

36th Annual General Meeting of India Nippon Electricals Ltd
held at 10 AM on 17th September 2021
through VC/ OAVM
(Transcript of the Meeting)

CDSL Moderator: Good Morning all, welcome to 36th Annual General meeting of India Nippon Electricals Limited. We are live now and we hand over the proceedings to the Panellists.

Company Secretary: Good morning to the Panellists and to all the shareholders who have taken time to attend the 36th AGM of India Nippon Electricals Limited. Warmly welcome you on behalf of the Panellists. Based on the information received from CDSL, I confirm that we have the necessary quorum. With the permission of the Chairman, we can start the proceedings.

Chairman: Yes, I'd like to first extend a very warm welcome to all the shareholders, participating in this digital AGM and to my fellow members on the Board. A special welcome to the two new directors from Mahle, Mr Jakob Ruemmler and Mr Kiyoyasu Kawakami. Because of COVID, we're having a digital AGM, and I hope the proceedings will go without any glitch in terms of connectivity. With this, I will hand over the proceedings to the Company Secretary.

Company Secretary: Thank you Chairman. Request CDSL to play the Prayer song with which we will start the proceedings.

(Prayer Song)

Company Secretary: Thank you CDSL Moderator for playing the prayer song. CDSL has disabled the audio and video of all except the Panellists. In the Panel we have the Directors, the Auditors, our Key Managerial Personnel & President, and the Scrutiniser. For all the shareholders (attendees) who have joined the meeting, they will be muted and only those who have registered as speakers will be allowed to speak. CDSL will unmute them when their names are called out during the Q&A session, after which they will be muted. The Chairman has already introduced two of the directors who have joined the board and, one of the directors, Mr Jakob Ruemmler, is a German National who has joined the board on 7th of August, 2021 in place of Mr Mukesh Somani who was our director. Mr Jakob Ruemmler has completed his business studies, and he holds diploma in business administration and currently he is playing the role of CFO of Mahle India, and he is holding various other portfolios. We also have Mr Kiyoyasu Kawakami who is a Japanese national who was appointed in the board on 18th of August 2021 in the place of Mr Tadayama Momose. Mr Kiyoyasu Kawakami has around 34 years of experience and he held project management, engineering management and various other positions across General Motors, Mercedes, Benz, Ford motors and other companies. So, with respect to other directors, may I request Chairman to request the directors to introduce themselves for the benefit of the shareholders.

Chairman: Yes, I'd like to invite Mr K G Raghavan, who is the Chairman of the Audit Committee to say a few words about himself, about his tenure in India Nippon's Board and anything else he wants to say.

K G Raghavan: Thank you, Mr. Chairman. It's been a privilege to be on the board of India Nippon, and I have been a director on the Board for nearly a decade and it has been a tremendous experience for me. I am a senior advocate, and I've been in profession for the last 45 years and my area of practice comprises of commercial law, corporate law, constitutional law and arbitration and I believe that with the background that I have in law, I have contributed something towards, and added a value to the Board. I look forward to being in the company of all of you as long as the law permits, Thank you.

Balaraman: I am Balaraman, Independent Director on the Board. I have been privileged to be on the India Nippon Board for 2 terms now, and I am the Chairman of the Nomination & Remuneration Committee. I had a long tenure with Ponds India Limited as its Managing Director and then I was a director of Hindustan Unilever. I have served as a director on the board of several companies such as Nokia, Mother dairy and Mahindra city developers and so on. I am an Engineer and MBA from IIM Ahmedabad and I have been able to serve with happiness and commitment to India Nippon's public shareholders. Thank you.

Chairman: Thank you, may I now invite Mr Vijayraghavan to introduce himself who was until recently heading the Stakeholders Relationship Committee, but is now its member. I request Mr Vijayraghavan to say a few words.

R Vijayraghavan: Good morning. I am Vijayaraghavan, and I am an advocate by profession. I've been in the field of Income Tax Law for the last 30 years, and I am in the Board of the company for the second term and it has been a great experience for me to be as a part of the Board of INEL and I hope I have given some reasonable inputs to help the Company with my knowledge in Law in their business, thank you.

