

39th Annual General Meeting of India Nippon Electricals Limited held at 10 AM on 18th September 2024 through VC/OAVM

(Transcript of the Meeting)

Company Secretary: Good morning to all the panelists and shareholders. It gives us an immense pleasure to welcome you all to the 39th Annual General Meeting of India Nippon Electricals Limited. As we have the requisite quorum, meeting shall start with the permission of the Chairman. Over to the Chairman.

Chairman: Good morning and Welcome to all the shareholders and our fellow Directors for the 39th AGM and since the quorum is present, we will start the meeting and we will start it with the prayer song.

Company Secretary: Thank you, sir. Over to the CSDL.

(Prayer Song)

Company Secretary: We have engaged the service of CDSL to ensure seamless connectivity and conduct this AGM and we have Mr Basheer from CDSL as a moderator of this meeting. The meeting is being conducted completely through electronic mode as permitted by Ministry of Corporate Affairs and SEBI through various circulars and notifications issued. In order to ensure seamless proceedings and to avoid disruption, CDSL, the host has disabled the audio and video of all the participants except the panelists. Venue voting for the shareholders started at 10:00 A.M. and it will be open until 15 minutes from the conclusion of this meeting. We request all the shareholders to cast their vote. The proceeding of this meeting is being recorded for the compliance purpose. Now over to Chairman to introduce all the Directors present to the members.

Chairman: I have great pleasure in introducing all my fellow Directors to our shareholders. I request my Directors to identify themselves when I introduce, for the members to identify them. I start with Mr Anant Talaulicar. Mr Talaulicar is the Chairman of Audit Committee and Risk Management Committee. He brings within over 30 years of rich experience having held very senior positions in Cummins Board globally as well as in India where he was the Managing Director. He brings in a significant amount of governance into our broad processes.

I then move on to introduce our Independent Director Mr Heramb R Hajarnavis. He comes with very rich experience and is a very seasoned investment banker having several decades of experience in investment. He brings shareholder's perspective very strongly in the Board process and is the Chairman of Stakeholder Relationship Committee in the Company.

I then have a great pleasure in introducing our 3rd Independent Director Ms Gangapriya Chakravarti, who had joined the Board in August 2022. She heads our NRC committee and the CSR committee. She heads the Ford Business Services as its Managing Director and has had several decades of experience in the HR field. She graduated from Tata Institute of Social Science with a gold medal.

So, with these perspectives, the three Independent Directors bring us considerable amount of expertise in governing the management of our businesses.

I move on to introduce Ms Priyamvada Balaji, who was appointed as a Director on the Board of the Company in 2018. She is also a Director of Lucas Indian Service which plays a significant role in selling India Nippon Products in the Aftermarket. She has been working with the Group in various roles from 2014 and is currently an Executive Director in Lucas TVS Limited and Delphi TVS Technologies Limited.

It is with great pleasure I introduce Mr Arvind Balaji, Managing Director who oversees this business for several years now. He is also the Managing Director of Lucas TVS.

I have great pleasure introducing our President, Mr. Ravinder Sharma, who runs the day-to-day management of the business and our CFO Mr Elango, who is also present here. And finally, about myself. I am the founder director of this company and I have been associated ever since we have been public in 1986. So, this will be my 39th year in the board. Over to the Company Secretary for the rest of the procedures. Thank you.

Company Secretary: We have all the Directors, including the Managing Director, Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee, CSR Committee, Risk Management Committee and Auditors from Deloitte Mr. Prasanna and Secretarial Auditor Ms. Sri Vidhya Kumar.

Audit report being an unqualified and unmodified report is not required to be read out at the AGM as per the provisions of Section 145 of the Companies Act 2013. The notice convening the meeting has been circulated by email to all the members and were also posted on the website of the company and on the website of the stock exchanges where the shares of the company are listed. Now over to Chairman.

Chairman: Now I invite Managing Director to initiate his overview of the business.

Managing Director: Good morning, everyone. Dear shareholders, it is with great pleasure that I present the Annual Report for 2023- 24 for INEL. Over the past year, we have showcased our ability to anticipate trends, drive innovation, and capitalize on opportunities. This focus on adaptability and future oriented thinking is at the heart of our growth efforts through our people and advanced technology products.

