	72.05	-
q Freight Outwards	275.17	252.72
r Advertisement and Sales promotion	243.93	232.56
s <b>Audit Fees:</b>		
a) <b>Statutory Auditors:</b>		
i) Statutory Audit	15.00	13.50
ii) Tax Audit	2.50	2.25
iii) Other Attestation Matters	6.20	6.20
iv) Reimbursement of Expenses	0.36	2.57
b) Cost Audit	3.16	3.16
c) Secretarial Audit	1.75	1.75
d) Reimbursement - Other audits	0.65	0.62
t Investment written off	88.51	20.32
u Estate Service Fee	21.45	18.95
v Miscellaneous Expenses	221.41	177.84
	<b>2,317.65</b>	<b>2,434.08</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 32 Items will not be Reclassified to Profit or Loss:

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
Increase/(decrease) in fair value of investments	430.69	(6.20)
Remeasurement of the defined benefit plan	6.43	(33.54)
Increase/(decrease) of DTA on fair value investments	(44.66)	(465.16)
Increase/(decrease) of DTA on defined benefit plan	(1.62)	11.72
	<b>390.84</b>	<b>(493.18)</b>

### 33 Income Taxes and Deferred Taxes:

#### 33.1 Income tax expense in the statement of profit and loss comprise:

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
Current taxes	1,026.47	1,733.83
Income tax relating to earlier year (Refer note 33.1a)	(388.83)	-
Deferred taxes	74.35	(43.47)
Deferred tax relating to earlier year (Refer note 33.1b)	385.21	-
<b>Income tax expense</b>	<b>1,097.20</b>	<b>1,690.36</b>

**33.1a** Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 issued on 20<sup>th</sup> September, 2019, corporate assessee have been given an option to apply a lower income tax rate with effect from 1<sup>st</sup> April, 2019 within the due date of filing of return, subject to certain conditions specified therein. During the year, the company evaluated the impact of availment of the said option, and accordingly opted for a lower income tax rate under section 115BAA at the time of filing the income tax return for FY 19-20. This has resulted in reversal of excess provision of income tax amounting to ₹ 389 lakhs pertaining to FY 19-20.

**33.1b** The company reassessed its deferred tax as at 31<sup>st</sup> March, 2021 and reversed deferred tax asset amounting to ₹ 385 lakhs arising from investment in subsidiary based on probability of realising the same in the foreseeable future.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before income taxes	5,060.49	7,124.65
Applicable tax rates *	25.17%	34.944%
Tax expenses using Company's applicable rate*	1,273.73	2,489.64
Effect on expenses that are not deductible in determining taxable profit	47.56	35.30
Effect of income that is exempt from taxation	(43.71)	(137.24)
Effect of different tax rates for long term capital gains	(155.80)	(568.62)
Effect of concessions on Research and Development expenses	-	(155.06)
Deferred tax impact on rate change	(40.21)	-
Effect of different tax rates of subsidiary operating in jurisdiction	26.83	31.05
Others - Permanent differences	(11.20)	(4.71)
<b>Total</b>	<b>1,097.20</b>	<b>1,690.36</b>

\* The tax rate used for 2020-2021 and 2019-2020 reconciliations above is the Corporate tax rate of 22% and 30% respectively, applicable surcharge and cess payable by corporate entities in India on taxable profits under the Indian Law.

## 33.2 Income Tax on Other Comprehensive Income:

(₹ in lacs)

Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
Deferred taxes on Remeasurement of defined benefit obligation	(1.62)	11.72
Deferred taxes on Fair value measurements of investments	(44.66)	(465.16)
<b>Total</b>	<b>(46.28)</b>	<b>(453.44)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

**33.3 Following is the analysis of the deferred tax asset/(liabilities) presented in the Balance sheet:**

(₹ in lacs)

Particulars	Apr'20 To Mar'21			
	Opening Balance	Recognised in Profit & Loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax assets:</b>				
Rebates and discounts	59.99	(16.78)	-	43.21
Leave encashment	151.96	(73.21)	-	78.75
Early separation scheme	0.01	97.88	-	97.89
Investments in Subsidiary & Associate	428.64	(383.98)	(44.66)	(0.00)
Gratuity	44.50	(7.21)	(1.62)	35.68
Bonus	72.91	(6.32)	-	66.60
Others and provisions	68.25	(19.10)	-	49.15
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(293.90)	(113.55)	-	(407.45)
Investments other than above		62.71	-	(1,141.16)
	(1,203.87)			
<b>Net deferred tax assets / (liabilities)</b>	<b>(671.51)</b>	<b>(459.56)</b>	<b>(46.28)</b>	<b>(1,177.33)</b>

(₹ in lacs)

Particulars	Apr'19 To Mar'20			
	Opening Balance	Recognised in Profit & Loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax assets:</b>				
Rebates and discounts	59.99	-	-	59.99
Leave encashment	142.79	9.17	-	151.96
Early separation scheme	0.10	(0.09)	-	0.01
Investments in Subsidiary & Associate	893.80	-	(508.59)	385.21
Gratuity	90.10	(57.32)	11.72	44.50
Bonus	95.43	(22.52)	-	72.91
Others	39.69	28.56	-	68.25
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(308.28)	14.38	-	(293.90)
Investments other than above	(1,275.16)	71.29	43.43	(1,160.44)
<b>Net deferred tax assets / (liabilities)</b>	<b>(261.54)</b>	<b>43.47</b>	<b>(453.44)</b>	<b>(671.51)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 34 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 thereon 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 ₹ 254.32 Lacs (LY-248.14 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 ₹ 3.61 lakhs (31<sup>st</sup> March, 2020: ₹ 4.75 lakhs) and is included in "Staff Welfare Expenses".



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

**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<sup>st</sup> March, 2021 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.

## 35 The following table set out the status of the gratuity plan and the amount recognised in the company's financial statement as at 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020:

Particulars	(₹ in lacs)	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Net Employee benefit expense recognized in the employee cost in statement of profit &amp; loss account</b>		
Current service cost	65.91	60.42
Interest cost on benefit obligation	70.56	74.83
Expected return on plan assets	(62.11)	(66.87)
<b>Sub Total</b>	<b>74.36</b>	<b>68.38</b>
<b>Recognised in Other Comprehensive Income</b>		
Net actuarial (gain)/loss recognized in the year		
i. Demographic Assumptions on obligation	-	-
ii. Financial Assumptions on obligation	-	-
iii. Experience Adjustments on obligation	(6.43)	33.54
iv. Financial Assumptions on plan assets	(3.52)	(4.26)
<b>Sub Total</b>	<b>(9.95)</b>	<b>29.28</b>
<b>Net benefit expense</b>	<b>64.41</b>	<b>97.66</b>
<b>Balance Sheet</b>		
<b>Benefit asset / liability</b>		
Present value of defined benefit obligation	1,127.34	1,167.40
Fair value of plan assets	985.62	982.38
<b>Assets / (Liability) recognized in the balance sheet</b>	<b>(141.72)</b>	<b>(185.02)</b>
<b>Change in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	1,167.39	1,011.71
Benefits paid	(173.62)	(17.37)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Expenses Recognised in Statement of Profit and Loss Account</b>		
Current service cost	65.91	60.42
Past service cost	-	-
Interest cost on benefit obligation	70.56	74.83
<b>Recognised in Other Comprehensive Income</b>		
Actuarial (gain)/loss on obligation	(2.90)	37.80
<b>Closing defined benefit obligation</b>	<b>1,127.34</b>	<b>1,167.39</b>
<b>Change in the fair value of plan assets</b>		
Opening fair value of plan assets	982.38	881.48
Contributions by employer	111.23	47.14
Contributions transfer in	-	-
Benefits paid	(173.62)	(17.37)
<b>Expenses Recognised in Profit and Loss Account</b>		
Expected return	62.11	66.87
<b>Recognised in Other Comprehensive Income</b>		
Actuarial (gain) / loss on plan assets	3.52	4.26
<b>Closing fair value of plan assets</b>	<b>985.62</b>	<b>982.38</b>
<b>Investment details of the plan assets: Company has deposited with Life Insurance Corporation of India (Company gratuity policy)</b>		

### Assumptions

(₹ in lacs)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Discount Rate (%)	6.66%	6.53%
Estimated Rate of Return on Plan Assets	6.66%	6.53%
Attrition Rate	7.00%	7.00%
Expected rate of salary increase (%)	6.50%	6.00%
Expected Average Remaining Service (years)	9.70	9.70



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

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.

