August 29, 2023

The Manager-Listing Department
National Stock Exchange of India Limited,
Exchange Plaza, 5th 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 38th Annual Report of the Company for the financial year 2022-23.

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 2022-23, in pdf format. The same has been published on the website of the company and is available at https://indianippon.com/investors/ under the link https://indianippon.com/wp-content/uploads/2023/08/annual_report_2022_23.pdf.

Intimation of the 38th Annual General meeting and the web-link of the Annual Report for the financial year 2022-23 along with the Notice of the 38th 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

SEKAR LOGITHA
Digitally signed by SEKAR LOGITHA
Date: 2023.08.29 17:13:34 +05'30'

S Logitha
Company Secretary
Membership No.A29260

Encl.: As above

India Nippon Electricals Limited

Annual Report **2022-23**

ENGINEERING EXCELLENCE.

Accelerating Global Ambitions.

ACROSS the Pages

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Corporate Overview

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Financial Statements

Standalone Financial Statements

Consolidated Financial Statements

Investor Information

Market Cap	₹ 1,029 Crores *(as on 10th August, 2023)*
CIN	L31901TN1984PLC011021
ISIN	INE092B01025
BSE Code	532240
NSE Symbol	INDNIPPON
Dividend declared and paid	₹ 9.25 per equity share
AGM Date	20th September, 2023
AGM Mode	Virtual

For more investor-related information, please visit:

https://indianippon.com/investors/

Or simply scan to view the online version of the report

Disclaimer:
This document contains statements about expected future events and financials of India Nippon Electricals Limited ('The Company'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this annual report.

Our Stature

39
Years of Experience

Tier 1
Supplier to Major OEMs

1
R&D Center

3
Manufacturing Plants

1,605+
Employees

ENGINEERING EXCELLENCE.
Accelerating Global Ambitions.

In today's competitive and interconnected business landscape, organizations must pursue excellence to maintain a leading position and achieve success on a worldwide scale. The growing popularity of electric vehicles (EVs) is shaping the strategies of automotive manufacturers, driving them to innovate and ensure sustainability. Furthermore, in India, the electrification of vehicles is occurring alongside the continued dominance of internal combustion engine (ICE) vehicles, a scenario that is likely to persist in the near and medium term. Given this context, automotive component manufacturers must foster a culture of continuous innovation and excellence to facilitate enduring growth.

At India Nippon Electricals Limited, engineering excellence serves as the bedrock of our accomplishments. We are committed to pushing the boundaries of innovation, harnessing advanced technologies, and nurturing an environment of continuous improvement.

Our growth efforts encompass the domain of IC engines, driven by future demand. This enables us to offer our technology to customers by prioritizing better value proposition, thereby prolonging the lifespan of ICE technology and reinforcing our dedication to innovation and sustainability.

Furthermore, we have taken significant strides in embracing the future of sustainable mobility by committing to a robust transition towards EVs. A groundbreaking move in this direction has been towards the EV product line, marking a transformative shift towards environmentally friendly transportation solutions.

While our core emphasis remains resolute on two-wheelers and three-wheelers, we are strategically venturing into the four-wheeler segment and exploring non-automotive domains.

Our highly skilled team of engineers and technicians work tirelessly to craft products that adhere to the most rigorous quality standards, delivering dependable solutions to our customers. We are unwavering in our dedication to environmental stewardship, ethical business practices, and social responsibility. By integrating sustainable practices into our operations, our objective is to contribute to a greener future while fostering sustained value generation for all stakeholders.

We are broadening our horizons and pursuing fresh opportunities beyond borders. Our goal is to establish strategic partnerships and alliances that empower us to expedite our global ambitions and cultivate a robust presence in international markets. With a strong focus on research and development, we consistently strive to devise solutions that cater to the needs of a diverse global customer base. Supported by a cutting-edge manufacturing facility and a resilient supply chain, we position ourselves as a dependable partner in the sectors we serve.

KEY HIGHLIGHTS 2022-23

Revenue

₹ 65,625 Lakhs

PAT

₹ 5,787 Lakhs

(₹ 3,987 Lakhs excluding dividend income of ₹ 18 Crores)

EBITDA

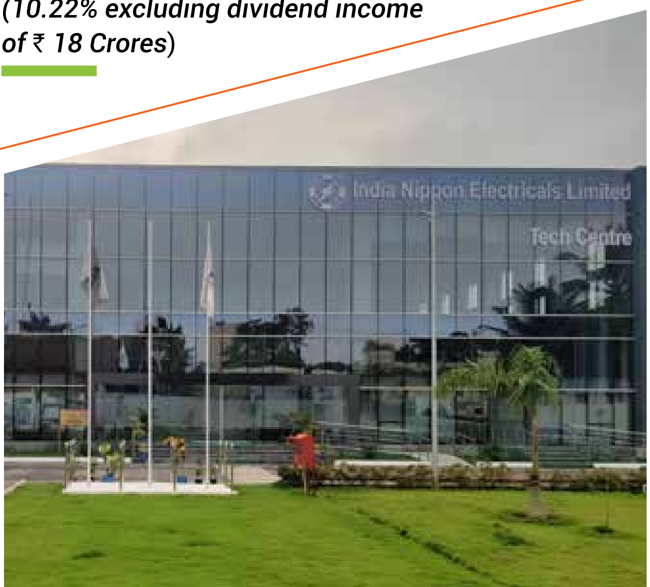
₹ 8,510 Lakhs

(₹ 6,710 Lakhs excluding dividend income of ₹ 18 Crores)

EBITDA Margin

₹ 12.97%

(10.22% excluding dividend income of ₹ 18 Crores)



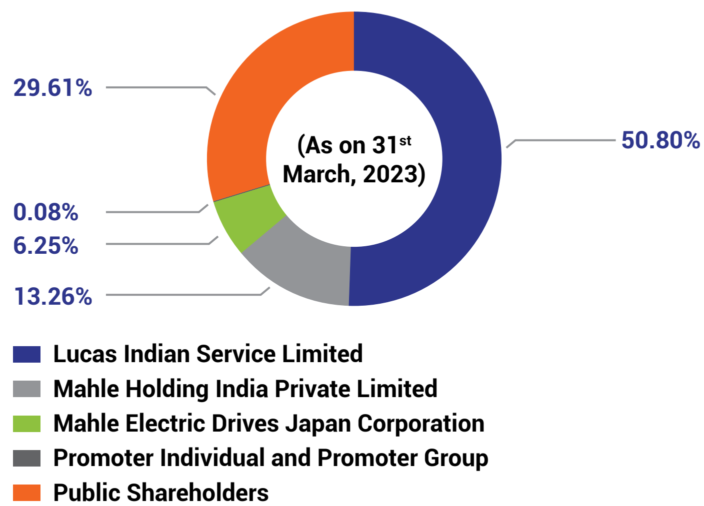
INDIA NIPPON
in a Nutshell

India Nippon Electricals Limited is a prominent manufacturer within the automotive industry, specializing in producing cutting-edge electronic ignition systems. Our dedication to innovation has led us to develop advanced mechatronic products, including sensors and controllers, strategically designed to capitalize on emerging market opportunities. While our solutions are widely employed within the automotive sector, their versatile nature also allows for extensive applications in non-automotive segments.

Renowned for their quality and reliability, our products have garnered widespread recognition within the market, solidifying our position as one of the leaders in the electronic ignition industry. Our primary emphasis lies on the domains of two-wheelers and three-wheelers, showcasing our dedication to these segments. Additionally, we are actively pursuing expansion into the realm of other segments of the automotive market, marking a significant diversification in our product portfolio. Furthermore, our growth trajectory extends beyond the confines of the automotive sector, as we venture into new horizons within the non-automotive space. While we remain dedicated to our core offerings for internal combustion engine vehicles, our focus on diversification is leading us to develop a comprehensive product base tailored specifically for electric vehicles (EVs).

We have established our manufacturing units in strategic locations, specifically Tamil Nadu, Puducherry, and Haryana. We are further looking at increasing our capacities across these three facilities. Our esteemed customer base comprises leading automotive and non-automotive companies within India and globally.

Shareholding Pattern (%)



Note: Both Mahle Holding India Private Limited and Mahle Electric Drives Japan Corporation, the promoter entities of the Company, had sold their entire holding to Lucas Indian Service Limited, the other promoter entity through inter-se transfer among promoters, on 26th June, 2023. Post this transaction, the holding of Lucas Indian Service Limited in the Company raised from 50.80% to 70.32%.

Our Values

Innovation
Forward thinking, planning and execution to expand our horizons.

Passion
Enthusiasm, desire, and commitment to succeed.

Quality
Service and products we are proud to stand behind.

Thrive
Commitment to growth and prosperity to affect our customers' success.

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.

Best-in-class Manufacturing Practices
Benchmarking products to global standards and focusing on process excellence in manufacturing.

Organizational 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.

Vision

To become a supplier of choice for our customers for supply of electricals and electronic products for automotive and non-automotive domain.

Global Footprint

We are actively pursuing our global ambitions, targeting key growth geographies and new applications to expand our presence and achieve growth on an international scale. We are also expanding our exports to the North American market, and we are in the process of partnering with other global OEMs.

Mission

To be a preferred supplier of ignition systems for automotive and general purpose engines. To design, develop & supply cost competitive, high-quality products to meet customer requirements through involvement of employees and suppliers through use of contemporary technology.

ACCELERATING
Ahead with Focus

1984-1988

- Incorporation of the Company and its conversion into a joint venture
- Establishment of a manufacturing unit in Hosur, Tamil Nadu
- Commencement of production and supply to TVS Motor Company and supply to Bajaj Auto and Hero Motors

1989-1993

- Introduction of electronic ignition systems for TVS Champ
- Supply to Birla Yamaha (now Birla Power Solutions), Hero Motocorp Limited (formerly Hero Honda Motors Limited), Honda Siel Power Products Limited, and India Yamaha Motor Private Limited
- Introduction of Integral Unit (IU) for Mopeds

1994-1998

- Export of ignition coils to Kokusan Denki Co. Limited, Japan
- Recognition by the Department of Science and Technology, Government of India
- Supply to Mahindra two-wheelers (formerly Kinetic Honda Limited) and Royal Enfield Motors Limited
- Commencement of supply of multi-pole flywheel magnetos and regulator for BAL Kubota Engine
- Certification by BVQI for ISO 9001 Quality System for Hosur Unit

1999-2003

- Supply to Greaves, LML, Piaggio India, Honda Motorcycle, and Scooter India Limited
- Commencement of supply of digital CDI Ignition System
- Introduction of CDI cum Flasher Unit for 4S Motorcycle
- Supply to Lombardini India for their 422 CC Engine
- Certification by BVQI for QS-9000 Quality system and ISO 14001 EMS System for Hosur Unit

2004-2008

- Supply to Greaves for their general purpose engine
- Commencement of exports to Lombardini Italy, Modenas Malaysia, Tomos, Slovenia, and Beldeyama/Ramzey, Turkey
- Start of contract manufacturing of ECU for Delphi-TVS
- Commencement of exports to Yanmar, Italy
- Award for ISO/ TS 16949:2002 certification for all three manufacturing locations of INEL by BVCI

2009-2013

- Commencement of exports to Kohler USA, Kawasaki Heavy Industries, Thailand through Mahle EDJC, Arpres, Turkey, Novamark, Slovenia
- Supply of pilot lot of ignition coils to Dell'Orto, Italy
- Commencement of CDI business to Hero Motocorp for Scooter
- Awarded ACG Business for Scooter Model by Suzuki, India and 'Excellence in Technology' by ACMA

2014-2018

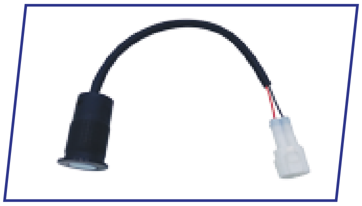
- Entered into partnership with Athena, Italy for EFI
- Commenced renewable energy - wind energy usage

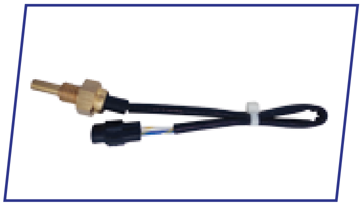
2018 onwards

- Expanded into new product line: Sensors, Display, Entry in EV Segment through DC/DC
- Entered into a global technical tie-up for ECG and EFU
- Acquired new customers: Polaris, Generac
- Introduced ISG, opened new R&D center and expanded our manufacturing plant
- For the third time in a row, achieved the Great Place to Work Certification

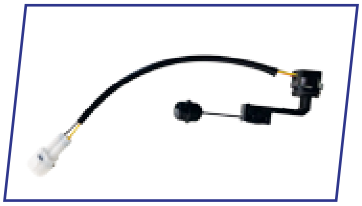
EXPANDING OUR
Portfolio of Offerings

SENSORS


Speed Sensor

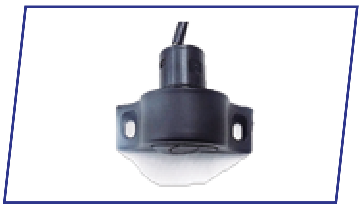

Temperature Sensor


Throttle Position Sensor

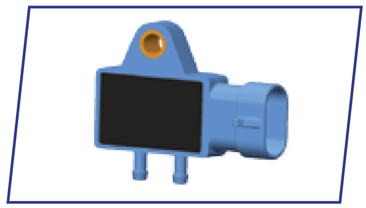

Oil Lever Sensor


TMAP Sensor


Steering Angle Sensor


RPAS Ultrasonic Sensor


Tire Pressure Monitoring Sensor


Differential Pressure Sensor

CONTROLLERS


ISG Controller


EFI ECU


EGR Controller

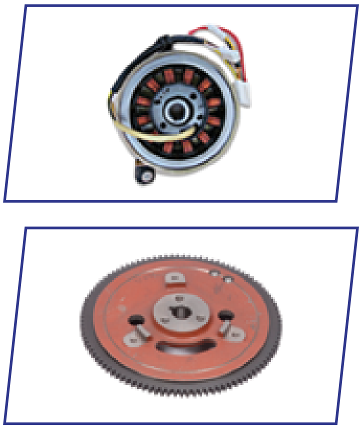
CLUSTERS


Dot Matrix Instrument Cluster



LCD Digital Instrument Controller

INEL: ELECTRONIC IGNITION SYSTEM PRODUCTS

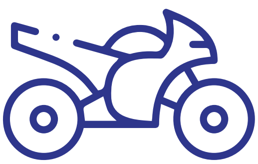


AC Generator

Regulator & Rectifier/Power Boosts Regulator

Ignition Coil

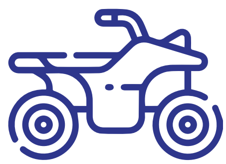
APPLICATIONS



Two-wheelers

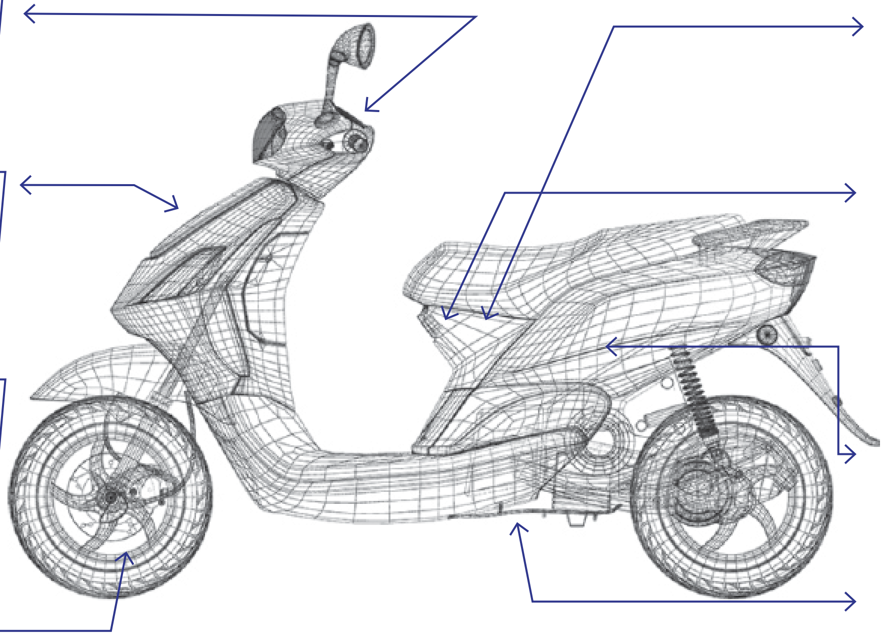
Three-wheelers

Snow Bikes



All Terrain Vehicles

Tractors

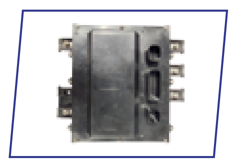


Cluster

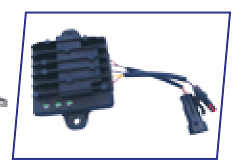
Immobilizer

TPMS

Battery Charger



Motor Controller



DC DC Converter

Side Stand Sensor

MEET OUR
Board

Mr. T. K. Balaji
(Chairman)

M

Mr. T. K. Balaji, (DIN 00002010), was appointed as a Director on the board of the Company on 28th July, 1986, and is presently the Chairman of the Company. He holds a bachelor's degree in mechanical engineering from Madras University where he secured first rank and is also a gold medallist alumni of the Indian Institute of Management, Ahmedabad.

He is also the Chairman of the Lucas-TVS Group of Companies, engaged in cutting-edge technology products in the field of mechatronics through Lucas-TVS Limited, Common Rail Diesel Fuel Injection Technology through Delphi-TVS Technologies Limited, and India's oldest leader in aftermarket distribution and service of these products through Lucas Indian Service Limited.

He is the Past President of ACMA and had served as a Member of CII, National Council for a number of years. He was a Member of the Development Council for Automobiles & Allied Industries, Government of India. In 1995, he was conferred a special award, by the FIE Foundation of Maharashtra for his contribution to the auto component industry. He has also served on the Boards of leading NSE 100 Corporates during his illustrious career. He brings to the table a rich experience in the automobile industry, with specialized expertise. In his long career, he has undertaken various assignments in Pprivate sector and public sector. His primary focus, in his various assignments, has been on the alignment of stakeholder interests, for value creation and delivery of the highest quality products and services.

Mr. Arvind Balaji
(Managing Director)

M M M

Mr. Arvind Balaji, (DIN 00557711), was appointed as director of the Company w.e.f 25th October, 2008 and was inducted on the board as a Managing Director of the Company w.e.f 27th August, 2014. He is an MBA in Finance from the Wharton School, University of Pennsylvania and also holds a master's degree in manufacturing systems engineering from Stanford University and bachelor's degree in mechanical engineering from BITS - Pilani, Rajasthan, India. He is currently engaged as Managing Director of Lucas TVS Limited, India Nippon Electricals Limited and Director of Lucas Indian Service Limited, Delphi-TVS Technologies Limited, TVS Motor Services Limited, TVS Training & Services Limited, Schaeffler India Limited, Blue Star Engineering & Electronics Limited and has also undertaken a directorship in few private sector and public sector companies.

He is the past president of the Automotive Component Manufacturers Association (ACMA) and led the Technology, Safety and Regulatory (TSR) Committee of ACMA. He continues to play an active role in all ACMA Technology and Regulatory Committees.

Prior to joining Lucas-TVS, he worked in the investment banking division of Bank of America in the General Industrials 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. K. G. Raghavan
(Independent Director)

C

Mr. K. G. Raghavan, (DIN 00359471), is associated with the Company as a Director since 2005 and has been appointed as an Independent Director of the Company w.e.f 27th August, 2014. He holds a commerce degree and is a bachelor of law and works as a senior advocate in Karnataka High Court. His areas of specialization are corporate and commercial law, arbitration, intellectual property law, central excise, customs, labor and constitutional law and he has represented parties at pleadings before the Supreme Court, High Courts, Company Law Board, MRTP Commission, CEGAT, Consumer Fora and Civil Courts.

Note: He retires at the conclusion of the AGM of the Company to be held in September 2023 as he completes the 2nd term as an Independent Director.

Mr. Anant Jaivant Talaulicar
(Independent Director)

M M C

Mr. Anant Jaivant Talaulicar, (DIN 00031051), was appointed as the Independent Director of the Company on 6th April, 2019. He earned a bachelor's degree in mechanical engineering from Mysore University in India and has also received a master's degree in engineering from the University of Michigan in 1985 and an MBA from Tulane University in 1987. He is engaged as an advisor and board member of several Indian companies across the manufacturing and service sectors. He is also an advisor and lecturer at the S. P. Jain Institute of Management & Research.

He started his career with Cummins in the U.S. in 1986 as an intern and subsequently held several positions both in the United States and in India. He was a member of the Cummins Inc. global leadership team from August 2009 till October 2017. He was also the President of the Cummins Inc. Components Group from 2010 through 2014. During this timeframe, he also served as the Managing Director of Tata Cummins Private Limited, a 50:50 a joint venture between Cummins Inc. and Tata Motors Limited. He also chaired the boards of four other Cummins legal entities in India. He has undertaken various profiles in his career such as financial analyst, manufacturing engineer, project manager, product manager, and strategy manager. He was also a Joint Managing Director of Cummins India Limited and was responsible for the Cummins Power Generation and Distribution Businesses in India for a year then became the Chairman and Managing Director for Cummins India Limited.

Mr. R. Vijayaraghavan
(Independent Director)

M C C

Mr. R. Vijayaraghavan, (DIN 00026763), was appointed as a Director of the Company on 28th May, 2013 and inducted as an Independent Director of the Company on 27th August, 2014. He holds a master's degree in science from Madurai University and MBA from Syracuse University, USA, besides being a law graduate from Dr. Ambedkar Law College. He is an Advocate in Chennai and has been practicing law for over 30 years. He has a vast breadth of experience in the fields of corporate law, mergers and acquisitions, tax laws, and commercial aspects of doing business in IChennai, India.

Note: Mr. Vijayaraghavan retires at the conclusion of the AGM of the Company to be held in September 2023 as he completes the 2nd term as an Independent Director.

Ms. Priyamvada Balaji

(Non-Executive Director)

M M

Ms. Priyamvada Balaji, (DIN 00730712), was appointed as a Director on the board of the Company on 29th January, 2018 as a Non-Executive Director of the Company. She holds a post graduate diploma from the Indian Institute of Management, Ahmedabad and a B.A in economics from Stella Maris College, Chennai.

She is also a member of the Board of Directors of Lucas Indian Service Limited, Lucas TVS Limited, Delphi-TVS Technologies Limited and TVS Training and Services. She has been working with the group in various roles from 2014 and is currently an Executive Director in Lucas TVS Limited and Delphi-TVS Technologies Limited. Prior to joining the group, she had 12 years of experience in Financial Services working with companies such as India Ratings (formerly Fitch Ratings India), HSBC and Arthur Andersen. She is also a member of the Southern Region Council of the Automotive Component Manufacturers Association (ACMA) and a member of the Tamil Nadu State Council of the Confederation of Indian Industry (CII).

Note: She retires by rotation and being eligible, offers herself for re-appointment at the AGM to be held in September 2023.

Mr. Heramb Ravindra Hajarnavis

(Independent Director)

M M

Mr. Heramb Ravindra Hajarnavis, (DIN 01680435), was appointed as an Independent Director of the Company w.e.f 10th August, 2022. He earned his S. B. from the Massachusetts Institute of Technology (MIT) and his MBA from Harvard Business School (HBS) and was awarded an Aspen Institute Fellowship in 2008. He 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. He was the head of KKR's Indian private equity business from 2010 to 2014. Prior to KKR, he was with Goldman Sachs & 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. 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&T). He also currently serves as an Independent Director on the Board of Sundram Fasteners Limited.

Ms. Gangapriya Chakraverti

(Independent Director)

M M C

Ms. Gangapriya Chakraverti is an Indian businesswoman with over three decades of experience in the corporate world. Her experience comprises corporate and leadership roles in the Murugappa Group and Ford Motor Company's Business Services organization and business development and consulting roles in Mercer Consulting. Her specific areas of interest include leadership development, change management, executive coaching, total rewards and diversity and inclusion.

Starting with her last role as Director – Human Resources and continuing into her present role as its Managing Director for Ford Business Services, she has played a significant role managing all aspects of human resources and change management to support its transformation into a truly global, multi-functional innovation hub, scaling from 4000 to 9000+ employees. Under her people-oriented leadership and focus on building a great workplace culture, Ford Business Services has been featured amongst the top companies across the country by the Great Place to Work Institute, and recognized for its employee-oriented practices and policies by organizations like NASSCOM, Working Mothers Media and the National HRD Network.

She lends her voice frequently, advocating diversity and inclusion at the workplace and seeking greater representation of women in leadership roles. She mentors and coaches several senior and experienced women, encouraging them to achieve their full potential. She is an ardent spokesperson for workplace wellness and has an abiding interest in promoting wellness as part of employee engagement. As an HR and Business Leader, Gangapriya is a regular speaker at international and national conferences and forums.

She has been the first lady President of the Chennai chapter of the NHRDN (2019-2021) and served on its national board for two consecutive terms. She is on the advisory board of school focusing on holistic education for socio-economically disadvantaged children.

She holds a bachelor's degree in arts (psychology) from the Women's Christian College, Chennai and completed her master's degree in personnel management and industrial relations from the Tata Institute of Social Sciences, Mumbai as a gold medallist. She is pursuing her Professional Certified Coach certification from the International Coaching Federation and is a Certified Diversity Professional from the Diversity Training University International, San Francisco. She was recently awarded the Women of World Awards 2023 instituted by The Hindu, in the Business Leadership category.

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

M: Member
C: Chairman

ADVANCING WITH
Focus and Foresight

Dear Shareholders,

I am pleased to share with you the Annual Report of 2022-23 for India Nippon Electricals Limited (INEL). During this period, we showcased our ability to identify evolving trends, foster innovation, and capitalize on opportunities that crossed our path. This unwavering commitment to adaptability and forward-thinking forms the core of our growth and sustainability.

Macroeconomic Environment

In the last decade, India has experienced a huge transformation, rising from the tenth-largest to the fifth-largest global economy. With a projected growth estimate of 7.2% for 2022-23, India surpassed major economies, reflecting its resilience even amidst the challenges posed by the Covid-19 pandemic.

As India celebrates 76 years of independence, initiatives like AatmaNirbhar Bharat, Make in India, 'Amritkaal,' and 'Saptarishis' present immense opportunities for sectors, businesses, and individuals. The Government's focus on inclusive development is evident through its efforts to reach every corner of the country, bolster infrastructure and investments, and unlock untapped potential. With determination and foresight, India is poised for continued growth and progress in the years to come.

Resilience in Action

During the year, we initiated the advanced stage of development of electronic fuel injection (EFI) with its expected production soon, steady progress in the development of sensors, controllers, and related components, and a strategic reorientation of our Company. Notably, we experienced substantial growth in the Indian engine market and successfully diversified into other product lines. We also achieved significant advancements in products related to the EV segment.

Our successes are clearly demonstrated by the expanding market share and consistent sales growth of our new products throughout the year in the current fiscal period. This upward trajectory is set to continue steadily into the future. However, we do acknowledge we faced significant challenges, including supply chain disruptions, increased prices of critical raw materials and their recovery, deterrents in new product development and overall price volatility, all of which had an impact on our operations.

Despite these difficulties, with meticulous planning, we managed to achieve modest growth. Our sound financial performance and strong balance sheet position us well to embark on a new wave of growth. Our Profit Before Tax for the year 2022-23 stood at ₹ 7,006* Lakhs and the operational profit for the year is ₹ 3,941 Lakhs. Our Total Revenue for the year stood at ₹ 65,625 Lakhs, recording a 15.89% year-on-year growth while the Profit After Tax (PAT) for the year stood at ₹ 5,787* Lakhs, clocking a 43.72% growth year-on-year. Our EBITDA for 2022-23 reached ₹ 8,510* Lakhs, compared to ₹ 6,489 Lakhs in 2021-22. Our efforts to improve operational efficiency are evident in the increase in our Gross Margin from 29.9% to 30.9%. We are pleased to declare a dividend of ₹ 9.25 per share for 2022-23, continuing on our culture of rewarding shareholders.

The Indian two-wheeler market is currently experiencing limited growth, still away from the pre-Covid levels. Similarly, the Indian auto component industry is facing challenges in terms of growth, showing a lack of significant expansion. The demand for two-wheelers has largely remained subdued due to rising inflation and the high total cost of acquisition. According to experts, the automotive industry needs to witness two to three years of good per capita income with relatively moderate or muted inflation to drive consumer demand.

Includes ₹ 18 Crore dividend received from subsidiary company

Although there was a peak in 2018-19, the industry is now showing slight signs of recovery. However, despite the modest growth of the IC Engine industry (two-wheelers and three-wheelers) growing by 8%, our sales have achieved a remarkable 16% growth, resulting in our highest-ever sales of ₹ 64,622 Lakhs for 2022-23. This significant achievement has also translated into an increased market share, solidifying our position in the industry. Furthermore, the Company witnessed positive growth in various segments, especially in export and aftermarket segments.

Additionally, we are excited to announce our expansion at our Hosur, Puducherry,, and Rewari facilities. This initiative aims to increase our production capacity to meet future demand and new product categories. We are committed to staying at the forefront of the industry and catering to the evolving needs of our customers.

We have also established a global technical tie-up for Electronic Fuel Injection (EFI) technology. This partnership will enable us to leverage expertise and collaborate on the development of advanced EFI solutions, ensuring optimal engine performance and emissions control. We are constantly expanding our customer base by offering new products and reaching new markets.

Ready for the Future

With an agile, flexible business model such as ours, we constantly need to recalibrate our strategies in line with evolving realities. We are enthusiastic about the future and dedicatedly pursuing a pipeline of opportunities that will drive our Company to new heights.

At the core of our strategic framework lies a fundamental principle: positioning ourselves as one of the leading players in the domain of ICE. Despite the rise of EVs, we are enriching the value-proposition within IC Engines to ensure our prominence in the market, with the volume of IC Engines projected to remain stable. We firmly believe that IC Engines will retain their significance for an extended period. Thus, we are augmenting content within them, expanding our customer base, focusing on aftermarket support, optimizing costs, and elevating our export efforts.

We also intend to channel the surplus towards R&D investment and product line expansion. To meet the surging demand for EVs, we have utilized our existing generator technology to develop a diverse range of EV Motors. Moreover, we are also concentrating our expansion efforts within the Electric Two-Wheeler (E2W) domain, which currently stands as major growth area for the future.

Our debt-free balance sheet and free cash flow provide a significant advantage, supporting investments in new technology, product development, and essential infrastructure. With a focus on innovation and adaptability, we are determined to thrive in the evolving landscape of the EV industry.

Our People

We are only as good as our people who drive our operational scale and excellence. Over the years, our achievements have been the direct outcome of the teamwork and commitment of our employees at all levels of the organization. We firmly believe in investing in the professional growth of our employees. This, complemented by engaging initiatives and competitive compensation policies, has solidified our reputation as the preferred employer. It is with immense pride that we announce our third consecutive attainment of the esteemed 'Great Place to Work' recognition. This prestigious achievement serves to further validate our standing as an employer that not only attracts and retains top-tier talent but also empowers us to cultivate a highly skilled and devoted workforce.

Caring for the Environment

We understand the importance of nurturing the environment and taking proactive measures to ensure sustainable practices. We are committed to reducing our carbon footprint, and have integrated eco-friendly technologies into our manufacturing processes, resulting in reduced energy consumption and emissions. We actively promote waste recycling and water conservation initiatives across our facilities. We also support reforestation programmes and encourage employees and stakeholders to participate in community-based environmental projects. We strive to enhance overall efficiency and reduce emissions from internal combustion engines by seamlessly integrating electric drives. By embracing green innovation and fostering a culture of environmental consciousness, we strive to set a positive example for the industry and contribute to a greener, more sustainable future for India and beyond.

Concluding Note

Going forward, we will continue to focus on strengthening our business model to deliver significant shareholder value. Overall, consolidation of our capabilities across products and markets will pave the way for a whole new era of growth and opportunity for us.

I take this opportunity to express my sincere gratitude to our Board of Directors, management team, employees, customers, supplier partners, bankers, investors, and the Government for their consistent support for our progress.

Warm regards,

Arvind Balaji,
Managing Director

EXCELLING IN
Innovation

In the ever-evolving world of technology and industry, we understand that research and development (R&D) are the key to sustainable growth and success. As a leading player in the automotive and electrical components sector, we understand that investing in R&D is not merely an option but an absolute necessity to drive innovation, stay relevant, and secure a promising future.

Our state-of-the-art technology center, located in SIPCOT Phase 1, Hosur, Tamil Nadu, has significantly boosted our ability to drive innovation and create cutting-edge products. It is now fully operational and staffed with dedicated and qualified engineers who are actively working on market-relevant solutions. Our primary focus is on expediting product development by engaging with customers early in the process. Throughout the year, we have continuously advanced new technologies to support our customers in their journey towards electrification, cost optimization, enhanced quality, and improved fuel efficiency.

Bettering our Product Lines

Our expertise goes beyond established technologies like Flywheel Magnetos, Regulator Rectifiers, Ignition Coils, and CDI/TCI units. We have also made significant strides in other areas, including:

- **EFI Controller:** Through a global partnership, we have developed an EFI ECU for two-wheeler applications and are ready for production. We have a well-equipped test setup for Chassis Dyno and mass emission laboratory.
- **ISG Controller:** Our production-ready ISG Controller not only eliminates the starter motor but also offers start/stop and torque assist features.
- **EV Motor Controller:** We have achieved success in developing a motor controller and are currently working on a FOC-based motor controller. Our roadmap includes expanding to a wide variety of motors to further enhance our industry penetration. Through innovation and dedication, we aim to establish a strong presence in the market.

- **DC-DC Converters:** Our DC-DC converter enjoys strong demand and is supplied to various two-wheeler OEMs. We are also developing a high-power isolated DC-DC converter and have plans for high-voltage DC-DC converters for the passenger car segment.
- **Displays and Instrument Clusters:** We are venturing into LCD- and TFT-based cluster development to enhance our capabilities in this area.
- **Sensor Portfolio:** Recognizing the automotive industry's need for autonomous driving and safety systems, we have developed safety-critical sensors such as tyre pressure monitoring systems, reverse parking systems, and speed sensors for ADAS applications. Additionally, we are working on safety-critical steering angle sensors and mid-range pressure sensors. Other products include low-pressure sensors, oil-level sensors, side-stand sensors, and TMAP sensors.

  Additionally, during the year, we made notable achievements to enhance and maintain our share of business (SOB).

Road Ahead

In order to expand our R&D capabilities for the future:

- Our commitment lies in enhancing efficiency and reducing emissions in internal combustion engines (ICE) by integrating electric drives. We are actively developing a next-generation starter generator system to achieve this goal and plan to showcase it to our customers soon. Additionally, we have implemented measures to safeguard our proprietary technology.
- To meet the rising demand for EVs, we have utilized our current generator technology to create a diverse range of motors capable of catering to various applications. Rigorous testing is underway to ensure these motors' high reliability and durability, ensuring they meet market requirements.
- Leveraging our expertise in product design, development, testing, and manufacturing, we offer engineering services to our customers, providing comprehensive support in various stages of their projects.

AUGMENTING OUR
Operational Excellence

In the dynamic landscape of industrial growth, we have consistently redefined standards and set new benchmarks in the electrical and automotive industries. Since our inception, we have recognized the pivotal role of manufacturing excellence in sustaining our position as a market leader. By adhering to the highest quality standards, operational efficiency, and technological innovation, INEL has forged a reputation that resonates both nationally and internationally.

We have established three advanced manufacturing facilities, equipped with state-of-the-art technology in India and globally recognized manufacturing tools and philosophies like total quality management (TQM), Toyota Production System (TPS), Kanban, and value stream mapping (VSM), to name a few. Our commitment to exceeding customer expectations ensures that we maintain the highest quality standards at every stage of the manufacturing process.

Our focus on in-house manufacturing of components fosters greater cost efficiency, mitigates supply chain disruptions, and enhances production reliability. Additionally, we prioritize digitalization of processes and uphold best practices in environment, health, and safety (EHS) to further strengthen our manufacturing facilities, making them more agile and robust.

We leverage IoT for production, enhancing performance through real-time data insights, automation, and streamlined processes.

Robust Supply Chain Management

Our material procurement planning is seamlessly aligned with production control and logistics (PC&L) and customer requirements. We use advanced ERP systems to effectively manage our supply chain with minimum disruption. Our rapport and relationship with global electronic component suppliers helped us accommodate customer demand fluctuation with optimization of lead time.

Capacity Expansion

Our three plants in Hosur, Puducherry, and Rewari are undergoing expansion to enhance capabilities, meet growing demands, and drive innovation.

Certifications

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

Goal

- Customer Delight
- Employee Pride
- Safe Workplace

Thrust Areas

- Automation
- Digitalization
- Innovation
- World-Class Practices
- Environmental Performance

ENGINEERING A CLEAR ROADMAP
for Sustainable Growth

At INEL, we embrace a value-focused approach to resource allocation, which enables us to prioritise our efforts and strategies effectively. This approach not only ensures robust operational and financial performance but also consistently creates value for our stakeholders.

CAPITALIZING ON OUR CORE BUSINESS

As the automotive industry experiences a profound shift towards electrification, we understand the significance of embracing this change while recognizing that internal combustion engines will continue to play a prominent role for an extended period. With our extensive expertise and strong partnerships in ignition solutions for internal combustion engines, we are committed to maintaining a leading position in this segment.

In line with our commitment to innovation, we have formed a strategic technical collaboration to develop cutting-edge electronic fuel injection (EFI) technology. By leveraging the expertise of our global technical collaboration, we aim to create advanced EFI solutions that optimize engine performance and enhance emissions control, further solidifying our position in the market.

Our value-added solutions have resonated with our customers enabling us to expand our reach and establishing us as a trusted partner in the auto-ignition industry. We take pride in delivering top-notch products that consistently surpass expectations, driving the future of ignition systems as we move ahead.

GROWING OUR EV PORTFOLIO

India's electric vehicle (EV) landscape is witnessing a remarkable surge in popularity, driven by the increasing demand for eco-friendly solutions. Several factors contribute to this trend, including the cost-effectiveness of EV ownership compared to conventional vehicles and the substantial growth of charging infrastructure nationwide.

We are proud to announce the successful development of EV controller and have ambitious plans to extend our portfolio to cover various ranges for both two and three-wheelers. Emphasizing our commitment to sustainable mobility, we are actively exploring strategic partnerships with third-party companies specializing in EV products. Collaborating with experts in the field, we aim to bolster our presence in the rapidly expanding EV market and offer a diverse array of cutting-edge solutions.

Our current focus is on expanding the converter's applications to cater to a broader range of uses, fulfilling the evolving needs of the market.