Let me start with the big picture. You know, we are in a really a VUCA world today. The geopolitical situation is very, very dynamic and constantly changing. Every country is trying to now re look at their economic policies to safeguard their own economic interests, and I'm very happy to say that, We at INEL believe that our government is doing a very good job in safeguarding India's interests, starting with Aatma Nirbhar Bharat and various policies since then. Make in India has been the thrust in India for the automotive industry and Indian automotive industry along with INEL has gained a lot through this process. We expect India to be a steady market in the years to come and all our strategies are based on a growing Indian market.

Let me now move to the year gone by. Our expanding market share and consistent sales growth of new products throughout the fiscal year has been the underlying reason for our strong performance and successful strategy. I am very happy to say that we have continued to grow our market share in all our existing products. We have since added another customer last year to our customer list and with this almost all the major IC engine manufacturers in India are major customers of INEL and we expand our market leadership in this situation.

We also expect IC engine's overall production to not decline at least until 2030. So, with this, the stable foundation for INEL is set, as we continue to grow our foundation business. I then talked about ICE plus, where we leverage on our score capability to introduce advanced products in the ICE space. We have started with the production of EFI controller and ISG has various customers and are now into the last stages of new product introduction.

So, with this, as well as the aftermarkets, as well as the exports, I think the foundation business of INEL is in good shape, going in the right direction and will generate profitability that will allow us to invest in new technology products. This will allow us to lay the foundation for the next curve of growth, which will address electrification and perhaps even outside the automotive industry.

Our sound financial performance and strong balance sheet position will enable us to embark on a new wave of growth. Our profit before tax (PBT) for the year 2023-24 stood at ₹ 75.78 Crores and the operational profit for the year recorded at ₹ 51.38 Crores. Our total revenue for the year stood at ₹ 724 crores, recording a 10.3% year-on-year (y-o-y) growth while the profit after tax (PAT) for the year stood at ₹ 59.30 crores, clocking in a 2.5% growth y-o-y and 48.7% excluding onetime dividend of ₹ 18 crores received from the sale of Indonesian land and hence our profit has increased in like-to-like terms by 48%.

Our EBITDA for 2023-24 reached ₹ 91.26 crores, compared to ₹ 85.10 crores in 2022-23. Our efforts to improve the gross margin through material cost reduction activities and focus on exports and aftermarket, has resulted in increase of gross margin from 30.9% to 31.2%. We have successfully reduced our working capital days from 57 to 42. I would like to congratulate the team for substantially implementing a tighter working capital management.

Fixed expenses are kept under control despite increase in inflation. We are pleased to declare a dividend of ₹ 10.25 per share for 2023-24, continuing our culture of rewarding shareholders.

We are strengthening our position in the rapidly expanding EV market by offering a diverse range of advanced solutions. We started with the DCDC converter and now we have added new customers to the same product portfolio. And right now, we are working on newer technology products that will be agnostic of the power train and will serve both the IC engine as well as the EV power train.

To meet the future demand and support our new product initiatives, INEL is expanding its manufacturing capabilities to cater to the needs of the Customer. We have expanded all our plants and our commitment to growth extends beyond our domestic boundaries as we pursue international opportunities. Recently, we have added personnel, both in Europe and North America that will further sustain the growth.

We are forging strategic partnerships in future technology areas to drive innovation and collaborative advancements to stay at the forefront of the industry. So, I think INEL overall is very well positioned and we've been seeing the same thing for the last four or five years. And I am very happy to say we have continuously executed on exactly the strategy, and we expect the dividends to come in the coming years.

During the past year, we have also made significant stride in bolstering our cyber security framework. This earlier used to be a nice to have, but now it is really a must have. We have now effectively deployed Security Information and Event Management (SIEM) tools and software to detect and protect against cyber security threats in real time. No Data breaches have been reported for INEL and we have established a 24/7 Security Operations Centre (SOC) with external support to ensure that there is no disruption to business as the result of cybersecurity trends. We have also improved our communication with our employees to make sure that there are no non compliances in terms of discipline inside the Company. Perhaps many of you may know many companies today are facing threats on the cyber security front. Many well-known companies have suffered as a result, but I am very happy to say INEL with this diligence and rigour have avoided any issues so far. We are also in the process of upgrading our ERP system to make sure that we are compliant with the best-in-class systems to ensure that the company remains safe.

