



## India Nippon Electricals Ltd

### REGD. OFFICE

# 11 & 13, Patullos Road, Chennai - 600 002

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CIN : L31901TN1984PLC011021

August 26, 2022

**The Manager-Listing Department**  
**National Stock Exchange of India Limited,**  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No.C1, G Block,  
IFB CENTRE, Bandra-Kurla Complex,  
Bandra (E), Mumbai 400 051.  
Scrip Code: INDNIPPON  
Through: NEAPS on-line

**BSE Limited,**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001.  
Scrip Code: 532240  
Through: Listing Centre on-line

Subject: Submission of the 37<sup>th</sup> Annual Report of the Company for the financial year 2021-22.

Dear Sir/ Madam,

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the soft copy of the Annual Report of the company for the financial year 2021-22, in pdf format. The same has been published on the website of the company and is available at <https://indianippon.com/investors/#tab-1538379349283-8-1>.

Intimation of the 37<sup>th</sup> Annual General meeting and the web-link of the Annual Report for the financial year 2021-22 along with the Notice of the 37<sup>th</sup> Annual General Meeting, is being sent today, to all the shareholders, who have registered their e.mail ID with the company. Newspaper advertisement to this effect is being arranged and a copy of the same will be shared after publication.

This is for your information and record.

Yours Sincerely  
**For India Nippon Electricals Limited**

**R Poornima**  
**Compliance Officer**

Encl.: As above



**Enhancing Our  
Core Competencies.  
Engineering New  
Opportunities.**



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<https://indianippon.com/investors/>

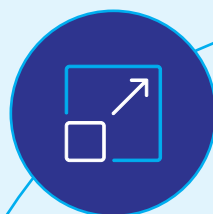
INEL continues to move ahead on the journey of value creation by enhancing its core technology, products, engineering new opportunities to grow, and thrive in the long term.

Our core competency of world-class manufacturing and R&D enables us to deliver products with updated technology and innovations that meet the exacting needs of the customers. We continue to enhance our strengths and nurture a value-led culture, which will unleash accelerated growth & productivity and keeps us at the forefront of the auto component industry.

In the core business of electronic ignition system, we stay focused on growing market share in India whilst expanding our presence in international markets. With the aim to diversify and build a stronger business, we also leverage on our core technology and products for serving sectors beyond automotive.

As we look forward, we are concentrating more on the electronic-driven automotive industry to intensify our efforts and are perfectly positioned to respond to the growing demand. We are investing in new product development and new technologies and setting the stage for delivering a growing portfolio of futuristic solutions across all mobility markets.

Join us in this rewarding journey.





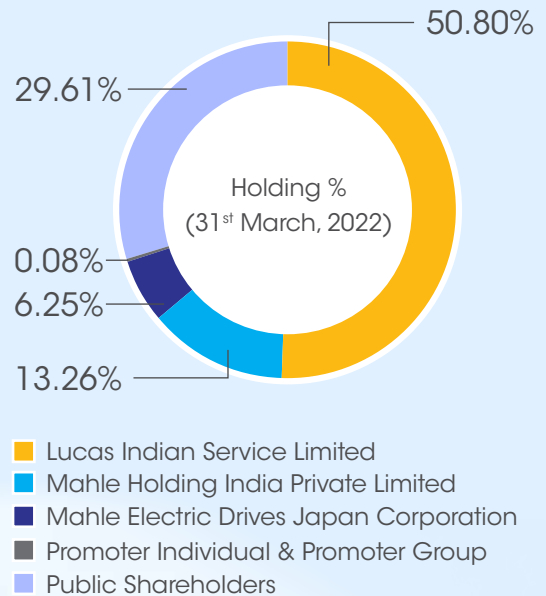
## At a Glance

India Nippon Electricals Limited (INEL) is among the leading manufacturers of electronic ignition systems for the automotive industry. Our recently developed mechatronic products, such as sensors, controller, etc. are focused towards capturing new opportunities in the market. Our products find extensive application in non-automotive segments as well. We have also developed Electronic Control Unit (ECU) for Electronic Fuel Injection (EFI) system, which meets the latest regulatory requirements, and associated with a leading Technology Partner to become a prominent player in the EFI market.

Our products are well recognised in the market for the quality and reliability, resulting as one of the market leaders in the electronic ignition industry. We continue to expand our portfolio and capabilities to meet the emerging needs of the customers. In addition to our core offerings for internal combustion engine vehicles, we continue to focus on developing

a new product base for electric vehicles, as we leverage our extensive experience in engineering and manufacturing.

Our manufacturing units are located at Tamil Nadu, Puducherry and Haryana. Our key customers include all leading automotive companies located in India and globally.



## Product Portfolio

### Electronic Ignition System – Application Range

#### TWO-WHEELERS



Flywheel Magneto



Engine Control Unit



Ignition Coil



Regulator Rectifier

#### THREE-WHEELERS / ATV



Flywheel Magneto



Ignition Coil



Alternator



Rotax Ig.coil

#### PORTABLE GENSETS



Integral Unit



Regulator

#### GENERAL PURPOSE ENGINES



Dynamo 15A



Regulator Rectifier









Integral Unit



Dual Output Ig.coil



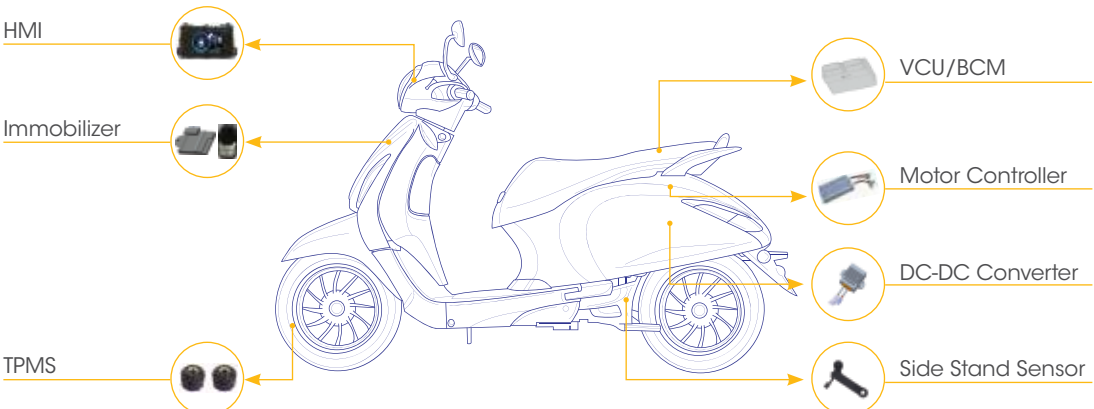
### INEL Controllers Portfolio

							
Converter	EGR Controller	EFI Controller Unit	Governor Control Unit	Immobilizer	DC-DC Converter (Step down)	DC-DC Converter (Step up)	Radiator Fan Controller
							
Sear Heater & Blower Controller	Body Control Module						

### INEL Sensors Portfolio

							
Throttle Position Sensor (Rotary type)	Throttle Position Sensor (Linear type)	Speed Sensor	Oil Level Sensor	VR Sensor	TMAP Sensor	TBAP Sensor	Coolant Temperature Sensor
							
Air Temperature Sensor	Temperature Sensor	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

## Our Core Values



### BE BOLD

Do the right things - including the difficult ones



### FORESIGHT

Anticipate the future



### FACE THE FACTS

Deal with a problem or difficulty



### PERSUASION

Constructively debate the merits of the case



### COMPASSION AND ACTIVE LISTENING

Consider all stakeholders and listen to them



### WINNING MATTERS

If the process does not work, change it



### ACKNOWLEDGE PEOPLE

Encourage performance and worthy efforts





## Our Strengths

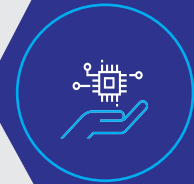


### Strong Customer Focus

Consistently delivering innovative products that meet customer requirements.

### Thrust on Technology

Advancing new technology that addresses the futuristic needs of our customers.



### Stringent Manufacturing Practices

Benchmarking products to global standards and focusing on process excellence in manufacturing.

### Organisational Agility

Demonstrating a high degree of responsiveness to market trends and offering just-in-time supplies to customers.



### Value Addition

Driving operational efficiencies while ensuring strict adherence to quality standards for providing customers with a better value proposition.



# INDIA NIPPON ELECTRICALS

Company Overview

Statutory Reports

Financial Statements

## Fast Facts

**38**

years of  
experience

**Tier 1**

supplier to major  
OEMs

**3**

manufacturing  
plants

**1**

research centre

**1,995**

employees<sup>#</sup>

*# As on 31<sup>st</sup> March, 2022*



# Enhancing Our Core Competencies

Our manufacturing and R&D capabilities provide a strong foundation for delivering value to our customers, seizing new opportunities and growing our business.

## Driving Manufacturing Excellence

We have set up three state-of-the-art manufacturing facilities in India. These facilities deploy cutting-edge technology and globally recognised manufacturing tools and philosophies such as Total Quality Management (TQM), Toyota Production System (TPM) Kanban, and Value Stream Mapping (VSM), among others. Committed to exceeding customer expectations, we ensure adherence to the most stringent quality standards at each stage of the manufacturing process.

Our robust manufacturing capabilities enable us to deliver quality products, optimise processes and drive productivity. Moreover, as our manufacturing facilities are in close proximity to the units of our key domestic customers, our strategic presence enables us to respond quickly to their needs and offer just-in-time supplies. By driving a

culture of continuous improvement, we have also established ourselves as a cost-efficient supplier to compete effectively in domestic and global markets.

Driven by the goal of delighting our customers and providing employees with a workplace that fosters pride and safety, we are consistently enhancing our manufacturing capabilities. A high focus on in-house manufacturing of components, for instance, enables us to extract greater cost efficiency, mitigate supply chain disruptions and drive reliability in our production.

Digitalisation of processes and upholding best practices in environment, health, and safety (EHS) matters are among the other thrust areas as we look to make our manufacturing facilities more agile and robust.

## Manufacturing Action Plan



## Our Technology Centre

Our recently established world-class Technology Centre in SIPCOT Phase 1, Hosur, Tamil Nadu, has given a significant impetus to our ability to accelerate new technologies and develop futuristic products. The Centre is particularly focused on developing EV technology products and Technologies for emission control and compliance. Mechatronic products with new technology solutions and software are also being designed for wide applications across segments.

The Technology Centre was inaugurated on 27<sup>th</sup> April, 2022 and is now completely functional. Our dedicated and qualified engineers are passionately engaged in developing market-relevant solutions. This Technology Centre is aimed at introducing products at a faster pace through early engagements in the development cycle with customers. During the year, we continued to push the envelope in advancing new technologies and supporting our customers in their quest to pivot to electrification, optimise costs, ensure quality and achieve fuel-efficiency targets.



The Technology Centre was inaugurated on 27<sup>th</sup> April, 2022 by Mr. K N Radhakrishnan, CEO & Director of TVS Motor Company Limited in the presence of our Chairman Mr. T K Balaji and Managing Director Mr. Arvind Balaji.

## Manufacturing and R&D Footprint

### Manufacturing

Hosur (Tamil Nadu), Puducherry and Rewari (Haryana)

### Technology Centre

Hosur, Tamil Nadu

## Plant Certifications

- Product Responsibility – IATF: 16949:2016
- Employee Wellbeing & Safety – IOS 45001:2018
- Environment – IOS 14001:2015
- Continuous Process Improvement – ISO 9001:2015



# Managing Director's Message



The year also saw us achieving the highest ever sales in our corporate history and growing our market share for our core products of electronic ignition solutions.



**Arvind Balaji**  
Managing Director



## Dear Shareholders,

I am pleased to report that INEL has delivered a robust performance for the year against the backdrop of a tough operating environment. We also continued to invest in our core competencies to capitalise on the significant long-term growth drivers and build a more broad-based business.

### Operating environment

The COVID-19 pandemic continued to cast a shadow on the complete recovery of the Indian automotive sector, which has been facing disruption since early 2020. Supply-side constraints, particularly the shortage of semiconductors and a steep rise in commodity prices, further exacerbated the challenges being faced by the sector. As per the estimates of the Society of Indian Automobile Manufacturers (SIAM), while the Indian automotive sector witnessed a de-growth of 6% in FY 2021-22, the two-wheeler segment was more harshly impacted with a decline of 11% from the previous year.

## Performance review

Overcoming the numerous external headwinds, we delivered a strong performance for the year. Our total revenue for FY 2021-22 stood at ₹ 580 Crores, an increase of 17% over the previous year. This was achieved on the back of stellar exports and aftermarket growth of 44% and 43%, respectively. The year also saw us achieving the highest ever sales in our corporate history and growing our market share for our core products of electronic ignition solutions. This reflects our agility in effectively manoeuvring through a demanding environment and the trust we have built for our products. Our sales performance also benefited from new customer wins and the launch of new products in the market.

Despite our best efforts, however, we were not able to fully offset commodity inflation with operational efficiency. Our gross margins thus declined marginally to 29.9% from 31.9% in the previous year. A lag in compensation from customers for the rise in input costs also impacted our gross margin performance.

Commodity price recovery efforts have been initiated

across our customer base and we expect to realise the additional revenue during the first half of fiscal 2022-23. Procurement efficiency, implementation of value analysis and value engineering (VA/VE) techniques and improvement in plant efficiency are other measures being pursued to optimise costs.

## Operational highlights

During the year, we completed the setting up of our new Technology Centre in Hosur, Tamil Nadu. This state-of-the-art facility provides an inspiring environment for developing futuristic products. The automotive sector is steadily pivoting from internal combustion engines to electric propulsion; our Technology Centre will play a critical role in helping us introduce innovative products to support our customers in this transition.

The Centre will also provide a thrust to the development of BS-VI compliant products, technologies for emission control, and mechatronic products. Furthermore, it will drive the R&D of products that serve sectors beyond automotive to support business diversification. We have successfully partnered with companies from the renewable and FMCG sectors and are confident

of further broadening the applications for our products through our R&D expertise.

In another significant development, we entered into a technical licensing partnership with a global European company focused on control units for Electronic Fuel Injection (EFI ECU). This partnership will enable us to enter a new product segment of the EFI system and serve our customers for two & three-wheeler applications. We have set up state-of-the-art emission and vehicle tests and plan to expand our electronic manufacturing capability for EFI ECU production.

## People and culture

At its heart, INEL is a business built on the efforts of its people, and it is the talent and dedication of our team that continues to reinforce our confidence in an exciting future. We provided several training opportunities to our people so that they have the right skillsets to meet the evolving needs of our customers and business. We also continued to encourage the hiring of apprentices and training them in vital industry skills, making it a win-win situation for the local community and our Company.



We believe that our values-based culture breeds success. We continued to strengthen this culture by improving the way we work together in support of our customers and one another. Our approach to investing in the growth of our employees, together with our multiple engagement initiatives and competitive pay policies, has made us the employer of choice. This is reflected in INEL securing the Great Place to Work® Certification for the second consecutive year. This prestigious recognition has further reinforced our credentials as an employer, enabling us to attract and retain talent.

### **The road ahead**

Consumer and business sentiments have improved with pandemic anxieties receding. The economy finally seems to be moving along the path of accelerated growth supported by the government's encouraging schemes and sustained infrastructure investments.

This is expected to drive the demand for vehicles. Another factor that augurs particularly well for the demand for personal transport is that employees are steadily returning to offices.

As a trusted manufacturer of electronic ignition solutions for internal combustion engine vehicles, we are confident of exploiting the opportunities in our legacy business. Our focus on broadening our business horizons – through technology, geographies, customer base, and sectors – should also serve us well for long-term growth. Our debt-free balance sheet further underpins our ability to invest in technology, new product development, and infrastructure and pursue an exciting growth trajectory.

### **Acknowledgements**

I would like to extend my sincere thanks to our employees for their unwavering commitment. 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 thank our business partners for their contribution to our shared success. We also express our sincere appreciation to our customers, bankers, financial institutions, and Central and State government bodies for their steadfast support. Finally, thank you to our shareholders for reposing their trust in our business. With your continued support, INEL remains committed to creating better value for all.

Yours sincerely,

**Arvind Balaji**  
Managing Director

# Corporate Information

## Board of Directors

**T K Balaji**

Chairman

**Arvind Balaji**

Managing Director

**Anant Jaivant Talaulicar**

**V Balaraman**

**Jayshree Suresh**

**K G Raghavan**

**Priyamvada Balaji**

**R Vijayaraghavan**

**Jakob Ruemmler**

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

**Kiyoyasu Kawakami**

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

**Mukesh Kumar Somani**

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

**T Momose**

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

**Heramb Ravindra**

**Hajarnavis**

(from 10<sup>th</sup> August, 2022)

**Gangapriya Chakraverti**

(from 10<sup>th</sup> August, 2022)

## Audit Committee

**K G Raghavan**

Chairman

**Anant Jaivant Talaulicar**

**V Balaraman**

**R Vijayaraghavan**

## Stakeholders

### Relationship Committee

**Jayshree Suresh**

Chairperson

**T K Balaji**

**R Vijayaraghavan**

## Nomination & Remuneration Committee

**V Balaraman**

Chairman

**T K Balaji**

**R Vijayaraghavan**

## CSR Committee

**Jayshree Suresh**

Chairperson

**Arvind Balaji**

**Priyamvada Balaji**

## Risk Management Committee

**Anant Jaivant Talaulicar**

Chairman

**Arvind Balaji**

**Ravinder Sharma**

## President

**Ravinder Sharma**

## Chief Technical Officer

**R Umashankar**

## Chief Financial Officer

**Elango Srinivasan**

## Company Secretary & Compliance Officer

**G Venkatram**

(up to 26<sup>th</sup> May, 2022)

## Compliance Officer

**R Poornima**

(from 27<sup>th</sup> May, 2022)

## 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,

Tamil Nadu

**Ph:** 04347 - 233432 - 233438

**Email:** inelcorp@inel.co.in

**Madukarai Road**

Kariamanickam,

Nettapakkam Commune

Puducherry 605 106.

**Ph:** 0413 - 2697801 - 2697827

**Masani Village**

Rewari District,

Haryana 122 106

**Ph:** 01274 - 240860/240212





# Financial Highlights

## REVENUE FROM SALES (₹ In Lacs)

2021-22	55,727
2020-21	47,770
2019-20	47,423
2018-19	52,061
2017-18	46,301

## PROFIT BEFORE TAX (₹ In Lacs)

2021-22	5,155
2020-21	5,167
2019-20	7,209
2018-19	8,391
2017-18	7,084

## PROFIT AFTER TAX (₹ In Lacs)

2021-22	4,026
2020-21	4,070
2019-20	5,520
2018-19	5,951
2017-18	5,010

## NET WORTH (₹ In Lacs)

2021-22	49,361
2020-21	45,020
2019-20	41,916
2018-19	40,127
2017-18	34,502

## RETURN ON NET WORTH (In %)

2021-22	8.16
2020-21	9.04
2019-20	13.17
2018-19	14.83
2017-18	14.52

## EARNINGS PER SHARE (In ₹)

2021-22	17.80
2020-21	17.99
2019-20	24.40
2018-19	26.31
2017-18	22.15

## DIVIDEND PER SHARE (In ₹)

2021-22	6.25
2020-21	6.00
2019-20	6.75
2018-19	7.00
2017-18	6.50

# Engineering New Opportunities

Our multi-pronged approach of building bigger possibilities for our core business while establishing tomorrow's growth levers is engineering new opportunities for sustained performance.



## Capitalising on our Core Business

While the pivot to electrification is gathering pace, there is a still long transition period of at least a decade, if not more, during which internal combustion engines will remain the dominant technology. Our core business continues to be ignition solutions for internal combustion engines, a segment in which we have established proven strengths and long-standing relationships with customers.

We remain focused on exploiting the opportunities presented within our core business by introducing new products for two & three-wheelers, including FWM and Regulator Rectifier for a prestigious US-based customer. Having successfully migrated from BS IV to BS VI - OBD I, we are now actively working with our customers on the development of products for BS VI - OBD II,



which is scheduled to be implemented by April 2023. Our Engineering team is working on an efficient power conversion system, which will meet increasing electrical power requirements in vehicles. Our ISG product has completed its development cycle and is ready for production.

The operating environment has also unleashed new opportunities for our core business. Automotive OEMs are looking to diversify their supplier base beyond China after their experiences during the pandemic. These companies seek to partner with companies having strong credentials in the critical areas of quality, costs, and delivery. Moreover, the government's vision of 'Atmanirbhar Bharat' or self-reliant India, has provided an impetus for local manufacturing. The announcement of favourable policies such as the Performance-Linked Incentive Scheme (PLI) and Vehicle Scrappage Policy also offer tailwinds for the growth of the automotive sector in India. Finally, increasing preference for personal mobility in the post-pandemic era is also fuelling the demand for two-wheelers. As a leading manufacturer of ignition system solutions, we remain focused on growing our market share in this business.

### Growing our EV Portfolio

Electric vehicles are witnessing increased adoption in India aligned with the growing preference for greener solutions and supported by lower cost of ownership and advances in infrastructure. The Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) policy of the government is also assisting EV adoption, especially for two-wheelers. In June 2021, the government announced financial incentives for EV manufacturers under the FAME India Phase 2 scheme. This will make EVs more affordable and further accelerate the transition to sustainable mobility.



Cognizant of the emerging reality, we are preparing ourselves for the future. Our new R&D Centre and the talent we have engaged at the facility will particularly prove beneficial in the development of differentiated products and new technologies for EVs. During the year, we launched the development of an EV motor controller for the two & three-wheeler segment and defined our roadmap to serve our customers' future needs. The first generation of the product is ready for customer demonstration. Our DC-DC converter has already gone into production for one of the leading two-wheeler OEMs,

and we are working on higher power DC-DC with digital controller features to prepare ourselves for the future. Backed by these targeted initiatives, we expect a higher revenue contribution from our EV business in the coming years.

### Exploring New Business Lines

As a mechatronic company, we have a wide breadth and depth of technological know-how. Significant work is being undertaken to leverage this expertise and foray into sectors beyond automotive. As part of this business evolution, we are exploring new product applications for our existing products. Focused teams are in place to identify potential applications for our electronic solutions. We have also appointed a leading external consultant to build a broader-based business. Our concerted efforts have opened up opportunities in the renewable energy sector. As we identify areas beyond the non-automotive line of business, it will not only increase our addressable market opportunity but also help to further diversify and de-risk our business.



### Expanding to New Geographies

Export is another area that we are pursuing aggressively. During the year, we recorded a significant increase in revenue from exports, endorsing the initiatives we are undertaking and the quality of our products. We remain focused on expanding our presence to new geographical locations and penetrating deeper into existing markets. Recognising the strong potential for growing our overseas revenue, steps are being taken to open sales offices in countries where we have market opportunities. We also have a dedicated marketing team in place for handling export developments.

### Advancing our Aftermarket Business

We have identified aftermarket as an area with great growth potential. A dedicated team is focusing on this segment and several measures are being taken to strengthen our product range and distribution network to extract maximum value for our business. We are also conducting a skill development programme for two-wheeler mechanics. These multiple measures have helped in strengthening our brand image and in growing our aftermarket sales.

### Entering into a New Technical Partnership

We recently entered into a Technical Licensing partnership with Borg Warner, a globally leading automotive supplier, for the Control unit for Electronic Fuel Injection (EFI ECU). This will enable us to enter a new product segment of the EFI system and serve our customers for two and three-wheeler applications. A state-of-the-art emission and vehicle test setup has been established. Additionally, plans are in place to expand our electronic manufacturing capability for EFI ECU production.



## Our People Strength

Our ability to seize today and take charge of tomorrow is underpinned by the capabilities of our people and excellent workplace culture, which becomes a strong tool for attracting and retaining talent.



### Great Place to Work® Certification

At INEL, we believe in the power of our people. Recognising that our people are a great strength to our success, we continually work towards fostering a positive work culture where employees can learn, grow, and belong. Focused initiatives have enabled INEL to establish itself in the best employers' league. We are proud to share that INEL received the Great Place to Work® Certification for the second successive year. This certification is awarded by the Great Place to Work® Institute, an internationally reputed employer-branding platform. This prestigious recognition also strengthens our employer's value proposition in attracting new talent.

### Values-led Culture

While we continue to strengthen our core competencies, we place an equal emphasis on upholding a culture based on our values. This value-led way of working is at the core of who we are and how we act. Guiding our people on the choices they make at work every day, our values make us a purpose-driven organisation against an organisation that adopts a machine-like business approach. Our values-led culture also creates a unified and motivated workforce working towards shared goals. As an organised founded and flourishing on values, we place the highest priority on the health and safety of our employees. Several initiatives were undertaken during the year for employee wellbeing, including conducting free vaccination drives.



### Retaining Talent

Post the pandemic, the attrition challenge has multiplied across industries and geographies, with employees re-evaluating what they want from a job (and from life). This 'Great Attrition' phenomenon is being witnessed in India as well. Being responsive to the changing needs of our employees, we redesigned several human resource policies based on an attrition analysis conducted at the organisation. Employees working at the Technology Centre can now opt for flexible work arrangements to improve their work-life balance. The frequency of interaction with new joiners has been increased to understand their issues and make them feel more valued. Post their feedback, necessary action is taken to improve talent retention. We also revised our compensation strategy to recognise and reward high performers and increase retention as part of our efforts to ensure desired capacity across all departments.

### Engaging our People

To empower and engage our team, we provide exciting learning opportunities and promote camaraderie. As part of the Employee Engagement Initiative, 25 people undertook the People Manager Workshop conducted by the Great Place to Work® (GPTW) Institute. During the year, we had 59 teams participating in 22 external competitions and winning 54 awards. Additionally, the number of team registrations for Small Group Activities and Quality Improvement increased. The number of workplace suggestions received from employees also saw an increase, reflecting their close involvement in enhancing the Company's operational performance. Various festivals and events were celebrated at the Company sites to strengthen employee connect.



### Zero accidents

across our plants in FY 2021-22, achieved through our strong safety culture.



# Corporate Social Responsibility

At INEL, we understand the importance of giving back to our communities. We are committed to promoting environmental, social and economic benefits in the communities in which we live and work.

Our focused areas of intervention encompass Education; Preventive Health Care; Disaster Relief and Rehabilitation; Environment & Sustainability; and Protection of National Heritage, Arts & Culture. These projects were carried out in and around our factory sites.



Kitchen Room constructed at Government High School, Kumbalapuram



Renovation work at Urban Primary Health Centre, Mookandapallai, Hosur

## Education

- Construction of noon meal centre (kitchen and dining) and landscape development in Government School, Kumbalapuram, Tamil Nadu
- Provided writing boards to Government School, Belagondapalli, Hosur, Tamil Nadu
- Replacing the existing asbestos roof with metal roof and flooring with tiles for Government School, Nettapakkam, Puducherry
- Partnered with Swamy Dayananda Educational Trust involved in promoting special education and employment enhancing vocational skills

## Preventive Health Care and Sanitation

- Distribution of oxygen generation plant at ESI Hospital, Hosur
- Distribution of medical devices to Government Primary Health Centres in Hosur
- Provided battery vehicles to Kalugondapalli Panchayat, Hosur for removing residential waste
- Renovation activities and provision of new amenities at Primary Health Centre, Nettapakkam in Puducherry
- Construction of drainage facility at Uliveeranapallai, Hosur
- Renovation activities and wall tilling work at Primary Health Centre, Mookandapalli, Hosur
- Support extended to Bright Future Organization for the Blind for helping meet the basic needs of people impacted by blindness



### Disaster Relief and Rehabilitation

- Distribution of grocery packets to 98 mechanics in Tamil Nadu and Karnataka



Osatti Lake silt removal activity, Madakondapalli

### Environment and Sustainability

- Desilting of Osatti Lake, Hosur to benefit local farmers
- Support to Swamy Dayananda Educational Trust for activities related to Agro Forest, Herb Garden, Experimental Research Farm and Goshala



### Protection of National Heritage, Arts & Culture

- Created audio tours of Mamallapuram, encompassing heritage of monuments, Shore Temple and the Five Rathas

The endeavour is to keep these services free for end-users; increase heritage awareness among locals; and present the underlying stories of these sites to visitors.

### Additional sponsorships

- Skill training provided to 1,243 two-wheeler mechanics
- Contributing CCTV cameras to Mathigiri Police Station, Tamil Nadu



### Employee Volunteerism

Our employees took up voluntary work at Government High School, Andhivadi, Hosur, and cleaned the entire premises and fixed the boundary fencing to facilitate better access to school children. These community service activities undertaken by our employees give testament to the compassion of our workforce and the strength of our Company culture.





# Notice to Shareholders

NOTICE is hereby given that the 37<sup>th</sup> Annual General Meeting of the Shareholders of INDIA NIPPON ELECTRICALS LIMITED will be held on Wednesday the 21<sup>st</sup> September 2022 at 10:00 A.M. (I.S.T.) through Video Conferencing (V.C.) / Other Audio-Visual Means (O.A.V.M.) to transact the following businesses:

## ORDINARY BUSINESS

### 1. Adoption of the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March 2022, together with the reports of Board of Directors and Auditors thereon.

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

**RESOLVED THAT** the audited standalone financial statements of the Company for the financial year ended March 31, 2022 together with the reports of the Board of Directors and Auditors, be and are hereby considered and adopted.

**RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended March 31, 2022 together with the reports of the Board of Directors and Auditors, be and are hereby considered and adopted.

### 2. Declaration of Dividend for the year 2021-22

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

**RESOLVED THAT** the interim dividend of ₹ 6.25 declared and paid for every equity share of face value of ₹ 5 each on 2,26,21,424 equity shares, by the Board of Directors of the Company as per

Resolution passed on 10<sup>th</sup> February 2022, absorbing a total sum of ₹ 1,413.84 lacs, be and is hereby noted and confirmed as the final dividend for the year ended 31<sup>st</sup> March 2022.

### 3. Election of Mr T K 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** Mr T K Balaji (DIN: 00002010), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable for retirement by rotation.

### 4. Re-Appointment of Statutory Auditors, M/s. Deloitte Haskins & Sells LLP

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 read with rule 3 of Companies (Audit and Auditors) Rules, 2014 and other applicable provisions (including any modification or re-enactment thereof) if any, of the Companies Act, 2013, and pursuant to the recommendation of the Audit Committee and the Board of Directors of the Company, M/s. Deloitte, Haskins & Sells LLP ( DHS LLP) Firm Registration No.: 117366W/W-100018 be and are hereby re-appointed as the Statutory Auditors of the Company to hold the office for a second term of five consecutive years from the conclusion of this 37<sup>th</sup> Annual General Meeting till the conclusion of the 42<sup>nd</sup> Annual General Meeting of the Company to be held in 2027 to examine

and audit the accounts of the Company on such remuneration plus applicable taxes, out-of-pocket expenses, as may be mutually agreed upon by the Board of Directors and Statutory Auditors of the Company.

**RESOLVED FURTHER THAT** any director of the Company be and is hereby authorized to do all such acts, things and deeds as may be deemed necessary to give effect to the above stated resolution.”

## SPECIAL BUSINESS

### 5. Ratification of the remuneration of Mr K Suryanarayanan, the Cost Auditor for the year 2022-23

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 lakhs 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, 2023 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.

### 6. Appointment of Mr. Heramb Ravindra Hajarnavis (DIN: 01680435) as an Independent Director of the Company

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

**“RESOLVED THAT** Mr. Heramb Ravindra Hajarnavis (DIN: 01680435), who was appointed as an Additional Independent Director of the Company by the Board of Directors at their meeting held on August 10, 2022, based on the recommendation of the Nomination and Remuneration Committee, and who holds office up to this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (“the Act”) and article 89 of the Articles of Association of the Company, and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 10<sup>th</sup> August 2022.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’), as amended from time to time, the appointment Mr. Heramb Ravindra Hajarnavis (DIN: 01680435), who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1) (b) of the SEBI Listing Regulations and who is eligible for appointment as a Non-executive, Independent Director of the Company for a term of 4 years with effect from 10<sup>th</sup> August 2022 and who would not be liable to retire by rotation, be and is hereby approved.”



**7. Appointment of Ms Gangapriya Chakraverti (DIN:00378385) as an Independent Director of the Company**

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

**"RESOLVED THAT** Ms Gangapriya Chakraverti (DIN:00378385), who was appointed as an Additional Independent Director of the Company by the Board of Directors at their meeting held on August 10, 2022, based on the recommendation of the Nomination and Remuneration Committee, and who holds office up to this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 ("the Act") and article 89 of the Articles of Association of the Company, and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 10<sup>th</sup> August 2022.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, the appointment of Ms Gangapriya Chakraverti (DIN:00378385), who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI

Listing Regulations, and who is eligible for appointment as a Non-executive, Independent Director of the Company for a term of 4 years, with effect from 10<sup>th</sup> August 2022 and who would not be liable to retire by rotation, be and is hereby approved."

**8. To Consider and approve re-appointment of Mr. Arvind Balaji (DIN: 00557711) as Managing Director of the Company and revision in terms of remuneration.**

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

**"RESOLVED THAT** pursuant to the provisions of Companies Act, 2013 and rules made thereunder SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other rules, laws, regulations, guidelines, amendments or notifications as may be applicable and as per the Memorandum and Articles of Association of the Company, the recommendation of the Nomination and Remuneration Committee, Board of Directors of the Company, the consent of the members be and is hereby accorded for the re-appointment of Mr. Arvind Balaji (DIN: 00557711) with effect from 10<sup>th</sup> August 2022 for a period of 5 years with remuneration prescribed as per Section 196,197(1) and 198 of the Companies Act, 2013 with effect from 1<sup>st</sup> April 2022.

**"RESOLVED FURTHER THAT** notwithstanding anything contained herein above, if in any financial year, the Company has no profits or its profits are inadequate, the salary, perquisites, and any other allowances not exceeding ₹ 3 crores per annum shall be paid as minimum remuneration to Mr. Arvind Balaji with effect from 1<sup>st</sup> April 2022 for

the period of 3 years, in accordance with the provisions of Section 197, Schedule V and other applicable provisions of the Companies Act, 2013.

**"RESOLVED FURTHER THAT,** Mr. Arvind Balaji, Managing Director be and is hereby also eligible for the following perquisites which shall not be included in the remuneration (the same shall be over and above the remuneration)

- i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961
- ii) Gratuity payable should not exceed half month's salary for each completed year of service; and
- iii) Encashment of leave as per Company's rules, at the end of the tenure.

**"RESOLVED FURTHER THAT** the terms of remuneration as set out in the Explanatory statement of this Resolution shall be deemed to form part hereof.

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to the aforesaid Resolution.

## ITEM NO: 9

### **MATERIAL RELATED PARTY TRANSACTION(S) BETWEEN THE COMPANY AND TVS MOTOR COMPANY LIMITED, RELATIVES OF ULTIMATE HOLDING COMPANY**

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

**"RESOLVED THAT** in accordance with the provisions of Regulation 23 of the Securities

and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), consent be and is hereby accorded to the Company for entering into and / or carrying out and / or continuing with existing contracts / arrangements/ transactions (whether individual transaction or transaction(s) taken together or series of transaction(s) or otherwise) with Material Related Party Transactions with TVS Motor Company Limited, a related party under Regulation 2(1)(zb) of the Listing Regulations, whether by way of continuation(s) or renewal(s) or extension(s) or modification(s) of earlier/ arrangements/transactions or as fresh and independent transaction(s) or otherwise for the Transactions as set out in the Explanatory Statement annexed to the Notice convening this Meeting and on such terms and conditions as may be mutually agreed between the parties, individually and/ or in the aggregate upto an amount not exceeding ₹ 500 Crores in a financial year, provided however, that the said contracts/arrangements/ transactions shall be carried out on an arm's length basis and in the ordinary course of business of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, as may be necessary, including but not limited to, finalizing the terms and conditions, methods and modes in respect of executing necessary documents, including contract(s) / arrangement(s) / agreement(s) and other ancillary documents; seeking necessary approvals from the authorities; settling all such issues, questions, difficulties or doubts whatsoever that may arise and to take all such decisions from powers herein conferred; and delegate all or any of the powers herein conferred to any Director, Chief Financial Officer, Company Secretary or any other Officer / Authorized Representative of the



Company, without being required to seek further consent from the Members and that the Members shall be deemed to have accorded their consent thereto expressly by the authority of this Resolution.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in this Resolution, be and is hereby approved, ratified and confirmed in all respects.”

#### ITEM NO:10

#### **MATERIAL RELATED PARTY TRANSACTION(S) BETWEEN THE COMPANY AND LUCAS INDIAN SERVICE LIMITED (“LIS”), HOLDING COMPANY**

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

**“RESOLVED THAT** in accordance with the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), consent be and is hereby accorded to the Company for entering into and / or carrying out and / or continuing with existing contracts / arrangements/ transactions (whether individual transaction or transaction(s) taken together or series of transaction(s) or otherwise) with Material Related Party Transactions with Lucas Indian Service Limited, a related party under Regulation 2(1)(zb) of the Listing Regulations, whether by way of continuation(s) or renewal(s) or extension(s) or modification(s) of earlier/ arrangements/transactions or as fresh and independent transaction(s) or otherwise for the Transactions as set out in the Explanatory Statement annexed to the Notice convening this Meeting and on such terms and conditions

as may be mutually agreed between the parties, individually and/ or in the aggregate upto an amount not exceeding 15% of the previous year consolidated turnover, in any financial year, provided however, that the said contracts/arrangements/ transactions shall be carried out on an arm’s length basis and in the ordinary course of business of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, as may be necessary, including but not limited to, finalizing the terms and conditions, methods and modes in respect of executing necessary documents, including contract(s) / arrangement(s) / agreement(s) and other ancillary documents; seeking necessary approvals from the authorities; settling all such issues, questions, difficulties or doubts whatsoever that may arise and to take all such decisions from powers herein conferred; and delegate all or any of the powers herein conferred to any Director, Chief Financial Officer, Company Secretary or any other Officer / Authorized Representative of the Company, without being required to seek further consent from the Members and that the Members shall be deemed to have accorded their consent thereto expressly by the authority of this Resolution.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in this Resolution, be and is hereby approved, ratified and confirmed in all respect.”

“By Order of the Board

Place:Hosur  
Date: 10<sup>th</sup> August 2022

**T K Balaji**  
Chairman  
DIN: 00002010

**IN TERMS OF SEBI (LODR) REGULATIONS 2015 READ WITH SECRETARIAL STANDARDS ON GENERAL MEETING, A BRIEF PROFILE OF MR. T K BALAJI AND DETAILS OF RE-APPOINTMENT OF STATUTORY AUDITORS ARE GIVEN BELOW:**

**ITEM NO.3**

**Mr T K Balaji (DIN: 00002010) as Director liable for retirement by rotation**

Mr T K Balaji (DIN: 00002010) was born on 12<sup>th</sup> July 1948. He is a Bachelor of Engineering, secured first rank from Madras University and is also a Master of Business Administration from IIM Ahmedabad with a Gold medal for outstanding scholastic performance. Mr T K Balaji was a member of Development Council for Automobiles & Allied Industries, Government of India. He was the past President of Automotive Component Manufacturers Association of India (ACMA). He had served on the CII National Council for a number of years. He was conferred a Special Award by the FIE Foundation of Maharashtra in March 1995 in recognition of his contribution to the development of automotive component industry.

He is the Chairman and Managing Director of Lucas TVS Ltd and Managing Director of Delphi TVS Technologies Ltd. He is holding a position of Director in various companies including TVS Automotive Systems Ltd, SB TVS Industrial Ventures Pvt Ltd, TVS Indecon Ltd, TVS & Sons Pvt Ltd, Lucas Indian Service Ltd, Harita Trade & Services Pvt Ltd and Cheema TVS Industrial Ventures Pvt Ltd. Further details as required under the Secretarial Standards are available in the report on Corporate Governance, which forms part of the Board's Report.

