



## India Nippon Electricals Ltd

### REGD. OFFICE

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

**Tel :** +91 44 28460073, **Email :** inelcorp@inel.co.in

**CIN :** L31901TN1984PLC011021

August 31, 2020

**The Manager-Listing Department**  
**National Stock Exchange of India Ltd**  
Exchange Plaza, 5<sup>th</sup> Floor, Plot no C 1,  
G Block, IFB Centre, Bandra Kurla Complex,  
Bandra (East), Mumbai 400051  
Scrip: INDNIPPON  
NEAPS-online filing

**BSE Ltd**  
Phiroze Jee Jee Towers  
Dalal Street,  
Mumbai 400001  
Scrip: 532240  
BSE Listing Centre (online)

Dear Sir/ Madam,

Sub: Submission of 35<sup>th</sup> Annual Report of the Company for the Financial Year 2019-20.

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the soft copy (.pdf) of the annual report of the company for the Financial Year 2019-20, sent to the Members along with the Notice of the Annual General Meeting.

Thanking you

Yours sincerely

**For India Nippon Electricals Ltd**

**G VENKATRAM**

**Company Secretary**

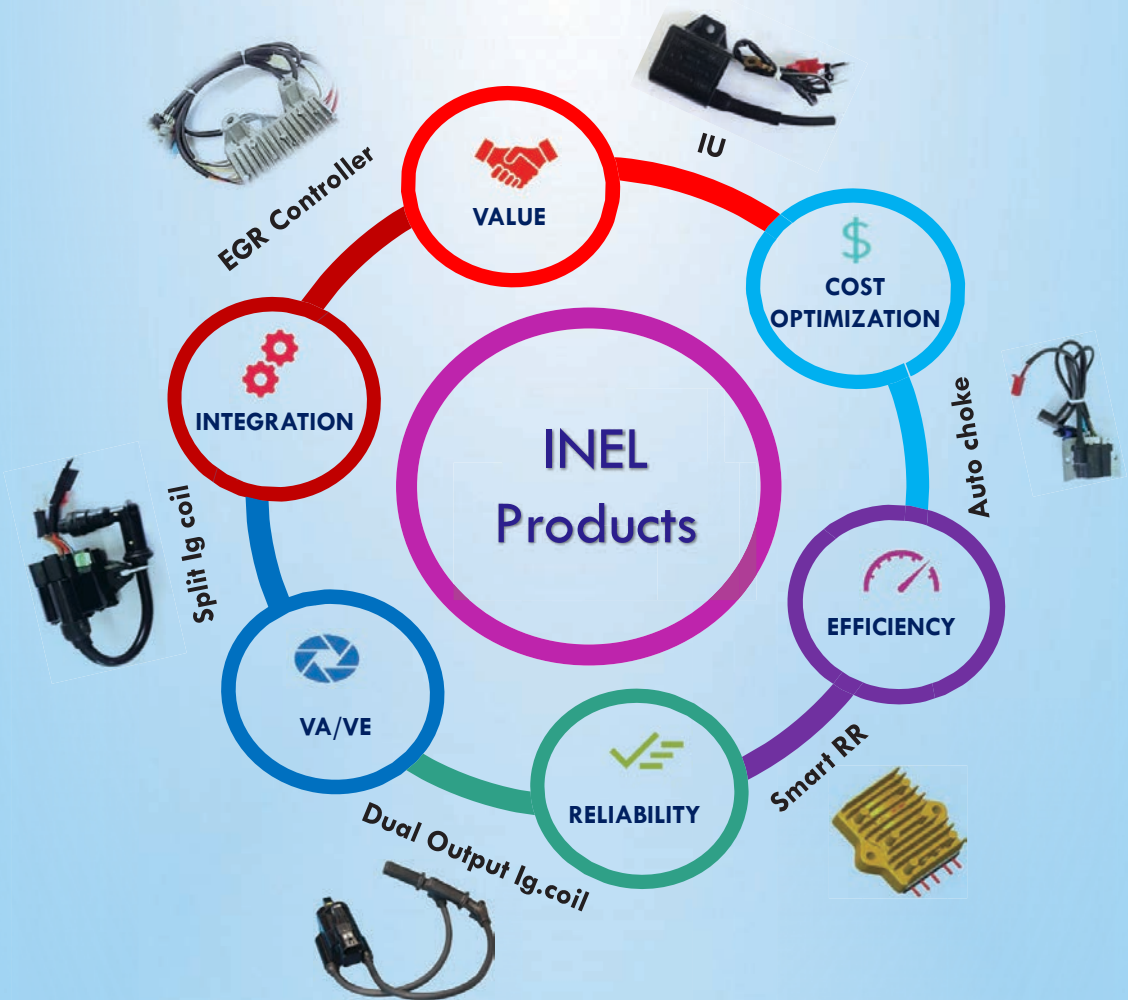
Encl.: As above



**INDIA NIPPON ELECTRICALS LIMITED**

**35th Annual Report  
2019-2020**

# India Nippon Electricals Limited



[www.indianippon.com](http://www.indianippon.com)



## Board of Directors

T K BALAJI, Chairman  
 ARVIND BALAJI, Managing Director  
 ANANT JAIVANT TALAULICAR  
 V BALARAMAN  
 JAYSHREE SURESH  
 T MOMOSE  
 MUKESH KUMAR SOMANI  
 PRIYAMVADA BALAJI  
 KG RAGHAVAN  
 R VIJAYARAGHAVAN

## Audit & Risk Management Committee

K G RAGHAVAN, Chairman  
 ANANT JAIVANT TALAULICAR  
 V BALARAMAN  
 R VIJAYARAGHAVAN

## Stakeholders Relationship Committee

R VIJAYARAGHAVAN, Chairman  
 T K BALAJI  
 JAYSHREE SURESH

## Nomination & Remuneration Committee

V BALARAMAN, Chairman  
 T K BALAJI  
 R VIJAYARAGHAVAN

## CSR Committee

JAYSHREE SURESH, Chairperson  
 ARVIND BALAJI  
 PRIYAMVADA BALAJI

## President

RAVINDER SHARMA

## Chief Technical Officer

R UMA SHANKAR

## Chief Financial Officer

ELANGO SRINIVASAN

## Company Secretary

G VENKATRAM

## Auditors

DELOITTE HASKINS & SELLS LLP, CHENNAI

## Cost Auditor

K SURYANARAYANAN

## Secretarial Auditor

B. CHANDRA

## Bankers

BANK OF BARODA  
 ICICI BANK LIMITED  
 AXIS BANK LIMITED  
 HDFC BANK LIMITED

## Listing of Shares with

National Stock Exchange of India Ltd., Mumbai  
 BSE Ltd., Mumbai

## Registered Office

11 & 13, Patullos Road, Chennai 600 002  
 Ph: 044-2846 0063 E.mail: investors@inel.co.in,  
 CIN: L31901TN1984PLC011021

**Website :** [www.indianippon.com](http://www.indianippon.com).

## Subsidiary Company

PT Automotive Systems Indonesia

## Associate Company

Synergy Shakthi Renewable Energy Pvt. Ltd.  
 (upto 30th March, 2020)

## Factories

- Hosur-Thalli Road  
 Uliveeranapalli 635 114, Tamilnadu  
 Ph : 04347 - 233432 - 233438
- Madukarai Road  
 Kariamanickam, Nettapakkam Commune  
 Puducherry 605 106. Ph:0413-2697801-2697827
- Masani Village  
 Rewari District, Haryana 122 106  
 Ph : 01274-240860/240212
- B-36, Five Star Industrial Area, Kagal Hatknangale  
 City, Kolhapur - 416 216.  
 Maharashtra  
 \*closed on 23rd May, 2020.

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# INDIA NIPPON ELECTRICALS LIMITED

## FINANCIAL HIGHLIGHTS OF TEN YEARS PERFORMANCE

Rs. in lacs

S.No.	Description	Year ended 31st March									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Profit and Loss Account</b>											
1	Sales #	22885	26005	26802	26153	32653	37703	39265	46301	52061	<b>47423</b>
2	Other income	624	803	890	846	690	1144	1632	1576	1894	<b>2972</b>
3	Total Income	<b>23509</b>	<b>26808</b>	<b>27692</b>	<b>26999</b>	<b>33343</b>	<b>38847</b>	<b>40897</b>	<b>47877</b>	<b>53955</b>	<b>50395</b>
4	Profit before interest, depreciation and tax	3767	4525	4146	3183	3978	4564	5131	7688	9172	<b>8205</b>
5	Depreciation	415	528	613	562	775	418	417	597	773	<b>941</b>
6	Profit before interest and tax	3352	3997	3533	2621	3203	4146	4714	7091	8399	<b>7264</b>
7	Interest	17	21	18	12	16	13	6	7	8	<b>55</b>
8	Profit before tax	3335	3976	3515	2609	3187	4133	4708	7084	8391	<b>7209</b>
9	Profit after tax	2543	3130	2837	1966	2266	3058	3240	5010	5951	<b>5520</b>
<b>Balance Sheet</b>											
10	Net Fixed Assets	2832	3710	3935	3970	4236	4629	5481	6548	6766	<b>8922</b>
11	Investments	8857	9344	10968	11913	14178	17606	21421	24091	27431	<b>27389</b>
12	Net Current Assets	5477	6059	5859	5654	4160	4364	1897	3863	5930	<b>5605</b>
13	Total	<b>17166</b>	<b>19113</b>	<b>20762</b>	<b>21537</b>	<b>22574</b>	<b>26599</b>	<b>28799</b>	<b>34502</b>	<b>40127</b>	<b>41916</b>
14	Share capital	808	1131	1131	1131	1131	1131	1131	1131	1131	<b>1131</b>
15	Reserves & Surplus	16358	17982	19631	20406	21443	25468	27668	33371	38996	<b>40785</b>
16	Net worth	17166	19113	20762	21537	22574	26599	28799	34502	40127	<b>41916</b>
17	Loan funds	-	-	-	-	-	-	-	-	-	-
18	Total	<b>17166</b>	<b>19113</b>	<b>20762</b>	<b>21537</b>	<b>22574</b>	<b>26599</b>	<b>28799</b>	<b>34502</b>	<b>40127</b>	<b>41916</b>
19	Return on Net worth (%)	15	17	14	9	10	11	11	15	15	<b>13</b>
20	Return on capital employed (%)	20	21	17	12	14	16	16	21	21	<b>17</b>
21	Earning per share (Rs.) - Refer note 2	22.49	27.67	25.08	17.38	20.03	27.04	14.32	22.15	26.31	<b>24.40</b>
22	Dividend per share (Rs.)	9.5	9.0	9.0	9.0	9.0	9.0	10.0	6.5	7	<b>6.75</b>
23	Book value per share (Rs.) - Refer note 2	208	165	180	187	196	235	127	153	177	<b>185</b>
24	Fixed assets turnover (No. of times)	8	7	7	7	8	8	7	7	8	<b>5</b>
25	Working capital turnover (No. of times)	4	4	5	5	8	9	21	12	9	<b>8</b>
26	Profit as % of total income	16	17	15	12	12	12	13	16	17	<b>16</b>
27	Net profit as % of total income	11	12	10	7	7	8	8	10	11	<b>11</b>
28	No. of shareholders	5806	6289	6295	6427	7247	7656	8821	12255	12229	<b>13720</b>

NB : Share capital raised from Rs.8.08 crores to Rs.11.31 crores following the allotment of bonus shares during September 2011.