The expected future cash flows in respect of gratuity were as follows:

(₹ in lacs)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Within 1 year	86.09	101.65
1 - 2 years	99.66	94.61
2 - 3 years	138.39	98.63
3 - 4 years	104.12	143.37
4 - 5 years	145.56	126.75
Above 5 years	509.47	584.28

## Sensitivity Analyses

(₹ in lacs)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
A. Discount Rate + 50 BP	7.16%	7.03%
Defined Benefit Obligation [PVO]	1,088.19	1,126.94
Current Service Cost	62.39	63.32
B. Discount Rate - 50 BP	6.16%	6.03%
Defined Benefit Obligation [PVO]	1,168.88	1,210.32
Current Service Cost	67.80	68.69
C. Salary Escalation Rate +50 BP	7.00%	6.50%
Defined Benefit Obligation [PVO]	1,169.76	1,211.40
Current Service Cost	67.71	68.77
D. Salary Escalation Rate -50 BP	6.00%	5.50%
Defined Benefit Obligation [PVO]	1,087.00	1,125.55
Current Service Cost	62.28	63.21



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 36 Related Party Disclosures:

### 36.1

#### a) Related Parties and their relationship where control exists:

Joint Venturers of the Company	:	Lucas Indian Service Ltd (LIS)
		Mahle Electric Drives Japan Corpn. (MEDJC) (formerly Kokusan Denki Co. Ltd, Japan)
		Mahle Holding (India) Private Limited
Ultimate Parents of Joint Venturers of the Company	:	T V Sundram Iyengar & Sons Private Limited
		Mahle GmbH
Subsidiary of the Company	:	PT Automotive Systems Indonesia (PTASI)
Associate of the Company	:	Synergy Shakthi Renewable Energy Pvt. Ltd., (SSREPL) - Upto 30 <sup>th</sup> March, 2020

#### b) Related Parties and their relationship where transaction exists:

Relatives of Ultimate Parent Company	:	Sundaram Clayton Limited
		Sundram Fastners Limited
		TVS Motor Company Limited
		TVS Capital Funds Private Limited
		TVS Electronics Limited
Entities in which KMP has significant influence	:	Lucas TVS Limited
Entities in which Director(s) are interested	:	India Japan Lighting Private Limited - upto 27 <sup>th</sup> Dec, 2019
		TVS Educational Society
		Southern Roadways P Ltd

#### c) Key Managerial Personnel:

Key Managerial Personnel (KMP)	:	Mr Arvind Balaji - Managing Director
		Mr Elango Srinivasan - Chief Financial Officer
		Mr G Venkatram - Company Secretary

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31<sup>st</sup> March, 2021

### 36.2 Disclosure in respect of transactions and balances with related parties:

Description	Joint Venturers of the company			Subsidiary of the company			Relatives of Ultimate Parent			Enterprise in which KMP has significant influence			Associate of the Company (upto March 30, 2020)			Key Managerial Personnel			Entities in which Director(s) are interested			
	2021	2020		2021	2020		2021	2020		2021	2020		2021	2020		2021	2020		2021	2020		
Transactions during the Year																						
MAHLE ELECTRIC DRIVES JAPAN CORPORATION																						
Royalty paid	8.13	34.41																				
Dividend paid	98.46	498.91																				
Sale of products	61.65	15.78																				
LUCAS INDIAN SERVICE LTD																						
Sale of products	2,517.41	1,788.55																				
Rent paid	25.20	22.64																				
Dividend paid	622.64	1,115.56																				
MAHLE HOLDING (INDIA) PVT LTD																						
Dividend paid	180.00	-																				
Expenses reimbursed	0.27	0.27																				
LUCAS TVS LTD																						
Sale of products	-	-								402.49	458.40											
Sale of SSREPL investment	-	-								-	196.20											
Purchase of raw materials	-	-								139.79	130.35											
Lease Rent paid	-	-								93.63	89.17											
Expenses reimbursed	-	-								372.43	378.83											
Travel reimbursements received	-	-								0.84	33.27											
Payment for Services received	-	-								595.24	591.09											
Dividend received	-	-								160.63	184.97											

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31<sup>st</sup> March, 2021



Description	Joint Venturers of the company		Subsidiary of the company		Relatives of Ultimate Parent		Enterprise in which KMP has significant influence		Associate of the Company (upto March 30, 2020)		Key Managerial Personnel		Entities in which Director(s) are interested	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Transactions during the Year</b>														
<b>TVS MOTORS COMPANY LTD</b>														
Sale of products	-	-	-	-	33,248.06	29,699.32	-	-	-	-	-	-	-	-
Services rendered	-	-	-	-	43.37	-	-	-	-	-	-	-	-	-
Payment for Services received	-	-	-	-	0.82	-	-	-	-	-	-	-	-	-
<b>TVS ELECTRONICS LIMITED</b>														
Advances paid for materials	-	-	-	-	0.14	-	-	-	-	-	-	-	-	-
<b>SUNDARAM CLAYTON LIMITED</b>														
Payment for Services received	-	-	-	-	6.66	6.20	-	-	-	-	-	-	-	-
<b>SUNDARAM FASTNERS LIMITED</b>														
Purchase of raw materials	-	-	-	-	318.33	442.42	-	-	-	-	-	-	-	-
<b>INDIA JAPAN LIGHTING PVT LTD</b>														
Sale of products	-	-	-	-	-	-	-	-	-	-	-	-	157.93	-
<b>TVS EDUCATIONAL SOCIETY</b>														
Expenses reimbursement received	-	-	-	-	-	-	-	-	-	-	-	-	10.82	9.76
Payment for Services received	-	-	-	-	-	-	-	-	-	-	-	-	1,083.07	878.83
<b>SOUTHERN ROADWAYS PVT LTD</b>														
Payment for Services received	-	-	-	-	-	-	-	-	-	-	-	-	0.51	-
<b>TVS CAPITAL FUNDS PRIVATE LIMITED</b>														
Investment in funds	-	-	-	-	-	230.00	-	-	-	-	-	-	-	-
Redemption of funds	-	-	-	-	-	167.16	-	-	-	-	-	-	-	-
Decrease in fair value	-	-	-	-	-	408.45	-	-	-	-	-	-	-	-
Other capital receipts	-	-	-	-	75.17	138.89	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	1.75	1.18	-	-	-	-	-	-	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31<sup>st</sup> March, 2021