EXPLORING NEW BUSINESS LINES

As a mechatronic company, we take pride in our strong technological know-how. To drive this business evolution, we have dedicated ourselves to identifying potential applications for our existing products in diverse industries. Specialized teams are diligently working to uncover how our electronic solutions can be adapted for various sectors, broadening our reach and impact. Recognizing the need for external perspectives, we have sought the guidance of a leading consultant to help us build a more comprehensive and diversified business. We are excited to introduce new products and services within our existing segment, catering to diverse needs and expanding our offerings:

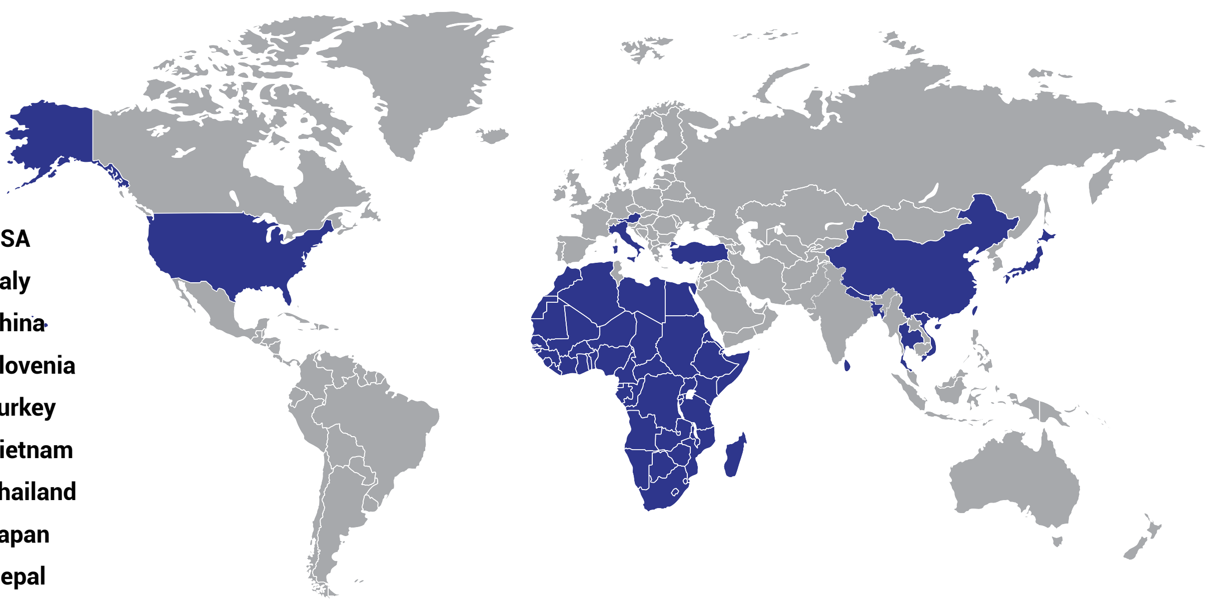
- ISG System
- Solenoid
- Engineering Services
- Electronic Controllers
- Sensors
- Cluster
- EMS Services

EXPANDING INTO NEW GEOGRAPHIES

- **Domestic:** Our domestic sales have seen remarkable growth across all channels, reflecting the effectiveness of our sales strategies and market penetration. We'll continue to prioritize expanding our market share.
- **International:** During the fiscal, we successfully developed off-highway solutions for North American OEMs, and the results will be visible in the coming years. We have successfully started supplies to Sri Lanka, which opens up new avenues for growth and strengthens our global presence. Furthermore, we have demonstrated our commitment to innovation by introducing over 100 new products. To facilitate our export ambitions, we have assembled a dedicated marketing team specifically tasked with overseeing export developments. This specialized team brings expertise and focus to our export efforts, ensuring that we effectively navigate the complexities of international markets and cater to the unique demands of global customers.

ADVANCING OUR AFTERMARKET BUSINESS

Identifying the aftermarket as an area ripe with growth potential, we have directed our focus towards maximizing its opportunities. A dedicated team is relentlessly working to implement various strategic measures that strengthen our product range and distribution network. By continually enhancing our product offerings and expanding our distribution channels, we aim to extract maximum value from the aftermarket.



- USA
- Italy
- China
- Slovenia
- Turkey
- Vietnam
- Thailand
- Japan
- Nepal
- Sri Lanka
- Bangladesh
- Africa

This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

MAINTAINING OUR Performance

Profit Before Tax

(₹ in Lakhs)

2022-23*	7,006
2021-22	5,155
2020-21	5,167
2019-20	7,209
2018-19	8,391

EBITDA

(₹ in Lakhs)

2022-23*	8,510
2021-22	6,488
2020-21	6,258
2019-20	8,205
2018-19	9,173

Profit After Tax

(₹ in Lakhs)

2022-23*	5,787
2021-22	4,026
2020-21	4,070
2019-20	5,520
2018-19	5,951

Total Revenue

(₹ in Lakhs)

2022-23	65,625
2021-22	56,627
2020-21	48,123
2019-20	47,881
2018-19	52,521

EBITDA Margin

(in %)

2022-23*	12.97
2021-22	11.64
2020-21	13.10
2019-20	17.30
2018-19	17.62

**Includes ₹ 18 Crore dividend received from subsidiary company*

Net Worth

(₹ in Lakhs)

2022-23	56,035
2021-22	49,361
2020-21	45,020
2019-20	41,916
2018-19	40,127

Return on Net Worth

(in %)

2022-23	10.32
2021-22	8.16
2020-21	9.04
2019-20	13.17
2018-19	14.83

Dividend Per Share

(in ₹)

2022-23	9.25
2021-22	6.25
2020-21	6.00
2019-20	6.75
2018-19	7.00

Earnings Per Share (EPS)

(in ₹)

2022-23	25.58
2021-22	17.80
2020-21	17.99
2019-20	24.40
2018-19	26.31

Excelling in and Strengthening Our ESG Commitment

As the world grapples with environmental challenges, INEL recognizes the importance of embracing Environmental, Social, and Governance (ESG) principles. With a strong commitment to sustainability, we have been actively incorporating ESG practices into our operations, striving to make a positive impact on the environment, society, and corporate governance.

We comply with relevant environmental regulations and have integrated environmentally responsible practices into our product design and development. The Company emphasizes employee welfare, health, safety, and professional development. In addition, we contribute to community development by supporting education, healthcare, skill development programs and protection of heritage monuments.

We maintain a strong corporate governance framework that promotes transparency, accountability, and ethical conduct. We prioritize stakeholder engagement, actively seeking feedback, and addressing concerns to maintain a strong relationship with our investors, customers, employees, and the wider community.

ACCELERATING OUR EFFORTS TO
Protect Our Environment

We recognize the importance of safeguarding our planet's delicate ecosystem for future generations. In this light, we continuously strive to minimize our ecological footprint, through innovative and sustainable practices.

We actively invest in R&D, aiming to develop energy efficient and eco-friendly products that reduce carbon emissions and resource consumption. Additionally, we promote recycling and waste reduction initiatives throughout our operations, with an emphasis on responsible waste management.

Energy Consumptions and GHG Emissions

Our focus is on tracking energy utilization and associated GHG emissions. Through investments in sustainable technologies, optimizing energy consumption, and carbon offsetting, we are committed to reducing our environmental impact.

		Hosur	Puducherry	Rewari
Average Electricity Consumption per Energy Service Unit (kWh/ESU)	2021-22	0.85	0.99	0.8
	2022-23	0.77	0.99	0.8
% Utilization of Renewable Energy	2022-23	77%	10.9%	7.10%

41,510.59 tCO2eq
Total GHG Emissions in 2022-23

15.38 Million kWh
Electricity Consumed in 2022-23

Energy Conservation Initiatives

As part of our energy conservation efforts, we are closely monitoring power consumption per Standard Unit of Production, achieving the targeted level.

Going forward, we are aiming for greater energy conservation by implementing various measures, such as providing an air-cooled centralized chiller system for clean room HVAC, optimizing the rotor cooling conveyor blower motor capacity, installing a servo power pack for the hydraulic press, using thyristor controllers for the stator box oven and IR oven, and setting up a dedicated floor-mounted solar park for lawn and street lights, among others.

Effective Waste Management

At India Nippon, our dedication lies in practising responsible waste management and tracking of chemical usage. Our objective is to mitigate our ecological footprint by implementing a robust waste management approach that curtails waste production, encourages recycling, and aligns with the principles of a circular economy. By doing so, we strive to diminish the volume of waste that ends up in landfills. Our pledge extends beyond waste management, encompassing the vigilant monitoring of perilous chemical consumption as well.

Waste Minimization

		Hosur	Puducherry	Rewari
Average Hazardous Waste Generated in Tons	2021-22	53.5	19.44	2.13
	2022-23	37.2	19.85	1.76

Chemical consumption

		Hosur	Puducherry	Rewari
Chemical Consumption in Tons	2021-22	126	161	23
	2022-23	122	137	22.7

Responsible Handling of Substances through Process Efficiencies

- Implemented servo control nozzles, reducing varnish consumption and optimizing the application process.
- Installed inverters for winding machines, addressing power cuts and ensuring uninterrupted operations.
- Transitioned from paper-based audits to an application-based system, reducing paper usage and streamlining the audit process.
- Replaced carton boxes with reusable plastic trays for packaging Anabond products, eliminating the need for single-use packaging materials.
- Used magnetic sweepers to efficiently collect fallen parts, reducing waste, and enhancing workplace cleanliness.

Water Conservation

We recognize the critical role water plays in our operations and surrounding communities. By adopting sustainable water practices, we strive to contribute to water availability and quality preservation, supporting the well-being of the environment and the communities we serve.

		Hosur	Puducherry	Rewari
Water Used in KL per Month	**2021-22**	1,626	1,447	276
	2022-23	1,860	1,414	372

139 KL/day

Average Water Consumption in 2022-23

Water Efficiency Improvements

- Installed water flow meters at various locations to accurately calculate water usage in different areas.
- Installed an automatic water level sensor and controller at the water tank to prevent overflow and wastage.
- Enhanced our Sewage Treatment Plant (STP) to increase our treatment capacity, reduce process time, and improve treatment efficiency.
- Implemented rainwater harvesting systems to move towards water neutrality, collecting and storing rainwater for future use, reducing reliance on external water sources.
- Installed an ultrafiltration unit in our STP, utilizing the treated water for gardening purposes, effectively reducing daily water consumption by 9 KLD.

Preservation of Biodiversity

We are dedicated to preserving the biodiversity as a crucial aspect of our corporate responsibility. Through comprehensive biodiversity assessments, habitat conservation efforts, and responsible waste and chemical management, we aim to safeguard local ecosystems and species.

We have also developed two Miya Waki forests in our Hosur Plant Spread over 13.2 acres, this thriving habitat hosts an impressive array of 4,500 saplings representing 49 diverse plant varieties, including 12 shrub species.

Our eco forest serves as a haven for various wildlife species, such as Rats, Rabbits, Black-winged Kites, Green Sandpipers, Oriental White-eyes, Honey Buzzards, Rufous Tree Pies, Grey Musk Shrews, and Common Kurkis. By creating and nurturing this biodiverse ecosystem, we contribute to the preservation of these valuable flora and fauna, promoting a sustainable environment for future generations.

EMPOWERING OUR
People to Excel

As a legacy company, we strongly believe in people development. By cultivating a participative work environment, we provide a platform that encourages employees to actively contribute their ideas, insights, and expertise. This collaborative atmosphere not only fosters creativity and innovation but also empowers individuals to take ownership of their work and contribute to the Company's overall success.

1,605
Employees in 2022-23

Third
Consecutive Time, Recognized as a 'Great Place to Work'

Some of the key initiatives we undertook for our employees are as follows:

Bespoke Training

We provided simulation-based training for blue-collar trainees to raise awareness of safety adherence and acquaint them with tools, gauges, and measuring devices.

Quality of Hire

We obtained feedback from employees post three months of their joining to ensure they have been given a conducive working environment to deliver their personal best.

Health Awareness

We conducted 'Health Awareness Program' once a quarter. We also organize master health check-up once a year for employees over 45 years of age.

Environmental Consciences

We encouraged employees to plant saplings on their birthday apart from regular plantation drive.

Employee Participation

We participated in 55 external competitions during the year 2022-23. We have won 46 competitions which include Par Excellence Award at a National Level QC Convention held in Aurangabad. We will participate virtually in International QC Competition scheduled to be held in China in November 2023.

We offer 25 types of rewards and recognition programmes to encourage people to participate and provide ideas for improvement.

Participating Corporate Events

We encouraged our employees to participate in corporate sports events - cricket, volleyball, and badminton. We also organized yoga classes for employees to enhance their concentration, focus, and other cognitive abilities.

Support to Society

Once a year, we identify a social cause and encourage a group of volunteers to participate on a Sunday. We organized a blood donation camp twice a year where employees make sure to donate blood regularly and even conducted eye camp for people in and around our factory.

Training and Development

As part of our commitment to employee growth, we invest significantly in comprehensive training programs that cater to both technical expertise and personal development. Through workshops, seminars, and hands-on sessions, employees are equipped with the latest industry knowledge and cutting-edge skills, ensuring they stay at the forefront of technological advancements.

We provide our employees with three types of training to boost their competence:

- **System-Related Training:** This includes sessions on various standards and frameworks such as IATF, ISMS, EOHS, GPTW, VDA 6.3, among others
- **Need-Based Knowledge Enhancement:** We offer training on specific areas like IPC, Core Tools, Auto CAD, Electrical Safety, Negotiation Skills, Imports and Exports, and GST, tailored to the needs of our employees
- **Awareness Training:** Our employees receive training on critical topics like Cybersecurity, Annual Conference, Auto Expo, and Industrial Visits to stay informed and up-to-date

22,624
Employee Hours Spent in Training

1,231
Employees Attended Training

229
Training Types Offered

Employee Health and Safety (EHS)

As a responsible and caring organization, we ensure a safe and conducive working environment for all our employees. Stringent safety protocols and comprehensive training programmes are in place to minimize workplace hazards and accidents. Regular safety inspections, risk assessments, and the implementation of best practices ensure that potential risks are identified and addressed promptly. Safety is our utmost priority, and we are dedicated to ensuring the well-being of our employees through various awareness and initiatives.

Employee Engagement

Employee engagement is a cornerstone of success at INEL, to foster a dynamic and motivated workforce. With a deep commitment to creating a positive and nurturing work environment, we recognize that engaged employees are the driving force behind our achievements. We conducted various employee engagement activities throughout the year as per the engagement calendar, spearheaded by engagement champions

In order to make our employees feel valued and appreciated, we award them with prestigious accolades as well. Currently, we have 18 awards in place for our employees.

Great Place To Work®
Certified
OCT 2022 - OCT 2023
INDIA

This is to certify that INDIA NIPPON ELECTRICALS LIMITED has successfully completed the assessment conducted by Great Place to Work® Institute, India, and is certified as a great workplace.
Category: Mid-Size Organizations

This certificate is valid from Oct 2022 to Oct 2023.

Yeshasvini Ramaswamy
Chief Executive Officer
Great Place to Work® Institute, India

Note: The certificate is valid subject to the terms and conditions agreed to by the Organization.

CARING FOR THE
Communities Around Us

As one of the leading manufacturers of electrical components, we recognize our responsibility towards the communities in which we operate. Through various community engagement programmes, we support marginalized groups, provide healthcare facilities, and implement initiatives for women empowerment. By embracing a holistic corporate social responsibility (CSR) approach, we strive to create a brighter and more sustainable future for all stakeholders while setting a positive example in the corporate world.

₹ 93.57 Lakhs

Total CSR Contribution for 2022-23

Education

Education is important as it holds the key to individual and societal development. It empowers individuals by equipping them with knowledge, skills, and critical thinking abilities, enabling them to make informed decisions and lead independent lives. Education promotes personal growth, fosters intellectual, emotional, and social development, and expands a person's point of view. We believe in promoting education and have undertaken various programmes for the same.

- Provided writing boards in Government School, Belagondapalli, Hosur, Tamil Nadu
- Renovated students' restroom buildings and open playground and increased compound wall height, apart from providing window facilities in classrooms and painting school building at Government Middle School, Pandasolanalur, Puducherry, Tamil Nadu
- Constructed overhead tank, installed RO Plant with cooling system at Government Higher Secondary School, Masani, Rewari
- Repaired the external walls of the classroom at Elementary School, Masani village, Rewari
- Supported Swami Dayananda Educational Trust

Health and Sanitation

Health and sanitation have been perennial challenges in India, affecting millions of lives and hampering the nation's overall progress. We acknowledge that addressing these issues requires collective efforts, and have taken several initiatives for the same.

- Installed an overhead tank of 32,000 liters capacity at Thogaral Agraharam, Devaganapall, Hosur, Tamil Nadu
- Provided biomedical and electrical equipment facilities at Community Health Center at Karikalambakkam, Puducherry, Tamil Nadu
- Constructed a tin shed hall of 3,000 square feet to conduct yoga classes and other personality development programmes; also installed toilets, lighting, fans, and solar panels at Dungarwas Village, Rewari

Protection of National Heritage, Arts, and Culture

We acknowledge the integral role of culture in shaping the identity of a community and a nation. We understand that the preservation of national heritage and arts is not only about safeguarding historical monuments but also nurturing the traditions that have been passed down through generations. As a result, to protect our heritage, we have undertaken a significant effort.

- Installation of signage at Mamallapuram audio tour signages (Map and QR code Signages) – the Shore Temple, the Five Rathas and the Tiger Cave

EXCELLING AND
Progressing Responsibly

At INEL, we firmly believe in the importance of strong governance as a cornerstone of our corporate identity. With a commitment to transparency, accountability, and ethical conduct, we have set the bar high for corporate governance standards in the industry.

Our Board of Directors comprises a balanced composition of both executive and non-executive directors, aligning with legal requirements while fostering a diverse and well-rounded leadership team enriched with a variety of experiences, skills, and expertise. The Board not only fulfills it duties but also strives to create a comprehensive and varied team.

In our role of steering our Company and guiding operations, we remain committed to upholding our corporate values, cultivating an ethical culture, championing sustainability, and harnessing innovation. Our Independent Directors hold a crucial responsibility in ensuring adherence to Corporate Governance standards and safeguarding fairness in the decision-making process. With their specialized knowledge across diverse domains, they also provide impartial insights into strategic matters, risk management, controls, and business performance evaluation.

Our approach to Corporate Governance is rooted in a rich heritage of practicing fair, ethical, and transparent governance principles. We firmly believe that Corporate Governance is not just a set of rules for us; it is a fundamental part of our identity and ingrained in our behavior and culture. For us, it is not just a principle to follow, but a way of life. It involves overseeing our business strategies, ensuring fiscal responsibility, upholding ethical corporate behavior, and treating all stakeholders fairly. These stakeholders include regulators, employees, customers, vendors, investors, and society at large. Our focus is on enhancing long-term shareholder value while maintaining our integrity, fulfilling social responsibilities, and adhering to regulatory requirements. In all our interactions with stakeholders, we are committed to upholding recognized standards of propriety, fairness, and justice, fostering a culture of transparency and openness.

CORPORATE Information

Board of Directors

T. K. Balaji, Chairman
Arvind Balaji, Managing Director
Anant Jaivant Talaulicar
Heramb Ravindra Hajarnavis
Gangapriya Chakraverti
Priyamvada Balaji
K. G. Raghavan
(Up to 2022-23 AGM)
R. Vijayaraghavan
(Up to 2022-23 AGM)
Jakob Ruemmler
(Up to 19th July, 2023)
Kiyoyasu Kawakami
(Up to 19th July, 2023)

Audit Committee

K. G. Raghavan, Chairman
Anant Jaivant Talaulicar
Heramb Ravindra Hajarnavis
R. Vijayaraghavan
Priyamvada Balaji

Stakeholders' Relationship Committee

R. Vijayaraghavan, Chairman
Arvind Balaji
Gangapriya Chakraverti

Nomination & Remuneration Committee

R. Vijayaraghavan, Chairman
T. K. Balaji
Anant Jaivant Talaulicar
Gangapriya Chakraverti

Risk Management Committee

Anant Jaivant Talaulicar, Chairman
Arvind Balaji
Heramb Ravindra Hajarnavis
Ravinder Sharma

CSR Committee

Gangapriya Chakraverti, Chairperson
Arvind Balaji
Priyamvada Balaji

President

Ravinder Sharma

Chief Technical Officer

R Umashankar

Chief Financial Officer

Elango Srinivasan

Company Secretary and Compliance Officer

S Logitha

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 Limited, Mumbai
BSE Limited, Mumbai

Registered Office

11 & 13, Patullos Road,
Chennai 600 002
Ph: 044 - 2846 0063
Email: investors@inel.co.in
CIN: L31901TN1984PLC011021
Website: www.indianippon.com

Subsidiary Company

PT Automotive Systems Indonesia

Factories

Hosur Unit
Thalli Road
Uliveeranapalli 635 114, Tamil Nadu
Ph: 04347-233432-233438
Email: inelcorp@inel.co.in

Puducherry Unit
Madukarai Road
Kariamanickam,
Nettapakkam Commune
Pucherry 605 106
Ph: 0413-2697801-2697827

Rewari Unit
Masani Village
Rewari District,
Haryana 122 106
Ph: 01274-240860/240212

R & D Tech Centre

SIPCOT Industrial Complex,
Plot No-137,
Phase-1,
Hosur, Tamil Nadu

Notice to Shareholders

NOTICE is hereby given that the 38th Annual General Meeting of the Shareholders of INDIA NIPPON ELECTRICALS LIMITED will be held on Wednesday the 20th September, 2023 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 standalone and consolidated financial statements of the Company for the financial year ended 31st March, 2023, 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 31st March, 2023 together with the reports of the Board of Directors and Auditors, be and are hereby considered and adopted.

   RESOLVED FURTHER THAT the audited consolidated financial statements of the Company for the financial year ended 31st March, 2023 together with the Auditors report, be and are hereby considered and adopted.

2. **Declaration of Dividend for the year 2022-23**

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

   RESOLVED THAT the interim dividend of ₹ 9.25 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 14th February, 2023, absorbing a total sum of ₹ 2,092.48 Lakhs, be and is hereby noted and confirmed as the final dividend for the year ended 31st March, 2023.

3. **Election of Ms. Priyamvada Balaji (DIN:00730712) as Director liable for retirement by rotation**

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

   RESOLVED THAT Ms. Priyamvada Balaji (DIN:00730712), Director, who retires by rotation and being eligible, offers herself for re-appointment, be and is hereby re-appointed as a Director of the Company liable for retirement by rotation.

SPECIAL BUSINESS

4. **Ratification of the remuneration of Mr. K Suryanarayanan, the Cost Auditor for the year 2023-24**

   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 ₹ 3.50 Lakhs (Rupees three Lakhs fifty thousand only) plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending 31st March, 2024 to be paid to Mr. K Suryanarayanan, Cost Accountant (Registration No.24946) as approved by the Board of Directors of the Company to conduct the audit of the cost records, be and is hereby ratified and confirmed.

5. **Alteration of Articles of Association of the Company**

   To consider and if thought fit, to pass the following resolution as a Special Resolution:

   RESOLVED THAT pursuant to the provisions of Section 5,14 and 15 and any other applicable provisions of the Companies Act, 2013 ("the Act") read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), subject to the approval of Statutory Authorities, approval of the Members be and is hereby accorded for alteration of Articles of Association of the Company ('AoA') as explained in the explanatory statement annexed hereto, and available on the website - http://indianippon.com/ of the Company for perusal of the members."

   RESOLVED FURTHER THAT the Board of Directors of the Company and the Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper or expedient to give effect to this resolution and to take necessary actions on behalf of the Company in this regard.

Registered Office Address:
No.11 & 13, Patullos Road, Chennai - 600002,
Tamil Nadu, India. • Tel: 044-28460073
Email: logitha.s@inel.co.in; investors@inel.co.in
Website: www.indianippon.com • CIN: L31901TN1984PLC011021

Place: Chennai
Date: 10th August, 2023

By Order of the Board

S Logitha
Company Secretary
Membership No.A29260

Notice to Shareholders (Contd.)

IMPORTANT NOTES TO SHAREHOLDERS:

1) The 38th 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.10/2022 dated 28th December, 2022 read with other relevant circulars of MCA (collectively called, 'MCA Circulars') and SEBI Circular SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January, 2023 read with SEBI circular No. SEBI/ HO/ CFD/ CMD2/ CIR/ P/ 2021/ 11 dated 15th January, 2021 and other relevant circulars of SEBI (collectively called, 'SEBI Circulars') and other applicable provisions of the 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 38th 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 prbhakar@bpcorpadvisors.com with a copy marked to helpdesk.evoting@cdslindia.com.

6) As per Regulation 40 of SEBI Listing Regulations, securities of listed companies shall be transferred only in dematerialized form with effect from 1st April, 2019 and with effect from 24th January, 2022 the request received for transmission or transposition of securities shall also be effected only in dematerialized form. 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 Registrar and Transfer Agents, Cameo Corporate Services Limited., (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

Notice to Shareholders (Contd.)

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.

13) In compliance with the aforesaid Circulars of MCA & SEBI, the Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories as on 18th August, 2023. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website www.indianippon.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of CDSL viz, 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 18th August, 2023, such person may write to the Company/ Cameo by e.mail at investors@inel.co.in/ investor@cameoindia.com providing the e.mail address, mobile number, self-attested PAN copy along with Client Master copy (in case of electronic holding)/ copy of share certificate (in case of physical holding) for getting the weblink for the Notice and the Annual Report. Procedure for participation in AGM and e-Voting shall be as detailed elsewhere in the Notice. Only a member as on 13th September, 2023 will be eligible to participate and vote on the resolutions. Person who is not a member as on the cut-off date i.e., 13th September, 2023, should treat this Notice for information purpose only.

15) The Register of Members and Share Transfer Books of the Company will remain closed from 14th September, 2023 to 20th September, 2023 (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 the 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 Limited, National Stock Exchange of India Limited 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 13th September, 2023 for determining the eligibility to vote by remote eVoting or in the AGM.

18) The Board of Directors, at its meeting held on 10th August, 2023 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

Notice to Shareholders (Contd.)

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 and on the website of CDSL 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 38th 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 at least 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 17th September, 2023 and ends at 5 PM on 19th September, 2023. 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., 13th September, 2023 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 9th 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. 13th September, 2023.

(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
Individual Shareholders holding securities in Demat mode with **CDSL Depository**	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 users to login to Easi/ Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab.

Notice to Shareholders (Contd.)

Type of shareholders	Login Method
	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 your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & 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.
Individual Shareholders holding securities in demat mode with **NSDL Depository**	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: https://eservices.nsdl.com 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 virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ 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 hold 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 virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants (DP)**	You can also login using the login credentials of your demat account through your Depository Participant 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 virtual meeting & voting during the meeting.

Notice to Shareholders (Contd.)

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at following e.mail/ phone no.: - helpdesk.evoting@cdslindia.com - Toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(i) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

1) The shareholders should log on to the e-voting website www.evotingindia.com.

2) Click on "Shareholders" module.

3) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

4) Next enter the Image Verification as displayed and Click on Login.

5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

For Physical shareholders and other than individual shareholders holding shares in Demat.	
PAN	Enter your '10' digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
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.

(ii) After entering these details appropriately, click on "SUBMIT" tab.

(iii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.

(iv) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

Notice to Shareholders (Contd.)

(v) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(vi) 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.

(vii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(viii) 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.

(ix) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(x) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xii) There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.

(xiii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to 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.
- 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 will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, 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 mandatorily 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; investors@inel.co.in. and/ or prabhakar@bpcorpadvisors.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. 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.
7. 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 14th September, 2023 (9:00 A.M.) upto 16th September, 2023 (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.

8. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.

9. 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.

10. 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 may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.

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) by email to investors@inel.co.in/ investor@cameoindia.com.

2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP).

3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email/contact at the number given below. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL), Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800225533.

By Order of the Board

Sd/-
S Logitha
Company Secretary
Membership No.A29260

Place: Chennai
Date: 10th August, 2023

Registered Office Address:
No.11 & 13, Patullos Road, Chennai - 600002, Tamil Nadu, India.
Tel: 044-28460073
Email: logitha.s@inel.co.in; investors@inel.co.in
Website: www.indianippon.com
CIN: L31901TN1984PLC011021

Notice to Shareholders (Contd.)

ANNEXURE TO THE NOTICE

PURSUANT TO REGULATION 36(3) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (SEBI LISTING REGULATIONS) AND SECRETARIAL STANDARDS ON GENERAL MEETING (SS-2) ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA (ICSI), THE DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING IS GIVEN BELOW:

ITEM NO. 3

Ms. Priyamvada Balaji as Director liable for retirement by rotation.

Ms. Priyamvada Balaji, (DIN: 00730712), Non-executive director of the Company was born on 23rd October, 1978 and she has been a Member of the Board of directors of many companies including Lucas Indian Service Limited, Delphi TVS Technologies Limited and Lucas TVS Limited. Prior to joining the TVS group, she has 12 years of experience in Financial Services in Mumbai and Bangalore working with many international companies. She was a Senior Director, and Regional Head for the Western Region Corporate ratings at India Ratings (earlier Fitch Ratings India) as well as a member of the National Rating Committee. She also has experience with rating large international bond placements. Within India Ratings, she has had analytical experience in the automotive, metals and mining and industrial sectors. Prior to that, she has experience in leading corporates such as HSBC in the corporate bank and in Arthur Andersen in corporate finance.

She has a Post Graduate Diploma from the Indian Institute of Management, Ahmedabad (batch of 2000) and a BA in Economics (Silver Medalist) from Stella Maris College, Chennai. Ms. Priyamvada Balaji was appointed by the Board on 29th January, 2018 in the casual vacancy arising out of resignation of Mr. K Seshadri. She was nominated by Lucas Indian Service Limited (Promoter) to the Board.

She retires by rotation and being eligible, offers herself for re-appointment at the AGM to be held on 20th September, 2023. She is interested in the resolution relating to her re-appointment as Director besides Mr. Arvind Balaji, Managing Director and Mr. T K Balaji, Director being her immediate relatives. Other directors or key managerial personnel or their respective relatives are not interested in this resolution.

S. No.	Category	Particulars
1.	Name of the Director	Ms. Priyamvada Balaji, (DIN: 00730712)
2.	Designation/category of the Director	Non-Executive (Non-Independent) Director.
3.	Age	Born on 23rd October, 1978, Age 44
4.	Nationality	Indian
5.	Profile/ Qualification	Post Graduate Diploma from the Indian Institute of Management, Ahmedabad (batch of 2000) and a BA in Economics (Silver Medalist) from Stella Maris College, Chennai.
6.	Expertise in specific functional areas	She has analytical experience in the automotive, metals and mining and industrial sectors and she has experience in leading corporates such as HSBC in the corporate bank and in Arthur Andersen in corporate finance.
7.	Date of first appointment to the Board	29-01-2018
8.	Terms and Conditions of appointment / reappointment	Re-appointment as a Non-Executive, Non-Independent Director under sec 152(6) of Companies Act 2013.
9.	Remuneration last drawn for the FY 2022-23	Nil
10.	Revised Remuneration sought to be paid	Nil
11.	No. of Shares held	Nil
12.	Relationship between director inter-se	Relationship with Directors: Daughter of Mr. T K Balaji, Director and Sister of Mr. Arvind Balaji, Managing Director.

Notice to Shareholders (Contd.)

S. No.	Category	Particulars
13.	No of Board Meetings attended / held during the year 2022-23	Out of 6 Board meetings held during the year 2022-23, she attended 4 meetings.
14.	Name(s) of other entities in which holding of directorship	i. Lucas Indian Service Limited ii. Delphi-TVS Technologies Limited iii. Lucas TVS Limited iv. SB TVS Industrial Ventures Private Limited v. TVS Automotive Systems Limited vi. Cheema TVS Industrial Ventures Private Limited vii. TVS Indeon Limited viii. TVS Training And Services Limited ix. Adyar Property Holding Company Private Limited x. Sai Security Printers Private Limited xi. Sai Press (India) Private Limited xii. Tamil Nadu Skill Development Corporation xiii. TN Apex Skill Development Centre for Automobile.
15.	Listed entities from which the Director has resigned in the past three years	Nil
16.	Chairpersonship/Membership in committees of other Entities	- Member of Audit Committee of Lucas Indian Service Limited. - Member of CSR Committee of Lucas TVS Limited and Delphi-TVS Technologies Limited.

The ordinary resolution regarding the re-appointment is recommended for the approval of the Members.

EXPLANATORY STATEMENTS

THE FOLLOWING EXPLANATORY STATEMENTS AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013 SET OUT ALL MATERIALS FACTS RELATING TO THE BUISNESSES UNDER ITEM NOS.4-5 OF THE NOTICE.

ITEM NO: 4

Ratification of the remuneration of Mr. K Suryanarayanan, the Cost Auditor for the year 2023-24

At the meeting held on 26th May, 2023, 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 ₹ 3.50 Lakhs and reimbursement of actual travel and out-of-pocket expenses for the financial year ending 31st March, 2024. 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.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item No. 4 of this notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31st March, 2024.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested, financially or otherwise in the resolution set out at item no.4 of the Notice.

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

Notice to Shareholders (Contd.)

ITEM NO. 5

Alteration of Articles of Association of the Company

Lucas Indian Service Limited (LIS), one of the Promoter entities of the Company has acquired 30,00,000 equity shares through an exempted inter-se transfer from the other promoter entities namely, Mahle Holding India Private Limited (MHIPL) and 14,14,786 equity shares from Mahle Electric Drives Japan Corporation (MEDJ) on 26th June, 2023 and after the acquizition, the shareholding of MEDJ and MHIPL became NIL.

Subsequent to the above said transactions, the parties have terminated the original Joint Venture agreement - "JVA" (JVA dated 24th August, 1985), including any amendments thereto and the Deed of Adherence (DoA dated 17th December, 2019) by entering into a "Termination agreement and Mutual Release" dated on 17th July, 2023. This entails alerting, amending and adding the clauses of articles of association as stated below;

<table>
<tr><th>S. No</th><th>Article No.</th><th>Existing Clause</th><th>Proposed Clause</th><th>Remarks / Reason for Change</th></tr>
<tr><td>1.</td><td>2(b)</td><td>'Affiliate'- with reference to Collaborator- means and includes its subsidiaries, associate companies and nominees, and with reference to Indian Promoters shall mean and include their associate companies and nominees.</td><td>Deleted</td><td rowspan="4">Deletion of these clauses are connected to the agreement titled "Termination Agreement and Mutual Release" executed on 17th July, 2023 amongst LIS, MEDJ and MHIPL, subsequent to Lucas Indian Service Limited (LIS) acquired 30,00,000 equity shares of the Company from Mahle Holding India Private Limited ("MHIPL") and 14,14,786 equity shares of the Company from Mahle Electric Drives Japan Corporation ("MEDJ"), on 26th June, 2023,

In view of the above transaction, MEDJ and MHIPL shareholding became Nil in the Company and subsequently MEDJ and MHIPL relinquished their rights under all earlier agreements executed.</td></tr>
<tr><td>2.</td><td>2(g)</td><td>'Collaborator' - means Kokusan Denki Company Limited (now Mahle Electric Drives Japan Corporation), a Corporation duly organised and existing under the Laws of Japan and having its office at 3744 Ooka Numazu-Shi, Shizuoka Prefecture 410 Japan.</td><td>Deleted</td></tr>
<tr><td>3.</td><td>2(j)</td><td>'Deed of Adherence' - means the Deed of Adherence dated 17th December, 2019 to the Joint Venture Agreement executed by and between (i) Mahle Electric Drives Japan Corporation (earlier known as Kokusan Denki Co Limited) ("MEDJ"), (ii) Lucas India Service Limited("LISL"), (iii) the Company and (iv) Mahle Holding (India) Private Limited ("MHIL") effective from 24th December, 2019.</td><td>Deleted</td></tr>
<tr><td>4.</td><td>2(o)</td><td>'Joint Venture Agreement' - shall mean the agreement dated 24th August, 1985 entered into between (i). Lucas Indian Service Limited ("LISL"), (ii) Harita Engineers Private Limited, and (iii) Mahle Electric Drives Japan Corporation (earlier known as Kokusan Denki Co Limited), and shall also include the Deed of Adherence.</td><td>Deleted</td></tr>
</table>

Notice to Shareholders (Contd.)

S. No	Article No.	Existing Clause	Proposed Clause	Remarks / Reason for Change
5.	3	The authorised share capital of the Company shall be such amount as may be authorised by the Memorandum of Association of the Company from time to time	The authorised Share Capital of the Company shall be as stated under Clause V of the Memorandum of Association of the Company from time to time.	Drafting related improvements.
6.	85 (a) & (b)	NOMINATED DIRECTORS Subject to Article 84, during the validity of the Joint Venture Agreement: (a) (i) so long as Lucas Indian Service Limited, and/or its nominees hold not less than thirty percentage (30%) of the total number of issued Shares, Lucas Indian Service Limited ["LISL"] shall be entitled to nominate three Directors on the Board, two of whom shall not be liable for retirement by rotation; (ii) so long as Mahle Electric Drives Japan Corporation and Mahle Holding (India) Limited together hold not less than fifteen percentage (15%) of the Company's share capital, Mahle Electric Drives Japan Corporation ["MEDJ"] shall be entitled to nominate two Directors on the Board, one of whom shall not be liable for retirement by rotation. (b) The Directors nominated under sub-clause (i) and (ii) above, shall hold office at the pleasure of LISL and/or its nominees, and MEDJ and/or its nominees as the case may be. If the aggregate shareholding of LISL and/or its nominees, or that of MEDJ and MHIL, falls below the respective threshold limits mentioned under sub-clause (i) or (ii) above, the respective party shall cause their nominated Directors to resign from their directorship in the Company in accordance with the provisions of these Articles.	NOMINATED DIRECTORS Subject to Article 84, so long as Lucas Indian Service Limited, and/or its nominees hold not less than thirty percentage (30%) of the total number of issued Shares, Lucas Indian Service Limited ["LISL"] shall be entitled to nominate three Directors on the Board.	Redrafted as "Termination Agreement and Mutual Release" executed on 17th July, 2023 amongst LIS, MEDJ and MHIPL, subsequent to Lucas Indian Service Limited (LIS) acquired 30,00,000 equity shares of the Company from Mahle Holding India Private Limited ("MHIPL") and 14,14,786 equity shares of the Company from Mahle Electric Drives Japan Corporation ("MEDJ"), on 26th June, 2023, In view of the above transaction, MEDJ and MHIPL shareholding became Nil in the Company and subsequently MEDJ and MHIPL relinquished their rights under all earlier agreements executed.

Notice to Shareholders (Contd.)

S. No	Article No.	Existing Clause	Proposed Clause	Remarks / Reason for Change
7.	109(f)		Included the sub-clause under 109. Notwithstanding anything contrary contained in the Articles of Association, the Board of Directors shall have the power to appoint the same individual to hold and occupy both the positions of Chairman and Managing Director or Chief Executive Officer (CEO)or such equivalent managerial position thereof, in the Company	Facilitating clause inserted.