Mr T K Balaji, Chairman is interested in the resolution relating to his re-appointment as Director besides Mr Arvind Balaji, Managing

Director and Ms. Priyamvada Balaji, Director being his relatives. Other directors or key managerial personnel or their respective relatives are not interested in this resolution.

The ordinary resolution regarding re-appointment of Mr T K Balaji is recommended for the approval of the Members.

**ITEM NO.4**

**Re-appointment of Statutory Auditors of the Company**

As per the provisions of Section 139 of the Companies Act 2013, M/s. Deloitte, Haskins & Sells LLP (DHS) Firm Registration No.: 117366W/W-100018 who were appointed for 5 years at the AGM of the Company held on 24<sup>th</sup> August 2017 completes their full term of 5 years with this AGM. In view of this, DHS has consented to be re-appointed as Statutory auditors of the company for a second term of 5 years from the conclusion of this AGM until the conclusion of the AGM to be held in the year 2027 and have confirmed that their re-appointment, if made, would be within the limits as specified in Section 141 (3) (g) of the Act.

DHS have also confirmed that they are not disqualified to be re-appointed as auditors of the company pursuant to the provisions of Sections 139, 142 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions (including any modification or re-enactment thereof) if any, of the Companies Act, 2013.

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 recommends the ordinary resolution as set out under Item no.4 of the Notice for the approval of the Members.



## 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. 5 TO 10 OF THE NOTICE.**

### ITEM NO: 5

#### **Ratification of the remuneration of Mr K Suryanarayanan, the Cost Auditor for the year 2022-23**

At the meeting held on 26<sup>th</sup> May 2022, 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 March 31, 2023. 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. 5 of the Notice.

The Board of Directors recommends the Ordinary Resolution for approval by the members.

### ITEM NO. 6

#### **Appointment of Mr. Heramb Ravindra Hajarnavis (DIN: 01680435) as an independent director of the Company**

The Board of Directors of the Company had appointed Mr Heramb Ravindra Hajarnavis

(DIN: 01680435), as an additional Independent Director of the Company with effect from 10<sup>th</sup> August, 2022. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr Heramb Ravindra Hajarnavis holds office up to the date of forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director for a term of 4 (four) years from 10<sup>th</sup> August 2022. The Company has received notice under Section 160 of the Companies Act, 2013 from Mr Heramb Ravindra Hajarnavis signifying his candidature as an Independent Director of the Company.

Mr Heramb Ravindra Hajarnavis has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the NRC and the Board, Mr Heramb Ravindra Hajarnavis fulfils the conditions specified under the Companies Act, 2013, SEBI (LODR) Regulations, for appointment as Independent Director and his appointment would benefit the Company in terms of his rich Industry experience and broad range of skill sets.

All the relevant documents and the terms and conditions of appointment of Mr Heramb Ravindra Hajarnavis as Independent Director of the Company shall be open for inspection by the Members at the Registered Office of the Company between 8:30 am to 5:00 pm on all working days (Monday to Saturday) except Sundays and holidays up to the date of Annual General Meeting and the same shall be available electronically during the Annual General Meeting.

Further, as per the Nomination and Remuneration Policy Guidelines as approved by the N&RC and the Board, the appointment of Independent Directors shall be for a maximum period of 4 years at a time and Independent Directors above the

age of 70 shall be recommended by the Nomination and Remuneration Committee for appointment/ re-appointment in exceptional cases with suitable rationale. The appointment, if approved by the shareholders, will be in line with the requirements of the said Policy Guidelines.

None of the Directors or Key Managerial Personnel and their relatives, except Mr Heramb Ravindra Hajarnavis, is concerned or interested (financially or otherwise) in this Resolution. The Board recommends the Ordinary Resolution set out at Item no. 6 for the approval of the Members.

A brief profile of Mr Heramb Ravindra Hajarnavis is as given below:

<b>Name</b>	<b>Mr Heramb Ravindra Hajarnavis</b>
<b>Date of Birth/ age</b>	13 <sup>th</sup> September, 1974/ 47 years
<b>Qualification</b>	<ul style="list-style-type: none"> <li>- S.B. (Bachelor of Science) from the Massachusetts Institute of Technology (MIT), U.S.A;</li> <li>- MBA from Harvard Business School, U.S.A.</li> </ul>
<b>Brief Resume and experience</b>	<ul style="list-style-type: none"> <li>a. Heramb is the founder and Managing Partner of SeaLink Capital Partners (SCP), an investment firm focused on high potential companies in technology enabled business services, healthcare services and cross-border opportunities between the United States and Asia. He is passionate about collaborating and partnering with entrepreneurs to accelerate their growth with global best practices.</li> <li>b. Heramb founded SCP in 2015 based on his very successful track-record of forming partnerships with entrepreneurs and delivering consistent and high returns to investors. Over his career, he has led and played an instrumental role in investments in companies such as THB, Ki Mobility, JM Financial, Surya Hospitals, NephroPlus, Gland Pharma, Alliance Tires, TVS Logistics, Magma Fincorp, Mahindra &amp; Mahindra, Sudhir Gensets and Unifrax.</li> <li>c. Heramb was the head of KKR’s Indian private equity business from 2010 to 2014. Prior to KKR, he was with Goldman, Sachs &amp; Co. based out of their New York, Hong Kong, Singapore and Mumbai offices where he focused on evaluating investment opportunities for the firm’s global private equity and mezzanine debt funds. Most recently, he was a founding member of Goldman Sachs’ India office and served as Managing Director and Co-Head of private equity. His prior experience also includes being part of the senior management team at Centennial Communications Corp. (a NASDAQ listed telecommunications services provider with operations in the United States and the Caribbean that was subsequently acquired by AT&amp;T).</li> <li>d. Heramb has served on several committees such as National Committee on Venture Capital &amp; Private Equity, Sub-Committee on Issues Pertaining to Foreign Investment in India and on a special taskforce focused on healthcare financing as part of the US - India Health Initiative.</li> </ul>





- e. Heramb currently serves as an Independent Director on the Board of *Sundram Fasteners Limited* (a leading publicly listed high-precision components manufacturer for the auto, aerospace, and defense industry with \$1.5+ billion market capitalization); Global Advisory Board of *TVS Supply Chain Solutions* (a leading global logistics firm with over a \$1 billion in revenues); Advisory Board of *StataDX* (an early-stage company based on innovative technology developed by the Wyss Institute at Harvard University for rapid diagnosis of brain trauma and stroke); Advisory Board of *Manush Labs* (a social impact accelerator); and Mentor, Microsoft GrowthX Program.
- f. Heramb earned his S.B. from the *Massachusetts Institute of Technology (MIT)* and his MBA from *Harvard Business School (HBS)*. *Heramb was awarded an Aspen Institute Fellowship in 2008.*

<b>Terms and conditions of 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.
<b>Date of first appointment on the board</b>	10 <sup>th</sup> August 2022
<b>Shareholding in the company as of date</b>	NIL
<b>Directorship, if any, in other companies</b>	<ul style="list-style-type: none"> <li>● SCP India Advisors LLP (designated Partner)</li> <li>● Sundram Fasteners Ltd</li> <li>● Surya Mother And Child Care Pvt Ltd</li> <li>● Surya Children’s Medicare Pvt Ltd</li> <li>● Surya Mother and Child Care Jaipur Pvt Ltd</li> <li>● Surya IVF Clinic Pvt Ltd</li> </ul>
<b>Membership in Board Committees of other companies</b>	Sundram Fasteners Ltd – Member of Audit committee and Nomination and Remuneration Committee
<b>Number of meetings of Board attended during the year 2021-22</b>	Not Applicable
<b>Relationship with other directors/ Manager/ other Key Managerial Personnel of the company</b>	NIL

**ITEM NO: 7****Appointment of Ms Gangapriya Chakraverti (DIN:00378385) as an Independent Director of the Company**

The Board of Directors of the Company has appointed Ms Gangapriya Chakraverti (DIN 00378385), as an additional Independent Director of the Company with effect from 10<sup>th</sup> August, 2022. In accordance with the provisions of Section 161 of Companies Act, 2013, Ms Gangapriya Chakraverti holds office up to the date of forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director for a term of 4 (four) years from 10<sup>th</sup> August 2022. The Company has received notice under Section 160 of the Companies Act, 2013 from Ms Gangapriya Chakraverti signifying her candidature as an Independent Director of the Company.

Ms Gangapriya Chakraverti has given a declaration to the Board that she meets the criteria of independence as provided under section 149(6) of the Act. In the opinion of the NRC and the Board, Ms Gangapriya Chakraverti, fulfils the conditions specified under the Companies Act, 2013, SEBI (LODR) Regulations, for appointment as Independent Director and her appointment would benefit the Company in terms of her rich Industry experience and broad range of skill sets.

All the relevant documents and the terms and conditions of appointment of Ms Gangapriya Chakraverti, as an Independent Director of the Company shall be open for inspection by the Members at the Registered Office of the Company between 8:30 am to 5:00 pm on all working days (Monday to Saturday) except Sundays and holidays up to the date of Annual General Meeting and the same shall be available electronically during the Annual General Meeting.

Further, as per the Nomination and Remuneration Policy Guidelines as approved by the N&RC and the Board, the appointment of Independent Directors shall be for a maximum period of 4 years at a time and Independent Directors above the age of 70 shall be recommended by the Nomination and Remuneration Committee for appointment/ re-appointment in exceptional cases with suitable rationale. The appointment, if approved by the shareholders, will be in line with the requirements of the said Policy Guidelines.

None of the Directors or Key Managerial Personnel and their relatives, except Ms Gangapriya Chakraverti, is concerned or interested (financially or otherwise) in this Resolution. The Board recommends the Ordinary Resolution set out at Item no. 7 for the approval of the Members.

A brief profile of Ms Gangapriya Chakraverti (DIN:00378385) is as given below:

<b>Name</b>	<b>Ms Gangapriya Chakraverti</b>
<b>Date of Birth/ age</b>	18 <sup>th</sup> January 1968/ 54 yrs.
<b>Qualification</b>	<ul style="list-style-type: none"> <li>• Bachelor's Degree in Psychology, WCC, Chennai</li> <li>• PGDPM&amp;IR from Tata Institute of Social Sciences, Mumbai</li> <li>• holds an Associate Certified Coach certification from the International Coaching Federation and</li> <li>• Is a Certified Diversity Professional from the Diversity Training University International, San Francisco.</li> </ul>



<b>Name</b>	<b>Ms Gangapriya Chakraverti</b>
<b>Brief Resume and experience</b>	<ul style="list-style-type: none"><li>• Gangapriya Chakraverti is India Site Lead and Managing Director at Ford's Global Business Services organization, a 8000+ strong organization, based in Chennai, India. She joined Ford as Director – Human Resources in 2012 after spending over a decade at Mercer Consulting. With an abiding interest in issues related to Diversity and Inclusion and Wellness, she practices yoga to give her a sense of balance that seems elusive. Besides work, she gains energy from being outdoors with nature for company, appreciating art and making sense of issues in our increasingly complex world.</li><li>• Gangapriya has a Bachelor's degree in Psychology from Women's Christian College, Chennai and a post graduate degree in Personnel Management and Industrial Relations from the Tata Institute of Social Sciences, Mumbai.</li><li>• Gangapriya holds an Associate Certified Coach certification from the International Coaching Federation and is a Certified Diversity Professional from the Diversity Training University International, San Francisco.</li><li>• Gangapriya is also a Board member of the National HRD Network.</li></ul>
<b>Terms and conditions of re-appointment along with details of remuneration and the remuneration last drawn, if applicable</b>	Director not retiring by rotation. She 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>	10 <sup>th</sup> August 2022
<b>Shareholding in the company as of date</b>	NIL
<b>Directorship, if any, in other companies</b>	She is the Managing Director of Ford Motor Pvt Ltd
<b>Membership in Board Committees of other companies</b>	Ford India Private Limited CSR Committee – Member
<b>Number of meetings of Board attended during the year 2021-22</b>	Not Applicable
<b>Relationship with other directors/ Manager/ other Key Managerial Personnel of the company</b>	NIL

**ITEM NO: 8****Re-appointment of Mr. Arvind Balaji (DIN: 00557711) as Managing Director of the Company and revision in terms of remuneration.**

Mr. Arvind Balaji, who was appointed as Whole-time Director with effect from 1<sup>st</sup> April 2013 for a period of five years at the Board meeting held on 25<sup>th</sup> March 2013, was re-designated as Managing Director with effect from 27<sup>th</sup> August 2014 for the remaining period of his tenure. The Board, on the recommendation of the Nomination and Remuneration Committee, at its meeting held on 29<sup>th</sup> January 2018, re-appointed Mr. Arvind Balaji, as Managing Director of the Company for a further period of five years with effect from 1<sup>st</sup> April, 2018 and is being paid remuneration within limits as per the provisions of the Companies Act, 2013.

Further, considering the contribution made by Mr. Arvind Balaji, to the overall progress of the Company under his leadership and after taking into consideration the complexities of the responsibilities handled by him, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the company at their meeting held on 10<sup>th</sup> August 2022 approved reappointment of Mr. Arvind Balaji as Managing Director of the company with effect from 10<sup>th</sup> August 2022 though his actual term of re-appointment as Managing Director is valid until 31<sup>st</sup> March 2023 as approved by the Members in 2018.

The terms of re-appointment of Mr. Arvind Balaji including remuneration with effect from 1<sup>st</sup> April 2022 is within the overall permissible limit as per the provisions of Companies Acts 2013 and rules and regulations made thereunder as detailed below subject to the approval of the Members:

**Terms of re-appointment of Managing Director**

<b>Salary</b>	In the salary range of ₹ 10 lacs to ₹ 15 lacs per month subject to revision from time to time, as may be determined by the Board of Directors on the recommendation of the Nomination and Remuneration Committee (NRC).
<b>Commission</b>	Such percentage of net profits of the Company as per Sec 197 & 198 of the Companies Act as may be approved by the Board of Directors, at its absolute discretion, based on the recommendation of the NRC for each financial year.
<b>Accommodation</b>	Furnished leased residential accommodation or free use of furnished residential accommodation owned by the Company with facilities and amenities including water, maintenance, security, furniture, fixtures, furnishings and all utilities and services. In case accommodation is not provided by the Company, the Managing Director will be entitled to House Rent Allowance at the rate of 60% of the salary. The expenditure incurred by the company on gas, electricity, water, maintenance, security, furniture, fixtures, furnishings and all utilities and services will be valued as per the Income Tax Rules prevailing from time to time
<b>Leave Travel Concession</b>	For four weeks in a year for two trips abroad.



<b>Car</b>	The Managing Director will be provided with two cars for use on Company's business and use for private purposes will be dealt with by the company as per applicable provisions under the Income Tax Rules prevailing from time to time.
<b>Medical Expenses</b>	All medical expenses for self and family in India or abroad including surgical expenses, travel, boarding and lodging expenses for patient and attendant(s) including premium for medical insurance and other related expenses
<b>Club Fees</b>	Fees, subscription and other incidental charges to clubs, subject to a maximum of two clubs including admission and life membership fee
<b>Medical/Personal Accident/ Travel Insurance</b>	Payment of premium on personal accident insurance, for an amount the annual premium of which does not exceed ₹ 5,00,000/-
<b>Telephone including Telecommunication facilities</b>	Telephone/mobile phone and other suitable communication facilities at residence
<b>Reimbursement of expenses</b>	Reimbursement of all actual expenses including expenses incurred on entertainment and travelling in the course of the Company's business which shall not be included in the overall limit.
<b>Benefits and Amenities</b>	(i) Loans and other schemes - Benefits under loans and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time. And (ii) Other benefits and amenities - Such other allowances, benefits, amenities and facilities including those under the Special Post Retirement Benefit Scheme as may be provided by the company to other senior officers from time to time.
<b>Other clauses</b>	<p>The scope and quantum of remuneration specified herein above, may be enhanced, enlarged, widened, altered or varied by the Board of Directors, in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 2013 and or the rules and regulations made there under and or such guidelines as may be announced by the Central Government from time to time, however within the overall limits approved by the shareholders,</p> <p>Mr. Arvind Balaji, as long as he holds the position of Managing Director, shall not be subject to retirement by rotation.</p> <p>Mr. Arvind Balaji, Managing Director shall not be entitled to sitting fee for each meeting of the Board or committee thereof attended by him. He shall exercise such of the powers as may be delegated from time to time by the Board of Directors.</p>

Mr. Arvind Balaji is also the Joint Managing Director of Lucas-TVS Limited drawing remuneration by way of salary and other perquisites as approved by its shareholders.

During the year FY 2021-22, 4 Board meetings were held and Mr. Arvind Balaji has attended all the Board meetings.

He is holding directorship and membership in the following companies:

S. No.	Directorship	Audit Committee	CSR Committee
1	Schaeffler India Ltd	Member	Chairman
2	Lucas TVS Ltd	Member	Member
3	Delphi-TVS Technologies Limited	Member	-
4	Lucas Indian Service Limited	-	-
5	TVS Automotive Systems Limited	-	-
6	TVS Motors Services Limited	-	-
7	TVS Training And Services Limited	-	-
8	TVS Indeon Limited	-	-
9	SB TVS Industrial Ventures Private Limited	-	-
10	Cheema TVS Industrial Ventures Private Limited	-	-
11	Harita Greens Pvt Ltd	-	-
12	34PG Private Ltd	-	-

The terms of appointment and the remuneration payable to Mr. Arvind Balaji, Managing Director, as specified above are now being placed before the members for their approval by way of a special resolution, in compliance with the provisions of Sections 196, 197 and 203 read with Schedule V to the Act, 2013, as recommended by the Nomination and Remuneration Committee and the Board of Directors.

Mr. Arvind Balaji is deemed to be concerned/interested in this resolution, since it relates to his re-appointment and remuneration

as Managing Director. Mr. T K Balaji, Chairman and Ms. Priyamvada Balaji, Director are also deemed to be interested, being his relatives.

None of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No.8 of the Notice.

The Board recommends the special resolution, as set out in item No.8 for approval by the members of the Company.



**STATEMENT PURSUANT TO THE PROVISIONS OF SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013 [INCLUDING SECRETARIAL STANDARD-2 AS APPLICABLE] IN RESPECT OF ITEM NO. 8 OF THE NOTICE**

**I. General Information:**

(1) Nature of industry:

India Nippon Electricals Limited is manufacturing Electronic Ignition Systems for two-wheelers, three wheelers and portable engines. Over the years, the company has enlarged its customer base and now supplies to most of the manufacturers of two-wheelers, three wheelers and gensets.

(2) Date or expected date of commencement of commercial production:

The company started its commercial production in the year 1984.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:  
Not Applicable

Financial performance based on given indicators: Financial parameters:

(₹ in lakhs)

Particulars	2021-22	2020-21
Total Revenue	56,626.95	48,123.12
Profit before tax	5,154.84	5,167.10
Net Profit	4,026.40	4,069.90
Dividend paid	1,413.84	1,357.29

Foreign investments or collaborations, if any: a joint venture in 1985 between Lucas Indian Service Limited, a wholly-owned subsidiary of Lucas-TVS Limited and MAHLE Electric Drives Japan Corporation, Japan - a company of MAHLE Group, Germany, to manufacture

Electronic Ignition Systems for two-wheelers, three wheelers and portable engines.

**II. Information about the appointee:**

(A) Mr. Arvind Balaji, Managing Director

(1) Background details

Mr. Arvind Balaji is the Managing Director of our Company. He is also the Joint Managing Director in Lucas TVS Limited and is responsible for all strategic and key operational decisions of the companies.

Prior to joining the company, Mr. Arvind Balaji worked in the investment banking division of Bank of America in the general industrial group where he focused on helping automotive companies in financing and M&A transactions. He also worked at Oracle Corporation in their consulting division.

Mr. Arvind Balaji has a Masters in Business Administration specializing in Finance from the Wharton School, University of Pennsylvania as well as a Masters degree in manufacturing systems engineering from Stanford University.

During the financial year under review, there were 4 board meetings held all of which were attended by him. As on the date of notice, he is not holding any shares in the Company. He is not related to any other person other than Mr. T K Balaji, Chairman and Managing Director, Ms. Priyamvada Balaji, Director.

(2) Past remuneration:

The total remuneration of Mr. Arvind Balaji for the financial year ended 31<sup>st</sup> March, 2022 was ₹ 225.12 Lakhs comprising of salary and perquisites and others.

## (3) Job profile and his suitability:

He has been appointed as Managing Director of the Company since 1<sup>st</sup> April, 2013. He has been responsible for restructuring the company and conceiving and implementing turnaround strategy which resulted in the Company emerging as one of the premier auto electrical component manufacturer with consistent profitability.

Mr. Arvind Balaji as a Managing Director is responsible for overall management of the Company and day-to-day operations of the Company. Apart from overall management, He plays an active role in business strategy and business development.

Considering his qualifications, vast experience and deep knowledge of the business in which Company operates and also contribution made by him towards growth of the Company, the remuneration proposed commensurate with his job profile and is justified.

## (4) Remuneration proposed:

Revision of Salary: It is proposed to pay minimum remuneration of ₹ 3 Crores per annum to Mr. Arvind Balaji, Managing Director for a period of three years with effect from 01<sup>st</sup> April 2022 to 31<sup>st</sup> March 2025 in the event of loss or inadequacy of profits in any financial year and be reviewed annually which is in accordance with the Companies Act, 2013, and the Rules made there under or any statutory modification or re-enactment thereof.

(Details of remuneration as contained in the explanatory statement annexed to the notice of AGM sent to shareholders)

## (5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The remuneration payable has been considered by the Nomination and Remuneration Committee of the Company at the meeting held on 10<sup>th</sup> August, 2022. The profile of the Managing Director, his responsibilities, complex business operations, industry benchmark and size of the Company justify the payment of said remuneration.

The remuneration fixed has been benchmarked with the remuneration being drawn by peers in similar capacity in Auto electrical component manufacturers of comparable size in the Auto electrical Component Industry.

## (6) Pecuniary relationship directly or indirectly with the company, or relationship with the Managerial personnel, if any:

Mr. Arvind Balaji has no other pecuniary relationship with the company except to the extent of his remuneration in the company. He is the son of Mr. T K Balaji, Chairman and Brother of Ms. Priyamvada Balaji, Director of the Company.

**III. Other information:**

## (1) Reasons of loss or inadequate profits:

The Company has been consistently registering profits with ebb and flow in the past decades. The company had registered a Net Profit of ₹ 40.26 Crores for the financial year 2021-22.

However, the adjusted net profits are inadequate as per section 198 of the Companies Act, 2013 for payment of managerial remuneration considering the contributions made by the Managing Directors towards the growth of the company.





- (2) Steps taken or proposed to be taken for improvement:

The Company has made a significant investment in new product development and expanding its manpower to cater to these needs and is well positioned to reap the benefits of this opportunity. The company's continuous strategic focus in complex research in new product development in the recent past has started showing its positive impact on the product pipeline.

The Company has dedicated a lot of focus, investments and initiatives to ensure that the organization stays at the threshold of latest technological advancements in the areas it operates on.

- (3) Expected increase in productivity and profits in measurable terms:

The business and consumer confidence are expected to improve further in the coming financial year, geared with a streamlined organizational design, the company intends to grow its business.

The management continues to be cautiously optimistic towards the external economic environment and expects demand to become more consistent and robust in the current financial year. Further, various policy decisions taken would act as growth channel for the Company which would contribute in increased revenues and higher margins in the forthcoming years.

Also, key focus areas would be profit maximization, conservation of cash, operational efficiencies, cost and working capital containment. These initiatives are expected to improve further the productivity and profitability.

#### ITEM NO: 9

#### **MATERIAL RELATED PARTY TRANSACTION(S) BETWEEN THE COMPANY AND TVS MOTOR COMPANY LIMITED, RELATIVES OF ULTIMATE HOLDING COMPANY**

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. Further, the members had approved at their meeting held on 17<sup>th</sup> September, 2021 for aggregate value of transaction not exceeding ₹ 500 Cr per financial year.

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') read with the Company's Policy on Related Party Transactions, effective 1<sup>st</sup> April, 2022, provides that entering into material related party transactions which, either individually or taken together with previous transaction(s) during a financial year, exceed ₹ 1,000 crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower, requires approval of the Members of the Company through ordinary resolution for all "Material related Party Transactions".

The Company, in order to further its business interests, enters into various transactions with its related parties. Amongst these transactions, the estimated value of transactions with TVS Motor Company Limited, a related party under Regulation 2(1) (zb) of the Listing Regulations, during the financial year is expected to exceed the materiality threshold as stated above.

Accordingly, the Board of Directors of the Company ('the Board') at the meeting held on 26<sup>th</sup> May, 2022 and on the recommendation of the Audit Committee meeting held on 25<sup>th</sup> May 2022, recommended for the approval of the Members, entering into material related

party transactions (MRPTs) with ₹ 500 Crores as set out in the Resolution.

These transactions will be entered in the ordinary course of business and on arm's length basis.

Details of the proposed MRPTs between the Company and TVS Motor Company Limited, including the information required to be disclosed in the Explanatory Statement pursuant to the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021, are as follows:

S No.	Particulars	Details of transactions
1.	Summary of information provided by the Management to the Audit Committee for approval of the proposed RPTs.	
a.	Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise).	<p>TVS Motor Company Limited – Relative of Ultimate Holding Company.</p> <p>TVS Motor Company Limited is a public limited company incorporated and domiciled in India whose shares are publicly traded.</p> <p>The registered office is located at "Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006, Tamil Nadu, India.</p> <p>The Company manufactures two wheelers, three wheelers, parts and accessories thereof. The Company has manufacturing plants located at Hosur in Tamil Nadu, Mysore in Karnataka and Nalagarh in Himachal Pradesh.</p> <p>Nature of concern or interest – Financial</p> <p>(a Related Party of the Company, as on the date of this Notice)</p>
b.	Type, material terms and particulars of the proposed RPTs	<p>The Company and TVS Motor Company Limited have entered into / propose to enter into the following RPTs for an aggregate value not exceeding ₹ 500 crore in a financial year (with operational transactions not exceeding ₹ 500 crore):</p> <p><u>Nature and Material Terms of the Transaction:</u></p> <ol style="list-style-type: none"> <li>1. Sale of Products</li> <li>2. Service Rendered and</li> <li>3. Service Received</li> </ol>
c.	Tenure of the proposed transaction	Till the transaction crosses ₹ 500 Crores in a financial year



S No.	Particulars	Details of transactions
d.	Value of the Proposed Transaction	Not Exceeding ₹ 500 Crores in a Financial Year
e.	Percentage of the Company's consolidated annual turnover for the immediately preceding financial year, that is represented by the value of the proposed transaction	88.23%
f.	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary . Details of the source of funds in connection with the proposed transaction; Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, a) nature of indebtedness b) cost of funds; and c) tenure; Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT	Nil Nil
g.	Justification as to why the related party transaction is in the interest of the Company	The Audit Committee and the Board of the Company are of the opinion that the arrangements are commercially beneficial to the Company and hence the transactions are in the best interest of the Company.
(i)	Details of valuation or other external party report, if such report has been relied upon	Not Applicable
(ii)	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;	2.40%
(iii)	Any other information that may be relevant	All relevant information are mentioned in the Explanatory Statement setting out material facts, pursuant to Section 102(1) of the Act, forming part of this Notice.

The transaction shall also be reviewed/monitored on an annual basis by the Audit Committee of the Company and shall remain within the proposed amount being placed before the shareholders. Any subsequent material modification in the proposed transaction, as may be defined by the Audit Committee / Board as a part of Company's Policy on Related Party Transactions, shall be placed before the shareholders for approval, in terms of Regulation 23(4) of the Listing Regulations.

Based on the recommendation of the Audit Committee, the Board recommends the Ordinary Resolution as set forth at Item No.9 of the Notice for approval by the Members.

None of the other Directors, KMPs and/or their respective relatives is in any way, concerned or interested, financially or otherwise, in the Resolution mentioned at Item No.9 of the Notice.

The Members may note that in terms of the provisions of the SEBI Listing Regulations, no Related Party shall vote to approve the Ordinary Resolution set forth at Item No.9 of the Notice, whether the entity is a Related Party to the particular transaction or not.

## ITEM NO:10

### **MATERIAL RELATED PARTY TRANSACTION(S) BETWEEN THE COMPANY AND LUCAS INDIAN SERVICE LIMITED ("LIS"), HOLDING COMPANY**

At the AGM held on 27<sup>th</sup> August, 2018, Members had approved a limit up to 15% of the previous year Consolidated Turnover of the Company for any financial year with Lucas Indian Service Limited, which are at present within the materiality thresholds as prescribed by the Listing Regulations.

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') read with the Company's Policy on Related Party Transactions, effective 1<sup>st</sup> April, 2022, provides that entering into material related party transactions which, either individually or taken together with previous transaction(s) during a financial year, exceed ₹ 1,000 crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower, requires approval of the Members of the Company through ordinary resolution for all "Material related Party Transactions".

The Company, in order to further its business interests, enters into various transactions with its related parties. Amongst these transactions, the estimated approval limit of transactions with Lucas Indian Service Limited, a related party under Regulation 2(1) (zb) of the Listing Regulations, during the financial year is expected to exceed the materiality threshold as stated above.

Accordingly, the Board of Directors of the Company ('the Board') at the meeting held on 26<sup>th</sup> May, 2022 and on the recommendation of the Audit Committee meeting held on 25<sup>th</sup> May 2022, recommended for the approval of the Members, entering into material related party transactions (MRPTs) with an amount not exceeding 15% of the previous year consolidated turnover as set out in the Resolution.

These transactions will be entered in the ordinary course of business and on arm's length basis.



Details of the proposed MRPTs between the Company and LIS, including the information required to be disclosed in the Explanatory Statement pursuant to the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021, are as follows:

S No.	Particulars	Details of transactions
1.	Summary of information provided by the Management to the Audit Committee for approval of the proposed RPTs.	
a.	Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise).	<p>Lucas Indian Service Limited – Holding company</p> <p>Lucas India Service Limited (LIS) established in 1930, is an automotive aftermarket organization providing solutions to a range of vehicle manufacturers from two-wheelers to cars, trucks, and buses, as well as off-highway vehicles. LIS also manufactures Ignition Coils and Solenoid Switches, and distributes a wide range of Auto Electrical parts, Automotive Batteries, Diesel Fuel Injection equipment, Radiator Fan Motor Assemblies, Glow Plugs, Synthetic Lubricants, Engine Coolants, and a complete range of Filters.</p> <p>The registered office is located at No.11, Patullas Road, Mount Road, Chennai - 600032 Tamil Nadu, India.</p> <p>Nature of concern or interest – Financial</p> <p>(a Related Party of the Company, as on the date of this Notice)</p>
b.	Type, material terms and particulars of the proposed RPTs	<p>The Company and LIS have entered into / propose to enter into the following RPTs, for an amount not exceeding 15% of the previous year consolidated turnover in any financial year</p> <p><u>Nature and Material Terms of the Transaction:</u></p> <ol style="list-style-type: none"><li>1. Sale of Products</li><li>2. Rent</li></ol>
c.	Tenure of the proposed transaction	For an amount not exceeding 15% of the previous year consolidated turnover in any financial year.
d.	Value of the Proposed Transaction	For an amount not exceeding 15% of the previous year consolidated turnover in any financial year
e.	Percentage of the Company's consolidated annual turnover for the immediately preceding financial year, that is represented by the value of the proposed transaction	15%

S No.	Particulars	Details of transactions
f.	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary .	
	Details of the source of funds in connection with the proposed transaction;	Nil
	Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,	Nil
	a) nature of indebtedness b) cost of funds; and c) tenure;	
	Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and	Nil
	The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT	Nil
g.	Justification as to why the related party transaction is in the interest of the Company	The Audit Committee and the Board of the Company are of the opinion that the arrangements are commercially beneficial to the Company and hence the transactions are in the best interest of the Company.
(i)	Details of valuation or other external party report, if such report has been relied upon	Not Applicable
(ii)	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;	11.67 %
(iii)	Any other information that may be relevant	All relevant information are mentioned in the Explanatory Statement setting out material facts, pursuant to Section 102(1) of the Companies Act, 2013 forming part of this Notice.

The transaction shall also be reviewed/ monitored on an annual basis by the Audit Committee of the Company and shall remain within the proposed amount being placed before the shareholders. Any subsequent material modification in the proposed transaction, as may be defined by the Audit Committee / Board as a part of Company's Policy on Related Party Transactions, shall be placed before the shareholders for approval, in terms of Regulation 23(4) of the Listing Regulations.



Based on the recommendation of the Audit Committee, the Board recommends the Ordinary Resolution set forth at Item No.10 of the Notice for approval by the Members.

None of the other Directors, KMPs and/ or their respective relatives is in any way, concerned or interested, financially or otherwise, in the Resolution mentioned at Item No.10 of the Notice except Mr. T K Balaji, Mr. Arvind Balaji and Ms. Priyamvada Balaji, directors of the Company.

The Members may note that in terms of the provisions of the SEBI Listing Regulations, no Related Party shall vote to approve the Ordinary Resolution set forth at Item No.10 of the Notice, whether the entity is a Related Party to the particular transaction or not.

### **Important Notes to Shareholders:**

- 1) In view of the situation arising due to COVID-19 global pandemic, the 37<sup>th</sup> 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 37<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 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 e.mail 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>. 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 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories as on August 19, 2022. Members may note that the Notice and Annual Report 2021-22





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 19, 2022, such person may write to the Company/ Cameo by e.mail at [investors@inel.co.in](mailto:investors@inel.co.in)/ [investor@cameoindia.com](mailto: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 14<sup>th</sup> September 2022 will be eligible to participate and vote on the resolutions. Person who is not a member as on the cut-off date i.e., 14<sup>th</sup> September, 2022, should treat this Notice for information purpose only.
- 15) The Register of Members and Share Transfer Books of the Company will remain closed from 15<sup>th</sup> September, 2022 to 21<sup>th</sup> September, 2022 (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 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 14<sup>th</sup> September, 2022 for determining the eligibility to vote by remote eVoting or in the AGM.
- 18) The Board of Directors, at its meeting held on 10<sup>th</sup> August 2022 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 37<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 18<sup>th</sup> September, 2022 and ends at 5 PM on 20<sup>th</sup> September, 2022. 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., 14<sup>th</sup> September 2022 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. 14<sup>th</sup> September 2022.



- (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 NSDL</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/">https://web.cdslindia.com/myeasi/home/</a> login 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>

Type of Shareholders	Login Method
<b>Individual shareholders holding securities in demat mode with NSDL</b>	<ol style="list-style-type: none"> <li data-bbox="396 294 1194 711">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 data-bbox="396 742 1194 866">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 data-bbox="396 875 1194 1317">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>
<b>Individual shareholders holding securities in demat mode login through DPs</b>	<p data-bbox="396 1324 1194 1605">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 &amp; voting during the meeting.</p>

**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).

- a) Click on Shareholders module.
- b) Now Enter your User ID
- c) For CDSL: 16 digits beneficiary ID,
- d) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

- e) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- f) Next enter the Image Verification as displayed and Click on Login.
- g) 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.
- h) If you are a first time user follow the steps given below:

### For Members holding shares in demat form and physical form:

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**PAN**

Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).

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.

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

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**Dividend Bank details or date of birth (DOB)**

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.

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).

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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:**
- 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.
  - Members are encouraged to join the Meeting through Laptops / iPads for better experience.
  - Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  - 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 / investor@cameoindia.com during the period from 15<sup>th</sup> September, 2022 (9:00 A.M.) upto 17<sup>th</sup> September, 2022 (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 / 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: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 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 1800225533.

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 Futurex, 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 1800225533.

### **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)/ [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)/ [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.





# Boards' Report

Dear Members,

The Board of Directors is delighted to present the 37<sup>th</sup> Annual Report on the business and operations of India Nippon Electricals Limited ("the Company") along with the summary of standalone and consolidated financial statements for the year ended 31<sup>st</sup> March, 2022.

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

Particulars	(₹ In Lacs)	
	Year ended 31 <sup>st</sup> March '22	Year ended 31 <sup>st</sup> March '21
Total Income	58,032	49,743
Profit before depreciation, exceptional items and taxes	6,440	6,202
<b>Less:</b>		
Depreciation	1,285	1,035
Profit before tax & exceptional items	5,155	5,167
Exceptional items	-	-
Profit before tax	5,155	5,167
Taxation	1,128	1,097
Profit after tax	4,026	4,070
<b>Add:</b>		
Balance in statement of profit and loss including general reserve	39,730	37,017
Total Comprehensive income available for appropriation	<b>43,756</b>	<b>41,087</b>
Appropriations:		
Dividend and Dividend Distribution tax	1,414	1,357
Surplus carried forward	42,342	39,730

## 2. Financial and Operational Performance:

The Company witnessed positive sales growth year on year when compared to the industry degrowth in two/three wheeler segment. There was significant growth in aftermarket due to increase in number of new products, expansion of sales network and constant sales promotion efforts. Increase in offtake from the global customers in export market helped the company to earn better

margins. Volatility in the industry in the last quarter of the financial year subdued the sales growth and has trended upwards and pushed the customers to delaying launch of new models. Market has seen the same sudden and steep spikes in commodity and petroleum prices which has resulted in increase in input and service costs. Inflation showed upward trend and the company has managed through optimisation of administrative and manufacturing costs

Profit before tax showed marginal decline despite increase in sales mainly due to timing differences in getting compensation from customers for raw material and other inflationary costs.

### 3. Internal Financial Controls:

The Company has established a robust internal financial framework including Internal Controls over Financial Reporting and anti-fraud framework. The Company's internal control systems are commensurate with the nature of its business, the size and complexity of its operations and such internal financial controls concerning the financial Statements are adequate. The Company has engaged an auditor who is a strong and independent in-house Internal Audit ("IA") department that functionally report to the Chairman of the Audit Committee, thereby maintaining its objectivity. The framework is regularly reviewed 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 certifying the adequacy of over- all Financial Controls to the Audit Committee and Board on quarterly/ annual basis.

The Current system of internal financial control is aligned with statutory requirements. Effectiveness of internal financial control is ensured through management reviews, controlled self-assessment and independent testing by external independent Internal Auditor.

### 4. Corporate Social Responsibility:

In Compliance with Section 135 of the Act, the Company has undertaken

CSR activities, projects and programs, excluding activities undertaken in pursuance of its normal course of business. We are committed to actively contribute towards the development of a sustainable society.

For the year 2021-22 a list of projects/ programs to be undertaken towards CSR was recommended by the CSR Committee at the beginning of the year. Based on the recommendation, the Board had approved the projects/ programs. The Company was required to spend ₹ 116.15 lacs (2%) of the average qualifying net profits of the last three financial years on CSR activities. During the year under review, the Company has spent ₹ 122.07 Lacs on CSR activities which is in excess of allocated budget of ₹ 116.15 Lacs and the same was considered and approved by Board of Directors at their meeting. Accordingly, the Company has met its obligation of spending ₹ 116.15 lacs for FY 2021-22. In addition to the projects specified as CSR activities under Section 135 of the Act, the Company has also carried out several other sustainability/responsible business initiatives to the Community. Most of the activities were carried out near to the locations of the factory.

The Annual Report on CSR containing the Composition of the CSR & Sustainability, salient features of the CSR Policy, details of activities, and other information as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 are provided in Annexure and attached to this report. The CSR Policy may be accessed on the Company's website at the link: <https://indianippon.com/policies/>



## 5. Subsidiary Company And The Consolidated Financial Statements:

### a. 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. 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 2022-23. In the meantime, the company declared an interim dividend for the year 2021-22 from the sale proceeds of the land at Indonesia for value of about ₹ 18 crores and authorised the Board of Directors of PT ASI to initiate process of liquidation from 1<sup>st</sup> July 2022. 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.