Chairman: Thank you. Mr Vijayraghavan has been modest as he always is. He's been an outstanding member of the board helping us in so many ways, Tax and other matters. May I now like to invite Dr. Jayshree Suresh who heads the Stakeholders Relationship Committee as well as the CSR Committee to say a few words. Dr Jayshree comes with a rich academic background, in which she has held some of the senior positions in leading universities. Dr Jayshree, over to you.

Jayshree Suresh: Good morning to all of you and thank you very much for giving me this opportunity. I hope I have contributed towards CSR and Stakeholders Relationship being the Chairperson of CSR Committee and member of Stakeholders Relationship Committee. I thoroughly enjoy the stint, and I want to do more. Thanks so much.

Chairman: Thank you Dr Jayshree. I now invite Mr Anant Talaulicar who is serving the board as an Independent Director. Mr Talaulicar was former Manager Director of Cummins India. He has had a very rich experience and background in automotive industry and he has been a great addition to our board. I now requests Mr Talaulicar to say a few words.

Anant Talaulicar: Ladies & gentlemen, Good morning. I'm Anant Talaulicar, Independent board member. I also Chair the Risk Management Committee that has been recently setup and I am a

member of the Audit committee. I am a mechanical engineer and I have bachelor's degree from Mysore University, masters from the University in Michigan and an MBA from Tulane University. I was with Cummins for over 30 years and for over a decade was a Global Vice President on the Executive Management Committee and also, I was the Chairman and Managing Director of the Cummins group in India. Currently, I'm on the board of six other listed companies and two public limited Companies. It's my privilege to serve on the board of Indian Nippon Electricals Limited. Thank you.

Chairman: Thank you Mr Talaulicar. May I now invite Mr Jakob Ruemmler from Mahle to say a few words about himself.

Jakob Ruemmler: Yes, thank you. It's a pleasure to be here and thank you for having me on the Board. So, my background is from the external audit. This is where I started my career and then focused also on taxes and then I changed to Mahle and now focusing on finance topics. I spent some years in Germany in the headquarter and then in Japan and in the last couple of months, now, I'm here in India, working as the CFO for Mahle entities. Thank you again.

Chairman: Thank you Mr Ruemmler. May I now invite Mr Kiyoyasu Kawakami from Mahle to say a few words about himself.

Kiyoyasu Kawakami: Hello everyone. Nice to meet you all, my name is Kiyoyasu Kawakami. I joined Mahle in January 2020. So, my most experience come from mechanical engineering and project management. I also did plant management in a German Company and I came into Mahle group last year. I'm now leading Mahle Electric Drives Japan. We should have more and more collaboration together and grow our businesses. So this is what I want to say. In addition, many years before – in 1999 to 2000- I was living in India in Gujarat state. Then I worked for General Motors India limited, so I really like India. Thanks a lot.

Chairman: Welcome Kawakami San. I now invite our Managing Director to say a few words about himself.

Managing Director: Good morning, ladies and gentlemen my name is Arvind Balaji, I've had the privilege to be the managing director for almost 10 years now and I've been about 17 years in TVS group. My background is engineering by training both the bachelors and masters, and an MBA in finance. I've been in consulting and investment banking before. I've had a wonderful opportunity to lead this great company with a great team and a good partner with the support of all the shareholders and I look forward to working with all of you, thank you very much.

Chairman: I now invite Priyamvada to say a few words about herself.

Priyamvada Balaji: Hi, good morning all, great to be here on this really efficient virtual platform. I am Priyamvada Balaji and I have been on the board for over 3.5 years now, I have been with the group for over 9 years and prior to that, I've been working in financial services in various segments of banking as well as consulting and credit rating for around 10 years. I did my masters, my MBA from IIM Ahmedabad and I did my graduation in Economics and that's all about me. Thanks.

Managing Director: Over to the Company Secretary.

Company Secretary: Thank you to all the Directors for their brief introduction. We also have, apart from the Directors, Statutory/ Secretarial and Cost auditors as well as the Scrutiniser in the Panel. In the interest of time, we will not individually have an introduction. So, the Auditors report has been circulated along with the notice and along with the annual report to the shareholders and it is unqualified and unmodified so we are not required to read out the full auditor's report in the AGM as per the provisions of the Companies Act. So, with the permission of the Chairman, and also the shareholders, I take the Auditors report as read along with the notice convening the meeting which was also circulated by email to all the shareholders and was hosted on the website of the Company as well as the exchange. Now I request Managing Director to deliver his speech to the shareholders.