Description	Joint Venturers of the company		Subsidiary of the company		Relatives of Ultimate Parent		Enterprise in which KMP has significant influence		Associate of the Company (upto March 30, 2020)		Key Managerial Personnel		Key Entities in which Director(s) are interested	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Transactions during the Year</b>														
<b>KMP</b>														
Remuneration paid (Short-term employee benefits):														
Mr Arvind Balaji - Managing Director	-	-	-	-	-	-	-	-	-	-	224.93	276.04	-	-
Mr Elango Srinivasan - Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	53.77	51.18	-	-
Mr G Venkatram - Company Secretary	-	-	-	-	-	-	-	-	-	-	24.18	25.30	-	-
<b>Balances as at year end</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Trade Payables:</b>														
LUCAS INDIAN SERVICE LTD	-	1.92	-	-	-	-	-	-	-	-	-	-	-	-
LUCAS TVS LTD	-	-	-	-	-	-	193.32	113.95	-	-	-	-	-	-
SUNDARAM CLAYTON LIMITED	-	-	-	-	1.41	1.48	-	-	-	-	-	-	-	-
MAHLE ELECTRIC DRIVES JAPAN CORPORATION	-	16.86	-	-	-	-	-	-	-	-	-	-	-	-
SUNDRAM FASTNERS LIMITED	-	-	-	-	103.96	85.56	-	-	-	-	-	-	-	-
TVS EDUCATIONAL SOCIETY	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02
<b>Other Financial Liabilities:</b>														
KMP (Commission payable)	-	-	-	-	-	-	-	-	-	-	113.00	167.00	-	-
MAHLE ELECTRIC DRIVES JAPAN CORPORATION (Dividend payable)	98.46	-	-	-	-	-	-	-	-	-	-	-	-	-
LUCAS INDIAN SERVICE LTD (Dividend payable)	622.64	-	-	-	-	-	-	-	-	-	-	-	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31<sup>st</sup> March, 2021



Description	Joint Venturers of the company		Subsidiary of the company		Relatives of Ultimate Parent		Enterprise in which KMP has significant influence		Associate of the Company (upto March 30, 2020)		Key Managerial Personnel		Entities in which Director(s) are interested	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Balances as at year end</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
MAHLE HOLDING (INDIA) PVT LTD (Dividend payable)	180.00													
<b>Trade Receivables:</b>														
LUCAS INDIAN SERVICE LTD	530.37	207.15		-		-		-		-		-		-
TVS MOTORS COMPANY LTD	-	-		-	6,785.71	5,861.29		-		-		-		-
TVS ELECTRONICS LIMITED	-	-		-	0.14	-		-		-		-		-
MAHLE ELECTRIC DRIVES JAPAN CORPORATION	23.07	-		-		-		-		-		-		-
LUCAS TVS LTD	-	-		-		-	63.75	270.26		-		-		-
<b>Investments in Equity Shares:</b>														
PT Automotive Systems Indonesia	-	-	1,207.98	1,207.98		-		-		-		-		-
LUCAS TVS LTD	-	-		-		-	9,611.86	9,181.17		-		-		-
<b>Investments in Venture Capital Funds:</b>														
TVS CAPITAL FUNDS PRIVATE LIMITED	-	-		-	330.01	330.01		-		-		-		-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 37 Expenditure on R&D:

Description	(₹ in lacs)	
	Apr'20 To Mar'21	Apr'19 To Mar'20
(a) Capital (Refer Note 1 below)	1,088.44	20.55
(b) Revenue: (Refer Note 2 below)		
Salary	547.02	518.72
Electricity	15.63	19.65
Travel	6.34	58.49
Outsourcing	4.37	1.33
Revenue & Others	331.13	297.63
	<b>904.49</b>	<b>895.82</b>
<b>Total R &amp; D expenditure (a) + (b)</b>	<b>1,992.93</b>	<b>916.37</b>

**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.

## 38 Financial Instruments:

The carrying value and fair value of financial instruments by categories as of 31<sup>st</sup> March, 2021 were as follows:

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
<b>Financial assets</b>					
Investments					
Equity Shares	-	-	9,653.20	9,653.20	9,653.20
Mutual Funds and Bonds	2,673.05	13,733.91	-	16,406.96	16,581.51
Trade receivables	10,940.07	-	-	10,940.07	10,940.07
Loans	82.89	-	-	82.89	82.89
Cash and cash equivalents	372.38	-	-	372.38	372.38
Other bank balances	2,894.80	-	-	2,894.80	2,894.80
Other Financial Assets	168.01	-	-	168.01	168.01
<b>Total</b>	<b>17,131.20</b>	<b>13,733.91</b>	<b>9,653.20</b>	<b>40,518.31</b>	<b>40,692.86</b>
<b>Financial liabilities</b>					
Trade payables	9,207.93	-	-	9,207.93	9,207.93
Lease Liability	458.18	-	-	458.18	458.18
Other Financial Liabilities	1,718.14	-	-	1,718.14	1,718.14
<b>Total</b>	<b>11,384.25</b>	<b>-</b>	<b>-</b>	<b>11,384.25</b>	<b>11,384.25</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

The carrying value and fair value of financial instruments by categories as of 31<sup>st</sup> March, 2020 were as follows:

(₹ in lacs)					
Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
<b>Financial assets</b>					
Investments					
Equity Shares	-	-	9,210.51	9,210.51	9,210.51
Mutual Funds and Bonds	2,154.51	14,815.97	-	16,970.48	17,138.77
Trade receivables	8,813.13	-	-	8,813.13	8,813.13
Loans	88.50	-	-	88.50	88.50
Cash and cash equivalents	1,369.23	-	-	1,369.23	1,369.23
Other bank balances	1,473.21	-	-	1,473.21	1,473.21
Other Financial Assets	141.37	-	-	141.37	141.37
<b>Total</b>	<b>14,039.95</b>	<b>14,815.97</b>	<b>9,210.51</b>	<b>38,066.43</b>	<b>38,234.72</b>
<b>Financial liabilities</b>					
Trade payables	7,603.91	-	-	7,603.91	7,603.91
Lease Liability	511.28	-	-	511.28	511.28
Other Financial Liabilities	369.73	-	-	369.73	369.73
<b>Total</b>	<b>8,484.92</b>	<b>-</b>	<b>-</b>	<b>8,484.92</b>	<b>8,484.92</b>

The carrying amounts for assets at amortized cost are considered to be the same as their fair values due to their short-term nature.

### Fair value measurements

#### (i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are classified 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## (ii) Financial assets measured at fair value through Profit & Loss (FVTPL) on a recurring basis

31 <sup>st</sup> March, 2021	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	-	485.96	-	485.96
Investment in Mutual Funds	-	13,247.95	-	13,247.95
<b>Total</b>	<b>-</b>	<b>13,733.91</b>	<b>-</b>	<b>13,733.91</b>

31 <sup>st</sup> March, 2020	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	-	507.49	-	507.49
Investment in Mutual Funds	-	14,308.48	-	14,308.48
<b>Total</b>	<b>-</b>	<b>14,815.97</b>	<b>-</b>	<b>14,815.97</b>

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The investments in mutual funds and venture capital funds are in open ended schemes which are not listed on any recognised stock exchanges. The NAVs are based on the data published by the respective Asset Management Companies. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

31 <sup>st</sup> March, 2021	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	9,653.20	9,653.20
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9,653.20</b>	<b>9,653.20</b>

31 <sup>st</sup> March, 2020	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	9,210.51	9,210.51
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9,210.51</b>	<b>9,210.51</b>

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

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 3 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 6x

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 ₹ 582 lakhs and an increase in the multiple by 0.5x would result in a increase in the fair value by ₹ 582 lakhs.