### b. 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 will be made available to the members on receipt of a request from them.

## 6. Dividend:

### a. Declaration and Payment of Dividend

The Board of Directors at their meeting held on 10<sup>th</sup> February, 2022 has recommended and paid an interim dividend of ₹ 6.25 per share during the year under review (on Face value of ₹ 5 each). Your Directors recommend consideration of the same as final dividend for the year and this will absorb a total sum of ₹ 1,413.84 lacs for the year ended 31<sup>st</sup> March 2022.

### b. Dividend Distribution Policy

The Dividend recommended is in accordance with the Dividend Distribution Policy of the Company. According to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Board has adopted a Dividend Distribution Policy, which has been placed on the website of the Company and can be accessed at the link: <https://indianippon.com/policies/>

## 7. Public Deposits:

During the year, the Company has not accepted any deposits from the public falling within the ambit of Section 73 or Section 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules 2014. No amount on account of principal or interest on deposits from the public was outstanding as on March 31, 2022.

## 8. Conservation of Energy, Technology Absorption and Foreign Exchange Outgo and Earnings:

The information on Conservation of Energy, technology absorption and Foreign Exchange outgo and earnings pursuant to Section 134(3) (m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as Annexure to this Report.

## 9. Business Responsibility Report:

Pursuant to Regulation 34 (2)(f) of the SEBI Listing Regulations, a detailed Business Responsibility Report for the year 2021-22 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.

## 10. Particulars of Employees:

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report.

Statement containing particulars of top 10 employees and the employees drawing remuneration in excess of limits prescribed under Section 197 (12) of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as a separate Annexure forming part of this Report. In terms of proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the Members, excluding the aforesaid Annexure. The said Statement is also open for inspection by the

Members and will be made available to any member on request. None of the employees listed in the said Annexure are related to any Director of the Company.

## 11. Annual Return:

The Annual return of the Company for the financial year 2021-22 is in accordance with Section 92(3) & 134 (3)(a) of the Act will be posted on the website of the Company after the same is filed with the Registrar of Companies.

## 12. Risk Management Committee:

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement, and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Committee considers the risks that impact the mid-term to the long-term objectives of the business, including those reputational in nature.

The Company has an elaborate risk charter and risk policy defining the risk management governance model, risk assessment, and prioritization process. The Risk Management Committee reviews and monitors the key risks and their mitigation measures periodically and provides an update to the Board on the Company's risks outlined in the risk registers. The Audit Committee has additional oversight in the area of financial risks and controls. The board approved the revised Risk Management Policy at their meeting held on 26<sup>th</sup> May, 2022.

Risk Management policy can be accessed at our Company Website at the link: <https://indianippon.com/policies/>



### 13. Corporate Governance and Management Discussion and Analysis:

The Company has complied with the corporate governance requirements under the Act, and the Listing Regulations. A separate section on Corporate Governance along with a certificate from the practicing Company Secretary confirming compliance forms an integral part of this Annual Report.

A detailed report on Management Discussion and Analysis forms an integral part of this Annual Report and also covers the consolidated operations reflecting the global nature of our business.

### 14. Directors' Responsibility Statement:

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost, and secretarial auditors including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by the management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and operating effectively during the financial year 2021-22.

Pursuant to Section 134 (5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that for the financial year ended March 31, 2022:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b) They have 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 affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) They have prepared the annual accounts on a 'going concern basis';
- e) They have laid down internal financial controls for the Company which are adequate and are operating effectively;
- f) They have devised a proper system to ensure compliance with the provisions of all applicable laws and such systems are adequate and are operating effectively.

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

#### 15.1 Appointment / Re-appointment:

Independent directors of Mr V Balaraman and Dr Jayshree Suresh complete their second term of the Board as on the date of the 37<sup>th</sup> Annual General Meeting i.e., 21<sup>st</sup> September, 2022. The Board places on record its appreciation of the services rendered by Mr Balaraman and Dr Jayshree Suresh during their tenure as Independent Directors of the Company.

At the forthcoming AGM approval of the Members will be sought to the following appointment:

- Mr. Heramb Ravindra Hajarnavis (DIN: 01680435) as an additional and Non-Executive (Independent) Director of the Company, not liable to retire by rotation, for a tenure of 4
- Ms. Gangapriya Chakraverti (DIN: 00378385) as an additional and Non-Executive (Independent) Director of the Company, not liable to retire by rotation, for a tenure of 4 (four) years with effect from 10<sup>th</sup> August, 2022.

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 Talaulicar	6 <sup>th</sup> April, 2019	-	5 <sup>th</sup> April, 2023

In accordance with provisions of the Act, that at two-third of the total number of Directors (excluding independent directors) shall be liable to retire by rotation. Accordingly, Mr T K Balaji, (DIN: 00002010) non-executive Director of the Company will be retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. A brief resume and other details relating to Mr. T K Balaji who is proposed to be re-appointed as required to be disclosed under Regulation 36(3) of SEBI Listing Regulations, is incorporated in the annexure to the notice calling 37<sup>th</sup> Annual General Meeting. The Directors recommend this for approval.

## 15.2 Key Managerial Personnel (KMPs):

The Key Managerial Personnel of the Company as on 31<sup>st</sup> March, 2022 are

- a) Mr Arvind Balaji, Managing Director
- b) Mr Elango Srinivasan, Chief Financial Officer

- c) Mr. Venkatram. G, Company Secretary (till 26<sup>th</sup> May, 2022) are KMPs in terms of Section 2(51) and Section 203 of the Companies Act 2013.

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

In terms of Section 149 of the Act and SEBI Listing Regulations, Mr V Balaraman, Mr K G Raghavan, Mr R Vijayaraghavan, Dr Jayshree Suresh and Mr. Anant Jaivant Talaulicar are the Independent Directors of the Company as on date of this report.

All Independent Directors of the Company have given requisite declarations under Section 149(7) of the Act, that they meet the criteria of independence as laid down under Section 149(6) of the Act along with Rules framed thereunder, Regulation 16(1)(b) of SEBI Listing Regulations and have complied with the Code of Conduct of the Company as applicable to the



Board of directors and Senior Managers. In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. The Company has received confirmation from all the Independent Directors of their registration on the Independent Directors Database maintained by the Indian Institute of Corporate Affairs, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are persons of high integrity and repute. They fulfill the conditions specified in the Act as well as the Rules made thereunder and are independent of the management.

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.

Declaration of Independence from the Directors proposed to be appointed as Independent Directors with effect from 10<sup>th</sup> August, 2022, 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.

A detailed note showing their qualification, expertise and experience shall be provided as part of the Notice of AGM.

Further, a report by Practicing 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.

## 16. Meetings of the Board:

The Board meets at regular intervals to discuss and decide on the Company/ business policy and strategy apart from other Board business. The Board exhibits strong operational oversight with regular presentations in quarterly meetings. The Board/Committee meetings are pre-scheduled, and a tentative annual calendar of the Board and Committee meetings is circulated to the Directors well in advance to help them plan their schedule and ensure meaningful participation in the meetings. Only in case of special and urgent business, if the need arises, the Board's or Committee's approval is taken by passing resolutions through circulation or by calling the Board Committee meetings at short notice, as permitted by law.

The agenda for the Board and Committee meetings includes detailed notes on the items to be discussed to enable the Directors to make an informed decision.

The Board of Directors had held 4 (Four) meetings during FY 2021-22. For further details, please refer to the Corporate Governance Report, which forms part of this Annual Report. The intervening gap between the meetings was within the

period prescribed under the Act and the Listing Regulations.

### 16.1 Committees of the Board

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority. The following Committees constituted by the Board function according to their respective roles and defined scope:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Risk Management Committee

Details of composition, terms of reference and number of meetings held for respective committees are given in the Report on Corporate Governance, which forms a part of this Annual Report. Further, during the year under review, the Board has accepted all recommendations made by the various committees.

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

The annual evaluation process of the Board of Directors, individual Directors and committees was conducted in accordance with the provisions of the Act and the SEBI Listing Regulations. The Company conducted a separate meeting of Independent Directors as per the requirements of the SEBI Listing regulations.

Board was evaluated on following parameters:

The Board evaluated its performance after seeking inputs from all the Directors on the basis of criteria such as 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 parameters like Functions and Duties, Management Relations, Support to the Committee and overall.

The Board and the NRC reviewed the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc

In a separate meeting of independent directors, performance of Non-Independent Directors and the Board as a whole was evaluated. Additionally, they also evaluated the Chairman of the Board, taking into account the views of Executive and Non-executive Directors in the aforesaid meeting. The Board also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The above evaluations were then discussed in the Board meeting and performance evaluation of Independent directors was done by the entire Board, excluding the Independent Director being evaluated.





## 17. Policy on Directors' Appointment and Remuneration

The Company's Policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been briefly disclosed in the Report on Corporate Governance, which is part of this Annual Report.

### 17.1 Selection and procedure for nomination and appointment of Directors:

The Nomination and Remuneration Committee ("NRC") of the Board is entrusted with the responsibility for developing competency requirements for the Board, based on the industry and strategy of the Company. The Board composition analysis reflects an in-depth understanding of the Company, including its strategies, environment, operations, financial condition, and compliance requirements.

The NRC makes recommendations to the Board regarding the appointment/re-appointment of Directors, and Key Managerial Personnel ("KMP") and other members of the Senior Management. The role of the NRC encompasses conducting a gap analysis to refresh the Board periodically, including each time a Director's appointment or re-appointment is required.

The NRC is also responsible for reviewing the profiles of potential candidates vis-à-vis the required competencies, undertaking reference, and due diligence, and meeting potential candidates before making recommendations of their nomination to the Board. The appointee is also briefed about the specific requirements for the position including expert knowledge expected at the time of appointment.

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:

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 ensuing Annual General Meeting to be held on 21<sup>st</sup> September, 2022.

The Company has received confirmation from the Statutory Auditors to the effect that their appointment, if made, will be in accordance with the limits specified under the Act and the firm satisfies the criteria specified in Section 141 of the Act read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors of the Company on the recommendation of the Audit Committee has re-appointed M/s Deloitte, Haskins & Sells LLP as the Statutory Auditors of the Company pursuant to Section 139 of the Act for a second term of 5 (five) years to hold office from the conclusion of the ensuing AGM till the conclusion of 42<sup>nd</sup> AGM of the Company to be held in the year 2027, subject to approval by the Members at the ensuing AGM.

The Board recommends to seek consent of its Members at the ensuing AGM on re-appointment of M/s Deloitte, Haskins & Sells LLP as Statutory Auditors for tenure of 5 (five) years, to examine and audit the accounts of the Company from the conclusion of 2022 AGM till the conclusion of 42<sup>nd</sup> AGM in 2027.

The Statutory Auditor's report does not contain any qualifications, reservations, adverse remarks or disclaimers, which would be required to be dealt with in the Boards' Report.

### 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 had submitted the Cost Audit Report for the financial year 2021-22 and the same was filed by the company in Extensible Business Reporting Language (XBRL) format with the Ministry of Corporate Affairs. There is no adverse remarks or qualification in the report.

The Board has re-appointed Mr K Suryanarayanan as cost auditor for the financial year 2022-23 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 & Audit Report:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms B Chandra, Company Secretary in Practice (Certificate of Practice No. 7859), to carry out the Secretarial Audit of the Company for the FY 2022-23.

The Report of the Secretarial Auditor for FY 2021-22 is attached herewith as Annexure to this report. There are no

qualifications, observations or adverse remarks, or disclaimer in the said report.

### 19. Secretarial Standards:

The Company has complied with all the applicable provisions of Secretarial Standard on Meetings of Board of Directors (SS-1), Revised Secretarial Standard on General Meetings (SS-2) and other voluntarily adopted Secretarial Standards such as Secretarial Standard on Dividend (SS-3) and Secretarial Standard on Report of the Board of Directors (SS-4) issued by Institute of Company Secretaries of India.

### 20. Investor Education and Protection Fund

Pursuant to Section 124 and Section 125 of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, transfer and Refund) Rules, 2016 ('the Rule'), all the unpaid and unclaimed dividends are required to be transferred by the Company to the IEPF established by the Government of India, after the completion of Seven Years. Further, according to the Rules, the shares on which dividend has not been paid or claimed by the Shareholder for seven consecutive years or more shall also be transferred to demat account of the IEPF Authority. Accordingly, the Company has sent individual notices to all the members whose dividends are lying unpaid/ unclaimed against their name(s) for 7 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 above said provisions, during the year, the company has transferred 5808 shares to IEPF account. For further



details, please refer to the Corporate Governance report.

## **21. 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.

## **22. Related Party Transactions:**

All transactions with related parties during the financial year 2021-22 were reviewed and approved by the Audit Committee and are in accordance with the Policy on dealing with materiality of Related Party Transactions and the Related Party Framework, formulated and adopted by the Company. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of unforeseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee for their approval on a quarterly basis.

All contracts/arrangements/transactions entered into by the Company during the

year under review with Related Parties were in the ordinary course of business and on arm's length basis in terms of provisions of the Act.

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large.

In line with the requirements of the Act and the Listing Regulations, the Company has formulated a Policy on Related Party Transactions and the same can be accessed on the Company's website at <https://indianippon.com/policies/>.

During the year under review, the Policy was reviewed and amended by the Audit Committee and the Board of Directors to encompass inter-alia the regulatory changes brought as per amendment in Regulation 23 of the Listing Regulations as well to bring more clarity on certain other operational aspects as per industry benchmark.

The said Policy was further amended by the Audit Committee and the Board of Directors on May 25 & 26, 2022 respectively, to encompass inter-alia the regulatory changes brought as per amendment in Regulation 23 of Listing Regulations (effective from April 1, 2022) and criteria for material modification of related party transactions.

## **23. 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 2021-22. The same is within the prescribed limits under provisions of Section 186 of the Companies Act 2013.

## 24. Vigil Mechanism / Whistle – Blower Policy

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In line with the INEL Code of Conduct ('INEL CoC'), any actual or potential violation, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the INEL CoC cannot be undermined.

Pursuant to Section 177(9) of the Act, a vigil mechanism was established for directors and employees to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The Vigil Mechanism provides a mechanism for employees of the Company to approach the Chairperson of the Audit Committee of the Company for redressal. No person has been denied access to the Chairperson of the Audit Committee.

Details of the Vigil Mechanism and Whistle Blower Policy is available on the Company's website at the link: <https://indianippon.com/policies/>

## 25. Prevention of Sexual Harassment of Women at Workplace:

The Company has adopted zero tolerance for sexual harassment at the workplace and has formulated a policy

on prevention, prohibition, and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. Awareness programs were conducted at all locations of the Company.

The Company has complied with provisions relating to the constitution of the Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, your company has not received any complaint(s) of sexual harassment.

## 26. General

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these items during the year under review:

- a) There are no significant material orders passed by the Regulators or Courts or Tribunal, which would impact the going concern status of the Company and its future operation. However, Members attention is drawn to the Statement on contingent liabilities and commitments in the notes forming part of the Financial Statements.
- b) No fraud has been reported by the Auditors to the Audit Committee or the Board.
- c) There has been no change in the nature of business of the Company.



## 27. Acknowledgements:

The Directors wish to convey their deep appreciation to all the employees, customers, vendors, investors, and consultants/advisors of the Company for their sincere and dedicated services as well as their collective contribution to the Company's performance.

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 Tamilnadu, Haryana and Puducherry our Bankers for the assistance rendered by them from time to time.

Place: Hosur

Date: 10<sup>th</sup> August 2022

For and on behalf of the Board of Directors

**T K BALAJI**

DIN: 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 part of energy conservation measures and achieved the targeted level of 0.90 EU by implementing various activities like,

1. Replaced the single spindle IG Coil testing machine with double stage static kit test machine. Thus eliminated 5.0HP Spindle motor and saved 14% of energy consumption from the rated capacity.
2. Replaced the 5.0HP Hydraulic Power pack with 3.0HP VFD controlled drive system in the Rotor broaching machine and achieved 11,856 Kwh/Year
3. CNC Chip conveyor motor operation optimized by interlinking with Coolant on/off control.
4. 5.2KW Solar Park provided in our R&D Tech Centre for street lights and Lawn lighting purpose.
5. Introduced 20 nos of High energy efficient BLDC Fans in dining and training centre.

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

The company is aiming at greater energy conservation by implementing various measures like Providing a Dali control system for maintaining the shop floor lux value, providing motion sensor to auto cut-off of lights & A/Cs in office, providing an Induction heating system for Ring gear heating application & etc.

### 2. Technology absorption, adaptation and innovation:

In the year 2021-22, the company takes pride in completing its state-of-the-art new Technology Centre and now the 200+ capacity Tech Centre is fully operational. Having successfully migrated from BSIV to BSVI-OBD I, the company is now actively working with its customers for development of its products for BSVI-OBD II which is scheduled to be implemented by April 2023. The company is working on an efficient power conversion system which will meet the increasing electrical power requirement in the vehicles. The ISG product has completed its development cycle and is ready for production. Further, the company is working on a torque assist and torque boost system which, on demand, will be able to provide instantaneous power to the vehicle.



The company's venture into sensor development has borne fruits and couple of the sensors have gone into production. Apart from temperature sensor, speed sensor and pressure sensor products, our sensor development team is working on new generation safety products like Reverse parking sensor and Tyre pressure monitoring system.

Understanding the of Electric Vehicle market, the company has successfully gone into production for DC-DC converter for one of the leading 2 W OEM. The company is also working on higher power DC-DC converters for future customer needs. The first generation EV motor controller is ready for customer demonstration. In parallel, the company is building capabilities for the future generation products for Electric mobility.

Building on its automotive product development experience and expertise, the company is also exploring the

possibilities to develop products in non-automotive segments.

<b>Expenditure on R&amp;D:</b>	<b>₹ in Lakhs</b>
Capital	2497
Revenue	1184
Total	3681
% on net turnover	6.60%

### 3. Foreign Exchange Outgo and Earnings:

#### Export Activities:

Exports during the year ended 31<sup>st</sup> March 2022 amounted to ₹ 3,361.60 lakhs as against ₹ 2,302.98 lakhs 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 ₹ 4,753.94 and ₹ 2,932.41 lakhs respectively.

For and on behalf of the Board of Directors

**T K BALAJI**

Chairman

DIN: 00002010

Place: Hosur

Date: 10<sup>th</sup> August 2022

## 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	-5.15	1:1.11
	Mr Arvind Balaji	Managing Director	0.08	1:38.76
	Mr Anant Jaivant Talaulicar	Independent Director	32.35	1:1.55
	Mr V Balaraman	Independent Director	0.52	1:1.66
	Mr K G Raghavan	Independent Director	16.18	1:1.36
	Mr R Vijayaraghavan	Independent Director	-19.09	1:1.53
	Dr Jayshree Suresh	Independent Director	-9.55	1:1.39
	Mr Mukesh Kumar Somani	Non-Executive Director	-96.36	1:0.03
	Ms Priyamvada Balaji	Non-Executive Director	15.18	1:1.11
	Mr Tadayya Momose	Non-Executive Director	-	-
	Mr Kiyoyasu Kawakami	Non-Executive Director	-	-
	Mr Jakob Ruemmler	Non-Executive Director	-	1:0.41
	Mr Elango Srinivasan	Chief Financial Officer	18.21	1:10.86
	Mr G Venkatram	Company Secretary	23.45	1:5.14
2.	Percentage increase in median remuneration of employees			-34%
3.a.	Average percentile increase in the salaries of employees other than managerial personnel			14.80%
3.b.	Percentile increase in managerial remuneration			3.74%
3.c.	There has been a marginal increase 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, 2022			561
5.	It is hereby affirmed that the remuneration paid during the year is as per the remuneration policy of the Company			

### Notes :

Mr Tadayya Momose, Director did not receive remuneration for both the years. Hence, percentage increase in remuneration is treated as not applicable. Mr Kiyoyasu Kawakami, Director who joined the Board in August 2022 did not receive remuneration for 2021-22.

For and on behalf of the Board of Directors

Place: Hosur  
Date: 10<sup>th</sup> August 2022

**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	4	4
2.	Mr Arvind Balaji	Member of the Committee	4	4
3.	Ms Priyamvada Balaji	Member of the Committee	4	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.
4. 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
5. 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
6. Average net profit of the company as per section 135(5): ₹ 5,807.22 lakhs
7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 1,16,14,500.  
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Not Applicable  
(c) Amount required to be set off for the financial year, if any: Not Applicable  
(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 1,16,14,500.

## 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
₹ 1,16,14,500	N.A.	N.A.	N.A.	N.A.	N.A.

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

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

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 (in ₹)	Mode of implementation Direct (Yes/No)	Mode of implementation Through implementing agency	
				State	District			Name registration	CSR number
1.	Government School (construction of Noon meals Centre)	Clause (ii)	Yes	Tamil Nadu	Krishnagiri	6,66,346	Yes	-	-
2.	Government School (Provide writing Boards to School)	Clause (ii)	Yes	Tamil Nadu	Krishnagiri	33,984	Yes	-	-
3.	Government School (providing roof with metal roof and flooring with tiles)	Clause (ii)	Yes	Puducherry	Puducherry	14,46,590	Yes	-	-
4.	Swami Dayananda Education Trust (Support to SDET towards educating rural India)	Clause (ii)	No	Tamil Nadu	Tiruvarur	13,13,397	No	Swami Dayananda Educational Trust	CSR00003383
5.	ESI, PHC, G.H (Provided medical consumables)	Clause (i)	Yes	Tamil Nadu	Krishnagiri	7,43,098	Yes	-	-
6.	Kalukondapalli Panchayat (Provided Battery Vehicles)	Clause (x)	Yes	Tamil Nadu	Krishnagiri	3,48,380	Yes	-	-
7.	Drainage (construction of drainage)	Clause(x)	Yes	Tamil Nadu	Krishnagiri	32,26,214	Yes	-	-



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 (in ₹)	Mode of implementation Direct (Yes/No)	Mode of implementation Through implementing agency	
				State	District			Name registration	CSR number
8.	Public health centre (making partition work for mother feeding and bio medical room)	Clause(i)	Yes	Puducherry	Puducherry	2,01,849	Yes	-	-
9.	Government PHC (provided refrigerator and RO Dispensor)	Clause(i)	Yes	Puducherry	Puducherry	30,761	Yes	-	-
10.	ESI Hospital (constructed O2 Plant)	Clause(i)	Yes	Tamil Nadu	Krishnagiri	7,93,181	Yes	-	-
11.	UPHC (Renovation and wall filling)	Clause(i)	Yes	Tamil Nadu	Krishnagiri	5,18,734	Yes	-	-
12.	Bright future organisation for blind (fulfilling the basic needs of the blinds)	Clause(i)	No	Maharashtra	Mumbai	20,000	Yes	-	-
13.	Disaster relief and rehabilitation activities (distribution of food packets to 98 mechanics)	Clause(xii)	Yes	Tamil Nadu	Krishnagiri	3,11,499	Yes	-	-
14.	Desilting of Osatti lake (desilting of lake)	Clause(x)	Yes	Tamil Nadu	Krishnagiri	6,86,360	Yes	-	-
15.	Swami Dayananda Educational Trust (construction of agro forest, herb garden, experimental research farm ang goshala)	Clause(iv)	No	Tamil Nadu	Tiruvarur	6,86,603	No	Swami Dayananda Educational Trust	CSR00003383
16.	Protection of heritage and monuments (Auto tours)	Clause(v)	No	Tamil Nadu	Chengalpattu	11,80,000	Yes	-	-
<b>TOTAL</b>						<b>1,22,06,996</b>			

- (c) Amount spent in Administrative Overheads: Nil
- (d) Amount spent on Impact Assessment, if applicable: Nil
- (e) Total amount spent for the Financial Year: (8b+8c+8d+8e): ₹ 1,22,06,996
- (f) Excess amount for set off, if any: ₹ 5,92,496
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, 2022.
- (b) Amount of CSR spent for creation or acquisition of capital asset: Details given below under (c).
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
1. Constructed of Noon Meals Centre at Govt. School, Kummalapuram, Hosur
  2. Constructed Metal Roof and Flooring with Tiles at Govt. School, Nettapakkam, Puducherry
  3. Provided Battery Vehicles to Kalukondapalli Panchayat, Hosur
  4. Constructed of Drainage at Uliveeranpalli, Hosur
  5. Made Partition work for Mother Feeding and Bio Medical Room at Public Health Centre, Puducherry
  6. Provided Refrigerator and RO Dispenser to Govt. PHC, Puducherry
  7. Constructed of O2 Plant at ESI Hospital, Hosur
  8. Renovated and Wall Tiling work at UPHC, Mookandapalli, Hosur
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
1. Construction of noon meals centre at Govt. School, Kummalapuram, Hosur
  2. Constructed Metal Roof and Flooring with Tiles at Govt. School, Nettapakkam, Puducherry
  3. Providing Battery Vehicles to Kalukondapalli Panchayat, Hosur
  4. Construction of Drainage at Uliveeranpalli, Hosur



5. Making Partition work for Mother Feeding and Bio Medical Room at Public Health Centre, Puducherry
6. Providing Refrigerator and RO Dispenser to Govt. PHC, Puducherry
7. Construction of O2 Plant at ESI Hospital, Hosur
8. Renovation and Wall Tiling Work at UPHC, Mookandapalli, Hosur
9. Specify the reason(s), if the company has failed to spend two percent 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 arrangements or transactions at arm's length basis:

1. Name of the related party : and nature of relationship	TVS Motor Company Limited * <ul style="list-style-type: none"> <li>• Relative of ultimate Holding company</li> </ul>
2. Nature of contracts/ : arrangements/ transactions	- Sale of products - Service rendered - Service received
3. Duration of contracts/ : arrangements/ transactions	2021-22
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 2021-22 ₹ 30,245.65 lakhs.
5. Date 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 27 <sup>th</sup> August, 2018 which was subsequently revised on 17 <sup>th</sup> September, 2021. Further, the Audit Committee grants omnibus approval for all transactions and the transactions were placed every quarter for consideration.

For and on behalf of the Board of Directors

Place: Hosur  
Date: 10<sup>th</sup> August 2022

**T K BALAJI**  
Chairman  
DIN: 00002010



## **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, 2022, 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 2021 to 31<sup>st</sup> March 2022, 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 : 10<sup>th</sup> August, 2022

UDIN: A020879D000758759

**B CHANDRA**

PRACTISING COMPANY SECRETARY

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> March, 2022**

**[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) Patullas Road  
Chennai 600002

Dear Sir,

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s **INDIA NIPPON ELECTRICALS LIMITED** bearing CIN L31901TN1984PLC011021 (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2022, 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 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 Explosives Act, 1884
2. The Petroleum Act, 1934
3. The Environment (Protection) Act, 1986
4. The Water (Prevention and Control of Pollution) Act, 1974
5. The Air (Prevention and Control of Pollution) Act, 1981

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors are in line with the provisions of the Companies Act, 2013 and all other applicable regulations.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Based on the minutes made available to us, we report that Majority decision is carried through and that there were no dissenting votes from any Board member that were required to be captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor, report deviations, if any, to the Board, take corrective actions and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that

- a. Pursuant to the Composite scheme of amalgamation and arrangement approved by the Hon'ble National Company Law Tribunal between TV Sundram Iyengar & Sons Private Limited, Sundaram Industries Private Limited, Southern Roadways Private Limited and SBTVS Industrial Ventures Private Limited, SB TVS Industrial Ventures Private Limited had indirectly acquired 45.87% voting rights in the company.
- b. Lucas Indian Service Limited had acquired 2,26,214 shares amounting to 1% of the share capital of the company from Mahle Electric Drives Japan Corporation on 30-03-2022 in addition to acquisition of 889042 shares from open market on 15-02-22 amounting to 3.93% thereby becoming the Holding Company.

Place : Chennai  
Date : 10<sup>th</sup> August, 2022

Signature:  
Name of Company Secretary in Practice: **B CHANDRA**  
ACS No.: 20879  
C P No.: 7859  
UDIN: A020879D000758660  
Peer review no 602/2019



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: 10<sup>th</sup> August, 2022

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, 2022 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
THIRUMALAIKUMARABALAJI PRIYAMVADA	00730712	29/01/2018
JAKOB RUEMMLER	09237428	07/08/2021
JAYSHREE SURESH PAREKH	06861217	26/03/2014
KIYOYASU KAWAKAMI	09283649	18/08/2021
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 10<sup>th</sup> August, 2022  
Place Chennai  
UDIN: A020879D000758726  
Peer review no 602/2019

**B CHANDRA**  
PRACTISING COMPANY SECRETARY  
CP 7859



## CERTIFICATE OF MD / CFO

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

We hereby certify, for the financial year ended 31<sup>st</sup> March 2022, on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls.
5. We have evaluated the effectiveness of the internal control systems of the Company
6. We have disclosed to the Auditors and the Audit Committee, deficiencies, which we are aware, in the design or operation of the internal control systems.
7. We have taken the required steps to rectify these internal control deficiencies.
8. We further certify that:
  - (a) There have been no significant changes in internal control during the year;
  - (b) There have been no significant changes in accounting policy
  - (c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control systems.

**Elango Srinivasan**  
Chief Financial Officer

**Arvind Balaji**  
Managing Director

Place: Chennai  
Date: 26<sup>th</sup> May 2022

## COMPLIANCE WITH CODE OF CONDUCT AND BUSINESS ETHICS

To

The Shareholders of India Nippon Electricals Limited, Chennai

On the basis of the written declarations received from members of the Board and Senior Management Personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, it is hereby certified that both the members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31<sup>st</sup> March 2022.

Place: Hosur

Date: 10<sup>th</sup> August 2022

**Arvind Balaji**  
Managing Director



# Report on Corporate Governance

## A. MANDATORY REQUIREMENTS

### 1. Company's Philosophy:

The Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour.

The Company believes that Corporate Governance is not only a principle that the organisation follows but it's a way of life that is embedded in its behavior & culture. The philosophy of the Company's Corporate Governance ensures transparency in its affairs and the functioning of the Management and the Board and accountability toward its stakeholders. It also encompasses the oversight of business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large. The Company's policies focus on the augmentation of long-term shareholder's value without compromising integrity, social obligations, and regulatory compliances. While dealing with its stakeholders, the Company functions within recognized standards of propriety, fair play, and justice and aims at creating a culture of openness.

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

The Board of the Company is formed with an optimum combination of

executive and non-executive directors, which not only meet the legal obligation but also make a diversified Board with a mixed blend of experiences, expertise, and professionals. The Board, while discharging its responsibilities and providing effective leadership to the business, uphold the corporate value, promote the ethical culture, endorse sustainability and leverages innovation. Independent directors play a pivotal role in upholding Corporate Governance norms and ensuring fairness in decision-making. Being experts in various fields, they also bring independent judgement on matters of strategy, risk management, controls and business performance.

### 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 ["LIS"] is entitled to nominate 3 Directors and Mahle Electric Drives Japan Corporation ["MEDJ"], as far as it along with Mahle Holdings (India) Limited holds at least 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 LIS. In addition, 2 out of 3 nominees of LIS & 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, nominee of LIS and Mr Jakob Ruemmler, nominee of MEDJ are not liable to retire by rotation while all other non-independent Directors retire by rotation.

During the financial year 2021-22, MEDJ had intimated about their intention to change the nomination of directors to the Board by inducting Mr Kiyoyasu Kawakami and Mr Jacob Ruemmler in casual vacancy in the place of Mr Tadayo Momose and Mr Mukesh Kumar

Somani respectively who had resigned from the Board with effect from 7<sup>th</sup> August, 2021. The appointment of Mr Kiyoyasu Kawakami and Mr Jacob Ruemmler has been considered by the Board on the recommendation by the Nomination and Remuneration Committee and approved by the Shareholders at the Annual General Meeting held on 17<sup>th</sup> September, 2021.

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. At the Board Meeting held on 10<sup>th</sup> August, 2022 the Nomination and Remuneration Committee recommended the re-appointment of Mr. Arvind Balaji as Managing Director for a term of 5 years and shall be placed before the shareholders in the forthcoming AGM. A detailed note showing his qualification, expertise and experience shall be provided as part of the Notice of AGM.

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

Name of the Director	Date of Original 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, 2013 and the same was posted on the website of the company. The weblink is provided in a separate section of this report under policies.

Mr. T K Balaji, Non-executive Chairman nominated by LIS (Promoter) retires by rotation and being eligible, offers himself for re-appointment at the forthcoming AGM.

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 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 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, Technology roadmap in Committees/ Board Meetings.

## 2.2 Key Managerial Personnel:

Mr Arvind Balaji, Managing Director, Mr Elango Srinivasan, CFO are the Key Managerial Personnel pursuant to Section 203 of the Companies Act, 2013. Mr G Venkatram, resigned from the position of Company Secretary and Compliance Officer of the Company on 26<sup>th</sup> May, 2022 and the Company is in the process of appointing a qualified Company Secretary in his place.

## 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:

During the year under review, the Board has assessed the list of core skills/ expertise/ competencies as earlier identified by the Board of Directors and enlarged the description of skills/ expertise/ competencies in the context of the Company's business and sector, for it to function effectively. The Board has identified the following skills/ expertise/ competencies fundamental for the effective functioning of the Company:

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 T K Balaji, Arvind Balaji, Anant Talaulicar, V Balaraman, Jayshree Suresh, Priyamvada Balaji, Jakob Ruemmler and Kiyoyasu Kawakami.
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, Kiyoyasu Kawakami, Priyamvada Balaji, Jakob Ruemmler.
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, Priyamvada Balaji, KG Raghavan, R Vijayaraghavan, Jakob Ruemmler.
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, Priyamvada Balaji, Jayshree Suresh, Jakob Ruemmler.



Skill	Description	List of Directors possessing the core skill/ expertise/ competency
Technology	Relevant knowledge of IT governance and systems including privacy, data management and security.	M/s TK Balaji, Arvind Balaji, Anant Talaulicar, Kiyoyasu Kawakami, Priyamvada Balaji, Jakob Ruemmler.
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, Kiyoyasu Kawakami, Priyamvada Balaji, KG Raghavan, RVijayaraghavan, Jakob Ruemmler.
Regulatory Compliance	Ability to understand, interpret and advise on regulations as applicable to the Company.	M/s TK Balaji, Arvind Balaji, KG Raghavan, R Vijayaraghavan, Jakob Ruemmler.

Note: The above table was populated on the basis of the existing Directors of the Board as on 31<sup>st</sup> March, 2022.

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 4 times during 2021-22 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 were 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
28 <sup>th</sup> May, 2021	9
07 <sup>th</sup> August, 2021	8
13 <sup>th</sup> November, 2021	9
10 <sup>th</sup> February, 2022	10

The last AGM was held on 17<sup>th</sup> September, 2021 through Audio Visual means and was attended by all the 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	4	Yes	9	1	-
Ms Priyamvada Balaji	4	Yes	13	1	-
Mr Tadaya Momose (resigned from directorship w.e.f. 07.08.2021)	Nil	N.A.	-	-	-
Mr Mukesh Kumar Somani (resigned from directorship w.e.f. 07.08.2021)	1	N.A.	-	-	-
Mr Kiyoyasu Kawakami (appointed as Director w.e.f. 18.08.2021)	1	Yes	-	-	-
Mr. Jakob Ruemmler (appointed as Director w.e.f. 07.08.2021)	2	Yes	2	-	-
<b>Managing Director</b>					
Mr. Arvind Balaji	4	Yes	12	3	-
<b>Independent Directors</b>					
Mr Anant Jaivant Talaulicar	4	Yes	10	5	1
Mr. V Balaraman	4	Yes	-	-	-
Dr. Jayshree Suresh	4	Yes	2	-	-
Mr. K G Raghavan	4	Yes	2	-	-
Mr. R Vijayaraghavan	4	Yes	8	8	4

(\* ) includes private companies; N.A. – Not Applicable.



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, 2022:

<b>Name of the Director (M/s)</b>	<b>Name of the Listed Company</b>	<b>Category of Directorship</b>
T K Balaji	-	-
Arvind Balaji	Schaeffler India Ltd	Independent Director
Anant Jaivant Talaulicar	The Hi-Tech Gears Ltd	Director
	Endurance Technologies Ltd	Independent Director
	Birlasoft Ltd	Independent Director
	KPIT Technologies Ltd	Independent Director
	Everest Industries Ltd	Independent Director*
V Balaraman	-	-
Jayshree Suresh	-	-
Jakob Ruemmler	-	-
Kiyoyasu Kawakami	-	-
Priyamvada Balaji	-	-
K G Raghavan	-	-
R Vijayaraghavan	Bimetal Bearings Ltd	Independent Director
	Sundaram Clayton Ltd	Independent Director
	Sanco Trans Ltd	Independent Director

(\*) since became Chairman of the company w.e.f. 25<sup>th</sup> June, 2020.

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 a 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 holds any equity shares of the Company, as of 31<sup>st</sup> March, 2022.

#### **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:**

A qualified and independent Audit Committee has been set up by the Board in compliance with the requirements of

Regulation 18 of the Listing Regulations and Section 177 of the Act.

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 5 times during the year 2021-22 on 28<sup>th</sup> May, 2021, 6<sup>th</sup> August, 2021, 12<sup>th</sup> November, 2021, 29<sup>th</sup> December, 2021 and 9<sup>th</sup> February, 2022 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 are given below:**

Name of Director	Status	No. of meetings attended	Date of meeting
Mr K G Raghavan, Chairman	Independent Director	4	28 <sup>th</sup> May, 2021, 6 <sup>th</sup> August, 2021, 29 <sup>th</sup> December, 2021, 9 <sup>th</sup> February, 2022
Mr V Balaraman, Member	Independent Director	5	28 <sup>th</sup> May, 2021, 6 <sup>th</sup> August, 2021, 12 <sup>th</sup> November, 2021, 29 <sup>th</sup> December, 2021, 9 <sup>th</sup> February, 2022
Mr Anant Jaivant Talaulicar, Member	Independent Director	4	28 <sup>th</sup> May, 2021, 6 <sup>th</sup> August, 2021, 12 <sup>th</sup> November, 2021, 9 <sup>th</sup> February, 2022
Mr R Vijayaraghavan, Member	Independent Director	3	28 <sup>th</sup> May, 2021, 6 <sup>th</sup> August, 2021, 12 <sup>th</sup> November, 2021



## 6. Risk Management Committee:

In accordance with provisions of Regulation 21 of the Listing Regulations, the Board has formed the Risk Management Committee, composition and terms of reference of which are in conformity with the said provisions.

Consequent to the amendment in SEBI LODR Regulations effective 5<sup>th</sup> May, 2021, top 1,000 listed Companies had to constitute 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 held on 7<sup>th</sup> August, 2021. The Charter of the Risk management Committee covers all the relevant ingredients as per SEBI LODR Regulations.

During the year, the Risk Management Committee (RMC) was constituted by the Board of Directors at their meeting held on 7<sup>th</sup> August, 2021. The RMC has 3 members consisting of Directors and Official(s) with Mr Anant Jaivant Talaulicar, Independent Director, being the Chairman of the Committee. Other Members of the Committee are Mr Arvind Balaji, Managing Director

and Mr Ravinder Sharma, President of the Company. The role and terms of reference of the Committee cover the areas pursuant to the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations, as amended from time to time.

The RM Policy / framework is designed to enable high standards of governance, business conduct and risk management and to achieve the following objectives:

- Informed decision making, adequately factoring risks involved
- Promoting risk-aware culture
- Safeguarding of company's assets and stakeholders' interests
- Achievement of sustainable business growth
- Planning for business continuity
- Compliance with applicable legal and regulatory requirements

During the year, the Committee met 2 times viz., 31<sup>st</sup> August, 2021 and 23<sup>rd</sup> February, 2022 and the meetings were held fully on video conferencing/ other audio-visual means.