Managing Director: Thank you.

Ladies and gentlemen. It is my privilege to welcome you all, on behalf of the Board of Directors and the Management Team of India Nippon Electricals Limited, to the 36th Annual General Meeting of the Company.

Before we step into the proceedings, 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 Company's Annual Report and Audited Accounts for the year ended March 31, 2021, have been with you for some time now and with your kind permission, shall take them as read.

I would like to begin by giving an outline of the macroeconomic environment which prevailed in 2020-21, impact of COVID-19 pandemic and your Company's performance during these challenging. Thereafter, I would like to present some of the key highlights and the way forward.

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.

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. 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.

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.

As you may be aware, Global auto production in 2020 declined by 16% YoY to less than 78 million vehicles, which is equivalent to 2010's sales levels. Indian auto industry also saw a fall in total vehicle production (including passenger vehicles, commercial vehicles, three-wheelers (3Ws), two-wheelers (2Ws) and quadricycles) registering a decline of 14% over last year. Sales also registered a decline due to the closure of distribution networks.

COVID-19 caused supply side disruptions along with loss of production, rise in input costs, trade disruptions, etc. With continued parts supply issues, especially semi-conductors, growth in the first half of 2021 is estimated to be at a slower pace. However, 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. The Production Linked Incentive (PLI) scheme would encourage investments in new technologies in the Industry. 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 pandemic has enforced a massive change in attitude 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 aided by regulation, technology, and monetary incentives.

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 there is degrowth in the Industry. Improvement in our existing market penetration and enhanced share of business from existing customers contributed towards sustaining our revenues. Financial performance remained subdued due to a combination of various factors in the operating front caused due to COVID-19 and low pull from customers.

Our austerity measures implemented with the full support of our employees prevented 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.

We continue to be among the market leaders for our core products. Our action towards Aftermarket and exports have supported us well by robust growth. 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.

The first Quarter of the current fiscal was subdued due to extension of lock downs by various States. However, we are able to see signs of recovery in the second Quarter. Our export market growth gathered further momentum during the Quarter by adding marquee customers and by adding sensors business to our already existing customer in the USA. On employees front, during the Quarter we achieved 100% vaccine coverage for our employees and we are actively working to enhance vaccination coverage of all our suppliers and their employees.

Dedicated resources are being deployed to identify potential applications and explore new lines of business. Products outside our core segment are in pipeline and in our core 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.

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, the new Technology Centre demonstrates our firm intent to be prepared for electric mobility. We have successfully introduced 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 and powering our growth strategy.

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, normalization 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.

On behalf of all my colleagues on the Board and on behalf of all of you, I wish to express sincere gratitude to M/s Lucas Indian Service Limited, Chennai and our collaborators, M/s Mahle Electric Drives Japan Corporation and M/s. Mahle Holding (India) Private Limited for their continual cooperation and support. I also wish to thank our Bankers, Governments at the Center and in the States of Tamil Nadu, Haryana and Pondicherry and other Government agencies, who have extended their co-operation.

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

Thank you.

Company Secretary: Thank you MD. Now with the permission of the Chairman and the Shareholders, I proceed to read the businesses as part of the Notice.

Notice is hereby given that the 36th Annual General meeting of the shareholders of India Nippon Electricals will be held on Friday the 17th September, 2021 through video conferencing and other audio visual means at 10. 0 AM to transact the following businesses.

Ordinary business:

1. Adoption of audited accounts for the year ended 31st March, 2021 and the Directors' and Auditors' report thereon
2. Declaration of Dividend for the year 2020-21, we are taking on record the interim dividend, which is also the final dividend for the year.
3. Election of Ms Priyamvada Balaji as Director liable for retirement by rotation. She is retiring by rotation and being eligible, she offers herself for re-appointment.