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	(₹ in lacs)	
	Apr'20 To Mar'21	Apr'19 To Mar'20
Opening Balance	9,181.17	9,187.37
Total (loss) / gain recognized in other comprehensive income	430.69	-6.20
Closing Balance	9,611.86	9,181.17

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 39 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 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 2021, 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

### 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.

**The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:**

Particulars	Currency	31 <sup>st</sup> March, 2021		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹ lacs
Trade Receivables	EUR	85.29	1.82	155.40
	USD	73.11	10.56	772.10
Trade Payables	EUR	86.90	0.25	21.84
	USD	73.86	6.53	482.54
	JPY	0.67	69.78	46.63
	GBP	101.46	0.01	1.44
		31 <sup>st</sup> March, 2020		
Trade Receivables	EUR	82.85	0.44	36.19
	USD	74.89	6.00	449.68
	JPY	0.69	7.68	5.31
Trade Payables	USD	75.80	6.29	476.53
	EUR	83.95	0.01	0.84
	JPY	0.70	32.72	22.95

### 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 ₹ 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## Foreign currency sensitivity

(₹ in lacs)

Particulars	31 <sup>st</sup> March, 2021			31 <sup>st</sup> March, 2020	
	Currency	Increase	Decrease	Increase	Decrease
Effect on profit before tax	EUR	6.70	(6.70)	1.81	(1.81)
Increase/(Decrease)	USD	14.72	(14.72)	(1.06)	1.06
	JPY	(2.33)	2.33	(0.87)	0.87
	GBP	(0.07)	0.07	-	-
Effect on equity	EUR	8.51	(8.51)	1.81	(1.81)
Increase/(Decrease)	USD	13.66	(13.66)	(1.06)	1.06
	JPY	(3.20)	3.20	-	-
	GBP	(0.07)	0.07	-	-

## Commodity Risk

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

### iii. Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

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

(₹ in lacs)

Particulars	31 <sup>st</sup> March, 2021				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade and other payables - Non interest bearing	9,207.93	-	-	-	9,207.93
Lease Liability	107.13	185.16	182.88	146.30	621.47
Other financial liabilities	1,718.14	-	-	-	1,718.14
<b>Total</b>	<b>11,033.20</b>	<b>185.16</b>	<b>182.88</b>	<b>146.30</b>	<b>11,547.54</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

Particulars	31 <sup>st</sup> March, 2020				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade and other payables - Non interest bearing	7,603.91	-	-	-	7,603.91
Lease Liability	104.26	204.79	178.72	237.75	725.52
Other financial liabilities	369.73	-	-	-	369.73
<b>Total</b>	<b>8,077.90</b>	<b>204.79</b>	<b>178.72</b>	<b>237.75</b>	<b>8,699.16</b>

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

(₹ in lacs)

Particulars	31 <sup>st</sup> March, 2021				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade receivables (non interest bearing instruments)	10,940.07	-	-	-	10,940.07
Investments (variable interest bearing instruments)	13,247.95	-	-	12,812.21	26,060.16
Other financial assets (variable interest bearing instruments)	3,388.95	129.13	-	-	3,518.08
<b>Total</b>	<b>27,576.97</b>	<b>129.13</b>	<b>-</b>	<b>12,812.21</b>	<b>40,518.31</b>

(₹ in lacs)

Particulars	31 <sup>st</sup> March, 2020				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Trade receivables (non interest bearing instruments)	8,813.13	-	-	-	8,813.13
Investments (variable interest bearing instruments)	14,308.48	-	-	11,872.51	26,180.99
Other financial assets (variable interest bearing instruments)	2,940.48	131.83	-	-	3,072.31
<b>Total</b>	<b>26,062.09</b>	<b>131.83</b>	<b>-</b>	<b>11,872.51</b>	<b>38,066.43</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 40 Contingent liabilities & Commitments:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>(i) Contingent liabilities</b>		
a Money for which the company is contingently liable	2.00	2.00
<b>(ii) Commitments</b>		
a Estimated amount of contracts remaining to be executed on capital account and not provided for	1,761.81	2,690.23

## 41 Leases:

### A) Break-up of current and non-current lease liabilities:

The following is the break-up of current and non-current lease liabilities as at 31<sup>st</sup> March, 2021:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
a) Current lease liabilities	107.13	104.26
b) Non current lease liabilities	351.05	407.02
	<b>458.18</b>	<b>511.28</b>

### B) Movement in Lease liabilities:

The following is the movement in lease liabilities during the ended 31<sup>st</sup> March, 2021:

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Balance as on 1 <sup>st</sup> April 2020	511.28	704.88
Additions	2.47	570.01
Finance costs accrued during the period	48.70	51.01
Payment of Lease liabilities	104.27	814.62
<b>Balance as on 31<sup>st</sup> March, 2021</b>	<b>458.18</b>	<b>511.28</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

C) The table below provides details regarding the contractual maturities of lease liabilities as at 31<sup>st</sup> March, 2021 on an undiscounted basis:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
i) Less than one Year	107.13	104.26
ii) One to five years	368.04	383.51
iii) More than five years	146.3	237.75
<b>Total</b>	<b>621.47</b>	<b>725.52</b>

D) The impact of changes in accounting policy on account of adoption of Ind AS 116 is as follows.

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Increase in lease liability by	511.28	511.28
Increase in rights of use by (including reclassifications)	2.47	1,505.73
Increase/(Decrease) in finance cost by	48.70	51.01
Increase/(Decrease) in depreciation by	93.39	103.52

E) Amounts recognized in profit or loss

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Interest on lease liabilities	48.70	51.01

F) Amounts recognized in profit or loss

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Total cash outflows for leases - principle repayments	55.57	763.61
Total cash outflows for leases - interest repayments	48.70	51.01
<b>Total</b>	<b>104.27</b>	<b>814.62</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 42 Operating Segment:

The operations of the company relate to only one segment which is Electrical and 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:

(₹ in lacs)		
Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
<b>Revenue from Operations:</b>		
India	45,820.14	46,429.87
Rest of the World	2,302.98	1,451.05
<b>Segment Assets:</b>		
India	58,065.64	51,978.78
Rest of the World	927.50	967.71
<b>Capital Expenditure:</b>		
India	2,811.65	1,750.69
Rest of the World	901.91	87.30

## 43 i) Amount of dividend to Equity share holders:

(₹ in lacs)		
Particulars	Apr'20 To Mar'21	Apr'19 To Mar'20
Dividends on Equity shares:		
Interim dividend for the year ended 31 March 2021, ₹ 6 per share (31 March 2020, ₹ 10.75* per share)	1,357.29	2,431.83
Dividend tax paid on the above	-	499.86

\*includes final dividend of FY 18-19 of ₹ 4/- per share.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

## 44 Note on Earnings per share:

Particulars	(₹ in lacs)	
	Apr'20 To Mar'21	Apr'19 To Mar'20
Profit after tax	3,963.29	5,434.29
Number of equity shares of ₹ 5 each at the beginning of the year	2,26,21,424	2,26,21,424
Number of equity shares of ₹ 5 each at the end of the year (B)	2,26,21,424	2,26,21,424
Earnings per share (basic and diluted in Rupees) (A/B)	17.52	24.02

## 45 Details of CSR Expenditure:

Particulars	(₹ in lacs)	
	Apr'20 To Mar'21	Apr'19 To Mar'20
a. Gross amount required to be spent by the Company during the year	130.00	120.00
b. Amount spent during the year on:		
<b>Category</b>		
(i) Construction/Acquisition of Asset:		
In cash	- NIL -	- NIL -
Yet to be paid in cash	19.52	22.42
(ii) On purposes other than (i) above		
In cash	110.48	97.58
Yet to be paid in cash	- NIL -	- NIL -

## 46 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	(₹ in lacs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	2,263.91	1,765.37
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2021

Micro, Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of confirmations from such parties collected by the Management till date.