**The composition of Risk Management Committee of the Board and the details of their attendance in the meetings are given below:**

Name of Directors	Status	No. of meetings attended	Date of meeting
Mr Anant Jaivant Talaulicar, Chairman	Independent Director	2	31 <sup>st</sup> August, 2021, 23 <sup>rd</sup> February, 2022
Mr Arvind Balaji, Member	Managing Director	2	31 <sup>st</sup> August, 2021, 23 <sup>rd</sup> February, 2022
Mr Ravinder Sharma, Member	President	1	31 <sup>st</sup> August, 2021

## 7. Stakeholders Relationship Committee (SRC):

In accordance with the provisions of Section 178 of the Act, and Regulation 20 of the Listing Regulations, the Company has formed its Stakeholders' Relationship Committee, composition and terms of reference of which are in conformity with the said provisions.

The Committee has 3 members consisting of 2 independent directors (Dr Jayshree Suresh as Chairperson of the Committee and Mr R Vijayaraghavan as Member of the Committee) and the Non-executive Chairman Mr T K Balaji as a member. During the year, Dr Jayshree Suresh, Member of the Committee was appointed as the Chairperson and Mr R Vijayaraghavan, Chairman of the SRC continues to be a Member of the Committee.

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 composition of Stakeholders Relationship Committee of the Board and the details of their attendance in the meetings are given below:**

Name of Directors	Status	No. of meetings attended	Date of meeting
Dr Jayshree Suresh, Chairperson	Independent Director	1	6 <sup>th</sup> August, 2021
Mr T K Balaji, Member	Non-Executive Director	1	6 <sup>th</sup> August, 2021
Mr R Vijayaraghavan, Member	Independent Director	1	6 <sup>th</sup> August, 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, After the resignation of Mr G Venkatram as Company Secretary and Compliance Officer, Ms Poornima Raghu, a qualified Company Secretary, has been appointed as Compliance Officer of the Company w.e.f 27<sup>th</sup> May, 2022 as required by SEBI Listing Regulations. For any clarification, Members may contact the Company at the dedicated e.mail ids: investors@inel.co.in/ investor@cameoindia.com.

During the financial year 2021-22, the company has not received any complaint(s) from the Members. Few queries asked through email /phone were clarified.

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 shareholder. 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. The details of those Members and the dividend remitted are posted on the website of the company and the weblink is provided in a separate section of this report under policies. 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 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.

## **8. Corporate Social Responsibility Committee:**

In accordance with provisions of Section 135 of the Companies Act, 2013, the Board has formed the Corporate Social Responsibility (CSR) Committee. The Composition and terms of reference of the committee are in conformity with the said provisions.

The Corporate Social Responsibility Committee (CSR Committee) comprises of 3 Directors as 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.

On the recommendation of the CSR Committee, Board had approved the following and posted them on the

website of the company. The weblink is provided in a separate section of this report under policies:

- An annual action plan for the year 2022-23.
- The CSR Policy.

During the year, the Committee met 4 times on 28<sup>th</sup> May, 2021, 6<sup>th</sup> August, 2021, 12<sup>th</sup> November, 2021 and 9<sup>th</sup> February, 2022 and the meetings were held fully on video conferencing/ other audio-visual means.

**The composition of Corporate Social Responsibility Committee of the Board and the details of their attendance in the meetings are given below:**

Name of Directors	Status	No. of meetings attended	Date of meeting
Dr Jayshree Suresh, Chairperson	Independent Director	4	28 <sup>th</sup> May, 2021, 6 <sup>th</sup> August, 2021, 12 <sup>th</sup> November, 2021 and 9 <sup>th</sup> February, 2022
Mr Arvind Balaji, Member	Managing Director	4	28 <sup>th</sup> May, 2021, 6 <sup>th</sup> August, 2021, 12 <sup>th</sup> November, 2021 and 9 <sup>th</sup> February, 2022
Ms Priyamvada Balaji, Member	Non-Executive Director	3	28 <sup>th</sup> May, 2021, 6 <sup>th</sup> August, 2021 and 9 <sup>th</sup> February, 2022

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

## 9. Nomination & Remuneration Committee:

In accordance with the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations, the Company has formed its Nomination and Remuneration Committee (NRC), composition and terms of reference of which are in conformity with the said provisions.

The Nomination & Remuneration Committee (N&RC) has 3 directors with the Chairman of the N&RC 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., 28<sup>th</sup> May, 2021 and 6<sup>th</sup> August, 2021 and the meetings were held fully on video conferencing/ other audio-visual means.



**The composition of Nomination & Remuneration Committee of the Board and the details of their attendance in the meetings are given below:**

Name of Directors	Status	No. of meetings attended	Date of meeting
Mr V Balaraman, Chairman of N&RC	Independent Director	2	28 <sup>th</sup> May, 2021 and 6 <sup>th</sup> August, 2021
Mr T K Balaji, Member	Non-Executive Director	2	28 <sup>th</sup> May, 2021 and 6 <sup>th</sup> August, 2021
Mr R Vijayaraghavan, Member	Independent Director	2	28 <sup>th</sup> May, 2021 and 6 <sup>th</sup> August, 2021

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.
- Performing such other duties and responsibilities as may be consistent with the provisions of the Nomination and Remuneration Committee Charter.

**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.

## 10. Remuneration of Directors:

### 10.1 Managing Director:

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

The Board, on the Recommendation of the N&RC proposed revision in Managing Director remuneration and shall be placed before the approval of shareholders by way of special resolution at the ensuing Annual General Meeting and detailed note is given in the explanatory notes annexed to the Notice.

For the year 2021-22, the total remuneration paid to Mr Arvind Balaji, Managing Director is ₹ 225.12 lacs

comprising of ₹ 88 lacs in commission and ₹ 137.12 lacs by way of salary.

### 10.2 Non-Executive Directors:

The Board, on the recommendation of the N&RC, 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 2021-22, the Board had approved the payment of commission to Non-executive Directors at the meeting held on 26<sup>th</sup> May 2022 based on the recommendations of the N&RC. The N&RC 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)
T K Balaji	5.05
Anant Jaivant Talaulicar	6.80
V Balaraman	7.25
Jayshree Suresh	6.05
Priyamvada Balaji	5.05
Jakob Ruemmler	2.00
K G Raghavan	6.10
R Vijayaraghavan	6.70
<b>Total</b>	<b>45.00</b>

Mr Kikyoyasu Kawakami, a Japanese national, who was appointed as a non-executive director with effect 18<sup>th</sup> August, 2021, was not paid any Sitting Fees/ Commission for the year 2021-22 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 2021-22 is tabulated hereunder (₹ in actuals).

Name of the Directors	Board	Audit Committee	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	Separate meeting of Independent Directors	Risk Management Committee	Total
Mr T K Balaji	80,000	-	20,000	40,000	-	-	-	1,40,000
Mr K G Raghavan	80,000	80,000	-	-	-	20,000	-	1,80,000
Mr V Balaraman	80,000	1,00,000	-	40,000	-	20,000	-	2,40,000
Mr Anant Jaivant Talaulicar	80,000	80,000	-	-	-	20,000	40,000	2,20,000
Mr R Vijayaraghavan	80,000	60,000	20,000	40,000	-	20,000	-	2,20,000
Dr Jaysree Suresh	80,000	-	20,000	-	80,000	20,000	-	2,00,000
Mr Mukesh Somani <sup>(^)</sup>	20,000	-	-	-	-	-	-	20,000
Mr Jakob Ruemmler <sup>(*)</sup>	40,000	-	-	-	-	-	-	40,000
Ms Priyamvada Balaji	80,000	-	-	-	60,000	-	-	1,40,000
<b>Total</b>	<b>6,20,000</b>	<b>3,20,000</b>	<b>60,000</b>	<b>1,20,000</b>	<b>1,40,000</b>	<b>1,00,000</b>	<b>40,000</b>	<b>14,00,000</b>

(<sup>(^)</sup>) resigned from directorship with effect from 7<sup>th</sup> August, 2021; (<sup>(\*)</sup>) appointed as a director with effect from 7<sup>th</sup> August, 2021.



## 11. Other Disclosures:

### 11.1 Related party transactions, RPT Policy and materially significant Related Party Transactions - TVS Motor Company Limited.

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. Further, the members had approved at their meeting held on 17<sup>th</sup> September, 2021 for aggregate value of transaction not exceeding ₹ 500 Cr per financial year.

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') read with the Company's Policy on Related Party Transactions, effective 1<sup>st</sup> April, 2022, provides that entering into material related party transactions which, either individually or taken together with previous transaction(s) during a financial year, exceed ₹ 1,000 crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower, requires approval of the Members of the Company through ordinary resolution for all "Material related Party Transactions".

The Company, in order to further its business interests, enters into various transactions with its related parties.

Amongst these transactions, the estimated value of transactions with TVS Motor Company Limited, a related party under Regulation 2(1) (zb) of the Listing Regulations, during the financial year is expected to exceed the materiality threshold as stated above.

Accordingly, the Board of Directors of the Company ('the Board') at the meeting held on 26<sup>th</sup> May, 2022 and on the recommendation of the Audit Committee meeting held on 25<sup>th</sup> May 2022, recommended for the approval of the Members, entering into material related party transactions (MRPTs) with ₹ 500 Crores as set out in the Resolution.

These transactions will be entered in the ordinary course of business and on arm's length basis.

Details of the proposed RPTs between the Company and TVS Motor Company Limited, including the information required to be disclosed are given in the Explanatory Statement annexed to the Notice of the AGM.

### 11.2 Related party transactions, RPT Policy and materially significant Related Party Transactions - Lucas Indian Service Limited.

At the AGM held on 27<sup>th</sup> August, 2018, Members had approved a limit up to 15% of the previous year Consolidated Turnover of the Company for any financial year with Lucas Indian Service Limited, which are at present within the materiality thresholds as prescribed by the Listing Regulations.

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') read with the Company's Policy on Related Party Transactions, effective 1<sup>st</sup> April, 2022, provides that entering into material related party transactions which, either individually or taken together with previous transaction(s) during a financial year, exceed ₹ 1,000 crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower, requires approval of the Members of the Company through ordinary resolution for all "Material related Party Transactions".

The Company, in order to further its business interests, enters into various transactions with its related parties. Amongst these transactions, the estimated approval limit of transactions with Lucas Indian Service Limited, a related party under Regulation 2(1) (zb) of the Listing Regulations, during the financial year is expected to exceed the materiality threshold as stated above.

Accordingly, the Board of Directors of the Company ('the Board') at the meeting held on 26<sup>th</sup> May, 2022 and on the recommendation of the Audit Committee meeting held on 25<sup>th</sup> May 2022, recommended for the approval of the Members, entering into material related party transactions (MRPTs) with an amount not exceeding 15% of the previous year consolidated turnover as set out in the Resolution.

These transactions will be entered in the ordinary course of business and on arm's length basis.

Details of the proposed RPTs between the Company and Lucas Indian Service Limited, including the information required to be disclosed are given in the Explanatory Statement annexed to the Notice of the AGM.

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 an external agency. 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.





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

Pursuant to the amendments in SEBI (Prohibition of Insider Trading) Regulations 2015, the company had adopted a revised Code of Conduct to Regulate, Monitor and Report trading by its Designated Persons and their Immediate Relatives and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information at the Board meeting held on 30<sup>th</sup> May, 2019. The company has appointed Ms Poornima Raghu, a qualified 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 on the website of the company. The web link 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.

### 11.4 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.

### 11.5 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, 2022, this report was submitted on 27<sup>th</sup> April, 2022.

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.

### 11.6 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, 2022, 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 statements.

Considering the above, the Company's exposure to Copper was material for the year under review. Any exposure to 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, 2022:

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	6,967.99	9,15,281	Nil	Nil	Nil	Nil	Nil



**11.7 Disclosure on Financial Ratios:**

The disclosures on financial ratios are provided as part of management discussion & analysis report.

**11.8 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.

**11.9** 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.

**11.10** The Board, in line with the requirements of the Companies Act, 2013 and SEBI Listing Regulations had formulated following policies and can be accessed at our company website at <https://indianippon.com/policies/>

**Name of the Policy**

- a. Policy for determining 'materiality' for disclosure of events / information to Stock Exchanges
- b. Policy for preservation and Archival of documents
- c. Nomination and Remuneration Policy Guidelines
- d. Code of Conduct and Business Ethics
- e. Corporate Social Responsibility Policy

**Name of the Policy**

- f. Code of Conduct to Regulate, Monitor and Report trading by Designated Persons and their Immediate Relatives
- g. Material Subsidiary policy
- h. Related Party Transaction Policy
- i. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- j. Whistle-Blower Policy & Vigil Mechanism
- k. Risk Management Policy
- l. Dividend Distribution Policy

**11.11** 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.

**11.12** Management Discussion & Analysis report, details of separate meeting of independent directors, board evaluation, form part of the Boards report.

**11.13** 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 of this report under policies.

**11.14** All the members of Board and senior management personnel have confirmed compliance with the code for the year ended 31<sup>st</sup> March, 2022. The annual report contains a declaration to this effect signed by the Managing Director.

- 11.15** 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.
- 11.16** 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.
- 11.17** 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 2021-22: ₹ 20.85 Lacs.

## 12. 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
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
36 <sup>th</sup> AGM	2021	Video Conference/ Other Audio Visual Means	17 <sup>th</sup> September, 2021	10:00 AM

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

During the last three years viz., 2018-19 to 2020-21, approval of the Members was obtained by passing the following special resolutions:

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
A.G.M. - 2020-21	Approval to keep the Register of Members, Index of Members and any other statutory registers/ records at the place where Cameo Corporate Service Ltd decides to carry on the Share Registry work for the company

No item of business in relation to matters specified in Listing Regulations and or Section 110 of the Companies Act, 2013 which requires voting by postal ballot is included in the notice convening the AGM of the Company for the year 2021-22.

**14. Means of Communication:**

- a) Quarterly results were published in Business Standard 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, 2022 within the stipulated time.
- b) The quarterly results and also the annual audited results are posted in the Company's website viz. <http://indianippon.com/investors/#tab-1538379212092-4-3>.
- c) The annual general meeting of the company is being conducted on Wednesday the 21<sup>st</sup> September 2022 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.

**15. General Information for Members:**

<b>Financial Reporting for the Quarter ending:</b>	<b>The dates are based on the due date as on the date of this report without factoring in changes that may be notified by MCA like COVID-19 pandemic, etc.</b>
30 <sup>th</sup> June 2022	1 <sup>st</sup> fortnight of August, 2022
30 <sup>th</sup> September 2022	1 <sup>st</sup> fortnight of November, 2022
31 <sup>st</sup> December 2022	1 <sup>st</sup> fortnight of February, 2023
31 <sup>st</sup> March 2023	May 2023
Interim Dividend for 2021-22 @ ₹ 6.25 per equity share	Declared by Board: 10 <sup>th</sup> February, 2022. Record Date: 22 <sup>nd</sup> February, 2022 Payment date: 2 <sup>nd</sup> March, 2022
Book closure period for the purpose of AGM	From 15 <sup>th</sup> September, 2022 to 21 <sup>st</sup> September, 2022 (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 Ltd. The address of the exchanges are 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 2021-22 has been paid on time.
Stock Code	NSE: INDNIPPON BSE: 532240
ISIN	INE092B1025
CIN	L31901TN1984PLC011021

## 15.1 Share price data:

### a) High, Low during each month of Financial Year 2021-22:

Share price in ₹

Month	National Stock Exchange of India Ltd.		BSE Ltd	
	High	Low	High	Low
April, 2021	394.00	345.25	390.75	343.95
May, 2021	408.90	350.40	410.55	350.00
June, 2021	379.50	352.50	379.20	347.90
July, 2021	430.00	363.25	439.95	363.45
August, 2021	421.50	326.45	422.10	329.05
September, 2021	378.00	338.15	377.65	339.45
October, 2021	459.00	347.90	458.15	346.05
November, 2021	431.45	357.00	431.70	357.55
December, 2021	393.00	350.05	393.00	351.80
January, 2022	640.80	365.35	642.00	360.2
February, 2022	575.95	398.05	576.35	398.65
March, 2022	474.95	418.60	475	417.6

### 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, 2020	190	8,598	-55	-26
31 <sup>st</sup> March, 2021	369	14,691	94	71
31 <sup>st</sup> March, 2022	425	17,465	15	19

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, 2020	190	29,468	-55	-24
31 <sup>st</sup> March, 2021	369	49,509	94	68
31 <sup>st</sup> March, 2022	425	58,569	15	18

**15.2 Distribution of Equity Shareholding as on 31<sup>st</sup> March 2022:**

No. of shares held		No. of members	% of members	No. of shares held	Shareholding pattern(%)
1	100	13,002	70.33	3,77,092	1.67
101	500	3,093	16.73	7,84,355	3.47
501	1,000	967	5.23	7,49,681	3.31
1,001	2,000	935	5.06	14,86,530	6.57
2,001	3,000	175	0.95	4,36,737	1.93
3,001	4,000	111	0.60	4,04,360	1.79
4,001	5,000	55	0.30	2,54,773	1.13
5,001	10,000	90	0.49	6,22,434	2.75
>=	10,001	58	0.31	1,75,05,462	77.38
<b>Total</b>		<b>18,486</b>	<b>100.00</b>	<b>2,26,21,424</b>	<b>100.00</b>

**15.3 Pattern of Equity Shareholding as on 31<sup>st</sup> March 2022:**

Members	No. of Shares held	% of Total shares held
Promoter-Indian	1,45,07,336	64.13
Promoter-Foreign	14,14,786	6.25
Clearing Members	25,549	0.11
LLP	28,534	0.13
Foreign Portfolio Investor	44,524	0.20
HUF	2,85,414	1.26
Bodies Corporate	3,87,482	1.71
IEPF Authority	93,886	0.42
Individuals	56,97,430	25.19
NRIs	1,36,483	0.60
<b>Total</b>	<b>2,26,21,424</b>	<b>100</b>

**15.4 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 Registrar and Transfer Agent [RTA]. With effect from 10<sup>th</sup> March, 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), have been acting as the RTA for providing the connectivity with NSDL and CDSL and also for transfer of shares held in physical form in case of transmission and transposition of securities. 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 RTA promptly.

### 15.5 Dematerialisation of Shares and Liquidity:

Your 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, 2022, there were 2,23,53,396 shares in electronic mode, including 1,59,22,122 shares held by promoters. Shares held in electronic mode accounted for 98.82% of total holding.

The shareholding pattern in physical and demat is as given under: (shares in numbers)

As of 31 <sup>st</sup> March 2022	Physical holding	Electronic holding	Total holding
Total Number of Shareholders	209	18,277	18,486
Particulars	Physical Mode	Electronic mode	Total holding
a) Promoters holding:			
M/s Lucas Indian Service Ltd, Chennai	-	1,14,92,588	1,14,92,588
M/s Mahle Electric Drives Japan Corporation, Japan	-	14,14,786	14,14,786
M/s Mahle Holding (India) Pvt Ltd., India	-	30,00,000	30,00,000
Ms. Sheela Balaji	-	3,712	3,712
b) <b>Promoter Group holding:</b>			
Ms. D Saroja (since deceased and ) subsequently shares were transmitted to Mr. T K Balaji after 31 <sup>st</sup> March, 2022)	-	3,712	3,712
Ms. Vatsala Raghu	-	8	8
Mr. Sowmyan Ramakrishnan	-	7,308	7,308
Mr. V A Raghu	-	8	8
<b>Total promoter &amp; promoter holding</b>	<b>-</b>	<b>1,59,22,122</b>	<b>1,59,22,122</b>
c) Non Promoters holding	2,68,028	64,31,274	66,99,302
<b>Total</b>	<b>2,68,028</b>	<b>2,23,53,396</b>	<b>2,26,21,424</b>
%	1.18	98.82	100

Securities and Exchange Board of India (SEBI) has notified amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (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, 2022 the total number of Members holding shares in physical mode have reduced from 236 members holding 289428 shares at the beginning of the year to 209 members holding 268028 shares as at the close of the year. The Members who are still holding in physical mode are requested to dematerialize it as transfer in physical mode is not permitted from 1<sup>st</sup> April, 2019.

### 15.6 Plant & Tech Centre Locations:

Unit 1	Hosur-Thalli Road, Uliveeranapalli, Hosur-635114, 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
R&D Tech Centre	Plot No.137, SIPCOT Industrial Complex, Phase-I, Mookandapalli, Zuzuvadi, Hosur, Krishnagiri-635126, Tamilnadu
Address for Correspondence:	
Registered Office: No.11 & 13, Patullos Road, Chennai 600002. Ph. (44) 28460063/73.	
For investors complaints: <a href="mailto:investorscomplaints@inel.co.in">investorscomplaints@inel.co.in</a> ; <a href="mailto:investor@cameoindia.com">investor@cameoindia.com</a>	

### 16. 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.

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 5808 shares to IEPF (3952 shares on 2<sup>nd</sup> April, 2021 and 1856 shares on 19<sup>th</sup> August, 2021) during the year 2020-21 and further 6436 shares were transferred on 10<sup>th</sup> May, 2022 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), 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 Elango Srinivasan, (Chief Financial 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.

## 17. Request to Investors

Members who have not encashed their dividend warrants in respect of final dividend 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, 2022 (₹)
<b>2014-15</b>					
Final Dividend	27 <sup>th</sup> Aug 2015	45	3 <sup>rd</sup> Oct 2015	2 <sup>nd</sup> Nov 2022	2,83,329
<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	2,78,924
2 <sup>nd</sup> interim	26 <sup>th</sup> Mar 2016	50	2 <sup>nd</sup> May 2016	1 <sup>st</sup> Jun 2023	3,67,680



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, 2022 (₹)
<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	3,04,080
2 <sup>nd</sup> interim	30 <sup>th</sup> Mar 2017	60	6 <sup>th</sup> May 2017	5 <sup>th</sup> Jun 2024	4,74,768
<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	4,17,444
2 <sup>nd</sup> interim	8 <sup>th</sup> May 2018	70	14 <sup>th</sup> Jun 2018	14 <sup>th</sup> Jul 2025	4,96,930
<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	3,81,042
2 <sup>nd</sup> interim	6 <sup>th</sup> Apr 2019	80	13 <sup>th</sup> May 2019	12 <sup>th</sup> Jun 2026	5,04,940
<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	3,69,168
2 <sup>nd</sup> interim	16 <sup>th</sup> Mar 2020	75	22 <sup>nd</sup> Apr 2020	22 <sup>nd</sup> May 2027	5,15,089
<b>2020-21</b>					
Interim	26 <sup>th</sup> Mar 2021	120	2 <sup>nd</sup> May 2021	1 <sup>st</sup> June 2028	6,22,441
<b>2021-22</b>					
Interim	10 <sup>th</sup> Feb 2022	125	19 <sup>th</sup> Mar 2022	18 <sup>th</sup> Apr 2030	9,09,182

## 18. Investors are requested to note the following:

- Investors holding shares in physical mode are requested to communicate the change of address, if any, directly to the Registered Office of the Company at the above address.
- As required by SEBI, investors, who have not furnished so far, are advised to furnish details of their bank account number, name and address of the bank for incorporating the same in the dividend warrants. This information is required to avoid wrong credits being obtained by 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, 2021	34	45,212
Number of Members and aggregate number of shares transferred to the unclaimed suspense account during the year	0	0
<b>Total</b>	<b>34</b>	<b>45,212</b>
Number of Members who approached the company for transfer of shares and shares transferred from suspense account during the year	0	0
Unclaimed Shares Transfer to IEPF Authority during the year	2	3,712
<b>Total</b>	<b>2</b>	<b>3,712</b>
Aggregate number of the Members and the outstanding shares in the suspense account lying as on 31 <sup>st</sup> March, 2022	32	41,500

The Company had 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.

## 19. Green Initiative

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report, to Shareholders at their e-mail address previously registered with the DPs and RTA. Shareholders who have not registered their e-mail addresses are requested to do the same. Those holding shares in Demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the RTA, by sending a letter, duly signed by the first/sole holder quoting details of Folio Number.



# Management Discussion and Analysis

## Economy Overview

### Global Economy

The COVID-19 pandemic impacted businesses globally and disrupted economic growth since 2020. Businesses across the world suffered supply chain interruptions even as demand for products and services declined a situation that worsened with government mandated closures. By 2021, just when most of these effects were significantly reduced and the world economy was struggling to recover from the pandemic, the Russia-Ukraine crisis emerged. Before the war, supply-demand imbalances and government aid during the pandemic had led to inflation across nations and necessitated tightening of the monetary policy. Recent lockdowns in China are expected to cause new bottlenecks in global supply networks. In 2022 and 2023, the IMF forecasts a worldwide economic expansion to stabilise at 3.6%, down from 6.1% in 2021. The future of the global economy remains uncertain as geopolitical tensions persist, commodities prices stay elevated, and withdrawal of monetary accommodation gains momentum. Both capital outflows and rising commodity prices exacerbate inflationary pressures in emerging nations.

### Indian Economy

The Indian economy was poised for a recovery following the second wave of the pandemic, with steady resurgence in both industry and services sectors. Repeated COVID-19 variant breakouts, however, led to disruptions in the supply chain, and, more lately, a high inflation rate has created challenges for policymaking. A major increase in infrastructure spending was

undertaken to restore medium-term demand, and substantial supply-side reforms were enacted to position the economy for long-term growth. In FY 2021-22, the NSO's second advance estimates reported that the GDP had increased by 8.7%.

A survey conducted by the Reserve Bank of India (RBI) expects growth rate to decline to 7.2% in FY 2022-23 and to 6.5% in FY 2023-24. Although international impediments too are contributory factors in slowing India's economic progress, the country has remained resilient in the face of multiple obstacles. The RBI has projected the headline Consumer Price Index (CPI) inflation rate at 5.7% in FY 2021-22 and 5.5% in FY 2022-23 (new base 2012=100). To combat inflation, the RBI raised the policy repo rate by 50 basis points to 4.90%. Additionally, the Union Budget for FY 2022-23 included growth-oriented features with an emphasis on building long-term strength by leveraging private investment, while ensuring policy stability and inclusivity. Significant positives include the 35% rise in capital expenditure, large infrastructure projects such as construction of 25,000 kilometres of roads and highways; 100 cargo terminals; Project GatiShakti, the 5G network; laying of fibre optic cables; and the latest PLI programmes. Moreover, reduction in steel prices is expected to cheer the entire manufacturing sector just as government assistance for research and development in the fields of renewable energy, green transportation, and semiconductors will benefit the automotive industry.

Source: SIAM press release, [Steel prices set to bend on weak season after a two-year rally \(crisil.com\)](https://www.crisil.com)

## Industry Overview

### Global Auto Vehicle Market

Building on a resilient economic recovery, globally, the automobile manufacturing industry is accelerating into a reimagined future. While original equipment manufacturers (OEMs), component suppliers, and consumers have responded effectively to major concerns such as supply chain restrictions following the pandemic and geopolitical tensions, a robust end-user demand has translated into production growth. Consumer confidence, lower interest rates, and positive employment statistics have contributed to a robust market for durable goods, especially vehicles. World auto production grew by 3.1% to 80.14 million units in 2021 as compared with 77.71 million units produced in 2020. In Europe, political pressure for compliance with environmental, social, and governance (ESG) norms and the race to a low-carbon economy have strained business models, but presented opportunities to test out new mobility services. In 2021, Europe registered a negative year over year (YoY) production growth of about 3.6%, while regions like South America, Africa, and Brazil recorded double digit growth of about 17.5%, 16.4% and 11.6%, respectively.

Global auto sales increased to 82.68 million units in 2021 as compared with 78,774,320 units sold in 2020. The demand for passenger vehicles grew from 53.92 million to 56.4 million units in 2021, while orders for commercial vehicles grew from 24.86 million to 26.29 million units during this period. The outlook for 2022 appears more positive than the previous year, but does not indicate a risk-free future. The global auto sector is accustomed to being demand-driven, but despite the gradual improvement, supply-side issues

may continue to affect the market in 2022. Market forecasts for 2022 remain cautiously positive, with sales of light vehicles expected to increase moderately. There are indications that the semiconductor supply chain will show signs of stability in the second half of 2022, with brighter times ahead for the industry.

Source: [Global economy and automotive industry outlook 2022 - Wallenius Wilhelmsen](#), KPMG report, [2022 and the global sales picture - Just Auto \(just-auto.com\)](#)

### Indian Automobile Industry

According to the Society of Indian Automobile Manufacturers (SIAM), the automobile industry manufactured 22.93 million vehicles in FY 2021-22, compared with 22.65 million vehicles in FY 2020-21, recording a YoY growth rate of 1.23%. The two-wheeler vehicles segment dominated the market in terms of volume due to India's young population and an expanding middle class. An increased interest by firms to explore rural markets contributed to the expansion of the sector. India is a major exporter of automobiles, and exports are anticipated to rise rapidly in the near future. In FY 2021-22, India exported 5.62 million vehicles as compared with 4.13 million vehicles in the previous year, registering a YoY growth of 36%.

Additionally, various initiatives by the Indian government and major automotive manufacturers like the production linked incentive (PLI) scheme for the automobile and auto component industries with a budget of ₹ 26,000 crore over the five-year period beginning in FY 2022-23, are expected to propel India as a global leader in the two-wheeler and four-wheeler markets by 2022. About 20 original equipment manufacturers (OEMs) have already been granted incentive



approval in February 2022. The scheme will offer an incentive of up to 18% to promote new investments in the local supply chain of AAT products. This scheme will also serve to bolster the Make in India initiative for the automobile industry.

Rising commodity prices exerted substantial pricing pressure on the industry in 2021, resulting in several price rises across vehicle classes. In FY 2021-22, the Indian automobile sector sold 17.51 million vehicles, compared with 18.62 million vehicles in FY 2020-21, registering a YoY growth rate of 6.32%. The Indian automobile sector, having built a solid foundation in FY 2021-22 despite a semiconductor shortage that hampered output, is optimistic about reaching pre-crisis sales volume levels in FY 2022-23.

### India's Two-Wheeler industry

More than half of the country's total fuel sales is consumed by the two-wheeler segment, that has a direct correlation with the price of petrol. Additionally, factors such as the shortage of semiconductors and high container fees have hampered manufacturing by OEMs. Production in the two-wheelers segment declined to 17.71 million in FY 2021-22 from 18.35 million in FY 2020-21. Demand for motorcycles and scooters was also impacted throughout the year by rural distress and rising ownership costs due to rising petrol prices. Even over the holiday season, sales of two-wheelers, particularly motorbikes, failed to gain momentum, leaving companies with a huge pile of unsold inventory. During FY 2021-22, sales of two-wheeler vehicles that represent the least expensive means of private transportation, declined by 11% annually, falling from 15.12 million in FY 2020-21 to 13.47 million vehicles.

### India's Three-Wheeler industry

The three-wheeler industrial segment is intimately associated with India's robustly growing economy. In comparison with the previous year, three-wheeler sales grew from 219,446 in FY 2020-21 to 260,995 units in FY 2021-22, growing at an annual rate of 18.9%. Due to increased demand and need for conveyance of commodities to rural and semi-urban areas, sales by goods carriers are soon expected to return to pre-COVID levels. The cargo segment is expected to recover rapidly, especially in CNG (Compressed Natural Gas) and EV (Electric Vehicle) variants.

### EV Market

At the United Nations climate change conference (COP21), India had agreed to cut its carbon footprint by 33-35% below 2005 levels by 2030. It also pledged to boost the proportion of electricity derived from non-fossil fuels to 40% by 2030. To reach its goal, India needs to transition its power generation to renewable energy sources and move away from fossil fuel-based transportation. The move toward greener transportation mobility technologies can play a vital role in achieving the Nationally Determined Contribution (NDC) committed greenhouse gas (GHG) emission target. Government subsidies will certainly continue to favour low-emission vehicles, to boost electric vehicle production. Truly, India's EV industry has experienced remarkable growth in the past few years. According to the Society of Manufacturers of Electric Vehicles (SMEV), High Speed Sales reached 231,378 units (Excluding Low Speed and 3 States - Madhya Pradesh, Telangana & Andhra Pradesh). In FY 2020-21, registration of EV sales touched 236,802 units, with the e-2W segment comprising more than 60% of the market. Remarkably, the low-speed segment

represented 71% of e-2W sales. In FY 2021-22, the high-speed sector accounted for 61% of e-2W sales, thus reversing the previous trend. With the expansion of e-commerce, the e-3W (Cargo) segment accounted for 12% of the e-3W market, up from 4% in FY 2019-20. The e-bus and e-4W segments have also shown triple-digit growth from a low foundation.

Increasing fuel costs are causing a shift towards EVs, particularly in the lighter car categories, but this needs to be backed by an adequate charging infrastructure to sustain the ecosystem. As of March 2022, India has a total of 1,742 functioning public EV chargers, with 9 cities accounting for more than 50 percent: Surat, Pune, Ahmedabad, Bengaluru, Hyderabad, Delhi, Kolkata, Mumbai, and Chennai. The limited number of viable models, particularly in the bigger vehicle classes, has hampered EV adoption in several markets, among other considerations. The robust pipeline of future EV model launches over the next two years (2022 and 2023) will provide consumers with more options. Supportive policies, drop in battery prices, availability of charging infrastructure, and supply chain localisation are essential aspects that need to be addressed besides adoption of market-specific solutions to fuel the rise of electric vehicles in India.

Source: [Global economy and automotive industry outlook 2022 - Wallenius Wilhelmsen](#), KPMG report

## Indian Auto Component Industry

The burgeoning presence of global Original Equipment Manufacturers (OEMs) in the Indian auto components business has led to growth in the localisation of the components. Even though the performance of the automotive industry was below expectations, there are signs that vehicle demand will rebound in the coming months. This, along with the auto industry's increased emphasis

on deep-localisation and the government's recent announcements of PLI schemes on Advanced Chemistry Cell (ACC) batteries and auto and auto components, will facilitate the creation of a cutting-edge automotive value chain and the development of India into an attractive alternative source of high-end auto components. For the period April 2021 to September 2021, the automotive component industry's revenue was ₹ 1.96 Lac Crore (USD 26.6 billion), representing a 65% increase over the first half of the previous year. Despite slow vehicle sales due to supply side challenges, particularly in the first quarter, the auto component business experienced a stunning turnaround in FY 2021-22.

Exports of auto components increased from USD 9 billion as recorded for the nine months period in FY 2020-21 to USD 13.9 billion until December 2022. This growth of 54% was mostly attributable to a low base effect, coupled with the ongoing growth momentum in advanced nations and the consequent increase in the global demand for imports besides favourable commodity prices. In the total exports from India, Europe accounted for 31%, North America for 32%, Asia for 25%, Latin America for 5%, Africa for 5% and the rest of the world for 1% as of December 2022. In line with exports, imports increased by about 51% YoY from USD 9 billion recorded in December 2021 to an all-time high of USD 13.5 billion in December 2022. The increase in exports was, however, marginally more than the increase in imports due to higher growth rates in advanced economies, that served to improve the trade balance. Asia accounted for 64%, Europe for 27%, North America for 7%, and the rest of the world for 2% of the total imports recorded until December FY 2021-22. Most auto component makers have now recovered, and the investment cycle has begun. Despite concerns of another





pandemic wave, the industry is cautiously optimistic about the Indian economy and automotive sector.

## Company Overview

India Nippon Electricals Limited (hereafter referred to as 'INEL, or 'the Company') is a major manufacturer of electronic ignition systems for the automobile sector, with a particular emphasis on two-wheeler (2Ws), three-wheeler (3Ws), small gasoline engines and portable gensets. INEL, founded in 1984, provides its products to India's foremost automobile manufacturers. INEL enjoys a market leadership position in the electronic ignition system products. The Company continues to expand its product portfolio and capabilities with future technologies such as sensors, controllers, converters and engine control units etc., in addition to its offerings for internal combustion engines, the Company has recently entered the market for electric vehicles. Over the years, the Company has developed a range of high-quality, differentiated products, which has allowed it to establish a solid customer base in India and an expanding clientele abroad. The Company remains committed to increasing its aftermarket and export operations. INEL has built a presence in the international market, especially in North America, Japan, and Europe.

## Expanding Product Offerings

INEL has proved to the two-wheeler industry its capacity to adapt to changing business practices and technology besides respond to customer needs in the areas of quality and service over the years. The Company's product portfolio includes the following:

- **Electronic Ignition System**

INEL is focusing on expanding the ignition system products globally and increasing its market share in domestic market.

- **INEL Controller Portfolio**

Various types of controllers such as EGR Controller, Governor Control Unit, Immobiliser, DC-DC Controller, Radiator Fan Controller, ISG Controller and Body Control Module form INEL's Controller Portfolio.

- **INEL Sensors Portfolio**

Throttle Position Sensor, Speed Sensor, Oil Level Sensor, TBAP Sensor, TMAP Sensor, Coolant Temperature Sensor, Differential Pressure Sensor, RPAS Ultrasonic Sensor, Side Stand Sensor etc. are other products covered in the Company's Sensors Portfolio.

- **E-Mobility Product Portfolio**

The Company is continually developing its product line, which will facilitate INEL's growth in the e-Mobility space. INEL will continue to prioritise the development of new products for segments of the electric vehicle market and grow the worldwide presence of existing goods to advance in tandem with the industry and be future prepared. Various e-Mobility components such as Immobiliser, HMI, Side Stand Sensor, TPMS, VCU/BCM, Motor Controller, DC-DC Converter are included in the e-mobility portfolio of the Company.

## World-Class Manufacturing Facilities Assisted by an Internal R&D Centre

Three production plants of the Company are located in India, one each in Tamil Nadu (Hosur), Puducherry, and Haryana (Rewari District). INEL has a technological collaboration with Mahle Electric Drives Japan Corporation, Japan. The Company also has a Research and Development Centre recognised by the Government

of India's Department of Scientific and Industrial Research. All manufacturing facilities are accredited with ISO 14001:2015 (Environmental Management Systems) and ISO 45001:2018 (Occupational Health and Safety Management Systems) certification.

## Financial Overview

### Standalone Financial Snapshot (In ₹ Lacs)

Particulars	FY 2020-21	FY 2021-22	YoY Change
Gross Sales	48,030	56,303	17.22%
Net Sales	47,770	55,727	16.66%
Operating Profit	3,604	3,799	5.41%
Depreciation	1,035	1,285	24.15%
Profit After Tax (PAT)	4,070	4,026	-1.08%

- The growth in car sales during FY 2021-22 had a positive influence on the Company's financial performance. INEL recorded net sales worth ₹ 55,727 Lacs with 17% increase in FY 2021-22 as compared with ₹47,770 Lacs in FY 2020-21.
- Operating profit decreased by 5.41% from ₹ 3,604 Lacs in FY 2020-21 to ₹ 3,799 Lacs in FY 2021-22. The Company continues to incur required costs and assist employees and their families. Other expenses also increased due to implementation of social distance norms.
- The net profit decreased by 1.08% to ₹ 4,026 Lacs in FY 2021-22 due to reduced operating profit and greater depreciation and profit on sale of land. The profit of ₹ 137.99 Lacs recognised in FY 2021-22 was somewhat offset by

reduced income tax expenditures, as the Company choose to follow the lower income tax rate under the Income Tax Act.

- The Company has declared an interim dividend of ₹ 6.25 per share on face value of ₹ 5 per share which will be the final dividend for the year ended 31<sup>st</sup> March, 2022.
- INEL is a zero-debt company with cash and liquid investments of around ₹ 634 Lacs as on 31<sup>st</sup> March, 2022.