# Includes Excise duty and net of turnover discount for the FY's 2015-16, 2016-17 & 2017-18 (included from Apr 17 to Jun 17)

### Note:

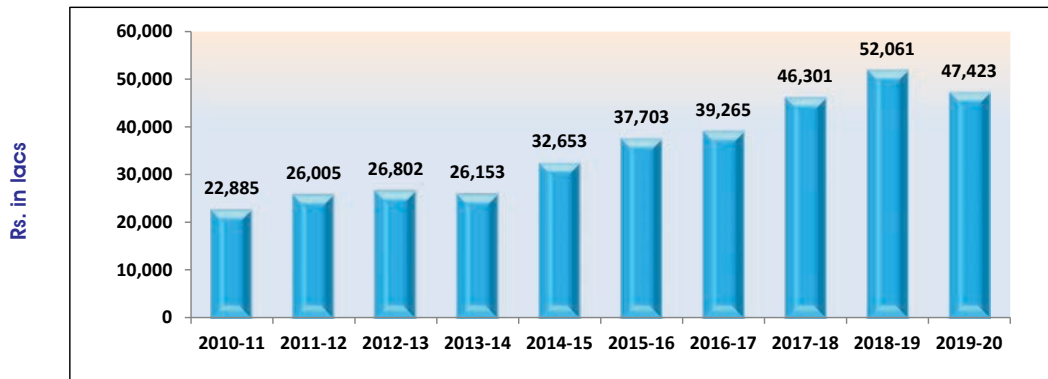
1. Figures in respect of FY's 2009-10 to 2014-15 are as per Indian GAAP and from FY 2015-16 onwards figures are as per Indian Accounting Standards (Ind AS).

2. The Equity shares of Rs. 10 each was sub-divided in to 2 equity shares of Rs. 5 each. Accordingly, the EPS, Dividend per share and Book value per share has been computed by taking the increased number of shares from FY 2016-17 onwards.

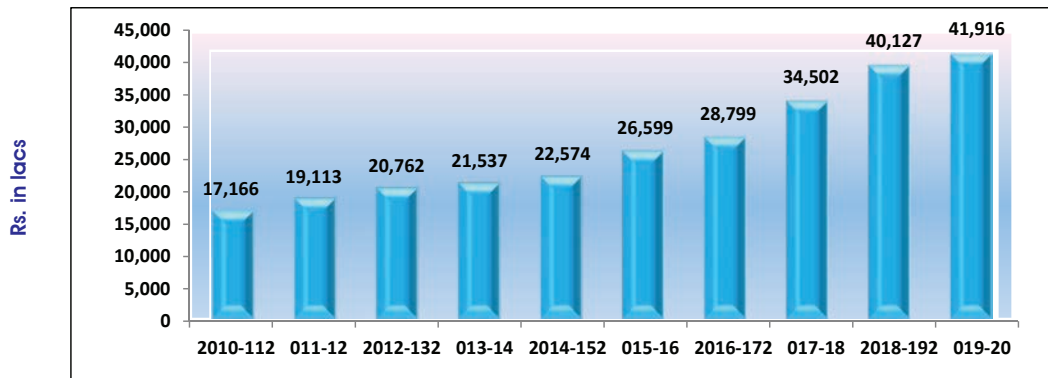


## FINANCIAL HIGHLIGHTS 2011 - 2020

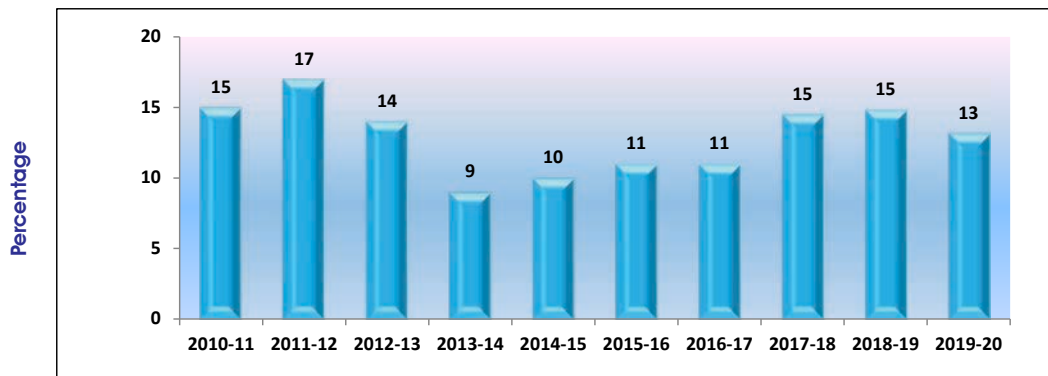
### SALES



### NETWORTH

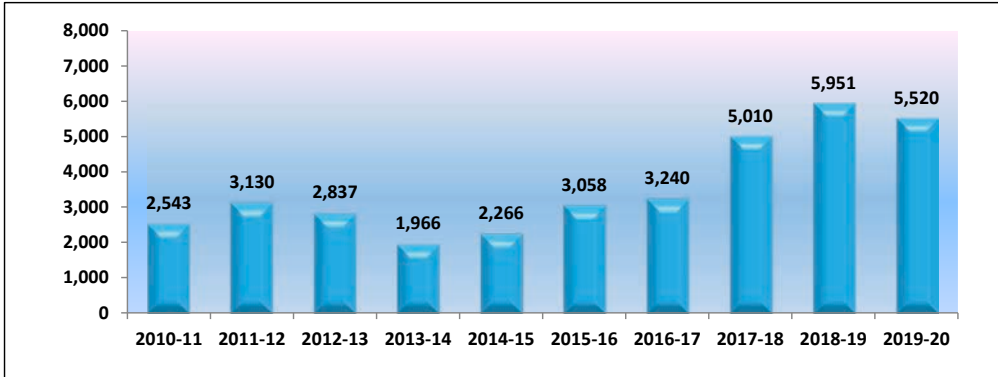


### RETURN ON NETWORTH

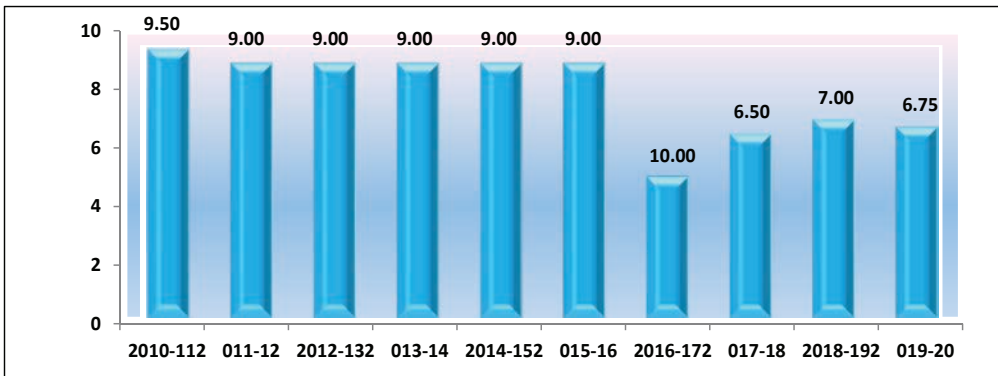


# to read alongwith Notes in page 2

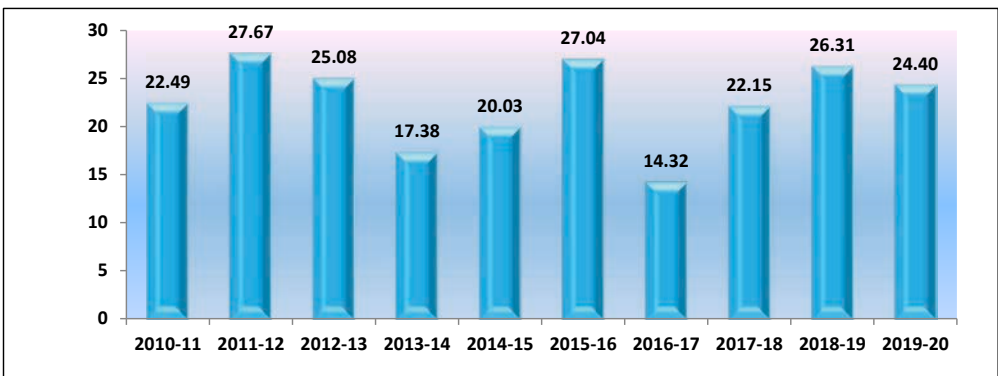
## PROFIT AFTER TAX



## DIVIDEND PER SHARE



## EARNING PER SHARE



# INDIA NIPPON ELECTRICALS LIMITED

Regd. Office: 11 & 13, Patullos Road, Chennai 600 002

CIN: L31901TN1984PLC011021

Ph: 044-2846 0063

E-mail: investors@inel.co.in

Website: www.indianippon.com



## Notice to Shareholders

NOTICE is hereby given that the 35th Annual General Meeting of the Shareholders of India Nippon Electricals Limited will be held on Monday the 21<sup>st</sup> September 2020 through Video Conferencing (V.C.)/ Other Audio Visual Means (O.A.V.M.) at 10 A.M. (I.S.T.) to transact the following businesses:

### ORDINARY BUSINESS

**1. Adoption of audited accounts for the year ended 31st March 2020 and the Directors' and Auditors' report thereon.**

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

**RESOLVED THAT** the audited balance sheet as at 31st March 2020, the statement of profit and loss, notes forming part thereof, the cash flow statement for the year ended on that date and the consolidated financial statements together with auditors' report thereon and the Board's report as presented to the meeting be and are hereby approved and adopted.