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 Special Resolution for approval by the members.

Boards' Report

Dear Members,

The Board of Directors is delighted to present the 38th Annual Report on the business and operations of India Nippon Electricals Limited ("the Company") along with the summary of standalone financial statements for the year ended 31st March, 2023.

1. FINANCIAL HIGHLIGHTS (on standalone basis):

(₹ In Lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Total Income	69,642	58,032
Profit before depreciation, exceptional items and taxes	9,271	6,440
Less:		
Depreciation	1,462	1,285
Profit before tax & exceptional items	7,809	5,155
Exceptional items	803	-
Profit before tax	7,006	5,155
Taxation	1,219	1,129
Profit after tax	5,787	4,026
Add:		
Balance in statement of profit and loss including general reserve	42,342	39,730
Total Comprehensive income available for appropriation	**48,128**	**43,756**
Appropriations:		
Dividend and Dividend Distribution tax	2,091	1,414
Surplus carried forward	46,037	42,342

2. FINANCIAL AND OPERATIONAL PERFORMANCE:

The Company witnessed improved sales growth year on year when compared to the industry growth in two/ three-wheeler segment. The Company has positioned itself well in the aftermarket by introducing new products by meeting the emerging customer requirements, expanding the network across the boundary and aggressive brand promotion activities in the field. Realization of export business from new customers mitigated the delayed offtake of volumes in the last quarter of the year due to setting of global recession and showed marginal growth. Employee costs and other expenses were kept under control despite surging inflation and new wages settlement in Hosur factory through optimization of costs. Volatility in commodity prices were seen throughout the year and mitigated well through balancing of settlement between customers and suppliers.

The Company has received non-recurring and one time dividend more than the investment value from its subsidiary company in Indonesia through repatriation of profits earned from the sale proceeds of the land situated in Indonesia. Consequently, the realizable value of investment in the Company is impaired and shown as an exceptional item in the financials.

Profit before tax showed decent growth over previous year mainly from dividend from subsidiary company and impressive growth in aftermarket and exports.

2.1 TRANSFER TO RESERVES

The Company retained the entire surplus in the Profit and Loss Account and hence no transfer to General Reserve was made during the Year.

3. INTERNAL FINANCIAL CONTROLS SYSTEMS AND ADEQUACY:

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.

Boards' Report (Contd.)

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 2022-23, a number of CSR projects/ programs were undertaken and based on the recommendation of the CSR Committee, the Board had approved an amount of ₹93.57 Lakhs i.e., 2% of the average qualifying net profits of the last three financial years on CSR activities. After setting off the previous year's excess spent of ₹ 5.92 Lakhs against CSR projects, the balance ₹87.65 Lakhs was required to be spent towards CSR projects against which the Company had spent ₹94.29 Lakhs which is ₹ 0.72 Lakhs in excess of the CSR obligation for the year which shall be carried forward to the FY 2023-24.

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 and 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 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: PT Automotive Systems Indonesia

The subsidiary company has successfully sold the unused land and profits were distributed to the holding company as dividend of ₹ 18 Crores through repatriation. The subsidiary company has applied for liquidation and winding up process has begun by appointing a Liquidator. Necessary approvals are sought from Government Authorities. Hence, the investment has been impaired and shown as an extra-ordinary item in the financials. Financial position of the subsidiary is provided in Form AOC-1 as required under Section 129 (3) of the Companies Act 2013.

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

5.1 DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has one subsidiary (PT Automotive Systems Indonesia) and no Joint venture or Associate as on 31st March, 2023.

5.2 REMUNERATION RECEIVED BY MANAGING/ WHOLE TIME DIRECTOR FROM THE COMPANY, HOLDING OR SUBSIDIARY COMPANY.

For the year 2022-23, a remuneration of ₹ 305 lakhs including commission of ₹ 100 lakhs, subject to tax, as applicable was approved by the Board of directors for Mr Arvind Balaji, Managing Director at their meeting held on 26th May 2023 as recommended by the Nomination and Remuneration Committee within the limits as approved by the Shareholders at the annual general meeting held on 21st September 2022. During the year, Managing Director received a commission of ₹ 6 lakhs from the holding company, Lucas Indian Service Ltd.

Boards' Report (Contd.)

6. DIVIDEND:

a. Declaration and Payment of Dividend

The Board of Directors at their meeting held on 14th February, 2023 had declared an interim dividend of ₹ 9.25 per equity share during the year under review on a face value of ₹ 5 each. Your Directors recommend consideration of the same as final dividend for the year which absorbs a total sum of ₹ 2,092.48 Lakhs for the year ended 31st March, 2023.

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 had 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 31st March, 2023.

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 AND SUSTAINABILITY REPORT:

Since your Company is not falling under top 1000 listed entities as per the list released based on market capitalization by NSE & BSE as of 31st March, 2023, the Business Responsibility and Sustainability Report, pursuant to Regulation 34 (2)(f) of the SEBI Listing Regulations, is not applicable for the year 2022-23.

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:

A weblink of the Annual Return is furnished in accordance with sub section (3) of Section 92 of the Companies Act, 2013 and as prescribed in Form MGT 7 of the Companies (Management and Administration) Rules, 2014 and can be accessed at www.indianippon.com.

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

Boards' Report (Contd.)

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 26th May, 2022. The policy can be accessed at 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 2022-23.

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 31st March, 2023:

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 Independent and Non-Executive Directors : Appointment, Reappointment, Resignation, Retirement etc.:

Independent directors, Mr. R Vijayaraghavan and Mr. K G Raghavan complete their second term on the Board as at the close of the ensuing Annual General Meeting to be held on 20th September 2023. The Board places on record its appreciation of the services rendered by Mr. R Vijayaraghavan and Mr. K G Raghavan during their tenure as Independent Directors of the Company.

For continuing directorship of Mr. T K Balaji (DIN: 00002010) as a Non-Executive Director of the Company beyond the age of 75 years from 12th July, 2023 and for re-appointment of Mr. Anant Jaivant Talaulicar (DIN: 00031051) as an Independent Director for a second term of 5 years from 6th April, 2023, approval of the Members was taken through postal ballot on 18th March, 2023.

Your Directors wish to place on record that, pursuant to entering into the Share Purchase Agreement dated 19th June, 2023 amongst Mahle Electric Drives Japan Corporation, Mahle Holding India Private Limited and Lucas Indian Service Limited in connection with the acquisition of the entire holding of MEDJ and MHIPL i.e., 14,14,786 equity shares and 30,00,000 equity shares respectively, in India Nippon Electricals Limited, by LIS, and as per Article 6.01.2 of the Joint Venture

Agreement dated 24th August, 1985, consequent upon acquisition of shares by LIS on 26th June, 2023 and termination of the Joint Venture agreement vide termination agreement dated 17th July, 2023, Mr. Kiyoyasyu Kawakami (DIN: 09283649) and Mr. Jakob Ruemmler (DIN: 09237428) tendered their resignations from the post of Directorship of India Nippon Electricals Limited, effective from the closing hours of 19th July, 2023.

Considering their resignations and the retirement of the independent directors viz., Mr. R Vijayaraghavan (DIN: 00026763) and Mr. K G Raghavan (DIN: 00359471), the size of the Board would be reduced to 6 with effect from 20th September, 2023 and would be in compliance with the statutory requirements in terms of composition of the Board pursuant to the Companies Act 2013 and SEBI Listing Regulations.

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

Name of the Director (Mr./ Mrs.)	Date of appointment (first term)	Date of re-appointment (second term)	Reappointed/ appointed upto
Anant J Talaulicar	6th April, 2019	6th April, 2023	AGM 2028
Heramb R Hajarnavis	10th August, 2022	-	AGM 2026
Gangapriya Chakraverti	10th August, 2022	-	AGM 2026

In accordance with the provisions of the Act, at least two-thirds of the total number of Directors (excluding independent directors) shall be liable to retire by rotation, out of which, one-third shall be liable to retire by rotation at every AGM. Accordingly, Ms. Priyamvada Balaji, (DIN: 00730712) non-executive Director on the Board would be retiring by rotation at the ensuing Annual General Meeting and being eligible she offers herself for re-appointment. Brief particulars of Ms. Priyamvada Balaji, who is proposed to be re-appointed as per Regulation 36(3) of SEBI Listing Regulations, is incorporated in the annexure to the notice calling 38th Annual General Meeting. The Directors recommend this proposal for the approval of the Members.

15.2 Key Managerial Personnel (KMPs):

Pursuant to Section 2(51) and Section 203 of the Companies Act 2013, the Key Managerial Personnel of the Company as on 31st March, 2023 are:

a) Mr. Arvind Balaji, Managing Director

b) Mr. Elango Srinivasan, Chief Financial Officer

c) Ms. S Logitha, Company Secretary with effect from 24th November, 2022.

Ms. S Logitha (Membership No. A29260) was appointed as Company Secretary and the Compliance Officer at the vacancy caused by the resignation of Mr. G Venkatram, who served as Company Secretary upto 26th May, 2022.

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

In terms of Section 149 of the Act and SEBI Listing Regulations, Mr. R Vijayaraghavan, Mr. Anant Jaivant Talaulicar, Mr. K G Raghavan, Mr. Heramb R Hajarnavis and Ms. Gangapriya Chakraverti are the Independent Directors of the Company, as on the 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 Management personnel. 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.

Boards' Report (Contd.)

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. K G Raghavan, Mr. R Vijayaraghavan, Mr. Anant Jaivant Talaulicar, Mr. Heramb R Hajarnavis and Ms. Gangapriya Chakraverti.

Further, a report by Practicing Company Secretary highlighting that none of the Directors of the Company are debarred or disqualified is given under the section Corporate Governance of this report.

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 6 meetings during the FY 2022-23. For further details, please refer to the Corporate Governance section of this 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 part of this report. Further, during the year under review, the Board has accepted all recommendations made by 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. During the year 2022-23, the separate meeting of independent directors was held on 13th February 2023 pursuant to Schedule IV to the Companies Act, 2013 & Regulations 17 & 25 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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 hereunder and in the Report on Corporate Governance, which forms part of this 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/. Additional details including various ratios required under the Companies Act 2013 is given as 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 32nd Annual General Meeting held on 24th August, 2017 and were re-appointed for a second term of 5 years from the conclusion of the Annual General Meeting held on 21st September, 2022 until the conclusion of the Annual General Meeting to be held in the year 2027. Based on the approval of the Shareholders at the AGM held in 2022, the Board of Directors had fixed a fee of ₹ 26 Lakhs plus out of pocket expenses for the statutory auditors for 2 years from 2022-23.

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.

Boards' Report (Contd.)

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 2022-23 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 2023-24 at a remuneration of ₹ 3.50 Lakhs. 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 appointed Ms. B Chandra, Company Secretary in Practice (Certificate of Practice No. 7859), to carry out the Secretarial Audit of the Company.

The Report of the Secretarial Auditor for the FY 2022-23 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 Standards on Meetings of Board of Directors (SS-1), Revised Secretarial Standard on General Meetings (SS-2) 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 had transferred 6436 shares in May 2022 and 7768 shares in November 2022 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. 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. As per the SEBI Listing Regulations, if any Related Party Transactions ('RPT') exceeds Rs.1,000 crore or 10% of the annual consolidated turnover as per the last audited financial statement whichever is lower, would be considered as material and would require Members approval. In this regard, during the year under review, the Company has taken necessary Members approval. The details of 'material' contracts or arrangements with related parties 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.

22. RELATED PARTY TRANSACTIONS:

All transactions with related parties during the financial year 2022-23 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 review/ 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 at https://indianippon.com/policies/.

During the year 2021-22, 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 Board of Directors on 26th May, 2022 on the recommendation of the Audit Committee, pursuant to the regulatory changes brought in as per the amended Regulation 23 of Listing Regulations 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 8 of Notes to Accounts for the financial year 2022-23. 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 policy, 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 policy of the Company, 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 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 made thereunder for prevention and redressal of complaints of sexual harassment at workplace. Awareness programs were conducted at various 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

Boards' Report (Contd.)

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.

d) No revision of financial statements or the Board's Report occurred during the year.

e) There was no material changes and commitments, if any, affecting the financial position of the Company which has occurred between the end of the financial year of the Company to which the Financial Statements relate and the date of the Report.

27. CHANGES IN SHARE CAPITAL:

27.1 Changes In The Share Capital :

During the financial year, there were no changes to the share capital of the Company.

27.1 Issue of Equity Shares With Differential Rights

During the financial year, the Company has not issued any equity shares with differential rights.

27.2 Issue of Sweat Equity Shares

During the financial year, the Company has not issued any sweat equity shares.

27.3 Issue of Employee Stock Options

During the financial year, the Company has not issued any Shares under employee stock options.

27.4 Issue of Shares to Trustees for Benefit of Employees

During the financial year, the Company has not issued any Shares to Trustees for the benefit of employees.

27.5 Issuance of Any Other Securities Which Carries A Right Or Option to Convert Into Equity Shares

During the financial year, the Company has not issued any securities which carry a right or option to convert such securities into equity shares.

28. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR:

During the year under review, no application was made or any proceedings pending against the Company under the Insolvency and Bankruptcy Code, 2016.

29. THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:

There were no such instances during the year under review.

30. 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) Private 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.

for and on behalf of the Board of Directors

T K BALAJI
DIN: 00002010
Chairman

Place: Chennai
Date: 10th August, 2023

Annexure to Boards' Report

INFORMATION AS REQUIRED UNDER SECTION 134 OF THE COMPANIES ACT, 2013

1. Conservation of Energy:

a) The results of energy conservation measures taken up during the year under review are:

The power consumed per Standard Unit of Production is being monitored as a part of energy conservation measures and achieved the targeted level of **0.80** EU by implementing various activities like,

1. 18.0 Kw Conventional electrical heating oven replaced with 5.0 Kw induction heating oven for RING GEAR Heating
2. Robo soldering machine's fume killer unit operation optimized by interlinking with machine on/off control.
3. Dedicated compressor provided for Hubbers potting machine to avoid using centralized air system during Sundays and Holidays.
4. The 3.0HP capacity hot water circulation pumps which are being used in all Rotor lines have been replaced with 0.5HP high pressure pump to save energy. Replaced the 80 Nos of 36 Watts CFL Lamps with 18 watts LED Lights.

b) Future plans for energy conservation:

The Company is aiming at greater energy conservation by implementing various measures like

- providing an air-cooled centralized chiller system for clean room HVAC.
- optimizing the Rotor Cooling conveyor Blower motor capacity.
- providing Servo power pack for hydraulic press.
- providing thyristor controller for Stator box oven and IR oven.
- providing a dedicated floor mounted solar park for lawn & streetlights.

2. Technology absorption, adaptation and innovation:

In the year 2022-23, INEL took some important steps and achieved some key milestones in absorbing new technology.

For IC Engine Products, your Company completed the development for the Electronics Fuel Injection ECU; an adaptation of the technology licensed from Borg Warner. The ECU is compliant to BS6 OBD II and will be going in production in the second quarter of 2023-24. All our BS 6 OBD II ACG and RR products have successfully gone into production meeting OBD-II introduction target of April 2023 set by Govt of India. Your Company developed an efficient power conversion system in comparison to the conventional ACG system which will meet the increasing electrical power requirement in the vehicles. The technology has been demonstrated to few of our esteemed customers and received encouraging response from the customers to take it forward for commercialization.

On EV Technology, our DC-DC converter for 2 wheelers is going strong in the market and demand for the same is increasing continuously. Your Company is developing higher power DC-DC for isolated systems which are relevant for safety. First generation Motor controller for 3 Wheelers is ready for production and your Company is aggressively progressing on the motor controller with FOC control which will be adapted for 2W segment. Your Company also started development journey for motor where your Company feel our existing experience with ACGs will come handy for developing efficient motors.

Our venture into sensor development has borne fruits and few of our sensors have gone into production. Moving forward your Company is working aggressively for sensors used in ADAS and safety applications, which we feel will be key driver for our growth. Our Reverse Parking sensor (RPAS) has been approved by one of our customers and is going into production. Our sensor portfolio includes speed sensors, angle sensors, low and mid pressure sensors, linear sensors, TPMS, RPAS and temperature sensors.

Annexure to Boards' Report (Contd.)

One of the major steps we took is to invest in Cluster and Display products. In close co-ordination with our customers, your Company started working on LCD and TFT based clusters doing all the HW and SW development completely inhouse. Fruits of such efforts will be seen in coming quarters when we will taking these new products to our customers.

Expenditure on R&D	₹ In Lakhs
Capital	391
Revenue	1,535
Total	1,926
% on net turnover	2.98%

3. **Foreign Exchange Outgo and Earnings:**

Export Activities:

Exports during the year ended 31st March, 2023 amounted to ₹ 3,708 Lakhs as against ₹ 3,362 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 ₹ 4,820.27 and ₹ 4,918.41 Lakhs respectively.

For and on behalf of the Board of Directors

T K BALAJI
Chairman
DIN: 00002010

Place: Chennai
Date: 10th August, 2023

Annexure to Boards' Report

PARTICULARS OF EMPLOYEES

A. Disclosure with respect to the remuneration of Directors and employees as required under Section 197 of the Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is as follows:

1	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the 2022-23:			
S. No	**Name of director/KMP (Mr./ Ms.)**	**Designation**	**% increase or decrease in remuneration**	**Ratio to median remuneration**
	T K Balaji	Non-Executive Chairman	16.28	1:1.29
	Arvind Balaji	Managing Director	22.16	1:47.34
	Anant Jaivant Talaulicar	Independent Director	10.00	1:1.70
	V Balaraman	Independent Director	(65.80)	1:0.57
	K G Raghavan	Independent Director	(25.32)	1:1.02
	R Vijayaraghavan	Independent Director	(52.81)	1:0.72
	Jayshree Suresh	Independent Director	(65.22)	1:0.48
	Heramb Ravindra Hajarnavis *	Independent Director	-	-
	Gangapriya Chakraverti*	Independent Director	-	-
	Priyamvada Balaji	Non-Executive Director	(19.38)	1:0.90
	Kiyoyasu Kawakami*	Non-Executive Director	-	-
	Jakob Ruemmler	Non-Executive Director	133.33	1:0.96
	Elango Srinivasan	Chief Financial Officer	11.51	1:12.11
	G Venkatram	Company Secretary (upto 26th May, 2022)	(73.70)	1:1.35
	S Logitha*	Company Secretary (w.e.f. 24th November, 2022)	-	-
2	Percentage increase in median remuneration of employees: 0.02%			
3 a	Average percentile increases in the salaries of employees other than managerial personnel: -0.52%			
3b	Percentile increase in managerial remuneration: 12.41%			
3c	There has been a decrease in managerial remuneration in line with the overall performance of the Company. However, the Company maintains its managerial remuneration and non-managerial personnel remuneration in line with industry standards to attract and retain the best talent.			
4	The total number of permanent employees on the rolls of the Company as on 31 March, 2023:664			
5	The key parameters for any variable component of remuneration availed by the directors -Nil			
6	It is hereby affirmed that the remuneration paid during the year is as per the remuneration policy of the Company.			

***Note:**

- Mr. Kiyoyasu Kawakami, Director did not receive remuneration for both years.
- Mr. Heramb R Hajarnavis and Ms. Gangapriya Chakraverti, Directors joined the Board in August 2022. Hence, percentage increase in remuneration and the ratio of their remuneration to median is treated as not applicable .
- Remuneration for Ms. S Logitha, Company Secretary is being paid by the Holding Company.

For and on behalf of the Board of Directors

T K BALAJI
Chairman
DIN: 00002010

Place: Chennai
Date: 10th August, 2023

Annexure to Boards' Report

CERTIFICATE OF MD / CFO

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

We hereby certify that, for the financial year ended 31st March, 2023, 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 for financial reporting.
5. We have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting.
6. We have disclosed to the Auditors and the Audit Committee, deficiencies, of 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 policies during the year.
   (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 over financial reporting.

Elango Srinivasan
Chief Financial Officer

Arvind Balaji
Managing Director
DIN: 00557711

Place: Chennai
Date: 26th May, 2023

Annexure to Boards' Report

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

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) Regulations, 2015, it is hereby certified that both the members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Conduct of the Company as laid down by the Board for the year ended 31st March, 2023.

Arvind Balaji
Managing Director
DIN: 00557711

Place: Chennai
Date: 10th August, 2023

Annexure to Boards' Report

AOC 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and
Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

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 * - Relative of ultimate Holding company.
2.	Nature of contracts/ arrangements/ transactions	:	- Sale of products - Service rendered - Service received
3.	Duration of contracts/ arrangements/ transactions	:	From the conclusion of the AGM held on 21st September, 2022 until the conclusion of the AGM to be held in 2023.
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 2022-23: ₹ 32,787 Lakhs.
5.	Date of approval by the Board, if any	:	Obtained approval of the Board on 26th May, 2022 and subsequently approved by the Shareholders at the Annual General Meeting held on 21st September, 2022.

(*) The Company is of the opinion that TVS Motor Company Limited, is not a related party in accordance with the MFA (mutual family agreements) signed among Members of TVS family/ entities. Following this, reporting pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014), is not appliable with effect from 1st April 2023.

For and on behalf of the Board of Directors

T K BALAJI
Chairman
DIN: 00002010

Place: Chennai
Date: 10th August, 2023

Annexure to Boards' Report

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

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

For the Company, CSR means corporate sustainable responsibility, and this has been embedded into its business model. As a responsible organization, the Company comprehends the need for promoting education, health & sanitation, and supporting children from lower socio-economic sections of society.

During the year, the company's CSR activities are focused on the immediate vicinity of its locations where the company's operations are situated, ensuring that the majority of CSR funds are spent on activities addressing the needs of the local community.

2. Composition of CSR Committee:

Sl. No.	Name of the director	Designation / Nature of Directorship	Number of meetings 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	2*
2.	Mr Arvind Balaji	Member of the Committee	4	4
3.	Ms Priyamvada Balaji	Member of the Committee	4	2
4.	Ms Gangapriya Chakraverti	Chairperson of the committee**	4	2**

*Directorship held upto 21st September,2022; **appointed as director w.e.f. 21st September,2022

3. The web-link where the Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of company. The policy link is given as part of Corporate Governance Report at

   https://indianippon.com/wp-content/uploads/2021/09/csr_policy.pdf.

4. 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: ₹ 5,92,496/-

6. Average net profit of the company as per section 135(5): ₹ 46,78,57,000/-

7. (a) Two percent of the average net profit of the company as per section 135(5): ₹ 93,57,000/-

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

   (c) Amount required to be set off for the financial year, if any: ₹ 5,92,496/-

   (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 87,64,504/-

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

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	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
₹ 88,36,507	-	-	-	-	-

Annexure to Boards' Report (Contd.)

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

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

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 Rupees)	Mode of imple-menta-tion Direct (Yes/No)	Mode of implementation Through implementing agency	
				State	District			Name Registration	CSR number
1	Skill Development – Donated (computer education & spoken English)	Clause (ii)	Yes	Tamil Nadu	Hosur	₹ 50,000.00	No	The Humanity of the World Trust	CSR00027225
2	Over Head Tank (32000 Ltrs.) Thogarai Agraharam, Devaganapalli, Hosur	Clause (x)	Yes	Tamil Nadu	Hosur	₹ 15,17,357.00	Yes	-	N.A
3	Renovation of Students Restroom Buildings, and other amenities at Govt Middle School, Pandasolanallur Puducherry	Clause (i)	Yes	Tamil Nadu	Puducherry	₹ 9,46,808.00	Yes	-	N.A
4	Biomedical and Electrical Equipment Facilities at Community Health Centre at Karikalambakkam, Puducherry	Clause (i)	Yes	Tamil Nadu	Puducherry	₹ 1,94,789.00	Yes	-	N.A
5	Construction of OH tank, installation of RO Plant with cooling system at Government Higher Secondary School, Masani, Rewari	Clause (i)	Yes	Haryana	Rewari	₹ 8,02,484.00	Yes	-	N.A
6	Classrooms External wall plastering at Elementary school, Masani village, Rewari	Clause (ii)	Yes	Haryana	, Rewari	₹ 4,36,305.00	Yes	-	N.A

Annexure to Boards' Report (Contd.)

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 Rupees)	Mode of imple-menta-tion Direct (Yes/No)	Mode of implementation Through implementing agency	
				State	District			Name Registration	CSR number
7	Construct a hall (Tin shed) size of 3000 square feet to conduct yoga classes and other personality development programs with toilets, lighting, fans and solar panels at Dungarwas village, Rewari.	Clause (x)	Yes	Haryana	, Rewari	₹ 18,32,764.00	Yes	-	N.A
8	Swami Dayananda Educational Trust (promoting Education)	Clause (ii)	No	Tamil Nadu	Thiruvarur	₹ 28,00,000.00	No	Swami Dayananda Educational Trust	CSR00003383
9	Installation of signages at Mamallapuram, Shore temple, The Five Rathas and the Tiger Cave.	Clause (v)	No	Tamil Nadu	Mamallapuram	₹ 2,36,000.00	No	The Aseema Trust	CSR00019850
10	Supporting Bright Future Organization for the Blind	Clause (ii)	No	Maharashtra	Mumbai	₹ 20,000.00	No	Bright Future Organization Trust	CSR00010134
	Total					**₹ 88,36,507.00**			

(d) Amount spent on Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year: (8b+8c+8d+8e): ₹ 88,36,507.

Annexure to Boards' Report (Contd.)

(g) Excess amount for set off, if any: ₹ 72,003.

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	₹ 93,57,000/-
(ii)	Total amount spent for the Financial Year (* including amount of ₹ 5,92,496/- spent in the previous financial year)	₹ 94,29,003/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹ 72,003/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	₹ 72,003/-

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 the creation or acquisition of a capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

Sr. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Date of creation	Amount of CSR Amount spent (₹)	Details of Entity/ Authority/beneficiary of the registered owner		
				CSR Registration Number, if applicable	Name	Registered address
1	Over Head Tank (32000 Ltrs.), Thogarai Agraharam, Devaganapalli, Hosur	31st March, 2023	₹ 15,17,357.00	NA	Village Panchayat, Devaganapalli	Devaganapalli, Hosur – 635114 635114
2	Renovation of Students Restroom Buildings, and other amenities at Govt Middle School, Pandasolanallur, Puducherry	31st March, 2023	₹ 9,46,808.00	NA	Govt Middle School, Puducherry	Pandasolanallur, Puducherry - 605106
3	Biomedical and Electrical Equipment Facilities at Community Health Centre, Karikalambakkam, Puducherry	31st March, 2023	₹ 1,94,789.00	NA	Community Health Centre, Puducherry	Karikalambakkam, Puducherry - 605007
4	Construction of OH tank, installation of RO Plant with cooling system at Government Higher Secondary School, Masani, Rewari	31st March, 2023	₹ 8,02,484.00	NA	Government Higher Secondary School, Masani, Rewari	Masani, Rewari - 123106
5	Classrooms External wall plastering at Elementary school, Masani, Rewari	31st March, 2023	₹ 4,36,305.00	NA	Elementary school, Masani	Masani, Rewari - 123106

Annexure to Boards' Report (Contd.)

Sr. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Date of creation	Amount of CSR Amount spent (₹)	Details of Entity/ Authority/beneficiary of the registered owner		
				CSR Registration Number, if applicable	Name	Registered address
6	Construct a hall (Tin shed) size of 3000 square feet to conduct yoga classes and other personality development programs with toilets, lighting, fans and solar panels at Dungarwas village, Rewari.	31st March, 2023	₹ 18,32,764.00	NA	Village Panchayat, Dungarwas	Dungarwas Village,Rewari – 123106
7	Swami Dayananda Educational Trust (promoting Education)	31st March, 2023	2,69,061.00	CSR00003383	Swami Dayananda Educational Trust	Manjakudi, Tiruvarur District – 612 610
			₹ 59,99,568.00			

11. 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
DIN: 00557711

Gangapriya Chakraverthi
Independent Director & Chairperson of the Committee
DIN: 00378385

Annexure to Boards Report: FORM NO. AOC.1

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs)

1	Name of the Subsidiary	PT Automotive Systems Indonesia	
2	Reporting period	1st April, 2022 to 31st March, 2023	
3	The date since when the Subsidiary was acquired	1st July, 2006	
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Currency: IDR **Exchange rate:** 1 ₹ = IDR 183.20 (Balance Sheet) 1 ₹ = IDR 187.34 (Profit and Loss)	
		Amount in Indonesian Rupiah	**Equivalent amount in Indian Rupees**
		As on 31st March, 2023	
5	Share Capital	24,69,43,28,700	12,08,38,266
6	Reserves and Surplus	-17,30,69,12,211	-8,05,13,576
7	Total Assets	7,39,94,16,489	4,03,90,193
8	Total Liabilities	7,39,94,16,489	4,03,90,193
9	Investments	-NIL-	-NIL-
10	Turnover	-NIL-	-NIL-
11	Profit before Taxation	60,49,43,899	32,29,200
12	Provision for Taxation	-	-
13	Profit after Taxation	60,49,43,899	32,29,200
14	Proposed Dividend	-NIL-	-NIL-
15	% of share holding	99.97%	

The subsidiary company has applied for liquidation and winding up process has begun.

For and on behalf of the Board of Directors

T K Balaji
Chairman
DIN: 00002010

Arvind Balaji
Managing Director
DIN: 00557711

Elango Srinivasan
Chief Financial Officer

S.Logitha
Company Secretary
Membership No. A29260

Place: Chennai
Date: 26th May, 2023

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, 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.
7. I further add due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.

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

Date: 10th August, 2023
Place: Chennai

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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 31st March, 2023, 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 31st March, 2023, 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

e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018

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 (Share Based Employee Benefits) Regulations, 2014

b. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008 and

c. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;

(vii) The Company has its factories located in Hosur, Puducherry, Rewari (Haryana) which manufacture Electronic Ignition System for two wheelers, three wheelers and portable engines. The Company had since established systems and processes for ensuring compliance with the laws applicable specifically to the industry in which the Company operates which is yet to stabilize, 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 to a large extent.

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. The change in directors on the Board is in compliance with provisions of law.
- 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.

Signature:
Name of Company Secretary in Practice : **B.CHANDRA**
ACS No.: 20879
C P No.: 7859
UDIN: A020879E000746384
Peer review no 602/2019

Date:10th August, 2023
Place : Chennai

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) 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 31st March, 2023 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	28th July, 1986
RANGANATHAN VIJAYARAGHAVAN	00026763	28th May, 2013
RAGHAVAN KADABA GOPI VALLABH IYENGAR	00359471	25th March, 2005
ARVIND BALAJI	00557711	25th October, 2008
THIRUMALAIKUMARABALAJI PRIYAMVADA	00730712	29th Januray, 2018
JAKOB RUEMMLER	09237428	7th August 2021
KIYOYASU KAWAKAMI	09283649	18th August, 2021
ANANT JAIVANT TALAULICAR	00031051	6th April, 2019
GANGAPRIYA CHAKRAVERTI	00378385	10th August, 2022
HERAMB RAVINDRA HAJARNAVIS	016804351	10th August, 2022

Ensuring the eligibility 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.

B CHANDRA
PRACTISING COMPANY SECRETARY
CP 7859

Date 10th August, 2023
Place Chennai
UDIN A020879E000746307
Peer review no 602/2019

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 31st March, 2023, 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 1st April 2022 to 31st March 2023, 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: 10th August, 2023

B CHANDRA
PRACTISING COMPANY SECRETARY
UDIN A020879E000746362

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 behavior.

The Company believes that Corporate Governance is not only a principle that the organization follows but it's a way of life that is embedded in its behavior & culture. The essence of Corporate Governance is about maintaining the right balance between economic, social, individual and community goals. It also encompasses the oversight of business strategies and ensures fiscal accountability, ethical corporate behavior 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 value without compromising integrity, social obligations, and regulatory compliance. While dealings 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 meets 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, upholds 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 the Board of Directors and changes in the 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 & authorities and duties towards this end.

The Board of the Company presently comprises 8 Directors out of which 3 are nominated by Promoters of the Company and the remaining 5 Directors are Independent Directors. The Board also comprise 2 women Directors out of which one was nominated by the Promoters and the other is independent. As per the amended Article of Association of the Company, Lucas Indian Service Limited ["LIS"] is entitled to nominate 3 directors and the Chairman of the Company and the Managing Director shall be nominees of LIS. Mr. Arvind Balaji, Managing Director, nominee of LIS is not liable to retire by rotation.

Mr. Arvind Balaji's tenure as Managing Director is valid for a period of five years from 10th August, 2022. His term of re-appointment was originally approved by the Shareholders through a Special Resolution by Postal Ballot on 8th March, 2018 on such terms and conditions specified in the Notice of Postal Ballot, Companies Act 2013 and Schedule V to the said Act for a period of 5 years from 1st April, 2018. However, at the Board Meeting held on 10th August, 2022, Board considered the Nomination and Remuneration Committee recommendation of re-appointment of Mr. Arvind Balaji as Managing Director for a term of 5 years from 10th August, 2022 which was subsequently approved by the Members at the AGM held on 21st September, 2022.

Upon appointment/ re-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 terms of appointment of independent directors are posted on the website of the Company and is available at https://indianippon.com/wp-content/uploads/2022/11/terms_of_appointment_of_ids.pdf.

Ms. Priyamvada Balaji, Non-executive Director nominated by LIS (Promoter) retires by rotation and being eligible, offers herself for re-appointment at the forthcoming AGM.

Approval of the Members was taken through postal ballot on 18th March, 2023 for continuing directorship of Mr. T K Balaji (DIN: 00002010) as a Non-Executive Director of the Company beyond the age of 75 years from 12th July, 2023 and for re-appointment of Mr. Anant Jaivant Talaulicar (DIN: 00031051) as an Independent Director for a second term of 5 years from 6th April, 2023.

Pursuant to entering into the Share Purchase Agreement dated 19th June, 2023 amongst Mahle Electric Drives Japan Corporation, Mahle Holding India Private Limited and Lucas Indian Service Limited in connection with the acquisition of the entire holding of MEDJ and MHIPL i.e., 14,14,786 equity shares and 30,00,000 equity shares respectively, in India Nippon Electricals Limited, by LIS, and as per Article 6.01.2 of the Joint Venture Agreement dated 24th August, 1985, consequent upon acquisition of shares by LIS on 26th June, 2023 and termination of the Joint Venture agreement vide termination agreement dated 17th July, 2023, Mr. Kiyoyasyu Kawakami and Mr. Jakob Ruemmler tendered their resignations from the post of Directorship of India Nippon Electricals Limited, effective from the closing hours of 19th July, 2023.

Considering their resignations and the retirement of the independent directors viz., Mr. R Vijayaraghavan and Mr. K G Raghavan, the size of the Board would be reduced to 6 with effect from 20th September, 2023 and the Company would continue to be in compliance with the statutory requirements in terms of composition of the Board pursuant to the Companies Act 2013 and SEBI Listing Regulations.

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

Name of the Director (Mr./ Mrs.)	Date of appointment (first term)	Date of re-appointment (second term)	Reappointed/ appointed upto
Anant J Talaulicar	6th April, 2019 (for 4 years)	6th April, 2023 (for 5 years)	AGM 2028
Heramb R Hajarnavis	10th August, 2022 (for 4 years)	-	AGM 2026
Gangapriya Chakraverti	10th August, 2022 (for 4 years)	-	AGM 2026
K G Raghavan	27th August, 2014 (for 5 years)	16th August, 2019 (for 4 years)	Upto AGM 2023*
R Vijayaraghavan	27th August, 2014 (for 5 years)	16th August, 2019 (for 4 years)	Upto AGM 2023*

(*) will retire at the conclusion of the AGM to be held on 20th September, 2023.

Disclosure of relationship between the Directors inter-se: None of the Board members are related to each other except Mr. T K Balaji, Non-Executive Chairman being immediate relative of Ms. Priyamvada Balaji, Non-Executive Director and Mr. Arvind Balaji, Managing Director. Ms. Priyamvada Balaji, Non-Executive Director is the immediate relative of Mr. T K Balaji, Director and Mr. Arvind Balaji, Managing 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 the Audit Committee and other Committees of the Board, any significant development in Human Resources/ Industrial Relations, Show cause notices, 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, and Technology roadmap in Committees/ Board Meetings.

2.2 Key Managerial Personnel:

Mr. Arvind Balaji, Managing Director, and Mr. Elango Srinivasan, CFO are the Key Managerial personnel pursuant to Section 203 of the Companies Act, 2013. Mr. Venkatram resigned from the position of Company Secretary and Compliance Officer of the Company on 26th May, 2022 and the Board at its meeting held on 24th November, 2022, on the recommendation of the Nomination & Remuneration Committee, appointed Ms. S Logitha (Membership No. A29260) as the Company Secretary and Compliance Officer of the Company (Key Managerial Person) with effect from 24th November, 2022. She was also appointed as the Nodal Officer of the Company for dealing with IEPF related matters.

2.3 Familiarization program:

The Listing Regulation requires listed companies to conduct a Familiarization programed for the Independent Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, the nature of the industry in which the Company operates, the business of the Company, etc. The Company facilitates the members of its Board to familiarize themselves with the industry and its operation.

In this regard, the Company regularly communicates with all Independent Directors to provide a 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, the nature of the industry, the business model, various regulatory developments, etc., by way of presentations and discussions. The details are available at https://indianippon.com/wp-content/uploads/2022/04/familiarization_programme_ids_upto_31032022.pdf.

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 (Mr./ Ms.)
Leadership/ Strategy	Experience in playing leadership roles in reputed Companies, with competencies around strategy development & implementation, sales & marketing, business administration, operations and people management.	T K Balaji, Arvind Balaji, Anant Talaulicar, Priyamvada Balaji, Jakob Ruemmler and Kiyoyasu Kawakami, Heramb Ravindra Hajarnavis, Gangapriya Chakravarti
Industry Experience	Strong knowledge and experience in the 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.	T K Balaji, Arvind Balaji, Anant Talaulicar, Kiyoyasu Kawakami, Priyamvada Balaji, Jakob Ruemmler, Gangapriya Chakraverti.
Financial knowledge	Practical knowledge and experience in accounting and finance to analyze statements, assess financial viability, contribute to financial planning, and oversee budgets and funding.	T K Balaji, Arvind Balaji, Anant Talaulicar, Priyamvada Balaji, KG Raghavan, R Vijayaraghavan, Jakob Ruemmler, Heramb Ravindra Hajarnavis, Gangapriya Chakraverti.

Report on Corporate Governance (Contd.)

Skill	Description	List of Directors possessing the core skill/ expertise/ competency (Mr./ Ms.)
Executive management	Experiencein evaluating performance of senior management, and overseeing strategic human capital/ succession planning. Experience in industrial relations and organizational change management programs.	T K Balaji, Arvind Balaji, Anant Talaulicar, Priyamvada Balaji, Jakob Ruemmler, Heramb Ravindra Hajarnavis, Gangapriya Chakraverti.
Technology	Relevant knowledge of IT governance and systems including privacy, data management and security.	Arvind Balaji, Anant Talaulicar, Kiyoyasu Kawakami, Priyamvada Balaji, Jakob Ruemmler, Gangapriya Chakraverti.
Risk Management	Ability to monitor and advise the Company on risks as applicable to the industry in which it operates.	T K Balaji, Arvind Balaji, Anant Talaulicar, Kiyoyasu Kawakami, Priyamvada Balaji, KG Raghavan, R Vijayaraghavan, Jakob Ruemmler.
Regulatory Compliance	Ability to understand, interpret and advise on regulations as applicable to the Company.	KG Raghavan, R Vijayaraghavan, Jakob Ruemmler.