### Details of Key Standalone Financial Ratios that registered more than 25% change during FY 2021-22

Ratios	FY 2020-21	FY 2021-22	YoY Change
Debtors Turnover	4.84	4.90	1.24%
Inventory Turnover	7.88	8.47	7.49%
Interest Coverage Ratio	-	-	-
Current Ratio (x)	2.64	3.04	15%
Debt Equity Ratio	-	-	-
Operating Profit Margin (%)	7.54%	6.82%	-0.72%
Net Profit Margin (%)	8.52%	7.22%	-1.30%
Return on Net Worth – RoNW	9.04%	8.16%	-0.88%



- As of 31<sup>st</sup> March, 2022, the Company's Balance Sheet shows no debt. Thus, the Interest Coverage Ratio and the Debt-to-Equity Ratio are not relevant.
- In fiscal year 2021-22, the operating profit margin decreased from 7.54% to 6.82%. In fiscal year 2021-22, the net profit margin decreased from 8.52% to 7.22%. The drop in operating profit margin was primarily attributable to a shift in the sales product mix, a sharp increase in the price of steel and copper, and certain unabsorbed charges resulting from the COVID-19 lockout. Therefore, return on net worth decreased to 8.16% in fiscal year 2021-22 from 9.04% in fiscal year 2020-21.

### COVID-19 Impact

The second wave of COVID-19 was expected to have a negative impact on demand for the Company's products. The management has analysed the potential impact of the pandemic on the Company's business operations and financial position and identified no significant negative impact on sustainability. Moreover, the Company is debt-free and has sufficient liquid assets to honour its payments and obligations as they become due. The administration will continue to monitor any major modifications to its COVID-19 effect assessment due to future economic conditions and future unpredictability.

### Business Outlook

In terms of productivity, cost positioning, market positioning, and technological positioning, INEL has taken remarkable strides. Consequent to the timely introduction of numerous BS-VI goods with short lead times, cost management measures, and investment in state-of-the-art equipment, the Company's performance has improved, resulting in

more efficient manufacturing processes. The Company with a solid, debt-free balance sheet will benefit from the improving economic climate and investments in cutting-edge technologies. INEL will continue to capitalise on expansion of its factories and a diversified product range, investment in new line opportunities such as electric vehicles, besides capitalising on its expanding exports and aftermarket segments, with enhanced research and development capacities.

### Risk and Mitigation

- **Industry Risk:** Automobiles are a vital element of the Company's operations, and their demand is determined by the state of the national economy. Consequently, any decline in vehicle demand or production will have a substantial effect on the Company's operations.

**Mitigation:** The Company continually aims to expand organic revenue and broaden its customer base across vehicle segments. Even in a challenging climate, the Company is well positioned to surpass the industry's growth due to its improved product mix, geographic presence in overseas markets, superior technology, comprehensive cost reduction system, and liquidity build-up.

- **Raw Material Risk:** The Company is subject to price fluctuations in raw materials, which comprise a large portion of its total costs. Any disruption in availability or significant increase in the price of raw materials will diminish margins.

**Mitigation:** To protect its margins against price volatility, the Company has cost compensation agreements with all its

main clients, that allow it to pass on price increases.

- **Peer Risk:** Lucrative development possibilities of the automobile and auto components industries continue to attract new competitors to the market, whereby the Company could experience heightened competition from its rivals.

**Mitigation:** The Company has strong and long-standing direct relationships with a multitude of worldwide OEMs. It has continued to invest in novel goods and improved quality control to maintain its competitive advantage. Consequently, INEL's market share has increased despite the extraordinary COVID-19 pandemic.

- **Customer Concentration Risk:** The Company provides and sells vehicle components to original equipment manufacturers in the Indian automobile sector. Any reduction in demand from original equipment manufacturers due to decline in demand from end users could impact the Company's business.

**Mitigation:** The Company has continually built new clientele by delivering innovative items with the assistance of cutting-edge tools and a design centre. Additionally, INEL strives to boost its business with existing customers. In addition to satisfying domestic demand, the Company capitalises on the lucrative aftermarket and export markets.

- **Technology Obsolescence Risk:** Failure or delay in obtaining the requisite level of technological sophistication or accurately gauging market needs could have a negative effect on the Company's performance and financial condition.

**Mitigation:** With expanded R&D capabilities, the Company has continually supplied cutting-edge technology products. The Company engages in research and development to meet the market's demand for new technologies and products, based on a precise grasp of market requirements. It has an in-house research and development centre to keep up with worldwide trends.

## Human Resource

The Company believes that a committed talent pool is key to achieving outstanding business success. Human resources are the most important factor in the Company's expansion plan, and the Company recognises and prioritises their contribution. Its HR policies are constantly geared toward attracting, retaining, and cultivating the best talent necessary for business's expansion. The Company focuses on providing opportunities for growth and improvement of its employees' skill sets at all organisational levels. Regular trainings are provided for personnel at all organisational levels to ensure skill growth and self-growth. As part of the Employees Engagement Initiative, 25 people undertook the People Manager Workshop conducted by the Great Place to Work® (GPTW) Institute. During the year, we had 56 teams participating in 23 external competitions and winning 51 awards. INEL was awarded the prestigious 'Great Place to Work' rating on its first application attempt. As of 31<sup>st</sup> March, 2022, the total number of employees on the Company's payroll was 561.

## Corporate Social Responsibility

INEL is committed to actively contribute to the development of a sustainable society and provide economic value. Multiple projects



are conducted with improved governance and commercial ethics. A Corporate Social Responsibility (CSR) Committee has been established to create and recommend a comprehensive CSR Policy to the Board. The objective is to positively impact the communities in which the Company operates and build its reputation as a dependable, credible, and responsible business partner. During the period under review, the Company spent ₹ 122.07 Lacs on CSR initiatives as against a CSR budget of ₹ 116.15 Lacs with a primary focus on skill development, promoting education in rural regions, conserving natural resources through tree planting around the factory, besides supporting measures for promotion of health care and sanitation, protection of heritage monuments etc. The Company has identified community-supporting projects and deepened its partnerships with them. Due to the friendly ties between employees and their families, the Company has never experienced any labour disputes. During the COVID-19 pandemic, the Company supported the families of village mechanics whose shops were shuttered.

### **Internal Control Systems and Adequacy**

The Company's system of internal controls for business processes, operations, financial reporting, fraud prevention, and compliance with applicable laws and regulations is sufficient. The audit function of INEL provides reasonable assurance on the effectiveness and efficiency of operations, protection of assets, accuracy of financial records and reports, and the observance of applicable laws and regulations. The Company increases

its internal control systems and information accuracy on a real-time basis by employing an ERP system that enables improved analysis and control. Regular internal audits and inspections guarantee that responsibilities are carried out successfully. The Audit Committee, in conjunction with management, conducts periodic reviews of the performance of statutory/internal auditors, the adequacy and effectiveness of internal control systems, and suggests improvements for strengthening the existing control system in the light of changing business requirements.

### **Cautionary Statement**

Statements in this Management Discussion and Analysis section that describe the Company's objectives, expectations, or make predictions may be forward-looking within the meaning of applicable laws and regulations. These forward-looking statements by the Company 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 based on any subsequent developments, information, or events. Thus, the Company's actual performance/ results could differ from projected estimates made in the forward-looking statements. Discussion on the Company's operation outcomes and financial condition should be read together with the audited, consolidated financial statements and notes to these statements as included in the Annual Report.

# 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 considering 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 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	2021-22				
8. Sector(s) that the Company is engaged in (Industrial activity code - wise)	<table border="1"> <thead> <tr> <th>NIC CODE</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>29304</td> <td>Manufacture of motor vehicle electrical equipment, such as generators, alternators, spark plugs, ignition wiring harnesses, power window and door systems, assembly of purchased gauges into instrument panels, voltage regulators, etc</td> </tr> </tbody> </table>	NIC CODE	Description	29304	Manufacture of motor vehicle electrical equipment, such as generators, alternators, spark plugs, ignition wiring harnesses, power window and door systems, assembly of purchased gauges into instrument panels, voltage regulators, etc
NIC CODE	Description				
29304	Manufacture of motor vehicle electrical equipment, such as generators, alternators, spark plugs, ignition wiring harnesses, power window and door systems, assembly of purchased gauges into instrument panels, voltage regulators, etc				
9. Three key products/ services that the Company manufactures/ provides	<p>Electronic Ignition Systems for Two-wheelers/three wheelers and Portable engines.</p> <p>For further information on the list of products, please refer to the initial portions of the Annual Report.</p>				
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 in the process of winding up.				
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, Kariamanikkam, 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, USA, Italy, Japan, China, Turkey, Slovenia, Nepal, Sri Lanka and Bangladesh.				



## Section B: Financial details of the Company

1. Paid up Capital (INR)	₹ 1,131 Lacs
2. Total Turnover (INR)	₹ 56,303 Lacs (Standalone)
3. Profit after tax (INR)	₹ 4,026 Lacs (Standalone)
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of net profit (INR)	₹ 122 Lacs (Being more than 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 in the process of winding up.
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: 2021	ISO- 45001: 2018			ISO- 14001: 2015			ISO- 9001: 2015
				ISO- 27001. 2013						
		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?	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.  Further, Internal Financial Control requirements are evaluated annually by internal and external auditors.								

\* 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. Question No.	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)	P7 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.								

### 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 not received any Investor Complaint(s) and hence, no complaint was pending as on 31st March, 2022.

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) Lead free 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**

- a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**
- b) 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. Solder recovery system is introduced to recover the solder alloy from the dross generated during Wave soldering process and the recovered solder alloy is reused for soldering.

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. Water waste generated in RO Plant is reused flushing of Toilets. 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. More than half of energy used for production is from renewable sources thus promoting sustainability of scarce resources and carbon neutral environment.

### **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 Mediclaim 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, 2022 wherever applicable)
1	Total number of employees on roll	561
2	Total number of employees hired on 1995 temporary / Contractual / casual basis.	
3	Number of permanent women employees	67
4	Number of permanent employees with NIL disabilities	
5	Employee association recognised by management?	The Company has 3 Labour Union representing the interests and welfare of all union employees / workmen.  Union elections are held once in 3 years as per the by-laws of the Union.  The Company maintains a good and cordial relationship with the Union.
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?	(a) Permanent Employees - 100% (b) Permanent Women Employees - 100% (c) Casual/Temporary/Contractual Employees - 100% (d) Employees with Disabilities- Nil



**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 Tamil Nadu Chief Minister Relief Fund. Local projects were given priority to promote infrastructure in schools, hospitals run Govt so as to cater to community at large. 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.

Risk 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.



# Financial Statements

# 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 31 March 2022, 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 31 March 2022, 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. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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

- Our opinion on the standalone financial statements does not cover the other information and we do 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



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.

### **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.
  - e) In our opinion, the aforesaid standalone financial statements comply with the Ind AS.
  - f) On the basis of the written representations received from the directors as on 31 March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - g) 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.

- h) 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.

- i) 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.

- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 11736W/W-100018

**Ananthi Amarnath**

Partner

Membership No. 209252

UDIN:2209252AJQNLJ6986

Place: Chennai

Date: 26<sup>th</sup> May 2022



## Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(g) 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 31<sup>st</sup> March 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that.

### 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.

We believe that the audit evidence we have obtained, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, to the best of our information and according to the explanations given to, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022 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 & Sells LLP**

Chartered Accountants

Firm's Registration No. 11736W/W-100018

**Ananthi Amarnath**

Partner

Membership No. 209252

UDIN:2209252AJQNLJ6986

Place: Chennai

Date: 26<sup>th</sup> May 2022





## 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)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

- (i) (a) In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, Capital work-in-progress and relevant details of right-of-use assets.
  - B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment, capital work-in-progress and right of use assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) (i) Based on our examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment, capital work-in progress are held in the name of the Company as at the balance sheet date.
- (ii) In respect of immovable properties of land and building that have been taken on lease and disclosed as Right of use assets as at the Balance sheet date, the lease agreements are duly executed in favour of the Company.
- (d) According to the information and explanations given to us, the Company has not revalued any Property, plant, and equipment (including Right of Use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventories except for (goods-in-transit and stocks held with third parties), were physically verified during the year by the Management at reasonable intervals. In our

opinion, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year-end, written confirmations have been obtained and in respect of goods in transit, the goods have been received subsequent to the year-end or confirmations have been obtained from the parties. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories, when compared with the books of account.

- (b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions on the basis of security of current assets, and hence reporting under clause (ii)(b) of the Order is not applicable.
- (iii) In respect of investments, guarantees, securities, loans and advances in the nature of loans made by the company:
- (a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause (iii)(a), (c), (d), (e) and (f) of the Order is not applicable.
- (b) The investments made during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (iv) 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) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013, in respect of specified products of the Company. 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 determining whether they are accurate or complete.
- (vii) a) In respect of undisputed statutory dues including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Duty of Custom, and other material statutory dues applicable, the Company



has been regular in depositing it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom Added Tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- b) Details of dues of Income Tax, Service Tax, Excise Duty, Sales Tax, Value Added Tax and cess which have not been deposited as on 31 March 2022 on account of disputes are given below:

Name of Statute	Nature of Dispute	Forum Where Dispute	Period to which the amount relates	Amount involved (Rs) in Lakhs	Amount unpaid (Rs) in Lakhs
Service Tax under Finance Act, 1994	Non-payment of service tax in commercial training	Customs, Excise, and Service Tax Appellate Tribunal	2012-2015 and 2015-2016	3.76	3.48
Central excise Act, 1944	Non Payment of Excise Duty for Design & Drawings received	Director General of GST Intelligence	2014-2015 to 2017-2018	12.55	12.55
Tamil Nadu VAT Act, 2006	VAT in eligible credits	Assistant Commissioner of Commercial taxes	2007-2008 to 2015-2016	284.73	237.27
Central Goods and Services act, 2017	Penalty for E-Way Bill not matched	Commissioner of Goods and Service Tax & Central Excise (Appeals)	2018-2019	9.25	9.25
Central Sales Act, 1956	Penalty for issuing C-Forms without inclusion of B-Certificate	Assistant Commissioner of Commercial Taxes	2010-2011 to 2015-2016	1.63	1.63
Local Area Development Tax of Haryana State	Local Area Development assessment demand	Joint Excise Taxation Commissioner	2003-2004 and 2004-2005	0.41	0.41
Service Tax under Finance Act, 1994	Disallowance of service tax credit availed	Commissioner of Central Excise (Appeals)	2006-2007	0.27	0.27
Income Tax Act, 1961	Deduction under Sec 80-IB with respect to disallowance of Royalty payment, Apportionment of R&D expenditure	Commissioner of Income Tax (Appeals)	2009-2010	32.23	32.23

Name of Statute	Nature of Dispute	Forum Where Dispute	Period to which the amount relates	Amount involved (Rs) in Lakhs	Amount unpaid (Rs) in Lakhs
Income Tax Act, 1961	Deduction under Sec 80-IB with respect to disallowance of Royalty payment, Apportionment of R&D expenditure	Commissioner of Income Tax (Appeals)	2010-2011	8.22	8.22
Income Tax Act, 1961	Disallowance u/s 14a	Commissioner of Income Tax (Appeals)	2016-2017	8.48	8.48
Income Tax Act, 1961	Deduction under Sec 80 IB- with respect to Disallowance of Royalty payment, Apportionment of R&D Expenditure	Commissioner of Income Tax (Appeals)	2012-2013	13.16	13.16
Income Tax Act, 1961	Wrong interest computation	Commissioner of Income Tax (Appeals)	2017-2018	8.52	8.52
Income Tax Act, 1961	Wrong interest computation	Commissioner of Income Tax (Appeals)	2018-2019	208.49	208.49

(viii) According to the explanation and information provided to us, there were no transactions previously unrecorded in the books of accounts, that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

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

(b) The Company has not been declared wilful defaulter

by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.



- (e) On an overall examination of the financial statements of the Company, the company has not raised funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised any loans during the year and hence reporting on clause(ix) (f) of the Order is not applicable.
- (x) (a) 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 (x)(a) of the Order is not applicable.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) As represented to us by the management, there were no whistle blower complaints received by the company during the year and up to the date of this report.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) (a) and (b) of the Order is not applicable.
- (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.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and covering the period upto March 2022 in determining the nature, timing and extent of our audit procedures.

- (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 to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, (Asset Liability Maturity (ALM) pattern) other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) (a) & (b) of the Order is not applicable for the year.
- (xxi) The Company does not have any subsidiary incorporated in India, hence reporting under clause (xxi) is not applicable.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 11736W/W-100018

**Ananthi Amarnath**

Partner

Membership No. 209252

UDIN:2209252AJQNLJ6986

Place: Chennai

Date: 26<sup>th</sup> May 2022



# Standalone Balance Sheet

as at 31<sup>st</sup> March, 2022

₹ in Lacs

S. No.	Particulars	Note No.	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>1</b>	<b>ASSETS</b>			
<b>1.1</b>	<b>Non-current assets</b>			
a)	Property, Plant and Equipment	4.1	11,628.77	7,147.66
b)	Capital Work-in-progress	4.4	508.68	3,386.72
c)	Intangible assets	4.2	168.95	125.15
d)	Right-of-use assets	4.3	1,216.30	1,311.29
e)	<b>Financial Assets</b>			
(i)	Investments	5	15,769.00	14,020.20
(ii)	Loans	6	111.57	82.89
(iii)	Others financial assets	7	448.99	126.48
f)	Other Non-current Assets	8	101.79	171.87
	<b>Non-current Assets - Total</b>		<b>29,954.05</b>	<b>26,372.26</b>
<b>1.2</b>	<b>Current assets</b>			
a)	Inventories	9	4,959.96	4,377.46
b)	<b>Financial Assets</b>			
(i)	Investments	10	13,267.22	13,247.95
(ii)	Trade Receivables	11	11,805.74	10,940.07
(iii)	Cash and cash equivalents	12.1	634.14	327.74
(iv)	Other bank balances	12.2	656.99	2,207.53
(v)	Others financial assets	13	112.49	121.77
c)	Current tax assets (Net)	14	657.93	304.99
d)	Other Current assets	15	902.59	804.56
	<b>Current Assets - Total</b>		<b>32,997.06</b>	<b>32,332.07</b>
<b>1.3</b>	<b>Assets classified as held for sale</b>	4.1.1	-	507.58
	<b>Current Assets - Total</b>		<b>32,997.06</b>	<b>32,839.65</b>
	<b>Assets - Total</b>		<b>62,951.11</b>	<b>59,211.90</b>
<b>2</b>	<b>EQUITY AND LIABILITIES</b>			
<b>2.1</b>	<b>EQUITY:</b>			
a)	Equity Share Capital	16.1	1,131.07	1,131.07
b)	Other Equity	16.2	48,230.05	43,888.51
	<b>Equity - Total</b>		<b>49,361.12</b>	<b>45,019.58</b>
<b>2.2</b>	<b>LIABILITIES</b>			
<b>2.2.1</b>	<b>Non-current liabilities</b>			
a)	Financial Liabilities			
(i)	Lease Liabilities	41	332.35	351.05
b)	Provisions	17	256.59	245.04
c)	Deferred tax liability (Net)	18	2,149.69	1,177.33
	<b>Non-current Liabilities - Total</b>		<b>2,738.63</b>	<b>1,773.42</b>
<b>2.2.2</b>	<b>Current Liabilities</b>			
a)	<b>Financial Liabilities</b>			
(i)	Trade payables			
Total outstanding dues to micro enterprises and small enterprises	19	2,565.61	2,263.91	
Total outstanding dues to other than micro enterprises and small enterprises		6,441.13	6,944.02	
(ii)	Lease Liabilities	41	59.34	107.13
(iii)	Others financial liabilities	20	280.99	1,718.14
b)	Provisions	21	89.13	95.88
c)	Current tax liabilities (Net)	22	-	-
d)	Other current liabilities	23	1,415.16	1,289.82
	<b>Total Current Liabilities</b>		<b>10,851.36</b>	<b>12,418.90</b>
	<b>Equity and Liabilities - Total</b>		<b>62,951.11</b>	<b>59,211.90</b>

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

**Arvind Balaji**  
Managing Director

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : 26<sup>th</sup> May, 2022

Place : Chennai  
Date : 26<sup>th</sup> May, 2022

# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2022

₹ in Lacs

S. No.	Particulars	Note No.	Apr'21 To Mar'22	Apr'20 To Mar'21
I	Revenue from Operations	24	56,626.95	48,123.12
II	Other Income	25	1,404.74	1,619.45
III	<b>TOTAL INCOME</b>		<b>58,031.69</b>	<b>49,742.57</b>
IV	<b>Expenses:</b>			
	Cost of Material Consumed	26	39,720.83	32,626.17
	Changes in inventories of Finished Goods and Work-in-Progress	27	(176.54)	(133.09)
	Other Operating Expenses	28	2,557.43	2,163.17
	Employee Benefit Expenses	29	6,788.73	6,614.25
	Finance Costs	30	49.01	56.02
	Depreciation and Amortisation Expenses	4.1- 4.3	1,284.82	1,034.93
	Other Expenses	31	2,652.57	2,214.02
	<b>TOTAL EXPENSES</b>		<b>52,876.85</b>	<b>44,575.47</b>
V	Profit Before Tax (I - IV)		5,154.84	5,167.10
			<b>5,154.84</b>	<b>5,167.10</b>
VI	<b>TAX EXPENSES:</b>			
	(1) Current Tax	33.1	581.77	1,026.47
	(2) Income tax relating to earlier year	33.1	-	(388.83)
	(3) Deferred Tax	33.1	546.67	74.35
	(4) Deferred tax relating to earlier years	33.1	-	385.21
			<b>1,128.44</b>	<b>1,097.20</b>
VII	Profit for the year (V-VI)		<b>4,026.40</b>	<b>4,069.90</b>
VIII	<b>OTHER COMPREHENSIVE INCOME (OCI):</b>			
	A (i) Items that will not be reclassified to Profit or Loss	32	2,154.67	437.12
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(425.69)	(46.28)
	<b>Total other comprehensive income for the year, net of tax</b>		<b>1,728.98</b>	<b>390.84</b>
IX	<b>Total Comprehensive Income for the year (VII+VIII) (Comprising Profit for the year and other comprehensive income)</b>		<b>5,755.38</b>	<b>4,460.74</b>
X	<b>Earnings per equity share</b>			
	1. Basic	44	17.80	17.99
	2. Diluted	44	17.80	17.99

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 : 26<sup>th</sup> May, 2022

Place : Chennai  
Date : 26<sup>th</sup> May, 2022





# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2022

S. Particulars No.	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
<b>A. Cash flows from Operating Activities:</b>		
Net Profit before tax	5,154.84	5,167.10
Adjustments for		
<b>Add/(Less):</b> - Depreciation and amortization expenses	1,284.82	1,034.93
- Dividend Income recognised in profit or loss	(124.91)	(162.67)
- Interest Income recognised in profit or loss	(235.81)	(251.10)
- Increase in Fair value of investments	(193.43)	-
- Profit on sale of investments(net)	(607.50)	(1,048.16)
- Profit on sale of land	(137.99)	-
- Property, plant and equipment written off	6.71	4.58
- Investments written off	-	88.51
- Advances written off	2.61	0.84
- Finance costs recognised in profit or loss	49.01	56.02
- Net unrealised exchange (gain) / loss	(10.62)	(16.21)
<b>Operating Profit before Working Capital changes</b>	<b>5,187.73</b>	<b>4,873.84</b>
Adjustments for (increase) / decrease in operating assets:		
- Loans	(28.68)	5.61
- Other Non-current Financial Assets	(402.75)	(2.91)
- Other Non-current assets	80.24	(9.37)
- Trade Receivables	(867.44)	(2,127.78)
- Inventories	(582.50)	(509.01)
- Other Current Financial Assets	(3.56)	5.82
- Other Current assets	(98.03)	(207.03)
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
- Trade Payables	(201.19)	1,604.02
- Other Financial Liabilities	(1,437.15)	1,348.41
- Other Liabilities	125.34	96.94
- Non-current Provisions	11.55	(132.37)
- Current Provisions	(6.75)	25.38
Cash generated from operations	<b>1,776.81</b>	<b>4,971.55</b>
Income taxes paid	(934.71)	(1,101.00)
<b>Net Cash generated by Operating Activities (A)</b>	<b>842.10</b>	<b>3,870.55</b>

# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2022

₹ in Lacs

S. Particulars No.	Apr'21 To Mar'22	Apr'20 To Mar'21
<b>B. Cash flows from Investing Activities:</b>		
Purchase of Property, Plant & Equipment (including CWIP)	(2,772.84)	(3,713.56)
Acquisition of investments	(43,708.49)	(27,434.60)
Proceeds on sale of land	656.64	-
Proceeds on sale of investments	44,892.04	28,818.55
Interest Received	248.65	221.55
Dividend Received	124.91	162.67
(Increase) / decrease in other bank balances	1,550.54	(1,439.22)
<b>Net Cash used in Investing Activities (B)</b>	<b>991.45</b>	<b>(3,384.61)</b>
<b>C. Cash flows from Financing Activities:</b>		
Payment of lease liabilities	(64.30)	(54.53)
Finance costs (including interest on lease payments)	(49.01)	(56.02)
Dividends and taxes on dividend paid	(1,413.84)	(1,357.29)
<b>Net Cash used in Financing Activities (C)</b>	<b>(1,527.15)</b>	<b>(1,467.84)</b>
<b>D. Net Increase / (decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>306.40</b>	<b>(981.90)</b>
<b>E. Add : Cash &amp; Cash Equivalents as at beginning of the year - Refer Note 12.1</b>	<b>327.74</b>	<b>1,309.64</b>
<b>F. Cash &amp; Cash Equivalents as at end of the year - Refer Note 12.1</b>	<b>634.14</b>	<b>327.74</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 : 26<sup>th</sup> May, 2022

Place : Chennai  
 Date : 26<sup>th</sup> May, 2022



# Standalone Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2022

## Equity Share Capital

Particulars	No.of.Shares	₹ in Lacs
		Amount
Equity shares of ₹ 5 each issued, subscribed and fully paid		
As at 01-April-2020	22,621,424	1,131.07
<b>Add:</b> Issued during the year	-	-
As at 31-March-2021	<b>22,621,424</b>	<b>1,131.07</b>
<b>Add:</b> Issued during the year	-	-
As at 31-March-2022	<b>22,621,424</b>	<b>1,131.07</b>

Reporting period	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Balance at the end of the current reporting period
Year ended 31 March 2021	1,131.07	-	-	1,131.07
Year ended 31 March 2022	1,131.07	-	-	1,131.07

## Other Equity

Particulars	Reserves and Surplus			Other Comprehensive Income	Total Equity attributable to equity share holder
	Capital Redemption Reserve	Retained Earnings	General Reserve	Other items of Other Comprehensive Income	
<b>Balance as of April 1, 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>
<b>Changes in the equity for the year ended March 31, 2021</b>					
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 March 31, 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>

# Standalone Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2022

Particulars	Reserves and Surplus			Other Comprehensive Income	₹ in Lacs Total Equity attributable to equity share holder
	Capital Redemption Reserve	Retained Earnings	General Reserve	Other items of Other Comprehensive Income	
	Balance as of April 1, 2021	39.56	15,820.29	23,909.26	
<b>Changes in the equity for the year ended March 31, 2022</b>					
Dividends	-	(1,413.84)	-	-	(1,413.84)
Profits for the year	-	4,026.40	-	-	4,026.40
Other Comprehensive Income	-	-	-	1,728.98	1,728.98
<b>Balance as of March 31, 2022</b>	<b>39.56</b>	<b>18,432.85</b>	<b>23,909.26</b>	<b>5,848.38</b>	<b>48,230.05</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 : 26<sup>th</sup> May, 2022

Place : Chennai  
Date : 26<sup>th</sup> May, 2022



# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 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. The company has become subsidiary of Lucas India Services with effect from 30/03/2022.

## 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 March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and II of Schedule III and are applicable from April 1, 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, capital

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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 has evaluated the same & given 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 from observable markets where possible, but where this is not feasible, a degree of judgement is required in



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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.

### 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

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue





## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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, 2022

- 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, 2022

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.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

## i) Employee benefits:

### i) *Short term obligations:*

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### ii) *Other Long term employee benefits:*

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields

at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an when the actual settlement is expected to occur.

### iii) *Post-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.



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### j) Taxes on income - Current Tax:

Tax expense comprises of current and deferred taxes. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related

deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where there is a legally enforceable right to offset.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### k) Provisions and Contingent Liabilities:

#### i) Provisions:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

**ii) Contingent Liabilities:**

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability. The company does not recognise a contingent liability but discloses its existence in Financial Statements.

**l) Cash & Cash equivalents:**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**m) Investments & Other financial assets:**

**i) Classification:**

The Company classifies its financial assets in the following categories:

- a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- 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



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**iii) Debt instruments:**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

**iv) Amortized cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**v) Fair value through Other Comprehensive Income (FVTOCI):**

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 (Solely

Payments of Principal and Interest). 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 (Effective Interest Rate) method.

**vi) Fair value through Profit & Loss (FVTPL):**

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.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

**vii) Equity Instruments:**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**viii) Derecognition:**

A financial asset (or, where applicable, a part of a financial asset or part of a 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, 2022

**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 – "Financial Instruments" are satisfied. For liabilities designated as Fair Value

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

through Profit and Loss ("FVTPL"), fair value gains/ losses attributable to changes in own credit risk are recognized in Other Comprehensive Income ("OCI"). These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

**v) Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**vi) Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis,

to realise the assets and settle the liabilities simultaneously.

**vii) Equity instruments:**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

**o) Income Recognition**

**i) Interest Income:**

Generally, interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

**ii) Dividends:**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.



# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

**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

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

involves the use of an identified asset (ii) the Company has substantially all of the 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, 2022

## 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, 2022:

Particulars	₹ in Lacs						
	Land	Building	Plant & Equipments	Furniture & fixtures	Office equipments	Vehicles	Total
Gross carrying value as on 1 <sup>st</sup> April, 2021	713.08	1,679.39	7,740.07	281.96	323.98	40.79	10,779.27
Additions	-	3,345.01	1,906.93	132.30	224.17	27.36	5,635.77
Deletions	-	-	30.33	0.00	0.27	-	30.60
<b>Gross carrying value as on 31<sup>st</sup> March, 2022 = (A)</b>	<b>713.08</b>	<b>5,024.40</b>	<b>9,616.67</b>	<b>414.26</b>	<b>547.88</b>	<b>68.15</b>	<b>16,384.44</b>
Accumulated depreciation as on 1 <sup>st</sup> April 2021	-	430.09	2,876.37	124.70	178.85	21.60	3,631.61
Depreciation	-	136.69	891.46	40.94	69.87	5.19	1,144.17
Accumulated depreciation on deletions	-	-	19.84	-	0.26	-	20.10
<b>Accumulated depreciation as on 31<sup>st</sup> March, 2022 = (B)</b>	<b>-</b>	<b>566.78</b>	<b>3,747.99</b>	<b>165.64</b>	<b>248.46</b>	<b>26.79</b>	<b>4,755.67</b>
<b>Carrying value as on 31<sup>st</sup> March, 2022 = (A - B)</b>	<b>713.08</b>	<b>4,457.61</b>	<b>5,868.68</b>	<b>248.61</b>	<b>299.41</b>	<b>41.36</b>	<b>11,628.77</b>

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

Particulars	₹ in Lacs						
	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
Reclassification	-	-	-	-	-	-	-
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>

**Note 4.1.1** - Cost of land approved by the Board of Directors for disposal amounting to ₹ 507.58 lakhs was classified as asset held for sale in previous year and has been sold during the current year.

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 4.2. Intangible Asset:

Following are the changes in the carrying value of Intangible assets for the year ended 31<sup>st</sup> March, 2022:

₹ in Lacs

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 1 <sup>st</sup> April, 2021	69.24	177.66	81.51	33.32	361.73
Additions	48.49	-	42.73	0.68	91.89
Deletions					-
<b>Gross carrying value as on 31<sup>st</sup> March, 2022 = (A)</b>	<b>117.73</b>	<b>177.66</b>	<b>124.24</b>	<b>34.00</b>	<b>453.62</b>
Accumulated amortization as on 1 <sup>st</sup> April, 2021	64.47	93.73	45.06	33.32	236.58
Amortization	6.70	17.77	23.40	0.23	48.09
Accumulated amortization on deletions	-	-	-	-	-
<b>Accumulated amortization as on 31<sup>st</sup> March, 2022 = (B)</b>	<b>71.17</b>	<b>111.50</b>	<b>68.46</b>	<b>33.55</b>	<b>284.67</b>
<b>Carrying value as on 31<sup>st</sup> March, 2022 = (A - B)</b>	<b>46.55</b>	<b>66.16</b>	<b>55.78</b>	<b>0.45</b>	<b>168.95</b>

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>

**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, 2022

### 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, 2022:

₹ in Lacs

Particulars	Leasehold Land	Leasehold Buildings	Total
Gross carrying value as on 1 <sup>st</sup> April, 2021	1,421.51	86.69	1,508.20
Additions	-	-	-
Disposals	-	19.22	19.22
<b>Gross carrying value as on 31<sup>st</sup> March, 2022 = (A)</b>	<b>1,421.51</b>	<b>67.47</b>	<b>1,488.98</b>
<b>Accumulated amortization as on 1<sup>st</sup> April, 2021</b>	143.87	53.04	196.91
Amortisation charge during the year	72.06	20.50	92.56
Disposals	-	16.78	16.78
<b>Accumulated amortization as on 31<sup>st</sup> March, 2022 = (B)</b>	<b>215.93</b>	<b>56.76</b>	<b>272.69</b>
<b>Carrying value as on 31<sup>st</sup> March 2022 = (A - B)</b>	<b>1,205.58</b>	<b>10.72</b>	<b>1,216.30</b>

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
Disposals	-	-	-
<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>
<b>Accumulated amortization as on 1<sup>st</sup> April, 2020</b>	71.98	31.54	103.52
Amortisation charge during the year	71.89	21.50	93.39
Disposals	-	-	-
<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>

**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, 2022

### 4.4. Capital work in Progress:

#### 4.4.1. The ageing schedule of Capital work-in-progress is as follows

Status as on 31<sup>st</sup> March, 2022

₹ in Lacs

CWIP*	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	402.33	106.35	-	-	508.68
Projects temporarily suspended					-
<b>TOTAL</b>					<b>508.68</b>

Status as on 31<sup>st</sup> March, 2021

₹ in Lacs

CWIP*	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2,172.15	570.95	224.40	419.22	3,386.72
Projects temporarily suspended					-
<b>TOTAL</b>					<b>3,386.72</b>

#### 4.4.2. Completion schedule of capital work in progress exceeded its original plan is as follows:

Status as on 31<sup>st</sup> March, 2022

₹ in Lacs

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress				
(i) Building project 1	265.11			
Projects temporarily suspended	-	-	-	-





## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

Status as on 31<sup>st</sup> March, 2021

₹ in Lacs

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress				
(i) Building project 1	1,349.29	85.46		
(ii) Stock monitoring Project	121.24			
Projects temporarily suspended				

**Note:** The disclosure is for projects:

- i) which have exceeded the original planned cost or
- ii) which are overdue for capitalisation when compared to original plan

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 5 NON-CURRENT INVESTMENTS - UNQUOTED (except as mentioned):

Note No.	Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/ Units	₹ in Lacs	
					As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
(a)	Investments in Equity instruments fully paid up					
i)	Investment carried at cost:					
	PT Automotive Systems Indonesia Limited	Subsidiary	4,474	27,000	1,207.98	1,207.98
ii)	Investment carried at fair value through other comprehensive income:				-	-
	Lucas TVS Ltd	Others	100	97,351	11,735.43	9,611.86
	IRIS Ecopower Venture Private Limited	Others	10	330,400	33.04	41.34
iii)	Investment carried at fair value through profit and loss:					
(A)	Un Listed Equity Share:					
	NSE Equity	Others	1	13,000	247.00	-
(B)	Listed Equity Share:					
	HDFC Bank Ltd	Others	1	3,550	53.46	-
	Housing Development Finance Corporation Ltd	Others	2	2,210	54.20	-
	ICICI Bank Ltd	Others	2	7,150	52.64	-
	Infosys Ltd	Others	5	2,770	52.73	-
	Reliance Industries Ltd	Others	10	2,090	55.51	-
	Tata Consultancy Service Ltd	Others	1	1,370	51.49	-
					<b>10,861.18</b>	
(b)	Investments in Debentures or Bonds					
	Investments carried at amortised cost:					
	National Highways Authority of India	Others	1,000	-	-	123.62
	Indian Railway Finance Corporation Ltd			50,000	500.00	500.00
	India Infrastructure Finance Corporation Ltd			50,000	500.00	500.00
	Power Finance Corporation Limited Series 1			-	-	500.00
	State Bank of India Series I 8.75 BD Perpetual FVRS 10 Lacs		1,000,000	25	262.52	262.52
	State Bank of India Series I 7.74 BD Perpetual FVRS 10 Lacs		1,000,000	25	256.02	256.02
					<b>1,518.54</b>	<b>2,673.05</b>



# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

Note No.	Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/ Units	₹ in Laos	
					As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
(c)	<b>Investments in Venture capital Funds</b>					
	<b>Investment carried at fair value through profit and loss:</b>					
	TVS Shriram Growth Fund Scheme 1A			-	-	-
	TVS Shriram Growth Fund Scheme 1B		1,000	-	1.00	0.01
	TVS Shriram Growth Fund Scheme 3	Others		50,000	33,000.00	330.00
	Sundaram Alternative Opportunities series		1,00,000	18.15	18.90	155.96
					<b>518.90</b>	<b>485.96</b>
(d)	<b>Investment in Mutual Funds:</b>					
	<b>Investment carried at fair value through profit and loss:</b>					
	HDFC Index Fund-Nifty 50 Plan - Direct Growth	Others	10	46,333.08	75.86	-
	ICICI Prudential Nifty Next 50 Index Fund - Direct Plan Growth	Others	10	1,85,015.38	69.75	-
	NIPPON INDIA NIFTY MIDCAP 150 INDEX FUND - Direct Plan Growth	Others	10	3,32,912.68	42.46	-
					<b>188.07</b>	<b>-</b>
					<b>15,769.00</b>	<b>14,020.20</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				11,768.47	9,653.20
	Aggregate value of quoted/Un-quoted investments - Carried at FVTPL				1,274.00	485.96
	Aggregate value of Un-quoted investments - Carried at Amortised cost				1,518.54	2,673.05
	<b>Aggregate carrying value of quoted/Un-quoted investments</b>				<b>15,769.00</b>	<b>14,020.20</b>
	Aggregate amount of increase in fair value of investments (Carried at FVTPL)				(0.29)	-

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 6 LOANS (Unsecured and considered good):

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Loans & Advances to employees	111.57	82.89
	<b>111.57</b>	<b>82.89</b>

### 7 OTHER FINANCIAL ASSETS:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Bank deposits with more than 12 months maturity	398.88	46.24
b Sundry Deposits	50.11	80.24
	<b>448.99</b>	<b>126.48</b>

### 8 OTHER NON-CURRENT ASSETS:

(Unsecured and considered good unless otherwise stated):

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Capital Advance	101.79	171.87
	<b>101.79</b>	<b>171.87</b>

### 9 INVENTORIES:

(Lower of Cost and Net realisable value)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Raw Materials	3,505.53	2,905.22
b Raw Materials - Goods in Transit	154.73	348.06
c Work in Progress	499.45	329.65
d Finished Goods	363.30	367.51
e Finished Goods in Transit	436.17	425.22
f Stores and Spares	0.78	1.80
	<b>4,959.96</b>	<b>4,377.46</b>



# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 10 CURRENT INVESTMENTS - UNQUOTED:

₹ in Lacs

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2022	No. of Units 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2021
INVESTMENT IN MUTUAL FUNDS						
Investment carried at fair value through profit and loss:						
Axis Short Term-G		10	94,56,820.51	2,357.51	94,56,821	2,259.55
Aditya Birla SL Corporate Bond-G		50	15,22,237.19	1,372.90	15,22,237	1,307.67
ICICI Pru Short Term-G	Others	30	11,55,193.20	552.04	11,55,193	529.81
IDFC Bond Medium Term Reg-G		20	16,59,189.13	631.82	16,59,189	606.40
IDFC Bond Short Term Reg-G		30	33,43,087.23	1,553.63	33,43,087	1,493.22
Kotak Bond Short-term Reg-G		20	16,56,347.27	705.40	33,97,377	1,387.99
Reliance Short Term Fund -Growth		20	12,71,160.14	544.01	12,71,160	518.57
Kotak liquid fund Direct Growth		1,000	-	-	15,630	650.07
HDFC Liquid fund Direct Plan - Growth		1,000	-	-	4,963	200.78
ICICI pru liquid fund Direct plan - Growth		100	28,634.25	90.27	2,13,695	651.21
ICICI pru money market fund Direct plan - Growth		100	2,68,895.95	825.23	-	-
Aditya Birla SL Liquid fund Direct Plan - Growth		100	58,465.45	200.61	1,60,443	531.92
Aditya Birla Sun life Money manager fund Direct Growth	100	2,83,760.64	848.19			
L&T Liquid fund Direct Growth	1,000	-	-	17,755	500.49	
Nippon India liquid fund Direct plan - Growth	1,000	-	-	19,970	1,004.98	
Nippon India Money Market Fund Direct plan - Growth	1,000	33,885.13	1,135.34			
SBI liquid fund Direct plan - Growth	1,000	-	-	7,781	250.68	
SBI savings fund Direct Plan - Growth	10	20,25,441.98	720.28			
HDFC HOF Series 1 1140D November 2017 -1- Reg-G	10	10,00,000.00	122.46	10,00,000	105.79	
Sundaram Money Direct-G:SBBNAB481185	10	-	-	4,62,136	200.56	
IDFC Arbitrage fund G - Direct plan	10	9,77,226.71	272.78	9,77,227	261.50	
ICICI prudential equity Arbitrage Fund G - Direct Plan	10	9,34,279.07	273.66	9,34,279	262.09	
Aditya Birla sun life Arbitrage Fund G - Direct Plan	10	25,54,062.19	581.15	12,03,265	262.09	
Kotak Equity Arbitrage Reg-G Direct: 940614/82	10	15,15,561.03	479.96	8,67,173	262.59	
				<b>13,267.22</b>		<b>13,247.95</b>
Aggregate provision for diminution in value of investments				-		-
				<b>13,267.22</b>		<b>13,247.95</b>
Aggregate value of Unquoted investments - carried at FVTPL				<b>13,267.22</b>		<b>13,247.95</b>
<b>Aggregate carrying value of Un-quoted investments</b>				<b>13,267.22</b>		<b>13,247.95</b>

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 11 TRADE RECEIVABLES:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Trade Receivables - Unsecured		
- Considered good	11,805.74	10,940.07
	<b>11,805.74</b>	<b>10,940.07</b>

### Trade Receivables ageing as on 31<sup>st</sup> March, 2022

₹ in Lacs

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables considered good	10,089.88	1,715.86	-	-	-	-	11,805.74
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>10,089.88</b>	<b>1,715.86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,805.74</b>

### Trade Receivables ageing as on 31<sup>st</sup> March, 2021

₹ in Lacs

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables considered good	9,990.74	947.40	-	-	1.93	-	10,940.07
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>9,990.74</b>	<b>947.40</b>	<b>-</b>	<b>-</b>	<b>1.93</b>	<b>-</b>	<b>10,940.07</b>



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 12.1 CASH & CASH EQUIVALENTS:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Balances with banks		
- In current account	633.28	326.23
b Cash on hand	0.86	1.51
	<b>634.14</b>	<b>327.74</b>

### 12.2 OTHER BANK BALANCES:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
- in Fixed deposit	595.00	798.00
- in Deposit accounts (Dividend Warrants)	61.99	1,409.53
	<b>656.99</b>	<b>2,207.53</b>

### 13 OTHER FINANCIAL ASSETS:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Interest Accrued on deposits and employee dues	104.76	117.60
b Duty draw back receivable	7.73	4.17
	<b>112.49</b>	<b>121.77</b>

### 14 CURRENT TAX ASSETS:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Advance tax (Net of provision of tax amounting to ₹ 9,849.38 lakhs)	657.93	304.99
	<b>657.93</b>	<b>304.99</b>

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 15 OTHER CURRENT ASSETS:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>a Advances other than Capital Advances:</b>		
- Vendor Advance	363.34	396.32
- Rental & Others	11.72	3.94
<b>b Others:</b>		
- Prepaid expenses	440.88	325.22
- Receivable - Others	86.65	79.08
	<b>902.59</b>	<b>804.56</b>

## 16.1 SHARE CAPITAL:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>a Authorised Share Capital:</b>		
3,00,00,000 number of Equity shares of ₹ 5 each ( Previous year 30,000,000 number of Equity shares of ₹ 5 each)	1,500.00	1,500.00
<b>b Issued, Subscribed and Fully Paid up Share Capital:</b>		
2,26,21,424 number of Equity shares of ₹ 5 each ( Previous year 22,621,424 number of Equity shares of ₹ 5 each)	1,131.07	1,131.07
<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 Re.5 per share ( March 31, 2021 - ₹ 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 March 31, 2022, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 6.25 (March 31, 2021: ₹ 6/-). 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, 2022

### 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	1,14,92,588	1,03,77,332
Percentage held	50.80%	45.87%
Mahle Electric Drives Japan Corpn., Japan (formerly Kokusan Denki Co Ltd, Japan)	14,14,786	16,41,000
Percentage held	6.25%	7.25%
Mahle Holding (India) Private Limited	30,00,000	30,00,000
Percentage held	13.26%	13.26%

### g Promoters shareholding

#### (i) Details of promoters shareholding as on 31<sup>st</sup> March, 2022:

Promoter Name	Opening balance of shares held	% of total shares	Closing balance of shares held	% of total shares	% change during the year
Lucas Indian Service Limited	1,03,77,332	45.87	1,14,92,588	50.80	10.75
Mahle Holding India Private Limited	30,00,000	13.26	30,00,000	13.26	-
Mrs. Sheela Balaji	-	-	3,712	0.02	100.00
Mrs. D Saroja	-	-	3,712	0.02	100.00
Mrs. Vatsala Raghu	-	-	8	-	100.00
Mrs. Sowmyan Ramakrishnan	-	-	7,308	0.03	100.00
Mr. V A Raghu	-	-	8	-	100.00
Mahle Electric Drives Japan Corporation	16,41,000	7.25	14,14,786	6.25	(13.79)

#### (ii) Details of promoters shareholding as on 31<sup>st</sup> March, 2021:

Promoter Name	Opening balance of shares held	% of total shares	Closing balance of shares held	% of total shares	% change during the year
Lucas Indian Service Limited	1,03,77,332	45.87	1,03,77,332	45.87	-
Mahle Holding India Private Limited	30,00,000	13.26	30,00,000	13.26	-
Mahle Electric Drives Japan Corporation	16,41,000	7.25	16,41,000	7.25	-

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 16.2 OTHER EQUITY:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(i) Reserves &amp; Surplus</b>		
<b>(a) Capital Redemption reserve</b>		
Opening Balance	39.56	39.56
Changes during the period*	-	-
Closing Balance	39.56	39.56
<b>(b) Retained Earnings</b>		
Opening Balance	15,820.29	13,107.68
Changes during the period*	2,612.56	2,712.61
Closing Balance	18,432.85	15,820.29
<b>(c) General Reserve</b>		
Opening Balance	23,909.26	23,909.26
Changes during the period*	-	-
Closing Balance	23,909.26	23,909.26
<b>(ii) Other Comprehensive income</b>		
Opening Balance	4,119.40	3,728.56
Changes during the period*	1,728.98	390.84
Closing Balance	5,848.38	4,119.40
<b>Total Other Equity</b>	<b>48,230.05</b>	<b>43,888.51</b>

**Note:** \*Details of changes incurred during the year is shown in Statement of Changes in Equity

### 17 NON CURRENT PROVISIONS:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Provision for employee benefits:		
- Compensated absences	256.59	245.04
	<b>256.59</b>	<b>245.04</b>

### 18 DEFERRED TAX LIABILITY:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Deferred Tax Liability (Net) - Refer Note 33.3	2,149.69	1,177.33
	<b>2,149.69</b>	<b>1,177.33</b>



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 19 TRADE PAYABLES:

₹ in Lacs

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Total outstanding dues to micro enterprises and small enterprises (Refer Note 46)	2,565.61	2,263.91
Total outstanding dues to other than micro enterprises and small enterprises	6,441.13	6,944.02
	<b>9,006.74</b>	<b>9,207.93</b>

### Trade Payables ageing as on 31<sup>st</sup> March, 2022

₹ in Lacs

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	2,565.61	-	-	-	-	2,565.61
Others	5,934.46	478.20	6.11	2.11	20.26	6,441.12
Disputed dues - MSME	-	-	-	-	-	-
Undisputed dues - MSME	2,565.61	-	-	-	-	2,565.61
<b>Grand Total</b>	<b>8,500.07</b>	<b>478.20</b>	<b>6.11</b>	<b>2.11</b>	<b>20.26</b>	<b>9,006.74</b>

### Trade Payables ageing as on 31<sup>st</sup> March, 2021

₹ in Lacs

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	2,263.91	-	-	-	-	2,263.91
Others	5,460.18	1,083.63	-	-	400.20	6,944.01
Disputed dues - MSME	-	-	-	-	-	-
Undisputed dues - MSME	2,263.91	-	-	-	-	2,263.91
<b>Grand Total</b>	<b>7,724.09</b>	<b>1,083.63</b>	<b>-</b>	<b>-</b>	<b>400.20</b>	<b>9,207.91</b>

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 20 OTHER FINANCIAL LIABILITIES:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Unpaid Dividend	61.99	1,409.53
b Earnest Money Deposit	86.00	150.61
c Commission to Directors	133.00	158.00
	<b>280.99</b>	<b>1,718.14</b>

### 21 CURRENT PROVISIONS:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>a Provisions for employee benefits:</b>		
- Compensated absences	33.84	67.84
<b>b Others:</b>		
- Provision for Warranty	55.29	28.04
	<b>89.13</b>	<b>95.88</b>

### 22 CURRENT TAX LIABILITIES:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Income tax payable (Net of advance tax amounting to ₹ 10,507.31 lakhs)	-	-
	-	-

### 23 OTHER CURRENT LIABILITIES:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Goods and Service Tax payable	565.79	472.42
b Tax Deducted at source/Tax Collected at Source	65.28	94.60
c Professional Tax/PF/ESI payable	44.67	43.61
d Other payable (refer Details below)	739.42	679.19
	<b>1,415.16</b>	<b>1,289.82</b>



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### Details of Other payable:

#### 23 (d) Other Payables:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Provision - Customer	669.10	518.97
b Tool Advance Payable	45.23	18.50
c Gratuity - (Refer Note 35)	25.09	141.72
d Other Liabilities	-	-
	<b>739.42</b>	<b>679.19</b>

#### 24 REVENUE FROM OPERATIONS:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Sale of Products:</b>		
a Export Sales	3,361.60	2,302.98
b Domestic Sales	52,941.65	45,727.34
	<b>56,303.25</b>	<b>48,030.32</b>
c Discount to Customers (Turnover Discount)	(576.27)	(260.62)
	<b>55,726.98</b>	<b>47,769.70</b>
d Other operating revenues:		
- Export benefits	132.77	50.32
- Scrap sales and others	767.20	303.10
	<b>56,626.95</b>	<b>48,123.12</b>

#### 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.

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 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'21 To Mar'22	Apr'20 To Mar'21
Company A	28,979.51	25,469.19
Company B	14,404.43	13,096.29
Company C	5,489.31	3,817.45
Others*	7,430.00	5,647.39
	<b>56,303.25</b>	<b>48,030.32</b>

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

### 25 OTHER INCOME:

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
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)	53.66	54.06
ii) Investments (at amortized cost)	181.94	196.72
iii) Other financial assets (at amortized cost)	0.21	0.32
b Dividend Income from equity investments	124.91	162.67
c Other Non-operating income	94.48	141.31
d Other gains and losses		
i) Net gain on sale of investments (carried at FVTPL)	607.50	1,048.16
ii) Net gain on sale of land (carried at cost)	137.99	-
iii) Net gain on foreign currency transactions	10.62	16.21
iv) Increase in fair value of investments (carried at FVPTL)	193.43	-
	<b>1,404.74</b>	<b>1,619.45</b>



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 26 COST OF MATERIALS CONSUMED:

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
a Opening Stock of Raw Materials	3,253.28	2,878.38
b Add: Purchases	40,127.80	33,001.07
	43,381.08	35,879.45
c Less: Closing stock of Raw Materials	3,660.25	3,253.28
	<b>39,720.83</b>	<b>32,626.17</b>

### 27 CHANGE IN INVENTORIES:

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
<b>Inventories at the end of the period</b>		
Finished Goods	799.47	792.73
Work-in-Progress	499.45	329.65
	<b>1,298.92</b>	<b>1,122.38</b>
<b>Inventories at the begning 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>Net Increase / (Reduction)</b>	<b>(176.54)</b>	<b>(133.09)</b>

### 28 OTHER OPERATING EXPENSES:

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
a Stores & Other Consumables	892.49	778.10
b Power & Fuel	645.72	599.21
c Repairs to Building	276.13	165.19
d Repairs to Machinery	410.29	306.93
e Repairs Others	67.35	63.57
f Royalty/Technical Know-how / Support Fees	2.32	9.82
g Others	263.13	240.35
	<b>2,557.43</b>	<b>2,163.17</b>

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 29 EMPLOYEE BENEFIT EXPENSES:

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
a Salaries & Wages (Refer 29.1)	5,580.45	5,642.55
b Contribution to Provident and other funds (Refer Note 34 & 35)	363.45	323.52
c Staff Welfare expenses	844.83	648.18
	<b>6,788.73</b>	<b>6,614.25</b>

## 30 FINANCE COSTS:

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
a Bank Charges	6.18	7.32
b Interest on Lease expenses - Refer note 41 (E)	42.83	48.70
	<b>49.01</b>	<b>56.02</b>

## 31 OTHER EXPENSES:

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
a Rent	3.89	3.61
b Repairs to Vehicles	15.31	7.75
c Insurance	51.84	52.80
d Rates and Taxes (Excluding taxes on income)	135.35	26.62
e Communication Expenses	31.99	21.95
f Postage, Printing & Stationery	38.58	25.15
g Sitting Fees	14.00	16.00
h Travelling and Conveyance Expenses	101.31	44.03
i Legal and Professional Charges	276.40	213.52
j Management Charges (Refer Note 36)	480.30	478.35
k Donation	103.62	10.88
l Corporate Social Responsibility (Refer Note 46)	122.07	130.00
m Remuneration to Watch and Ward	155.62	136.33
n Commission to Directors	133.00	158.00
o After Sales service expenses (Warranty)	38.71	30.38
p Freight Outwards	308.32	275.17
q Advertisement and Sales promotion	260.56	243.93





## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
<b>Audit Fees:</b>		
<b>a) Statutory Auditors:</b>		
i) Statutory Audit	15.00	15.00
ii) Tax Audit	2.50	2.50
iii) Other Attestation Matters	3.35	6.20
iii) Other Services	-	-
iv) Reimbursement of Expenses	0.93	0.36
b) Cost Audit	3.30	3.16
c) Secretarial Audit	1.75	1.75
d) Reimbursement - Other audits	0.35	0.65
s Investment written off/Fair value reduction	-	88.51
t Miscellaneous Expenses	354.52	221.42
	<b>2,652.57</b>	<b>2,214.02</b>

### 32 ITEMS WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
Increase/(decrease) in fair value of investments	2,123.57	430.69
Remeasurement of the defined benefit plan	31.10	6.43
Increase/(decrease) of DTA on fair value investments	(417.86)	(44.66)
Increase/(decrease) of DTA on defined benefit plan	(7.83)	(1.62)
	<b>1,728.98</b>	<b>390.84</b>

### 33 INCOME TAXES AND DEFERRED TAXES:

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

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
Current taxes	581.77	1,026.47
Income tax relating to earlier year (Refer note 33.1a)	-	(388.83)
Deferred taxes	546.67	74.35
Deferred tax relating to earlier year (Refer note 33.1b)	-	385.21
<b>Income tax expense</b>	<b>1,128.44</b>	<b>1,097.20</b>

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

**33.1a** Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 issued on September 20, 2019, corporate assessee have been given an option to apply a lower income tax rate with effect from April 01, 2019 within the due date of filing of return, subject to certain conditions specified therein. During the previous year 20-21, the company evaluated the impact of avilment 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 had resulted in reversal of excess provision of income tax amounting to ₹ 389 lakhs pertaining to FY 19-20.

**33.1b** The company had reassessed its deferred tax as at March 31, 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.

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
Profit before income taxes	5,154.84	5,167.10
Applicable tax rates *	25.17%	25.17%
Tax expenses using Company's applicable rate*	1,297.47	1,300.56
Effect on expenses that are not deductible in determining taxable profit	65.17	47.56
Effect of income that is exempt from taxation	(40.84)	(43.71)
Effect of different tax rates for long term capital gains	(128.80)	(155.80)
Effect of concessions on Research and Development expenses	-	-
Deferred tax impact on rate change	(40.73)	(40.21)
Others - Permanent differences	(23.83)	(11.20)
<b>Total</b>	<b>1,128.44</b>	<b>1,097.20</b>

\*The tax rate used for the 2021-2022 and 2020-2021 reconciliations above is the Corporate tax rate of 22%, applicable surcharge and cess payable by corporate entities in India on taxable profits under the India Law.

### 33.2 Income Tax on Other Comprehensive Income

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Deferred taxes on Remeasurement of defined benefit obligation	(7.83)	(1.62)
Deferred taxes on Fair value measurements of investments	(417.86)	(44.66)
<b>Total</b>	<b>(425.69)</b>	<b>(46.28)</b>



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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

₹ in Lacs

Particulars	Apr'21 To Mar'22			
	Opening Balance	Recognised in Profit & Loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax assets:</b>				
Rebates and discounts	43.21	-	-	43.21
Leave encashment	78.75	(5.64)	-	73.11
Early separation scheme	97.89	(14.73)	-	83.16
Investments in Subsidiary & Associate	(0.00)	-	-	(0.00)
Gratuity	35.68	13.51	(7.83)	41.36
Bonus	66.60	14.38	-	80.98
Others and provisions	49.15	25.94	-	75.09
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(407.45)	(557.04)	-	(964.49)
Investments other than above	(1,141.16)	(23.09)	(417.86)	(1,582.11)
<b>Net deferred tax assets / (liabilities)</b>	<b>(1,177.33)</b>	<b>(546.67)</b>	<b>(425.69)</b>	<b>(2,149.69)</b>

₹ 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>

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 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 ₹ 251.06 Lacs (LY-254.32 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 ₹ 3.59 lakhs (March 31, 2021: ₹ 3.61 lakhs) and is included in "Staff Welfare Expenses".



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 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, 2022

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

In respect of the above plans, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2022 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 March 31, 2022 and March 31, 2021

₹ in Lacs

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Net Employee benefit expense recognized in the employee cost in statement of profit &amp; loss account</b>		
Current service cost	65.00	65.91
Interest cost on benefit obligation	73.65	70.56
Expected return on plan assets	(69.37)	(62.11)
<b>Sub Total</b>	<b>69.28</b>	<b>74.36</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	(38.11)	(2.91)
iv. Financial Assumptions on plan assets	7.01	(3.52)
<b>Sub Total</b>	<b>(31.10)</b>	<b>(6.43)</b>
<b>Net benefit expense</b>	<b>38.18</b>	<b>67.93</b>
<b>Balance Sheet</b>		
<b>Benefit asset / liability</b>		
Present value of defined benefit obligation	1,185.05	1,127.34
Fair value of plan assets	1,159.96	985.62
<b>Assets / (Liability) recognized in the balance sheet</b>	<b>(25.09)</b>	<b>(141.72)</b>
<b>Change in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	1,127.34	1,167.39



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

₹ in Lacs

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Benefits paid	(42.83)	(173.62)
<b>Expenses Recognised in Statement of Profit and Loss Account</b>		
Current service cost	65.00	65.91
Past service cost	-	-
Interest cost on benefit obligation	73.65	70.56
<b>Recognised in Other Comprehensive Income</b>		
Actuarial (gain)/loss on obligation	(38.11)	(2.90)
<b>Closing defined benefit obligation</b>	<b>1,185.05</b>	<b>1,127.34</b>
<b>Change in the fair value of plan assets</b>		
Opening fair value of plan assets	<b>985.62</b>	<b>982.38</b>
Contributions by employer	154.81	111.23
Contributions transfer in	-	-
Benefits paid	(42.83)	(173.62)
<b>Expenses Recognised in Profit and Loss Account</b>		
Expected return	69.37	62.11
<b>Recognised in Other Comprehensive Income</b>		
Actuarial (gain) / loss on plan assets	(7.01)	3.52
<b>Closing fair value of plan assets</b>	<b>1,159.96</b>	<b>985.62</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, 2022	For the year ended 31 <sup>st</sup> March, 2021
Discount Rate (%)	6.93%	6.66%
Estimated Rate of Return on Plan Assets	6.93%	6.66%
Attrition Rate	9.00%	7.00%
Expected rate of salary increase (%)	7.00%	6.50%
Expected Average Remaining Service (years)	8.28	9.70

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.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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

Particulars	₹ in Lacs	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Within 1 year	114.00	86.09
1 - 2 years	160.86	99.66
2 - 3 years	129.34	138.39
3 - 4 years	168.08	104.12
4 - 5 years	114.11	145.56
Above 5 years	554.92	509.47

## Sensitivity Analyses

Particulars	₹ in Lacs	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
A. Discount Rate + 50 BP	7.43%	7.16%
Defined Benefit Obligation [PVO]	1,149.70	1,088.19
Current Service Cost	64.35	62.39
B. Discount Rate - 50 BP	6.43%	6.16%
Defined Benefit Obligation [PVO]	1,222.33	1,168.88
Current Service Cost	69.16	67.80
C. Salary Escalation Rate +50 BP	7.50%	7.00%
Defined Benefit Obligation [PVO]	1,223.40	1,169.76
Current Service Cost	69.24	67.71
D. Salary Escalation Rate -50 BP	6.50%	6.00%
Defined Benefit Obligation [PVO]	1,148.34	1,087.00
Current Service Cost	64.25	62.28





## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 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 ^
Ultimate Holding company	: SBTVS Industrial Ventures P Ltd #
Subsidiary of the Company	: P T Automotive Systems Indonesia (PTASI)

#### b) Related Parties and their relationship where transaction exists:

Relatives of Parents of Joint Venturers of the Company/Ultimate Holding Company	: Sundaram Clayton Limited *
	Sundram Fastners Limited *
	TVS Motor Company Limited ###
	TVS Capital Funds Private Limited *
	TVS Electronics Limited *
Holding Company of Joint Venturer	: Lucas TVS Limited ##
	Lucas Indian Service Ltd \$
Entities in which Director(s) are interested	: 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

^ Till Mar 30, 2022 and thereafter, entity having significant influence

# Effective from 4<sup>th</sup> Feb, 2022

\* Till Feb 04, 2022

## Till Mar 30, 2022 was an entity in which KMP had significant influence; Intermediary Holding Company thereafter

### Till Feb 04, 2022 and from Mar 31<sup>st</sup> onwards

\$ Holding company effective from 30<sup>th</sup> Mar, 2022

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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

Description	Joint Venturers of the company (Also Refer Notes Below)		Subsidiary of the company		Ultimate Parent (Also Refer Notes Below)		Relatives of Parent (Also Refer Notes Below)		Joint Venturer ## (Also Refer Notes Below)		Key Managerial Person		Entities in which Director(s) are interested	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Transactions during the Year</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>MAHLE ELECTRIC DRIVES JAPAN CORPORATION ^</b>														
Royalty paid	5.89	8.13	-	-	-	-	-	-	-	-	-	-	-	-
Payment for Services received	2.11	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	102.56	98.46	-	-	-	-	-	-	-	-	-	-	-	-
Sale of products	13.40	61.65	-	-	-	-	-	-	-	-	-	-	-	-
<b>LUCAS INDIAN SERVICE LTD \$</b>														
Sale of products	3,911.94	2,517.41	-	-	-	-	-	-	-	-	-	-	-	-
Rent paid	25.20	25.20	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	704.15	622.64	-	-	-	-	-	-	-	-	-	-	-	-
<b>MAHLE HOLDING (INDIA) PVT LTD ^</b>														
Dividend paid	187.50	180.00	-	-	-	-	-	-	-	-	-	-	-	-
Expenses reimbursed	-	0.27	-	-	-	-	-	-	-	-	-	-	-	-
<b>LUCAS TVS LTD ^^</b>														
Sale of products	-	-	-	-	-	-	-	-	76.10	402.49	-	-	-	-
Purchase of raw materials	-	-	-	-	-	-	-	-	33.23	139.79	-	-	-	-
Lease Rent paid	-	-	-	-	-	-	-	-	98.09	93.63	-	-	-	-
Expenses reimbursed	-	-	-	-	-	-	-	-	479.15	372.43	-	-	-	-
Travel reimbursements received	-	-	-	-	-	-	-	-	2.98	0.84	-	-	-	-
Payment for Services received	-	-	-	-	-	-	-	-	560.59	595.24	-	-	-	-
Dividend received	-	-	-	-	-	-	-	-	121.69	160.63	-	-	-	-

₹ Lacs



# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

Description	Joint Venturers of the company (Also Refer Notes Below)		Subsidiary of the company		Ultimate Parent (Also Refer Notes Below)		Relatives of Parent (Also Refer Notes Below)		Holding Company of Joint Venturer ## (Also Refer Notes Below)		Key Managerial Person		Entities in which Director(s) are interested	
	2022	2021	2022	2021	2022	2021	2021	2022	2021	2022	2021	2022	2021	2022
<b>Transactions during the Year</b>														
<b>TVS MOTORS COMPANY LTD ##</b>														
Sale of products	-	-	-	-	30,166.44	33,248.06								
Services rendered					77.97	43.37								
Payment for Services received	-	-	-	-	1.24	0.82								
<b>TVS ELECTRONICS LIMITED*</b>														
Services received					0.14	-								
Advances paid for materials	-	-	-	-	-	0.14								
<b>SUNDARAM CLAYTON LIMITED *</b>														
Payment for Services received	-	-	-	-	-	6.66								
<b>SUNDARAM FASTNERS LIMITED *</b>														
Purchase of raw materials	-	-	-	-	245.57	318.33								
<b>TVS TRAINING &amp; SERVICES LIMITED</b>														
Payment for Services received	-	-	-	-	2.52	-								
<b>TVS EDUCATIONAL SOCIETY</b>														
Expenses reimbursement received	-	-	-	-	-	-						10.48	10.82	
Payment for Services received	-	-	-	-	-	-						1,196.64	1,083.07	

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

Description	Joint Venturers of the company (Also Refer Notes Below)		Subsidiary of the company		Relatives of Ultimate Parent (Also Refer Notes Below)		Holding Company of Joint Venturer ## (Also Refer Notes Below)		Key Managerial Person		Entities in which Director(s) are interested	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Transactions during the Year											
<b>ARVEE CONSULTANTS &amp; SERVICES PVT LTD</b>												
Payment for Services received	-	-	-	-	-	-	-	-	-	-	2.83	-
<b>SOUTHERN ROADWAYS PVT LTD*</b>												
Payment for Services received	-	-	-	-	-	-	-	-	-	-	-	0.51
<b>TVS CAPITAL FUNDS PRIVATE LIMITED*</b>												
Investment in funds	-	-	-	-	170.00	-	-	-	-	-	-	-
Redemption of funds	-	-	-	-	0.01	-	-	-	-	-	-	-
Other capital receipts	-	-	-	-	151.86	75.17	-	-	-	-	-	-
Interest received	-	-	-	-	0.63	1.75	-	-	-	-	-	-
Remuneration paid (Short-term employee benefits):												
Mr Arvind Balaji - Managing Director	-	-	-	-	-	-	-	-	225.12	224.93	-	-
Mr Elango Srinivasan - Chief Financial Officer	-	-	-	-	-	-	-	-	64.80	53.77	-	-
Mr G Venkatram - Company Secretary	-	-	-	-	-	-	-	-	30.69	24.18	-	-
<b>Balances as at year end</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>

₹ Lacs



# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

Description	Joint Venturers of the company (Also Refer Notes Below)		Subsidiary of the company		Ultimate Parent (Also Refer Notes Below)		Relatives of Ultimate Parent (Also Refer Notes Below)		Joint Venturer # (Also Refer Notes Below)		Key Managerial Person		Entities in which Director(s) are interested	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Transactions during the Year</b>														
<b>Trade Payables:</b>														
LUCAS TVS LTD ^^	-	-	-	-	-	-	-	-	129.09	193.32	-	-	-	-
ARVEE CONSULTANTS & SERVICES PVT LTD	-	-	-	-	-	-	-	-	-	-	-	-	0.65	0.66
SUNDARAM CLAYTON LIMITED *	-	-	-	-	-	-	1.41	-	-	-	-	-	-	-
MAHLE ELECTRIC DRIVES JAPAN CORPORATION ^	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUNDRAM FASTNERS LIMITED *	-	-	-	-	-	-	103.96	-	-	-	-	-	-	-
TVS EDUCATIONAL SOCIETY	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Financial Liabilities:</b>														
KMP (Commission payable)	-	-	-	-	-	-	-	-	-	-	88.00	113.00	-	-
MAHLE HOLDING (INDIA) PVT LTD (Dividend payable)	-	180.00	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trade Receivables:</b>														
LUCAS INDIAN SERVICE LTD \$	864.78	530.37	-	-	-	-	-	-	-	-	-	-	-	-
TVS MOTORS COMPANY LTD ###	-	-	-	-	6,261.20	6,785.71	-	-	-	-	-	-	-	-
TVS ELECTRONICS LIMITED *	-	-	-	-	-	0.14	-	-	-	-	-	-	-	-
MAHLE ELECTRIC DRIVES JAPAN CORPORATION ^	-	23.07	-	-	-	-	-	-	-	-	-	-	-	-
LUCAS TVS LTD ^^	-	-	-	-	-	-	-	-	16.11	63.75	-	-	-	-

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

₹ Lacs

Description	Joint Venturers of the company (Also Refer Notes Below)		Subsidiary of the company		Ultimate Parent (Also Refer Notes Below)		Holding Company of Joint Venturer ## (Also Refer Notes Below)		Key Managerial Person		Entities in which Director(s) are interested	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Transactions during the Year</b>												
<b>Investments in Equity Shares:</b>												
P T Automotive Systems Indonesia	-	-	1,207.98	1,207.98	-	-	-	-	-	-	-	-
LUCAS TVS LTD ^^	-	-	-	-	-	-	11,735.43	9,611.86	-	-	-	-
<b>Investments in Venture Capital Funds:</b>												
TVS CAPITAL FUNDS PRIVATE LIMITED*	-	-	-	-	-	330.01	-	-	-	-	-	-

\* Till Feb 04, 2022

## Till Feb 04, 2022, was an entity in which KMP had significant influence

### Till Feb 04, 2022 and from Mar 31<sup>st</sup> onwards

^ Till Mar 30, 2022 and thereafter, entity having significant influence

^^ Till Mar 30, 2022 was an entity in which KMP had significant influence; Intermediary Holding Company thereafter

\$ Holding company effective from 30<sup>th</sup> Mar, 2022



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 37 Expenditure on R&D:

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
(a) Capital (Refer Note 1 below)	2,496.52	1,088.44
(b) Revenue: (Refer Note 2 below)		
Salary	668.15	547.02
Electricity	23.18	15.63
Travel	21.03	6.34
Outsourcing	4.58	4.37
Revenue & Others	467.24	331.13
<b>Total R &amp; D expenditure (a) + (b)</b>	<b>3,680.69</b>	<b>1,992.93</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 March 31, 2022 were as follows:

₹ in Lacs

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
<b>Financial assets</b>					
Investments					
Equity Shares	1,207.98	567.03	11,768.47	13,543.49	13,543.49
Mutual Funds and Bonds	1,518.54	13,974.20	-	15,492.74	15,582.61
Trade receivables	11,805.74	-	-	11,805.74	11,805.74
Loans	111.57	-	-	111.57	111.57
Cash and cash equivalents	634.14	-	-	634.14	634.14
Other bank balances	656.99	-	-	656.99	656.99
Other Financial Assets	561.48	-	-	561.48	561.48
<b>Total</b>	<b>16,496.44</b>	<b>14,541.23</b>	<b>11,768.47</b>	<b>42,806.14</b>	<b>42,896.01</b>
<b>Financial liabilities</b>					
Trade payables	9,006.74	-	-	9,006.74	9,006.74
Lease Liability	391.69	-	-	391.69	391.69
Other Financial Liabilities	280.99	-	-	280.99	280.99
<b>Total</b>	<b>9,679.42</b>	<b>-</b>	<b>-</b>	<b>9,679.42</b>	<b>9,679.42</b>

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

The carrying value and fair value of financial instruments by categories as of March 31, 2021 were as follows:

Particulars	Amortised Cost	FVTPL	FVOCI	₹ in Lacs	
				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	248.25	-	-	248.25	248.25
<b>Total</b>	<b>17,687.51</b>	<b>13,733.91</b>	<b>9,653.20</b>	<b>41,074.62</b>	<b>41,249.17</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>

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, 2022

(ii) *Financial assets measured at fair value through Profit & Loss (FVTPL) on a recurring basis*

₹ in Lacs

31 March 2022	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	-	518.90	-	518.90
Investments in Equity shares	320.03	247.00	-	567.03
Investment in Mutual Funds	188.07	13,267.22	-	13,455.29
<b>Total</b>	<b>508.10</b>	<b>14,033.13</b>	<b>-</b>	<b>14,541.23</b>

₹ in Lacs

31 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>

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*

₹ in Lacs

31 March 2022	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	11,768.47	11,768.47
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11,768.47</b>	<b>11,768.47</b>

₹ in Lacs

31 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>

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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

The company has invested in the energy generating companies as per the regulation of Electricity Act. Although the investments are classified as "Equity" shares, as per IND AS 32 – "Financial Instruments, Presentation" the definition of "equity" requires an entitlement in the residual interest in net assets whereas the company as per share holder agreement requires to transfer the shares at cost. However, no changes are given effect to the above as per IND AS 32, since the regulation of Electricity Act does not permit description in any other manner. IND AS 109 requires an equity share other than investments in subsidiaries, associates and joint ventures to be valued at "Fair Value Through Other Comprehensive Income" if elected initially or valued at "Fair Value Through Profit and Loss Account". However, on account of what is stated in the previous paragraph, these shares are shown at cost and the fair value is deemed to be the cost. Accordingly, investment in IRIS Ecopower is considered to be a Level 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.



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
Opening Balance	9,611.86	9,181.17
Total (loss) / gain recognized in other comprehensive income	2,123.57	430.69
<b>Closing Balance</b>	<b>11,735.43</b>	<b>9,611.86</b>

### 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.

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### ii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk i.e. interest rate risk, currency risk, and Commodity risk.

#### *Interest rate risk*

The company has no outstanding borrowings and investment in bonds at fixed rates. Accordingly, no Interest risk is perceived.

#### *Foreign currency risk*

Foreign currency risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk arising from transactions i.e. imports of materials, recognised assets and liabilities denominated in a currency that is not the company's functional currency.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	Currency	March 31, 2022		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹ Lakhs
Trade Receivables	EUR	83.81	2.55	213.52
	USD	75.36	18.47	1,392.06
Trade Payables	EUR	85.36	0.09	7.87
	USD	76.12	6.54	497.63
	JPY	0.62	33.96	21.20
	GBP	99.92	0.30	29.49

Particulars	Currency	March 31, 2021		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹ Lakhs
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



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### Foreign currency sensitivity

₹ in Lacs

Particulars	Apr'21 To Mar'22			Apr'20 To Mar'21	
	Currency	Increase	Decrease	Increase	Decrease
Effect on profit before tax	EUR	10.29	(10.29)	6.70	(6.70)
Increase/(Decrease)	USD	44.97	(44.97)	14.72	(14.72)
	JPY	(1.06)	1.06	(2.33)	2.33
	GBP	(1.47)	1.47	(0.07)	0.07
Effect on equity	EUR	16.99	(16.99)	8.51	(8.51)
Increase/(Decrease)	USD	59.69	(59.69)	13.66	(13.66)
	JPY	(3.39)	3.39	(3.20)	3.20
	GBP	(1.55)	1.55	(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	At 31 March 2022				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years & above	Total
Trade and other payables - Non interest bearing	9,006.74	-	-	-	9,006.74
Lease Liability	95.58	178.72	187.45	50.29	512.05
Other financial liabilities	280.99	-	-	-	280.99
<b>Total</b>	<b>9,383.31</b>	<b>178.72</b>	<b>187.45</b>	<b>50.29</b>	<b>9,799.78</b>

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

₹ in Lacs

Particulars	At 31 March 2021				Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years & above	
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>

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

₹ in Lacs

Particulars	At 31 March 2022				Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years & above	
Trade receivables (non interest bearing instruments)	11,805.74	-	-	-	11,805.74
Investments (variable interest bearing instruments)	13,267.22	-	-	15,769.00	29,036.22
Other financial assets (variable interest bearing instruments)	1,403.62	560.56	-	-	1,964.18
<b>Total</b>	<b>26,476.58</b>	<b>560.56</b>	<b>-</b>	<b>15,769.00</b>	<b>42,806.14</b>

₹ in Lacs

Particulars	At 31 March 2021				Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years & above	
Trade receivables (non interest bearing instruments)	10,940.07	-	-	-	10,940.07
Investments (variable interest bearing instruments)	13,247.95	-	-	14,020.20	27,268.14
Other financial assets (variable interest bearing instruments)	2,657.04	209.37	-	-	2,866.41
<b>Total</b>	<b>26,845.06</b>	<b>209.37</b>	<b>-</b>	<b>14,020.20</b>	<b>41,074.62</b>



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 40 Contingent liabilities & Commitments:

₹ in Lacs

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March 2021
<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	1,678.27	1,761.81

### 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 March 31, 2022:

₹ in Lacs

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March 2021
a) Current lease liabilities	59.34	107.13
b) Non current lease liabilities	332.35	351.05
<b>Total</b>	<b>391.69</b>	<b>458.18</b>

#### B) Movement in Lease liabilities :

The following is the movement in lease liabilities during the nine months ended March 31, 2022:

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
Balance as on 1 <sup>st</sup> April 2021	458.18	511.28
Additions	(19.22)	2.47
Finance costs accrued during the period	42.83	48.70
Payment of Lease liabilities	90.10	104.27
<b>Balance as on 31<sup>st</sup> March 2022</b>	<b>391.69</b>	<b>458.18</b>

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

C. The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March 2021
i) Less than one Year	95.58	107.13
ii) One to five years	366.17	368.04
iii) More than five years	50.29	146.30
	<b>512.05</b>	<b>621.47</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, 2022	As at 31 <sup>st</sup> March 2021
Increase in lease liability by	391.69	458.18
Increase in rights of use by (including reclassifications)	(19.22)	2.47
Increase/(Decrease) in finance cost by	42.83	48.70
Increase/(Decrease) in depreciation by	92.56	93.39

E. Amounts recognized in profit or loss

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
Interest on lease liabilities	42.83	48.70

F. Amounts recognized in profit or loss

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
Total cash outflows for leases - principle repayments	64.30	55.57
Total cash outflows for leases - interest repayments	42.83	48.70
<b>Total</b>	<b>107.13</b>	<b>104.27</b>





## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 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:

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
<b>Revenue from Operations:</b>		
India	53,265.35	45,820.14
Rest of the World	3,361.60	2,302.98
<b>Segment Assets:</b>		
India	60,687.59	57,426.96
Rest of the World	1,605.59	1,479.95
<b>Capital Expenditure:</b>		
India	2,422.66	2,811.65
Rest of the World	350.18	901.91

### 43 i) Amount of dividend to Equity share holders

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
Dividends on Equity shares:		
Interim dividend for the year ended 31 March 2022, ₹ 6.25 per share (31 March 2021, ₹ 6 per share)	1,413.84	1,357.29
Dividend tax paid on the above	-	-

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 44 Note on Earnings per share:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March 2021
Profit after tax (A) (₹ in Lacs)	4,026.40	4,069.90
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)	17.80	17.99

### 45 Details of CSR Expenditure:

a

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March 2021
a. Gross amount required to be spent by the Company during the year	116.15	130.00
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
(ii) On purposes other than (i) above		
In cash	122.07	110.48
Yet to be paid in cash	NIL	NIL



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

b

₹ in Lacs

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March 2021
(i) Amount required to be spent during the year	116.15	130.00
(ii) Amount of expenditure incurred	122.07	130.00
(iii) Shortfall as at the end of the year *	(5.92)	NIL
(iv) total of previous year shortfall	NIL	NIL
(v) Reason for shortfall	Not Applicable	Not Applicable
(vi) Nature of CSR activities	Education, Disaster relief and rehabilitation, Health care and sanitation and Environment & sustainability.	Eradicating Hunger, poverty, Rural Development projects, Promoting Education, enhancing vocational skills especially among children and women, Promoting gender equality, Health care and sanitation, Environment & sustainability.
(vii) Details of RPT transactions e.g.,contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	NIL	NIL
(viii) Where provision is made with respect to a liability by entering into a contractual obligation, the movements in provision during the year	NIL	NIL

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 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, 2022	As at 31 <sup>st</sup> March 2021
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	2,565.61	2,263.91
(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.