Special business:

4. Ratification of the remuneration of Mr K Suryanarayanan, the Cost Auditor for the year 2021-22
5. Approval of related party transaction with TVS motors to a tune of Rs. 500 Crore per annum
6. Approval to keep the Register of Members, Index of Members and any other statutory registers/ records at the place of new Share transfer Agent, Cameo Corporate Services Ltd - recommended as a special resolution
7. Regularisation of appointment of Mr Kiyoyasu Kawakami as a director liable to retire by rotation. He is being appointed in the place of Mr Tadayo Momose as additional director and the shareholders approval is being sought for appointing him as director liable to retire by rotation; and
8. Appointment of Mr Jakob Ruemmler, who was appointed in Casual Vacancy arising out of resignation of Mr Mukesh Kumar Somani, as a director not liable to retire by rotation.

I would like to tell briefly the shareholders about the process of e-Voting both remote e-voting and during the AGM e-voting. All the resolutions have been placed in electronic form in the CDSL platform and the e- voting commenced on 14th of September, 2021 and it has ended on 16th of September 2021 (i.e., is remote voting) and right now, from 10 am, all the participants in the AGM who have not voted in the remote e voting can cast their vote, by logging into their demat account and this will be open for 15 minutes after the AGM concludes.

Now I request those speaker shareholders who have registered themselves to speak/ ask questions in brief. We have around 8 shareholders who have registered. So, I will call out their names after which they will be unmuted and they can ask the questions. Considering the number of shareholders, I request the shareholders to restrict their speaking time to maximum of 3 or 4 minutes after which our panel will decide to answer the questions appropriately.

So, first, may I request the moderator to unmute Mr Rohit Balakrishnan.

Rohit Balakrishnan: Yeah hello.

Company Secretary: Yes. Mr Rohit welcome. You can ask the questions.

Rohit Balakrishnan: Good morning everybody, Thank you for this opportunity. I actually already sent my questions. So, do you want me to repeat them or?

Company Secretary: Yes, Mr Rohit, you can raise the most pertinent questions here, which will be considered.

Rohit Balakrishnan:

1. Sure, my first question is, if you can broadly give split of revenue between two wheeler, three wheeler, after market and export
2. Second question is, after going through your annual report I understand the underlying message that there is a lot of new products and new customers that have been our focus. Can you talk a bit about some of this in terms of what kind of transactions are we getting in terms of new products and in terms of new customers can you share how many new customers have you been able to win?
3. And are these primarily in the domestic markets, or in the export markets also?
4. In terms of our aftermarket, I think MD also alluded to that in his speech. So, if you can broadly share over the next 3 to 4 years, what can be the aftermarket business from where it is right now, in terms of growth rate, or in terms of size.
5. Also similar question on export. How big that opportunity is and how do we see that for us as a company in the next 3 - 4 years? How big this business can be from wherever it is today?
6. Also, I wanted to understand specifically, have we been able to get any business from Bajaj auto and what is the outlook with respect to that customer in this year?
7. Also in terms of EFI, I wanted to understand what has been the adoption of the same in the domestic market and how is that opportunity for our company. Are we already approved by our by customers or that approval cycle is in the process?
8. Also MD talked about EV's as a big focus area so just wanted to understand how are we placed in the supply chain at the moment? The question, the reason being that typically, approval cycles are very long so, where are we in that? In that context, have we already started supplying and over the next 3 - 4 years, how much of revenues can you think or you assume will be from EV's and how much will it be from the traditional products?
9. And in general, broadly over the next 3 - 4 years, what kind of growth aspiration, what kind of size do you think we can achieve in, in terms of our company?

Chairman: I request MD and the team to respond to these questions.

Managing Director: Thank you, Chairman. Mr Rohit, I'll try to answer your questions, keeping in mind that as a public company, we will not be able to give so much specifics but directionally I can answer your questions and President & CFO can supplement it once I'm done. You are basically asking about the fundamental strategy of the company and so, let me use this opportunity to explain it. We are an IC engine company, 2 and 3-Wheeler and we have been gaining market share over the last few years. While that's a good place to be as of now and probably for the next 3 to 6 years, we know that electrification is coming, so this is not a surprise for us, except the problem with electrification is, the fact that the number of components in a

vehicle come down and all suppliers want to compete on the same product lines. So, we have been working on how to enhance the growth of the company and fundamentally it falls into the following buckets.