Note: The above table was populated based on the existing Directors of the Board as of 31st March, 2023.

Based on the above-mentioned skill/ expertise/ competency, the Board is well structured to ensure diversity in experience and complementarity of skills with a balance in age, gender, knowledge, and social-economic backgrounds. The Board also confirms that all the Independent Directors of the Company fulfil 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 6 times during 2022-23 and out of this, 2 meetings were held entirely through video conferencing/ other audio-visual means by following all the necessary protocols specified in the respective circulars/ notifications of MCA/ SEBI. Other meetings were held with physical presence of the directors and invitees. The following table shows the date of board meetings along with attendance particulars:

Date of meeting	Director's present
26th May, 2022	9
10th August, 2022	8
11th November, 2022	8
24th November, 2022	8
14th February, 2023	9
24th March, 2023	8

The last AGM was held on 21st September, 2022 through Audio Visual means and was attended by all the Directors except Mr. Kiyoyasu Kawakami. The following table shows the composition of the Board of Directors, their directorship(s) in Other Companies and membership in Committes (Audit Committees, Stakeholders Relationship Committees) and the details of their attendance at the Board Meetings, AGM:

Name	Attendance Particulars		Numberofdirectorshipsand committee memberships/ chairmanships		
	Board meeting	Last AGM	Other Directorship*	Other Committee Memberships	Other Committee Chairmanships
Non-Executive Directors					
Mr. T K Balaji DIN: 00002010	6	Yes	9	-	-
Ms. Priyamvada Balaji DIN: 000730712	4	Yes	13	1	-
Mr. Kiyoyasu Kawakami DIN: 09283649 Resigned from directorship w.e.f. 19th July, 2023	3	No	2	-	-

Report on Corporate Governance (Contd.)

Name	Attendance Particulars		Numberofdirectorshipsand committee memberships/ chairmanships		
	Board meeting	Last AGM	Other Directorship*	Other Committee Memberships	Other Committee Chairmanships
Mr. Jakob Ruemmler DIN: 09237428 Resigned from directorship w.e.f. 19th July, 2023	6	Yes	4	-	-
Managing Director					
Mr. Arvind Balaji DIN: 00557711	6	Yes	12	3	-
Independent Directors					
Mr. Anant Jaivant Talaulicar DIN: 00031051	6	Yes	11	4	-
Mr. V Balaraman DIN: 00378385 Retired on 21st September, 2022	2	Yes	-	-	-
Dr Jayshree Suresh DIN: 06861217 Retired on 21st September, 2022	2	Yes	2	-	-
Mr. K G Raghavan DIN: 00359471	5	Yes	2	4	1
Mr. R Vijayaraghavan DIN: 00026763	2	Yes	8	10	4
Mr. Heramb Ravindra Hajarnavis DIN: 01680435 Appointed as Director w.e.f. 10th August 2022	4	Yes	5	1	-
Ms. Gangapriya Chakraverti DIN: 00378385 Appointed as Director w.e.f. 10th August 2022	4	Yes	1	-	-

(*) includes private companies.

The following table shows the listed entities in which the Directors hold positions as Director other than the Company and the category of directorship

Name of the director	Name of the listed Company	Category of leadership
T K Balaji	-	-
Arvind Balaji	Schaeffler India Limited	Independent Director
Anant Jaivant Talaulicar	The Hi-Tech Gears Limited	Director
	Endurance Technologies Limited	Independent Director
	KPIT Technologies Limited	Independent Director
	Everest Industries Limited	Independent Director*
Gangapriya Chakraverti	-	-
Heramb Ravindra Hajarnavis	Sundaram Fasteners Limited	Independent director
Jakob Ruemmler	-	-
Kiyoyasu Kawakami	-	-
Priyamvada Balaji	-	-
K G Raghavan	-	-
R Vijayaraghavan	Bimetal Bearings Limited	Independent Director
	Sanco Trans Limited	Independent Director
	The United Nilgiri Tea Estates Company Limited	Independent Director

(*) since became Chairman of the Company w.e.f. 25th June, 2020.

Report on Corporate Governance (Contd.)

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

None of the non-executive directors holds directorships in more than seven listed entities and serves as an Independent Director in more than seven listed entities. None of the Directors holds any equity shares of the Company as of 31st March, 2023 except Mr. T K Balaji who holds 1604 equity shares.

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 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 5 members consisting of independent directors and a non-executive director with Mr. K G Raghavan, Independent Director, 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 subsidiaries, scrutiny of inter-corporate loans and investments, approval of related party transactions, review of the 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, the scope of the 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 2022-23 on 25th May, 2022, 9th August, 2022, 10th November, 2022, 13th February, 2023 and 24th March, 2023. The composition of the Audit Committee of the Board and the details of their attendance in the meetings are given below:

Name of Director (Mr./ Ms.)	Status	No. of meeting attended	Date of meeting
K G Raghavan, Chairman	Independent Director	3	25th May, 2022, 9th August, 2022, 24th March, 2023
V Balaraman, Member (upto 21st September 2022)	Independent Director	2	25th May, 2022, 9th August, 2022
Anant Jaivant Talaulicar, Member	Independent Director	5	25th May, 2022, 9th August, 2022, 10th November, 2022, 13th February, 2023, 24th March, 2023.
RVijayaraghavan, Member	Independent Director	1	9th August, 2022.
Priyamvada Balaji, Member	Non-Executive Director	2	10th November, 2022, 24th March, 2023
Heramb R Hajarnavis, Member (w.e.f. 21st September 2022)	Independent Director	3	10th November, 2022, 13th February 2023, 24th March 2023.

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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 conform with the said provisions.

Consequent to the amendment in SEBI LODR Regulations effective 5th May, 2021, the top 1,000 listed Companies had to constitute separate Risk Management Committees, hence the Audit & Risk Management Committee was renamed as Audit Committee and a separate Risk Management Committee was formed at the meeting held on 7th August, 2021. The Charter of the Risk Management Committee covers all the relevant ingredients as per SEBI LODR Regulations.

The Risk Management Committee (RMC) was constituted by the Board of Directors at their meeting held on 7th August, 2021. The RMC has 4 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 and Mr. Heramb Hajarnavis, Independent Director. 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 a 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 3 times viz., 25th May, 2022, 10th November, 2022 and 13th February, 2023. The composition of the Risk Management Committee of the Board and the details of their attendance in the meetings are given below:

Name of Director (Mr.)	Status	No. of meeting attended	Date of meeting
Anant Jaivant Talaulicar, Chairman	Independent Director	3	25th May, 2022, 10th November, 2023 and 13th February, 2023
Arvind Balaji, Member	Managing Director	3	25th May, 2022, 10th November, 2023 and 13th February, 2023
Heramb R Hajarnavis, Member (w.e.f.21st September 2022)	Independent Director	2	10th November, 2023 and 13th February, 2023
Ravinder Sharma, Member	President	3	25th May, 2022, 10th November, 2023 and 13th February, 2023

Your company is not in the list of top 1,000 listed companies released by NSE & BSE as of 31st March, 2023. However, as a best corporate governance, the Company would continue to have the Risk Management Committee for identification of potential risks that may impact the Company, mitigating and monitoring the same.

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 (Mr. Vijayaraghavan as Chairperson of the Committee and Ms. Gangapriya Chakravarti as a Member of the Committee) and the Managing Director Mr. Arvind Balaji as a member.

The terms of reference of the Committee are as follows:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- Review of measures taken for the 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 the Stakeholders Relationship Committee of the Board and the details of their attendance in the meetings are given below:

Name of Directors	Status	No. of meeting attended	Date of meeting
Mr. R Vijayaraghavan, Chairman	Independent Director	1	9th August, 2022
Mr. Arvind Balaji, Member (w.e.f. 21st September 2022)	Managing Director	-	
Ms. Gangapriya Chakravarti, Member (w.e.f. 21st September 2022)	Independent Director	-	
Mr. T. K. Balaji, (upto 21st September, 2022)	Non- Executive Chairman	1	9th August, 2022
Ms. Jayashree Suresh (upto 21st September, 2022)	Independent Director	1	9th August, 2022

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 authorizes the officials to make necessary endorsements on the share certificates etc. The Board has authorized 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, Ms. S Logitha has been appointed as the Compliance Officer w.e.f. 24th November, 2022. Ms. Poornima Raghu, a qualified Company Secretary, was the Compliance Officer of the Company w.e.f 27th May, 2022 until Ms. S Logitha was appointed, as required by SEBI Listing Regulations.

Name and designation of Compliance Officer. Ms. S Logitha is the Company Secretary and Compliance Officer (Key Managerial Person) of the Company.

For any clarification, Members may contact the Company at the dedicated email ids: investors@inel.co.in/ investor@cameoindia.com.

During the financial year 2022-23, the Company received a TDS related complaint from a Member and resolved to the satisfaction of the Member. A few other queries raised through email/ phone were clarified by the Officials of the Company.

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 on the website immediately after the remittance. The details of those Members and the dividend remitted are posted on the website of the Company and are available at https://indianippon.com/wp-content/uploads/2021/08/batch_5_paid_details.pdf. The Committee will continue to take such initiatives in the coming years.

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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 3 Directors as members with Chairperson being Ms. Gangapriya Chakravarti, 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 and are available at https://indianippon.com/wp-content/uploads/2023/08/csr-projects-for-2023-24.pdf. The web link is also provided in a separate section of this report under policies:

- An annual action plan for the year 2023-24.
- The CSR Policy.

During the year, the Committee met 4 times on 25th May, 2022, 9th August, 2022, 10th November, 2022 and 13th February, 2023.

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

Name of Director	**Status**	**No. of meeting attended**	**Date of meeting**
Ms. Gangapriya Chakravarti, Chairperson (w.e.f. 21st September, 2022)	Independent Director	2	10th November, 2022 and 13th February, 2023
Dr Jayshree Suresh, (Member upto 21st September, 2022)	Independent Director	2	25th May, 2022, 9th August, 2022
Mr. Arvind Balaji, Member	Managing Director	4	25th May, 2022, 9th August, 2022, 10th November, 2022 and 13th February, 2023
Ms. Priyamvada Balaji, Member	Non-Executive Director	2	25th May, 2022, 9th August, 2022

The report of the CSR activities approved by the CSR Committee and the Board is given as an 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 (NRC) has 4 directors with the Chairman of the N&RC being Mr. R Vijayaraghavan, an Independent Director. The remaining 3 members are Mr. T K Balaji, Non-executive Chairman, Mr. Anant Jaivant Talaulicar, Independent Director and Ms. Gangapriya Chakravarti, Independent Director (w.e.f. 14th February, 2023). During the year, the Committee met 5 times viz., 25th May, 2022, 9th August, 2022, 10th November, 2022, 17th November, 2022 and 13th February, 2023. The composition of the Nomination & Remuneration Committee of the Board and the details of their attendance in the meetings are given below:

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Name of Directors (Mr.)	Status	No. of meeting attended	Date of meeting
R Vijayaraghavan Chairman of N&RC	Independent Director	4	9th August, 2022, 10th November, 2022, 17th November, 2022, 13th February, 2023
T K Balaji, Member	Non-Executive Director	5	25th May, 2022, 9th August, 2022, 10th November, 2022, 17th November, 2022, 13th February, 2023
Anant J Talaulicar, Member (w.e.f.21st September 2022)	Independent Director	3	10th November, 2022, 17th November, 2022, 13th February, 2023
V Balaraman (Member upto 21st September, 2022)	Independent Director	2	25th May, 2022, 9th August, 2022

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 recommending 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 the performance of independent directors and the board of directors;
- devising a policy on diversity of the board of directors;
- Identify persons who are qualified to become directors and who may be appointed to 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, based on 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.

Separate meeting of independent directors: During the year, a separate meeting of independent directors was held on 13th February, 2023, pursuant to Schedule IV to the Companies Act, 2013 & Regulations 17 & 25 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The meeting was attended by all the independent directors of the Company except Mr. K G Raghavan. The Board has considered the improvement points of the Independent Directors for the growth of the organization and to follow the best corporate governance.

Performance evaluation criteria for independent directors: The Nomination and Remuneration Committee has devised criteria for evaluation of the performance of the Directors including Independent Directors. The criteria provide for certain parameters like attendance at meetings, preparedness, adherence to the code of conduct, maintain independence and contribution at Board/ Committee Meetings.

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 5 years. Reappointment for another term of up to 5 years shall be based on 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

Report on Corporate Governance (Contd.)

as per the 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 the 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 the 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 the opinion of the Committee such Director possesses requisite qualification for the practice of the profession.
- The Board shall appoint and remove all KMPs based on the recommendation of the Committee by way of a resolution.
- The remuneration and other benefits to the KMPs/ Senior management personnel shall be determined by the Committee and recommended to the Board for approval.
- 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.

More details on criteria of evaluation etc., and the policy can be accessed at https://indianippon.com/wp-content/uploads/2023/02/nrc_policy.pdf.

Senior Management: Particulars of senior management including the changes therein since the close of the previous financial year is given below:

Name	Designation
Ravinder Sharma	President
R Umashankar	Chief Technical Officer
Elango Srinivasan	Chief Financial Officer (KMP)
S Logitha (w.e.f. 24th November, 2022)	Company Secretary & Compliance Officer (KMP)
G Venkatram (upto 26th May, 2022)	Company Secretary & Compliance Officer

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 of the MD includes basic pay, perquisites, allowances, commission and retirement benefits.

For the year 2022-23, a remuneration of ₹ 305 Lakhs including commission of ₹ 100 Lakhs, subject to tax, as applicable was approved by the Board of directors at their meeting held on 26th May, 2023 as recommended by the Nomination and Remuneration Committee within the limits as approved by the Shareholders at the annual general meeting held on 21st September, 2022.

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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 the 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 of the Company at their meeting held on 27th August, 2018.

For the year 2022-23, the Board approved the payment of commission to Non-executive Directors at the meeting held on 26th May, 2023 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 to take 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 other than commission and sitting fee during the year.

Name of the Director (Mr./ Ms.)	₹ Lacs
T K Balaji	7.50
Anant Jaivant Talaulicar	9.90
V Balaraman	3.30
Jayshree Suresh	2.80
Jakob Ruemmler	5.60
Priyamvada Balaji	5.20
K G Raghavan	5.90
R Vijayaraghavan	4.20
Heramb R Hajarnavis	5.90
Gangapriya Chakraverti	4.70
Total	**55.00**

Mr. Kiyoyasu Kawakami, a Japanese national, who was appointed as a non-executive director with effect 18th August, 2021, was not paid any Sitting Fees/ Commission for the year 2022-23 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 a separate meeting of Independent Directors paid to non-executive Directors for the year 2022-23 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	2,10,000	-	30,000	1,50,000	-	-	-	3,90,000
Mr. K G Raghavan	1,75,000	1,05,000	-	-	-		-	2,80,000
Mr. V Balaraman^	70,000	70,000	-	60,000	-			2,00,000
Mr. Anant J Talaulicar	2,10,000	1,75,000	-	90,000	-	35,000	90,000	6,00,000
Mr. R Vijayaraghavan	70,000	35,000	30,000	1,20,000	-	35,000		2,90,000

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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
Dr Jayshree Suresh^	70,000	-	30,000	-	60,000			1,60,000
Mr. Jakob Ruemmler	2,10,000	-	-	-	-	-	-	2,10,000
Ms. Priyamvada Balaji	1,40,000	70,000	-	-	60,000	-	-	2,70,000
Ms. Gangapriya Chakraverti*	1,40,000				60,000	35,000		2,35,000
Mr. Heramb R Hajarnavis*	1,40,000	1,05,000				35,000	60,000	3,40,000
Total	14,35,000	5,60,000	90,000	4,20,000	1,80,000	1,40,000	1,50,000	29,75,000

(*) appointed as director w.e.f. 10th August, 2022. (^) retired from directorship after completing two terms as Independent Director.

11. Other Disclosures:

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

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 1st 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 26th May, 2022 and on the recommendation of the Audit Committee meeting held on 25th May, 2022, for entering into material related party transactions (MRPTs) which was approved by the Members at the AGM held on 21st September, 2022.

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

Audit Committee approved a transaction value of ₹ 35,504.70 Lakhs with TVS Motor Company Limited, at the meeting held on 24th March, 2023 for the year 2023-24. The Company is of the opinion that TVS Motor Company Limited, is not a related party in accordance with the MFA (mutual family agreements) signed among Members of TVS family/ entities. Following this, reporting pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014), is not appliable with effect from 1st April, 2023.

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

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 1st 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 2022-23 which was expected to exceed the materiality threshold as stated above. Accordingly, the Board of Directors of the Company ('the Board') at the meeting held on 26th May, 2022 and on the recommendation of the Audit Committee meeting held on 25th May, 2022, recommended entering into material related party transactions (MRPTs) which was approved by the Members at the AGM held on 21st September, 2022. These transactions were entered into in the ordinary course of business and on arm's length basis.

Audit Committee approved a transaction value of ₹ 6,025 Lakhs with Lucas Indian Service Limited, at the meeting held on 24th March, 2023 for the year 2023-24. Since the value of the transaction is less than the threshold limit as prescribed under SEBI Listing Regulations, the need for taking the Members approval in the ensuing AGM does not arise.

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 to ensure that the transactions are at arm's length. The details of 'material' contracts or arrangements with related parties 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 30th May, 2019.

The SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, provides for governing the conduct of insiders, connected persons and persons who are deemed to be connected persons on matters relating to Insider Trading.

Regulation 9 (1) contained under Chapter IV of the amended SEBI (Prohibition of Insider Trading) Regulations, 2015 mandates listed companies and Board of Directors or head(s) of the Organization of every intermediary to formulate a Code of Conduct (hereinafter referred to as "Code") to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations adopting the minimum standards as set out in the Regulations. The amended SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Regulations') was effective from 24th November, 2022 to all the Designated Persons viz., Promoters, Directors, KMPs, Employees as specified and Connected Persons and their Immediate Relatives and extends to all activities within and outside an individual's duties at the Company.

Report on Corporate Governance (Contd.)

In compliance with the above SEBI regulation on Prevention of Insider Trading, the Company has instituted a comprehensive code of conduct and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company and cautioning them of the consequences of violations.

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 from the Compliance Officer as per the Policy of the Company. 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 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 the information. The policy is available on the website of the Company at https://indianippon.com/wp-content/uploads/2019/06/coc_to_regulate_monitor_report_insider_trading.pdf.

As required by the Insider Trading Regulations, 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 an electronic database of persons who have access to the UPSI and the date, time etc., of sharing various UPSI. Both codes are available on the Company's website at https://indianippon.com/wp-content/uploads/2019/06/code_of_fair_disclosure_board_approved_300519.pdf / https://indianippon.com/wp-content/uploads/2019/06/coc_to_regulate_monitor_report_insider_trading.pdf.

11.4 Subsidiary company:

The minutes of the Board meetings of the subsidiary are tabled for approval of the Board of Directors. The financial statements of the subsidiary company are 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 and the Company does not have a material subsidiary as per the SEBI Listing Regulations. The said Policy is available on the Company's website: https://indianippon.com/policy/Material_Subsidiary_Policy.pdf.

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 share capital 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 the prescribed timelines. The Audit Report shall contain changes in share capital consequent to rights, bonuses, 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 an online submission from the end of each quarter and for the quarter ended 31st March, 2023, this report was submitted on 24th April, 2023.

There were no transactions of material nature with the promoters, directors or management or their subsidiaries or relatives, etc., potentially conflicting with the 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 31st March, 2023, 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 is 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 31st March, 2023:

Commodity Name	Exposure in ₹ Lakhs towards particular commodity	Exposure in quantity terms towards particulars commodity (in Kgs)	% of such exposure hedged through commodity Derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
COPPER	15,485.19	20,15,405	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		Weblink
a.	Policy for determining 'materiality' for disclosure of events / information to Stock Exchanges	https://indianippon.com/wp-content/uploads/2019/06/policy-for-determination-of-materiality-of-an-event-30052019.pdf
b.	Policy for preservation and Archival of documents	https://indianippon.com/policy/ArchivalPolicy.pdf
c.	Nomination and Remuneration Policy Guidelines	https://indianippon.com/wp-content/uploads/2023/02/nrc_policy.pdf
d.	Code of Conduct and Business Ethics	https://indianippon.com/wp-content/uploads/2020/02/code_of_conduct_and_business_ethics.pdf

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Name of the Policy		Weblink
e.	Corporate Social Responsibility Policy	https://indianippon.com/wp-content/uploads/2021/09/csr_policy.pdf
f.	Code of Conduct to Regulate, Monitor and Report trading by Designated Persons and their Immediate Relatives	https://indianippon.com/wp-content/uploads/2019/06/coc_to_regulate_monitor_report_insider_trading.pdf
g.	Material Subsidiary policy	https://indianippon.com/policy/Material_Subsidiary_Policy.pdf
h.	Related Party Transaction Policy	https://indianippon.com/wp-content/uploads/2022/05/rpt_policy_26052022.pdf
i.	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://indianippon.com/wp-content/uploads/2019/06/code_of_fair_disclosure_board_approved_300519.pdf
j.	Whistle-Blower Policy & Vigil Mechanism	https://indianippon.com/wp-content/uploads/2019/06/wb_policy_board_approved_30052019.pdf
k.	Risk Management Policy	https://indianippon.com/wp-content/uploads/2022/06/rmc-revised-policy-26052022-web.pdf
l.	Dividend Distribution Policy	https://indianippon.com/wp-content/uploads/2021/08/dividend-distribution-policy.pdf

11.11 disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount: Nil

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 and is available at https://indianippon.com/wp-content/uploads/2020/02/code_of_conduct_and_business_ethics.pdf.

11.14 All the members of Board and senior management personnel have confirmed compliance with the code for the year ended 31st March, 2023. 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.

Particulars	Status
Number of Complaints filed during the Financial Year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of the financial year	Nil

11.16 A certificate from the Secretarial Auditor of the Company regarding no 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 the fee paid for all the services received by the Company for the year 2022-23: ₹ 26.00 Lacs.

11.18 The list of all credit ratings obtained by the Company along with any revisions thereto during the financial year 2022-23: Nil

11.19 Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed : Nil

11.20 Details of securities being suspended, if any, from trading: Nil

11.21 Outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity: Not applicable.

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
35th AGM	2020	Video Conference/ Other Audio Visual Means	21st September, 2020	10:00 AM
36th AGM	2021	Video Conference/ Other Audio Visual Means	17th September, 2021	10:00 AM
37th AGM	2022	Video Conference/ Other Audio Visual Means	21st September, 2022	10:00 AM

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

During the year 2022-23 and in the last 3 years, approval of the Members was obtained by passing the following special resolutions:

A.G.M. – 2019-20	Adoption of Memorandum of Association; 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 Limited decides to carry on the Share Registry work for the Company
A.G.M. – 2021-22	Appointment of Mr. Heramb R Hajarvanis as an Independent Director Appointment of Ms. Gangapriya Chakraverti as an Independent Director Re-Appointment of Mr. Arvind Balaji as Managing Director
Postal Ballot 1 of 2022-23	Re-appointment of Mr. Anant Jaivant Talaulicar (DIN: 00031051) as an Independent Director Continuing directorship of Mr. T K Balaji (DIN: 00002010) as a Non-executive Director beyond the age of 75 years (both the special resolutions were approved by Members on 18th March, 2023)

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 2022-23.

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 published the audited annual results for the year ended 31st March, 2023 within the stipulated time.

b) The quarterly results and also the annual audited results are posted on Company's website viz. http://indianippon.com/.

c) The annual general meeting of the Company is being conducted on Wednesday the 20th day of September 2023 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 of participation, Members may refer to the Notice of the meeting.

d) presentations made to institutional investors or to the analysts: Nil

Report on Corporate Governance (Contd.)

15. General Information for Members:

Financial Reporting for the Quarter ending:	The dates are based on the due date as on the date of this report without factoring in changes that may be notified by MCA
30th June, 2023	1st fortnight of August 2023
30th September, 2023	1st fortnight of November 2023
31st December, 2023	1st fortnight of February 2024
31st March, 2024	On or before 30th May, 2024
Interim Dividend for 2022-23 @ ₹ 9.25 per equity share	Declared by Board: 14th February, 2023. Record Date: 22nd February, 2023 Payment date: 14th March, 2023
Book closure period for the purpose of AGM	From 14th September, 2023 to 20th September, 2023 (both days inclusive)
Listing on Stock Exchange & payment of Listing Fee	The Company's Shares are listed on BSE Limited and National Stock Exchange of India Limited. Th annual listing fee for the year 2022-23 has been paid on time. The address of the exchanges are as follows: BSE Limited: Floor 25, Phiroze Jheejeebhoy Towers Dalal Street, Mumbai – 400 001. National Stock Exchange of India Limited: Exchange Plaza, 5th Floor, Plot no C 1, G Block, IFB Centre, Bandra Kurla Complex, Bandra, Mumbai -400051.
Stock Code	NSE : INDNIPPON BSE : 532240
ISIN	INE092B01025
SEBI Complaints Redressal System Registration Number (SCORES)	i00062
CIN	L31901TN1984PLC011021

15.1 Share price data:

a) High, Low during each month of the Financial Year 2022-23:

Month	National Stock Exchange of India Limited		BSE Limited	
	High	Low	High	Low
April 2022	492.05	424.95	491.30	424.90
May 2022	430.90	360.95	431.75	359.95
June 2022	421.00	319.70	436.00	318.00
July 2022	444.65	372.60	443.75	375.00
August 2022	440.00	400.05	435.00	399.25
September 2022	506.00	405.55	506.20	408.00
October 2022	494.00	425.50	490.95	422.05
November 2022	448.15	410.05	446.30	409.30
December 2022	438.70	365.15	439.30	360.00
January 2023	410.00	361.00	409.70	358.50
February 2023	383.00	339.10	383.60	338.30
March 2023	368.00	325.05	366.65	325.00

Report on Corporate Governance (Contd.)

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 31st March, during the last few years:

DATE	Company's share price (close)	Nifty points (close)	Percentage Change in	
			Company's share price	Nifty
31st March, 2020	190	8598	(55)	(26)
31st March, 2021	369	14691	94	71
31st March, 2022	425	17465	15	19
31st March, 2023	330	17360	(22)	(0.6)

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

DATE	Company's share price (close)	Sensex points (close)	Percentage Change in	
			Company's share price	Sensex
31st March, 2020	190	29468	(55)	(24)
31st March, 2021	369	49509	94	68
31st March, 2022	425	58569	15	18
31st March, 2023	330	58992	(22)	0.7

15.2 Consolidated Distribution of Equity Shareholding as on 31st March, 2023 (PAN BASED)

Category	No. of Holders	% of Total Holders	Shares	Amount	% on Amount
Between 5-5000	17,021	92.49	18,95,575	94,77,875	8.38
Between 5001-10000	915	4.97	14,55,363	72,76,815	6.43
Between 10001-20000	217	1.47	7,98,038	39,90,190	3.53
Between 20001-30000	91	0.49	4,56,965	22,84,825	2.02
Between 30001-40000	30	0.16	2,11,999	10,59,995	0.94
Between 40001-50000	15	0.08	1,34,193	6,70,965	0.59
Between 50001-100000	33	0.18	4,58,805	22,94,025	2.03
>100000	28	0.15	1,72,10,486	8,60,52,430	76.08
OVERALL TOTAL	**18,403**	**100.00**	**2,26,21,424**	**11,31,07,120**	**100.00**

15.3 Pattern of Equity Shareholding as on 31st March, 2023:

Members	No. of Shares held	% of Total shares held
Promoters & Promoters group (Indian & Foreign)	1,59,22,122	70.39
Clearing Members	5,867	0.03
Foreign Portfolio Investor	23,120	0.10
HUF	2,86,231	1.27
Bodies Corporate	4,51,633	2.00
IEPF Authority	1,08,090	0.48
Individuals	56,77,612	25.10
NRIs	1,46,749	0.65
Total	**2,26,21,424**	**100.00**

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15.4 Share Transfer System:

Securities and Exchange Board of India [SEBI] in its circular No. D & CC/ FITTC/ Cir15 dated 27th 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 10th March, 2021, M/s Cameo Corporate Services Limited, [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.

Any disputes, difference or question which may arise at any time between the Transfer Agent and the Company regarding the rights and liabilities of the parties, shall be referred to arbitration by a sole arbitrator who will be appointed by the consent of the parties and failing agreement in that regard as to the sole arbitrator, the Company will nominate one arbitrator, the Registrar will nominate one arbitrator and both the said arbitrators shall choose the third arbitrator and the said three shall be the arbitrators and the arbitration proceedings shall be subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force. The venue of arbitration shall be Chennai City only.

The 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 on 28th April, 2001. In accordance with SEBI Circular No. SEBI/Cir/ISD/3/2011 dated 17th June, 2011 and the amendments thereof, the entire shareholding of promoters has been dematerialized.

As on 31st March, 2023, there were **2,23,95,442** shares in electronic mode, including 1,59,22,122 shares (100%) held by promoters. Shares held in electronic mode accounted for 99% of total holding.

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

As of 31st March, 2023	Physical Holding	Electronic Holding	Total Holding
Total Number of Shareholders	202	18,924	19,126

	Particulars	Physical Mode	Electronic mode	Total holding
a)	Promotersholding: M/s Lucas Indian Service Limited, 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) Private Limited, India	-	30,00,000	30,00,000
	Ms. Sheela Balaji	-	3,712	3,712
b)	**Promoter Group holding:**			
	Mr. T K Balaji	-	1,694	1,694
	Ms. Vatsala Raghu	-	542	542
	Mr. Sowmyan Ramakrishnan	-	7,308	7,308
	Mr. V A Raghu	-	8	8
	Ms Mala Ramakrishnan	-	742	742
	Ms Vijaya Mohanram	-	742	742
	Total promoter & promoter holding	**-**	**1,59,22,122**	**159,22,122**
c)	Non Promoters holding	2,25,982	64,73,320	66,99,302
	Total	**2,25,982**	**2,23,95,442**	**2,26,21,424**
	%	1.00	99.00	100.00

The Securities and Exchange Board of India (SEBI) has notified amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations) and as per the amendments, with effect from 1st April, 2022 request for transfer of securities shall not be processed unless the securities are held in dematerialized with a depository participant including transmission and transposition of securities.

As on 31st March, 2023, the total number of Members holding shares in physical mode has reduced from 209 members holding 2,68,028 shares at the beginning of the year to 202 members holding 2,25,982 shares 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 1st April, 2019.

There were 197 members holding 2,19,774 shares in physical mode out of which 186 members holding 2,11,999 shares are KYC non-compliant as of 5th May, 2023. The Company had sent reminders to such shareholders at the registered address through registered post requesting them to demat their shares on or before 30th September, 2023. The KYC non-compliant physical folios will be frozen as of 1st October, 2023 as per the circular(s) issued by SEBI to listed entities. We request the members to demat their shares as early as possible. You are requested to contact the Company/ RTA for guidance.

15.6 Plant & Tech Center 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 Center	Plot No.137, SIPCOT Industrial Complex, Phase-I, Mookandapalli, Zuzuvadi, Hosur, Krishnagiri-635126, Tamil Nadu

Address for Correspondence:
Registered Office: No.11 & 13, Patullos Road, Chennai 600002. Ph. (44) 28460063/73. For investors complaints: investors@inel.co.in; investor@cameoindia.com

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 and are available on the website of the Company at https://indianippon.com/wp-content/uploads/2022/06/shares-to-be-transferred-2022-23-and-upto-june-2023-web.pdf.

In compliance with the aforesaid provisions, the Company has transferred the unclaimed shares to IEPF account bearing Demat account no 10656671 and DPID IN300708 opened with Punjab National Bank as detailed below:

Unpaid Dividend for 2014-15 (I interim): ₹ 2,74,191 pertaining to 152 shareholders transferred to IEPF on 13th April, 2022 and 6,436 equity shares held by 5 shareholders (who did not claim dividend for 7 consecutive years) were transferred to IEPF on 10th May, 2022.

Unpaid Dividend for 2014-15 (Final dividend): ₹ 2,83,329 pertaining to 183 shareholders transferred to IEPF on 27th October, 2022 and 7,768 equity shares pertaining to 6 shareholders (who did not claim dividend for 7 consecutive years) were transferred to IEPF on 22nd November, 2022.

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Unpaid Dividend for 2015-16 (I interim): ₹ 2,77,496 pertaining to 199 shareholders transferred to IEPF on 27th March, 2023 and 668 equity shares pertaining to 2 shareholders (who did not claim dividend for 7 consecutive years) were transferred to IEPF on 25th April, 2023.

In case the dividends are not claimed within the due date(s) for the subsequent years, 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 accrue in relation to the above shares will also be credited to the said IEPF Account.

In the event of a 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 and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF5, as per the following procedures:

- Download the Form IEPF - 5 from the website of IEPF (http://www.iepf. gov.in) for filing 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, save it and submit the duly completed form by following the instructions given in the upload link on the website.
- On successful uploading, the acknowledgement 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., Ms. S Logitha, in an envelope marked "Claim for a refund from IEPF Authority". In the process, general information about the Company which has to be provided are as under: (a) Corporate Identification Number (CIN) of the Company:- L31901TN1984PLC011021, (b) Name of the Company:-India Nippon Electricals Limited, (c) Address of registered office of the Company: No.11 & 13, Patullos Road, Chennai-600002, (d) email ID:- investors@inel.co.in

17. Request to Investors:

Members who have not encashed their dividend warrants in respect of unpaid dividend declared for the year 2016-17 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 31st March, 2023 (₹)
2016-17					
1st interim	27th January, 2017	40	5th March, 2017	4th April, 2024	3,04,080.00
2nd interim	30th March, 2017	60	6th May, 2017	5th June, 2024	4,74,768.00
2017-18					
1st interim	29th January, 2018	60	7th March, 2018	6th April, 2025	4,17,444.00
2nd interim	8th May, 2018	70	14th June, 2018	14th July, 2025	4,96,930.00
2018-19					
1st interim	9th February, 2019	60	18th March, 2019	17th April, 2026	3,81,042.00

Report on Corporate Governance (Contd.)

Financial Year	Date of Declaration	% of dividend	Date of transfer to special account	Due Date for transfer of dividend to IEPF	As of 31st March, 2023 (₹)
2nd interim 2019-20	6th April, 2019	80	13th May, 2019	12th June, 2026	5,04,940.00
1st interim	10th February, 2020	60	18th March, 2020	17th April, 2027	3,69,168.00
2nd interim	16th March, 2020	75	22nd April, 2020	22nd May, 2027	5,15,089.00
2020-21 Interim	26th March, 2021	120	2nd May, 2021	1st June, 2028	6,22,441.00
2021-22 Interim	10th February, 2022	125	19th March, 2022	18th April, 2029	6,22,107.75
2022-23 Interim	14th February, 2023	185	23rd March, 2023	22nd April, 2030	11,79,597.25*

(*) Interim Dividend for 2022-23 has been paid on 14th March, 2023.

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 1st April, 2022	32	41,500
Number of Members and aggregate number of shares transferred to the unclaimed suspense account during the year	0	0
Total	32	41,500

Report on Corporate Governance (Contd.)

Details	Number of Members	Number of equity shares
Number of Members who approached the Company for transfer of shares and shares transferred from suspense account during the year	3	3,054
Unclaimed Shares Transfer to IEPF Authority during the year	8	14,098
Total	11	17,152
Aggregate number of the Members and the outstanding shares in the suspense account lying as on 31st March, 2023	21	24,348

The Company had already sent tree 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.

19. Details of utilization of funds raised through preferential allotment or qualified:

The Company did not raise any funds through preferential allotment or qualified institutional placement that are unutilized.

20. Details of compliance of mandatory requirements: We comply with all the corporate governance requirements under SEBI LODR Regulations, 2015 as amended from time to time and specifically to the requirements under Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.

21. Details of compliance of non-Mandatory Requirements: The Company has fulfilled the following non-mandatory requirements as prescribed in Part E of Schedule II as mentioned under Regulation 27 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

Modified opinion(s) in audit report: There was no qualification by the auditors on the financial statements of the Company.

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.

Maintenance of Chairman's Office: The non-executive Chairman has a separate office which is not maintained by the Company.

Shareholder rights: The Company regularly does statutory filings as required under SEBI (LODR) Regulations, 2015 as amended and also updates the website of the Company on a regular basis. The financial results as and when approved by the Board are hosted on the investor column of the Company's website from which any shareholder can easily access and obtain the requisite information about the Company.

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.

Disclosure of certain types of agreements binding listed entities: The disclosures made to the Stock Exchanges in this connection have been hosted on the website of the Company and are available at https://indianippon.com/investors/#tab-1616234080802-18-6.

Management Discussion and Analysis

Economic Overview

Global Economy

The year 2022 brought with it a sense of cautious optimism as the lingering impacts of the Covid-19 pandemic gradually subsided. However, the global economy still faced numerous challenges, including mounting inflationary pressures, geopolitical tensions, the Russia-Ukraine conflict, and the implementation of tighter monetary policies.

According to the International Monetary Fund (IMF), the global growth rate witnessed a contraction from 3.4% in 2022 to 2.8% in 2023 due to these events and is expected to rebound to 3.0% in 2024. Advanced economies are anticipated to experience a significant slowdown in growth, declining from 2.7% in 2022 to 1.3% in 2023, with a slight projected uptick to 1.4% in 2024, attributed to the prevailing geoeconomic fragmentation. In contrast, emerging markets and developing economies have stronger economic prospects than advanced economies, with the average growth rate for these reaching 3.9% in 2023 and a projected increase to 4.2% in 2024.

Global inflation decreased, although more slowly than initially anticipated, from 8.7% in 2022 to 7.0% in 2023. This is partly attributed to a fall in international prices for fuels and other raw materials due to weaker global demand. The decrease in inflation will prompt major central banks to pause and review their recent historic series of interest rate hikes.

Outlook

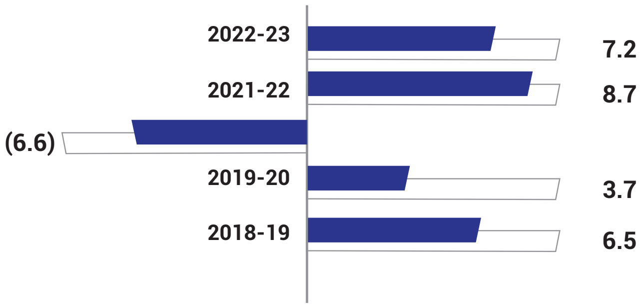
Medium-term growth estimates are predicted to experience a widespread decline in the future. While some of this deceleration can be attributed to the natural convergence of previously rapidly growing economies like China and Korea, recent sluggishness may also be caused by more concerning factors. These include the lingering effects of the Covid-19 pandemic, a sluggish pace of structural reforms, rising trade tensions, declining direct investment, and slower adoption of innovation and technology in fragmented regions.