**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.



## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 49 The following table set out the financial and efficiency ratios as at March 31, 2022 and March 31, 2021:

Ratio	Numerator	Denominator	Current Period	Previous period	% Variance	Reason for variance*
CURRENT RATIO	Current Assets	Current liabilities	3.04	2.64	15.0	-
DEBT EQUITY RATIO	Total Debt	Shareholders Equity	-	-	-	-
DEBT SERVICE COVERAGE RATIO	Earnings available for debt service (PAT+Depreciation & amortization+ Loss on sale of fixed assets+Other non cash adjustments+Any non cash operating expenses)	Debt service (Interest & Lease Payments + Principal repayments)	-	-	-	-
RETURN ON EQUITY	Profit available for Equity shareholders (PAT-Preference Dividend)	Average Shareholder's Equity	10%	10%	(7.3)	-
INVENTORY TURNOVER RATIO	COGS or Sales	Average inventory	8.47	7.88	7.5	-
TRADE RECEIVABLES TURNOVER RATIO	Net credit sales (net of sales returns)	Average accounts receivable	4.90	4.84	1.3	-
TRADE PAYABLES TURNOVER RATIO	Net credit purchases (net of purchase returns)	Average trade payables	4.41	3.93	12.2	-
NET CAPITAL TURNOVER RATIO	Net sales (net of sales)	Working capital Current assets - Current liabilities	2.56	2.36	8.5	-

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2022

Ratio	Numerator	Denominator	Current Period	Previous period	Variance	% Variance	Reason for variance*
NET PROFIT RATIO	PAT	Net sales (net of sales)	7%	8%	(15.9)		-
RETURN ON CAPITAL EMPLOYED	PBIT	Capital employed (Tangible net worth + Total debt + DTL) (Tangible net worth = Total assets-Intangible assets-Total liabilities) (though investments are not tangible, they are generally included while computing tangible net worth)	10%	11%	(10.6)		
RETURN ON INVESTMENT	To be computed using Time Weighted Rate of Return*		17%	9%	95.0		Increase in fair value of shares held, classified under Fair value through OCI

\* Due to practical difficulties in arriving at the time weighted average investments, yearly average of monthly average investments is considered.

## 50 Approval of Financial Statements

The standalone financial statements were approved for issue by the board of directors on May 26, 2022.

### For and on behalf of the Board of Directors

**T K Balaji**  
Chairman

**Arvind Balaji**  
Managing Director

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai

Date : 26<sup>th</sup> May, 2022



# 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 Limited "the Parent" and its subsidiary, (the Parent and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2022, 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 the other auditors on separate financial statements of the subsidiary, 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'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2022, 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 audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the 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 Company'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 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 branch auditors and other auditors.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's Responsibility for the Consolidated Financial Statements

The Parent 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 judgements 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 Company, 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 entities 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 entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by the or 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

(b) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 2,368.22 lakhs as at 31<sup>st</sup> March, 2022, total revenues of Rs. Nil and net cash inflows amounting to Rs. 1,571.58 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 this 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 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 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 account 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 31<sup>st</sup> March 2022 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 31<sup>st</sup> March, 2022 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; or

- ii) The Company did not have 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 Parent Company.
- iv) a) The Management of the Parent Holding Company whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent Company from any persons or entities including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- b) The respective Managements of the Parent Company whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Parent from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- d) The final dividend proposed in the previous year, declared and paid by the Parent Company during the year is in accordance with section 123 of the Act.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 11736W/W-100018

**Ananthi Amarnath**

Partner

Membership No. 209252

UDIN: 22209252AJQNV8582

Place: Chennai

Date: 26<sup>th</sup> May 2022



## 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”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of India Nippon Electricals Limited (hereinafter referred to as “Parent”), as of that date.

### Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Parent 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 (“the 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 Parent’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 Parent’s internal financial controls over financial reporting 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 Parent’s internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud

may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion to the best of our information and according to the explanations given to us, the 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 March 31, 2022, 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.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 11736W/W-100018

**Ananthi Amarnath**

Partner

Membership No. 209252

UDIN: 22209252AJQNV8582

Place: Chennai

Date: 26<sup>th</sup> May 2022



# Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2022

₹ in Lacs

S. No.	Particulars	Note No.	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>1</b>	<b>ASSETS</b>			
<b>1.1</b>	<b>Non-current assets</b>			
	a) Property, Plant and Equipment	4.1	11,628.77	7,148.00
	b) Capital Work-in-progress	4.5	508.68	3,386.72
	c) Investment Property	4.2	-	561.96
	c) Intangible assets	4.3	168.95	125.15
	d) Right-of-use assets	4.4	1,216.30	1,311.29
	<b>Financial Assets</b>			
	(i) Investments	5	14,561.01	12,812.22
	(ii) Loans	6	111.57	82.89
	(iii) Others financial assets	7	448.99	126.48
	g) Other Non-current Assets	8	101.79	171.87
	<b>Non-current Assets - Total</b>		<b>28,746.05</b>	<b>25,726.58</b>
<b>1.2</b>	<b>Current assets</b>			
	a) Inventories	9	4,959.96	4,377.46
	<b>Financial Assets</b>			
	(i) Investments	10	13,267.22	13,247.95
	(ii) Trade Receivables	11	11,805.74	10,940.07
	(iii) Cash and cash equivalents	12.1	2,358.11	372.38
	(iv) Other bank balances	12.2	1,301.24	2,894.80
	(v) Others financial assets	13	112.49	121.77
	c) Current tax assets (Net)	14	692.78	304.99
	d) Other Current assets	15	902.59	804.56
	<b>Current Assets - Total</b>		<b>35,400.13</b>	<b>33,063.98</b>
<b>1.3</b>	Assets classified as held for sale	4.1.1	-	507.58
	<b>Current Assets - Total</b>		<b>35,400.13</b>	<b>33,571.56</b>
	<b>Assets - Total</b>		<b>64,146.18</b>	<b>59,298.13</b>
<b>2</b>	<b>EQUITY AND LIABILITIES</b>			
<b>2.1</b>	<b>EQUITY:</b>			
	a) Equity Share Capital	16.1	1,131.07	1,131.07
	b) Other Equity	16.2	49,284.32	43,967.23
	<b>Equity - Total</b>		<b>50,415.39</b>	<b>45,098.30</b>
<b>2.2</b>	<b>LIABILITIES</b>			
<b>2.2.1</b>	<b>Non-current liabilities</b>			
	<b>Financial Liabilities</b>			
	(i) Lease Liabilities	41	332.35	351.05
	b) Provisions	17.1	256.59	245.04
	c) Deferred tax liability (Net)	18.1	2,149.69	1,177.33
	<b>Non-current Liabilities - Total</b>		<b>2,738.63</b>	<b>1,773.42</b>
<b>2.2.2</b>	<b>Current Liabilities</b>			
	<b>Financial Liabilities</b>			
	(i) Trade payables			
	Total outstanding dues to micro enterprises and small enterprises	19	2,565.61	2,263.91
	Total outstanding dues to other than micro enterprises and small enterprises		6,441.13	6,944.02
	(ii) Lease Liabilities	41	59.34	107.13
	(iii) Others financial liabilities	20.1	419.47	1,718.14
	b) Provisions	21.1	89.13	95.88
	c) Current tax liabilities (Net)	22.1	-	-
	d) Other current liabilities	23.1	1,417.48	1,297.33
	<b>Total Current Liabilities</b>		<b>10,992.16</b>	<b>12,426.41</b>
	<b>Equity and Liabilities - Total</b>		<b>64,146.18</b>	<b>59,298.13</b>

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 : 26<sup>th</sup> May, 2022

Place : Chennai  
Date : 26<sup>th</sup> May, 2022

# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2022

₹ in Lacs

S. No.	Particulars	Note No.	Apr' 21 To Mar' 22	Apr' 20 To Mar' 21
I	Revenue from Operations	24.1	56,626.95	48,123.12
II	Other Income	25.1	2,529.38	1,616.58
III	<b>TOTAL INCOME</b>		<b>59,156.33</b>	<b>49,739.70</b>
IV	<b>Expenses:</b>			
	Cost of Material Consumed	26.1	39,720.82	32,626.17
	Changes in inventories of Finished Goods and Work-in-Progress	27.1	(176.54)	(133.09)
	Other Operating Expenses	28.1	2,557.43	2,163.17
	Employee Benefit Expenses	29.1	6,788.73	6,614.25
	Finance Costs	30.1	49.04	56.12
	Depreciation and Amortisation Expenses	4.1- 4.3	1,284.82	1,034.93
	Other Expenses	31.1	2,916.55	2,317.65
	<b>TOTAL EXPENSES</b>		<b>53,140.85</b>	<b>44,679.20</b>
V	Profit Before Tax (I - IV)		6,015.48	5,060.50
VI	<b>Share of Net (Loss) of Associate &amp; Others:</b>			
	(1) Share of (Loss) - Non-Controlling Interests		(0.34)	(0.01)
			<b>6,015.15</b>	<b>5,060.49</b>
VII	<b>TAX EXPENSES:</b>			
	(1) Current Tax	33.2	546.92	1,026.47
	(2) Income tax relating to earlier year	33.2	-	(388.83)
	(3) Deferred Tax	33.2	546.67	74.35
	(4) Deferred tax relating to earlier years	33.2	-	385.21
			<b>1,093.59</b>	<b>1,097.20</b>
VIII	Profit for the year (V-VI)		<b>4,921.56</b>	<b>3,963.29</b>
IX	<b>OTHER COMPREHENSIVE INCOME (OCI):</b>			
	A (i) Items that will not be reclassified to Profit or Loss	32.1	2,154.67	437.12
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(425.69)	(46.28)
	<b>Total other comprehensive income for the year, net of tax</b>		<b>1,728.98</b>	<b>390.84</b>
X	<b>Total Comprehensive Income for the year (VII+VIII) (Comprising Profit for the year and other comprehensive income)</b>		<b>6,650.54</b>	<b>4,354.13</b>
XI	<b>Profits attributable to:</b>			
	Owners of the Company		4,921.89	3,963.30
	Non-controlling interests		(0.34)	(0.01)
			<b>4,921.56</b>	<b>3,963.29</b>
XII	<b>Total Comprehensive Income attributable to:</b>			
	Owners of the Company		6,650.87	4,354.14
	Non-controlling interests		(0.34)	(0.01)
			<b>6,650.54</b>	<b>4,354.13</b>
XIII	<b>Earnings per equity share</b>			
	1. Basic	44	21.76	17.52
	2. Diluted	44	21.76	17.52

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 : 26<sup>th</sup> May, 2022

Place : Chennai  
Date : 26<sup>th</sup> May, 2022





# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2022

₹ in Lacs

S. Particulars No.	Apr'21 To Mar'22	Apr'20 To Mar'21
<b>A. Cash flows from Operating Activities:</b>		
Net Profit before tax	6,015.48	5,060.50
Adjustments for		
<b>Add/(Less):</b> - Depreciation and amortization expenses	1,284.82	1,034.93
- Dividend Income recognised in profit or loss	(124.91)	(162.67)
- Interest Income recognised in profit or loss	(242.21)	(264.44)
- Increase in Fair value of investments	(193.43)	-
- Profit on sale of investments (net)	(607.50)	(1,048.16)
- Profit on sale of land	(1,266.85)	-
- Property, plant and equipment written off	6.71	4.58
- Investments written off	-	88.51
- Advances written off	2.61	0.84
- Finance costs recognised in profit or loss	49.04	56.12
- Share of loss of Associates	-	-
- Net unrealised exchange (gain) / loss	5.49	72.05
<b>Operating Profit before Working Capital changes</b>	<b>4,929.25</b>	<b>4,842.26</b>
Adjustments for (increase) / decrease in operating assets:		
- Loans	(28.68)	5.61
- Other Non-current Financial Assets	(402.75)	(2.91)
- Other Non-current assets	80.24	(9.37)
- Trade Receivables	(867.44)	(2,127.78)
- Inventories	(582.50)	(509.01)
- Other Current Financial Assets	(3.56)	5.82
- Other Current assets	(98.03)	(207.03)
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
- Trade Payables	(201.19)	1,604.02
- Other Financial Liabilities	(1,298.67)	1,348.41
- Other Liabilities	120.15	103.73
- Non-current Provisions	11.55	(132.37)
- Current Provisions	(18.44)	5.97
Cash generated from operations	<b>1,639.93</b>	<b>4,927.35</b>
Income taxes paid	(934.71)	(1,102.62)
<b>Net Cash generated by Operating Activities (A)</b>	<b>705.22</b>	<b>3,824.73</b>

# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2022

₹ in Lacs

S. No.	Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
<b>B.</b>	<b>Cash flows from Investing Activities:</b>		
	Purchase of Property, Plant & Equipment (including CWIP)	(2,772.83)	(3,713.56)
	Acquisition of investments	(43,733.80)	(27,434.60)
	Proceeds on sale of land	2,440.66	-
	Proceeds on sale of investments	44,892.05	28,818.55
	Interest Received	263.14	234.89
	Dividend Received	124.91	162.67
	Increase / (decrease) in other bank balances	1,593.56	(1,421.59)
	<b>Net Cash used in Investing Activities (B)</b>	<b>2,807.69</b>	<b>(3,353.64)</b>
<b>C.</b>	<b>Cash flows from Financing Activities:</b>		
	Payment of lease liabilities	(64.30)	(54.53)
	Finance costs (including interest on lease payments)	(49.04)	(56.12)
	Dividends and taxes on dividend paid	(1,413.84)	(1,357.29)
	<b>Net Cash used in Financing Activities (C)</b>	<b>(1,527.18)</b>	<b>(1,467.94)</b>
<b>D.</b>	<b>Net Increase / (decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>1,985.73</b>	<b>(996.85)</b>
<b>E.</b>	<b>Add : Cash &amp; Cash Equivalents as at beginning of the year - Refer Note 12.1</b>	<b>372.38</b>	<b>1,369.23</b>
<b>F.</b>	<b>Cash &amp; Cash Equivalents as at end of the year - Refer Note 12.1</b>	<b>2,358.11</b>	<b>372.38</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 : 26<sup>th</sup> May, 2022

Place : Chennai  
Date : 26<sup>th</sup> May, 2022



# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2022

## Equity Share Capital

Particulars	No. of Shares	₹ in Lacs
		Amount
Equity shares of ₹ 5 each issued, subscribed and fully paid		
As at 1 <sup>st</sup> April, 2020	2,26,21,424	1,131.07
<b>Add:</b> Issued during the year	-	-
As at 31 <sup>st</sup> March, 2021	<b>2,26,21,424</b>	<b>1,131.07</b>
<b>Add:</b> Issued during the year	-	-
As at 31 <sup>st</sup> March, 2022	<b>2,26,21,424</b>	<b>1,131.07</b>

Reporting period	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year / period	Balance at the end of the current reporting period
Year ended 31 <sup>st</sup> March, 2021	1,131.07	-	-	-	1,131.07
Year ended 31 <sup>st</sup> March, 2022	1,131.07	-	-	-	1,131.07

## Other Equity

Particulars	Reserves and Surplus			Other Comprehensive Income		Total Equity attributable to equity share holder	Non-controlling interests	Total
	Capital Redemption Reserve	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
<b>Changes in the equity for the year ended 31<sup>st</sup> March, 2020</b>								
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
<b>Balance as of 31<sup>st</sup> March, 2021</b>	<b>39.56</b>	<b>28,249.30</b>	<b>10,948.26</b>	<b>10.47</b>	<b>4,719.21</b>	<b>43,966.81</b>	<b>0.42</b>	<b>43,967.23</b>

# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2022

₹ 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, 2021	39.56	28,249.30	10,948.26	10.47	4,719.21	43,966.81	0.42	43,967.23
<b>Changes in the equity for the year ended 31<sup>st</sup> March, 2022</b>								
Dividends	-	(1,413.84)	-	-	-	(1,413.84)	-	(1,413.84)
Profits for the year	-	4,921.56	-	-	-	4,921.56	0.34	4,921.89
Other Comprehensive Income	-	-	-	-	1,728.98	1,728.98	-	1,728.98
Exchange difference on translation of foreign operation	-	-	-	80.03	-	80.03	0.03	80.06
<b>Balance as of 31<sup>st</sup>, March, 2022</b>	<b>39.56</b>	<b>31,757.02</b>	<b>10,948.26</b>	<b>90.50</b>	<b>6,448.19</b>	<b>49,283.54</b>	<b>0.79</b>	<b>49,284.32</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 : 26<sup>th</sup> May, 2022

Place : Chennai  
 Date : 26<sup>th</sup> May, 2022



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 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-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. The company has become subsidiary of Lucas India Services with effect from 30<sup>th</sup> March, 2022.

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

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III 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, 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 has evaluated the same & given 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



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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 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

# Notes to the Consolidated Financial Statements

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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 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.





## Notes to the Consolidated Financial Statements

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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.

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).

# Notes to the Consolidated Financial Statements

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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
- 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



## Notes to the Consolidated Financial Statements

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the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

### g) Foreign currency translation:

#### i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e. in Indian rupee (INR).

#### ii) *Transactions and balances*

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates
- b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.
- d) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange

# Notes to the Consolidated Financial Statements

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

## h) Inventories:

- i) Inventories are valued at the lower of cost and net realisable value.
- ii) Cost of raw materials, components, stores, spares, work-in-process and finished goods are ascertained at weighted average cost
- iii) Cost of finished goods and work-in-process comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

## i) Employee benefits:

### i) *Short term obligations:*

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### ii) *Other Long term employee benefits:*

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected



## Notes to the Consolidated Financial Statements

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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 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

# Notes to the Consolidated Financial Statements

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are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where there is a legally enforceable right to offset.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## k) Provisions and Contingent Liabilities:

### i) Provisions:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

### ii) Contingent Liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability. The company does not recognise a contingent liability but discloses its existence in Financial Statements.

## l) Cash & Cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand,



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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 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 (FVTOCI):**

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

# Notes to the Consolidated Financial Statements

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collecting contractual cash flows and selling the financial assets, and

- b) The asset's contractual cash flows represent SPPI (Solely Payments of Principal and Interest).

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):**

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

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred

to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

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

**vii) Equity Instruments:**

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

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

Equity instruments included within the FVTPL category are measured





# Notes to the Consolidated Financial Statements

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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 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

## Notes to the Consolidated Financial Statements

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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.

**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



## Notes to the Consolidated Financial Statements

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original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**vi) Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**vii) Equity instruments:**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

**o) Income Recognition**

**i) Interest Income:**

Generally, interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company

estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

**ii) Dividends:**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

**iii) Export benefits:**

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

**p) Earnings per share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year including potential equity shares, if any, on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of

# Notes to the Consolidated Financial Statements

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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.



## Notes to the Consolidated Financial Statements

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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 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
1. PT Automotive Systems Indonesia	Indonesia	99.97%	Subsidiary

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## 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 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, 2022

## 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, 2022:

₹ in Laacs

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 1 <sup>st</sup> April, 2021	713.08	1,679.39	7,740.07	281.96	323.98	40.79	10,779.27
Additions	-	3,345.01	1,906.93	132.30	224.17	27.36	5,635.77
Deletions	-	-	30.33	0.00	0.27	-	30.60
<b>Gross carrying value as on 31<sup>st</sup> March, 2022 = (A)</b>	<b>713.08</b>	<b>5,024.40</b>	<b>9,616.67</b>	<b>414.26</b>	<b>547.88</b>	<b>68.15</b>	<b>16,384.44</b>
Accumulated depreciation as on 1 <sup>st</sup> April, 2021	-	430.09	2,876.37	124.70	178.85	21.60	3,631.61
Depreciation	-	136.69	891.46	40.94	69.87	5.19	1,144.17
Accumulated depreciation on deletions	-	-	19.84	-	0.26	-	20.10
<b>Accumulated depreciation as on 31<sup>st</sup> March, 2022 = (B)</b>	<b>-</b>	<b>566.78</b>	<b>3,747.99</b>	<b>165.64</b>	<b>248.46</b>	<b>26.79</b>	<b>4,755.67</b>
<b>Carrying value as on 31<sup>st</sup> March, 2022 = (A - B)</b>	<b>713.08</b>	<b>4,457.61</b>	<b>5,868.68</b>	<b>248.61</b>	<b>299.41</b>	<b>41.36</b>	<b>11,628.77</b>

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

₹ in Laacs

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
Reclassification	-	-	-	-	-	-	-
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, 2021 = (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>

**Note 4.1.1** - Cost of land approved by the Board of Directors for disposal amounting to ₹ 507.58 lakhs was classified as asset held for sale in previous year and has been sold during the current year.

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 4.2. Investment Property:

Following are the changes in the carrying value of Investment Property for the year ended 31<sup>st</sup> March, 2022:

₹ in Lacs

Particulars	Land	Total
Gross carrying value as on 1 <sup>st</sup> April, 2021	561.96	561.96
Disposals	561.96	561.96
<b>Carrying value as on 31<sup>st</sup> March, 2022 = (A)</b>	-	-
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>	<b>561.96</b>	<b>561.96</b>

### 4.3. Intangible Asset:

Following are the changes in the carrying value of Intangible assets for the year ended 31<sup>st</sup> March, 2022:

₹ in Lacs

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 1 <sup>st</sup> April, 2021	69.91	177.66	80.86	33.32	361.75
Additions	48.49	-	42.73	0.68	91.89
<b>Gross carrying value as on 31<sup>st</sup> March, 2022 = (A)</b>	<b>118.39</b>	<b>177.66</b>	<b>123.59</b>	<b>34.00</b>	<b>453.64</b>
Accumulated amortization as on 1 <sup>st</sup> April, 2021	64.21	93.75	45.32	33.32	236.60
Amortization	6.70	17.77	23.40	0.23	48.09
<b>Accumulated amortization as on 31<sup>st</sup> March, 2022 = (B)</b>	<b>70.91</b>	<b>111.52</b>	<b>68.71</b>	<b>33.55</b>	<b>284.69</b>
<b>Carrying value as on 31<sup>st</sup> March, 2022 = (A-B)</b>	<b>47.48</b>	<b>66.15</b>	<b>54.87</b>	<b>0.45</b>	<b>168.95</b>

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>

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





## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 4.4. 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, 2022:

₹ in Lacs

Particulars	Leasehold Land	Leasehold Buildings	Total
Gross carrying value as on 1 <sup>st</sup> April, 2021	1,421.51	86.69	1,508.20
Additions	-	-	-
Disposals	-	19.22	19.22
<b>Gross carrying value as on 31<sup>st</sup> March, 2022 = (A)</b>	<b>1,421.51</b>	<b>67.47</b>	<b>1,488.98</b>
<b>Accumulated amortization as on 1<sup>st</sup> April, 2021</b>	143.87	53.04	196.91
Amortisation charge during the year	72.06	20.50	92.56
Disposals	-	16.78	16.78
<b>Accumulated amortization as on 31<sup>st</sup> March, 2022 = (B)</b>	<b>215.93</b>	<b>56.76</b>	<b>272.69</b>
<b>Carrying value as on 31<sup>st</sup> March, 2022 = (A - B)</b>	<b>1,205.58</b>	<b>10.72</b>	<b>1,216.30</b>

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
Reclassification from Land lease pre payments (Note 8 (c))	-	-	-
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>
<b>Accumulated amortization as on 1<sup>st</sup> April, 2020</b>	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>

**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, 2022

### 4.5. Capital work in Progress:

#### 4.5.1. The ageing schedule of Capital work-in-progress is as follows

Status as on 31<sup>st</sup> March, 2022

₹ in Lacs

CWIP*	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	402.33	106.35	-	-	508.68
Projects temporarily suspended	-	-	-	-	-
<b>TOTAL</b>					<b>508.68</b>

Status as on 31<sup>st</sup> March, 2021

₹ in Lacs

CWIP*	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2,172.15	570.95	224.40	419.22	3,386.72
Projects temporarily suspended	-	-	-	-	-
<b>TOTAL</b>					<b>3,386.72</b>

#### 4.5.2. Completion schedule of capital work in progress exceeded its original plan is as follows:

Status as on 31<sup>st</sup> March, 2022

₹ in Lacs

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress				
(i) Building project 1	265.11			
Projects temporarily suspended	-	-	-	-



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

Status as on 31<sup>st</sup> March, 2021

₹ in Lacs

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress				
(i) Building project 1	1,349.29	85.46		
(ii) Stock monitoring Project	121.24			
Projects temporarily suspended				

**Note:** The disclosure is for projects:

- i) which have exceeded the original planned cost or
- ii) which are overdue for capitalisation when compared to original plan

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 5 NON-CURRENT INVESTMENTS - UNQUOTED (except as mentioned):

₹ in Lacs

Note No.	Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/ Units	As at 31 <sup>st</sup> March, 2022	No. of Shares/ Units	As at 31 <sup>st</sup> March, 2021
(a)	Investments in Equity instruments fully paid up						
i)	Investment carried at fair value through other comprehensive income:						
	Synergy Shakti Renewable Energy Pvt Ltd	Associate	10	-	-	-	-
	Lucas TVS Ltd	Others	100	97,351	11,735.43	97,351	9,611.86
	IRIS Ecopower Venture Private Limited	Others	10	3,30,400	33.04	4,13,400	41.34
ii)	Investment carried at fair value through profit and loss:						
(A)	Un Listed Equity Share:						
	NSE Equity	Others	1	13,000	247.00	-	-
(B)	Listed Equity Share:						
	HDFC Bank Ltd	Others	1	3,550	53.46	-	-
	Housing Development Finance Corporation Ltd	Others	2	2,210	54.20	-	-
	ICICI Bank Ltd	Others	2	7,150	52.64	-	-
	Infosys Ltd	Others	5	2,770	52.73	-	-
	Reliance Industries Ltd	Others	10	2,090	55.51	-	-
	Tata Consultancy Service Ltd	Others	1	1,370	51.49	-	-
					<b>12,335.51</b>		<b>9,653.20</b>
(b)	Investments in Debentures or Bonds						
	Investments carried at amortised cost:						
	National Highways Authority of India					12,362	123.62
	Indian Railway Finance Corporation Ltd		1,000	50,000	500.00	50,000	500.00
	India Infrastructure Finance Corporation Ltd	Others		50,000	500.00	50,000	500.00
	Power Finance Corporation Limited Series 1					50,000	500.00
	State Bank of India Series 18.75 BD Perpetual FVRS 10 Lacs		10,00,000	25	262.52	25	262.52
	State Bank of India Series 17.74 BD Perpetual FVRS 10 Lacs		10,00,000	25	256.02	25	256.02
					<b>1,518.54</b>		<b>2,673.05</b>



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

Note No.	Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/ Units	As at 31 <sup>st</sup> March, 2022	No. of Shares/ Units	₹ in Laos	
							As at 31 <sup>st</sup> March, 2021	
<b>(c) Investments in Venture capital Funds</b>								
<b>Investment carried at fair value through profit and loss:</b>								
	TVS Shriram Growth Fund Scheme 1A			-	-	-	-	-
	TVS Shriram Growth Fund Scheme 1B	Others	1,000	-	-	1.00	0.01	
	TVS Shriram Growth Fund Scheme 3			50,000	500.00	33,000.00	330.00	
	Sundaram Alternative Opportunities series		1,00,000	18.15	18.90	154.81	155.96	
					<b>518.90</b>		<b>485.96</b>	
<b>(d) Investment in Mutual Funds:</b>								
<b>Investment carried at fair value through profit and loss:</b>								
	HDFC Index Fund-Nifty 50 Plan -Direct Growth	Others	10	46,333.08	75.86	-	-	
	ICICI Prudential Nifty Next 50 Index Fund - Direct Plan Growth	Others	10	1,85,015.38	69.75	-	-	
	NIPPON INDIA NIFTY MIDCAP 150 INDEX FUND - Direct Plan Growth	Others	10	3,32,912.68	42.45	-	-	
					<b>188.06</b>			
					<b>14,561.01</b>		<b>12,812.22</b>	
<b>Other disclosure:</b>								
	Aggregate value of Un-quoted investments - Carried at Cost				-		-	
	Aggregate value of Un-quoted investments - Carried at FVTOCI				11,768		9,653	
	Aggregate value of quoted/Un-quoted investments - Carried at FVTPL				1,274		486	
	Aggregate value of Un-quoted investments - Carried at Amortised cost				1,519		2,673	
	<b>Aggregate carrying value of quoted/Un-quoted investments</b>				<b>14,561</b>		<b>12,812</b>	
	Aggregate amount of increase in fair value of investments (Carried at FVTPL)				(0.29)		-	

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 6 LOANS (Unsecured and considered good):

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Loans & Advances to employees	111.57	82.89
	<b>111.57</b>	<b>82.89</b>

### 7 OTHER FINANCIAL ASSETS:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Bank deposits with more than 12 months maturity	398.88	46.24
b Sundry Deposits	50.11	80.24
	<b>448.99</b>	<b>126.48</b>

### 8 OTHER NON-CURRENT ASSETS:

(Unsecured and considered good unless otherwise stated):

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Capital Advance	101.79	171.87
	<b>101.79</b>	<b>171.87</b>

### 9 INVENTORIES:

(Lower of Cost and Net realisable value)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Raw Materials	3,505.53	2,905.22
b Raw Materials - Goods in Transit	154.73	348.06
c Work in Progress	499.45	329.65
d Finished Goods	363.30	367.51
e Finished Goods in Transit	436.17	425.22
f Stores and Spares	0.78	1.80
	<b>4,959.96</b>	<b>4,377.46</b>



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 10 CURRENT INVESTMENTS - UNQUOTED:

₹ in Lacs

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2022	No. of Units 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2021
<b>INVESTMENT IN MUTUAL FUNDS</b>						
<b>Investment carried at fair value through profit and loss:</b>						
Axis Short Term-G		10	94,56,820.51	2,357.51	94,56,821	2,259.55
Aditya Birla SL Corporate Bond-G		50	15,22,237.19	1,372.90	15,22,237	1,307.67
ICICI Pru Short Term-G		30	11,55,193.20	552.04	11,55,193	529.81
ICICI Prudential Equity Income-Growth		10	-	-	-	-
IDFC SSI Medium -term Regular - Quarterly Dividend	Others	10	-	-	-	-
IDFC Bond Medium Term Reg-G		20	16,59,189.13	631.82	16,59,189	606.40
IDFC Bond Short Term Reg-G		30	33,43,087.23	1,553.63	33,43,087	1,493.22
Kotak Bond Short-term Reg-G		20	16,56,347.27	705.40	33,97,377	1,387.99
Reliance Short Term Fund -Growth		20	12,71,160.14	544.01	12,71,160	518.57
Kotak liquid fund Direct Growth		1,000	-	-	15,630	650.07
HDFC Liquid fund Direct Plan - Growth		1,000	-	-	4,963	200.78
ICICI pru liquid fund Direct plan - Growth		100	28,634.25	90.27	2,13,695	651.21
ICICI pru money market fund Direct plan - Growth		100	2,68,895.95	825.23	-	-
Aditya Birla SL Liquid fund Direct Plan - Growth		100	58,465.45	200.61	1,60,443	531.92
Aditya Birla Sun life Money manager fund Direct Growth		100	2,83,760.64	848.19		
L&T Liquid fund Direct Growth		1,000	-	-	17,755	500.49
Nippon India liquid fund Direct plan - Growth		1,000	-	-	19,970	1,004.98
Nippon India Money Market Fund Direct plan - Growth		1,000	33,885.13	1,135.34		
SBI liquid fund Direct plan - Growth		1,000	-	-	7,781	250.68
SBI savings fund Direct Plan - Growth		10	20,25,441.98	720.28		
HDFC HOF Series 1 1140D November 2017 -1- Reg-G		10	10,00,000.00	122.46	10,00,000	105.79
Sundaram Money Direct-G:SBBNAB481185		10	-	-	4,62,136	200.56
IDFC Arbitrage fund G - Direct plan		10	9,77,226.71	272.78	9,77,227	261.50
ICICI prudential equity Arbitrage Fund G - Direct Plan		10	9,34,279.07	273.66	9,34,279	262.09
Aditya Birla sun life Arbitrage Fund G - Direct Plan		10	25,54,062.19	581.15	12,03,265	262.09
Kotak Equity Arbitrage Reg-G Direct: 940614/82		10	15,15,561.03	479.96	8,67,173	262.59
				<b>13,267.22</b>		<b>13,247.95</b>
Aggregate provision for diminution in value of investments				-		-
				<b>13,267.22</b>		<b>13,247.95</b>
Aggregate value of Unquoted investments - carried at FVTPL				<b>13,267.22</b>		<b>13,247.95</b>
<b>Aggregate carrying value of Un-quoted investments</b>				<b>13,267.22</b>		<b>13,247.95</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 11 TRADE RECEIVABLES:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Trade Receivables - Unsecured		
- Considered good	11,805.74	10,940.07
	<b>11,805.74</b>	<b>10,940.07</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, 2022, ₹ 9,570.20 lakhs (previous year ₹ 9,533.36 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, 2022.

### Trade Receivables ageing as on 31<sup>st</sup> March, 2022

₹ in Lacs

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables considered good	10,089.88	1,715.86	-	-	-	-	11,805.74
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>10,089.88</b>	<b>1,715.86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,805.74</b>





## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### Trade Receivables ageing as on 31<sup>st</sup> March, 2021

₹ in Lacs

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables considered good	9,990.74	947.40	-	-	1.93	-	10,940.07
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>9,990.74</b>	<b>947.40</b>	<b>-</b>	<b>-</b>	<b>1.93</b>	<b>-</b>	<b>10,940.07</b>

### 12.1 CASH & CASH EQUIVALENTS:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Balances with banks		
- In current account	2,357.25	370.87
b Cash on hand	0.86	1.51
	<b>2,358.11</b>	<b>372.38</b>

### 12.2 OTHER BANK BALANCES:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
- in Fixed deposit	1,239.25	1,485.27
- in Deposit accounts (Dividend Warrants)	61.99	1,409.53
	<b>1,301.24</b>	<b>2,894.80</b>

### 13 OTHER FINANCIAL ASSETS:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Interest Accrued on deposits and employee dues	104.76	117.60
b Duty draw back receivable	7.73	4.17
	<b>112.49</b>	<b>121.77</b>

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 14 CURRENT TAX ASSETS:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Advance tax (Net of provision of tax amounting to ₹ 9,849.38 lakhs)	692.78	304.99
	<b>692.78</b>	<b>304.99</b>

### 15 OTHER CURRENT ASSETS:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>a Advances other than Capital Advances:</b>		
- Vendor Advance	363.34	396.32
- Rental & Others	11.72	3.94
<b>b Others:</b>		
- Prepaid expenses	440.88	325.22
- Receivable - Others	86.65	79.08
	<b>902.59</b>	<b>804.56</b>

### 16.1 SHARE CAPITAL:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>a Authorised Share Capital:</b>		
3,00,00,000 number of Equity shares of ₹ 5 each ( Previous year 30,000,000 number of Equity shares of ₹ 5 each)	1,500.00	1,500.00
<b>b Issued, Subscribed and Fully Paid up Share Capital:</b>		
2,26,21,424 number of Equity shares of ₹ 5 each ( Previous year 22,621,424 number of Equity shares of ₹ 5 each)	1,131.07	1,131.07
<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



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

- 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, 2021 - ₹ 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, 2022, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 6.25/- (31<sup>st</sup> March, 2021 : ₹6/-). 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.