**2. Declaration of Dividend for the year 2019-20**

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

**RESOLVED THAT** the first interim dividend of Rs.3.00 declared and paid for every equity share of face value of Rs.5 each on 22621424 equity shares and the second interim dividend of Rs.3.75 declared and paid for every equity share of face of value of Rs.5 each on 22621424 equity shares, by the Board of Directors of the Company as per Resolutions passed on 10th February 2020 and 16th March 2020 respectively, absorbing a total sum of Rs.1526.95 lacs (excluding dividend tax of Rs. 313.89 lacs paid), be and are hereby noted and confirmed as the final dividend for the year ended 31st March 2020.

**3. Election of Mr T Momose as Director liable for retirement by rotation**

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

**RESOLVED THAT** Mr T Momose (DIN: 06984707), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable for retirement by rotation.

### SPECIAL BUSINESS

**4. Ratification of the remuneration of Mr K Suryanarayanan, the Cost Auditor for the year 2020-21**

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 Rs.3.16 lacs (Rupees three lakhs sixteen thousand only) plus taxes as applicable and reimbursement of actual travel and out- of-pocket expenses for the financial year ending 31st March, 2021 to be paid to Mr 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. Adoption of Memorandum of Association as per provisions of Companies Act, 2013:**

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

**RESOLVED THAT** pursuant to the provisions of section 4, 13 and other applicable provisions, if any, 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) and in accordance with the Table A of the Schedule I of the Act, consent of the members be and is hereby accorded for alterations in the Memorandum of Association of the Company as specified below:



## INDIA NIPPON ELECTRICALS LIMITED

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- a) Renaming Clause III. (A) of the existing Memorandum of Association as "The objects to be pursued by the Company on its Incorporation are:" from "The main objects to be pursued by the Company on its incorporation are:"
- b) Renaming Clause III. (B) of the existing Memorandum of Association as "Matters which are necessary for the furtherance of Objects mentioned in III. (A) are:" from "The objects incidental or ancillary to the attainment of the main objects are:"
- c) Deleting the Clause titled "The other objects of the Company not included in (A) and (B)" of the existing Memorandum of Association and reclassifying sub-clauses contained therein to Clause III. (A) or Clause III. (B) as specified below:
  - i. Sub-clauses 1,2,4,5 & 8 under the existing Clause titled "The other objects of the Company not included in (A) and (B)" shall be moved to Clause III. (A) i.e. "The objects to be pursued by the Company on its Incorporation" numbered as follows:
    7. *To carry on the business of manufacture and selling of ceramic, metallic, plastic and polymer goods, metal, ceramic, plastic and polymer, insulants, appliances and goods of all types.*
    8. *To carry on the business of manufacture and selling of chemicals, resins, plastics, adhesives, precipitates or any articles or things that may be required for any of the purposes of the Company.*
    9. *To construct, lay down, establish, fix, erect, equip and maintain generators, machinery, electrical equipment and cables, lines, accumulators, lamps, fittings and apparatus in the capacity of principals, contractors or otherwise.*
    10. *To carry on the business of manufacture and selling of all kinds of apparatus and equipment using electronic devices together with instrumentation intended for testing, controlling, observing and maintaining the equipment and apparatus mentioned above.*
    11. *To carry on the business of hirers of and dealers in computers, electronic calculators and business machines of all kinds, to generally act as consultants and advisors or information systems, and purveyors of information services based on the use of computers, electronic calculators and business machine of all kinds and to furnish to the users, system help, know-how programmes and other software relating to use of such machines and allied peripherals.*
  - ii. Sub-clauses 6,7,10,11 & 12 under the existing Clause titled "The other objects of the Company not included in (A) and (B)" shall be moved to Clause III. (B) i.e. "Matters which are necessary for the furtherance of Objects mentioned in III. (A)" numbered as follows:
    47. *To carry on the business as Technical Consultants, Advisors and Purveyors of technical know-how formulae, processes and applied technology and to organise and pursue research and development in areas chosen from time to time.*
    48. *To take part in the management, supervision or control of the business of operations of any company or undertaking, and for that purpose to appoint and remunerate any Directors, accountants or other experts or agents.*
    49. *To undertake and execute any trusts the undertaking whereof may seem desirable, and also to undertake the office of executors, administrator, receiver, and to keep for any company, Government Authority, or body, any register relating to any stocks, funds or shares or securities, or to undertake any duties in relation to the registration of transfers, the issue of certificate or otherwise,*
    50. *To appoint Trustees to hold securities on behalf of and to protect the interests of the Company.*
    51. *To do all or any of the above things in any part of the world either as principals, agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise, either alone or in conjunction with others.*

RESOLVED FURTHER THAT the words 'Companies Act, 1956' in the existing MOA shall be substituted with the words 'companies Act, 2013', wherever required.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution. "



## 6. Adoption of new set of Articles of Association:

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

RESOLVED THAT pursuant to the provisions of Section 14 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), the revised re-stated articles, as contained in the Articles of Association which has been uploaded on the Company's website [http://indianippon.com/wp-content/uploads/2020/08/new\\_articles\\_of\\_association.pdf](http://indianippon.com/wp-content/uploads/2020/08/new_articles_of_association.pdf) for perusal by the shareholders of the Company, be and are hereby approved and adopted in substitution and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

Place : Chennai

Date : 20<sup>th</sup> August, 2020

By order of the Board

**G Venkatram**

Company Secretary

## IMPORTANT NOTES TO SHAREHOLDERS:

- 1) In view of the situation arising due to COVID-19 global pandemic, the Annual General Meeting 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 Circular No.14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020, applicable provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2) The Company has enabled the Members to participate and vote at the 35<sup>th</sup> AGM through VC/ OAVM facility provided by Central Depository Services (India) Limited (CDSL). The instructions for participation by Members in the AGM, remote e-voting and e-voting at the AGM are given in the subsequent paragraphs.
- 3) A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the special businesses to be transacted at the 35<sup>th</sup> AGM is annexed hereto. All documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection electronically at the link mentioned therein, wherever applicable. In other cases, Members seeking to inspect the documents can send an email to [investors@inel.co.in](mailto: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 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 the 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 [seshwar@eshwars.com](mailto:seshwar@eshwars.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- 6) As per Regulation 40 of SEBI Listing Regulations, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Sundaram Clayton Ltd., (SCL) for assistance in this regard.

## INDIA NIPPON ELECTRICALS LIMITED

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- 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 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 SCL 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 Section 125 of the Companies Act, 2013, dividends declared for the year ended 31st March 2014 and for the subsequent years, which remain unclaimed for a period of 7 years will be transferred to the Investors Education and Protection Fund on due dates. Members who have not encashed their dividend warrants are requested to make their claims with the Company by surrendering the unencashed dividend warrants immediately. For more details on shareholders matters, please refer to the section on General Information for Shareholder included as part of the Board's Report under Report on Corporate Governance.
- 11) In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories as on 21<sup>st</sup> August, 2020. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.indianippon.com](http://www.indianippon.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL viz, [www.cdslindia.com](http://www.cdslindia.com). Since the AGM will be held through VC / OAVM, the Route Map is not annexed to the Notice.
- 12) In case a person becomes a Member after 21<sup>st</sup> August 2020 such person may write to the Company/ SCL by e.mail at [investors@inel.co.in](mailto:investors@inel.co.in) / [arockiaraj@scl.co.in](mailto:arockiaraj@scl.co.in) providing the e.mail address, mobile number, self attested PAN copy along with Client Master copy (in case of electronic holding)/ copy of share certificate (in case of physical holding) for getting the weblink for the Notice and the Annual Report. Procedure for participation in AGM and e-Voting shall be as detailed elsewhere in the Notice. Only a Member as on 14<sup>th</sup> September 2020 will be eligible to participate and vote on the resolutions. Person who is not a member as on the cut-off date i.e., 14<sup>th</sup> September 2020, should treat this Notice for information purpose only.
- 13) The Register of Members and Share Transfer Books of the Company will remain closed from 15<sup>th</sup> September 2020 to 21<sup>st</sup> September 2020 [both days inclusive] for the purpose of Annual General Meeting.
- 14) The Board of Directors has appointed Mr. Eshwar Sabapathy, Advocate, Chennai, who is not in full time employment of the company as Scrutinizer, at its meeting held on 20th August, 2020 for scrutinizing the remote e-voting and e-voting at the AGM in a fair and transparent manner.
- 15) 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 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing.
- 16) The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.indianippon.com](http://www.indianippon.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) forthwith. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.
- 17) The following documents will be available for inspection by the Members electronically during the 35<sup>th</sup> AGM:
  - Register of Directors and Key Managerial Personnel and their shareholding
  - Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013.



- 18) Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 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 18th September, 2020 and ends at 5 PM on 20<sup>th</sup> September, 2020. 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., 14th September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e. 14<sup>th</sup> September 2020.
- (iii) Members who have already voted prior to the meeting date would not be entitled to vote on the meeting date.
- (iv) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (v) Click on Shareholders.
- (vi) 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. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vii) Next enter the Image Verification as displayed and Click on Login.
- (viii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (ix) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form:	
PAN	<ul style="list-style-type: none"><li>• Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li><li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number the first two letters of their name in Capital letters and the 8 digits of the Client Id/ Folio Number in the PAN field.</li><li>• In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul>
Dividend Bank Details or Date of Birth (DOB)	<ul style="list-style-type: none"><li>• 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.</li><li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li></ul>

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

- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant Company Name viz., India Nippon Electricals Ltd., on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while remote voting on your mobile.