(Source: https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023)

Indian Economy

India has achieved a GDP growth rate of 7.2% in 2022-23. The economic growth has been primarily driven by strong private consumption, normalization of contact-intensive services and the Government's thrust on capital expenditure. India has made impressive strides in its economic growth, becoming the world's fifth-largest economy.

Indian Economy GDP Growth Rate (in %)



Retail inflation, measured by the Consumer Price Index (CPI), reached 6.8% in 2022-23. The Russia-Ukraine war has disrupted the global supply chain system, leading to higher crude oil prices and food shortages worldwide. This is largely due to the Russia-Ukraine conflict and crop failures, resulting from excessive heat in some parts of the country.

Outlook

Despite facing unique challenges and risks in the current global economic landscape, India continues to hold promising economic prospects. The implementation of key reforms like the Goods and Services Tax (GST) and the Insolvency and Bankruptcy Code (IBC) has significantly enhanced efficiency, transparency, and financial discipline of the Indian economy, leading to an overall improvement in its functioning.

Multiple factors, such as the normalization of supply chains, return of capital flows to India, and stable domestic inflation rates below 6%, are anticipated to contribute to India's economic growth. These factors are likely to boost private sector investment and improve spirits. As a result, the survey projects a baseline real GDP growth of 6.5% for 2023-24.

(Source: https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf)

Industry Overview

Global Automotive Industry

The automotive industry has an important role in the economic development of countries due to its capital-intensive nature and significant contribution to employment generation. Recently, the global automotive industry has witnessed substantial growth, driven by the revival of economic activities and increased mobility.

Management Discussion and Analysis (Contd.)

Semi and fully-automated vehicle segments have witnessed growth in 2023, owing to advancements in technology that enhance Advanced Driver Assistance Systems (ADAS) and self-driving algorithms. The electric vehicles (EV) segment has recorded highs in 2023, with 19% of new passenger car registrations falling under the electric, battery electric vehicles (BEVs), and plug-in hybrid electric vehicles (PHEVs) categories, compared to 14% in 2022. China has maintained its position as the largest market for EVs in 2023, accounting for 62% of global registrations, followed by Europe with 21% and the US with 10%. Additionally, the growth of shared mobility has reached gross bookings of USD 214 Billion, marking a 4.3% increase compared to 2022.

(Source: https://www.euromonitor.com/article/top-three-automotive-and-mobility-trends-in-2023)

Indian Automotive Industry

The automotive industry in India plays a vital role in the country's economy, acting as a key driver of growth through its extensive backward and forward integration with various businesses. Recent years have witnessed numerous new players, expanded the capacity of the automobile industry, and created a considerable number of job opportunities.

The sector's contribution to India's GDP has experienced substantial growth, reaching approximately 7.1% in 2022-23. This industry provides direct and indirect employment to over 19 Million people. It also accounts for 8% of India's total exports and has attracted foreign direct investment (FDI) of around USD 34 Billion. Currently, valued at USD 222 Billion, the Indian automotive sector is expected to grow and reach USD 300 Billion by 2026. In India, the automobile industry can be divided into four distinct segments: two-wheelers, three-wheelers, passenger vehicles, and commercial vehicles. Encouraged by this robust market performance, India aims to double the size of its auto industry to ₹ 15 Lakhs Crore by the end of 2024.

India has emerged as a global leader in the production of two- and three-wheelers, holding the title of the largest manufacturer in these categories. Additionally, it ranks fourth in terms of passenger car production. Looking ahead, the truck market in India is anticipated to experience remarkable growth, expanding by more than four times by 2050. In order to attract foreign investment, the Indian Government facilitated a 100% FDI allowance in the automotive sector through the automatic route in 2002. According to sources, by 2030, the Indian automotive market will claim the position of the world's third-largest market in terms of volume.

Two-Wheeler Market

The market size of the two-wheeler industry reached a volume of 18 Million units in 2022-23. As per the IMARCE group, it will reach 48.1 Million units by 2028 at a CAGR of 17.80% during 2023-2028. However, the two-wheeler market has remained sluggish over the past few years, and though a slow recovery has been observed in 2022-23 following the downturn caused by the Covid-19 pandemic, it is yet to reach its pre-Covid-19 levels. The decline in growth and the volatility in two-wheeler demand can be attributed to various factors, including customer hesitation in transitioning to electric vehicles, unexpected and untimely rainfall as well as rainfall deficiencies in different parts of the country, and the persistent rise in inflation. All OEMs have implemented price increases ranging from 2% to 5% within a year, thereby placing an added burden on the end consumers. These price hikes were necessitated by the significant fluctuations in commodity prices. Furthermore, disruptions in the supply chain were observed due to geopolitical factors impacting regions in Europe and Asia. These disruptions led to a surge in demand for electronic components, resulting in extended lead times and subsequently, elevated prices. The introduction of new emission standards, such as OBD II, also compelled OEMs to optimize their inventory and scale back production levels during the final quarter of the fiscal year.

However, the demand for future growth is expected to be primarily driven by increasing urbanization, rising disposable incomes, improving living standards, fuel efficiency, cost-effectiveness, lower carbon emissions, growing number of female drivers, environmental awareness, and popularity of electric and hybrid two-wheelers. The expansion of the tourism industry has also fueled demand for two-wheeler rentals, adding to the product's popularity. Moreover, the market is witnessing advancements in technology that are likely to drive its growth in the future.

Segment-Wise Sales of Automobiles in India from 2018-19 to 2022-23 (in Million)

	2022-23	2021-22	2020-21	2019-20	2018-19
Two-Wheelers	**15.86**	**13.57**	**15.12**	**17.42**	**21.18**
Passenger Vehicles	3.89	3.07	2.71	2.77	3.40
Commercial Vehicles	0.96	0.72	0.57	0.72	1.00
Three-Wheelers	0.49	0.26	0.22	0.64	0.70

(Source: https://www.statista.com/statistics/608392/automobile-industry-domestic-sales-trends-india/)

Electric Vehicle Industry

The EV industry in India is undergoing rapid expansion, fueled by several factors such as growing concerns regarding air pollution, Government incentives, and declining battery costs. According to the Economic Survey 2023, the domestic EV market in India is projected to experience a CAGR of 49% from 2022 to 2030, with annual sales expected to reach 10 Million units by 2030. This growth is anticipated to generate approximately 50 Million direct and indirect job opportunities by 2030.

As per JMK estimates, the electric two-wheeler (E2W) industry in India, serving as a leading force in the country's EV revolution, demonstrated remarkable growth in 2022-23. Specifically, during the H1 of 2022-23, the E2W sector achieved an impressive sales figure of approximately 456,000 units, representing a doubling of sales compared to H1 of 2021-22. Cumulatively, investments in the Indian E2W market have reached a significant milestone, totalling approximately ₹ 14,000 Crore. Notably, during H1 2022-23 (April 2022 to September 2022), the E2W market received investments of around ₹ 3,844 Crore.

While the future of the Indian E2W market appears promising in the long run, there are still various challenges around insufficiencies and inefficiencies within critical support systems required for the EV ecosystem. These challenges encompass areas such as retail financing, supply chain management, and the timely distribution of Government subsidies. Overcoming these obstacles will be crucial for the sustained growth and development of the Indian E2W industry.

To support this, the Indian Government has implemented the Faster Adoption and Manufacturing of Electric Vehicles (FAME) scheme, which aims to promote EV adoption by offering financial incentives to buyers. Additionally, the National Electric Mobility Mission Plan focuses on fostering domestic manufacturing of EVs and their components.

(Source: https://bolt.earth/blog/Indian-ev-charging-infrastructure-by-2030)

Electric Vehicle Sales in India

Segment	2022-23	2021-22
Two-Wheelers	7,20,733	2,52,539
Three-Wheelers	3,99,540	1,88,447
Passenger Vehicles	39,562	17,760
Total	11,71,944	4,58,746

(Source: https://www.autocarpro.in/analysis-sales/ev-sales-in-india-hit-117-million-units-in-fy2023-charge-past-100000-for-six-months-in-a-row-114543)

(Source: https://corpbiz.io/learning/government-initiatives-for-electric-vehicles-in-india/#:~:text=FAME%20II%20plan%20was%20launched,set%20to%20expire%20in%202022

Indian Auto Component Industry

The increasing presence of global OEMs in the Indian auto components business has driven the growth of component localization. Despite minimal growth levels, the Indian auto components industry is poised for growth and holds a positive outlook, as per the Automotive Component Manufacturers Association of India (ACMA). The industry is capitalizing on a robust domestic market, which has contributed to a substantial increase in revenues. In the first nine months of 2022-23, the industry recorded revenues of ₹ 2.65 Lakh Crore, reflecting a year-on-year growth of 34.8%. The industry is projected to sustain its growth momentum and achieve a growth rate of 10-15% in 2023-24. This growth is primarily attributed to the continued strong performance

Management Discussion and Analysis (Contd.)

of India's domestic vehicle market, which serves as a significant driver for the auto components industry.

The industry is optimistic about investing in the electrification space, with suppliers allocating significant capital expenditure towards the localization of EV-related products and the development of the entire EV ecosystem. The Indian Government's initiatives, such as the automotive PLI schemes, are aimed at promoting the adoption of advanced automotive technologies by local manufacturers. These schemes are expected to have a substantial positive impact on the local EV market and boost exports of advanced components from India.

Key Growth Drivers of Automobile Industry

Supporting EV Growth in India

Without electrifying automobiles, it is impossible to imagine the future of mobility. The auto components sector has the potential to meet the demand for EVs both domestically and internationally. From the standpoint of global supply, the EV market has opened up opportunities for India Nippon Electricals Limited, as it has the potential to be one of the largest manufacturers. Currently, majority of the innovation in the auto industry is being driven by EVs. The distribution networks for automotive electrical systems will evolve as the adoption of EVs grows. Vehicles are predicted to have increasingly complex electrical components in the future, which calls for an electrification system that can withstand larger voltages. The interest in EVs has grown due to decreasing ownership prices and stronger Government emission regulations over the past few years.

Favorable Government Policies

The transition to clean mobility is a top priority for the Government, and several steps have been implemented to encourage the production and use of EVs in India. In the field of EVs, strategies like FAME II—Faster Adoption and Manufacture of Hybrid and Electric Vehicles in India—have been introduced. A local manufacturing ecosystem is also expected to be developed by several PLI schemes. This is required to be achieved by motivating fresh investments into developing local supply chains for key technologies, products, and auto components.

Technological Changes

The auto industry has experienced numerous disruptions in the areas of emission levels, safety, electric mobility, and increasing usage of automotive electronics, all of which are technologically intensive. For example, the transition to BS-VI norms posed challenges for Indian auto component manufacturers due to the technological complexity of BS-VI management modules.

Opportunities

Support Infrastructure and Expanding R&D Hub

With multiple market participants entering the automotive development and manufacturing area, India is evolving into a worldwide automotive R&D hub. This has been made possible by the availability of a cheap labor force, advantageous Government programs, lower costs for establishing manufacturing facilities, and easy access to a sizable client base.

Threats

Raw Material Shortage

The lack of semiconductors resulting from the current geopolitical tensions is one of the several challenges faced by the auto components sector. These issues are also impacting the operating margins of OEMs. For a very long period, the industry has been affected by the lack of semiconductor chips. Due to the pressure on manufacturing quantities, OEMs were forced to make major production cuts. About 11% of total semiconductor demand is made up of components for the automobile market. Electronics are being used in automobiles more and more frequently. Nowadays, it represents 40% of typical automotive consumption, increasing semiconductor dependence. The supply chain has been impacted due to the Covid-19 and current geopolitical tension. The biggest obstacle globally is still the persistent lack of semiconductor chips.

Persistent Spike in Commodity Prices

Due to the current geopolitical concerns, manufacturers in the automotive sector are struggling with the high cost of raw materials. OEMs had to increase their prices as a result of the sharp increases in the price of aluminium and steel during H1 2021-22. OEMs also increased vehicle prices as a result. This significant price increase is likely to have a negative impact on demand.

Industry Outlook

The automotive industry in India is expected to register a CAGR of 11.3% by 2027. This growth can be attributed to various factors such as rising disposable incomes, the availability of credit and financing options, and India's increasing population. Moreover, the growth of the passenger transport sector and the increasing demand for commercial vehicles are expected to drive future growth in the automotive sector.

The demand for EVs is expected to surge in India, particularly in the two-wheeler segment. Experts predict that as many as 9.1 Million EVs may be on the road in India by 2027. This presents a vast opportunity for companies to invest in segments such as component manufacturing, mobility services, and battery management, among others. Additionally, the Indian automobile industry is moving towards cleaner technology to reduce emissions, with the Government set to implement the second phase of BS VI emission norms.

Despite showing growth potential, the industry has encountered several significant challenges on its path to widespread adoption. One of the primary hurdles is the inadequate charging infrastructure across the country. The limited number of charging stations and their uneven distribution make potential EV buyers hesitant due to concerns about range anxiety. Additionally, the high upfront cost of EVs remains a deterrent for many consumers, despite the lower operating and maintenance costs over time. Overcoming these obstacles will require a collaborative effort from the Government, industry stakeholders, and various other sectors to create a conducive environment for the growth of the Indian EV market.

The Indian Government's industry-friendly policies and initiatives, such as the National Electric Mobility Mission Plan, FAME India Scheme, and Automotive Mission Plan 2026, are also playing a significant role in driving the development of the automotive industry in India. These initiatives aim to promote R&D, enhance manufacturing capabilities, and encourage sustainable mobility solutions in the country. With these factors in play, the Indian automotive industry is poised for strong growth in the coming years, creating opportunities for both domestic and international players.

Company Overview

India Nippon Electricals Limited ('INEL' or 'the Company') holds a prominent position as a major manufacturer of mechatronic products to the automotive sector. The Company specializes in providing these systems for two-wheelers, three-wheelers , small gasoline engines, and portable gensets. Since its establishment in 1984, INEL has been a trusted supplier to India's leading automobile manufacturers and has achieved market leadership in electronic ignition system products. As part of its growth strategy, INEL continuously expands its product portfolio and capabilities by incorporating advanced technologies like sensors, controllers, converters, and engine control units. In addition to serving internal combustion engines, the Company has recently entered the electric vehicle market.

Throughout its journey, INEL has successfully developed a range of high-quality, distinct products, enabling it to establish a strong customer base within India and expand its clientele globally. The Company remains dedicated to enhancing its aftermarket presence and increasing its export operations. INEL has successfully penetrated international markets, particularly in North America, Japan, and Europe, solidifying its position in the global arena. In addition, we have successfully incorporated two prominent large-scale OEMs into our portfolio.

Over the years, INEL has demonstrated its ability to adapt to evolving business practices and technology within the two-wheeler industry. The Company has effectively responded to customer needs, particularly in terms of quality and service. INEL's commitment to meeting and exceeding customer expectations has been a driving force behind its success in the industry. The Company's product portfolio includes sensors, controllers, clusters, electric ignition system products and e-mobility products.

INEL operates three production plants in India, strategically located in Tamil Nadu (Hosur), Puducherry, and Haryana (Rewari District). These facilities serve as crucial manufacturing hubs for the Company's operations. All of INEL's manufacturing facilities hold accreditation with ISO 14001:2015 for Environmental Management Systems and ISO 45001:2018 for Occupational Health and Safety Management Systems.

To support its commitment to innovation and research, INEL maintains a dedicated R&D Centre, recognized by the Government of India's Department of Scientific and Industrial Research. This center serves as a hub for developing cutting-edge solutions and driving technological advancements within the industry. The INEL Tech Center is dedicated to working on emerging technologies to provide solutions and value-adds to their customers. In addition to their expertise in established technologies such as flywheel magnetos, regulator rectifiers, ignition coils, and CDI/TCI units, significant progress has been made in various other

Management Discussion and Analysis (Contd.)

areas. Notable advancements include the development of EFI controllers, ISG controllers, EV motor controllers, DC-DC converters, displays and instrument clusters, as well as sensors. Through their focus on these cutting-edge technologies, INEL aims to deliver state-of-the-art solutions that cater to the evolving needs of their customers.

Operational Overview

The Company reached a milestone with its highest-ever sales. Witnessing increased market share, INEL's position in the industry strengthened. Export sales surged, and aftermarket sales showed steady growth, highlighting the Company's expanding presence and success in domestic and international markets.

As part of its growth strategy, the Company is investing in the expansion of its three plants located in Hosur, Puducherry, and Rewari. By augmenting its capacities, it aims to enhance its capabilities and productivity, cater to the increasing demands of its clientele, and foster a culture of innovation. These strategic moves reflect its commitment to continuous improvement and ensuring that INEL stays at the forefront of the industry.

In line with its commitment to innovation and excellence, the Company also established a technical tie-up with a global automotive supplier for electronic fuel injection (EFI) technology. This strategic partnership allowed the Company to leverage its expertise and collaborate on the development of advanced EFI solutions, ensuring optimal engine performance and emissions control.

At the heart of its strategy is the goal of being the last man standing in IC Engines. The Company's commitment to this objective is evident in its pursuit of innovation, such as EFI and ECG. These have significantly transformed the automotive landscape, enhancing the efficiency, performance, and environmental impact of internal combustion engines. INEL's market analysis indicates a projected resilience in IC Engine demand, with anticipated growth ranging from 20-30% or maintaining stability. The Company is strategically enhancing IC Engine content to cater to emerging customer segments while expanding its footprint through aftermarket engagement. Concurrently, its focus on optimizing cost efficiencies stands as a key driver of sustained profitability. Furthermore, it is augmenting its global reach by amplifying its exports. This underlines its stature as a pioneering force in the IC Engine domain.

The Company is also looking at expanding its portfolio to EV products. Electric two-wheeler (E2W) is one area, where it is currently expanding. In parallel with its commitment to the IC Engine sector, the Company is actively diversifying its portfolio to encompass electric vehicle products. Notably, it is concentrating on its expansion efforts within the E2W domain, which currently stands as a focal point of its strategic growth.

Financial Overview

Standalone Financial Snapshot (in ₹ Lakhs)

Particulars	2022-23	2021-22	Y-o-Y Change (in %)	Reason for Change
Gross Sales	65,434	56,303	16%	Increase in exports and vehicle service market up to 10% as compared to last year
Net Sales	64,621	55,727	16%	
Operating Profit	3,834	3,799	1%	
Depreciation	1,462	1,285	14%	Increase in capitalization
Profit after Tax (PAT)	5,787	4,026	44%	Includes ₹ 18 Crore dividend from subsidiary company

Management Discussion and Analysis (Contd.)

Details of Key Standalone Financial Ratios

Ratios	2022-23	2021-22	Y-o-Y Change (in%)
Debtors' Turnover Ratio	5.53	4.90	12.9%
Inventory Turnover Ratio	8.60	8.47	1.5%
Current Ratio (x)	2.98	3.04	-1.9%
Operating Profit Margin (%)	6.85%	6.82%	0.44%
Net Profit Margin (%)	8.82%	7.22%	22.2%
Return on Net Worth – RoNW	10.33%	8.16%	26.6%

Risks and their Mitigation

Risk	Impact	Mitigation
Industry Risk	• The Indian two-wheeler market is recovering marginally, but is still to attain pre-Covid-19 pandemic levels	• The Company is compensating this risk by expanding its customer base, while also diversifying into the Four-wheeler segment
Technology Risk	• The Company's business and future growth are at risk due to the rise of technological advancements • In the EV segment, the Company is confronted with intense competition from both well-established players and emerging startups • Product obsolescence poses a significant risk for the Company, as the rapidly evolving technological landscape can render its existing offerings outdated and less appealing to consumers	• Explore technology tie-ups in niche area • Utilize opportunities with existing OEMs • Launch new products by closely monitoring market trends and emerging technologies • Invest in research and development to ensure new products are not only technologically advanced but also sustainable and adaptable
Customer Risk	• Excessive reliance on a limited number of customers • Inadequate awareness and proactive measures in pursuing business opportunities in emerging segments • Restricted presence in global export markets, amplifying the potential consequences of geopolitical risks	• Implement a segregation to allocate focus on current and future business • Strengthen market reach through a combination of direct and partnered channels, while also exploring export opportunities to expand the Company's presence in international markets
Supplier Risk	• Procurement distribution across vendors not optimized, characterized by a significant reliance on single-source and limited geographic diversity among import vendors • Restricted and extended lead times for electronic components • Vulnerability to fluctuations in commodity prices and other price escalations	• Develop strategic sourcing plans for high-risk vendors • Broad-base the indexation of uncovered commodities in customer settlement

Management Discussion and Analysis (Contd.)

Risk	Impact	Mitigation
People Risk	• Difficulties in retaining and attracting talent • Lack of alignment between the organizational structure (including role assignments and responsibilities) and future business strategies and objectives	• Emphasis on branding efforts, including increased social media engagement to attract top talent • Enhanced training programs to develop effective managers, with a focus on establishing key result areas (KRAs) to improve employee retention
IT & Cyber Risk	• Insufficient information security and cyber framework to safeguard confidential and sensitive information against internal and external threats	• Implement cybersecurity awareness programs aimed at enhancing employee knowledge and understanding of potential threats • SIEM audit to ensure effective cybersecurity practice

Human Resources

The Company firmly believes that a dedicated and skilled workforce is crucial for achieving exceptional business success. Recognizing the paramount importance of human resources in its expansion plan, INEL places great value on the contributions of its employees and prioritizes their well-being. The Company consistently develops and implements HR policies that are designed to attract, retain, and nurture top talent required for the organization's growth. INEL focuses on providing ample opportunities for the growth and enhancement of its employees' skill sets across all levels of the organization. The Company strongly believes in people development by inculcating a participative work culture that drives business excellence. This provides a platform for the growth and development of internal talents which results in maximizing the potential of individuals and leads to the availability of an engaged workforce.

As of 31st March, 2023, the Company had over 1,605 employees on its payroll.

Corporate Social Responsibility (CSR)

INEL is committed to making significant contributions to the advancement of a sustainable society, while simultaneously generating economic value. The Company undertakes numerous projects that prioritize enhanced corporate governance. To ensure a systematic approach towards CSR, INEL has established a CSR Committee responsible for formulating and proposing a comprehensive CSR Policy to the Board of Directors.

The Company aims to make a positive impact on the communities in which it operates and establish itself as a reliable, and socially responsible business partner. During the reviewed period, the Company spent ₹ 93.57 Lakhs towards CSR initiatives. The primary focus was on initiatives related to skill development, promoting education in rural areas, supporting healthcare and sanitation measures, and the preservation of heritage monuments. The Company has identified and executed community-supporting projects and strengthened its partnerships with them.

Internal Control Systems and their 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 regulates its internal control systems and information accuracy on a real-time basis by employing an ERP system that enables improved analysis and control and implementation of compliance tools. Regular internal audits and inspections guarantee that responsibilities are carried out successfully. The Audit Committee, 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 realized. 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.

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 2023, 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 2023, 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 (SAs) specified under section 143(10) of the Act Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

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

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the Annual report, but does not include the standalone financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and will not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information 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.
- 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.

Responsibilities of Management and Those Charged with Governance 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's 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 with reference to standalone financial statements 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.

Independent Auditor's Report (Contd.)

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d. In our opinion, the aforesaid standalone financial statements comply with the IndAS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors as on 31 March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses and unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended,

      - In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements, Refer Note 43 to the 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 it's knowledge and belief, disclosed in the note 47(e) to the financial statements 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 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 Company ("Ultimate

Independent Auditor's Report (Contd.)

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 it's knowledge and belief, disclosed in the note 47(f) to the financial statements, no funds have been received by the Company from any persons or entities, 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 have 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 interim dividend declared and paid by the Company during the year and until the date of this report is in accordance with section 123 of the Companies Act 2013.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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 And Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ananthi Amarnath
(Partner)
(Membership No. 209252)
(UDIN: 23209252BGXMKT2920)

Place: Chennai
Date: 26 May 2023

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 with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of India Nippon Electricals Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control with reference to standalone financial statements 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 with reference to standalone financial statements 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 with reference to standalone financial statements. 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 with reference to standalone financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control with reference to standalone financial statements 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 with reference to standalone financial statements 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.

Annexure "A" to the Independent Auditor's Report (Contd.)

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements 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 and based on the consideration of the reports of the branch auditors and other auditors on internal financial controls with reference to standalone financial statements of the branches and jointly controlled operations/ joint operations (retain as applicable) referred to in the Other Matters paragraph below, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins And Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ananthi Amarnath
(Partner)
(Membership No. 209252)
(UDIN: 23209252BGXMKT2920)

Place: Chennai
Date: 26 May 2023

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

(i) (a) i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment).

ii) The Company has maintained proper records showing full particulars of intangible assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) Based on our examination of the registered transfer 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, and capital work-in progress) are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its 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 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories were physically verified (except goods-in-transit and stocks held with third parties) during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, 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. 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 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 and hence reporting under clause (ii)(b) of the Order is not applicable.

(iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

(v) The Company has not accepted or is not holding any deposit or amounts which are deemed to be deposits during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 [mention activities covered (if only certain activities are covered)]. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

Annexure "B" to the Independent Auditor's Report (Contd.)

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income tax, duty of Custom, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities though there has been a slight delay in respect of remittance of Tax deducted at sources dues

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax, Excise Duty, Value Added Tax and Goods and Services Tax which have not been deposited as on March 31, 2023 on account of disputes are given below:

Name of Statute	Nature of Dues	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 on commercial training	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2012-2015 and 2015-2016	4	4
Central Goods and Services Tax Act, 2017	Penalty for E-Waybill vehicle Not matched	Commissioner of Goods & Services Tax & Central Excise (Appeals)	2018-19	9	9
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)	2009-10	32	32
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)	2010-11	8	8
Income Tax Act 1961	Disallowance u/s 14a	Commissioner of Income Tax (Appeals)	2016-17	8	8
Income Tax Act 1961	Deduction under Sec 80IB-with respect to Disallowance of Royalty payment, Apportionment of R&D Expenditure.	Commissioner of Income Tax (Appeals)	2012-13	13	13

Annexure "B" to the Independent Auditor's Report (Contd.)

Name of Statute	Nature of Dues	Forum where Dispute	Period to which the Amount Relates	Amount Involved (Rs.) in lakhs	Amount Unpaid (Rs.) in lakhs
Income Tax Act 1961	Wrong Interest computation	Commissioner of Income Tax (Appeals)	2017-18	9	9
Income Tax Act 1961	Wrong Interest computation	Commissioner of Income Tax (Appeals)	2018-19	209	209
Income Tax Act 1961	Increase in Income from business or profession, Income from capital gains and dividend distribution tax payable.	Commissioner of Income Tax (Appeals)	2019-20	170	170
Income Tax Act 1961	Increase in profit due to ICDS, Disallowance of deduction claimed u/s 80JJAA, Disallowances of LTCL claimed.	Commissioner of Income Tax (Appeals)	2020-21	46	46

(viii) There were no transactions relating to previously unrecorded income 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 other borrowings from any lender. Hence reporting under clause (ix)(a) of the 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) and (d) of the Order is not applicable.

(e) The Company has not made any investment in or given any new or advances to any of Its subsidiaries, associates or joint ventures during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(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.

Annexure "B" to the Independent Auditor's Report (Contd.)

(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) We have taken into consideration the whistle blower complaints received by the Company during the year (and up to the date of this report) and provided to us, when performing our audit.

(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 up to March 2023 in determining the nature, timing and extent of our audit procedures.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(d) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi) (d) of the Order is not applicable.

(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.

For **Deloitte Haskins And Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ananthi Amarnath
(Partner)
(Membership No. 209252)
(UDIN: 23209252BGXMKT2920)

Place: Chennai
Date: 26 May 2023

Standalone Balance Sheet

As at 31st March, 2023

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2023	As at 31st March, 2022
Assets			
Non-current assets			
Property, plant and equipment	4	12,106	11,628
Capital work-in-progress	5	1,280	509
Intangible assets	6	159	169
Right-of-use assets	7	1,179	1,216
Financial Assets			
(i) Investments	8	20,678	15,769
(ii) Loans	9	118	112
(iii) Others financial assets	10	79	449
Other non-current assets	11	12	102
Total non-current assets		**35,611**	**29,954**
Current assets			
Inventories	12	5,606	4,960
Financial Assets			
(i) Investments	8	15,228	13,267
(ii) Trade receivables	13	11,947	11,806
(iii) Cash and cash equivalents	14	882	634
(iv) Other bank balances	14	996	657
(v) Others financial assets	15	133	112
Current tax assets, net	16	604	658
Other current assets	17	768	903
Total current asset		**36,164**	**32,997**
Total assets		**71,775**	**62,951**
Equity and liabilities			
Equity			
Equity share capital	18	1,131	1,131
Other equity	19	54,903	48,230
Equity - Total		**56,034**	**49,361**
Liabilities			
Non-current liabilities			
Financial Liabilities			
(i) Lease Liabilities	20	294	332
Provisions	21	321	257
Deferred tax liabilities, net	22	2,985	2,150
Total non-current liabilities		**3,600**	**2,739**
Current Liabilities			
Financial Liabilities			
(i) Lease Liabilities	20	71	59
(ii) Trade payables	23		
Total outstanding dues to micro enterprises and small enterprises		2,923	2,566
Total outstanding dues to other than micro enterprises and small enterprises		6,628	6,441
(iii) Others financial liabilities	24	266	281
Provisions	25	85	89
Other current liabilities	26	2,168	1,415
Total current liabilities		**12,141**	**10,851**
Total equity and liabilities		**71,775**	**62,951**

Notes 1 to 49 form an integral part of these standalone financial statement

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 11736W/W-100018

Ananthi Amarnath
Partner
Membership No. 209252

Place : Chennai
Date : 26th May, 2023

For and on behalf of the Board of Directors
India Nippon Electricals Limited
CIN: L31901TN1984PLC011021

T K Balaji
Chairman
DIN:00002010

Arvind Balaji
Managing Director
DIN:00557711

Elango Srinivasan
Chief Financial Officer

Logitha
Company Secretary

Place : Chennai
Date : 26th May, 2023

Standalone Statement of profit and loss

for the year ended 31st March, 2023

(₹ in lakhs)

Particulars	Notes	Year ended 31st March, 2023	Year ended 31st March, 2022
Revenue from operations	27	65,625	56,627
Other income	28	4,017	1,405
Total income		**69,642**	**58,032**
Intangible assets			
Cost of material consumed	29	44,123	38,592
Purchase of stock in trade	30	1,646	1,129
Changes in inventories of finished goods and work-in-progress	31	(320)	(177)
Other operating expenses	32	2,888	2,557
Employee benefit expenses	33	7,971	6,789
Finance costs	34	42	49
Depreciation and amortization expenses	35	1,462	1,285
Other expenses	36	4,021	2,653
Total expenses		**61,833**	**52,877**
Profit before exceptional items and tax		**7,809**	**5,155**
Exceptional items			
Impairment Loss	8	803	-
Profit before tax		**7,006**	**5,155**
Tax expenses			
(1) Current tax	38	1,156	582
(2) Deferred tax	22	63	547
		1,219	**1,129**
Profit for the year		**5,787**	**4,026**
Other comprehensive income			
Items that will not be reclassified to profit or loss	37	3,752	2,155
- Income tax relating to items that will not be reclassified to profit or loss		(773)	(426)
Total other comprehensive income for the year, net of tax		**2,979**	**1,729**
Total comprehensive income for the year		**8,766**	**5,755**
Earnings per equity share	42		
Basic and Diluted		25.58	17.80
Nominal value of equity shares (in rupees)		5.00	5.00

Notes 1 to 49 form an integral part of these standalone financial statement

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Company Secretary

Place : Chennai
Date : 26th May, 2023

Standalone Statement of Cash Flow

for the year ended 31st March, 2023

(₹ in lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Cash flows from Operating Activities:		
Net Profit before tax	7,006	5,155
Adjustments for		
- Depreciation and amortization expenses	1,462	1,285
Intangible assets	(2,031)	(125)
- Interest Income	(195)	(236)
- (Loss) / Gain on fair valuation of investments	77	(193)
- Gain on sale of investments(net)	(1,310)	(608)
- Profit on sale of property, plant and equipment, net	-	(138)
- Property, plant and equipment written off	37	7
- Advances written off	1	3
- Interest expenses	42	49
- Impairment loss	803	-
- Unrealized forex gain, net	(150)	(11)
Operating Profit before Working Capital changes	**5,742**	**5,188**
- Increase in loans	(6)	(29)
- Decrease / (increase) in other non-current financial assets	370	(403)
- Decrease in other non-current assets	-	80
- Decrease / (increase) in trade receivables	36	(867)
- Increase in Inventories	(646)	(583)
- Increase in other financial assets	(1)	(4)
- Decrease / (Increase) in other current assets	134	(98)
- Increase / (Decrease) in trade payables	545	(201)
- Decrease in other financial liabilities	(15)	(1,437)
- Increase in other current liabilities	574	126
- Increase in non-current provisions	64	12
- Decreases in current provisions	(4)	(7)
Cash generated from operations	**6,793**	**1,777**
Income taxes paid, net	(1,102)	(935)
Net cash generated by operating activities: (A)	**5,691**	**842**
Cash flows from investing activities:		
Purchase of property, plant and equipment (including CWIP and adjustment of capital advance)	(2,521)	(2,773)
Acquisition of investments	(92,393)	(43,709)
Proceeds on sale of investments	89,794	44,892
Proceeds on sale of land	-	657
Interest received	176	248
Dividend received	2,031	125
Movement in bank deposits	(339)	1,551
Change as Net cash (used in)/from investing activities (B)	**(3,252)**	**991**

Standalone Statement of Cash Flow
for the year ended 31st March, 2023

(₹ in lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Cash flows from Financing Activities:		
Payment of lease liabilities	(57)	(64)
Interest expenses	(42)	(49)
Dividend paid	(2,092)	(1,414)
Net Cash used in Financing Activities (C)	**(2,191)**	**(1,527)**
Net cash inflows during the year (A+B+C)	248	306
Add : Cash and cash equivalents at the beginning of the year	634	328
Cash and cash equivalents at the end of the year	**882**	**634**
Cash and cash equivalents comprise of:		
Cash on hand	2	1
Balance with banks in current accounts	880	633
Cash and cash equivalents as per note 14	**882**	**634**

Notes 1 to 49 form an integral part of these standalone financial statement

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Company Secretary

Place : Chennai
Date : 26th May, 2023

Standalone Statement of Changes in Equity
for the year ended 31st March, 2023

Equity Share Capital

(₹ in lakhs)

Particulars	No.of.Shares	Amount
Balances as at 31st March, 2021	2,26,21,424	1,131
Balances as at 31st March, 2022	2,26,21,424	1,131
Balances as at 31st March, 2023	**2,26,21,424**	**1,131**

Intangible assets

(₹ in lakhs)

Particulars	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
As at 31st March, 2022	1,131	-	-	1,131
As at 31st March, 2023	**1,131**	**-**	**-**	**1,131**

Other Equity

(₹ in lakhs)

Particulars	Reserves and surplus			Other items of other comprehensive income	Total other equity attributable to equity share holder
	Capital dedemption reserve	Retained earnings	General reserve		
Balance as at 1st April, 2021	**40**	**15,821**	**23,909**	**4,119**	**43,889**
Dividend paid	-	(1,414)	-	-	(1,414)
Profits for the year	-	4,026	-	-	4,026
Other comprehensive income	-	-	-	1,729	1,729
Total comprehensive income for the year	**-**	**2,612**	**-**	**1,729**	**4,341**
Balance as at 31st March, 2022	**40**	**18,433**	**23,909**	**5,848**	**48,230**
Dividend paid	-	(2,092)	-	-	(2,092)
Profits for the year	-	5,787	-	-	5,787
Other comprehensive income	-	-	-	2,979	2,979
Total comprehensive income for the year	**-**	**3,695**	**-**	**2,979**	**6,673**
Balance as of 31st March, 2023	**40**	**22,128**	**23,909**	**8,827**	**54,903**

Notes 1 to 49 form an integral part of these standalone financial statement

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 11736W/W-100018

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Partner
Membership No. 209252

Place : Chennai
Date : 26th May, 2023

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Elango Srinivasan
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Company Secretary

Place : Chennai
Date : 26th May, 2023

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

1. General Information

India Nippon Electricals Limited ("the Company") is a public limited company incorporated and domiciled in India under the provisions of Companies Act and has its registered office at No.11 & 13, Patullos Road, Chennai-600 002, Tamilnadu, India. 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 recognized by DSIR,Govt of India. The Company has three manufacturing facilities in India and supplies to domestic as well as overseas markets. The has became subsidiary of Lucas India Services with effect from 30th March, 2022. The shares of the Company are listed on the BSE Limited and National Stock Exchange of India Limited.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The standalone financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as notified under section 133 of Companies Act, 2013 (the "Act") and other relevant provisions of the Act. These financial statements have been prepared on a historical cost convention on accrual basis, except for certain financial assets and financial liabilities (including derivative instruments), which are measured at fair value.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the financial statements. These reclassifications were not significant and have no impact on the total assets, total liabilities, total equity and profit of the Company.

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle. Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

i) expected to be realized or intended to be sold or consumed in the normal operating cycle

ii) held primarily for the purpose of trading

iii) expected to be realized within twelve months after the reporting period.

A liability is treated as current when:

i) it is expected to be settled in the normal operating cycle

ii) it is held primarily for the purpose of trading

iii) it is due to be settled within twelve months after the reporting period, or

iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The financial statements are presented in Indian Rupees which is also the Company's functional currency. All amounts have been rounded off to the nearest Lakhs, except share data and as otherwise stated

2.2 Critical accounting estimates, assumptions and judgements

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 recognized prospectively in the current and future period.

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

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 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.

vi) Useful lives of property, plant and equipment('PPE') and intangible assets: The useful life of an asset is an accounting estimate of the number of years it is likely to remain in service for the purpose of cost-effective revenue generation. The Internal Revenue Service (IRS) employs useful life estimates to determine the amount of time during which an asset can be depreciated.

vii) Deferred income tax assets and liabilities: As IAS 12 considers deferred tax from the perspective of temporary differences between the carrying amount and tax base of assets and liabilities, the standard can be said to focus on the statement of financial position.

2.3 Revenue Recognition

To determine whether to recognize revenue from contracts with customers, the Company follows a 5-step process

- Identifying the contract with customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognizing revenue when/as performance obligation(s) are satisfied

Revenue from contracts with customers for products sold and service provided is recognized when control of promised products or services are transferred to the customer at an amount that reflects the consideration to

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made with a credit term of 60-90 days, which is consistent with market practice. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

i) Sale of product

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

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.