**47** The company has assessed the impact of COVID-19 on its financial results based on the internal and external information, to the extent known and available, up to the date of approval of these financial statements and expects to recover the carrying amounts of property, plant and equipment, investments, inventories, trade receivables, other financial assets and other assets.

**48** The Indian Parliament has approved the Code on Social Security, 2020 which could impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the change are applicable is yet to be notified and final rules are yet to be framed. The Company will carry out an evaluation of the impact and record the same in the financial statements in the period in which the Code becomes effective and the related rules are published.

## 49 Approval of Financial Statements

The consolidated financial statements were approved for issue by the board of directors on 28<sup>th</sup> May, 2021.

For and behalf of the Board

**T K BALAJI**

Chairman

**ARVIND BALAJI**

Managing Director

**ELANGO SRINIVASAN**

Chief Financial Officer

**G VENKATRAM**

Company Secretary

Place : Chennai

Date : 28<sup>th</sup> May, 2021

Place : Chennai

Date : 28<sup>th</sup> May, 2021



# NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 36<sup>th</sup> Annual General Meeting of the Shareholders of India Nippon Electricals Limited will be held on Friday the 17<sup>th</sup> September, 2021 through Video Conferencing (V.C.)/ Other Audio-Visual Means (O.A.V.M.) at 10:00 A.M. (I.S.T.) to transact the following businesses:

## Ordinary Business

### 1. Adoption of audited accounts for the year ended 31<sup>st</sup> March, 2021 and the Directors' and Auditors' report thereon.

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

**RESOLVED THAT** the audited balance sheet as at 31<sup>st</sup> March, 2021, 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 2020-21

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

**RESOLVED THAT** the interim dividend of ₹ 6.00 declared and paid for every equity share of face value of ₹ 5 each on 22621424 equity shares, by the Board of Directors of the Company as per Resolution passed on 26<sup>th</sup> March, 2021, absorbing a total sum of ₹ 1,357.29 Lacs,

be and is hereby noted and confirmed as the final dividend for the year ended 31<sup>st</sup> March, 2021.

### 3. 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** Ms Priyamvada Balaji (DIN: 00730712), Director, who retires by rotation and being eligible, offers herself for re-appointment, be and is hereby re-appointed as a Director of the Company liable for retirement by rotation.

## Special Business

### 4. Ratification of the remuneration of Mr K Suryanarayanan, the Cost Auditor for the year 2021-22

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

**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration not exceeding ₹ 3.30 lakhs (Rupees three lakh thirty thousand only) plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending 31<sup>st</sup> March, 2022 to be paid to Mr K Suryanarayanan, Cost

Accountant (Registration No.24946) as approved by the Board of Directors of the Company to conduct the audit of the cost records, be and is hereby ratified and confirmed.

## 5. Approval of Related Party Transactions

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

**RESOLVED THAT** in partial modification of the Resolution passed by the members at the Annual General Meeting held on 27<sup>th</sup> August, 2018 and pursuant to the provisions of Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 (Listing Regulations), the Company's Policy on materiality of Related Party Transactions and dealing with Related Parties, 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, consent of the members be and is hereby accorded to the Board (which term shall include any Committees of the Board) of the company to enter into contract(s)/ arrangement(s)/ transaction(s) with TVS Motor Company Limited with effect from the financial year 2021-22 for sale, purchase or supply of goods or materials, or any other transactions of whatever nature, at arm's length basis and in the ordinary course of business subject to the terms, conditions and limits as specified in the explanatory statement annexed to and forming part of the Notice.

**RESOLVED FURTHER THAT** the terms and conditions of the transaction with TVS

motor Company Ltd shall be approved by the Audit Committee.

## 6. Approval to keep the Register of Members, Index of Members and any other statutory registers/ records at the place where Cameo Corporate Services Ltd decides to carry on the Share Registry work for the company.

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**RESOLVED THAT** pursuant to Section 94 and other provisions of the Companies Act, 2013, approval of the members be and is hereby accorded to keep the Register of Members, the Index of Members and any other statutory registers/records at the office of M/s Cameo Corporate Services Ltd., Chennai (Cameo), Share Transfer Agent of the Company at "Subramanian Building", No.1, Club House Road, Chennai-600002 or at any other place in India where at least one tenth of the total number of members of the company reside for the time being.

## 7. Regularisation of appointment of Mr Kiyoyasu Kawakami as a director liable for retirement by rotation

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

**RESOLVED THAT** subject to the provisions of Sections 152, 160, 161, other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relevant



provisions of the Company's Articles of Association and as recommended by the Nomination & Remuneration Committee of the Company, Mr Kiyoyasu Kawakami (DIN: 0009283649) who was appointed as an Additional Director by the Board on 18<sup>th</sup> August, 2021 and whose term of office is up to the date of the Annual General Meeting, be and is hereby appointed as a Non – Executive Non - Independent Director liable to retire by rotation.

**8. Appointment of Mr Jakob Ruemmler as a director not liable for retirement by rotation**

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

**RESOLVED THAT** subject to the provisions of Sections 152, 160, 161, other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relevant provisions of the Company's Articles of Association and as recommended by the Nomination & Remuneration Committee of the Company, Mr Jakob Ruemmler (DIN: 09237428) who was appointed by the Board on 7<sup>th</sup> August, 2021 to fill the casual vacancy arising out of resignation of Mr Mukesh Kumar Somani (DIN: 06608983) be and is hereby appointed as a Non- Executive Non – Independent Director not liable to retirement by rotation.

By Order of the Board

Place: Chennai

**G Venkatram**

Date: 18<sup>th</sup> August, 2021      Company Secretary

**In terms of Sebi (LODR) Regulations 2015 Read with Secretarial Standards on General Meeting, a brief Profile and other Details of Ms Priyamvada Balaji is given below:**

**Item No: 3**

Priyamvada Balaji was appointed as a director of the company from 29<sup>th</sup> January, 2018 in the casual vacancy arising out of resignation of Mr K Seshadri. She was nominated by Lucas Indian Service Limited (a Joint Venturer/ Promoter Company) to the Board and her appointment was approved by the shareholders at the Annual General Meeting held on 27<sup>th</sup> August, 2018. She is retiring by rotation in the forthcoming AGM. The Nomination and Remuneration Committee had noted that she is eligible for being re-appointed and recommended this for consideration of shareholders.

<b>Name</b>	<b>Ms Priyamvada Balaji</b>
<b>Date of Birth/ Age</b>	42 years
<b>Qualification</b>	<ol style="list-style-type: none"> <li>1. Post Graduate Diploma from the Indian Institute of Management, Ahmedabad (batch of 2000)</li> <li>2. BA in Economics (Silver Medalist) from Stella Maris College, Chennai.</li> </ol>
<b>Brief Resume</b>	<ul style="list-style-type: none"> <li>• She is currently the Whole-time Director of Lucas TVS Limited and Delphi TVS Technologies Ltd.</li> <li>• Prior to joining the TVS group, she had 12 years of experience in Financial Services in Mumbai and Bangalore working with many international companies.</li> <li>• 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.</li> <li>• She has experience with rating large international bond placements.</li> <li>• Within India Ratings, she has had analytical experience in the automotive, metals and mining and industrial sectors.</li> <li>• She also has experience in leading corporates such as HSBC in the corporate bank and in Arthur Andersen in corporate finance.</li> </ul>
<b>Experience</b>	<p>15 years of experience in Industry with respect to:</p> <ol style="list-style-type: none"> <li>1. Playing leadership roles in reputed Companies, with competencies around strategy development &amp; implementation, sales &amp; marketing, business administration, operations and people management.</li> <li>2. Strong knowledge and experience in automotive industry and in managing business operations of a sizeable organization in the business of manufacture and sale of automobiles, automotive electronics and other auto components.</li> <li>3. Practical knowledge and experience in accounting and finance to analyze statements, assess financial viability, contribute to financial planning, oversee budgets and funding.</li> <li>4. Evaluating performance of senior management, and overseeing strategic human capital/ succession planning. Overseeing in industrial relations and organizational change management programmes.</li> <li>5. Relevant knowledge of IT governance and systems including privacy, data management and security.</li> </ol>
<b>Terms and conditions of re-appointment along with details of remuneration and the remuneration last drawn, if applicable</b>	She is being proposed for re-appointment in the same terms and conditions as was applicable to her before she retires by rotation.
<b>Date of first appointment on the Board</b>	29 <sup>th</sup> January, 2018
<b>Shareholding in the company as of date</b>	NIL