In our current line of business, we continue to gain share domestically and we are expanding our business both domestically and globally and we recently won a big export order to North America. As Kawakami San said, Mahle is also in this line of business in Japan and we always continue to see how we can cooperate with each other for a win-win situation. During this time, you know, market numbers have not been very robust and with the support of Lucas Indian Service Limited, we've really been going deep into the market and in fact, I'll be happy to say during this lockdown we actually used the opportunity to digitally connect with so many mechanics across India and really enhance our aftermarket business and we would ideally look at the aftermarket business to be 10 plus percent of our revenue. We have worked on new product lines in the electronic area.

I'm happy to say that we have already introduced our products relevant to electric scooters. So that's a starting point, but we still have to introduce a wide range of products to be able to substitute the revenue coming from IC engines. We have introduced sensors so that's an expansion of business line. However, for the next 3 - 6 years, IC engine will be a dominant part of our business.

Electrification is also a function of the market itself, so we don't know how fast it will happen. Well, the government has talked about it, then there's a lot press has said about it. The number of vehicle sold is still small so we will have to see how the situation develops before we come to a conclusion of how big and how fast it is. So, we are trying to fire on all cylinders, safe guard our current business, export, aftermarket as well as new products that can, de risk us in the era of electrification. That's why we made such a big investment in our Tech center.

Another point is, we don't have EFI technology and neither does our partner, but I'm happy to say that we are actively working to develop EFI systems. In India right now, 100% of 2 wheelers for BS -6 require EFI and there are only a handful of suppliers and that will likely stay for the next few years. So we're trying to get an entry. I know I've talked about it for a while, but I think we're making good progress and we'll have some better news to report in next year.

President or CFO would you like to add anything here?

Chairman: No, I think you covered all the points. Go to the next shareholder please.

Company Secretary: Yes. May I request the moderator to unmute Mr Saurin Parekh. Mr Saurin Parekh welcome, you may ask the questions.

Saurin Parekh: Respected board members and management, firstly, I would like to congratulate the team for a decent performance during FY 21 and I hope that the entire INEL family is safe and healthy. More or less MD has answered elaborately the questions I had but still I would just like to understand and gain some flavour on how the current products would progress as well

as the EV products from 4 to 5 year perspective considering our investment in Technology Center. That's all and best wishes to entire team at India Nippon. Thank you.

Managing Director: Thank you Saurin. I think while electrification is there, the IC engine is going to dominate the market for the medium term and we are the market leaders. So we can't take our eyes off the current business and continue to serve our current customers. We need to continue to invest and expand in that area, and that's what's going to drive the revenue and the profits to help us invest in the future business. As I pointed out earlier, we have now identified a range of products, some of which have already been introduced that show us how we can successfully offset the impact of electrification. For eg DC-DC converter and sensors. This is helping us grow, now we really have to see which are the customers of the future in EV's, who's going to gain what share, so I can't comment beyond that.

Chairman: Can you go to the next speaker.

Company Secretary: Yes. Thank you Mr Saurin Parekh. Moderator please unmute Mr Jaideep Merchant. Welcome Mr Jaideep Merchant.

Jaideep Merchant: Yes, thank you for this opportunity to speak. I have sent a list of questions some of which you have already answered. If the list is with you or would you like me to read those questions?

Managing Director: Can you just raise the questions that are not answered? Probably it will be easier.

Jaideep Merchant: Okay, so you have made a mention of digital ignition? Is this EFI?

Managing Director: No, it's different.

Jaideep Merchant: Okay. My other question is, do we have all the software for the EV products? Like we have for the advanced IC engine products? The other question is what is the possibility of getting business from HMSI and other such customers in coming years? It imports most of its products into India. The next question is EV related. Will we be starting with the TVS group, as you said you already have an existing business now, or will we be starting with other OEM's. In the non - automotive business, if you can talk or share some information it will be good. Is there any progress in that or are you looking to acquire some companies and lastly, the ongoing group restructuring for the TVS group will India Nippon which has a sizable amount of cash on the book buy the Sundaram holding stakes in Lucas TVS?

Managing Director: Regarding software question, we are investing in infusing intelligence in our products and that's one of the reasons why we set up the tech center that too in Hosur - Bangalore area to attract and retain talent for the same. I can't talk about specific customers and it won't be right, but suffice to say that we are making good progress in expanding our customer base. As far as EV is concerned, we have introduced our product to a major OEM, and today we are pursuing both major OEM's as well as start-ups in electric vehicles space to be able to expand our product portfolios. On non-auto, as a group, we have taken the initiative to focus in this area,

so I don't have anything to report right now but we are making good progress in this area and there is enough demand for INEL products in the non-auto space but we need some more time to basically flesh out our strategy. Regarding group restructuring, I don't think that's part of this forum. So I will not comment on that.