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.

ii) Interest income

Generally, interest income from debt instruments is recognized 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.

iii) Dividends

Dividends are recognized 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.

iv) Export benefits

Export incentives are recognized as income as per the terms of the scheme in respect of the exports made and included as part of other operating income.

2.4 Property, plant and equipment

i) Plant and 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 forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

ii) Depreciation

Depreciation on Property, plant & equipment (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.

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 .

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

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.

2.5 Intangible assets

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. Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development. 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.

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

2.6 Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 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.

2.7 Foreign currency transaction

On initial recognition, all foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in a foreign currency, are translated at the exchange rate prevailing on the Balance Sheet date and

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

the resultant exchange gains or losses are recognized in the Statement of Profit and Loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation

2.8 Inventories

i) Raw materials

Raw materials are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined at weighted average cost.

ii) Work in progress and finished goods

Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes the combined cost of material, labour and a proportion of manufacturing overheads based on 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.

iii) Stores and spares

Stores and spares consists of primary packing materials, engineering spares and consumables , which are used in operating machines or consumed as indirect materials in the manufacturing process, has been valued using weighted average cost method. The cost comprises of costs of purchase, duties and taxes (other than those subsequently recoverable),conversion cost and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

2.9 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 recognized 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:

a) Defined contribution plan

Contribution to Provident Fund in India are in the nature of defined contribution plan and are made to a recognized fund. Contribution to Superannuation Fund is in the nature of defined contribution plan and is remitted to insurance Company in accordance with the scheme framed by the Corporation. The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognized as an expense in the period that related employee services are received.

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

i) **Provident fund**

The Company makes contribution to the statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952, which is a defined contribution plan, and contribution paid or payable is recognized as an expense in the period in which it falls due.

ii) **Provident fund**

The Company's contribution towards defined contribution plan is accrued in compliance with the requirement of the domestic laws of the countries in which the entities operate in the year of which the contributions are done. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

iii) **Superannuation fund**

Contribution made towards Superannuation Fund (funded by payments to an insurance Company) which is a defined contribution plan, is charged as expenses on accrual basis. There are no obligations other than the contribution made to respective fund.

b) Under the Company's defined benefit plans, the amount of benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary.

i) **Gratuity**

The liability recognized in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. The Company estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to government securities that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income

ii) The Company also extends defined benefit plans in the form of compensated absences to employees. Provision for compensated absences is made on actuarial valuation basis.

2.10 Income 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.

i) **Current income tax**

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.

ii) **Deferred income tax**

Deferred income tax is recognized using the balance sheet approach. 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

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

settled. 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, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

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

2.11 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 recognized 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 recognized 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 recognize a contingent liability but discloses its existence in Financial Statements.

2.12 Cash and Cash equivalents:

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other shortterm highly liquid investments with original maturities of 3 months or less, as applicable.

2.14 Earnings per share

Basic earnings per equity share is calculated by dividing the total profit for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). In this scenario, the number of equity shares outstanding increases without an increase in resources due to which the number of equity shares outstanding before the event is adjusted for the proportionate change in

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

2.15 Leases:

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

2.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets other than equity instruments are classified into categories: financial assets at fair value through profit or loss and at amortized cost. Financial assets that are equity instruments are classified as fair value through profit or loss or fair value through other comprehensive income. Financial liabilities are classified into financial liabilities at fair value through profit or loss or amortized cost. Financial instruments are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

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

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

i) Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

a) Amortised cost

b) Fair value through other comprehensive income (FVOCI) or

c) Fair value through profit and loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

a) Financial asset at 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 amortized cost. These assets are measured subsequently at amortized cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

b) Financial asset at fair value through other comprehensive income (FVOCI)

Assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest in the principal amount outstanding. At initial recognition, the Company, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These selections are made on an instrument-by-instrument (i.e., share-by-share) basis. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognized in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

c) Financial asset at fair value through profit and loss (FVTPL)

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortized cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

at fair value with gains or losses recognized in profit or loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in profit and loss

d) De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's standalone balance sheet) when:

a. The rights to receive cash flows from the asset have expired, or

b. 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 (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) 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 passthrough 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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

ii) Financial liabilities

a) 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 recognized 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

b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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 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. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

Gains or losses on liabilities held for trading are recognized in the profit or loss.

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 recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss

De-recognition of financial liabilities

A financial liability is derecognized 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 recognized in the Statement of Profit and Loss.

Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options and buyback of ordinary shares are recognized as a deduction from equity, net of any tax effects.

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 recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analyzis, available quoted market prices, and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial assets and liabilities maturing within one year from the Balance sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments

c) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Levell 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Levell 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 3 - Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs)

d) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model and specific identification method based on the credit risk for measurement and recognition of impairment loss for financial assets.

The Company tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss, except for trade receivables.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity uses the remaining contractual term of the financial instrument.

-Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables

Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of receivables. Default is cosidered to exist when the counter party fails to make the contractual payment within 90 days of when they fall due. A trade receivable is considered to be credit impaired when the management considers the amount to be non recoverable.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Statement of Profit and Loss.

Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and valuein-use. To determine the value-in-use, management estimates expected future cash flows from each cashgenerating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cashgenerating unit and reflect current market assessments of the time value of money and assetspecific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cashgenerating unit's recoverable amount exceeds its carrying amount.

2.17 Segment information

In accordance with Ind AS 108, Operating Segments, the Company has identified manufacture and sale of Ignition Systems for auto industry with special focus on two-wheeler and support with the collaborators, the Company has a developed research and development centre recognized by DSIR, Government of India. As per Ind AS 108 Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analyzis of various performance indicators by business segments. Accordingly, the Company has identified only one segment as reportable segment for the year ended 31st March, 2023 and 31st March, 2022.

3 Recent accounting pronouncements and other Latest regulatory updates

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31st March, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendments Rules, 2023, applicable from 01 April, 2023, as below:

Ind AS 1 - Presentation of financial statements

The ammendments specify that Companies should now disclose material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements.

Ind AS 8 - Accounting policies, change in accounting estimates and errors

Definition of 'change in account estimate has been replaced by revised definition of 'accounting estimate'.

- As per revised definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.
- A company develops an accounting estimate to achieve the objective set out by an accounting policy.
- Accounting estimates include:
  - a) Selection of a measurement technique (estimation or valuation technique)
  - b) Selecting the inputs to be used when applying the chosen measurement technique.

Ind AS 12 - Income taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Company does not expect any of the aforesaid amendments to have any significant impact in its standalone financial statements.

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

4. Property, plant and equipment

(₹ in lakhs)

Particulars	Land	Building	Plant and equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross block							
Balance as at 1st April, 2021	**713**	**1,679**	**7,740**	**282**	**324**	**41**	**10,779**
Additions	-	3,346	1,907	132	224	27	5,636
Deletions	-	-	(31)	-	-	-	(31)
Balance as at 31st March, 2022	**713**	**5,025**	**9,616**	**414**	**548**	**68**	**16,384**
Additions		514	1,185	36	74	14	1,823
Deletions		-	(111)	-	(1)	-	(112)
Balance as at 31st March, 2023	**713**	**5,539**	**10,690**	**450**	**621**	**82**	**18,095**
Accumulated depreciation							
Balance as at 1st April, 2021	**-**	**430**	**2,876**	**125**	**179**	**21**	**3,631**
Charge for the year	-	137	891	41	70	5	1,144
Reversals on deletions	-		(19)	-	-	-	(19)
Balance as at 31st March, 2022	**-**	**567**	**3,748**	**166**	**249**	**26**	**4,756**
Charge for the year	-	213	932	39	105	9	1,298
Reversals on deletions	-	-	(64)	-	(1)	-	(65)
Balance as at 31st March, 2023	**-**	**780**	**4,616**	**205**	**353**	**35**	**5,989**
Net block							
Balance as at 31st March, 2022	713	4,458	5,868	248	299	42	11,628
Balance as at 31st March, 2023	**713**	**4,759**	**6,074**	**245**	**268**	**47**	**12,106**

5. Capital work in progress

i) Ageing schedule of capital work-in-progress

a) Projects in progress

(₹ in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Less than 1 year	1,231	403
1-2 years	49	106
2-3 years	-	-
More than 3 years	-	-
Total	**1,280**	**509**

b) There were no projects temporarily suspended as at 31st March, 2023 and 31st March, 2022

c) Completion schedule of capital work in progress exceeded its original plan:

(₹ in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Less than 1 year	539	265
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	**539**	**265**

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

6. Intangible asset

(₹ in lakhs)

Particulars	Softwares	SAP	Licenses	Technical knowhow	Total
Gross block					
Balance as at 1st April, 2021	**69**	**178**	**82**	**33**	**362**
Additions	48	-	43	1	92
Balance as at 31st March, 2022	**117**	**178**	**125**	**34**	**454**
Additions	52	-	-	-	52
Balance as at 31st March, 2023	**169**	**178**	**125**	**34**	**506**
Accumulated amortization					
Balance as at 1st April, 2021	**64**	**94**	**45**	**34**	**237**
Charge for the year	7	18	23	-	48
Balance as at 31st March, 2022	**71**	**112**	**68**	**34**	**285**
Charge for the year	19	18	25	-	62
Balance as at 31st March, 2023	**90**	**130**	**93**	**34**	**347**
Net block					
Balance as at 31st March, 2022	46	66	57	-	169
Balance as at 31st March, 2023	**79**	**48**	**32**	**-**	**159**

7. Right to use assets

(₹ in lakhs)

Particulars	Leasehold land	Leasehold buildings	Total
Gross block			
Balance as at 1st April, 2021	**1,422**	**86**	**1,508**
Additions	-	-	-
Deletions	-	(19)	(19)
Balance as at 31st March, 2022	**1,422**	**67**	**1,489**
Additions	65	-	65
Deletions	-	-	-
Balance as at 31st March, 2023	**1,487**	**67**	**1,554**
Accumulated amortization			
Balance as at 1st April, 2021	**144**	**53**	**197**
Charge for the year	72	21	93
Disposals	-	(17)	(17)
Balance as at 31st March, 2022	**216**	**57**	**273**
Charge for the year	93	9	102
Balance as at 31st March, 2023	**309**	**66**	**375**
Net block			
Balance as at 31st March, 2022	1,206	10	1,216
Balance as at 31st March, 2023	**1,178**	**1**	**1,179**

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

8. Investments

A) Non-current investments

(₹ in lakhs)

		Face value	No. of Shares/Units		Amount	
			As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2023	As at 31st March, 2022
a)	**Investment carried at cost**					
i)	**Investment in equity instruments in subsidiaries (fully paid-up) (Unquoted)**					
	PT Automotive Systems Indonesia Limited	4,474	27,000	27,000	1,208	1,208
	Less: Impairment loss (Also refer note 8.1 below)				(803)	-
	Net Carrying Value				**405**	**1,208**
ii)	**Investments in debentures / bonds**					
	Indian Railway Finance Corporation Limited	1,000	50,000	50,000	500	500
	India Infrastructure Finance Corporation Limited	1,000	50,000	50,000	500	500
	State Bank Of India Series - 8.75% Perpetual Bond	10,00,000	25	25	251	263
	State Bank Of India Series - 7.74% Perpetual Bond	10,00,000	25	25	246	256
	Mahindra & Mahindra Financial Services Limited	10,00,000	22		207	-
	L&T Bond Market Linked Debentures	1,010	50		505	-
b)	**Investment carried at fair value through other comprehensive income (FVTOCI)**					
i)	**Investment in equity instruments (fully paid-up) (Unquoted)**					
	Lucas TVS Limited	100	97,351	97,351	15,446	11,735
	IRIS Ecopower Venture Private Limited	4	3,18,400	3,30,400	32	33
ii)	**Non listed equity shares**					
	NSE Equity	1	13,000	13,000	384	247
iii)	**Listed equity shares**					
	HDFC Bank Limited	1	6,900	3,550	111	53
	Housing Development Finance Corporation Limited	2	4,285	2,210	113	54
	ICICI Bank Limited	2	13,150	7,150	115	53
	Infosys Limited	5	5,745	2,770	82	53
	Reliance Industries Limited	10	3,865	2,090	90	56
	Tata Consultancy Service Limited	1	2,760	1,370	88	51
iv)	**Investments in venture capital funds**					
	TVS Shriram Growth Fund Scheme 3	1,000	85,800	50,000	1,250	500
	Sundaram Alternative Opportunities series		-	18	-	19
v)	**Investment in mutual funds**					
	Hdfc Index Fund-Nifty 50 Plan -Direct Growth	10	55,925	46,333	92	76
	Hdfc Hof Series 1 1140D November 2017 - 1- Reg-G	10	10,00,000	1,85,015	132	70
	Nippon India Nifty Midcap 150 Index Fund - Direct Plan Growth	10	4,00,948	3,32,913	52	42
	Icici Prudential Nifty Next 50 Index Fund - Direct Plan Growth	10	2,22,095		77	-
					20,678	**15,769**

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

B) Current investments

(₹ in lakhs)

	Face value	No. of Shares/Units		Amount	
		As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2023	As at 31st March, 2022
Investment carried at fair value through profit and loss:					
Current Investments - Quoted					
Investment In Mutual Funds					
Axis Short Term-G	10	94,56,821	94,56,821	2,459	2,358
Aditya Birla SL Corporate Bond-G	10	14,00,088	15,22,237	1,322	1,373
ICICI pru liquid fund Direct plan - Growth	100	1,20,699	28,634	402	90
Aditya Birla Sun life Money manager fund Direct Growth	100	1,36,812	2,83,761	433	848
Kotak Bond Short-term Reg-G	10	46,24,333	16,56,347	2,040	705
Nippon India Money Market Fund Direct plan - Growth	1,000	22,131	33,885	785	1,135
IDFC CRISIL Glit 2027 Index Fund Regular Plan- Growth	10	1,68,34,871	-	1,829	-
IDFC SSI ST Reg-G	10	39,37,462	-	1,897	-
Nippon India Short-term-Growth	10	18,35,238	-	814	-
Nippon India liquid fund Direct plan - Growth	1,000	18,395	-	1,013	-
Aditya Birla SL Overnight fund - Growth - Direct	1,000	61,091	-	741	-
Nippon India Overnight Fund - Direct Plan	1,000	5,24,108	-	631	-
DSP Overnight Fund - Direct Plan	1000	8,330	-	100	-
AXIS Liquid Fund Direct-G	1000	28,483	-	712	-
HSBC Overnight Fund - Direct	1000	4,263	-	50	-
ICICI Pru Short Term-G	10	-	11,55,193	-	552
IDFC Bond Medium Term Reg-G		-	16,59,189	-	632
IDFC Bond Short Term Reg-G	10	-	33,43,087	-	1,554
Reliance Short Term Fund -Growth		-	12,71,160	-	544
ICICI pru money market fund Direct plan - Growth		-	2,68,896	-	825
Aditya Birla SL Liquid fund Direct Plan - Growth		-	58,465	-	201
SBI savings fund Direct Plan - Growth	10	-	20,25,442	-	720
HDFC HOF Series 1 1140D November 2017 -1- Reg-G	10	-	10,00,000	-	122
IDFC Arbitrage fund G - Direct plan	10	-	9,77,227	-	273
ICICI prudential equity Arbitrage Fund G - Direct Plan	10	-	9,34,279	-	274
Aditya Birla sun life Arbitrage Fund G - Direct Plan	10	-	25,54,062	-	581
Kotak Equity Arbitrage Reg-G Direct: 940614/82	10	-	15,15,561	-	480
				15,228	**13,267**

8.1 The net worth of the subsidiary in Indonesia was lower by ₹ 803 Lakhs as compared to the carrying value of the investment in the books of the Company as at 31st March, 2023 which has been impaired during the year.

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

(₹ in lakhs)

8.2	As at 31st March, 2023	As at 31st March, 2022
Aggregate amount of unquoted investments carried at cost	1,208	1,208
Aggregate amount of impairment in value of investments	(803)	-
Aggregate amount of unquoted investments carried at amortized cost	2,209	1,519
Aggregate amount of unquoted investments carried at FVTOCI	15,478	11,768
Aggregate value of quoted/Un-Quoted investments - Carried at FVTPL	2,586	1,274
Total non-current investment	**20,678**	**15,769**
Aggregate value of quoted investments - Carried at FVTPL	15,228	13,267
Total current investment	**15,228**	**13,267**

9. Loans

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(Unsecured and considered good)		
Loans to employees	118	112
	118	**112**

10. Other non-current financial assets

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(Unsecured and considered good)		
Bank deposits with more than 12 months maturity	1	399
Security deposits	78	50
	79	**449**

11. Other non-current assets

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(Unsecured and considered good)		
Capital Advance	12	102
	12	**102**

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

12. Inventories

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(Lower of cost and net realizable value)		
Raw material	3,535	3,276
Raw material - goods in transit	216	155
Work in progress	209	499
Finished goods	1,000	363
Finished goods in transit	333	436
Stores and spares	6	1
Stock in trade	307	230
	5,606	**4,960**
a) Cost of Inventories recognized as expense in statement of profit and loss	**45,449**	**39,544**
b) The cost of inventories recognized as expense in respect of write down of inventories ₹ 101 Lakhs		
c) The mode of valuation of inventories has been stated in Note 2.8		

13. Trade receivables

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Considered good	11,947	11,806
	11,947	**11,806**

a) Trade receivables are non-interest bearing and are generally on terms of 45 to 60 days. The carrying amount of the current trade receivable is considered a reasonable approximation of fair value as it is expected to be collected within twelve months.

b) The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 46.

c) Ageing of trade receivables

i) Undisputed trade receivables considered good

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Not due	10,572	10,090
Less than 6 months	1,327	1,716
6 months to 1 years	25	-
1 to 2 years	23	-
2 to 3 years	-	-
Morethan 3 years	-	-
	11,947	**11,806**

ii) There were no undisputed trade receiavbles which have significant credit risk, credit impaired, disputed receivables considered good, trade receiavbles which have significant credit risk and credit impaired as at 31st March, 2023 and 31st March, 2022.

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

14. Cash and bank balances

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Cash and cash equivalents:		
Cash on hand	2	1
Balance with banks in current accounts	880	633
	882	**634**
Bank balances other than mentioned in cash and cash equivalents		
- Deposit accounts (with original maturity greater than 3 months upto 12 months)	934	595
- Unpaid dividend (Also, refer note (i) below)	62	62
	996	**657**
	1,878	**1,291**

i) Unpaid dividend included above represent amounts to be credited to the Investors Education and Protection Fund as and when they become due. There are no delays in transferring the amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the balance sheet date.

15. Other current financial asset

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Interest accrued on deposits	124	105
Duty draw back receivable	9	7
	133	**112**

16. Income tax assets

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Advance tax, net	604	658
	604	**658**

17. Other current assets

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Supplier advances	277	363
Other advances	7	12
Gratuity assets (Also, refer note 39)	9	-
Prepaid expenses	280	441
Other receivables	195	87
	768	**903**

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

18. Equity share capital

	As at 31st March, 2023		As at 31st March, 2022	
	Numbers	Amount	Numbers	Amount
Authorised				
Equity shares of ₹ 5 each	3,00,00,000	1,500	3,00,00,000	1,500
Issued, subscribed and fully paid up share capital				
Equity shares of ₹ 5 each	2,26,21,424	1,131	2,26,21,424	1,131

a) There is no change in issued and subscribed equity share capital during the year.

b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 5 per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which is approved by the Board of Directors. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportional to the number of equity shares held by the shareholders.

c) Shareholders holding more than 5% of the aggregate shares in the Company

	As at 31st March, 2023		As at 31st March, 2022	
	Numbers	% shareholding	Numbers	% shareholding
Equity shares of ₹ 5 each				
Lucas Indian Service Limited, India	1,14,92,588	50.80%	1,14,92,588	50.80%
Mahle Electric Drives Japan Corpn., Japan (formerly Kokusan Denki Co Limited, Japan)	14,14,786	6.25%	14,14,786	6.25%
Mahle Holding (India) Private Limited	30,00,000	13.26%	30,00,000	13.26%
	1,59,07,374	**70.32%**	**1,59,07,374**	**70.32%**

e) Disclosure of shareholding of promoters

	As at 31st March, 2023		As at 31st March, 2022		% Change during the year
	Numbers	% shareholding	Numbers	% shareholding	
Equity shares of ₹ 5 each					
Lucas Indian Service Limited	1,14,92,588	50.80%	1,14,92,588	50.80%	0.00%
Mahle Holding India Private Limited	30,00,000	13.26%	30,00,000	13.26%	0.00%
Mahle Electric Drives Japan Corporation	14,14,786	6.25%	14,14,786	6.25%	0.00%
Sheela Balaji	3,712	0.02%	3,712	0.02%	0.00%
T K Balaji	1,694	0.01%	-	0.00%	0.01%
Vatsala Raghu	542	0.00%	8	0.00%	0.00%
Sowmyan Ramakrishnan	7,308	0.03%	7,308	0.03%	0.00%
V A Raghu	8	0.00%	8	0.00%	0.00%
Mala Ramakrishnan	742	0.00%	-	0.00%	0.00%
Vijaya Mohanram	742	0.00%	-	0.00%	0.00%
D Saroja	-	0.00%	3,712	0.02%	-0.02%
	1,59,22,122	**70.39%**	**1,59,22,122**	**70.39%**	**-**

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

f) There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and there were no buy back of shares during the last 5 years immediately preceding 31st March, 2023.

g) Details of interim dividend declared:

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Date of meeting of board of directors	14th Febuaury, 2023	10th February, 2022
Dividend per share	9.25	6.25
Cash outflow in Lakhs	2,092	1,414

19. Other equity

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Capital redemption reserve	**40**	**40**
General reserve	**23,909**	**23,909**
Retained earnings		
Opening Balance	18,433	15,821
Profit for the year	3,695	2,612
Closing balance	**22,128**	**18,433**
Other Comprehensive income		
Opening Balance	5,848	4,119
Add : Transfer from other comprehensive income	2,979	1,729
Closing balance	**8,827**	**5,848**
Total Other Equity	**54,903**	**48,230**

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:

The Company has elected to recognize changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognized.

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

20. Lease liablities

(₹ in lakhs)

	As at 31st March, 2023		As at 31st March, 2022	
	Non-current	Current	Non-current	Current
Lease liablities	294	71	332	59
	294	**71**	**332**	**59**

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
a) Movement in lease liability		
Balance at beginning of the year	391	457
Additions	65	-
Deletion	-	(19)
Finance cost (Also, refer note 34)	37	43
Payment of Lease liabilities	(129)	(90)
Balance as at end of the year	**364**	**391**
b) Summary of contractual maturities of lease liabilities on undiscounted basis		
i) Less than one Year	104	96
ii) One to five years	347	366
iii) More than five years	-	50
	451	**512**
c) Amount recognized in statement of profit and loss		
Interest on lease liabilities	37	43
Amortization of ROU	9	21.00
Lease payments	(57)	(64)
	(11)	**-**

21. Non-current provision

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Provision for employee benefits:		
- Compensated absences	321	257
	321	**257**

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

22. Defferred tax liability

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Deferred tax liability arising on account of :		
- Timing difference between written down value as per financials and as per Income tax on property plant and equitment	964	965
- Fair valuation of investments	2,250	1,582
Deferred tax asset arising on account of :		
- Provision for employee benefits	(139)	(285)
- Others	(90)	(112)
	2,985	**2,150**

Particular	Timing difference between written down value as per financials and as per Income tax on property plant and equitment	Fairvaluation of Investment	Provision for employee benefits	Others	Total
Balance as at 1st April, 2021	407	1,190	(328)	(92)	1,177
Recognized in statement of profit and loss	558	347	41	(20)	926
Recognized in other comprehensive income	-	45	2		47
Balance as at 31st March, 2022	965	1,582	(285)	(112)	2,150
Recognized in statement of profit and loss	(1)	(105)	135	22	51
Recognized in other comprehensive income	-	773	11	-	784
Balance as at 31st March, 2023	**964**	**2,250**	**(139)**	**(90)**	**2,985**

23. Trade payables

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Total outstanding dues to micro enterprises and small enterprises (Also, refer note (a) and (b))	2,923	2,566
Total outstanding dues to other than micro enterprises and small enterprises (Also, refer note (b))	6,628	6,441
	9,551	**9,007**

a) Disclosures Required Under Section 22 Of The Micro, Small And Medium Enterprises Development Act, 2006:

	As at 31st March, 2023	As at 31st March, 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	2,923	2,566
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

	As at 31st March, 2023	As at 31st March, 2022
(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	-	-

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31st March, 2023 and 31st March, 2022 has been made in the financials statements based on information received and available with the Company. Further, the Company has not paid any interest to any micro and small enterprises during the current year and previous year.

b) Ageing of trade payables

31st March, 2023

Particulars	Outstanding for following period from due date from payment				
	Less than 1 year	1 to 2 years	2 to 3 years	Morethan 3 years	Total
MSME	2,923	-	-	-	**2,923**
Disputed dues - MSME	-	-	-	-	**-**
Others	6,570	4	10	44	**6,628**
Disputed dues - Other than MSME	-	-	-	-	**-**

31st March, 2022

Particulars	Outstanding for following period from due date from payment				
	Less than 1 year	1 to 2 years	2 to 3 years	Morethan 3 years	Total
MSME	2,566	-	-	-	**2,566**
Disputed dues - MSME	-	-	-	-	**-**
Others	6,413	6	2	20	**6,441**
Disputed dues - Other than MSME	-	-	-	-	**-**

24. Other financial liabilities

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unpaid dividend	62	62
Earnest money deposit	49	86
Commission to directors	155	133
	266	**281**

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

25. Current provision

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Provisions for employee benefits		
- Compensated absences	24	34
Provision for warranty (Also, refer note (a) below)	61	55
	85	**89**
Product Warranty:		
Opening Balance	13	26
Additions	27	-
Utilizations	(12)	(13)
Closing Balance	**28**	**13**

a) A provision is recognized for expected warranty claims on supply of goods, based on past experience of level of repairs and returns. The current and non-current classification of the provision is made based on the remaining warranty period of the goods supplied as at the balance sheet date. The assumptions used to calculate the provision for warranties are based on the Company's current status of goods supplied that are under warranty and information available about expenditure more probable to be incurred based on the Company's warranty terms which provides for a warranty period of about 12-36 months.

26. Other current liablities

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Statutory dues	737	675
Provision for customer payable	963	669
Tooling advance payable	426	46
Gratuity (Also, refer note 39)	-	25
Others	42	-
	2,168	**1,415**

27. Revenue from operations

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Sale of Products:		
Export sales	3,708	3,362
Domestic sales	61,726	52,942
	65,434	**56,304**
Discount to customers (Turnover discount)	(813)	(576)
	64,621	**55,728**
Other operating revenues:		
- Export benefits	99	132
- Scrap sales and others	905	767
	65,625	**56,627**

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

a) Disaggregation of revenue information

The table below presents disaggregated revenues from contracts with customer which is recognized based on goods transferred at a point of time by geography and offerings of the Company. As per the management, the below disaggregation best depicts the nature, amount, timing and uncertainty of how revenues and cash flows are affected by industry, market and other economic factors.

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Revenue by geography		
India	61,917	53,265
Rest of the world	3,708	3,362
Total revenue from operations	**65,625**	**56,627**

b) Contract balances

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Receivables, which are included in Trade receivables (gross)	11,947	11,806
Revenue received in advance, which are included in 'Other current liabilities'	-	-
Deferred revenue, which are included in 'Other current liabilities'	-	-

c) Segment information

In accordance with Ind AS 108, Operating Segments, the Company has identified manufacture and sale of Ignition Systems for auto industry with special focus on two-wheeler and support with the collaborators, the Company has a developed research and development centre recognized by DSIR, Government of India. As per Ind AS 108 Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analyzis of various performance indicators by business segments. Accordingly, the Company has identified only one segment as reportable segment for the year ended 31st March, 2023 and 31st March, 2022.

d) Geographical information

The Company is domiciled in India.The amount of its revenue from external customers and non-current assets other than financial instruments,and deferred tax assets, broken down by location of the assets, is shown below:

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Revenue by geography		
India	61,917	53,265
Rest of the world	3,708	3,362
Total revenue from operations	**65,625**	**56,627**

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Non-current asset		
India	34,657	28,348
Rest of the world	954	1,606
	35,611	**29,954**

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

e) Information about major customers

Revenue from operations include revenue from major customer group contributing individually to more than 10% of the Company's total revenue from operations as given below. There is no other single customer who contributed more than 10% to the Company's revenue for the respective years.

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
No of customer	2	2
Amount involved	48,751	43,384

28. Other income

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest Income :		
- From bank deposits	53	54
- From bonds	142	182
Dividend Income	2,031	125
Net gain on foreign currency transactions	149	11
Net gain on sale of investments carried at FVTPL	1,310	608
Net gain on sale of land	-	138
Gain on fairvaluation of investment carried at fair value through profit and loss	-	193
VAT Provision no longer required written back	261	-
Other non-operating income	71	94
	4,017	**1,405**

29. Cost of raw materials consumed

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Opening stock	3,430	3,108
Add: Purchases	44,444	38,915
	47,874	42,023
Less: Closing stock	(3,751)	(3,431)
	44,123	**38,592**

30. Purchase of stock in trade

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Purchase of stock in trade	1,646	1,129
	1,646	**1,129**

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

31. Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Closing stock		
Finished goods	1,333	800
Work in progress	209	499
Stock in trade	307	230
	1,849	**1,529**
Opening stock		
Finished goods	800	877
Work in progress	499	329
Stock in trade	230	146
	1,529	**1,352**
Changes in inventories	**(320)**	**(177)**

32. Other operating expenses

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Stores and spares consumed	1,024	892
Power and fuel	821	646
Repairs to:		
-Building	326	276
-Machinery	428	410
-Others	105	68
Royalty	-	2
Research and development expenses	184	263
	2,888	**2,557**

33. Employee benefits expenses

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Salaries, wages and bonus	6,503	5,510
Gratuity expenses (Also, rerfer note 39)	66	70
Contribution to provident and other funds (Refer Note 39)	352	364
Staff welfare expenses	1,050	845
	7,971	**6,789**

34. Finance costs

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Bank charges	5	6
Interest expenses (Also, refer note 20)	37	43
	42	**49**

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

35. Depreciation and amortization expenses

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Depreciation of Property, plant and equipment (Also, refer note 4)	1,298	1,144
Amortization of intangible assets (Also, refer note 6)	62	48
Amortization of right to use asset (Also, refer note 7)	102	93
	1,462	**1,285**

36. Other expenses

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Rent (Also, refer note (a) below)	22	4
Repairs and maintenance - others	16	15
Insurance	63	52
Rates and taxes	40	135
Communication expenses	49	32
Postage, printing and stationery	50	39
Director sitting fees	29	14
Travelling and conveyance	235	101
Legal and professional charges	429	276
Management fees (Also, refer note 40)	563	480
Corporate social responsibility (Also, refer note 44)	88	122
Commisson to directors	155	133
Warrenty expenses	48	40
Freight outwards	377	308
Advertisement and sales promotion expenses	1,078	261
Audit Fees:		
a) **Statutory Auditors:**		
- Statutory Audit	18	15
- Tax Audit	4	3
- Other Attestation Matters	7	3
- Reimbursement of Expenses	1	1
b) Cost Audit	3	3
c) Secretarial Audit	2	2
d) Reimbursement - Other audits	1	-
Loss on fairvaluation of investment carried at fair value through profit and loss	77	-
Miscellaneous expenses	666	614
	4,021	**2,653**

a) The Company has lease contracts for office premises and these lease contracts are cancellable/renewable for further period on mutually agreeable terms during the tenure of lease contracts. These lease contracts are classified as short term lease contracts under Ind AS 116

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

37. Items will not be reclassified to profit and loss

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Increase in fair value of investments	3,710	2,124
Remeasurement of the defined benefit plan	42	31
Income tax relating to items that will not be reclassified to profit or loss	(773)	(426)
	2,979	**1,729**

38. Income tax

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective taxrate of the Company at 25.17% and the reported tax expense in the statement of profit and loss are as follows:

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Accounting profit before taxes and exceptional items	7,809	5,155
Tax rates	25.17%	25.17%
Tax on profit at enacted tax rate	**1,966**	**1,298**
Effect on Income exempt from tax	(513)	(41)
Effect of adjustment of income over the carried forward loss	(252)	(128)
Others	(45)	(547)
Actual tax expenses	**1,156**	**582**
Current tax exepnses recognized in statement of profit and loss	**1,156**	**582**

39. 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 theron 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.

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

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.

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Employer's contribution to provident fund	225	208
Employer's contributions to employee state insurance	4	4
Employer's contribution to superannuation fund	48	43
Employer's contribution to labour welfare fund	-	-
	277	255

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.

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.

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

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 31st March, 2023 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.

d) The following table set out the status of the gratuity plan and the amount recognized in the Company's financial statement

i) Change in projected benefit obligation

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Opening defined benefit obligation	1,185	1,127
Benefits paid	(24)	(43)
Current service cost	67	65
Interest cost on benefit obligation	81	74
Actuarial (gain) on obligation	(36)	(38)
Projected benefit obligation at the end of the year	**1,273**	**1,185**

ii) Change in plan assets

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Opening fair value of plan assets	**1,160**	**986**
Contributions by employer	58	155
Benefits paid	(24)	(43)
Expected return	82	69
Actuarial gain / (loss) on plan assets	6	(7)
Closing fair value of plan assets	**1,282**	**1,160**

iii) Reconciliation of present value of obligation on the fair value of plan assets to the liability recognized

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Present value of projected benefit obligation at the end of the year	1,273	1,185
Fair value of plan assets at the end of the year	1,282	1,160
(Asset) / liability recognized in the balance sheet	**(9)**	**25**
Thereo		
Funded	1,273	1,160
Unfunded	-	25

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

iv) Components of net gratuity costs are

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Current service cost	67	65
Interest cost on benefit obligation	81	74
Expected return on plan assets	(82)	(69)
Total amount recognized in the statement of profit or loss	**66**	**70**
Actuarial (gain)	(42)	(31)
Total amount recognized in other comprehensive income	**(42)**	**(31)**
Net gratuity cost	**24**	**39**

v) Principal actuarial assumptions used :

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Discount Rate (%)	7.14%	6.93%
Estimated Rate of Return on Plan Assets	7.14%	6.93%
Attrition Rate	15.00%	9.00%
Expected rate of salary increase (%)	7.00%	7.00%
Expected Average Remaining Service (years)	5.68	8.28

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

vi) Employee benefits - maturity profile (undiscounted)

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Within 1 year	213	114
1 - 2 years	237	161
2 - 3 years	219	129
3 - 4 years	154	168
4 - 5 years	143	114
Above 5 years	522	555
	1,488	**1,241**

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

vii) Sensitivity analyzes

(₹ in lakhs)

		As at 31st March, 2023	As at 31st March, 2022
A.	Discount Rate + 50 BP	7.64%	7.43%
	Defined Benefit Obligation [PVO]	1,246	1,150
	Current Service Cost	66	64
B.	Discount Rate - 50 BP	6.64%	6.43%
	Defined Benefit Obligation [PVO]	1,301	1,222
	Current Service Cost	70	69
C.	Salary Escalation Rate +50 BP	7.50%	7.50%
	Defined Benefit Obligation [PVO]	1,302	1,223
	Current Service Cost	70	69
D.	Salary Escalation Rate -50 BP	6.50%	6.50%
	Defined Benefit Obligation [PVO]	1,244	1,148
	Current Service Cost	66	64

40. Related parties (As per Ind AS 24)

40.1 Names of related parties	Nature of relationship
Ultimate holding Company	SB TVS Industrial Ventures Private Limited (From 4th February, 2022)
Holding Company	Lucas Indian Service Limited (Joint venturers company untill 30th March, 2022)
Entity which has significant influences over the Company	Mahle Electric Drives Japan Corporation, (Joint venturers company untill 30th March, 2022)
	Mahle Holding (India) Private Limited (Joint venturers company untill 30th March, 2022)
Subsidiary	P T Automotive Systems Indonesia
Enterprise having transaction with the Company during the current year/ previous year over which the Key Managerial Personnel and their relatives are able to exercise significant influence/control	Lucas TVS Limited (Untill 30th March, 2022, was an entity having significant influence)
	Sundaram Clayton Limited (untill 4th February, 2022)
	Sundram Fastners Limited (untill 4th February, 2022)
	TVS Motor Company Limited (untill 4th February, 2022 and from 31st March, 2022)
	TVS Capital Funds Private Limited (untill 4th February, 2022)
	TVS Electronics Limited (untill 4th February, 2022)
Entities in which Director's are interested	TVS Educational Soceity
	Southern Roadways P Limited (untill 4th February, 2022)
	Subbaraya Aiyar, Padmanabhan and Ramamani, Advocates
Key Managerial Personnel	Arvind Balaji, Managing Director

a) Related party relationships are as identified by the management and relied upon by the auditors.

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

40.2 Transactions with related parties

(₹ in lakhs)

Name of the related party	Year ended 31st March, 2023	Year ended 31st March, 2022
Mahle Electric Drives Japan Corporation		
Sale of products	49	13
Royalty paid	-	6
Services received	-	2
Dividend paid	131	103
Lucas Indian Service Limited		
Sale of products	3,887	3,912
Rent paid	23	25
Dividend paid	1,063	704
Mahle Holding (India) Private Limited		
Dividend paid	277	188
Lucas TVS Limited		
Sale of products	125	76
Purchase of raw materials	47	33
Rent expenses	86	98
Reimbursement of expenses	557	479
Travel reimbursements received	13	3
Management and testing fees	573	561
Dividend received	232	122
TVS Motors Company Limited		
Sale of products	32,487	30,166
Tooling charges	-	78
Advance received - Tooling charges	299	
Payment for Services received	1	1
Sundram Fastners Limited		
Purchase of raw materials	-	246
TVS Training and Services Limited		
Training expenses	1	3
TVS Educational Society		
Reimbursement of expenses	14	10
Stipend to apprentices	1,238	1,197
Arvee Consultants & Services Private Limited		
Professional charges	2	3
TVS Capital Funds Private Limited		
Investment in funds, net	-	170
Other capital receipts	-	152
Interest received	-	1
Remuneration*		
Arvind Balaji	275	225

*Gratuity and Compensated absences are being provided based on actuarial valuation performed for the Company as a wholeand accordingly is not identifiable separately for the KMPs

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

40.3 Balance with related parties

(₹ in lakhs)

Name of the related party	As at 31st March, 2023	As at 31st March, 2022
Trade receivables		
Lucas Indian Service Limited	839	865
TVS Motors Company Limited	5,494	6,261
Lucas TVS Limited	4	16
Advance received - Tooling charges		
TVS Motors Company Limited	299	-
Trade payables		
Lucas TVS Limited	259	129
Arvee Consultants & Services Private Limited	1	1
Remuneration payable		
Commission payable	155	88

41. Research and Development expenses*

(₹ in lakhs)

Particular	Year ended 31st March, 2023	Year ended 31st March, 2022
The amount spent towards Research and Development expenses during the year are as under:		
Capital expenditure	**391**	**2,497**
Revenue expenditure		
Salaries, wages and bonus	857	668
Power and fuel	76	23
Travelling and conveyance	46	21
Miscellaneous expenses	556	472
Total	**1,926**	**3,681**

*The summary is prepared based on the information available with the Company and is relied upon by the auditors.