### **b) INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Members are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending in their request by e.mail to [investors@inel.co.in](mailto:investors@inel.co.in) / [arockiaraj@scl.co.in](mailto:arockiaraj@scl.co.in) during the period from 15<sup>th</sup> September 2020 (9:00 A.M.) upto 17<sup>th</sup> September 2020 (5:00 P.M.) mentioning their name, demat account number/folio number, email id, mobile number. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the meeting. Members who do not wish to speak during the AGM but have queries may send in their queries during the said period mentioning their name, demat account



number/folio number, email id, mobile number at [investors@inel.co.in](mailto:investors@inel.co.in) / [arockiaraj@scl.co.in](mailto:arockiaraj@scl.co.in). These queries will be replied to by the company suitably by email. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

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

**c) INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**(i) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [seshwar@eshwars.com](mailto:seshwar@eshwars.com) - scrutinizer id and company id), [investors@inel.co.in](mailto:investors@inel.co.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Maraton Futurex, Mafatal Mill Compounds, NM Joshi Marg, Lower Parel (East), Mumbai-400013 or send an e.mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800 22 55 33.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) or any other proof issued by the Government by email to [investors@inel.co.in](mailto:investors@inel.co.in) / [arockiaraj@scl.co.in](mailto:arockiaraj@scl.co.in)



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2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) or any other proof issued by the Government to investors@inel.co.in / arockiaraj@scl.co.in.
3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

### IN TERMS OF SEBI (LODR) REGULATIONS 2015 READ WITH SECRETARIAL STANDARDS ON GENERAL MEETING, A BRIEF PROFILE AND OTHER DETAILS OF MR T MOMOSE WHO RETIRES BY ROTATION AND OFFERS HIMSELF FOR RE-APPOINTMENT AT THIS MEETING IS GIVEN BELOW:

#### ITEM NO.3

Mr Tadaya Momose was born on 9th September 1959. He holds a Bachelor degree in Law and Economics from Chiba University, Japan. He served Nissan Motor Co Ltd, Japan from 1982 to 2014. He joined Kokusan Denki Co Ltd, Japan (Now Mahle Electric Drives Japan Corporation) in April 2014 as Operating Officer/ Dy. General Manager of Sales division. He became a director of the company at the AGM held on 27th August, 2014. Other details as per the Secretarial Standards and SEBI (LODR) Regulations are as below:

Experience in Specific functional areas	<p>About 37 years of rich experience in the Industry with respect to:</p> <ul style="list-style-type: none"> <li>• Leadership, strategy development &amp; implementation, sales &amp; marketing, business administration, operations and people management.</li> <li>• Managing business operations in respect of manufacture and sale of automobiles, automotive electronics and other auto components.</li> <li>• Performance evaluation of senior management, strategic human capital/succession planning, Industrial relations and organizational change management.</li> <li>• Monitoring and advising on risks</li> <li>• IT governance and systems including privacy, data management and security.</li> <li>• Monitoring risk and compliance and knowledge of legal and regulatory requirements (including industry specific laws).</li> </ul>
Shareholding in the company as of 20th August 2020 <ul style="list-style-type: none"> <li>• Individually</li> <li>• Held jointly/ through relatives</li> </ul>	<p>Nil Nil</p>
Directorships, if any, in other companies	Nil
Membership in Board Committees of other companies	Nil
No. of meeting of the Board attended during the FY 19-20.	3 meetings viz., 6th April 2019, 30th October, 2019 and 16th March, 2020.
Relationship with other directors, Manager and other key managerial personnel of the Company	Nil



The resolution regarding re-appointment of Mr T Momose was considered and recommended for approval of shareholders by the Nomination and Remuneration Committee and the Board taking into account the declarations submitted by him. Mr T Momose being the incumbent and Mr Mukesh Kumar Somani, being the other representative of Mahle Electric Drives Japan (a Promoter of the Company and Joint Venturer) are interested in the resolution.

## **EXPLANATORY STATEMENTS**

### **THE FOLLOWING EXPLANATORY STATEMENTS AS REQUIRED UNDER SECTION 102 OF THE COMPANIES 2013 SET OUT ALL MATERIAL FACTS RELATING TO THE BUSINESSES UNDER ITEM NOS. 4, 5 AND 6 OF THE NOTICE.**

#### **ITEM NO.4**

At the meeting held on 27th June 2020, the Board had approved, after considering the recommendations of the Audit & Risk Management Committee, the appointment of Mr K Suryanarayanan, Cost Accountant (Registration No.24946), for the conduct of Cost Audit of the Company at a remuneration of Rs.3.16 lacs and reimbursement of actual travel and out-of-pocket expenses for the financial year ending March 31, 2021. The remuneration approved by the Board of Directors needs to be ratified by the shareholders in terms of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested, financially or otherwise in the resolution set out at item no. 4 of the Notice. The Board of Directors accordingly recommends, in the interest of the Company, the Ordinary Resolution set out at Item No. 4 of the accompanying Notice for approval by the Members.

#### **ITEM NO.5**

The existing Memorandum of Association (MOA) of the Company was framed in terms of the provisions of the Companies Act, 1956 which had three categories of objects namely "The main objects to be pursued by the Company on its incorporation", "Objects incidental or ancillary to the attainment of the main objects" and "Other objects of the Company". However, Companies Act, 2013 recognizes only two categories of objects namely "Objects to be pursued by the Company on its Incorporation" and "Matters which are necessary for the furtherance of the objects". At the meeting held on 20th August, 2020, the Directors had considered and recommended amending the MOA to make it in line with Companies Act, 2013 by deleting "The other objects of the Company" and reclassifying some of the objects contained therein under the remaining two categories of objects. Board had also approved replacing references to Companies Act, 1956 with the new Act. The exact nature of the changes proposed are set out entirely as part of the resolution and hence not reproduced again in the explanatory statement.

The revised MOA is available at the following link [http://indianippon.com/wp-content/uploads/2020/08/new\\_memorandum\\_of\\_association.pdf](http://indianippon.com/wp-content/uploads/2020/08/new_memorandum_of_association.pdf) for inspection of the Members till the date of the Annual General Meeting. Copy of the existing Memorandum and Articles of Association is also available in the following link [http://indianippon.com/wp-content/uploads/2020/08/existing\\_memorandum\\_of\\_association.pdf](http://indianippon.com/wp-content/uploads/2020/08/existing_memorandum_of_association.pdf) / [http://indianippon.com/wp-content/uploads/2020/08/existing\\_articles\\_of\\_association.pdf](http://indianippon.com/wp-content/uploads/2020/08/existing_articles_of_association.pdf).

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 accordingly recommends, in the interest of the Company, the Special Resolution set out at Item No. 5 of the accompanying Notice for approval by the Members.

#### **ITEM NO. 6**

As the Members may be aware, the Company is currently a Joint Venture between Lucas Indian Service Limited ("LISL") and Mahle Electric Drives Japan Corporation ("MEDJ") – earlier known as Kokusan Denki Company Limited. The original Joint Venture Agreement (JVA) was executed on 24th August 1985 among LISL, Kokusan Denki Company Limited and Harita Engineers Private Limited (HEPL), with HEPL subsequently exiting the Company. During the year 2019-20, MEDJ, holding 46,41,000 equity shares (which was 20.52% of the Company's equity share capital) proposed an inter-se transfer of 34,28,570 shares (74% of its shareholding in the Company and 15.16% of the equity share capital of the Company) to its another



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group Company Mahle Holding (India) Private Limited (MHIL). This was an exempted transfer under the SEBI (Acquisition of Shares & Takeovers) Regulations, 2011 and was proposed due to internal re-alignment of Mahle Group with the ultimate parent Company of Mahle GmbH, Germany. A Deed of Adherence was executed between MEDJ, MHIL, LISL and the Company to bring MHIL into the fold of the Joint Venture Agreement (JVA) and to enable MEDJ to continue exercising rights under the JVA.

Consequent to the execution of DOA, MEDJ actually transferred 30,00,000 shares to MHIL on 24th December, 2019 with the result that MHIL holds 13.26% and MEDJ continues to hold 7.26% of the Company's Share Capital. Among the rights contained in JVA, the Articles of Association contains the right to nominate two Directors (one of whom shall not be liable to retire by rotation) to the Board of the Company so long as MEDJ holds not less than 15% of the Company's share capital. The inter-group transfer effected on 24th December, 2019 brought the shareholding of MEDJ to 7.26% of the Company's share capital though, collectively, MEDJ and MHIL continued to hold 20.52% of the Company's share capital. The DOA recognised the shareholding of MHIL to be considered along with MEDJ shareholding so that MEDJ continues to exercise the rights under the JVA and consequently the said right mentioned in the Articles of Association. This shall have to be incorporated suitably in the Articles of Association so that MEDJ can exercise the right in Compliance with it. References to erstwhile Kokusan Denki Company Limited had to be replaced with MEDJ or MEDJ and MHIL as appropriate. Following table represents the position under the new Articles of Association as against the existing Articles of Association in respect of clauses impacted by the DOA:

Sl. No.	Clause as per existing Articles of Association	Clause as per new Article of Association	Summary and reason for change
1.	No existing Article	Article No. 2(i)  Deed of Adherence means the deed of adherence dated 17 <sup>th</sup> 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.	Reference to Deed of Adherence to the JV Agreement is proposed to be included in the Articles so as to recognize MHIL as a party to the JVA and consequently inclusion in the Articles of Association.
2.	No existing Article	Article No. 2(n)  Joint Venture Agreement shall mean the agreement dated 24th August, 1985 entered into between (i). LISL, (ii) Harita Engineers Private Limited, and (iii) MEDJ, and shall also include the Deed of Adherence.	JVA definition is brought in since the Deed of Adherence was executed in reference to the JVA.



3.	<p>Article No. 111(a) (ii) - Nominated Directors</p> <p>So long as Kokusan Denki Co. Ltd. holds not less than 15% of the total number of issued shares, it shall be entitled to nominate two directors on the Board, one of whom shall not be liable to retire by rotation.</p>	<p>Article No. 85(b) - Nominated Directors</p> <p>So long as MEDJ and MHIL together holds not less than 15% of the Company's Share Capital, MEDJ shall be entitled to nominate two Directors on the Board, one of whom shall not be liable for retirement by rotation.</p>	<p>Reference to MHIL is introduced to consider their holding along with MEDJ's shareholding to enable the right to nominate two Directors on the Board of the Company.</p>
4.	<p>Article No. 111(a) - Nominated Directors</p> <p>The Nominated Directors shall hold office at the pleasure of Lucas Indian Service Ltd and/or its nominees, and Kokusan Denki Co. Ltd and/ or its nominees as the case may be.</p>	<p>Article No. 85(c) - Nominated Directors</p> <p>The directors nominated under sub-clause (a) and (b) 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 (a) or (b) above, the respective party shall cause their nominated directors to resign from their Directorship in the Company in accordance with the provisions of this Articles.</p>	<p>Clauses 85 (a) and 85 (b) of the Articles of Association respectively specifies the threshold share holding of LISL and/ or its nominees (30%) and MEDJ &amp; MHIL (15%) to nominate Directors to Board of the Company. While the Directors nominated by MEDJ and LISL shall continue on the Board till they hold the pleasure of the MEDJ and/or its nominees and LISL and/or its nominees as the case may be, if the shareholding of LISL and/ or its nominees falls below 30% or that of MEDJ &amp; MHIL falls below 15% the party whose shareholding falls below the threshold limit shall cause their Nominated Directors to resign from the Board.</p>

In addition to the above new changes arising out of the DOA, the Articles of Association contains regulations under and references to the erstwhile Companies Act, 1956 and the same shall have to be aligned with Companies Act, 2013 and some regulations in the existing Articles of Association are no longer in conformity with Companies Act, 2013. Since the Articles of Association are proposed to be amended to give effect to the DOA, the Directors feel that the Articles of Association needs to be aligned with the Companies Act, 2013 to be Compliance with Section 5(9) of the Companies Act, 2013. However, due to the numerous changes that it would entail, it is proposed that the new Articles of Association be substituted in place of the existing Articles of Association. The regulations contained in Table F in Schedule I to the Companies Act, 2013, as amended from time to time, shall apply to the Company and constitute its regulations to the extent that they are applicable to public companies save and except in so far as they are inconsistent or specifically excluded or modified or altered by the new Articles of Association.