<b>Directorships, if any, in other companies</b>	<ul style="list-style-type: none"> <li>• Lucas Indian Service Ltd,</li> <li>• Lucas TVS Ltd,</li> <li>• Delphi TVS Technologies Ltd,</li> <li>• TVS Training and Services Ltd,</li> <li>• TVS Automotive Systems Ltd,</li> <li>• SB TVS Industrial Ventures Pvt Ltd,</li> <li>• Cheema Industrial Ventures Pvt Ltd,</li> <li>• Adyar Property Holding Company Pvt Ltd.,</li> <li>• Tamil Nadu Skill Development Corporation,</li> <li>• Sai Security Printers Pvt Ltd and</li> <li>• TN Apex Skill Development Centre for Automobile.</li> </ul>
<b>Memberships in Board Committees of other companies</b>	Member of Audit Committee of Lucas Indian Service Ltd
<b>Number of meetings of Board attended during the year 2020-21</b>	5 meetings viz., 27 <sup>th</sup> June, 2020, 20 <sup>th</sup> August, 2020, 12 <sup>th</sup> November, 2020, 12 <sup>th</sup> February, 2021 and 26 <sup>th</sup> March, 2021.
<b>Relationship with other Directors/ Manager/ other Key Managerial Personnel of the company</b>	Ms Priyamvada Balaji is related to the Managing Director and Chairman of the Company.

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

The resolution is recommended by the Board for the approval of shareholders.

## 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.4-8 of the Notice.**

### Item No: 4

At the meeting held on 28<sup>th</sup> May, 2021, the Board had approved, after considering the recommendations of the Audit Committee, the re-appointment of Mr K Suryanarayanan, Cost Accountant (Registration No.24946), for the conduct of Cost Audit of the Company at a remuneration of ₹ 3.30 lakhs and reimbursement of actual travel and out-

of-pocket expenses for the financial year ending 31<sup>st</sup> March, 2022. The remuneration approved by the Board of Directors needs to be ratified by the shareholders in terms of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested, financially or otherwise in the resolution set out at item no. 4 of the Notice. The Board of Directors accordingly recommends the Ordinary Resolution for approval by the members.



## Item No: 5

At the Annual General Meeting held on 27<sup>th</sup> August, 2018, the members had approved transacting with, inter-alia, TVS Motor Company Limited (TVSM), a related party, in any financial year, up to a limit of 70% of the consolidated turnover of the Company for the previous financial year as per the Audited Financial Statements. The approval was given considering the importance of the Company's relationship with TVSM as TVSM was the Company's most important customer right from inception and that TVSM contributes significantly to the Company's revenue and profits. All transactions with TVSM are carried out based on competitive considerations as TVSM has local & global suppliers and the Company has to compete with them for winning TVSM's business.

Owing to the COVID-19 Pandemic, the turnover of the Company for the financial year 2020-21 was impacted and hence, as a percentage of the Consolidated Turnover of previous year, the transactions for the year 2021-22 could be higher than the 70% limit approved, considering the expected rebound in the two-wheeler market. Also, going forward, the Company expects higher turnover with TVSM commensurate with its growth in overall sales and hence, from the financial year 2021-22, the Company proposes to seek the approval of members for an absolute threshold in monetary terms for transacting with TVSM as per the material terms below:

Name of Related Party	Name of Director/ KMP interested	Nature of relationship	Aggregate maximum value of the contract/ arrangement per transaction in any financial year	Nature and material terms of Contract/ arrangement/ transaction
TVS Motor Company Limited	None	Subsidiary of the ultimate parent Company i.e. TV Sundram Iyengar & Sons Private Limited	₹ 500 Crore per financial year	<p>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 Committee within the overall limits approved by the members.</p> <p>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.</p>

- All the transactions were on continuing basis and were undertaken on arm's length basis and in the ordinary course of business.
- The transactions were based on RFQs, Purchase / Service Orders issued from time to time.
- In case of proprietary products, prices are negotiated and agreed mutually based on product specification and degree of customization/ technology involved.



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 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.

#### **Item No: 6**

The Company's existing Share Transfer Agents (STA), Sundaram Clayton Limited (SCL), had communicated their discontinuation of services to all listed Companies they were serving and had issued a notice of termination of service vide their letter dated 1<sup>st</sup> February, 2021.

The Company had three months from 1<sup>st</sup> February, 2021 to transfer the records and migrate to another STA and consequently, the Board had appointed M/s Cameo Corporate Services Ltd, Chennai (Cameo) as the new STA of the Company for a period of three years from the effective date of their appointment, which may be renewed from time to time.

The Shareholders had approved maintaining the Register/ Index of Members, Duplicate Share Certificate Registers and Register of Security Holders at the office of SCL on 10<sup>th</sup> April, 2013 under the provisions of Companies Act, 1956. Now, approval of members is being sought to maintain the

said Registers & Records at the premises where Cameo is currently operating i.e. "Subramanian Building", No.1, Club House Road, Chennai-600002 or at any other place where atleast one tenth of the total number of members of the Company reside, as required by the Companies Act, 2013.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution. The Directors recommend the special resolution for approval of the members.

#### **Item Nos: 7 & 8**

As per Article 85(b)(ii) of the Articles of Association of the Company, Mahle Electric Drives Japan Corporation (MEDJ), a Promoter of the Company, is entitled to nominate two Directors on the Board till the time MEDJ along with Mahle Holding (India) Pvt Limited (MHIL), which is another Promoter of the Company, holds not less than fifteen percentage (15%) of the Company's share capital. Both collectively hold 20.51% of the Company's share capital. This clause was approved by the shareholders at the Annual General Meeting held on 21<sup>st</sup> September, 2020. Mr Mukesh Somani (DIN 06608983) and Mr Tadaya Momose (DIN 06984707) were the Directors on the Company's Board as MEDJ nominees. Mr Mukesh Somani was not liable to retire by rotation while Mr T Momose was liable to retire by rotation.

Due to organizational changes at MEDJ, MEDJ had communicated about appointing two new Directors on the Board of the Company in the place of the existing Directors nominated by them. The two existing Directors had tendered their resignation from the Board with effective from 7<sup>th</sup> August, 2021. The following table shows the changes proposed:

Name of the Existing Director	Status of Directorship	Replacing Director
<b>Mr Mukesh Somani</b>	Not liable to retire by rotation	Mr Jakob Ruemmler (DIN 09237428)
<b>Mr Tadaya Momose</b>	Liable to retire by rotation	Mr Kiyoyasu Kawakami (DIN 0009283649)

Mr Jakob Ruemmler had been appointed in the casual vacancy, as per Section 161 of the Act, arising out of the resignation of Mr Mukesh Somani at the Board meeting held on 7<sup>th</sup> August, 2021 and is being placed for confirmation of the shareholders as required by that Section. Accordingly, the term of appointment of Mr Jakob Ruemmler shall commence on 7<sup>th</sup> August, 2021. Mr Jakob Ruemmler will not be liable to retire by rotation as he replaces Mr Mukesh Somani who was not liable to retire by rotation.