42. Earnings per equity share (EPS)

(₹ in lakhs)

Particular	Year ended 31st March, 2023	Year ended 31st March, 2022
Basic and diluted earnings per share		
Nominal value of equity shares	5	5
Profit attributable to equity shareholders (A)	5,787	4,026
Weighted average number of equity shares outstanding during the year (B)	2,26,21,424	2,26,21,424
Basic and diluted earnings per equity share (A/B)	25.58	17.80

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

43. Contingent liabilities and commitment

(₹ in lakhs)

Particular	As at 31st March, 2023	As at 31st March, 2022
a) Claims not acknowledged as debt	2	2
b) Estimated amount of contracts remaining to be executed on capital account and not provided, net of advance	931	1,678

44. Corporate social responsibility (CSR) expenditure

(₹ in lakhs)

Particular	Year ended 31st March, 2023	Year ended 31st March, 2022
Amount required to be spent by the Company during the year	94	116
Amount of expenditure incurred		
Construction/Acquisition of Asset:		
In cash	-	-
Yet to be paid in cash	-	-
On purposes other than (i) above		
In cash	-	-
Yet to be paid in cash	94	122
(Shortfall) / excess paid at the end of the year		(6)
Reason for shortfall	Not applicable	Not applicable
Nature of CSR activities		
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.		
Details of related party transactions, e.g., contribution to a trust controlled by the Company in relation to CSR expenditure	Nil	Nil
Provisions w.r.t CSR Expenditure pursuant to contractual obligation	Nil	Nil

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

45. Fair value measurement

a) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31st March, 2023

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
Financial assets					
Investments*	2,209	2,586	15,478	20,273	20,273
Trade receivables	11,947	-	-	11,947	11,947
Loans	118	-	-	118	118
Cash and cash equivalents	882	-	-	882	882
Other bank balances	996	-	-	996	996
Other Financial Assets	212	-	-	212	212
Total	**14,155**	**-**	**-**	**14,155**	**14,155**
Financial liabilities					
Trade payables	9,551	-	-	9,551	9,551
Lease liability	365	-	-	365	365
Other financial liabilities	266	-	-	266	266
Total	**10,182**	**-**	**-**	**10,182**	**10,182**

b) The carrying value and fair value of financial instruments by categories as of 31st March, 2022

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
Financial assets					
Investments*	1,519	1,274	11,768	14,561	14,561
Trade receivables	11,806	-	-	11,806	11,806
Loans	112	-	-	112	112
Cash and cash equivalents	634	-	-	634	634
Other bank balances	657	-	-	657	657
Other Financial Assets	561	-	-	561	561
Total	**13,770**	**-**	**-**	**13,770**	**13,770**
Financial liabilities					
Trade payables	9,007	-	-	9,007	9,007
Lease liability	391	-	-	391	391
Other financial liabilities	281	-	-	281	281
Total	**9,679**	**-**	**-**	**9,679**	**9,679**

* Does not include Investment which are accounted at cost in accordance with Ind AS 27.

Management considers amortized cost for financial asset and liabilities to approximate the fair value. The Company does not have any assets measured at FVOCI.

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

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: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

(ii) Financial assets measured at fair value through profit and loss (FVTPL) on a recurring basis

Particular	31st March, 2023			
	Level 1	Level 2	Level 3	Total
Investments in venture capital funds	-	1,250	-	1,250
Investments in equity shares	599	384	-	983
Investment in mutual funds	353	15,228	-	15,581
Total	**952**	**16,862**	**-**	**17,814**

Particular	31st March, 2022			
	Level 1	Level 2	Level 3	Total
Investments in venture capital funds	-	519	-	519
Investments in equity shares	320	247		567
Investment in mutual funds	188	13,267	-	13,455
Total	**508**	**14,033**	**-**	**14,541**

(iii) Financial assets measured at fair value through Other Comprehensive Income (FVTOCI) on a recurring basis

Particulars	As at 31st March, 2023	As at 31st March, 2022	Fair value hierarchy	Valuation technique(s) and key input(s)
Un listed equity instruments	15,478.00	11,768.00	Level III	The fair value is calculated based on the inputs for the assets that are not based on observable market data

Notes:

a) **Level 1:** level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period

b) **Level 2:** level 2 hierarchy includes mutual funds. The mutual funds are valued using the closing NAV provided by the fund management Company at the end of each reporting year.

c) **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3

d) The investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI as the directors believe that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023 (Contd.)

e) 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.

f) 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).

g) *Significant unobservable inputs* - EV/EBITDA Multiple at 8x

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 ₹ 946.51 Lakhs and an increase in the multiple by 0.8x would result in a increase in the fair value by ₹ 946.51 Lakhs .

h) The Company has not disclosed the fair values for loans, cash and bank balances, trade receivables, other financial assets, trade payables, and other financial liabilities because their carrying amounts are a reasonable approximation to the fair value.

i) There have been no transfers between levels 1 and 2 during the year.

46. Financial risk management

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 that derive directly from its operations

Risk Exposures and Responses

The Company is exposed to market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company’s senior management oversees the management of these risks. The Company’s senior management assesses the financial risks and the appropriate financial risk governance framework in accordance with the Company’s policies and risk objectives. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

i) Credit risk

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.

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

At 31st March, 2023, 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.

Other financial assets mainly comprises of rental deposits, security deposits and loans which are given to landlords or other governmental agencies in relation to contracts executed and related parties are assessed by the Company for credit risk on a continuous basis.

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, recognized 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	31st March, 2023		31st March, 2022	
		Amount in Foreign Currency	Amount in ₹	Amount in Foreign Currency	Amount in ₹
Trade Receivables	EUR	2	175	3	214
	USD	10	779	18	1,392
Trade Payables	EUR	-	-	0	8
	USD	6	503	7	498
	JPY	1	0	34	21
	CNY	16	197	-	29

Foreign currency sensitivity

Particulars	Currency	31st March, 2023		31st March, 2022	
		Increase	Decrease	Increase	Decrease
Effect on profit before tax	EUR	8.74	(8.74)	10.29	(10.29)
Increase/(Decrease) of 5%	USD	14.01	(14.01)	44.97	(44.97)
	JPY	(0.02)	0.02	(1.06)	1.06
	GBP	(9.85)	9.85	(1.47)	1.47

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.

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

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:

Particulars	As at 31st March, 2023				Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	
Trade payables	9,551	-	-	-	9,551
Lease Liability	104	209	138	-	451
Other financial liabilities	266		-	-	266
Total	**9,921**	**209**	**138**	**-**	**10,268**

Particulars	As at 31st March, 2022				Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	
Trade and other payables - Non interest bearing	9,007	-	-	-	9,007
Lease Liability	96	179	187	50	512
Other financial liabilities	281	-	-	-	281
Total	**9,384**	**179**	**187**	**50**	**9,800**

47. Additional regulatory information as required by Schedule III to the Companies Act, 2013

a) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.

b) The Company did not have any transactions with companies struck off.

c) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

The Company has not traded or invested in crypto currency or virtual currency during the financial year.

e) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(i) 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

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

f) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) 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

(ii) provide any guarantee, security or the like on behalf of the ultimate beneficiaries,

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

g) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

h) The Company has not been declared willful defaulter by any bank or financial Institution or other lender.

i) The Company does not have any scheme of arrangements which have been approved by the competent authority in terms of sections 230 to 237 of the Act.

j) The Company has complied with the number of layers prescribed under of Section 2(87) of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

k) The Company has no borrowings, accordingly no returns required to furnished on periodical basis to banks, financial institutions or others.

l) Analytical ratios

Ratio	Current year	Previous year	% Variance	Variance @
Current ratio	2.98	3.04	-2.05%	Not applicable
Return on equity	11%	12%	-10.45%	Not applicable
Inventory turnover ratio	8.60	9.74	-11.63%	Not applicable
Trade receivables turnover ratio	5.53	5.53	-0.03%	Not applicable
Trade payables turnover ratio	4.97	4.40	12.97%	Not applicable
Net capital turnover ratio	2.73	2.56	6.84%	Not applicable
Net profit ratio	9%	7%	24.03%	Not applicable
Return on capital employed	12%	10%	18.21%	Not applicable
Return on investment*	22%	17%	32.41%	Increase in variance is on account of increase in net fair value of investments

Ratio	Numerator	Denominator
Current Ratio	Current Assets	Current liabilities
Return On Equity	Profit available for Equity shareholders (PAT-Preference Dividend)	Average Shareholder's Equity
Inventory Turnover Ratio	COGS or Sales	Average inventory
Trade Receivables Turnover Ratio	Net credit sales (net of sales returns)	Average accounts receivable
Trade Payables Turnover Ratio	Net credit purchases (net of purchase returns)	Average trade payables
Net Capital Turnover Ratio	Net sales (net of sales)	Net working capital
Net Profit Ratio	PAT	Net sales (net of sales)
Return On Capital Employed	PBIT	(Tangible net worth = Total assets-Intangible assets-Total liabilities) *(though investments are not tangible, they are generally included while computing tangible net worth)*
Return On Investment	To be computed using Time Weighted Rate of Return*	

* Due to practical difficulties in arriving at the time weighted average investments, yearly average of investments is considered.
@ Explanations have been provided for any change in the ratio by more than 25% as compared to 31st March, 2022

Notes forming part of Standalone Financial Statements
for the year ended 31st March, 2023 (Contd.)

48. Transfer pricing

As per the Transfer pricing norms introduced in India with effect from 1st April, 2001, the Company is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Transfer pricing study for the financial year ended 31st March, 2023 has been completed the outcome of the study will not have material impact on the Company's results.

48. Approval of Financial Statements

In connection with the preparation of the standalone financial statements for the year ended 31st March, 2023, the Board of Directors have confirmed the propriety of the contracts / agreements entered into by / on behalf of the Company and the resultant revenue earned / expenses incurred arising out of the same after reviewing the levels of authorisation and the available documentary evidences and the overall control environment. Further, the Board of Directors have also reviewed the realizable value of all the current assets of the Company and have confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the standalone financial statements. In addition, the Board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements at its meeting held on 26th May, 2023. The shareholders of the Company have the rights to amend the Financial Statements in the ensuing Annual general meeting post issuance of the same by the Board of directors.

49. Events after the reporting period

No adjusting or significant non-adjusting events have occurred since the reporting date other than those disclosed.

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 11736W/W-100018

Ananthi Amarnath
Partner
Membership No. 209252

Place : Chennai
Date : 26th May, 2023

For and on behalf of the Board of Directors
India Nippon Electricals Limited
CIN: L31901TN1984PLC011021

T K Balaji
Chairman
DIN:00002010

Arvind Balaji
Managing Director
DIN:00557711

Elango Srinivasan
Chief Financial Officer

Logitha
Company Secretary

Place : Chennai
Date : 26th May, 2023

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 31st March 2023, 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, 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 2023, 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 (SAs) specified under section 143 (10) of the Act. 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, its associates and joint ventures 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, 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/ Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements, standalone financial statements and our 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, 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.
- 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.

Responsibilities of Management and Those Charged with Governance 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

Independent Auditor's Report (Contd.)

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 Management 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 with reference to consolidated financial statements 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 branches or entities or business activities included in the consolidated financial statements of which we are the independent auditors.

Independent Auditor's Report (Contd.)

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

We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) We did not audit the financial information of one subsidiary, whose financial information reflect total assets of Rs. 404 lakhs as at 31st March, 2023, total revenues of Rs. Nil, total profit for the year ended 31 March 2023 Rs. 32 lakhs and total comprehensive income Rs. 32 lakhs for the year ended 31 March 2023 and net cash inflows amounting to Rs1,964 lakhs for the year ended on that date, as considered in the consolidated financial statements.

These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, the financial information are not material to the Group 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 financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit 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 accounts maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Parent Company as on 31st March 2023 taken on record by the Board of Directors of the Company none of the directors of the Parent Company incorporated in India is disqualified as on 31st March, 2023 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 with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"

Independent Auditor's Report (Contd.)

which is based on the auditors' report of the parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements 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, Refer Note 43 to the Consolidated financial statements.

ii. the Group, did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company.

iv. a) The Managements of the Parent Holding Company which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, as disclosed in the note 47(e) to the consolidated financial statements, 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 Parent to or in any other 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/ Holding Company or any of such subsidiaries, associates and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) The Managements of the Parent Holding Company, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, as disclosed in the note 47(f) to the consolidated financial statements, no funds have been received by the Parent from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent 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 or other auditor's notice that has caused us or the other auditors 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 interim dividend declared and paid by the Company during the year and until the date of this report is in accordance with section 123 of the Companies Act 2013.

For **Deloitte Haskins And Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ananthi Amarnath
(Partner)
(Membership No. 209252)
(UDIN: 23209252BGXMKU8756)

Place: Chennai
Date: 26 May 2023

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, 2023, 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

Annexure "A" to the Independent Auditor's Report (Contd.)

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, 2023, 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 And Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ananthi Amarnath
(Partner)
(Membership No. 209252)
(UDIN: 23209252BGXMKU8756)

Place: Chennai
Date: 26 May 2023

Consolidated Balance Sheet
As at 31st March, 2023

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2023	As at 31st March, 2022
Assets			
Non-current assets			
Property, plant and equipment	4	12,106	11,628
Capital work-in-progress	5	1,280	509
Intangible assets	6	159	169
Right-of-use assets	7	1,179	1,216
Financial Assets			
(i) Investments	8	20,274	14,561
(ii) Loans	9	118	112
(iii) Others financial assets	10	79	449
Other non-current assets	11	12	102
Total non-current assets		**35,207**	**28,746**
Current assets			
Inventories	12	5,606	4,960
Financial Assets			
(i) Investments	8	15,228	13,267
(ii) Trade receivables	13	11,947	11,806
(iii) Cash and cash equivalents	14	1,286	2,358
(iv) Other bank balances	14	996	1,301
(v) Others financial assets	15	133	112
Current tax assets, net	16	604	658
Other current assets	17	768	903
Total current asset		**36,568**	**35,365**
Total assets		**71,775**	**64,111**
Equity and liabilities			
Equity			
Equity share capital	18	1,131	1,131
Other equity	19	54,902	49,388
Equity - Total		**56,033**	**50,519**
Liabilities			
Non-current liabilities			
Financial Liabilities			
(i) Lease Liabilities	20	294	332
Provisions	21	321	257
Deferred tax liabilities, net	22	2,985	2,150
Total non-current liabilities		**3,600**	**2,739**
Current Liabilities			
Financial Liabilities			
(i) Lease Liabilities	20	71	59
(ii) Trade payables	23		
Total outstanding dues to micro enterprises and small enterprises		2,923	2,566
Total outstanding dues to other than micro enterprises and small enterprises		6,628	6,441
(iii) Others financial liabilities	24	266	281
Provisions	25	85	89
Other current liabilities	26	2,169	1,417
Total current liabilities		**12,142**	**10,853**
Total equity and liabilities		**71,775**	**64,111**

Notes 1 to 49 form an integral part of these consolidated financial statement

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 11736W/W-100018

Ananthi Amarnath
Partner
Membership No. 209252

Place : Chennai
Date : 26th May, 2023

For and on behalf of the Board of Directors
India Nippon Electricals Limited
CIN: L31901TN1984PLC011021

T K Balaji
Chairman
DIN:00002010

Arvind Balaji
Managing Director
DIN:00557711

Elango Srinivasan
Chief Financial Officer

Logitha
Company Secretary

Place : Chennai
Date : 26th May, 2023

Consolidated Statement of profit and loss

for the year ended 31st March, 2023

(₹ in lakhs)

Particulars	Notes	Year ended 31st March, 2023	Year ended 31st March, 2022
Revenue from operations	27	65,625	56,627
Other income	28	2,256	2,529
Total income		**67,881**	**59,156**
Expenses:			
Cost of material consumed	29	44,123	38,592
Purchase of stock in trade	30	1,646	1,129
Changes in inventories of finished goods and work-in-progress	31	(320)	(177)
Other operating expenses	32	2,888	2,557
Employee benefit expenses	33	7,971	6,789
Finance costs	34	42	49
Depreciation and amortization expenses	35	1,462	1,285
Other expenses	36	4,027	2,778
Total expenses		**61,839**	**53,002**
Profit before tax		**6,042**	**6,154**
Tax expenses			
(1) Current tax	38	1,156	582
(2) Deferred tax	22	63	547
		1,219	**1,129**
Profit for the year		**4,823**	**5,025**
Other comprehensive income			
Items that will not be reclassified to profit or loss	37	3,752	2,155
- Income tax relating to items that will not be reclassified to profit or loss		(773)	(426)
Total other comprehensive income for the year, net of tax		**2,979**	**1,729**
Total comprehensive income for the year		**7,802**	**6,754**
Profits attributable to :			
a) Owners of the Company		4,823	5,025
b) Non controlling interest		-	-
Total Comprehensive income attributable to			
a) Owners of the Company		7,802	6,754
b) Non controlling interest		-	-
Earnings per equity share	42		
Basic and Diluted		21.32	22.21
Nominal value of equity shares (in rupees)		5.00	5.00

Notes 1 to 49 form an integral part of these consolidated financial statement

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 11736W/W-100018

Ananthi Amarnath
Partner
Membership No. 209252

Place : Chennai
Date : 26th May, 2023

For and on behalf of the Board of Directors
India Nippon Electricals Limited
CIN: L31901TN1984PLC011021

T K Balaji
Chairman
DIN:00002010

Arvind Balaji
Managing Director
DIN:00557711

Elango Srinivasan
Chief Financial Officer

Logitha
Company Secretary

Place : Chennai
Date : 26th May, 2023

Consolidated Statement of Cash Flow
for the year ended 31st March, 2023

(₹ in lakhs)

Particulars		Year ended 31st March, 2023	Year ended 31st March, 2022
Cash flows from Operating Activities:			
Net Profit before tax		6,042	6,154
Adjustments for			
-	Depreciation and amortization expenses	1,462	1,285
-	Dividend income from investments	(232)	(125)
-	Interest Income	(206)	(242)
-	(Loss) / Gain on fair valuation of investments	77	(193)
-	Gain on sale of investments(net)	(1,310)	(608)
-	Profit on sale of property, plant and equipment, net	-	(1,267)
-	Property, plant and equipment written off	37	7
-	Advances written off	1	3
-	Interest expenses	42	49
-	Unrealized forex gain, net	(176)	5
Operating Profit before Working Capital changes		**5,737**	**5,068**
-	Increase in loans	(6)	(29)
-	Decrease / (increase) in other non-current financial assets	370	(403)
-	Decrease in other non-current assets	-	80
-	Decrease / (increase) in trade receivables	36	(867)
-	Increase in Inventories	(646)	(583)
-	Increase in other financial assets	(1)	(4)
-	Decrease / (Increase) in other current assets	134	(98)
-	Increase / (Decrease) in trade payables	545	(201)
-	Decrease in other financial liabilities	(15)	(1,437)
-	Increase in other current liabilities	574	120
-	Increase in non-current provisions	64	12
-	Decreases in current provisions	(4)	(18)
Cash generated from operations		**6,788**	**1,640**
Income taxes paid, net		(1,102)	(935)
Net cash generated by operating activities: (A)		**5,686**	**705**
Cash flows from investing activities:			
Purchase of property, plant and equipment (including CWIP and adjustment of capital advance)		(2,521)	(2,773)
Acquisition of investments		(92,564)	(43,735)
Proceeds on sale of investments		89,794	44,892
Proceeds on sale of land		-	2,441
Interest received		187	263
Dividend received		232	125
Movement in bank deposits		305	1,595
Change as Net cash (used in)/from investing activities (B)		**(4,567)**	**2,808**

Consolidated Statement of Cash Flow
for the year ended 31st March, 2023

(₹ in lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Cash flows from Financing Activities:		
Payment of lease liabilities	(57)	(64)
Interest expenses	(42)	(49)
Dividend paid	(2,092)	(1,414)
Net Cash used in Financing Activities (C)	**(2,191)**	**(1,527)**
Net cash inflows during the year (A+B+C)	(1,072)	1,986
Add : Cash and cash equivalents at the beginning of the year	2,358	372
Cash and cash equivalents at the end of the year	**1,286**	**2,358**
Cash and cash equivalents comprise of:		
Cash on hand	2	1
Balance with banks in current accounts	1,284	2,357
Cash and cash equivalents as per note 14	**1,286**	**2,358**

Notes 1 to 49 form an integral part of these consolidated financial statement

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 11736W/W-100018

Ananthi Amarnath
Partner
Membership No. 209252

Place : Chennai
Date : 26th May, 2023

For and on behalf of the Board of Directors
India Nippon Electricals Limited
CIN: L31901TN1984PLC011021

T K Balaji
Chairman
DIN:00002010

Arvind Balaji
Managing Director
DIN:00557711

Elango Srinivasan
Chief Financial Officer

Logitha
Company Secretary

Place : Chennai
Date : 26th May, 2023

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2023

Equity Share Capital

(₹ in lakhs)

Particulars	No.of.Shares	Amount
Balances as at 31st March, 2021	2,26,21,424	1,131
Balances as at 31st March, 2022	2,26,21,424	1,131
Balances as at 31st March, 2023	**2,26,21,424**	**1,131**

(₹ in lakhs)

Particulars	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
As at 31st March, 2022	1,131	-	-	1,131
As at 31st March, 2023	**1,131**	**-**	**-**	**1,131**

Other Equity

(₹ in lakhs)

Particulars	Reserves and surplus			Other comprehensive income		Total other equity attributable to equity share holder	Non-controlling interest	Total
	Capital redemption reserve	Retained earnings	General reserve	Foreign currency translation reserves	Other items of other comprehensive income			
Balance as at 1st April, 2021	**40**	**28,249**	**10,948**	**10**	**4,719**	**43,966**	**2**	**43,968**
Dividend paid	-	(1,414)	-	-	-	(1,414)	-	(1,414)
Profits for the year	-	5,025	-	-	-	5,025	-	5,025
Other comprehensive income	-	-	-	-	1,729	1,729	-	1,729
Foreign currency translation	-	-	-	80	-	80	-	80
Balance as at 31st March, 2022	**40**	**31,860**	**10,948**	**90**	**6,448**	**49,386**	**2**	**49,388**
Dividend paid	-	(2,092)	-	-	-	(2,092)	-	(2,092)
Profits for the year	-	4,823	-	-	-	4,823	1	4,824
Other comprehensive income	-	-	-	-	2,979	2,979	-	2,979
Foreign currency translation	-	-	-	(194)	-	(194)	(3)	(197)
Balance as of 31st March, 2023	**40**	**34,591**	**10,948**	**(104)**	**9,427**	**54,902**	**-**	**54,902**

Notes 1 to 49 form an integral part of these consolidated financial statement

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 11736W/W-100018

Ananthi Amarnath
Partner
Membership No. 209252

Place : Chennai
Date : 26th May, 2023

For and on behalf of the Board of Directors
India Nippon Electricals Limited
CIN: L31901TN1984PLC011021

T K Balaji
Chairman
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Managing Director
DIN:00557711

Elango Srinivasan
Chief Financial Officer

Logitha
Company Secretary

Place : Chennai
Date : 26th May, 2023

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

1. General Information

India Nippon Electricals Limited ("the Parent Company") is a public limited company incorporated and domiciled in India under the provisions of Companies Act and has its registered office at No.11 & 13, Patullos Road, Chennai-600 002, Tamilnadu, India. The Parent 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 Parent Company has a developed Research & Development center recognized by DSIR,Govt of India. The the Parent Company has three manufacturing facilities in India and supplies to domestic as well as overseas markets. The has became subsidiary of Lucas India Services with effect from 30th March, 2022. The shares of the Group are listed on the BSE Limited and National Stock Exchange of India Limited.

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 12th April, 2006 which was approved by the Ministry of Law and Human Rights on 1st 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.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The Consolidated financial statements of the Group have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as notified under section 133 of Companies Act, 2013 (the "Act") and other relevant provisions of the Act. These financial statements have been prepared on a historical cost convention on accrual basis, except for certain financial assets and financial liabilities (including derivative instruments), which are measured at fair value.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its wholly owned subsidiary. The financial statements of the subsidiary forming part of these consolidated financial statements are drawn up to 31st March, 2023. All material inter-Company transactions and balances are eliminated on consolidation.

Subsidiaries are all entities over which the Group exercises control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity. Subsidiary are fully consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date the control ceases.

The financial statements of the Holding Company and its subsidiaries have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, equity, income and expenses, after fully eliminating intragroup transactions, intra-group balances, and resulting unrealized profits or losses, unless cost cannot be recovered, as per the applicable accounting standard. Accounting policies of the respective subsidiaries are aligned wherever necessary so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS.

Profit or loss of subsidiaries acquired or disposed during the year is recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the financial statements. These reclassifications were not significant and have no impact on the total assets, total liabilities, total equity and profit of the Group.

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

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.

The financial statements are presented in Indian Rupees which is also the Group's functional currency. All amounts have been rounded off to the nearest Lakhs, except share data and as otherwise stated

2.2 Critical accounting estimates, assumptions and judgements

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 recognized prospectively in the current and future period.

i) Estimation of fair value of unlisted securities - The fair value of unlisted securities is determined using the valuation techniques. The Group uses its judgement to select the methods and make assumptions at end of each reporting period. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

ii) Defined benefit obligation - The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, etc. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

iii) Impairment testing - Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

iv) Estimation and evaluation of provisions and contingencies relating to tax litigation - Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

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.

vi) Useful lives of property, plant and equipment('PPE') and intangible assets: The useful life of an asset is an accounting estimate of the number of years it is likely to remain in service for the purpose of cost-effective revenue generation. The Internal Revenue Service (IRS) employs useful life estimates to determine the amount of time during which an asset can be depreciated.

vii) Deferred income tax assets and liabilities: As IAS 12 considers deferred tax from the perspective of temporary differences between the carrying amount and tax base of assets and liabilities, the standard can be said to focus on the statement of financial position.

2.3 Revenue Recognition

To determine whether to recognize revenue from contracts with customers, the Group follows a 5-step process

- Identifying the contract with customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognizing revenue when/as performance obligation(s) are satisfied

Revenue from contracts with customers for products sold and service provided is recognized when control of promised products or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made with a credit term of 60-90 days, which is consistent with market practice. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

i) Sale of product

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

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.

The Group 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 Group 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 Group recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

ii) Interest income

Generally, interest income from debt instruments is recognized 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 Group 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.

iii) Dividends

Dividends are recognized 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 Group, and the amount of dividend can be reliably measured.

iv) Export benefits

Export incentives are recognized as income as per the terms of the scheme in respect of the exports made and included as part of other operating income.

2.4 Property, plant and equipment

i) Plant and 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).

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

ii) Depreciation

Depreciation on Property, plant & equipment (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.

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 .

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

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.

2.5 Intangible assets

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. Expenditure on projects which are not yet ready for intended use are carried as intangible

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

assets under development. 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.

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

2.6 Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 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.

2.7 Foreign currency transaction

On initial recognition, all foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in a foreign currency, are translated at the exchange rate prevailing on the Balance Sheet date and the resultant exchange gains or losses are recognized in the Statement of Profit and Loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation

2.8 Inventories

i) Raw materials

Raw materials are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined at weighted average cost.

ii) Work in progress and finished goods

Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes the combined cost of material, labour and a proportion of manufacturing overheads based on normal operating capacity 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 realizable 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.

iii) Stores and spares

Stores and spares consists of primary packing materials, engineering spares and consumables , which are used in operating machines or consumed as indirect materials in the manufacturing process, has been valued using weighted average cost

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

method. The cost comprises of costs of purchase, duties and taxes (other than those subsequently recoverable),conversion cost and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

2.9 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 recognized 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:

a) Defined contribution plan

Contribution to Provident Fund in India are in the nature of defined contribution plan and are made to a recognized fund. Contribution to Superannuation Fund is in the nature of defined contribution plan and is remitted to insurance Group in accordance with the scheme framed by the Corporation. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognized as an expense in the period that related employee services are received.

i) Provident fund

The Group makes contribution to the statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952, which is a defined contribution plan, and contribution paid or payable is recognized as an expense in the period in which it falls due.

ii) Provident fund

The Group's contribution towards defined contribution plan is accrued in compliance with the requirement of the domestic laws of the countries in which the entities operate in the year of which the contributions are done. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

iii) Superannuation fund

Contribution made towards Superannuation Fund (funded by payments to an insurance Group) which is a defined contribution plan, is charged as expenses on accrual basis. There are no obligations other than the contribution made to respective fund.

b) Under the Group's defined benefit plans, the amount of benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary.

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

i) **Gratuity**

The liability recognized in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. The Group estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to government securities that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income

ii) The Group also extends defined benefit plans in the form of compensated absences to employees. Provision for compensated absences is made on actuarial valuation basis.

2.10 Income 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.

i) **Current income tax**

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.

ii) **Deferred income tax**

Deferred income tax is recognized using the balance sheet approach. 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 realized or the deferred income tax liability is settled. 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, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

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

2.11 Provisions and contingent liabilities:

i) **Provisions:**

A provision is recorded when the Group has a present legal or constructive obligation as a result

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

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 recognized 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 recognized 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 Group does not recognize a contingent liability but discloses its existence in Financial Statements.

2.12 Cash and Cash equivalents:

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other shortterm highly liquid investments with original maturities of 3 months or less, as applicable.

2.14 Earnings per share

Basic earnings per equity share is calculated by dividing the total profit for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). In this scenario, the number of equity shares outstanding increases without an increase in resources due to which the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

2.15 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 forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

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.

2.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets other than equity instruments are classified into categories: financial assets at fair value through profit or loss and at amortized cost. Financial assets that are equity instruments are classified as fair value through profit or loss or fair value through other comprehensive income. Financial liabilities are classified into financial liabilities at fair value through profit or loss or amortized cost. Financial instruments are recognized on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

At Initial recognition, the Group 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 recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

i) Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

a) Amortized cost

b) Fair value through other comprehensive income (FVOCI) or

c) Fair value through profit and loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

a) Financial asset at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

and interest are measured at amortized cost. These assets are measured subsequently at amortized cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

b) **Financial asset at fair value through other comprehensive income (FVOCI)**

Assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest in the principal amount outstanding. At initial recognition, the Group, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These selections are made on an instrument-by-instrument (i.e., share-by-share) basis. If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognized in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

c) **Financial asset at fair value through profit and loss (FVTPL)**

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortized cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in profit and loss

d) **De-recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's Consolidated balance sheet) when:

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

a. The rights to receive cash flows from the asset have expired, or

b. The Group 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 (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough 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 Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group 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 Group could be required to repay

ii) Financial liabilities

a) 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 recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables

b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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 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. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments

Gains or losses on liabilities held for trading are recognized in the profit or loss.

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 Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

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 recognized in the Statement of Profit and Loss.

Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options and buyback of ordinary shares are recognized as a deduction from equity, net of any tax effects.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices, and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial assets and liabilities maturing within one year from the Balance sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments

c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Levell 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Levell 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 3 - Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs)

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

d) **Impairment of financial assets**

In accordance with Ind AS 109 Financial Instruments, the Group applies expected credit loss (ECL) model and specific identification method based on the credit risk for measurement and recognition of impairment loss for financial assets.

The Group tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss, except for trade receivables.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity uses the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables

Trade receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of receivables. Default is cosidered to exist when the counter party fails to make the contractual payment within 90 days of when they fall due. A trade receivable is considered to be credit impaired when the management considers the amount to be non recoverable.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Statement of Profit and Loss.

Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and valuein-use. To determine the value-in-use, management estimates expected future cash flows from each cashgenerating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cashgenerating unit and reflect current market assessments of the time value of money and assetspecific risk factors.

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cashgenerating unit's recoverable amount exceeds its carrying amount.

2.17 Segment information

In accordance with Ind AS 108, Operating Segments, the Group has identified manufacture and sale of Ignition Systems for auto industry with special focus on two-wheeler and support with the collaborators, the Group has a developed research and development center recognized by DSIR, Government of India. As per Ind AS 108 Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, the Group has identified only one segment as reportable segment for the year ended 31st March, 2023 and 31st March, 2022.

3 Recent accounting pronouncements and other Latest regulatory updates

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31st March, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendments Rules, 2023, applicable from 1st April, 2023, as below:

Ind AS 1 - Presentation of financial statements

The ammendments specify that Companies should now disclose material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements.

Ind AS 8 - Accounting policies, change in accounting estimates and errors

Definition of 'change in account estimate has been replaced by revised definition of 'accounting estimate'.

- As per revised definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.
- A Company develops an accounting estimate to achieve the objective set out by an accounting policy.
- Accounting estimates include:
  - a) Selection of a measurement technique (estimation or valuation technique)
  - b) Selecting the inputs to be used when applying the chosen measurement technique.

Ind AS 12 - Income taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group does not expect any of the aforesaid amendments to have any significant impact in its Consolidated financial statements.

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

4. Property, plant and equipment

(₹ in lakhs)

Particulars	Land	Building	Plant and equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross block							
Balance as at 1st April, 2021	**713**	**1,679**	**7,740**	**282**	**324**	**41**	**10,779**
Additions	-	3,346	1,907	132	224	27	5,636
Deletions	-	-	(31)	-	-	-	(31)
Balance as at 31st March, 2022	**713**	**5,025**	**9,616**	**414**	**548**	**68**	**16,384**
Additions		514	1,185	36	74	14	1,823
Deletions		-	(111)	-	(1)	-	(112)
Balance as at 31st March, 2023	**713**	**5,539**	**10,690**	**450**	**621**	**82**	**18,095**
Accumulated depreciation							
Balance as at 1st April, 2021	**-**	**430**	**2,876**	**125**	**179**	**21**	**3,631**
Charge for the year	-	137	891	41	70	5	1,144
Reversals on deletions	-		(19)	-	-	-	(19)
Balance as at 31st March, 2022	**-**	**567**	**3,748**	**166**	**249**	**26**	**4,756**
Charge for the year	-	213	932	39	105	9	1,298
Reversals on deletions	-	-	(64)	-	(1)	-	(65)
Balance as at 31st March, 2023	**-**	**780**	**4,616**	**205**	**353**	**35**	**5,989**
Net block							
Balance as at 31st March, 2022	713	4,458	5,868	248	299	42	11,628
Balance as at 31st March, 2023	**713**	**4,759**	**6,074**	**245**	**268**	**47**	**12,106**

5. Capital work in progress

i) Ageing schedule of capital work-in-progress

a) Projects in progress

(₹ in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Less than 1 year	1,231	403
1-2 years	49	106
2-3 years	-	-
More than 3 years	-	-
Total	**1,280**	**509**

b) There were no projects temporarily suspended as at 31st March, 2023 and 31st March, 2022.

c) Completion schedule of capital work in progress exceeded its original plan:

(₹ in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Less than 1 year	539	265
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	**539**	**265**

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

6. Intangible asset

(₹ in lakhs)

Particulars	Softwares	SAP	Licenses	Technical knowhow	Total
Gross block					
Balance as at 1st April, 2021	**69**	**178**	**82**	**33**	**362**
Additions	48	-	43	1	92
Balance as at 31st March, 2022	**117**	**178**	**125**	**34**	**454**
Additions	52	-	-	-	52
Balance as at 31st March, 2023	**169**	**178**	**125**	**34**	**506**
Accumulated amortization					
Balance as at 1st April, 2021	**64**	**94**	**45**	**34**	**237**
Charge for the year	7	18	23	-	48
Balance as at 31st March, 2022	**71**	**112**	**68**	**34**	**285**
Charge for the year	19	18	25	-	62
Balance as at 31st March, 2023	**90**	**130**	**93**	**34**	**347**
Net block					
Balance as at 31st March, 2022	46	66	57	-	169
Balance as at 31st March, 2023	**79**	**48**	**32**	**-**	**159**

7. Right to use assets

(₹ in lakhs)

Particulars	Leasehold land	Leasehold buildings	Total
Gross block			
Balance as at 1st April, 2021	**1,422**	**86**	**1,508**
Additions	-	-	-
Deletions	-	(19)	(19)
Balance as at 31st March, 2022	**1,422**	**67**	**1,489**
Additions	65	-	65
Deletions	-	-	-
Balance as at 31st March, 2023	**1,487**	**67**	**1,554**
Accumulated amortization			
Balance as at 1st April, 2021	**144**	**53**	**197**
Charge for the year	72	21	93
Disposals	-	(17)	(17)
Balance as at 31st March, 2022	**216**	**57**	**273**
Charge for the year	93	9	102
Balance as at 31st March, 2023	**309**	**66**	**375**
Net block			
Balance as at 31st March, 2022	1,206	10	1,216
Balance as at 31st March, 2023	**1,178**	**1**	**1,179**

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

8. Investments

A) Non-current investments

(₹ in lakhs)

		Face value	No. of Shares/Units		Amount	
			As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2023	As at 31st March, 2022
a)	**Investment carried at cost**					
i)	**Investments in debentures / bonds**					
	Indian Railway Finance Corporation Limited	1,000	50,000	50,000	500	500
	India Infrastructure Finance Corporation Limited	1,000	50,000	50,000	500	500
	State Bank Of India Series - 8.75% Perpetual Bond	10,00,000	25	25	251	263
	State Bank Of India Series - 7.74% Perpetual Bond	10,00,000	25	25	246	256
	Mahindra & Mahindra Financial Services Limited	10,00,000	22		207	-
	L&T Bond Market Linked Debentures	1,010	50		505	-
b)	**Investment carried at fair value through other comprehensive income (FVTOCI)**					
i)	**Investment in equity instruments (fully paid-up) (Unquoted)**					
	Lucas TVS Limited	100	97,351	97,351	15,446	11,735
	IRIS Ecopower Venture Private Limited	4	3,18,400	3,30,400	32	33
ii)	**Non listed equity shares**					
	NSE Equity	1	13,000	13,000	384	247
iii)	**Listed equity shares**					
	HDFC Bank Limited	1	6,900	3,550	111	53
	Housing Development Finance Corporation Limited	2	4,285	2,210	113	54
	ICICI Bank Limited	2	13,150	7,150	115	53
	Infosys Limited	5	5,745	2,770	82	53
	Reliance Industries Limited	10	3,865	2,090	90	56
	Tata Consultancy Service Limited	1	2,760	1,370	88	51
iv)	**Investments in venture capital funds**					
	TVS Shriram Growth Fund Scheme 3	1,000	85,800	50,000	1,250	500
	Sundaram Alternative Opportunities series		-	18	-	19
v)	**Investment in mutual funds**					
	Hdfc Index Fund-Nifty 50 Plan -Direct Growth	10	55,925	46,333	92	76
	Hdfc Hof Series 1 1140D November 2017 - 1- Reg-G	10	10,00,000	1,85,015	132	70
	Nippon India Nifty Midcap 150 Index Fund - Direct Plan Growth	10	4,00,948	3,32,913	52	42
	Icici Prudential Nifty Next 50 Index Fund - Direct Plan Growth	10	2,22,095		78	-
					20,274	**14,561**

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

B) Current investments

(₹ in lakhs)

	Face value	No. of Shares/Units		Amount	
		As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2023	As at 31st March, 2022
Investment carried at fair value through profit and loss:					
Current Investments - Quoted					
Investment In Mutual Funds					
Axis Short Term-G	10	94,56,821	94,56,821	2,459	2,358
Aditya Birla SL Corporate Bond-G	10	14,00,088	15,22,237	1,322	1,373
ICICI pru liquid fund Direct plan - Growth	100	1,20,699	28,634	402	90
Aditya Birla Sun life Money manager fund Direct Growth	100	1,36,812	2,83,761	433	848
Kotak Bond Short-term Reg-G	10	46,24,333	16,56,347	2,040	705
Nippon India Money Market Fund Direct plan - Growth	1,000	22,131	33,885	785	1,135
IDFC CRISIL Glit 2027 Index Fund Regular Plan- Growth	10	1,68,34,871	-	1,829	-
IDFC SSI ST Reg-G	10	39,37,462	-	1,897	-
Nippon India Short-term-Growth	10	18,35,238	-	814	-
Nippon India liquid fund Direct plan - Growth	1,000	18,395	-	1,013	-
Aditya Birla SL Overnight fund - Growth - Direct	1,000	61,091	-	741	-
Nippon India Overnight Fund - Direct Plan	1,000	5,24,108	-	631	-
DSP Overnight Fund - Direct Plan	1000	8,330	-	100	-
AXIS Liquid Fund Direct-G	1000	28,483	-	712	-
HSBC Overnight Fund - Direct	1000	4,263	-	50	-
ICICI Pru Short Term-G	10	-	11,55,193	-	552
IDFC Bond Medium Term Reg-G		-	16,59,189	-	632
IDFC Bond Short Term Reg-G	10	-	33,43,087	-	1,554
Reliance Short Term Fund -Growth		-	12,71,160	-	544
ICICI pru money market fund Direct plan - Growth		-	2,68,896	-	825
Aditya Birla SL Liquid fund Direct Plan - Growth		-	58,465	-	201
SBI savings fund Direct Plan - Growth	10	-	20,25,442	-	720
HDFC HOF Series 1 1140D November 2017 -1- Reg-G	10	-	10,00,000	-	122
IDFC Arbitrage fund G - Direct plan	10	-	9,77,227	-	273
ICICI prudential equity Arbitrage Fund G - Direct Plan	10	-	9,34,279	-	274
Aditya Birla sun life Arbitrage Fund G - Direct Plan	10	-	25,54,062	-	581
Kotak Equity Arbitrage Reg-G Direct: 940614/82	10	-	15,15,561	-	480
				15,228	**13,267**

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

(₹ in lakhs)

8.1	As at 31st March, 2023	As at 31st March, 2022
Aggregate amount of unquoted investments carried at amortized cost	2,209	1,519
Aggregate amount of unquoted investments carried at FVTOCI	15,478	11,768
Aggregate value of quoted/Un-Quoted investments - Carried at FVTPL	2,587	1,274
Total non-current investment	**20,274**	**14,561**
Aggregate value of quoted investments - Carried at FVTPL	15,228	13,267
Total current investment	**15,228**	**13,267**

9. Loans

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(Unsecured and considered good)		
Loans to employees	118	112
	118	**112**

10. Other non-current financial assets

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(Unsecured and considered good)		
Bank deposits with more than 12 months maturity	1	399
Security deposits	78	50
	79	**449**

11. Other non-current assets

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(Unsecured and considered good)		
Capital Advance	12	102
	12	**102**

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

12. Inventories

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(Lower of cost and net realizable value)		
Raw material	3,535	3,276
Raw material - goods in transit	216	155
Work in progress	209	499
Finished goods	1,000	363
Finished goods in transit	333	436
Stores and spares	6	1
Stock in trade	307	230
	5,606	**4,960**
a) Cost of Inventories recognized as expense in statement of profit and loss	**45,449**	**39,544**
b) The cost of inventories recognized as expense in respect of write down of inventories ₹ 101 Lakhs		
c) The mode of valuation of inventories has been stated in Note 2.8		

13. Trade receivables

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Considered good	11,947	11,806
	11,947	**11,806**

a) Trade receivables are non-interest bearing and are generally on terms of 45 to 60 days. The carrying amount of the current trade receivable is considered a reasonable approximation of fair value as it is expected to be collected within twelve months.

b) The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 46.

c) Ageing of trade receivables

i) Undisputed trade receivables considered good

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Not due	10,572	10,090
Less than 6 months	1,327	1,716
6 months to 1 years	25	-
1 to 2 years	23	-
2 to 3 years	-	-
Morethan 3 years	-	-
	11,947	**11,806**

ii) There were no undisputed trade receiavbles which have significant credit risk, credit impaired, disputed receivables considered good, trade receiavbles which have significant credit risk and credit impaired as at 31st March, 2023 and 31st March, 2022.