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Further certain provisions of the existing Articles of Association have been simplified by providing reference to the provisions of the Companies Act, 2013 and the Rules framed thereunder, to avoid repetition in its entirety. Further certain articles have been deleted as the process for the same is explicitly mentioned in the Companies Act 2013 and the rules made thereunder. Certain other articles have been deleted as the same have become redundant pursuant to introduction of the Companies Act 2013.

In addition to the changes necessitated by the Companies Act, 2013 and SEBI Listing Regulations, certain other changes are proposed in the Articles, to facilitate ease of business without compromising the stakeholders involvement in the governance of the Company.

The Board, at its meeting held on 20th August, 2020 had approved alteration of the Articles of Association of the Company and the Board now seeks Members' approval for the same. Pursuant to Section 14 of the Companies Act, 2013, consent of the Members by way of Special Resolution is required for alteration of Articles of Association of the Company. The Board recommends the Special Resolution set forth in Item No. 6 of the Notice for approval of the Members. A copy of the proposed set of new Articles of Association of the Company would be available at the following link [www.indianippon.com](http://www.indianippon.com) for inspection of the Members till the date of the Annual General Meeting. The copy of the existing Memorandum and Articles of Association is also available in the following link [http://indianippon.com/wp-content/uploads/2020/08/existing\\_memorandum\\_of\\_association.pdf](http://indianippon.com/wp-content/uploads/2020/08/existing_memorandum_of_association.pdf) / [http://indianippon.com/wp-content/uploads/2020/08/existing\\_articles\\_of\\_association.pdf](http://indianippon.com/wp-content/uploads/2020/08/existing_articles_of_association.pdf).

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. 6 of the Notice. The Board of Directors accordingly recommends, in the interest of the Company, the Special Resolution set out at Item No. 6 of the accompanying Notice for approval by the Members.

By order of the Board

Place : Chennai  
Date : 20<sup>th</sup> August, 2020

**G Venkatram**  
Company Secretary



## BOARDS' REPORT

Your Directors have pleasure in presenting the 35th Annual Report and Audited Accounts for the year ended 31st March 2020.

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

(Rs. in lacs)

Particulars	Year ended 31st March '20	Year ended 31st March '19
Total Income	50,395	53,955
Profit before depreciation, exceptional items and taxes	8,150	9,164
Less:		
Depreciation	941	773
Profit before tax & exceptional items	7,209	8,391
Exceptional items	-	-
Profit before tax	7,209	8,391
Taxation	1,689	2,440
Profit after tax	5,520	5,951
Add:		
Balance in statement of profit and loss including general reserve	35,433	31,255
Total Comprehensive income available for appropriation	40,953	37,206
Appropriation:		
Dividends and Dividend Distribution tax	2,932	1,773
Surplus carried forward	38,021	35,433

### 2. Financial and Operational Performance

During the year 2019-20, your Company's sales performance was better than the overall two wheeler industry performance which saw a negative growth of 14% as against 2018-19. As against this, your Company registered a 9% decrease in sales. Challenges were faced both in the domestic and export front, while the Aftermarket segment saw a smart growth of 8% in terms of sales when compared to the previous year.

Profit before depreciation, tax and exceptional items, decreased by around 11% over the previous year which was the result of a combination of various factors like decrease in sales, change in product sales mix, non working days due to fluctuating market demand etc.

COVID-19 impact was felt during the end of the financial year and thereafter as the operations in Hosur, Pondicherry and Rewari plants were closed from 23rd March, 2020 due to the nationwide lock down. COVID-19 has significantly impacted the Industry and your Company. There are signs of recovery from July and your Company is hopeful that this trend will sustain.

### 3. Management Discussion and Analysis

#### a. Overall economic view:

Growth of the Indian economy was moderated in 2019-20 due to global headwinds and challenges in the domestic financial sector. The real GDP growth moderated to around 4.2% in 2019-20 as compared to 6.8% in 2018-19. The eight core infrastructure supportive industries, viz. coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity remained stagnant for most part of the fiscal as compared to a growth of 4.4% in 2018-19. After growing rapidly in the first half of 2018-19, the Non Banking Financial Sector had decelerated sharply since then. The growth of loans from NBFCs declined substantially to 3.4% during the year from 31.9% during its peak in 2018-19. Sales of commercial vehicles decreased by 42 % as against an increase by 3.8 % last year.

Further, the COVID-19 induced lock down measures in the month of March, which is expected to continue for a prolonged period on calibrated basis, will have significant impact on the forthcoming fiscal. However, we are confident that the various measures announced by the Government to face the COVID-19 downturn, including the Rs 20 lakh crore package which was designed to restart the economy and business, protect jobs, extend the support to those vulnerable and poor and informal sectors, will mitigate the headwinds to a significant extent.

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### **b. Industry structure and developments:**

Within the two wheeler Industry that saw decline of 14%, motorcycle declined by 13% while scooter and moped declined by 15% & 28% respectively. Three wheeler segment also showed a negative growth of 12%. In many aspects, 2019-20 was a challenging year bringing in many structural changes to the Industry which also brought in their own opportunities for future growth. OEMs had to comply with certain additional safety equipment requirements including anti-lock/combined braking systems, driver side airbag, speed warning alarm, rear parking sensors, front seatbelt reminders, and crash test standards all leading to increased pricing across all models. The full effect of the new third party insurance norms for two wheelers, introduced in 2018, was felt in 2019-20. To top this, many of the two-wheeler OEMs had launched BS VI regulations compliant products ahead of government timelines.

BS VI requirements called for usage of high grade materials and it pushed up material costs. BS VI transition, while paving way for new opportunities, also resulted in phasing out of few electronic products. From the beginning itself the transition from BS IV to BS VI was challenging as the Supreme Court had insisted on a clean departure on vehicle registration from 1st April, 2020. Fast and efficient product and component development became very critical to meet the shorter lead time lines given by customer for roll out of new products. With the COVID lockdown coming at the end of March, managing obsolescence in the supply chain has been also a challenge for the industry and there have been discussions in the courts on the same.

### **c. Performance review:**

Your Company was largely able to contain the impact of deceleration in the Industry, due to a combination of higher value of BS VI products, efforts taken to increase presence in new segments/ products like Sensors, robust growth in after-market sales and increase in share of business from customers and product lines. We continued to grow our footprint in export markets and are on the verge of securing more such orders. Timely introduction of many BS VI products with short lead time, cost management initiatives, investment in state-of-the-art equipments resulting

in more efficient production processes had contributed to enhanced overall operational and financial performance. Increased competition and obsolescence of products like CDI, as well as the volatile nature of demand post COVID will put pressure on profits. However, your company has a robust cost reduction system in place to help mitigate its effects.

Efforts taken by us in implementing alternate sourcing strategy & offering value-added solutions to customers have started to yield results in terms of resilience of supply chain to shocks, cost efficiency and competitiveness to enter into new product segments. Earlier diversification measures have started to yield results as the company was able to bag order from new customers in the commercial vehicle segment. In spite of the negative growth both at the industry and Company level, your company was able to further increase its market share. Strong working capital management has led to better financial performance and improved free cash flow. Your Company had ceased operations at one of its Units located at Kolhapur, Maharashtra, with effect from 23rd May, 2020 for cost optimization.

On the setting up of the Advanced Engineering Centre, construction activities were interrupted due to the lock down and we expect the tech center to be operational by December 2020.

To face the challenge posed by COVID-19, your Company had put in place various measures like active monitoring of suppliers', employees' and customers' situation and engages with them to ensure their availability for smooth operations. In case of any disruption alternate sourcing options had been developed. Your Company had also demonstrated utmost care to its employees by ensuring various employee friendly measures like arranging transportation, giving work from home option, provisioning of all Personal Protective Equipments to protect against infection and continuous training to habituate the Employees to work in line with relevant guidelines and Standard Operating Procedures.

### **d. Business outlook, Opportunities and Threats:**

While your Company had developed a roadmap for future products, much depends upon the severity and duration of the COVID-19 pandemic



which has fundamentally altered both the economic outlook and consequentially the prospects for the industry as a whole. A prolonged economic slump may result in fall in rural and urban incomes leading to suppressed demand though we are confident that newer areas will compensate for such downside. However, since mobility is critical to any economy, we do not foresee a prolonged downturn in demand for mobility beyond the immediate future and in fact we are seeing a recovery already towards the end of Q1 of the ongoing fiscal. Significant upside may lie in altered composition of demand in mobility due to the requirement of social distancing, which may be the most significant driver of change, with people rethinking their transport modes to avoid infection. Emerging trends like Shared mobility may be impacted, though the impact is uncertain.

Personal vehicle use may pick-up in the short term which could lead to revival in the core segment where the Company operates. Further, remote working may discourage consumers from investing heavily in personal transportation which may place two wheelers at an attractive position. However, these evaluations are only based on current situation and will be constantly reviewed by the Company as it evolves, which may lead to significantly different outcomes.

Your Company had ascertained electronic products holds much promise for the future and is working to enhance its capabilities and capacities. Development of products for electric vehicle and non-automotive segments and increase global presence for existing products will be key. The establishment of tech center in Hosur, which is expected to be operational by Q4 of 2020-21, is a step in that direction. Your Company is also closely watching the market trends for opportunities to improve our position during these challenging times. On the electrification front, progress on transformation to electric vehicles may get hampered in the short term due to COVID-19 though the overall trend remains firmly intact.