We understand the importance of nurturing the environment and taking proactive measures, while sustainability is a watch word right now, INEL has always been pursuing these policies. We have recently spent a lot of time to afforest the area around our plants, introducing native wildlife plants and species, which has resulted in a significant reduction of water consumption. We have also worked with our people very closely to involve them in both the environmental upgradation as well as CSR activities. Many of our CSR projects are actually suggested and led by our employees leading to a stronger bond between employees and the communities we serve. This has also helped INEL be a preferred employer both in the region we serve and in the surrounding areas.

The automotive industry is going through a turmoil as I had mentioned earlier. We earlier thought the electric vehicles will grow much faster, but that has now tempered a little bit. So, it's a little bit of a wait and watch right now with both the IC engine as well as the EV segments growing. There is opportunities and threats all over the place. But we believe that INEL with its systematic strategy of building on the core enhancing to adjacencies, and then building on that competency to serve its customers in new areas is the right one for our company. Our engineering centre is developing the new technologies that has now just started in the ICE plus products and will then extend into the EV space. And we believe this and after market and our international expansion will serve as a solid foundation for years to come.

Going forward, we will remain committed to strengthening our business model to deliver substantial shareholder value. This year I am happy to say that so far, our numbers are moving in the right direction as already seen in the quarterly numbers. We expect the trend to continue and remain positive. By consolidating our capabilities across products and markets, I think we are poised for new area of growth and opportunities.

I would like to take this opportunity to express my heartfelt gratitude to our Board of Directors. As Chairman pointed out many of our independent Directors come with substantial experience and their extensive involvement in our strategies and governance has really made INEL a more robust company that will serve as a platform in the years to come. I would like to thank my management team – President, CFO, Company Secretary are represented here; employees, customers, suppliers, bankers, investors, and government for their unwavering support and contributing to our progress. Thank you.

Company Secretary: I will now read the business mentioned in the notice in brief and explain the e voting procedure to the members. All the four resolutions mentioned in the notice and circulated to the members have been placed in electronic form in the CDSL platform. We have four agendas – To receive adopt, consider and adopt the auditor financial statement of the company for the financial year in the 31st March 2024 as an ordinary resolution; To confirm the interim dividend for the year 2023-24 as an ordinary solution; To appoint a director in place of Mr. TK Balaji who retires by rotation being eligible offers himself for reappointment as an ordinary resolution; To ratify the remuneration payable to Mr. K Suryanarayanan, the cost auditor of the company for the financial year ending 31st March 2025 as an ordinary resolution.

In accordance with the provisions of the Company's Act and the SEBI regulations, the members have been provided with the facility to exercise the right to vote by electronic means both through remote e-voting and through e-voting at the AGM Venue. E voting facility was made available to all the members holding shares as on the cutoff date of 11th September 2024. Remote e voting commenced on 15th of September 2024 at 09:00 A.M. and concluded on 17th September 2024 at 05:00 p.m. Those members who have not exercised remote voting may exercise their votes electronically after 15 minutes from the conclusion of this meeting. The members who have casted their vote by remote e-voting prior to the meeting shall not be allowed to cast their vote once again. The Board of Directors had appointed Mr. C Prabhakar, Partner BP associate, Chennai as the Scrutiniser to scrutinize the remote E-voting and E-voting at the AGM in a fair and transparent manner. Based on the report of the scrutinizer, the combined result of the remote E-voting and the E-voting at the AGM venue will be announced, and it shall be displayed on the website of the company and also shall be submitted to the stock exchanges, pursuant to SEBI Regulations, within two working days from the conclusion of this AGM.

The company has provided the members with the facility to register themselves as speakers or raise their queries through email. We have around twelve shareholders who have registered as speaker shareholders. Moderator from CDSL will enable the audio and video of the speaker shareholders when their names are being called out during Q and A session.

Considering the number of shareholders, I request the shareholders to restrict the time to a maximum of 3 minutes to share their views, ask their questions if any, to give an opportunity to other shareholders. The floor is now open to the registered speakers to express their views, ask questions if any, regarding the financials or the annual report or the business mentioned in the Notice. We will consolidate all the questions and answers will be provided at the end of the Q and A session.

I will call the Speaker shareholders one by one and I request Mr Basheer from CDSL to unmute. Can I proceed Mr Basheer?

Moderator: Yes, Madam

Company Secretary: I request to unmute Mr Manan Poladia.