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

14. Cash and bank balances

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Cash and cash equivalents:		
Cash on hand	2	1
Balance with banks in current accounts	1,284	2,357
	1,286	**2,358**
Bank balances other than mentioned in cash and cash equivalents		
- Deposit accounts (with original maturity greater than 3 months upto 12 months)	934	1,239
- Unpaid dividend (Also, refer note (i) below)	62	62
	996	**1,301**
	2,282	**3,659**

i) Unpaid dividend included above represent amounts to be credited to the Investors Education and Protection Fund as and when they become due. There are no delays in transferring the amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the balance sheet date by the parent company

15. Other current financial asset

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Interest accrued on deposits	124	105
Duty draw back receivable	9	7
	133	**112**

16. Income tax assets

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Advance tax, net	604	658
	604	**658**

17. Other current assets

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Supplier advances	277	363
Other advances	7	12
Gratuity assets (Also, refer note 39)	9	-
Prepaid expenses	280	441
Other receivables	195	87
	768	**903**

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

18. Equity share capital

	As at 31st March, 2023		As at 31st March, 2022	
	Numbers	Amount	Numbers	Amount
Authorised				
Equity shares of ₹ 5 each	3,00,00,000	1,500	3,00,00,000	1,500
Issued, subscribed and fully paid up share capital				
Equity shares of ₹ 5 each	2,26,21,424	1,131	2,26,21,424	1,131

a) There is no change in issued and subscribed equity share capital during the year.

b) Terms/ rights attached to equity shares

The Parent Company has one class of equity shares having a par value of ₹ 5 per share. The Group declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which is approved by the Board of Directors. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive any of the remaining assets of the Group, after distribution of all preferential amounts. The distribution will be proportional to the number of equity shares held by the shareholders.

c) Shareholders holding more than 5% of the aggregate shares in the Group

	As at 31st March, 2023		As at 31st March, 2022	
	Numbers	% shareholding	Numbers	% shareholding
Equity shares of ₹ 5 each				
Lucas Indian Service Limited, India	1,14,92,588	50.80%	1,14,92,588	50.80%
Mahle Electric Drives Japan Corpn., Japan (formerly Kokusan Denki Co Limited, Japan)	14,14,786	6.25%	14,14,786	6.25%
Mahle Holding (India) Private Limited	30,00,000	13.26%	30,00,000	13.26%
	1,59,07,374	**70.32%**	**1,59,07,374**	**70.32%**

e) Disclosure of shareholding of promoters

	As at 31st March, 2023		As at 31st March, 2022		% Change during the year
	Numbers	% shareholding	Numbers	% shareholding	
Equity shares of ₹ 5 each					
Lucas Indian Service Limited	1,14,92,588	50.80%	1,14,92,588	50.80%	0.00%
Mahle Holding India Private Limited	30,00,000	13.26%	30,00,000	13.26%	0.00%
Mahle Electric Drives Japan Corporation	14,14,786	6.25%	14,14,786	6.25%	0.00%
Sheela Balaji	3,712	0.02%	3,712	0.02%	0.00%
T K Balaji	1,694	0.01%	-	0.00%	0.01%
Vatsala Raghu	542	0.00%	8	0.00%	0.00%
Sowmyan Ramakrishnan	7,308	0.03%	7,308	0.03%	0.00%
V A Raghu	8	0.00%	8	0.00%	0.00%
Mala Ramakrishnan	742	0.00%	-	0.00%	0.00%
Vijaya Mohanram	742	0.00%	-	0.00%	0.00%
D Saroja	-	0.00%	3,712	0.02%	-0.02%
	1,59,22,122	**70.39%**	**1,59,22,122**	**70.39%**	**-**

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

f) There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and there were no buy back of shares during the last 5 years immediately preceding 31st March, 2023.

g) Details of interim dividend declared:

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Date of meeting of board of directors	14th Febuaury, 2023	10th Febuaury, 2022
Dividend per share	9.25	6.25
Cash outflow in Lakhs	2,092	1,414

19. Other equity

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Capital redemption reserve	**40**	**40**
General reserve	**10,948**	**10,948**
Retained earnings		
Opening Balance	31,860	28,249
Dividend paid	(2,092)	(1,414)
Profit for the year	4,823	5,025
Closing balance	**34,591**	**31,860**
Other Comprehensive income		
Opening Balance	6,448	4,719
Add : Transfer from other comprehensive income	2,979	1,729
Closing balance	**9,427**	**6,448**
Foreign currency translation reserves		
Opening Balance	90	10
Add : movement during the year	(194)	80
Closing balance	**(104)**	**90**
Total Other Equity	**54,902**	**49,386**

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 Group as dividends to its equity shareholders is determined based on the separate financial statements of the Group 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:

The Group has elected to recognize changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognized.

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

20. Lease liablities

(₹ in lakhs)

	As at 31st March, 2023		As at 31st March, 2022	
	Non-current	Current	Non-current	Current
Lease liablities	294	71	332	59
	294	**71**	**332**	**59**

(₹ in lakhs)

		As at 31st March, 2023	As at 31st March, 2022
a	**Movement in lease liability**		
	Balance at beginning of the year	391	457
	Additions	65	-
	Deletion	-	(19)
	Finance cost (Also, refer note 34)	37	43
	Payment of Lease liabilities	(129)	(90)
	Balance as at end of the year	**364**	**391**
b)	**Summary of contractual maturities of lease liabilities on undiscounted basis**		
	i) Less than one Year	104	96
	ii) One to five years	347	366
	iii) More than five years	-	50
		451	**512**
c)	**Amount recognized in statement of profit and loss**		
	Interest on lease liabilities	37	43
	Amortization of ROU	9	21.00
	Lease payments	(57)	(64)
		(11)	**-**

21. Non-current provision

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Provision for employee benefits:		
- Compensated absences	321	257
	321	**257**

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

22. Defferred tax liability

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Deferred tax liability arising on account of :		
- Timing difference between written down value as per financials and as per Income tax on property plant and equitment	964	965
- Fair valuation of investments	2,250	1,582
Deferred tax asset arising on account of :		
- Provision for employee benefits	(139)	(285)
- Others	(90)	(112)
	2,985	**2,150**

Particular	Timing difference between written down value as per financials and as per Income tax on property plant and equitment	Fairvaluation of Investment	Provision for employee benefits	Others	Total
Balance as at 1st April, 2021	407	1,190	(328)	(92)	1,177
Recognized in statement of profit and loss	558	347	41	(20)	926
Recognized in other comprehensive income	-	45	2		47
Balance as at 31st March, 2022	965	1,582	(285)	(112)	2,150
Recognized in statement of profit and loss	(1)	(105)	135	22	51
Recognized in other comprehensive income	-	773	11	-	784
Balance as at 31st March, 2023	**964**	**2,250**	**(139)**	**(90)**	**2,985**

23. Trade payables

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Total outstanding dues to micro enterprises and small enterprises (Also, refer note (a) and (b))	2,923	2,566
Total outstanding dues to other than micro enterprises and small enterprises (Also, refer note (b))	6,628	6,441
	9,551	**9,007**

a) Disclosures Required Under Section 22 Of The Micro, Small And Medium Enterprises Development Act, 2006:

	As at 31st March, 2023	As at 31st March, 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	2,923	2,566
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

		As at 31st March, 2023	As at 31st March, 2022
(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	-	-

The management has identified enterprises which have provided goods and services to the Group and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31st March, 2023 and 31st March, 2022 has been made in the financials statements based on information received and available with the Group. Further, the Group has not paid any interest to any micro and small enterprises during the current year and previous year.

b) Ageing of trade payables

31st March, 2023

Particulars	Outstanding for following period from due date from payment				
	Less than 1 year	1 to 2 years	2 to 3 years	Morethan 3 years	Total
MSME	2,923	-	-	-	**2,923**
Disputed dues - MSME	-	-	-	-	**-**
Others	6,570	4	10	44	**6,628**
Disputed dues - Other than MSME	-	-	-	-	**-**

31st March, 2022

Particulars	Outstanding for following period from due date from payment				
	Less than 1 year	1 to 2 years	2 to 3 years	Morethan 3 years	Total
MSME	2,566	-	-	-	**2,566**
Disputed dues - MSME	-	-	-	-	**-**
Others	6,413	6	2	20	**6,441**
Disputed dues - Other than MSME	-	-	-	-	**-**

24. Other financial liabilities

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unpaid dividend	62	62
Earnest money deposit	49	86
Commission to directors	155	133
	266	**281**

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

25. Current provision

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Provisions for employee benefits		
- Compensated absences	24	34
Provision for warranty (Also, refer note (a) below)	61	55
	85	**89**
Product Warranty:		
Opening Balance	13	26
Additions	27	-
Utilizations	(12)	(13)
Closing Balance	**28**	**13**

a) A provision is recognized for expected warranty claims on supply of goods, based on past experience of level of repairs and returns. The current and non-current classification of the provision is made based on the remaining warranty period of the goods supplied as at the balance sheet date. The assumptions used to calculate the provision for warranties are based on the Group's current status of goods supplied that are under warranty and information available about expenditure more probable to be incurred based on the Group's warranty terms which provides for a warranty period of about 12-36 months.

26. Other current liablities

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Statutory dues	737	675
Provision for customer payable	963	669
Tooling advance payable	426	46
Gratuity (Also, refer note 39)	-	25
Others	43	2
	2,169	**1,417**

27. Revenue from operations

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Sale of Products:		
Export sales	3,708	3,362
Domestic sales	61,726	52,942
	65,434	**56,304**
Discount to customers (Turnover discount)	(813)	(576)
	64,621	**55,728**
Other operating revenues:		
- Export benefits	99	132
- Scrap sales and others	905	767
	65,625	**56,627**

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

a) Disaggregation of revenue information

The table below presents disaggregated revenues from contracts with customer which is recognized based on goods transferred at a point of time by geography and offerings of the Group. As per the management, the below disaggregation best depicts the nature, amount, timing and uncertainty of how revenues and cash flows are affected by industry, market and other economic factors.

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Revenue by geography		
India	61,917	53,265
Rest of the world	3,708	3,362
Total revenue from operations	**65,625**	**56,627**

b) Contract balances

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Receivables, which are included in Trade receivables (gross)	11,947	11,806
Revenue received in advance, which are included in 'Other current liabilities'	-	-
Deferred revenue, which are included in 'Other current liabilities'	-	-

c) Segment information

In accordance with Ind AS 108, Operating Segments, the Group has identified manufacture and sale of Ignition Systems for auto industry with special focus on two-wheeler and support with the collaborators, the Group has a developed research and development center recognized by DSIR, Government of India. As per Ind AS 108 Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, the Group has identified only one segment as reportable segment for the year ended 31st March, 2023 and 31st March, 2022.

d) Geographical information

The Group is domiciled in India.The amount of its revenue from external customers and non-current assets other than financial instruments,and deferred tax assets, broken down by location of the assets, is shown below:

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Revenue by geography		
India	61,917	53,265
Rest of the world	3,708	3,362
Total revenue from operations	**65,625**	**56,627**

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Non-current asset		
India	34,253	27,140
Rest of the world	954	1,606
	35,207	**28,746**

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

e) **Information about major customers**

Revenue from operations include revenue from major customer group contributing individually to more than 10% of the Group's total revenue from operations as given below. There is no other single customer who contributed more than 10% to the Group's revenue for the respective years.

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
No of customer	2	2
Amount involved	48,751	43,384

28. Other income

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest Income :		
- From bank deposits	64	60
- From bonds	142	182
Dividend Income	232	125
Net gain on foreign currency transactions	176	-
Net gain on sale of investments carried at FVTPL	1,310	608
Net gain on sale of land	-	1,267
Gain on fairvaluation of investment carried at fair value through profit and loss	-	193
VAT Provision no longer required written back	261	-
Other non-operating income	71	94
	2,256	**2,529**

29. Cost of raw materials consumed

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Opening stock	3,430	3,108
Add: Purchases	44,444	38,915
	47,874	42,023
Less: Closing stock	(3,751)	(3,431)
	44,123	**38,592**

30. Purchase of stock in trade

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Purchase of stock in trade	1,646	1,129
	1,646	**1,129**

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

31. Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Closing stock		
Finished goods	1,333	800
Work in progress	209	499
Stock in trade	307	230
	1,849	**1,529**
Opening stock		
Finished goods	800	877
Work in progress	499	329
Stock in trade	230	146
	1,529	**1,352**
Changes in inventories	**(320)**	**(177)**

32. Other operating expenses

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Stores and spares consumed	1,024	892
Power and fuel	821	646
Repairs to:		
-Building	326	276
-Machinery	428	410
-Others	105	68
Royalty	-	2
Research and development expenses	184	263
	2,888	**2,557**

33. Employee benefits expenses

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Salaries, wages and bonus	6,503	5,510
Gratuity expenses (Also, rerfer note 39)	66	70
Contribution to provident and other funds (Refer Note 39)	352	364
Staff welfare expenses	1,050	845
	7,971	**6,789**

34. Finance costs

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Bank charges	5	6
Interest expenses (Also, refer note 20)	37	43
	42	**49**

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

35. Depreciation and amortization expenses

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Depreciation of Property, plant and equipment (Also, refer note 4)	1,298	1,144
Amortization of intangible assets (Also, refer note 6)	62	48
Amortization of right to use asset (Also, refer note 7)	102	93
	1,462	**1,285**

36. Other expenses

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Rent (Also, refer note (a) below)	22	4
Repairs and maintenance - others	16	15
Insurance	63	52
Rates and taxes	42	141
Communication expenses	49	32
Postage, printing and stationery	50	39
Director sitting fees	29	14
Travelling and conveyance	235	102
Legal and professional charges	433	282
Management fees (Also, refer note 40)	563	480
Corporate social responsibility (Also, refer note 44)	88	122
Commisson to directors	155	133
Warrenty expenses	48	40
Freight outwards	377	308
Advertisement and sales promotion expenses	1,078	261
Audit Fees:		
a) Statutory Auditors:		
- Statutory Audit	18	15
- Tax Audit	4	3
- Other Attestation Matters	7	3
- Reimbursement of Expenses	1	1
b) Cost Audit	3	3
c) Secretarial Audit	2	2
d) Reimbursement - Other audits	1	-
Loss on fairvaluation of investment carried at fair value through profit and loss	77	-
Miscellaneous expenses	666	726
	4,027	**2,778**

a) The Group has lease contracts for office premises and these lease contracts are cancellable/renewable for further period on mutually agreeable terms during the tenure of lease contracts. These lease contracts are classified as short term lease contracts under Ind AS 116

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

37. Items will not be reclassified to profit and loss

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Increase in fair value of investments	3,710	2,124
Remeasurement of the defined benefit plan	42	31
Income tax relating to items that will not be reclassified to profit or loss	(773)	(426)
	2,979	**1,729**

38. Income tax

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Group at 25.17% and the reported tax expense in the statement of profit and loss are as follows:

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Accounting profit before taxes and exceptional items	6,042	6,154
Tax rates	25.17%	25.17%
Tax on profit at enacted tax rate	**1,521**	**1,549**
Effect on Income exempt from tax	(513)	(41)
Effect of adjustment of income over the carried forward loss	(252)	(128)
Others	(45)	(798)
Actual tax expenses	**711**	**582**
Current tax exepnses recognized in statement of profit and loss	**1,156**	**582**

39. Employee benefits

The Group 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 Group. 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 Group 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 theron are paid at retirement, death, incapacitation or termination of employment. The Group 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 Group contributes all the ascertained liabilities to the Life Insurance Corporation of India's Employees Superannuation Fund.

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

iii) **Employee State Insurance Benefits**

The Group 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 Group has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue.

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Employer's contribution to provident fund	225	208
Employer's contributions to employee state insurance	4	4
Employer's contribution to superannuation fund	48	43
Employer's contribution to labour welfare fund	-	-
	277	255

b) Leave encashment:

The Employees of the Group 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 Group records an obligation for compensated absences in the period in which employees render services that increase this entitlement. The Group measures the expected cost of compensated absence as the additional amount that the Group 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 Group 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 Group 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 Group provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC).

These plans typically expose the Group 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.

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.

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

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 31st March, 2023 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.

d) The following table set out the status of the gratuity plan and the amount recognized in the Group's financial statement

i) Change in projected benefit obligation

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Opening defined benefit obligation	1,185	1,127
Benefits paid	(24)	(43)
Current service cost	67	65
Interest cost on benefit obligation	81	74
Actuarial (gain) on obligation	(36)	(38)
Projected benefit obligation at the end of the year	**1,273**	**1,185**

ii) Change in plan assets

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Opening fair value of plan assets	**1,160**	**986**
Contributions by employer	58	155
Benefits paid	(24)	(43)
Expected return	82	69
Actuarial gain / (loss) on plan assets	6	(7)
Closing fair value of plan assets	**1,282**	**1,160**

iii) Reconciliation of present value of obligation on the fair value of plan assets to the liability recognized

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Present value of projected benefit obligation at the end of the year	1,273	1,185
Fair value of plan assets at the end of the year	1,282	1,160
(Asset) / liability recognized in the balance sheet	**(9)**	**25**
Thereo		
Funded	1,273	1,160
Unfunded	-	25

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

iv) Components of net gratuity costs are

(₹ in lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Current service cost	67	65
Interest cost on benefit obligation	81	74
Expected return on plan assets	(82)	(69)
Total amount recognized in the statement of profit or loss	**66**	**70**
Actuarial (gain)	(42)	(31)
Total amount recognized in other comprehensive income	**(42)**	**(31)**
Net gratuity cost	**24**	**39**

v) Principal actuarial assumptions used :

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Discount Rate (%)	7.14%	6.93%
Estimated Rate of Return on Plan Assets	7.14%	6.93%
Attrition Rate	15.00%	9.00%
Expected rate of salary increase (%)	7.00%	7.00%
Expected Average Remaining Service (years)	5.68	8.28

The Group assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

vi) Employee benefits - maturity profile (undiscounted)

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Within 1 year	213	114
1 - 2 years	237	161
2 - 3 years	219	129
3 - 4 years	154	168
4 - 5 years	143	114
Above 5 years	522	555
	1,488	**1,241**

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

vii) Sensitivity analyzes

(₹ in lakhs)

		As at 31st March, 2023	As at 31st March, 2022
A.	Discount Rate + 50 BP	7.64%	7.43%
	Defined Benefit Obligation [PVO]	1,246	1,150
	Current Service Cost	66	64
B.	Discount Rate - 50 BP	6.64%	6.43%
	Defined Benefit Obligation [PVO]	1,301	1,222
	Current Service Cost	70	69
C.	Salary Escalation Rate +50 BP	7.50%	7.50%
	Defined Benefit Obligation [PVO]	1,302	1,223
	Current Service Cost	70	69
D.	Salary Escalation Rate -50 BP	6.50%	6.50%
	Defined Benefit Obligation [PVO]	1,244	1,148
	Current Service Cost	66	64

40. Related parties (As per Ind AS 24)

40.1 Names of related parties	Nature of relationship
Ultimate holding company	SB TVS Industrial Ventures Private Limited (From 4th Febuary, 2022)
Holding company	Lucas Indian Service Limited (Joint venturers company untill 30th March, 2022)
Entity which has significant influences over the Company	Mahle Electric Drives Japan Corporation (Joint venturers company untill 30th March, 2022)
	Mahle Holding (India) Private Limited (Joint venturers company untill 30th March, 2022)
Subsidiary	P T Automotive Systems Indonesia
Enterprise having transaction with the Company during the current year/ previous year over which the Key Managerial Personnel and their relatives are able to exercise significant influence/control	Lucas TVS Limited (Untill 30th March, 2022 , was an entity having significant influence)
	Sundaram Clayton Limited (untill 4th February, 2022)
	Sundram Fastners Limited (untill 4th February, 2022)
	TVS Motor Company Limited (untill 4th February, 2022 and from 31st March, 2022)
	TVS Capital Funds Private Limited (untill 4th February, 2022)
	TVS Electronics Limited (untill 4th February, 2022)
Entities in which Driector's are interested	TVS Educational Soceity
	Southern Roadways P Limited (untill 4th February, 2022)
	Subbaraya Aiyar, Padmanabhan and Ramamani, Advocates
Key Managerial Personnel	Arvind Balaji, Managing Director

a) Related party relationships are as identified by the management and relied upon by the auditors.

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

40.2 Transactions with related parties

(₹ in lakhs)

Name of the related party	Year ended 31st March, 2023	Year ended 31st March, 2022
Mahle Electric Drives Japan Corporation		
Sale of products	49	13
Royalty paid	-	6
Services received	-	2
Dividend paid	131	103
Lucas Indian Service Limited		
Sale of products	3,887	3,912
Rent paid	23	25
Dividend paid	1,063	704
Mahle Holding (India) Private Limited		
Dividend paid	277	188
Lucas TVS Limited		
Sale of products	125	76
Purchase of raw materials	47	33
Rent expenses	86	98
Reimbursement of expenses	557	479
Travel reimbursements received	13	3
Management and testing fees	573	561
Dividend received	232	122
TVS Motors Company Limited		
Sale of products	32,487	30,166
Tooling charges	-	78
Advance received - Tooling charges	299	
Payment for Services received	1	1
Sundram Fastners Limited		
Purchase of raw materials	-	246
TVS Training and Services Limited		
Training expenses	1	3
TVS Educational Society		
Reimbursement of expenses	14	10
Stipend to apprentices	1,238	1,197
Arvee Consultants & Services Private Limited		
Professional charges	2	3
TVS Capital Funds Private Limited		
Investment in funds, net	-	170
Other capital receipts	-	152
Interest received	-	1
Remuneration*		
Arvind Balaji	275	225

*Gratuity and Compensated absences are being provided based on actuarial valuation performed for the Group as a wholeand accordingly is not identifiable separately for the KMPs

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

40.3 Balance with related parties

(₹ in lakhs)

Name of the related party	As at 31st March, 2023	As at 31st March, 2022
Trade receivables		
Lucas Indian Service Limited	839	865
TVS Motors Company Limited	5,494	6,261
Lucas TVS Limited	4	16
Advance received - Tooling charges		
TVS Motors Company Limited	299	-
Trade payables		
Lucas TVS Limited	259	129
Arvee Consultants & Services Private Limited	1	1
Remuneration payable		
Commission payable	155	88

41. Research and Development expenses*

(₹ in lakhs)

Particular	Year ended 31st March, 2023	Year ended 31st March, 2022
The amount spent towards Research and Development expenses during the year are as under:		
Capital expenditure	**391**	**2,497**
Revenue expenditure		
Salaries, wages and bonus	857	668
Power and fuel	76	23
Travelling and conveyance	46	21
Miscellaneous expenses	556	472
Total	**1,926**	**3,681**

*The summary is prepared based on the information available with the Group and is relied upon by the auditors.

42. Earnings per equity share (EPS)

(₹ in lakhs)

Particular	Year ended 31st March, 2023	Year ended 31st March, 2022
Basic and diluted earnings per share		
Nominal value of equity shares	5	5
Profit attributable to equity shareholders (A)	4,823	5,025
Weighted average number of equity shares outstanding during the year (B)	2,26,21,424	2,26,21,424
Basic and diluted earnings per equity share (A/B)	21.32	22.21

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

43. Contingent liabilities and commitment

(₹ in lakhs)

Particular		As at 31st March, 2023	As at 31st March, 2022
a)	Claims not acknowledged as debt	2	2
b)	Estimated amount of contracts remaining to be executed on capital account and not provided, net of advance	931	1,678

44. Corporate social responsibility (CSR) expenditure

(₹ in lakhs)

Particular	Year ended 31st March, 2023	Year ended 31st March, 2022
Amount required to be spent by the Group during the year	94	116
Amount of expenditure incurred		
Construction/Acquisition of Asset:		
In cash	-	-
Yet to be paid in cash	-	-
On purposes other than (i) above		
In cash	-	-
Yet to be paid in cash	94	122
(Shortfall) / excess paid at the end of the year		(6)
Reason for shortfall	Not applicable	Not applicable
Nature of CSR activities		
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.	94	122
Details of related party transactions, e.g., contribution to a trust controlled by the Group in relation to CSR expenditure	Nil	Nil
Provisions w.r.t CSR Expenditure pursuant to contractual obligation	Nil	Nil

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

45. Fair value measurement

a) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31st March, 2023

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
Financial assets					
Investments*	2,209	2,587	15,478	20,274	20,274
Trade receivables	11,947	-	-	11,947	11,947
Loans	118	-	-	118	118
Cash and cash equivalents	1,286	-	-	1,286	1,286
Other bank balances	996	-	-	996	996
Other Financial Assets	212	-	-	212	212
Total	**16,768**	**2,587**	**15,478**	**34,833**	**34,833**
Financial liabilities					
Trade payables	9,551	-	-	9,551	9,551
Lease liability	365	-	-	365	365
Other financial liabilities	266	-	-	266	266
Total	**10,182**	**-**	**-**	**10,182**	**10,182**

b) The carrying value and fair value of financial instruments by categories as of 31st March, 2022

Particulars	Amortized Cost	FVTPL	FVOCI	Total carrying value	Total fair value
Financial assets					
Investments*	1,519	1,274	11,768	14,561	14,561
Trade receivables	11,806	-	-	11,806	11,806
Loans	112	-	-	112	112
Cash and cash equivalents	2,358	-	-	2,358	2,358
Other bank balances	1,301	-	-	1,301	1,301
Other Financial Assets	561	-	-	561	561
Total	**17,657**	**1,274**	**11,768**	**30,699**	**30,699**
Financial liabilities					
Trade payables	9,007	-	-	9,007	9,007
Lease liability	391	-	-	391	391
Other financial liabilities	281	-	-	281	281
Total	**9,679**	**-**	**-**	**9,679**	**9,679**

* Does not include Investment which are accounted at cost in accordance with Ind AS 27.

Management considers amortized cost for financial asset and liabilities to approximate the fair value. The Group does not have any assets measured at FVOCI.

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

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: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

(ii) Financial assets measured at fair value through profit and loss (FVTPL) on a recurring basis

Particular	31st March, 2023			
	Level 1	Level 2	Level 3	Total
Investments in venture capital funds	-	1,250	-	1,250
Investments in equity shares	599	384	-	983
Investment in mutual funds	354	15,228	-	15,582
Total	**953**	**16,862**	**-**	**17,815**

Particular	31st March, 2022			
	Level 1	Level 2	Level 3	Total
Investments in venture capital funds	-	519	-	519
Investments in equity shares	320	247		567
Investment in mutual funds	188	13,267	-	13,455
Total	**508**	**14,033**	**-**	**14,541**

(iii) Financial assets measured at fair value through Other Comprehensive Income (FVTOCI) on a recurring basis

Particulars	As at 31st March, 2023	As at 31st March, 2022	Fair value hierarchy	Valuation technique(s) and key input(s)
Un listed equity instruments	15,478.00	11,768.00	Level III	The fair value is calculated based on the inputs for the assets that are not based on observable market data

Notes:

a) **Level 1:** level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period

b) **Level 2:** level 2 hierarchy includes mutual funds. The mutual funds are valued using the closing NAV provided by the fund management Group at the end of each reporting year.

c) **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

d) 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 Group has chosen to designate these investments in equity instruments as at FVTOCI as the directors believe that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

e) The Group 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 Group 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.

f) The Group 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).

g) *Significant unobservable inputs* - EV/EBITDA Multiple at 8x

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 ₹ 947 Lakhs and an increase in the multiple by 0.8x would result in a increase in the fair value by ₹ 947 Lakhs .

h) The Group has not disclosed the fair values for loans, cash and bank balances, trade receivables, other financial assets, trade payables, and other financial liabilities because their carrying amounts are a reasonable approximation to the fair value.

i) There have been no transfers between levels 1 and 2 during the year.

46. Financial risk management

a Financial Risk Management Framework

Group’s principal financial liabilities comprise trade payables and Other financial liabilities. The main purpose of these financial liabilities is to finance the Group’s operations. The Group’s principal financial assets include Investments, Trade receivables, loans, cash and bank balances and other financial assets that derive directly from its operations

Risk Exposures and Responses

The Group is exposed to market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group’s senior management oversees the management of these risks. The Group’s senior management assesses the financial risks and the appropriate financial risk governance framework in accordance with the Group’s policies and risk objectives. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group 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 Group only transacts with entities that are rated the equivalent of investment grade and above. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group’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 31st March, 2023, the Group 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 forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

Other financial assets mainly comprises of rental deposits, security deposits and loans which are given to landlords or other governmental agencies in relation to contracts executed and related parties are assessed by the Group for credit risk on a continuous basis.

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 Group 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 Group is exposed to foreign exchange risk arising from transactions i.e. imports of materials, recognized assets and liabilities denominated in a currency that is not the Group'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	31st March, 2023		31st March, 2022	
		Amount in Foreign Currency	Amount in ₹	Amount in Foreign Currency	Amount in ₹
Trade Receivables	EUR	2	175	3	214
	USD	10	779	18	1,392
Trade Payables	EUR	-	-	0	8
	USD	6	503	7	498
	JPY	1	0	34	21
	CNY	16	197	-	29

Foreign currency sensitivity

Particulars	Currency	31st March, 2023		31st March, 2022	
		Increase	Decrease	Increase	Decrease
Effect on profit before tax	EUR	8.74	(8.74)	10.29	(10.29)
Increase/(Decrease) of 5%	USD	14.01	(14.01)	44.97	(44.97)
	JPY	(0.02)	0.02	(1.06)	1.06
	GBP	(9.85)	9.85	(1.47)	1.47

Commodity Risk

The Group has commodity price risk, primarily related to the purchases of Steel, Aluminium and Copper. However, the Group 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 Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group has no outstanding bank borrowings. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

The tables below set out the maturities of the Group's financial liabilities:

Particulars	As at 31st March, 2023				Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	
Trade payables	9,551	-	-	-	9,551
Lease Liability	104	209	138	-	451
Other financial liabilities	266		-	-	266
Total	**9,921**	**209**	**138**	**-**	**10,268**

Particulars	As at 31st March, 2022				Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above	
Trade and other payables - Non interest bearing	9,007	-	-	-	9,007
Lease Liability	96	179	187	50	512
Other financial liabilities	281	-	-	-	281
Total	**9,384**	**179**	**187**	**50**	**9,800**

47. Additional regulatory information as required by Schedule III to the Companies Act, 2013

a) The Group does not have any benami property, where any proceeding has been initiated or pending against the Group for holding any benami property.

b) The Group did not have any transactions with companies struck off.

c) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

d) The Group has not traded or invested in crypto currency or virtual currency during the financial year.

e) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

   (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (ultimate beneficiaries) or

   (ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

f) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

   (i) 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

   (ii) provide any guarantee, security or the like on behalf of the ultimate beneficiaries,

g) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

h) The Group has not been declared willful defaulter by any bank or financial Institution or other lender.

i) The Group does not have any scheme of arrangements which have been approved by the competent authority in terms of sections 230 to 237 of the Act.

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023 (Contd.)

j) The Group has complied with the number of layers prescribed under of Section 2(87) of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

k) The Group has no borrowings, accordingly no returns required to furnished on periodical basis to banks, financial institutions or others.

l) Additional information as required under schedule III to the companies act, 2013, of enterprises consolidated as subsidiary

Name of the Company	As% of consolidated net assets	Net assets	As% of consolidated profit or loss	Share of profit or loss	As% of consolidated OCI	Share of OCI	As% of total compre-hensive income	Total compre-hensive income
31st March, 2023								
Parent								
India Nippon Electricals Limited	100%	56,034	129%	7,809	100%	2,979	112%	8,766
Foreign subsidiary								
PT Automotive Systems Indonesia	1%	403	1%	32	0%	-	1%	32
Adjustments arising on consolidation	(1)%	(404)	(30)%	(1,799)	0%	-	(13%)	(996)
Total	**100%**	**56,033**	**100%**	6,042	**100%**	2,979	**100%**	7,802
31st March, 2022								
Parent								
India Nippon Electricals Limited	98%	49,361	84%	5,155	100%	1,729	85%	5,755
Foreign subsidiary								
PT Automotive Systems Indonesia	4%	2,366	16%	999	0%	-	15%	999
Adjustments arising on consolidation	(2)%	(1,208)	0%	-	0%	-	0%	-
Total	**100%**	**50,519**	**100%**	6,154	**100%**	1,729	**100%**	6,754

48. Transfer pricing

As per the Transfer pricing norms introduced in India with effect from 1st April, 2001, the Group is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Transfer pricing study for the financial year ended 31st March, 2023 has been completed the outcome of the study will not have material impact on the Group's results.

Notes forming part of Consolidated Financial Statements
for the year ended 31st March, 2023 (Contd.)

48. Approval of Financial Statements

In connection with the preparation of the Consolidated financial statements for the year ended 31st March, 2023, the Board of Directors have confirmed the propriety of the contracts / agreements entered into by / on behalf of the Group and the resultant revenue earned / expenses incurred arising out of the same after reviewing the levels of authorization and the available documentary evidences and the overall control environment. Further, the Board of Directors have also reviewed the realizable value of all the current assets of the Group and have confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the Consolidated financial statements. In addition, the Board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements at its meeting held on 26th May, 2023. The shareholders of the Group have the rights to amend the Financial Statements in the ensuing Annual general meeting post issuance of the same by the Board of directors.

49. Events after the reporting period

No adjusting or significant non-adjusting events have occurred since the reporting date other than those disclosed.

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 11736W/W-100018

Ananthi Amarnath
Partner
Membership No. 209252

Place : Chennai
Date : 26th May, 2023

For and on behalf of the Board of Directors
India Nippon Electricals Limited
CIN: L31901TN1984PLC011021

T K Balaji
Chairman
DIN:00002010

Arvind Balaji
Managing Director
DIN:00557711

Elango Srinivasan
Chief Financial Officer

Logitha
Company Secretary

Place : Chennai
Date : 26th May, 2023

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INDIA NIPPON ELECTRICALS LIMITED

11 & 13, Patullos Road,
Chennai 600 002
Ph: 044-2846 0063
E-mail: investors@inel.co.in
CIN: L31901TN1984PLC011021
Website: www.indianippon.com