Aggressive cost reduction measures, introduction of new products in the aftermarket, restructuring the product portfolio and digitalization in many areas are expected to increase both the top line and profitability of your Company.

**e. Human resources and industrial relations:**

The long-term wage settlement for the units at Hosur and Puducherry were finalized and the settlement will be in force till 2022 for Hosur Unit and till 2023 for Puducherry Unit. The wage settlement for the Unit located at Rewari is under negotiation and is expected to be completed during the year. The industrial relations in all the units of the company continue to be harmonious and cordial.

**f. Risks and concerns:**

The COVID-19 pandemic along with the geopolitical tensions between India and China has the potential to significantly alter the macro economic conditions. Government programs like Atmanirbhar Bharath have focused heavily at localization and we expect this to open up opportunities for capable Indian companies. Customers are also eager to find alternate suppliers to China and your company is looking for ways to benefit from this trend. While personal mobility may recover, the overall economy will likely recover gradually.

**g.** Disclosure on Financial Ratios is given as part of the Corporate Governance Report which is annexed to and forms part of the Board's Report.

**h. Risk management policy:**

Your Company takes cognizance of each business risk and has a risk management plan and policy in line with the overall objectives of the Company. The Company tracks the ever-changing business risks and evaluates their impact on business results. Mitigation plan and counter measures are prepared and monitored to keep the impact minimal. Your Company had also formulated Risk Management Policy to identify and address the various risks.

**i. Internal Audit and Internal Control Systems:**

Your Company views internal audit as a continuous process to keep the management regularly appraised on the existence, adequacy and effectiveness of the internal control systems/processes in the company. Based on the annual review and feedback received from the units and statutory auditors, audit plan is prepared and updated every year and approved by the Audit & Risk Management Committee. Internal auditors independently verify and test



## INDIA NIPPON ELECTRICALS LIMITED

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the adequacy and operating effectiveness of internal control systems and this provides assurance to the Audit Committee of continued compliance. The internal audit reports are also shared with statutory auditors.

Your Company improves internal control systems and accuracy of information on costs in real time through the effective use of ERP system which will help to analyse and exercise better control.

#### 4. Internal Financial Controls

The company has established internal financial framework including internal controls over financial reporting and anti-fraud framework.

The framework is reviewed regularly by the management and strengthened, from time to time to ensure adequacy and effectiveness of internal financial controls. During the year, your Company had carried out a re-assessment of the Internal Financial Controls framework, identified opportunities for improvements and adopted best practices in various areas related to both entity level and operational controls. While Internal Controls over Financial Reporting is certified by the Statutory Auditors, the Chief Financial Officer and the Managing Director certify the adequacy of overall Financial Controls to the Audit & Risk Management Committee and Board on periodic basis.

#### 5. Changes in Shareholding of Promoters and amendments to Articles of Association

During the year, Mahle Electric Drives Japan Corporation (MEDJ), one of the Promoter entities and Joint Venturer of the Company (the other current Joint Venturer being Lucas Indian Service Limited (LISL)) holding 46,41,000 equity shares (which was 20.52% of the Company's equity share capital) proposed an inter-se transfer of 34,28,570 shares (74% of its shareholding in the Company and 15.156% of the equity share capital of the Company) to its another group Company Mahle Holding (India) Private Limited (MHIL). This was an exempted transfer under the SEBI (Acquisition of Shares & Takeovers) Regulations, 2011 and was proposed due to internal re-alignment of Mahle Group structure. A Deed of Adherence dated 17th December, 2019 (DOA) was executed between MEDJ, MHIL, LISL and your Company to bring MHIL into the fold of the Joint Venture Agreement (JVA) and to enable MEDJ to continue exercising rights under the JVA.

Consequent to the execution of DOA, MEDJ actually transferred 30,00,000 shares to MHIL on 24th December, 2019 with the result that MHIL held 13.26% of your Company's Share Capital and MEDJ continued to hold 7.25%. Your Company proposes to substitute the Articles of Association to align it with the revised constitution of the Joint Venturers and to also bring it upto date with the changes brought in by the Companies Act, 2013 and amendments thereto as also the Memorandum of Association. The Directors feel that this business is necessary and unavoidable and hence seek the approval of Members as per the details given in the Notice convening the forthcoming Annual General Meeting.

#### 6. Corporate Social Responsibility

Your Company constituted the Corporate Social Responsibility Committee (CSR Committee) and laid down the CSR policy which is available on the Company's website. In terms of Section 135 of the Companies Act, 2013 and the rules framed thereunder, a list of projects / programmes to be undertaken towards CSR was recommended by the CSR Committee. Based on the recommendation, the Board has approved the projects / programs for the year 2019-20. However, your Company had also identified projects/ programmes that deserve CSR support during the course of the year for which ratification of the CSR Committee had been taken. Your Company had made contribution towards COVID-19 related initiatives after the end of the financial year which will form part of the forthcoming financial year's CSR spending. As a result, your Company is fully compliant with the requirement to spend 2% of the average 3 year's profit computed in the prescribed manner for the year 2019-20.

The Annual Report on CSR, containing the particulars of the projects / programmes eligible for CSR spending is given by way of an annexure attached to this Report.

#### 7. Subsidiary Company and Associate Company and the Consolidated Financial Statements

##### 7.1 Subsidiary company

Your subsidiary company, PT Automotive Systems Indonesia, has been granted approval from the Capital Investment Coordinating Board (BKPM) in 2017 for a further period of three years and



a permanent license was granted by BKPM in 2020 to explore business opportunities. However, as mentioned in the previous report, the manufacturers of two wheelers in that country have their own sources for the products in the subsidiary's range of manufacture and the Company is evaluating different options of exiting the country. Financial position of the subsidiary is provided in AOC-1 as required under Section 129 (3) of the Companies Act 2013 as part of the financial statements.

## 7.2 Associate company

Your Company had disposed off its investment in Synergy Shakthi Renewable Energy Private Limited (SSREPL) during the year to Lucas TVS Limited. While deciding on this sale, the Directors and the Audit & Risk Management Committee had taken into account the various options available before the Company given the continuous non operational status of SSREPL since 2017-18. Efforts taken to dispose off the business as a whole did not yield results due to the unattractive proposition of the bio-mass renewable energy business. Further, any proposal to commence a new business under SSREPL would entail additional infusion of capital by the Company and fresh commitment which was found to be unviable especially at a time when cash needs to be conserved to meet the challenges in its core business.

Since the sale transaction was proposed with a Related Party, two valuation reports were obtained from reputed valuers- M/s. KPMG engaged by Lucas TVS Limited and M/s. Ernst & Young Merchant Banking Services LLP engaged by the Company. Your Company had written down the investment it had made in SSREPL from Rs.18 Crore to its fair value over the years and the carrying value of investment was Rs.1.36 Crore as of December 2019. Hence, the proposal was to ensure that the transaction was done on arm's length basis based on independent valuation which could also provide benefits in terms of tax savings without in anyway compromising minority shareholder interests.

Based on the valuation reports, SSREPL shares were valued at Rs. 1.09 per share. The Audit & Risk Management Committee and the Board approved the sale of 1,80,00,000 equity shares of Rs.10 each held by the Company in SSREPL, constituting 40% of the paid-up equity

share capital of SSREPL to Lucas TVS Limited at the meeting held on 27th March, 2020. Consequently, it was treated as an associate till the effective date of sale i.e. 30th March, 2020 when the transfer deed was executed. Hence details in AOC-1 are not being provided as part of the financial statements.

## 7.3 Consolidated financial statements

The Consolidated Financial Statements of the Company prepared in accordance with the provisions of Section 129 (3) of the Companies Act 2013 read with the Companies (Accounts) Rules, 2014 and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Pursuant to the provisions of Section 136 of the Companies Act, 2013, the audited financial statements of the subsidiary have been placed on the website of the Company at [www.Indianippon.com](http://www.Indianippon.com) and the same will be made available to the Members on receipt of a request from them.

## 8. Dividend

Your Company had declared and paid two interim dividends worth Rs. 6.75 per share during the year under review, comprising of first interim dividend for 2019-20 of Rs. 3.00 per share and second interim dividend for 2019-20 of Rs. 3.75 per share (on Face value of Rs. 5 each). Your directors recommend consideration of the same as the final dividend for the year. The final dividend for the year will absorb a sum of Rs. 1526.95 lakhs besides an additional outgo on dividend distribution tax of Rs. 313.89 lacs.

## 9. Public Deposits

Your Company has not accepted any deposits falling within the ambit of Section 73 or Section 76 of the Companies Act, 2013 read with Companies [Acceptance of Deposits] Rules 2014.

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

Details of Conservation of Energy, technology absorption and Foreign Exchange outgo and earnings are given as Annexure to the Report.

## 11. Business Responsibility Report:

Securities and Exchange Board of India had extended the requirement for Business Responsibility Reporting for top 1000 listed



## INDIA NIPPON ELECTRICALS LIMITED

companies from the earlier top 500 listed companies in terms of market capitalization as of 31st March, 2020. Your Company falls under the said criteria. In terms of this requirement, a detailed Business Responsibility Report for the year 2019-20 describing the initiatives taken from an environment, social and governance perspective, is given as Annexure to this Report and will also be available on the Company's website viz., [http://indianippon.com/wp-content/uploads/2020/08/business\\_responsibility\\_report\\_2020.pdf](http://indianippon.com/wp-content/uploads/2020/08/business_responsibility_report_2020.pdf).

### 12. Particulars of Employees

Information required under Section 197 of the Companies Act, 2013 and Rule 5(2) made thereunder, as amended, is given as Annexure to this report. In terms of second proviso to Section 136(1) of the Companies Act 2013, the Annual Report, excluding the aforesaid Annexure is being sent to the Members of the company. Any shareholder interested in obtaining a copy of said Annexure may write to the Company Secretary at [investors@inel.co.in](mailto:investors@inel.co.in).

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

### 13. Annual Return

Extract of Annual Return is given as an Annexure to this report. Further, copy of the Annual Return filed for the year 2018-19 has been posted in the Company's website [www.indianippon.com](http://www.indianippon.com).

### 14. Corporate Governance

Pursuant to the Listing Regulations 2015, the 'Report on Corporate Governance' is enclosed with this report as an Annexure. A certificate from the Secretarial Auditors of your Company regarding compliance of the conditions of the Corporate Governance as stipulated by the SEBI (LODR) Regulations 2015, is given as Annexure to this report. The certificate required from Managing Director / CFO, is also given as Annexure to this report.