Jaideep Merchant: Okay, Thank you.

Company Secretary: Thank you. Moderator, can you unmute Mr Gokul Maheshwari. Welcome Mr Gokul Maheswari.

Gokul Maheshwari:

1. Thank you for the opportunity, most of my questions have already been answered but still there are few left. What is the market share for our firm in the aftermarket segment and how do we plan to gain more market share in this segment?
2. Second thing is that while you mentioned about the fact that you are moving into EV products are there synergies with respect to our current set of products or is it a completely new line of business for us?
3. Third is, you mentioned about market share, you are gaining market shares but in terms of share or business would we be the dominant players with our main customers?
4. And last two things: one is in terms of the new products, which are being launched in the EV segment and would the profitability similar or is it lower or higher for us and lastly, just on the capital allocation front, we are fairly cash rich company and how are you planning capital allocation from the next 3 to 4 years in terms of CAPEX or even acquisitions if you may want to actually look at. Thank you.

Managing Director: Thank you. Regarding after market, it's not worth commenting our aftermarket share as right now it is small. In the two wheeler segment there are so many local brands as well as major brands so if you actually look at anybody's market share for that matter, it will be quite small. Now, I think the reason why our market share has been below where it should be is because we just haven't focused on the aftermarket as it should have been and I think we have corrected it in a very systematic way over the last 5 to 7 years and I think we are seeing results of that now. Aftermarket is a very big opportunity, and it will stay even post electrification and we think that is an area we will continue to invest & focus on. Regarding EV products, it's not one to one correlation, but the competencies that INEL has, can be read across to the EV segment that's why the products that we are introducing in the EV segment depend on INEL's electronic, design & software capabilities and that's what we are focusing on.

Regarding profitability, it's way too early to talk about profitability of EV products, the volumes are so small right now and I think we have to wait and see how the situation develops before we can comment on it. Regarding the use of capital we consciously save the capital so that we can invest in our new growth strategies and I think that's what you're going to see in the coming years. The Tech Center is just a starting point so, now we really have to start investing significant amounts in expanding our business outside the ICE portfolio and this is where the capital will really come to use.

Gokul Maheswari: Thank you

Company Secretary: Thank you. Moderator can you now unmute Ms Usha Sharma. Welcome Ms Usha Sharma.

Usha Sharma: Hello, Managing Director. So, there had been a realignment in the organization structure how did the realignment effect the company and its business prospects going forward. Are there any negatives of realignment for the Company? We hold investments in Lucas TVS, does the realignment lead to any change in that ownership plan? What is the long term Objective of this investment? Lucas TVS is one of the largest in auto electricals. How is our portfolio different from Lucas TVS? How are products divided between Lucas TVS and India Nippon? What percentage of revenues comes from 2 Wheelers, 3 Wheelers, power generation segment? What percentage of revenues can come from aftermarket in the next 5 years? What percentage of revenues comes from top 3 and top 5 players? Congratulations that we have scaled up to multiple products. Typically in two Wheeler segment what percentage of total raw material or components do we currently cater to? How has this number changed in the past 3 to 5 years? What percentage of revenues has come from products introduced in the past 3 years & What is our target for the next 3 years? We have also spoken of obsolescence of few products, like CDI what percentage of products will become obsolete in our portfolio in the next 3 to 5 years? Is that a significant risk to our revenues? Lastly, we have been trying to focus on exports for a long time but it has been challenging What has been the biggest challenge in export? Which geographies or products we export?

Managing Director: Regarding the group restructuring it has no impact on INEL so I'll stop with that. Regarding Lucas TVS and INEL they are complementary companies, there's no overlap of products and they will not be an overlap of products. They are actually complementary, and they can help each other grow faster. Regarding business – we are two-wheeler, 3-wheeler, aftermarket and power generation Company and have a handful of four wheeler business which we are trying to expand. We hope to get 10% of our revenues from aftermarket that's our goal.