Mr Manan Poladia: Hi, good morning to the Chairman, MD sir and everybody else on the call. Sir, I have some questions for you. I'll just go through them quickly. So my 1st question is we have mentioned about the Capital Expenditure that we've done at all three plants in the annual report. If you could please clarify on whether it's done, what is the quantum and if any is left to come online.

Secondly sir, we've mentioned our partnership with BorgWarner in the ECU and the EFI portion. If you could please give some information on whether we are interested in developing our own ECU or only the EFI solutions for the ECU.

My 3rd question is about a major contract that we mentioned in the annual report from a key customer for three and four-wheeler. If you could clarify what product that is and the size of the contract, something of that sort?

My 4th question is on the sensors business. Could you give some numbers? As to how the business is doing and what sort of margins it's contributing to our EBITDA. So, the 5th question is about the after market, where we have said it's a key focus area, what sort of contribution and margin can we expect in the next three or four years? My last question is about our patented motor, the annual report says it's undergoing tests. What is Initial feedback like from clients and what sector are they serving? EV 2 W, EV 3 W or ICE 2 W and ICE 3 W? that's all my questions sir. Thanks.

Company Secretary: Thank you, I request to unmute Saurin J Parekh. Is Mr Parekh available Mr Basheer?

Moderator: Yes Madam, available.

Company Secretary: Welcome Mr Parekh. Sorry we can't hear you

Moderator: The audio is not connected properly, Madam.

Company Secretary: Alright, I will proceed with another Speaker shareholder and then we can connect with Mr Parekh. Basheer?

Moderator: Yes Madam.

Company Secretary: Can you connect Mr Kush?

Mr Kush: So my 1st question would be on what is our capacity utilization currently as on Q1 and what can be the optimum capacity utilization? My 2nd question would be, we witnessed a very good Q1 which is generally the weakest quarter if I see our history, can you elaborate some of the reasons regarding the same? And how do you see it sustaining for the balance of three quarters or guidance for FY 25 what do you feel it should be what should be like? You also mentioned briefly that we are gaining market share we are meeting market by gaining market share in our base business. After market and exports also growing faster. Can you share further details with respect to which customer did we add in terms of last year we added one customer in after-market. So, what is kind of potential

further? Because we are almost four X versus FY 19-20 figure in terms of revenue, so what was the potential, how much is there? And also with respect to exports you mentioned regarding adding personally North American and Europe; can you share further details with respect to all these? My 3rd question would be, you also mentioned regarding EFI controller starting production. Can you share in detail what is our current capacity, what would be the market size? And what is the opportunity for us and are the products majorly import driven or other domestic players are in there in this market and also for ISG controller, what would be the market size and our sales?

How do you see this segment growing? Because I understand that ISG vehicles is increasing significantly in the last few years. With respect to our EV products, we have mentioned in our presentation that we have six to seven products in EV related products but only DC-DC Converter has commenced production. What would be the timeline for commencement of other products or can you share some details with respect to commercialization of any products which would be commercialized in the next one or two years and the market size and what kind of margins would these products have? Also in our presentation it is mentioned that a new technology product pilot was planned in Q2. Which product are we referring to, if you can share some details, and my last question sir, would be with increasing utilization as well as addition of EV technology products, what do you feel can be the sustainable EBITDA margin that we can achieve in medium term?

Or in the next two to three years because our current EBITDA considering our R&D and all the technology products that we are introducing seems to be quite low. So can that increase to say 14 -15 % sustainably over the next, two to three years? Thank you. Thank you.

Company Secretary: Thank you Mr Kush. I request to unmute Mr Manjeet Singh.

Moderator: Mr Manjeet Singh has not joined madam.

Company Secretary: Okay. I request to unmute Mr Kamaraj Senthil Manikandan.

Moderator: Mr Kamaraj Senthil Sir, you can ask your queries.

Mr Kamaraj Senthil Manikandan: Good morning to the entire Board of Directors. So just three questions from my side. First, is on the EV products so we have seen that most of the auto component companies are just entering the EV, either be EV motors or controllers.