Mr Kiyoyasu Kawakami was appointed as an additional Non – Executive Non – Independent Director liable to retire by rotation on 18<sup>th</sup> August, 2021. Accordingly, the same is being placed for regularization of the members as required by the Companies Act, 2013.

Both Mr Jakob Ruemmler and Mr Kiyoyasu Kawakami's Directorships has been recommended by the Nomination and Remuneration Committee at their meeting held on 6<sup>th</sup> August, 2021 and approved by the Board on 7<sup>th</sup> August, 2021 and 18<sup>th</sup> August, 2021 respectively. They had submitted all the relevant declarations as required by the Companies Act, 2013 and SEBI Listing Regulations which were considered by the NRC and Board.

None of the Directors, except for the appointees, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution. The Directors recommend the Ordinary Resolution for approval of the members. Details as per the Secretarial Standards and SEBI (LODR) Regulations are as below:

Name	Mr Jakob Ruemmler	Mr Kiyoyasu Kawakami
<b>Date of Birth/ Age</b>	36 years	58 years
<b>Qualification</b>	<ol style="list-style-type: none"> <li>1. Certified Tax Advisor</li> <li>2. Business studies at the University for Business and Environment Nürtingen-Geislingen</li> <li>3. Degree: Diploma with award in business administration</li> </ol>	<ol style="list-style-type: none"> <li>1. Shibaura Institute of Technology, Mechanical Engineering</li> <li>2. Project Management (PMP in 2001)</li> <li>3. Engineering management, Process Engineering and management</li> <li>4. Vehicle production system</li> <li>5. SAP / MES system</li> </ol>



<b>Brief Resume &amp; Experience</b>	<ul style="list-style-type: none"> <li>• Currently CFO of Mahle India, Service Controlling Asia and Head of Financial Analysis and Planning for Asia</li> <li>• Earlier, had served as:               <ol style="list-style-type: none"> <li>a) Head of/Senior Manager Financial Analysis, Asia and Service Controlling Asia from Tokyo, Japan</li> <li>b) Financial Analyst Europe at MAHLE International GmbH, Germany</li> <li>c) Senior Audit Consultant, Tax advisor at PriceWaterhouseCoopers AG</li> </ol> </li> <li>• Total 12 years of experience.</li> </ul>	<p>Currently, General Manager and Director in Mahle Electric Drives Japan Corporation, VP Operation in China and Plant Manager in Japan.</p> <ul style="list-style-type: none"> <li>• Handling Project management for large OEM projects in several countries.</li> <li>• Total 34 years of experience in Automotive for global customers. Especially for Project/engineering management for OEM.</li> <li>• Previously worked with Shanghai GM, DCX Bramalea/Jefferson, GM Thailand, GM India, Mercedes Benz Alabama, NED CAR (Netherlands), Ford Motor India, Ford Motor (USA, UK), GM Indonesia, GM Holden, Nissan, Karmann, Webasto.</li> </ul>
<b>Terms and conditions of appointment or re-appointment along with details of remuneration and the remuneration last drawn, if applicable</b>	Director not retiring by rotation. He shall be entitled for remuneration as applicable to all the Non-executive Directors of the Company.	Director retiring by rotation. He shall be entitled for remuneration as applicable to all the Non-executive Directors of the Company.
<b>Date of first appointment on the Board</b>	7 <sup>th</sup> August, 2021	18 <sup>th</sup> August, 2021
<b>Shareholding in the company as of date</b>	NIL	NIL
<b>Directorships, if any, in other companies</b>	NIL	NIL
<b>Memberships in Board Committees of other companies</b>	NIL	NIL
<b>Number of meetings of Board attended during the year 2020-21</b>	NA	NA
<b>Relationship with other Directors/ Manager/ other Key Managerial Personnel of the company</b>	NIL	NIL

## Important Notes to Shareholders:

- 1) In view of the situation arising due to COVID-19 global pandemic, the Annual General Meeting (AGM) shall be conducted through video conferencing (VC) or Other Audio Visual Means (OAVM) as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No.02/2021 dated 13<sup>th</sup> January, 2021 and SEBI Circular No. SEBI/ HO/ CFD/ CMD2/ CIR/ P/ 2021/ 11 dated 15<sup>th</sup> January, 2021 and other applicable provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2) The Company has enabled the Members to participate and vote at the 36<sup>th</sup> AGM through VC/ OAVM facility provided by Central Depository Services (India) Limited (CDSL). The instructions for participation by Members in the AGM, remote e-voting and e-voting at the AGM are given in the subsequent paragraphs.
- 3) A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the special businesses to be transacted at the 36<sup>th</sup> AGM is annexed hereto. All documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection electronically at the link mentioned therein, wherever applicable. In other cases, Members seeking to inspect the documents can send an email to investors@inel.co.in.
- 4) Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA & SEBI Circulars through VC/ OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Companies Act 2013, representatives of the Members may be appointed for the purpose of voting through remote e-voting or for the purpose of attending the AGM through VC/ OAVM.
- 5) Institutional/ Corporate Members (i.e. other than individuals/ HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution, authorizing its representative to attend the AGM through VC/ OAVM on its behalf and to vote through e-voting. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through its registered email address to prabhakar@bpcorpadvisors.com with a copy marked to helpdesk.evoting@cdslindia.com.
- 6) As per Regulation 40 of SEBI Listing Regulations, securities of listed companies can be transferred only in dematerialized form with effect from, 1<sup>st</sup> April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Cameo Corporate Services Ltd., (Cameo) for assistance in this regard.



- 7) Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the company or the Share Transfer Agent (Cameo) in case the shares are held by them in physical form.
- 8) Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFS Code, etc., to their DPs in case the shares are held by them in electronic form and to Cameo in case the shares are held by them in physical form.
- 9) In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
- 10) Pursuant to IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, the company has uploaded the details of unclaimed/ unpaid dividends lying with the company on the website of the company viz., <https://indianippon.com/investors/#tab-1538379419138-9-1>, The dividends remaining unpaid for a period of over 7 years shall be transferred to the Investor Education and Protection Fund of the Government of India. Hence, the Members who have not claimed their dividends relating to the earlier years may write to the company for claiming the amount before it is so transferred to the Fund. The details of due dates for transfer of such unclaimed dividend to said fund is provided in the Corporate Governance Report.
- 11) In accordance with Section 125(5) of the Companies Act, 2013, the company has transferred the unclaimed/ unpaid dividends lying with the company for a period of over 7 years, to the IEPF established by the Government of India.
- 12) In accordance with Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016, the shares in respect of which, dividend has not been paid or claimed for 7 consecutive years or more have been transferred by the company to IEPF. The shareholders/ their legal heirs are entitled to claim the said shares and the dividend, so transferred, from the IEPF by making an online application in Form No.IEPF-5 to the IEPF Authority. The procedure and the form are available at [www.iepf.gov.in](http://www.iepf.gov.in).
- 13) In compliance with the aforesaid Circulars of MCA & SEBI, the Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories as on August 20, 2021. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website [www.indianippon.com](http://www.indianippon.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL viz, [www.cdslindia.com](http://www.cdslindia.com). Since the AGM will be held through VC/ OAVM, the Route Map is not annexed to the Notice.
- 14) In case a person becomes a Member after August 20, 2021, such person

may write to the Company/ Cameo by e.mail at investors@inel.co.in/ investor@cameoindia.com providing the e.mail address, mobile number, self-attested PAN copy along with Client Master copy (in case of electronic holding)/ copy of share certificate (in case of physical holding) for getting the weblink for the Notice and the Annual Report. Procedure for participation in AGM and e-Voting shall be as detailed elsewhere in the Notice. Only a Member as on 10<sup>th</sup> September, 2021 will be eligible to participate and vote on the resolutions. Person who is not a member as on the cut-off date i.e., 10<sup>th</sup> September, 2021, should treat this Notice for information purpose only.