### 15. Directors' Responsibility Statement

As required under Section 134 (5) of the Companies Act, 2013, the Board of Directors hereby confirm: -

- i. That in the preparation of the Annual Accounts, the applicable accounting

standards had been followed along with proper explanation relating to material departures;

- ii. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;
- iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the Directors had prepared the Annual Accounts on a going-concern basis;
- v. That the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- vi. That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 16. Directors & Key Managerial Personnel (KMP)

During the year, Members had, at their meeting held on 16th August, 2019, taking into account the recommendations of the Nomination and Remuneration Committee and the Board, approved the re-appointment of the Independent Directors for their second term as per the following table:

Name of the Director	Date of Original appointment	Re-appointed upto
Mr V Balaraman	27th August, 2014	AGM, 2022
Mr K G Raghavan	27th August, 2014	AGM, 2023
Mr R Vijayaraghavan	27th August, 2014	AGM, 2023
Dr Jayshree Suresh	27th August, 2014	AGM, 2022

Mr. Anant Jaivant Talaulicar was appointed as an Independent Additional Director at the meeting of the Board of Directors held on 6th April 2019 for



a period of four years from that date, which was also approved by the Members as Independent Director at their meeting held on 16th August 2019. Consequential changes in Committees were made details of which are given in the Report on Corporate Governance given as an Annexure to this report.

Further, Mr T Momose, Director of the Company will be retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. A brief resume of Mr T Momose who is proposed to be re-appointed and other relevant information have been furnished in the Notice of the Annual General Meeting including the resolutions for the same. The Directors recommend this business for approval.

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

#### **16.1 Declaration by independent directors as required u/s 149:**

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

#### **16.2 Terms of appointment of independent directors of India Nippon Electricals Limited:**

During the year, consequent to the amendments in the criteria of appointment/ re-appointment of Independent Directors, your Company had issued revised terms of appointment for all the Independent Directors. The same is available on the website of the company viz., [www.indianippon.com/policies/](http://www.indianippon.com/policies/).

#### **16.3 Number of meetings of the board**

Seven meetings of the Board were held during the year. For details of the meetings of the Board, please refer to the report on Corporate Governance, which is an Annexure to this report.

#### **16.4 Separate meeting of Independent Directors & Board evaluation**

A separate meeting of the Independent Directors of the Company, as required under the provisions of the Companies Act, 2013 and SEBI Listing Regulations, for the financial year 2019-20, was held on 27th June, 2020 as the originally scheduled meeting on 27th March 2020 was not held due to a combination of strict lock down imposed by the Government due to COVID-19 and the relaxation given by the Ministry of Corporate Affairs exempting the holding of separate meeting of Independent Directors for the financial year 2019-20 in case the meeting was yet to be held as on the date of lock down imposition.

Your Company had instituted a robust system of Board evaluation based on set of questionnaires specifically designed for individual directors, Board as a whole and Committees of the Board. Board was evaluated on the following parameters:

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

Committees were evaluated on the following parameters:

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

Individual Directors were evaluated as per the parameters specified in the Nomination and Remuneration Policy Guidelines on the same scale as applicable to Board and Committees.

Feedback of Directors in the form of ratings for all the parameters was presented at the Independent Directors meeting held on 27th

## INDIA NIPPON ELECTRICALS LIMITED

June 2020 who provided feedback to the Board on areas where Board and the Committees can enhance their performance. Board noted and discussed the feedback at the meeting held on the same day and completed the evaluation process of Board, Committees and the Directors.

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

On 6th April, 2019, your Company adopted a revised Nomination and Remuneration Policy Guidelines, which details the principles underlying Directors/ Key Managerial Personnel appointment, remuneration etc and the summary of the said policy is presented as part of the Corporate Governance Report. The policy can be accessed at [www.indianippon.com/policies](http://www.indianippon.com/policies). Additional details including various ratios required under the Companies Act 2013 is given as separate Annexure to this report.

## **17. Auditors**

### **17.1 Statutory Auditors**

Pursuant to Section 139 of the Companies Act, 2013 and Rules made thereunder, M/s Deloitte, Haskins & Sells LLP, Chartered Accountants, were appointed for a period of five years from the conclusion of the 32nd Annual General Meeting held on 24th August 2017 until the conclusion of the 37th Annual General Meeting to be held in the year 2022. Since the requirement of ratification has been done away with, no ratification is proposed for approval of Members.

### **17.2 Cost Auditor**

The Company maintains Cost records as required under the Companies Act, 2013 and relevant Rules/ Orders made thereunder. Pursuant to the Companies (Cost Records and Audit) Rules, 2014, the Company filed the Cost Audit Report, with the Ministry of Corporate Affairs, for the financial year 2018-19 in XBRL format. Mr. K Suryanarayanan who was appointed as Cost Auditor for the financial year 2019-20 has submitted his report pursuant to the Companies (Cost Record and Audit) Rules 2014.

The Board has re-appointed Mr. K Suryanarayanan as cost auditor for the financial year 2020-21 at

a remuneration of Rs. 3.16 lacs. The ratification of his remuneration is 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.

### **17.3 Secretarial Auditor & the Secretarial Audit Report**

Ms. B Chandra, Practicing Company Secretary was appointed as Secretarial Auditor by the Board of Directors for the financial year 2019-20 whose report is attached separately to this report. Ms. B Chandra, Practicing Company Secretary was re-appointed as Secretarial Auditor for carrying out the secretarial audit, issuing the annual Compliance Report under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Certificate on Corporate Governance Compliance for the financial year 2020-21.

### **17.4 Qualification/reservation/adverse remark in Audit Report**

The Secretarial Auditor had made an observation which does not amount to a qualification/reservation/adverse remark regarding pending resolution of a Compliance filing with IEPF due to technical glitches, about which suitable details are given as part of the report on Corporate Governance which is annexed to this report.

## **18. Particulars of contracts or arrangements with related parties**

During the year, the Audit & Risk Management Committee had accorded omnibus approval to Related Party Transactions which were foreseen, repetitive in nature and are not carried out under agreements with related parties. The Audit & Risk Management Committee reviews, on a quarterly basis, the details of Related Party Transactions entered pursuant to the aforementioned omnibus approval as well as transactions carried on under agreements with related parties. All the existing and proposed transactions with related parties are in the ordinary course of business and on arm's length basis and the details of 'material' related party transactions are disclosed in form AOC-2 which is annexed to and forms part of this report.

The Company has a policy on Related Party Transactions and the same is displayed on the Company's website viz., [www.indianippon.com/policies/](http://www.indianippon.com/policies/).



## 19. Particulars of loans, guarantees or investments u/s 186:

The company has not given any loans or guarantee as specified under Section 186 of the Companies Act 2013. The details of investments are given in Note no.5 on Accounts for the financial year 2019-20. The same is within the prescribed limits under provisions of Section 186 of the Companies Act 2013.

## 20. Prevention of sexual harassment of women at workplace:

As per the requirements of the Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act 2013 and Rules made thereunder, your Company has constituted Internal Complaints Committee. Your Company has also enabled a Complaints hotline where any affected women employees can lodge their Complaints for attention of the Internal Complaints Committee/ Ethics Committee for Redressal. During the year under review, your Company has not received any reportable or established complaint of sexual harassment from any of the women employees of the Company.

## 21. Material changes and commitments

Operations in Hosur, Pondicherry and Rewari plants, which were closed from 23rd March, 2020 due to the lock down, had partial resumption of operations, as per the table below, based on approvals granted by the State Governments and the notifications issued by Ministry of Home Affairs:

Plant location	Concerned State Government approval date	Date of resumption
Hosur	5 <sup>th</sup> May, 2020	7 <sup>th</sup> May, 2020
Pondicherry	30 <sup>th</sup> April, 2020	5 <sup>th</sup> May, 2020
Rewari	4 <sup>th</sup> May, 2020	5 <sup>th</sup> May, 2020

The resumption of operations as stated above was initially utilized for training the employees and other stakeholders on COVID-19 related Standard Operating Procedures. However, as the demand situation improved along with resumption of export activities, commercial operations were commenced on all the plants thereafter. The Company had minimal sales in the month of April 2020 due to COVID-19 and there has been gradual increase since

then. This may significantly impact the financial performance of your Company in the first half of 2020-21.

## 22. Acknowledgements

Your Directors also acknowledge the continued support received from Lucas TVS Limited, Lucas Indian Service Ltd, Mahle Electric Drives Japan Corporation, Mahle Holding (India) Pvt Ltd., and also wish to thank the customers, employees, vendors and the Governments at the Centre and in the States of Tamil Nadu, Haryana, Maharashtra and Puducherry, Bank of Baroda, ICICI Bank Ltd, Axis Bank Ltd and SIPCOT for the assistance rendered by them from time to time.

For and on behalf of the Board of Directors

Place : Chennai

Date : 20<sup>th</sup> August, 2020

**T K BALAJI**

DIN No.:00002010

Chairman

**Annexures to Boards' Report****Information as required under Section 134 of the Companies Act, 2013****1. Conservation of Energy****a) The results of energy conservation measures taken up during the year under review are:**

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

1. Robo soldering machine's fume killer unit operation was optimized by interlinking with machine on/off control. .
2. Pondicherry plant Power Factor improved from 0.96 to 0.99.
3. SMT Reflow ovens exhaust system operating duration optimized by interlinking with machine on/off control.
4. AHU plant auto on/off control developed with auto timer controller.
5. Rotor Lines cup washing machine – 2 nos Refurbished with high energy efficient heating system and achieved 7448 Kwh/year.
6. The total annual utilization of Renewable energy from Wind & Solar increased to 82.2% from 76.8%

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

Your company is aiming at greater energy conservation by implementing various measures like providing a dedicated compressor to Hubbers potting machine to conserve energy on Holidays/Sunday, installing Bio gas plant in Kitchen for cooking purpose, providing solar hot water system for rotor cup Washing Machine, providing motion sensor to auto cutoff of lights & A/C in office, Providing a Thyristor controller for rotor "F" line curing oven & etc.

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

Your company has successfully migrated to BS6 Emission norms for all the applicable existing products and customers. Your company has not only succeeded in meeting the new requirements of the customers but also provided new value add features in the products leading to customer delight.

Your company has progressed in setting up of a New R&D Centre with state of the art facilities for Performance and Emission testing of two wheelers, three wheelers and general purpose engines. The construction is in full swing and new facility expected to be in operation by the year end.