So how is the company planning to differentiate our EV products versus the competition? So is it based on some inhouse technology or either our products are substantially cost effective. So Can you just explain the differentiation that the company is planning to bring on the EV space, that would be helpful and 2nd question related to the EVs is that so I think Lucas TVS is also into the traction motors, so what could be the group strategy with respect to product strategy? So, what are the product segments that INEL will lead the segment and if you can do the group level product strategy it will be very helpful. And my 3rd and last question is that. On the capital allocation side, so since we are focusing on new products and then we are expanding the exports and things like that so is it the internal cash flow generated by the company will be sufficient enough? Or will we be looking at liquidating our investments in the company that we already have to fund the inorganic or organic side expansion? That's broadly my three questions there and also my last just one suggestion is that if you can do a conference call for analysts not on a quarterly basis, even on a half-yearly basis, it will be very helpful in terms of understanding the company better. Thanks for the opportunity and all the best. Yeah, thank you. Thanks.

Company Secretary: Thanks Mr Kamaraj. I request to unmute Mr Meenal Varun.

Moderator: He has not joined madam.

Company Secretary: Okay. I request to unmute Mr Gopal.

Moderator: Mr Gopal has not joined madam.

Company Secretary: Okay. I request to unmute Ms Vandana.

Moderator: Ms Vandana has not joined madam.

Company Secretary: Okay. I request to unmute Mr Padmanabhan.

Moderator: Mr Padmanabhan has not joined madam.

Company Secretary: Okay. I request to unmute Mr N Prakash Chand.

Moderator: He has not joined madam.

Company Secretary: Okay. I request to unmute Mr Jaichand.

Moderator: He has not joined madam.

Company Secretary: Okay. I request to unmute Mr Abhishek.

Moderator: Yes, Mr Abhishek is available, Madam.

Mr Abhishek: So first of all, I congratulate the management on the event of Annual General Meetings. I trust all is well with you and your family. In this challenging situation our Company deserves much more respect than the current market cap after completing more than a decade of successful operations, profitability, dividend history and becoming one of the strongest brands in our respective segment. As of date how many employees are there in our Company? Then what are the steps being taken by the management to reduce the other expenses, legal & professional charges and the audit fee?

I would request the management to kindly consider hybrid AGMs in the years to come, as most of the senior citizens are not able to join because of the digital challenges in this particular platform. So, if you can consider hybrid AGMs. You can get their valuable points, suggestions and ideas. That will be helpful for the management to empower in the future.

Nothing much to ask. I wish the Company and the Board of Directors a great success and prosperity in the coming future. And thank you for giving the opportunity. See you at the AGM next year. Thank you very much.

Company Secretary: Thank you. Can you call Mr Parekh?

Moderator: Yes Madam.

Mr Saurin Parekh: Sorry, sorry for the technical difficulty initially. Respected Board members respected Chairman sir, respected MD sir and the entire team at Indian Nippon Electricals. Thank you so much for a resilient and strong year 2023-24. I have just three or four quick questions. See we have

mentioned in the annual report that we want to be a leader, a standing leader in ICE segment as well as we also want to become an upcoming leader in the EV segment. So sir, in that context, what is our vision for INEL up to 2030? What kind of growth do we expect in the upcoming five years? And how much value do we see being added to the operating margins in future? And lastly sir, besides automotive industry which other industry we would like to be a substantial part of our revenue and also if you can just give some colour in terms of the exports and after market in the same context, thank you so much and all the best for the current year. Thanks.

Company Secretary: Thanks all the speaker shareholders and shareholders who have joined the meeting. Now I request Mr Aravind Balaji, to address the queries of the shareholders followed by President Mr Ravinder Sharma and CFO Mr Elango. Thank you.

Managing Director: Thank you shareholders for as usual, very, very good questions and very pointed questions. First let me give some overall responses that will address many of the directional questions that were raised by the shareholders, and then I request my colleagues Ravinder and Elango to go into a few more details. There was a lot of questions raised by the shareholders about future orientation. I think in the last few years we have tried our best to improve our transparency. We have had an analyst meeting. We have put our investor presentation online. I hope most of you have seen it.

We are continuously working to see how we can improve the quality of that presentation to give you more an outlook-oriented presentation, but we will improve that. We are doing it step by step. We typically like to, you know, be clear before we promise something to the shareholders and there has been our track record over the years. So, I would request you to bear with us on that.