15) The Register of Members and Share Transfer Books of the Company will remain closed from 11<sup>th</sup> September, 2021 to 17<sup>th</sup> September, 2021 (both days inclusive) for the purpose of Annual General Meeting.

16) The company is releasing a public notice by way of advertisement in newspapers in English (Business Standard) and Tamil (Hindu Tamil), containing the following information:

- i. Convening of AGM through V.C./ O.A.V.M. in compliance with applicable provisions of the Act.
- ii. Date and time of the 36<sup>th</sup> A.G.M.
- iii. Availability of Notice of the Meeting on the website of the company, the Stock Exchanges viz., BSE Ltd, National Stock Exchange of India Ltd where the shares of the company are listed and at <https://www.evotingindia.com>.
- iv. Requesting the members who have not registered their e.Mail addresses

with the company, to get the same registered with the company.

17) The cut-off date will be 10<sup>th</sup> September, 2021 for determining the eligibility to vote by remote eVoting or in the AGM.

18) The Board of Directors, at its meeting held on 7<sup>th</sup> August, 2021 has appointed, M/s BP & Associates (Entity ID:83104), Company Secretaries, Chennai, represented by Mr C Prabhakar, Partner, who is not in full time employment of the company, as Scrutinizer, for scrutinizing the remote e-voting and e-voting at the AGM in a fair and transparent manner.

19) The Scrutinizer shall, immediately after the conclusion of e-voting during the AGM, first count the e-votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 2 working days from the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing.

20) The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.indianippon.com](http://www.indianippon.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) forthwith. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

21) The following documents will be available for inspection by the Members electronically during the 36<sup>th</sup> AGM:

- Register of Directors and Key Managerial Personnel and their shareholding





- Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013.

22) Members can join the AGM in the VC/ OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/ OAVM will be made available to atleast 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first serve basis.

### **Instructions for Shareholders for Remote E-Voting and E-Voting during AGM:**

#### **a) Instructions for Remote E-Voting**

(i) The voting period begins from 9 AM on 14<sup>th</sup> September, 2021 and ends at 5 PM on 16<sup>th</sup> September, 2021. During this period, the shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., 10<sup>th</sup> September, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. In terms of SEBI Circular No. SEBI/ HO/ CFD/ CMD/ CIR/ P/ 2020/ 242 dated 9<sup>th</sup> December, 2020 on 'eVoting facility provided by Listed

Companies', Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants (DP). Shareholders are advised to update their mobile number and e.mail id in their demat accounts in order to access evoting facility. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders. In order to increase the efficiency of the voting process, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (ii) The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e. 10<sup>th</sup> September, 2021.
- (iii) Members who have already voted prior to the meeting date would not be entitled to vote on the meeting date.
- (iv) Pursuant to the said SEBI Circular, Login method for eVoting and joining the AGM through VC/ OAVM for individual shareholders holding shares in Demat mode are given below:



Type of Shareholders	Login Method
<b>Individual Shareholders holding securities in Demat mode with CDSL</b>	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2. After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-voting page of the e-voting service provider for casting the vote during the remote e-voting period or joining the AGM through VC &amp; voting during the meeting. Additionally, there are also links provided to access the system of all e-voting Service Providers i.e. CDSL/NSDL, so that the user can visit the e-voting service providers' website directly.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>.</li> <li>4. Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from an e-voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the evoting is in progress and also able to directly access the system of all e-voting Service Providers.</li> </ol>
<b>Individual Shareholders holding securities in Demat mode with NSDL</b>	<ol style="list-style-type: none"> <li>1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining the AGM through VC &amp; voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS Portal" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>.</li> <li>3. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number holding with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining the AGM through VC &amp; voting during the meeting.</li> </ol>



Type of Shareholders	Login Method
<b>Individual Shareholders holding securities in Demat mode login through DPs</b>	You can also login using the login credentials of your demat account through your DP registered with NSDL/CDSL for e-voting facility. After Successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining the AGM through VC & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

- (v) Login Method for eVoting and joining AGM through VC/ OAVM for shareholders other than individual shareholders holding in Demat Form & physical Shareholders:

The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

- Click on Shareholders module.
- Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
- For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

#### For Members holding shares in Demat Form and Physical Form:

<b>PAN</b>	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number the first two letters of their name in Capital letters and the 8 digits of the Client Id/ Folio Number in the PAN field.</p> <p>In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
<b>Dividend Bank Details or Date of Birth (DOB)</b>	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</p>

After entering these details appropriately, click on "SUBMIT" tab.

- (vi) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - (viii) Click on the EVSN for the relevant Company Name viz., India Nippon Electricals Ltd., on which you choose to vote.
  - (ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - (x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  - (xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - (xiii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
  - (xiv) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- b) Instructions for Members Attending the AGM through VC/OAVM are as under:**
1. Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members login by using the remote e-voting credentials. The link for VC/OAVM will be available where the EVSN of Company will be displayed.
  2. Members are encouraged to join the Meeting through Laptops / IPads for better experience.
  3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  5. Members who would like to express their views/ ask questions during the



meeting may register themselves as a speaker by sending in their request by e.mail to [investors@inel.co.in](mailto:investors@inel.co.in)/ [investor@cameoindia.com](mailto:investor@cameoindia.com) during the period from 11<sup>th</sup> September, 2021 (9:00 A.M.) upto 13<sup>th</sup> September, 2021 (5:00 P.M.) mentioning their name, demat account number/ folio number, email id, mobile number. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the meeting. Members who do not wish to speak during the AGM but have queries may send in their queries during the said period mentioning their name, demat account number/folio number, email id, mobile number at [investors@inel.co.in](mailto:investors@inel.co.in)/ [investor@cameoindia.com](mailto:investor@cameoindia.com). These queries will be replied to by the company suitably by email. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

6. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.

**c) Instructions for Shareholders for E-Voting during the AGM are as under:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- (i) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any,

should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; prabhakar@bpcorpadvisors.com (scrutinizer id) and investors@inel.co.in (company id), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call (22) 23058738/ 23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Maraton Futorex, Mafatlal Mill Compounds, NM Joshi Marg, Lower Parel (East), Mumbai-400013 or send an e.mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call (22) 23058542/43.

### **Process for those Shareholders whose Email Addresses are not Registered with the Depositories for Obtaining Login Credentials for E-Voting for the Resolutions Proposed in this Notice:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) or any other proof issued by the Government by email to [investors@inel.co.in](mailto:investors@inel.co.in) or [investor@cameoindia.com](mailto:investor@cameoindia.com).
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) or any other proof issued by the Government to [investors@inel.co.in](mailto:investors@inel.co.in) or [investor@cameoindia.com](mailto:investor@cameoindia.com). Also please update your mobile number and e.mail id with your respective Depository Participants (DPs) which is mandatory for e-Voting/ joining virtual meetings through Depository.
3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.





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