### 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%

### g Promoters shareholding

#### (i) Details of promoters shareholding as on 31<sup>st</sup> March, 2022:

Promoter Name	Opening balance of shares held	% of total shares	Closing balance of shares held	% of total shares	% change during the year
Lucas Indian Service Limited	1,03,77,332	45.87	1,14,92,588	50.80	10.75
Mahle Holding India Private Limited	30,00,000	13.26	30,00,000	13.26	-
Mrs. Sheela Balaji	-	-	3,712	0.02	100.00
Mrs. D Saroja	-	-	3,712	0.02	100.00
Mrs. Vatsala Raghu	-	-	8	-	100.00
Mrs. Sowmyan Ramakrishnan	-	-	7,308	0.03	100.00
Mr. V A Raghu	-	-	8	-	100.00
Mahle Electric Drives Japan Corporation	16,41,000	7.25	14,14,786	6.25	(13.79)

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### (ii) Details of promoters shareholding as on 31<sup>st</sup> March, 2021:

Promoter Name	Opening balance of shares held	% of total shares	Closing balance of shares held	% of total shares	% change during the year
Lucas Indian Service Limited	1,03,77,332	45.87	1,03,77,332	45.87	-
Mahle Holding India Private Limited	30,00,000	13.26	30,00,000	13.26	-
Mahle Electric Drives Japan Corporation	16,41,000	7.25	16,41,000	7.25	-

### 16.2 OTHER EQUITY:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(i) Reserves &amp; Surplus</b>		
<b>(a) Capital Redemption reserve</b>		
Opening Balance	39.56	39.56
Changes during the period*	-	-
<b>Closing Balance</b>	<b>39.56</b>	<b>39.56</b>
<b>(b) Retained Earnings</b>		
Opening Balance	28,249.30	25,643.30
Changes during the period*	3,507.72	2,606.00
<b>Closing Balance</b>	<b>31,757.02</b>	<b>28,249.30</b>
<b>(c) General Reserve</b>		
Opening Balance	10,948.26	10,948.26
Changes during the period*	-	-
<b>Closing Balance</b>	<b>10,948.26</b>	<b>10,948.26</b>
<b>(ii) Other Comprehensive income</b>		
Opening Balance	4,719.21	4,328.37
Changes during the period*	1,728.98	390.84
<b>Closing Balance</b>	<b>6,448.19</b>	<b>4,719.21</b>
<b>(iii) Exchange differences on translating statements of foreign operation</b>		
Opening Balance	10.47	(111.61)
Changes during the period*	80.03	122.08
<b>Closing Balance</b>	<b>90.50</b>	<b>10.47</b>
<b>(iv) Non-controlling interest</b>		
Opening Balance	0.42	0.35
Changes during the period*	0.37	0.07
<b>Closing Balance</b>	<b>0.79</b>	<b>0.42</b>
<b>Total Other Equity</b>	<b>49,284.31</b>	<b>43,967.22</b>

**Note:** \*Details of changes incurred during the year is shown in Statement of Changes in Equity



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 17.1 NON CURRENT PROVISIONS:

₹ in Lacs

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Provision for employee benefits:		
- Compensated absences	256.59	245.04
	<b>256.59</b>	<b>245.04</b>

### 18.1 DEFERRED TAX LIABILITY:

₹ in Lacs

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Deferred Tax Liability (Net) - Refer Note 33.3	2,149.69	1,177.33
	<b>2,149.69</b>	<b>1,177.33</b>

### 19 TRADE PAYABLES:

₹ in Lacs

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Total outstanding dues to micro enterprises and small enterprises (Refer Note 46)	2,565.61	2,263.91
Total outstanding dues to other than micro enterprises and small enterprises	6,441.13	6,944.02
	<b>9,006.74</b>	<b>9,207.93</b>

### Trade Payables ageing as on 31<sup>st</sup> March, 2022

₹ in Lacs

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	2,565.61	-	-	-	-	2,565.61
Others	5,934.46	478.20	6.11	2.11	20.26	6,441.12
Disputed dues - MSME	-	-	-	-	-	-
Undisputed dues - MSME	2,565.61	-	-	-	-	2,565.61
<b>Grand Total</b>	<b>8,500.07</b>	<b>478.20</b>	<b>6.11</b>	<b>2.11</b>	<b>20.26</b>	<b>9,006.74</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## Trade Payables ageing as on 31<sup>st</sup> March, 2021

₹ in Lacs

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	2,263.91	-	-	-	-	2,263.91
Others	5,460.18	1,083.63	-	-	400.20	6,944.01
Disputed dues - MSME	-	-	-	-	-	-
Undisputed dues - MSME	2,263.91	-	-	-	-	2,263.91
<b>Grand Total</b>	<b>7,724.09</b>	<b>1,083.63</b>	-	-	<b>400.20</b>	<b>9,207.91</b>

## 20.1 OTHER FINANCIAL LIABILITIES:

₹ in Lacs

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a Unpaid Dividend	61.99	1,409.53
b Earnest Money Deposit	86.00	150.61
c Commission to Directors	271.48	158.00
	<b>419.47</b>	<b>1,718.14</b>

## 21.1 CURRENT PROVISIONS:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>a Provisions for employee benefits:</b>		
- Compensated absences	33.84	67.84
<b>b Others:</b>		
- Provision for Warranty (Note Below)	55.29	28.04
	<b>89.13</b>	<b>95.88</b>



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 22.1 CURRENT TAX LIABILITIES:

₹ in Lacs

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
a Income tax payable (Net of advance tax amounting to ₹ 10,507.31 lakhs)	-	-
	-	-

### 23.1 OTHER CURRENT LIABILITIES:

₹ in Lacs

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
a Goods and Service Tax payable	565.79	472.42
b Tax Deducted at source/Tax Collected at Source	65.28	94.60
c Professional Tax/PF/ESI payable	44.67	43.61
d Other payable (refer Details below)	741.74	686.70
	<b>1,417.48</b>	<b>1,297.33</b>

#### Details of Other payable:

#### 23 (d) Other Payables:

₹ in Lacs

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
a Provision - Customer	669.10	518.97
b Tool Advance Payable	45.23	18.50
c Gratuity - (Refer Note 35)	25.09	141.72
d Other Liabilities	2.32	7.51
	<b>741.74</b>	<b>686.70</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 24.1 REVENUE FROM OPERATIONS:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Sale of Products:</b>		
a Export Sales	3,361.60	2,302.98
b Domestic Sales	52,941.65	45,727.34
	<b>56,303.25</b>	<b>48,030.32</b>
c Discount to Customers (Turnover Discount)	(576.27)	(260.62)
	<b>55,726.98</b>	<b>47,769.70</b>
d Other operating revenues:		
- Export benefits	132.77	50.32
- Scrap sales and others	767.20	303.10
	<b>56,626.95</b>	<b>48,123.12</b>

## 24.2 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.

## 24.3 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.

## 24.4 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.





## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 24.5 Information about major customers:

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

Name of the Customers	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
Company A	28,979.51	25,469.19
Company B	14,404.43	13,096.29
Company C	5,489.31	5,452.85
Others*	7,430.00	4,011.98
	<b>56,303.25</b>	<b>48,030.32</b>

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

### 25.1 OTHER INCOME:

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
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)	60.06	67.40
ii) Investments (at amortized cost)	181.94	196.72
iii) Other financial assets (at amortized cost)	0.21	0.32
b Dividend Income from equity investments	124.91	162.67
c Other Non-operating income	94.48	141.31
d Other gains and losses		
i) Net gain on sale of investments (carried at FVTPL)	607.50	1,048.16
ii) Net gain on sale of land (carried at cost)	1,266.85	-
iii) Net gain on foreign currency transactions	-	-
iv) Increase in fair value of investments (carried at FVPTL)	193.43	-
	<b>2,529.38</b>	<b>1,616.58</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 26.1 COST OF MATERIALS CONSUMED:

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
a Opening Stock of Raw Materials	3,253.28	2,878.38
b <b>Add:</b> Purchases	40,127.80	33,001.07
	<b>43,381.08</b>	<b>35,879.45</b>
c <b>Less:</b> Closing stock of Raw Materials	3,660.26	3,253.28
	<b>39,720.82</b>	<b>32,626.17</b>

## 27.1 CHANGE IN INVENTORIES:

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
<b>Inventories at the end of the period</b>		
Finished Goods	799.47	792.73
Work-in-Progress	499.45	329.65
	<b>1,298.92</b>	<b>1,122.38</b>
<b>Inventories at the begning 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>Net Increase / (Reduction)</b>	<b>(176.54)</b>	<b>(133.09)</b>

## 28.1 OTHER OPERATING EXPENSES:

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
a Stores & Other Consumables	892.49	778.10
b Power & Fuel	645.72	599.21
c Repairs to Building	276.13	165.19
d Repairs to Machinery	410.29	306.93
e Repairs Others	67.35	63.57
f Royalty/Technical Know-how / Support Fees	2.32	9.82
g Others	263.13	240.35
	<b>2,557.43</b>	<b>2,163.17</b>



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 29.1 EMPLOYEE BENEFIT EXPENSES:

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
a Salaries & Wages (Refer 29.1)	5,580.45	5,642.55
b Contribution to Provident and other funds (Refer Note 34 & 35)	363.45	323.52
c Staff Welfare expenses	844.83	648.18
	<b>6,788.73</b>	<b>6,614.25</b>

### 30.1 FINANCE COSTS:

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
a Bank Charges	6.21	7.42
b Interest on Lease expenses - Refer note 41 (E)	42.83	48.70
	<b>49.04</b>	<b>56.12</b>

### 31.1 OTHER EXPENSES:

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
a Rent	3.89	3.61
b Repairs to Vehicles	15.31	7.75
c Insurance	51.84	52.80
d Rates and Taxes (Excluding taxes on income)	141.02	29.97
e Communication Expenses	31.99	21.95
f Postage, Printing & Stationery	38.68	25.15
g Sitting Fees	14.00	16.00
h Travelling and Conveyance Expenses	102.37	44.03
i Legal and Professional Charges	281.99	220.31
j Management Charges (Refer Note 36)	480.30	478.35
k Donation	103.62	10.88
l Corporate Social Responsibility (Refer Note 45)	122.07	130.00
m Remuneration to Watch and Ward	155.62	136.33
n Commission to Directors	271.48	158.00
o After Sales service expenses (Warranty)	38.71	30.38
p Net loss on foreign currency transactions	5.49	72.05
q Freight Outwards	308.32	275.17
r Advertisement and Sales promotion	260.56	243.93

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
<b>Audit Fees:</b>		
<b>a) Statutory Auditors:</b>		
i) Statutory Audit	15.00	15.00
ii) Tax Audit	2.50	2.50
iii) Other Attestation Matters	3.35	6.20
iii) Other Services	-	-
iv) Reimbursement of Expenses	0.93	0.36
b) Cost Audit	3.30	3.16
c) Secretarial Audit	1.75	1.75
d) Reimbursement - Other audits	0.35	0.65
† Investment written off	-	88.51
u Estate Service Fee	49.78	21.45
v Miscellaneous Expenses	412.33	221.41
	<b>2,916.55</b>	<b>2,317.65</b>

### 32.1 ITEMS WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
Increase/(decrease) in fair value of investments	2,123.57	430.69
Remeasurement of the defined benefit plan	31.10	6.43
Increase/(decrease) of DTA on fair value investments	(417.86)	(44.66)
Increase/(decrease) of DTA on defined benefit plan	(7.83)	(1.62)
	<b>1,728.98</b>	<b>390.84</b>

### 33.1 INCOME TAXES AND DEFERRED TAXES:

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

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
Current taxes	546.92	1,026.47
Income tax relating to earlier year (Refer note 33.1a)	-	(388.83)
Deferred taxes	546.67	74.35
Deferred tax relating to earlier year (Refer note 33.1b)	-	385.21
<b>Income tax expense</b>	<b>1,093.59</b>	<b>1,097.20</b>



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

**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 previous 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.

₹ in Lacs

Particulars	Apr'21 To Mar'22	Apr'20 To Mar'21
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before income taxes	6,015.15	5,060.49
Applicable tax rates *	25.17%	25.170%
Tax expenses using Company's applicable rate*	1,514.01	1,273.73
Effect on expenses that are not deductible in determining taxable profit	65.17	47.56
Effect of income that is exempt from taxation	(40.84)	(43.71)
Effect of different tax rates for long term capital gains	(128.80)	(155.80)
Effect of concessions on Research and Development expenses	-	-
Deferred tax impact on rate change	(40.73)	(40.21)
Effect of different tax rates of subsidiary operating in jurisdiction	(251.40)	26.83
Others - Permanent differences	(23.82)	(11.20)
<b>Total</b>	<b>1,093.59</b>	<b>1,097.20</b>

\*The tax rate used for the 2021-2022 and 2020-2021 reconciliations above is the Corporate tax rate of 22%, applicable surcharge and cess payable by corporate entities in India on taxable profits under the India Law.

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 33.3 Income Tax on Other Comprehensive Income

₹ in Lacs

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Deferred taxes on Remeasurement of defined benefit obligation	(7.83)	(1.62)
Deferred taxes on Fair value measurements of investments	(417.86)	(44.66)
<b>Total</b>	<b>(425.69)</b>	<b>(46.28)</b>

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

₹ in Lacs

Particulars	Apr'21 To Mar'22			
	Opening Balance	Recognised in Profit & Loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax assets:</b>				
Rebates and discounts	43.21	-	-	43.21
Leave encashment	78.75	(5.64)	-	73.11
Early separation scheme	97.89	(14.73)	-	83.16
Investments in Subsidiary & Associate	(0.00)	-	-	(0.00)
Gratuity	35.67	13.51	(7.83)	41.36
Bonus	66.59	14.38	-	80.98
Other provisions	49.15	25.94	-	75.09
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(407.45)	(557.04)	-	(964.49)
Investments other than above	(1,141.16)	(23.09)	(417.86)	(1,582.11)
<b>Net deferred tax assets / (liabilities)</b>	<b>(1,177.35)</b>	<b>(546.67)</b>	<b>(425.69)</b>	<b>(2,149.69)</b>



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

₹ 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)	35.67
Bonus	72.91	(6.32)	-	66.59
Other 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>(1,177.35)</b>

## 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

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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 ₹ 251.06 Lacs (LY-254.32 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 ₹ 3.59 lakhs (31<sup>st</sup> March, 2021: ₹ 3.61 lakhs) and is included in "Staff Welfare Expenses".

### **b) Leave encashment:**

The Employees of the Company are entitled to compensated absence. Employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 30 days. The Company records an obligation for compensated absences in the period in which employees render services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The liability has been actuarially evaluated and accounted in the books.

### **c) Defined benefit Plan:**

#### **Gratuity:**

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

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





## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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

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

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

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

In respect of the above plans, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31<sup>st</sup> March, 2022 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, 2022 and 31<sup>st</sup> March, 2021

₹ in Lacs

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Net Employee benefit expense recognized in the employee cost in statement of profit &amp; loss account</b>		
Current service cost	65.00	65.91
Interest cost on benefit obligation	73.65	70.56
Expected return on plan assets	(69.37)	(62.11)
<b>Sub Total</b>	<b>69.28</b>	<b>74.36</b>

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

₹ in Lacs

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<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	(38.11)	(2.91)
iv. Financial Assumptions on plan assets	7.01	(3.52)
<b>Sub Total</b>	<b>(31.10)</b>	<b>(6.43)</b>
<b>Net benefit expense</b>	<b>38.18</b>	<b>67.93</b>
<b>Balance Sheet</b>		
<b>Benefit asset / liability</b>		
Present value of defined benefit obligation	1,185.05	1,127.34
Fair value of plan assets	1,159.96	985.62
<b>Assets / (Liability) recognized in the balance sheet</b>	<b>(25.09)</b>	<b>(141.72)</b>
<b>Change in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	1,127.34	1,167.39
Benefits paid	(42.83)	(173.62)
<b>Expenses Recognised in Statement of Profit and Loss Account</b>		
Current service cost	65.00	65.91
Past service cost	-	-
Interest cost on benefit obligation	73.65	70.56
<b>Recognised in Other Comprehensive Income</b>		
Actuarial (gain)/loss on obligation	(38.11)	(2.90)
<b>Closing defined benefit obligation</b>	<b>1,185.05</b>	<b>1,127.34</b>
<b>Change in the fair value of plan assets</b>		
Opening fair value of plan assets	<b>985.62</b>	<b>982.38</b>
Contributions by employer	154.81	111.23
Contributions transfer in	-	-
Benefits paid	(42.83)	(173.62)
<b>Expenses Recognised in Profit and Loss Account</b>		
Expected return	69.37	62.11
<b>Recognised in Other Comprehensive Income</b>		
Actuarial (gain) / loss on plan assets	(7.01)	3.52
<b>Closing fair value of plan assets</b>	<b>1,159.96</b>	<b>985.62</b>
<b>Investment details of the plan assets: Company has deposited with Life Insurance Corporation of India (Company gratuity policy)</b>		



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## Assumptions

₹ in Lacs

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Discount Rate (%)	6.93%	6.66%
Estimated Rate of Return on Plan Assets	6.93%	6.66%
Attrition Rate	9.00%	7.00%
Expected rate of salary increase (%)	7.00%	6.50%
Expected Average Remaining Service (years)	8.28	9.70

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, 2022	For the year ended 31 <sup>st</sup> March, 2021
Within 1 year	114.00	86.09
1 - 2 years	160.86	99.66
2 - 3 years	129.34	138.39
3 - 4 years	168.08	104.12
4 - 5 years	114.11	145.56
Above 5 years	554.92	509.47

## Sensitivity Analyses

₹ in Lacs

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
A. Discount Rate + 50 BP	7.43%	7.16%
Defined Benefit Obligation [PVO]	1,149.70	1,088.19
Current Service Cost	64.35	62.39
B. Discount Rate - 50 BP	6.43%	6.16%
Defined Benefit Obligation [PVO]	1,222.33	1,168.88
Current Service Cost	69.16	67.80
C. Salary Escalation Rate + 50 BP	7.50%	7.00%
Defined Benefit Obligation [PVO]	1,223.40	1,169.76
Current Service Cost	69.24	67.71
D. Salary Escalation Rate - 50 BP	6.50%	6.00%
Defined Benefit Obligation [PVO]	1,148.34	1,087.00
Current Service Cost	64.25	62.28

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 36.1 Related Party Disclosures:

### 36.2

<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	: TV Sundram Iyengar & Sons Private Limited* Mahle GmbH ^
Ultimate Holding company	: SB TVS Industrial Ventures P Ltd #
Subsidiary of the Company	: PT Automotive Systems Indonesia (PTASI)
<b>b) Related Parties and their relationship where transaction exists:</b>	
Relatives of Parents of Joint Venturers of the Company/Ultimate Holding Company	: Sundaram Clayton Limited * Sundram Fastners Limited * TVS Motor Company Limited ### TVS Capital Funds Private Limited * TVS Electronics Limited *
Holding Company of Joint Venturer	: Lucas TVS Limited ## Lucas Indian Service Ltd \$
Entities in which Director(s) are interested	: TVS Educational Socieity 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

^ Till Mar 30, 2022 and thereafter, entity having significant influence

# Effective from 4<sup>th</sup> Feb, 2022

\* Till Feb 04, 2022

## Till Mar 30, 2022 was an entity in which KMP had significant influence; Intermediary Holding Company thereafter

### Till Feb 04, 2022 and from Mar 31<sup>st</sup> onwards

\$ Holding company effective from 30<sup>th</sup> Mar, 2022



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## 36.3 Disclosure in respect of transactions and balances with related parties.

Description	Joint Venturers of the company (Also Refer Notes Below)		Subsidiary of the company		Ultimate Parent (Also Refer Notes Below)		Relatives of Joint Venturer ## (Also Refer Notes Below)		Key Managerial Person		Entities in which Director(s) are interested	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	₹ Lacs											
<b>Transactions during the Year</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>MAHLE ELECTRIC DRIVES JAPAN CORPORATION ^</b>												
Royalty paid	5.89	8.13	-	-	-	-	-	-	-	-	-	-
Payment for Services received	2.11	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	102.56	98.46	-	-	-	-	-	-	-	-	-	-
Sale of products	13.40	61.65	-	-	-	-	-	-	-	-	-	-
<b>LUCAS INDIAN SERVICE LTD \$</b>												
Sale of products	3,911.94	2,517.41	-	-	-	-	-	-	-	-	-	-
Rent paid	25.20	25.20	-	-	-	-	-	-	-	-	-	-
Dividend paid	704.15	622.64	-	-	-	-	-	-	-	-	-	-
<b>MAHLE HOLDING (INDIA) PVT LTD ^</b>												
Dividend paid	187.50	180.00	-	-	-	-	-	-	-	-	-	-
Expenses reimbursed	-	0.27	-	-	-	-	-	-	-	-	-	-
<b>LUCAS TVS LTD ^^</b>												
Sale of products	-	-	-	-	-	-	76.10	402.49	-	-	-	-
Purchase of raw materials	-	-	-	-	-	-	33.23	139.79	-	-	-	-
Lease Rent paid	-	-	-	-	-	-	98.09	93.63	-	-	-	-
Expenses reimbursed	-	-	-	-	-	-	479.15	372.43	-	-	-	-
Travel reimbursements received	-	-	-	-	-	-	2.98	0.84	-	-	-	-
Payment for Services received	-	-	-	-	-	-	560.59	595.24	-	-	-	-
Dividend received	-	-	-	-	-	-	121.69	160.63	-	-	-	-

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

₹ Lacs

Description	Joint Venturers of the company (Also Refer Notes Below)		Subsidiary of the company		Ultimate Parent (Also Refer Notes Below)		Relatives of Joint Venturer ## (Also Refer Notes Below)		Holding Company of Joint Venturer ## (Also Refer Notes Below)		Key Managerial Person		Entities in which Director(s) are interested	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Transactions during the Year</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>TVS MOTORS COMPANY LTD ##</b>	-	-	-	-	30,166.44	33,248.06	-	-	-	-	-	-	-	-
Sale of products	-	-	-	-	77.97	43.37	-	-	-	-	-	-	-	-
Services rendered	-	-	-	-	1.24	0.82	-	-	-	-	-	-	-	-
Payment for Services received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TVS ELECTRONICS LIMITED*</b>	-	-	-	-	0.14	-	-	-	-	-	-	-	-	-
Services received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances paid for materials	-	-	-	-	-	0.14	-	-	-	-	-	-	-	-
<b>SUNDARAM CLAYTON LIMITED *</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment for Services received	-	-	-	-	-	6.66	-	-	-	-	-	-	-	-
<b>SUNDRAM FASTNERS LIMITED *</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of raw materials	-	-	-	-	245.57	318.33	-	-	-	-	-	-	-	-
<b>TVS TRAINING &amp; SERVICES LIMITED</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment for Services received	-	-	-	-	2.52	-	-	-	-	-	-	-	-	-
<b>TVS EDUCATIONAL SOCIETY</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses reimbursement received	-	-	-	-	-	-	-	-	-	-	-	-	10.48	10.82
Payment for Services received	-	-	-	-	-	-	-	-	-	-	-	-	1,196.64	1,083.07



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

Description	Joint Venturers of the company (Also Refer Notes Below)		Subsidiary of the company		Ultimate Parent (Also Refer Notes Below)		Relatives of Parent (Also Refer Notes Below)		Holding Company of Joint Venturer ## (Also Refer Notes Below)		Key Managerial Person		Entities in which Director(s) are interested	
	2022	2021	2022	2021	2022	2021	2021	2022	2021	2022	2021	2022	2021	2022
<b>Transactions during the Year</b>														
<b>ARVEE CONSULTANTS &amp; SERVICES PVT LTD</b>														
Payment for Services received	-	-	-	-	-	-	-	-	-	-	-	-	2.83	-
<b>SOUTHERN ROADWAYS PVT LTD*</b>														
Payment for Services received	-	-	-	-	-	-	-	-	-	-	-	-	-	0.51
<b>TVS CAPITAL FUNDS PRIVATE LIMITED*</b>														
Investment in funds	-	-	-	-	170.00	-	-	-	-	-	-	-	-	-
Redemption of funds	-	-	-	-	0.01	-	-	-	-	-	-	-	-	-
Other capital receipts	-	-	-	-	151.86	75.17	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	0.63	1.75	-	-	-	-	-	-	-	-
Remuneration paid (Short-term employee benefits):														
Mr Arvind Balaji - Managing Director	-	-	-	-	-	-	-	-	-	225.12	224.93	-	-	-
Mr Elango Srinivasan - Chief Financial Officer	-	-	-	-	-	-	-	-	-	64.80	53.77	-	-	-
Mr G Venkatram - Company Secretary	-	-	-	-	-	-	-	-	-	30.69	24.18	-	-	-
<b>Balances as at year end</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
<b>Trade Payables:</b>														
LUCAS TVS LTD ^^	-	-	-	-	-	-	-	-	129.09	193.32	-	-	-	-

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

Description	Joint Venturers of the company (Also Refer Notes Below)		Subsidiary of the company		Ultimate Parent (Also Refer Notes Below)		Relatives of Joint Venture ## (Also Refer Notes Below)		Key Managerial Person		Entities in which Director(s) are interested	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Transactions during the Year	₹ Lacs											
ARVEE CONSULTANTS & SERVICES PVT LTD	-	-	-	-	-	-	-	-	-	-	0.65	0.66
SUNDARAM CLAYTON LIMITED *	-	-	-	-	-	1.41	-	-	-	-	-	-
MAHLE ELECTRIC DRIVES JAPAN CORPORATION ^	-	-	-	-	-	-	-	-	-	-	-	-
SUNDRAM FASTNERS LIMITED *	-	-	-	-	-	103.96	-	-	-	-	-	-
TVS EDUCATIONAL SOCIETY	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Financial Liabilities:</b>												
KMP (Commission payable)	-	-	-	-	-	-	-	-	88.00	113.00	-	-
MAHLE HOLDING (INDIA) PVT LTD (Dividend payable)	-	180.00	-	-	-	-	-	-	-	-	-	-
<b>Trade Receivables:</b>												
LUCAS INDIAN SERVICE LTD \$	864.78	530.37	-	-	-	-	-	-	-	-	-	-
TVS MOTORS COMPANY LTD ###	-	-	-	-	6,261.20	6,785.71	-	-	-	-	-	-
TVS ELECTRONICS LIMITED *	-	-	-	-	-	0.14	-	-	-	-	-	-
MAHLE ELECTRIC DRIVES JAPAN CORPORATION ^	-	23.07	-	-	-	-	-	-	-	-	-	-
LUCAS TVS LTD ^^	-	-	-	-	-	-	-	-	16.11	63.75	-	-





## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

₹ Lacs

Description	Joint Venturers of the company (Also Refer Notes Below)		Subsidiary of the company		Relatives of Ultimate Parent (Also Refer Notes Below)		Holding Company of Joint Venturer ## (Also Refer Notes Below)		Key Managerial Person		Entities in which Director(s) are interested	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Transactions during the Year</b>												
<b>Investments in Equity Shares:</b>												
LUCAS TVS LTD ^^	-	-	-	-	-	-	11,735.43	9,611.86	-	-	-	-
<b>Investments in Venture Capital Funds:</b>												
TVS CAPITAL FUNDS PRIVATE LIMITED*	-	-	-	-	330.01	-	-	-	-	-	-	-

\* Till 04<sup>th</sup> February, 2022

## Till 04<sup>th</sup> February, 2022 was an entity in which KMP had significant influence

### Till 04<sup>th</sup> February, 2022 and from 31<sup>st</sup> March onwards

^ Till 30<sup>th</sup> March, 2022 and thereafter, entity having significant influence

^^ Till 30<sup>th</sup> March, 2022 was an entity in which KMP had significant influence; Intermediary Holding Company thereafter

\$ Holding company effective from 30<sup>th</sup> March, 2022

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 37.1 Expenditure on R&D:

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
(a) Capital (Refer Note 1 below)	2,496.52	1,088.44
(b) Revenue: (Refer Note 2 below)		
Salary	668.15	547.02
Electricity	23.18	15.63
Travel	21.03	6.34
Outsourcing	4.58	4.37
Revenue & Others	467.24	331.13
	<b>1,184.17</b>	<b>904.49</b>
Total R & D expenditure (a) + (b)	<b>3,680.69</b>	<b>1,992.93</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, 2022 were as follows:

Particulars	₹ in Lacs				
	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
<b>Financial assets</b>					
Investments					
Equity Shares	-	567.03	11,768.47	12,335.51	12,335.51
Mutual Funds and Bonds	-	13,267.22	-	13,267.22	13,357.09
Trade receivables	11,805.74	-	-	11,805.74	11,805.74
Loans	111.57	-	-	111.57	111.57
Cash and cash equivalents	2,358.11	-	-	2,358.11	2,358.11
Other bank balances	1,301.24	-	-	1,301.24	1,301.24
Other Financial Assets	561.48	-	-	561.48	561.48
<b>Total</b>	<b>16,138.14</b>	<b>13,834.26</b>	<b>11,768.47</b>	<b>41,740.87</b>	<b>41,830.74</b>
<b>Financial liabilities</b>					
Trade payables	9,006.74	-	-	9,006.74	9,006.74
Lease Liability	391.69	-	-	391.69	391.69
Other Financial Liabilities	419.47	-	-	419.47	419.47
<b>Total</b>	<b>9,817.90</b>	<b>-</b>	<b>-</b>	<b>9,817.90</b>	<b>9,817.90</b>



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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	₹ in Lacs	
				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>

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, 2022

*(ii) Financial assets measured at fair value through Profit & Loss (FVTPL) on a recurring basis*

₹ in Lacs

31 <sup>st</sup> March, 2022	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	-	518.90	-	518.90
Investments in Equity shares	320.03	247.00	-	567.03
Investment in Mutual Funds	188.06	13,267.22	-	13,455.28
<b>Total</b>	<b>508.09</b>	<b>14,033.13</b>	<b>-</b>	<b>14,541.22</b>

₹ in Lacs

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>

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*

₹ in Lacs

31 <sup>st</sup> March, 2022	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	11,768.47	11,768.47
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11,768.47</b>	<b>11,768.47</b>

₹ in Lacs

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>



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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

The company has invested in the energy generating companies as per the regulation of Electricity Act. Although the investments are classified as "Equity" shares, as per IND AS 32 – "Financial Instruments, Presentation" the definition of "equity" requires an entitlement in the residual interest in net assets whereas the company as per share holder agreement requires to transfer the shares at cost. However, no changes are given effect to the above as per IND AS 32, since the regulation of Electricity Act does not permit description in any other manner. IND AS 109 requires an equity share other than investments in subsidiaries, associates and joint ventures to be valued at "Fair Value Through Other Comprehensive Income" if elected initially or valued at "Fair Value Through Profit and Loss Account". However, on account of what is stated in the previous paragraph, these shares are shown at cost and the fair value is deemed to be the cost. Accordingly, investment in IRIS Ecopower is considered to be a Level 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.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

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

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
Opening Balance	9,611.86	9,181.17
Total (loss) / gain recognized in other comprehensive income	-	430.69
<b>Closing Balance</b>	<b>9,611.86</b>	<b>9,611.86</b>

## 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.



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### ii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk i.e. interest rate risk, currency risk, and Commodity risk.

#### *Interest rate risk*

The company has no outstanding borrowings and investment in bonds at fixed rates. Accordingly, no Interest risk is perceived.

#### *Foreign currency risk*

Foreign currency risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk arising from transactions i.e. imports of materials, recognised assets and liabilities denominated in a currency that is not the company's functional currency.

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, 2022		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹ Lakhs
Trade Receivables	EUR	83.81	2.55	213.52
	USD	75.36	18.47	1,392.06
Trade Payables	EUR	85.36	0.09	7.87
	USD	76.12	6.54	497.63
	JPY	0.62	33.96	21.20
	GBP	99.92	0.30	29.49

Particulars	Currency	31 <sup>st</sup> March, 2021		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹ Lakhs
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

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### Foreign currency sensitivity

₹ in Lacs

Particulars	Apr'21 To Mar'22			Apr'20 To Mar'21	
	Currency	Increase	Decrease	Increase	Decrease
Effect on profit before tax	EUR	10.29	(10.29)	6.70	(6.70)
Increase/(Decrease)	USD	44.97	(44.97)	14.72	(14.72)
	JPY	(1.06)	1.06	(2.33)	2.33
	GBP	(1.47)	1.47	(0.07)	0.07
Effect on equity	EUR	16.99	(16.99)	8.51	(8.51)
Increase/(Decrease)	USD	59.69	(59.69)	13.66	(13.66)
	JPY	(3.39)	3.39	(3.20)	3.20
	GBP	(1.55)	1.55	(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	At 31 <sup>st</sup> March, 2022				
	Up to 1 year	1 to 3 years	3 to 5 years	5 years & above	Total
Trade and other payables - Non interest bearing	9,006.74	-	-	-	9,006.74
Lease Liability	95.58	178.72	187.45	50.29	512.05
Other financial liabilities	419.47	-	-	-	419.47
<b>Total</b>	<b>9,521.79</b>	<b>178.72</b>	<b>187.45</b>	<b>50.29</b>	<b>9,938.26</b>





## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

₹ in Lacs

Particulars	At 31 <sup>st</sup> March, 2021				Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years & above	
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>

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

₹ in Lacs

Particulars	At 31 <sup>st</sup> March, 2022				Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years & above	
Trade receivables (non interest bearing instruments)	11,805.74	-	-	-	11,805.74
Investments (variable interest bearing instruments)	13,267.22	-	-	14,561.01	27,828.23
Other financial assets (variable interest bearing instruments)	3,771.84	560.56	-	-	4,332.40
<b>Total</b>	<b>28,844.80</b>	<b>560.56</b>	<b>-</b>	<b>14,561.01</b>	<b>43,966.37</b>

₹ in Lacs

Particulars	At 31 <sup>st</sup> March, 2021				Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years & above	
Trade receivables (non interest bearing instruments)	10,940.07	-	-	-	10,940.07
Investments (variable interest bearing instruments)	13,247.95	-	-	12,812.22	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>12,812.22</b>	<b>40,518.31</b>

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 40 Contingent liabilities & Commitments:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<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	1,678.27	1,761.81

### 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, 2022:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a) Current lease liabilities	59.34	107.13
b) Non current lease liabilities	332.35	351.05
<b>Total</b>	<b>391.69</b>	<b>458.18</b>

#### B) Movement in Lease liabilities:

The following is the movement in lease liabilities during the year ended 31<sup>st</sup> March, 2022:

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
Balance as on 1 <sup>st</sup> April, 2021	458.18	511.28
Additions	(19.22)	2.47
Finance costs accrued during the period	42.83	48.70
Payment of Lease liabilities	90.10	104.27
<b>Balance as on 31<sup>st</sup> March, 2022</b>	<b>391.69</b>	<b>458.18</b>



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

C. The table below provides details regarding the contractual maturities of lease liabilities as at 31<sup>st</sup> March, 2022 on an undiscounted basis:

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
i) Less than one Year	95.58	107.13
ii) One to five years	366.17	368.04
iii) More than five years	50.29	146.30
	<b>512.05</b>	<b>621.47</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, 2022	As at 31 <sup>st</sup> March, 2021
Increase in lease liability by	391.69	458.18
Increase in rights of use by (including reclassifications)	(19.22)	2.47
Increase/(Decrease) in finance cost by	42.83	48.70
Increase/(Decrease) in depreciation by	92.56	93.39

E. Amounts recognized in profit or loss

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
Interest on lease liabilities	42.83	48.70

F. Amounts recognized in profit or loss

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
Total cash outflows for leases - principle repayments	64.30	55.57
Total cash outflows for leases - interest repayments	42.83	48.70
<b>Total</b>	<b>107.13</b>	<b>104.27</b>

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 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:

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
<b>Revenue from Operations:</b>		
India	53,265.35	45,820.14
Rest of the World	3,361.60	2,302.98
<b>Segment Assets:</b>		
India	(2,167.07)	(1,728.20)
Rest of the World	1,605.59	1,479.95
<b>Capital Expenditure:</b>		
India	2,422.65	2,811.65
Rest of the World	350.18	901.91

### 43 i) Amount of dividend to Equity share holders

Particulars	₹ in Lacs	
	Apr'21 To Mar'22	Apr'20 To Mar'21
Dividends on Equity shares:		
Interim dividend for the year ended 31 <sup>st</sup> March, 2022, ₹ 6.25 per share (31 <sup>st</sup> March, 2021 ₹ 6 per share)	1,413.84	1,357.29
Dividend tax paid on the above	-	-



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 44 Note on Earnings per share:

₹ in Lacs

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Profit after tax (A) (₹ in Lacs)	4,921.56	3,963.29
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)	21.76	17.52

### 45 Details of CSR Expenditure:

a

₹ in Lacs

Particulars	₹ in Lacs	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a. Gross amount required to be spent by the Company during the year	116.15	130.00
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
(ii) On purposes other than (i) above		
In cash	122.07	110.48
Yet to be paid in cash	NIL	NIL

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

b

₹ in Lacs

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
(i) Amount required to be spent during the year	116.15	130.00
(ii) Amount of expenditure incurred	122.07	130.00
(iii) Shortfall as at the end of the year*	(5.92)	NIL
(iv) total of previous year shortfall	NIL	NIL
(v) Reason for shortfall	Not Applicable	Not Applicable
(vi) Nature of CSR activities	Education, Disaster relief and rehabilitation, Health care and sanitation and Environment & sustainability..	Eradicating Hunger, poverty, Rural Development projects, Promoting Education, enhancing vocational skills especially among children and women, Promoting gender equality, Health care and sanitation, Environment & sustainability..
(vii) Details of RPT transactions e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	NIL	NIL
(viii) Where provision is made with respect to a liability by entering into a contractual obligation, the movements in provision during the year	NIL	NIL



## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

### 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, 2022	31 <sup>st</sup> March, 2021
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	2,565.61	2,263.91
(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.

**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.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

**49 The following table set out the financial and efficiency ratios as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021:**

Ratio	Numerator	Denominator	Current Period	Previous period	% Variance	Reason for variance*
CURRENT RATIO	Current Assets	Current liabilities	3.22	2.70	19.2	-
DEBT EQUITY RATIO	Total Debt	Shareholders Equity	-	-	-	-
DEBT SERVICE COVERAGE RATIO	Earnings available for debt service (PAT+Depreciation & amortization+ Loss on sale of fixed assets+Other non cash adjustments+Any non cash operating expenses)	Debt service (Interest & Lease Payments + Principal repayments)	-	-	-	-
RETURN ON EQUITY	Profit available for Equity shareholders (PAT-Preference Dividend)	Average Shareholder's Equity	12%	10%	15.2	-
INVENTORY TURNOVER RATIO	COGS or Sales	Average inventory	8.47	7.88	7.5	-
TRADE RECEIVABLES TURNOVER RATIO	Net credit sales (net of sales returns)	Average accounts receivable	4.95	4.86	1.8	-
TRADE PAYABLES TURNOVER RATIO	Net credit purchases (net of purchase returns)	Average trade payables	4.41	3.93	12.2	-
NET CAPITAL TURNOVER RATIO	Net sales (net of sales)	Working capital Current assets - Current liabilities	2.31	2.27	1.6	-
NET PROFIT RATIO	PAT	Net sales (net of sales)	9%	8%	5.9	-



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022



Ratio	Numerator	Denominator	Current Period	Previous period	% Variance	Reason for variance*
RETURN ON CAPITAL EMPLOYED	PBIT	Capital employed(Tangible net worth + Total debt + DTL) (Tangible net worth = Total assets-Intangible assets- Total liabilities) (though investments are not tangible, they are generally included while computing tangible net worth)	12%	12%	6.6	
RETURN ON INVESTMENT	To be computed using Time Weighted Rate of Return*		17%	9%	95.0	Increase in fair value of shares held, classified under Fair value through OCI

\*Due to practical difficulties in arriving at the time weighted average investments, yearly average of monthly average investments is considered.

## 50 Approval of Financial Statements

The standalone financial statements were approved for issue by the board of directors on 26<sup>th</sup> May, 2022.

### For and on behalf of the Board of Directors

**T K Balaji**  
Chairman

**Arvind Balaji**  
Managing Director

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai

Date : 26<sup>th</sup> May, 2022

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2022

## STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013, RELATING TO SUBSIDIARY COMPANY

1	Name of the Subsidiary	PT Automotive Systems Indonesia	
2	Reporting period for the subsidiary concerned	1 <sup>st</sup> April, 2021 To 31 <sup>st</sup> March, 2022	
3	The date since when the Subsidiary was acquired	1 <sup>st</sup> July, 2006	
4	Reporting currency and Exchange rate as on the last date	Currency : IDR	
	of the relevant financial year in the case of foreign subsidiaries	<b>Exchange rate:</b>	
		1 INR = IDR 189.28 (Balance Sheet)	
		1 INR = IDR 192.90 (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, 2022</b>	
5	Share Capital	24,69,43,28,700	12,08,38,266
6	Reserves & Surplus	20,08,81,43,890	11,57,51,614
7	Total Assets	44,82,64,72,590	23,68,22,336
8	Total Liabilities	44,82,64,72,590	23,68,22,336
9	Investments	- NIL -	- NIL -
10	Turnover	- NIL -	- NIL -
11	Profit before Taxation	19,27,39,98,177	9,99,14,505
12	Provision for Taxation	-	-
13	Profit after Taxation	19,27,39,98,177	9,99,14,505
14	Proposed Dividend	- NIL -	- NIL -
15	% of share holding	99.97%	

**Note:** PT Automotive Systems Indonesia is yet to commence operations

### For and on behalf of the Board of Directors

**T K Balaji**  
 Chairman

**Arvind Balaji**  
 Managing Director

**Elango Srinivasan**  
 Chief Financial Officer

**G Venkatram**  
 Company Secretary

Place : Chennai  
 Date : 26<sup>th</sup> May, 2022



**INDIA NIPPON ELECTRICALS LIMITED**

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