So, as we improve on it, but please keep in mind we are working towards that. We are working towards much more transparency with the investors. I promised last time we will have an investors meeting. I did have one in Bombay. We will continue that journey and improve our transparency. This is just an overall statement about the direction we are taking. We have employed somebody an investor relations firm who's actually helping us actually interact with shareholders in a more frequent basis and that's the direction we're taking.

Let me just address some of the business aspects that were raised. So, as I outlined earlier, you know, while EV is definitely on everybody's radar right now, it is important to understand that still it is a very small percentage of the automotive industry and the bulk of the sales and the profits come from the ICE business. So, it's very important for us to have an extremely good foundation because that is what generates the profit that will enable us to grow forward. And that's why I highlighted we have tried to expand our customer base. Earlier, we were very TVS dominated and now we have actually expanded our customer base. There were some questions raised on exactly who those customers are. See, you know, we don't typically share too much of inside information that maybe may compromise our comparative situation, so I request you to understand that, but essentially except a large Japanese player, everybody else has now become our customer in a decent way.

We have actually expanded our customer base in the ICE segment and we expect that to grow in the coming years, that will increase our rate of growth faster than market. That is the 1st category. In the same products that the category that we focused on was after market. Somebody raised the question of the after-market growth. That happened through systematic effort over the last five, six years especially. Now the initial bump we got was because we started from a low base. Now we expect the basic growth to continue to grow, but now we are discussing what new products to add. So, we were earlier focusing on our core product portfolio, but now that our brand is very well established in the aftermarket, we are debating what else to introduce. So as and when our strategy becomes clear and we actually have tangible evidence to show that we will share that with the shareholders. The 3rd

strategy is exports. Unfortunately, this has not been a strong track record for INEL, we have some customers. The business in the process of introduction and some introduced, we have now hired people actually in Europe and North America to expand that. It's important for shareholders to note that India is really the last market for two wheelers. In China it's moved completely to four wheelers and a small, you know, really, really low power two wheelers in its recreation in the rest of the world. So India's actually where the action is for two wheelers. That's why export is not so readily available for INEL for its range of products.

That said, we are looking at stationary engines, lawn and garden equipment and trying to make a move into that. On the EV side, somebody mentioned about the group. To talk about ideal strategy - Let me try to marry all that together. Yes, we as a group are heavily exposed to IC engine and so we have a strategy obviously in the EV space. We have motors and controllers in Lucas TVS, we have battery packs being manufactured and supplied by TVS Indeon, another sister company.

Where does INEL fit into all this? INEL is really fundamentally an electronics company, and our portfolio is focused on that. So, we are focusing on sensors and controllers as the core focus area for INEL. The EV space today is very, very crowded. There is hardly any profit in that area because of the crowding of the space, but we are developing the key enabling technologies and we'll introduce it at the right time. DCDC was a straightforward case where we introduced it, gained the market reputation. We are now working on sensors, somebody asked again, what is the proportion of sensors? We introduced some sensors and it's its profitability levels are higher than the traditional products, but the size of the business is not large enough for us to really talk in detail. But we are working on a systematic strategy both on sensors and controllers.

Our primary focus was our core products and our ICE plus products. In ISG as somebody rightly pointed out the share of ISG is increasing, and I'm happy we have three major customers now in the ISG, this year will be in production. So, by next year this time, we will be able to share with you a lot more detail about the impact that's making on our profits. So, somebody asked what's the potential EBITDA? You know, we really dropped down to about 8 % two years ago. Last year we were at 9.7, and this year we expect to be double digit EBITDA. So, we expect at least the next couple of years the EBITDA to steadily improve. Our return on capital has been our main focus point and that has always remained very healthy and we continue to expect it to remain healthy.

For the incremental investments, for the incremental technology investments, for growing the new technology products, we expect to fund that from internal accruals, but we are always on the lookout for opportunities. I think there's too much chaos in the market, so we are being conservative on that. But when the opportunity arises, if we have to go for different forms of funding, we'll be open to that. You know, we talked about the sales growth is faster than industry or after market growth is faster than industry, those have driven profitability and we expect ISG to continue to improve that profitability number. Capex, we have, you know, you've seen over the last five, six years we have increased it quite substantially. It was both on the expansion of capacity and all our plants and expansion of the plants itself because of the higher share of business. Secondly, we invested in the tech centre. So, we continue to expect that level of investment in the next three years as we build our capabilities and expand our capacities.