Since our inception, we have been supplying the same family of products but I think now we're actively looking to expand that product portfolio. Regarding CDI it died a natural death as EFI came in. Our current portfolio will last as long as IC Engine last. So, if IC Engine goes away tomorrow, all our revenue goes away. All our products are 100% dependent on IC engines. That is the risk and that's why we're actively working to develop our product portfolio which are non IC Engine dependent in the coming years.

In export, I think, we have struggled a bit primarily because there's enough capacity globally for these products so, you know, there's no supply demand, equation here. But as there is the change in technology, and people are diverting resources towards new technology products, there is a demand for the older products as many other suppliers are stopping supply of these products so we think there could be more acceleration in this opportunity in the coming years and last year we booked a significant business from an export customer based on this. Thank you.

Company Secretary: Moderator, can you unmute Mr Shyam Sundar Sriram. Welcome Mr Shyam Sundar Sriram.

Shyam Sundar Sriram: Good Morning, this is Shyam Sundar Sriram from Sundaram Mutual Funds, thanks for taking my questions. You have already spoken on EV portfolio. So, I will not repeat the questions but, just wanted to understand if you have say, X products under production today, for the IC engines, can you indicate how many EV specific products are production ready at this point?

You did indicate that we are already supplying DC-DC converters. Are there any pending orders? What is the typical product cycle in the automotive sector. Are there any pending orders for EV specific components other than the DC - DC converters. Is there a need for inorganic acquisition to enhance our capabilities or competencies maybe on the software side probably because we do have a lot of competency only on the hardware development.

Lucas is taking a lead in setting up an advanced Lithium ion cell manufacturing plant and I think one of the leaders in India in that sense, what will be the contribution of India Nippon to this endeavour & can we participate in some way like for eg supplying the battery management system, or anything of that sort. Lastly, in light of the recent PLI announcement, it is very clear the government wants to encourage advanced auto tech components therein, is INEL gearing to participate in this component champion scheme. Thank you very much.

Managing Director: Thank you Mr Shyam. Regarding the simple question on batteries, we are focussed on cell manufacturing in Lucas TVS, so right now we have not come to the battery part or Battery Management System part of it.

EV is one area, but non-automotive is as important as EV as part of INEL's de-risking. Sensor portfolio is focused on that so that we don't depend on IC Engine business alone. So, our focus is on how quickly we can get a non IC Engine business as robust as possible. Regarding the R & D spend, you can expect to have significant spend in the coming years as we build our portfolio. We're open to acquisitions, we just haven't found something that will immediately boost our capabilities commensurate to the cost required for it. But I just wanted to remind all the shareholders that IC Engine is going to be very much there for the next 5 years and that's where all our revenues are going to come from. We have to use this time wisely to be able to invest in what will emerge in the coming years.

Chairman: Okay, can I just come in here? I think while endorsing what MD has said I think IC Engine is going to be there for a long time not just 5 years. I think even the most optimistic assumptions will clearly show IC Engine will continue to play an important role on highway vehicles and mini commercial applications and tractors and so on.

On the two wheeler market, which of course has the best possible change to electrification even there the most optimistic scenario predicted by end of the decade for 30% or 40% of the two wheelers to be on electric, so we just cannot visualize this market disappearing in anything less than I would say, a decade or more.

Managing Director: Thank you, Chairman.

Shyam Sundar Sriram: Sure sir. On the PLI announcement, is INEL gearing to participate?

Managing Director: I think it's too early for us. It's just come out and we need to examine. Even the final list of components is not fully ready. The intentions are clear, but I think we are still investigating what the PLI scheme offers.

Shyam Sundar Sriram: Thank you, sir, thank you very much and best wishes.

Managing Director: Thank you.

Company Secretary: Moderator can you bring up Mr Jayesh Parekh. Welcome Mr Jayesh Parekh.

Jayesh Parekh: Yes, good morning respected board members.

First of all, I would like to congratulate each and every board member and entire operational team for giving excellent performance in spite of most difficult COVID challenge during FY 21. That's number one.

Number two, excellent informative annual report.

Number three, my almost all questions have been answered by MD and I only wanted to understand one point. We are making significant investment in R & D, we have already made large investment and will make in future also. MD also said that we will be focusing on introduction of many new products to meet the challenges plus we are going for our offering in non-automotive segment, in addition to existing IC and electric mobility product, how all these things going forward will reflect on our margin. Will all this new offering will help us improving the margins.