I think working capital, you've seen the DSO reduced from 73 to 66 and the working overall working capital from 57 days to 42, showing how tightly we are controlling this. That is why you have seen the profitability numbers look a lot better.

So, I think the takeaway for the shareholders is really the foundation business is going in a solid way. The ICE plus is also now, I think I would like to say we are; we are there and we are actually got one

more level of growth we are getting out of that. I think we will have to wait for the year before we can be more definitive about the new technology products which are, which are EV agnostic. Now there are multiple ways to play the EV game. Everybody talks about motor controller battery when it comes to EV. But when EVs come, there are other elements of the vehicle that have nothing to do with the power train and sensors in many other elements including wheel speed temperature, pressure sensors are used in many other areas. So, we're trying to do a strategy that is not just power trade driven but will survive both in EV space as well as the IC engine space. So, once we have more clarity on the strategy, I will share more details with you. Over to Mr Ravinder and Mr Elango.

President: Yeah thank you and I think one more point I would like to add that of course that our focus is on that IC engine still and EV also we are developing the technology, but our major focus is on the premium segment which is growing very fast in India and the EV is normally on the lower segment of the two wheeler 125 CC, whereas that 150 CC and other market is growing very, very fast and our focus is very much there and I'm happy to share that we are able to win many businesses from some customers on that segment and it is going very well.

Company Secretary: Thank you Sir. I request Mr Elango to add his views.

CFO: Good morning to all of you. MD has answered almost all questions raised by the shareholders. I would try to add few things regarding the profitability. The profitability mainly we are going to hit the double-digit growth in the coming years. Actually it is coming majorly from the sales mix, we have after market growth and the export growth which will likely to contribute more in the coming years and also the new gen products like ISG sensors etc, they all have the decent margin better than the traditional products like the ignition products and also we have taken a major cost reduction drive in all the areas and not only the other areas especially from materials and other expenses control. So, I think that will also improve our profitability and we have raised with some customers and requested to new compensation for the commodity price increase and inflation increase, so we are hoping that customers will grant us and which we think will help improve the profitability. Regarding the capex as you see in the cash flow statement, it is almost 25 crores which we are investing for the last few years and we have plans to invest 45 crores this year.

And the volume also is growing up and new products and facilities for new products also we are setting up the facilities to take care of the new products development and focus area which we continue to invest to enhance our process capabilities. You can see in the balance sheet and financials that ROC continues to be more than 20 % to 25 % in the recent years which will continue to grow. We are tight in working capital as well. We are generating our own internal accruals and we are also investing in the working capital so you can see the financials that cash flow continues to be positive to support the future growth. So, in case somebody has asked on inorganic growth. I think the amount for it will be, from internal accruals to fund the same. So that is it from my end and if anything else we can feel free to reach me separately and I'll be glad to answer anything.

Managing Director: I think just add on, we are investing in R and D. We have always invested about 2 % or 2.5% and we continue to do that. But we are bolstering that with a little bit more technology investments as well as some marketing investments. Of course, that will not show immediate returns, but we expect that to lay the foundation for the next cycle of growth. I think that is all from our end. Over to you Ms Logitha.

Company Secretary: Thank you. I request members who have not yet voted to please cast their vote. We will be having 15 minutes more to complete the voting. We thank all the members and the panelists, directors, auditors and everyone for their active participation in the meeting. Now I request Chairman to give his concluding remarks.

Chairman: Yeah, thank you so much and first of all, I'd like to thank the shareholders for their questions. I mean, these are things which always helps us to review our own strategies going forward.

I just want to conclude with one observation, and INEL has always been with an obligation to ensure good returns to the shareholders. One small detail which is worth repeating in every AGM. The Company went for the IPO in 1986 and that's it. After that, it has grown through its own growth and internal generation. So, the market cap of INEL today is Rs 1800 Crores. We started with the share capital of Rs 3 crores. So, which is about 600 times growth in the last 38 years. If you compute that, it comes to something like 35 % Compounded growth, which I think would really rate as one of the top forming stocks in the stock market, at least in the auto components space.

I only hope that, this record is continued and maintained, it's a tall order to the management team and I'm sure with all the vision that they have, you can continue to expect the company to grow. Thank you very much for your participation. Thank you.

Managing Director: Thank you.

Company Secretary: Thanks all. I request the members who have not cast their vote to please cast your vote. Thank you all.