And the second question is that you very rightly said that IC engine is going to be there and its not going to die down, now actually what is happening is that there are some ignorance going on in the investing community in the market. So I would make a small request if there is any possibility of holding once in a year investors or shareholder meet, or alternatively twice a year, a conference call, post half yearly result. This may be explored. My best wishes to the management.

Managing Director: Thank you Mr Parekh we'll take that suggestions given by you. By definition, a new product I don't know what it's going to be and we wont to enter the product unless it's profitable. Now, between the lines, we have to figure out how to sustain our margins. We are hopeful it wont be dramatically different from whatever we've seen and I think we can sustain our margin. Over a long period of time, we are hoping to maintain a similar level as now.

Jayesh Parekh: Thank you, sir my best wishes to all of you.

Managing Director: Thank you.

Company Secretary: Moderator, can you bring up Mr Nikhil Upadhyay. Welcome Mr Nikhil Upadhyay.

Nikhil Upadhyay: Hello all. Good morning. Thanks for the opportunity and appreciate the detailed discussion which you have given in the AGM on specific questions most of them have been answered, there are just 3 - 4 questions, which are left.

One is sir, on the IC engine segment, what would be the OEM concentration for us like the top 3 or 5 players what would be their revenue and as you mentioned that IC engine has still a lot of room to grow and will be there in the market for a longer time do you see that we have some more area for us to increase our wallet share with these existing customers?

Secondly, on the generators, what would be the mix, what would be the proportion of revenue it would be providing. Thirdly you have mentioned in the Annual Report also and even during the discussion that Electronics and sensors is a segment which we have entered and even two years back annual report we have mentioned that we have entered sensors and that we have good capabilities. If you could just help me understand what capabilities we have developed over a period of time in electronics manufacturing, and where this tech center will help us on the software side.

Finally, on the revenue mix of the products which we have launched over the last 2 to 3 years new products which we have launched, what would be their contribution as of now and you mentioned in the discussion that in export market many people are moving away from IC Engine and shutting down their facilities and moving towards more EV specific products so, qualitatively or quantitatively whichever way, how has the market share, how has the supply gone down over last 3 or 5 years in terms of suppliers shutting down their facility.

Managing Director: I think the last point first, that is just a directional point. It's not going to happen overnight it will happen very slowly because existing capacities have existing jobs and existing interest to protect so, we expect it to happen over a period of time, but very slowly. There's not going to be any dramatic change in this area. Regarding the customer concentration we are a concentrated company as TVS Motor is our biggest customer and I think that's why we've gone back to the shareholders also to enhance the limits of transactions with them but I just want to remind all the shareholders that we are completely at arms length and so, we have to compete for our business and fight for every business that we get at TVS Motors. Genset is quite small. On our electronic capabilities, Ravinder (President), would you like to answer - we have spent a bit of time to upgrade our facilities, we manufacture for some others also. Maybe, you would like to highlight a few points there.

Ravinder Sharma, President: Yes Mr Nikhil, since you are new we have actually good facilities, assembly lines which are top class and we are in the process of expanding those facilities also going forward to sync with our business expansions plan.

Company Secretary: Thank you. We have given all the speakers the opportunity to ask the questions and thanks to the moderator for doing a smooth job of enabling them to ask questions. So now we have come to the last portion of the meeting where all the business items which are required to be considered, have been considered. I would request the Chairman to make any additions or any other points.

Chairman: I am very happy to see active participation of shareholders who asked many important questions, which I think has been answered by MD and the team and I am glad to see that the proceedings have gone with any hitch in terms of connectivity. I like to take this opportunity to thank all our directors and shareholders and Auditors and others present in this meeting and also everyone who organised this. Thank you.

Company Secretary: Thank you Chairman. With this, the meeting comes to a formal conclusion and the members who have not yet cast their vote can cast the vote and it will be open for another 15 minutes from the formal closure of the meeting. So, I request the members to cast their vote and I thank all the panellists and the shareholders for joining this meeting.

Thank you.

Moderator CDSL: With the permission of Chairman, we are concluding this meeting. Thank you.