Aligning its strategy with the future needs of market and customer, your company is actively progressing development of new products in the area of displays and clusters, Sensors, DC-DC converters, Controller for EV, ISG and other automotive and non-automotive applications.

<b>Expenditure on R&amp;D:</b>	<b>Rs. in Lacs</b>
Capital	20.55
Revenue	895.82
Total	916.37
% on net turnover	1.93%

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

Export Activities:

Exports during the year ended 31st March 2020 amounted to Rs. 1451.00 lacs as against Rs.2272 lacs of the previous year.

Total foreign exchange used and earned:

The foreign exchange outgo and earnings for the Company for the period under review were Rs.5028 lacs and Rs.1653 lacs respectively.

For and on behalf of the Board of Directors

Place : Chennai

Date : 20<sup>th</sup> August, 2020

**T K BALAJI**

DIN No.:00002010

Chairman



## Disclosure under Rule 5 (1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

S. No.	Name of Director / KMP	Designation	% Increase / decrease in remuneration	Ratio to median remuneration
1.	Mr. T K Balaji	Non-Executive Chairman	-20.53	1 : 1.27
	Mr. Arvind Balaji	Managing Director	-4.80	1 : 46.39
	Mr Anant Jaivant Talaulicar	Independent Director	NA (refer Note 1)	1 : 0.90
	Mr. V Balaraman	Independent Director	-23.61	1 : 1.50
	Mr. K G Raghavan	Independent Director	-36.11	1 : 0.97
	Mr. R Vijayaraghavan	Independent Director	7.87	1 : 1.61
	Dr. Jayshree Suresh	Independent Director	-7.10	1 : 1.21
	Mr. Mukesh Kumar Somani	Non-Executive Director	-3.33	1 : 0.97
	Ms. Priyamvada Balaji	Non-Executive Director	-16.67	1 : 0.84
	Mr. Taday Momose	Non-Executive Director	NA (refer Note 2)	NA
	Mr. Elango Srinivasan	Chief Financial Officer	NIL	NA
	Mr. G Venkatram	Company Secretary	26.50 (refer Note 3)	NA
2.	Percentage increase in median remuneration of employees			1.13%
3.a.	Average percentile increase in the salaries of employees other than the managerial personnel			5.84%
3.b.	Percentile increase in managerial remuneration			-7.78%
3.c.	There has been a decrease in managerial remuneration in line with the overall performance of the Company. However, the Company maintains its managerial remuneration and non-managerial personnel remuneration in line with industry standards to attract and retain the best talent.			
4.	The total number of permanent employees on the rolls of the Company as on 31st March 2020			566
5.	It is hereby affirmed that the remuneration paid during the year is as per the remuneration policy of the Company			

Notes :

- 1) Mr Anant Jaivant Talaulicar was appointed to the Board on 6<sup>th</sup> April, 2019. Since the remuneration for last year is not applicable, the percentage increase in remuneration was treated as not applicable
- 2) Mr. Taday Momose, Director did not receive remuneration for both the years. Hence, percentage increase in remuneration is treated as not applicable
- 3) Mr G Venkatram was designated as Company Secretary on 8<sup>th</sup> May, 2018. Hence, the salary for the year 2019-20 and 2018-19 was not comparable. However, it has been considered for the purpose of percentile increase in managerial remuneration.

For and on behalf of the Board of Directors

Place : Chennai  
Date: 20<sup>th</sup> August, 2020

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

# INDIA NIPPON ELECTRICALS LIMITED

## Form MGT - 9

### Extract of Annual Return

as on the financial year ended on 31.03.2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

CIN	L31901TN1984PLC011021
Registration Date	12th July 1984
Name of the Company	India Nippon Electricals Ltd
Category / Sub-Category of the Company	Public Company
Address of the Registered office and contact details	11 & 13, Patullos Road, Chennai 600 002 Tel: 2846 0063; E.mail: investors@inel.co.in
Whether listed company Yes / No	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Sundaram Clayton Ltd, 'Jayalakshmi Estates', 1 Floor, 29, Haddows Road, Chennai-600006. Tel: 28272233/ 28284959 Fax:28257121; E.mail: icsta@scl.co.in / arockiaraj@scl.co.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
Manufacture of parts and accessories for motor vehicles and their engines	34300	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
PT Automotive Systems Indonesia	Not Applicable	Subsidiary company	99.97%	2(87)
Synergy Shakthi Renewable Energy P Ltd (SSREPL)	U40108TN1995PTC030884	Associate Company*	40%	2(6)

(\*) The company had sold its entire holding of 180 lacs shares amounting to 40% of the share capital in SSREPL on 30th March 2020. Hence, as on 31st March 2020, SSREPL was not an Associate of the company.





**IV. (i) SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**

Category of Shareholders	No. of shares held at the beginning of the year (1st April, 2019)				No. of shares held at the end of the year (31st March, 2020)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a. Individual / HUF									
b. Central Govt									
c. State Govt(s)									
d. Bodies Cop.	10377332	-	10377332	45.87	13377332	-	13377332	59.13	13.26
e. Banks/ FI									
f. Any other									
<b>Sub-total (A) (1)</b>	<b>10377332</b>	<b>-</b>	<b>10377332</b>	<b>45.87</b>	<b>13377332</b>	<b>-</b>	<b>13377332</b>	<b>59.13</b>	<b>13.26</b>
<b>(2) Foreign</b>									
a. NRIs-Individuals									
b. Other – Individuals									
c. Bodies Corp.	4641000	-	4641000	20.52	1641000	-	1641000	7.26	(13.26)
d. Banks / FI									
e. Any other									
<b>Sub-Total (A) (2)</b>	<b>4641000</b>	<b>-</b>	<b>4641000</b>	<b>20.52</b>	<b>1641000</b>	<b>-</b>	<b>1641000</b>	<b>7.26</b>	<b>(13.26)</b>
<b>Total shareholding of promoter (A) = (A) (1) + (A) (2)</b>	<b>15018332</b>	<b>-</b>	<b>15018332</b>	<b>66.39</b>	<b>15018332</b>	<b>-</b>	<b>15018332</b>	<b>66.39</b>	<b>-</b>
<b>B. Public shareholding</b>									
<b>(1) Institutions</b>									
a. Mutual Funds	214442	-	214442	0.95	192573	-	192573	0.85	(0.1)
b. Alternative Investment Fund	476312	-	476312	2.11	476312	-	476312	2.11	-
c. Banks / FI	73973	-	73973	0.33	73468	-	73468	0.33	-
d. Central Govt.	-	-	-	-	-	-	-	-	-
e. State Govt(s)	-	-	-	-	-	-	-	-	-
f. Venture Capital Funds	-	-	-	-	-	-	-	-	-
g. Insurance companies	-	-	-	-	-	-	-	-	-
h. Foreign portfolio investor- Corporate	15645	-	15645	0.07	15695	-	15695	0.07	-
Individual	1200	-	1200	0.01	2550	-	2550	0.01	-
i. Others (specify)									
<b>Sub-total (B) (1)</b>	<b>781572</b>	<b>-</b>	<b>781572</b>	<b>3.47</b>	<b>760598</b>	<b>-</b>	<b>760598</b>	<b>3.37</b>	<b>(0.1)</b>
<b>(2) Non-Institutions</b>									
a) Bodies Corp									
i) Indian	886584	2888	889472	3.93	787164	2888	790052	3.49	(0.44)



## INDIA NIPPON ELECTRICALS LIMITED

ii)	Overseas									
b)	Individuals									
i)	Individual shareholders holding nominal share capital in excess of Rs.2 lakh	462053	-	462053	2.04	504906	-	504906	2.23	0.19
ii)	Individual shareholders holding nominal share capital upto Rs.2 lakh	4897790	328616	5226406	23.10	4993776	300710	5294486	23.40	0.30
c)	Others (specify)									
i)	IEPF Authority	78320	-	78320	0.35	84176	-	84176	0.37	0.02
ii)	Clearing Member									
iii)	Trust									
iv)	Foreign national									
v)	HUF									
vi)	Non-resident Indians	162441	2828	165269	0.72	168874	-	168874	0.74	0.02
	<b>Sub-total (B) (2)</b>	<b>6487188</b>	<b>334332</b>	<b>6821520</b>	<b>30.14</b>	<b>6538896</b>	<b>303598</b>	<b>6842494</b>	<b>30.24</b>	<b>0.1</b>
	<b>Total public shareholding (B) = (B) (1)+(B) (2)</b>	<b>7268760</b>	<b>334332</b>	<b>7603092</b>	<b>33.61</b>	<b>7299494</b>	<b>303598</b>	<b>7603092</b>	<b>33.61</b>	<b>-</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>		-								
	<b>Grand Total(A+B+C)</b>	<b>22287092</b>	<b>334332</b>	<b>22621424</b>	<b>100</b>	<b>22317826</b>	<b>303598</b>	<b>22621424</b>	<b>100</b>	<b>-</b>

### (ii) SHAREHOLDING OF PROMOTERS

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Lucas Indian Service Ltd	10377332	45.87	-	10377332	45.87	-	-
2.	Mahle Electric Drives Japan Corporation	4641000	20.52	-	1641000	7.26	-	(13.26)
3.	Mahle Holding (India) Pvt Ltd	-	-	-	3000000	13.26	-	13.26



**(iii) CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)**

S. No.		Shareholding at the beginning of the year		Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g allotment / transfer / bonus/ sweat equity etc)	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1.	At the beginning of the year	15018332	66.39	No change during the year	15018332	66.39
2.	At the end of the year	15018332	66.39	(*)	15018332	66.39

(\*) During the year, Mahle Electric Drives Japan Corporation (MEDJ) had transferred 3000000 shares to Mahle Holding (India) Pvt Ltd (MHIL), one of its group companies. A Deed of Adherence dated 17th December 2019 was executed under which MHIL and MEDJ both became joint venturers of the company and hence promoters.

**(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):**

S. No.	Name of shareholders	Shareholding at the beginning of the year		Date wise Increase / (Decrease)			Cumulative shareholding during the year	Shareholding at the end of the year	%
		No. of shares	% of total shares of the company	Date	No. of shares	Reason			
1	Sundaram Alternative Opportunities Fund - Nano Cap Series I	3,63,510	1.61	-	-	-	-	3,63,510	1.61
2	Harita Sheela P Ltd	2,32,260	1.03	-	-	-	-	2,32,260	1.03
3	Vibgyor Investors and Developers P Ltd	2,00,000	0.88	-	-	-	-	2,00,000	0.88
4	Ketu R Mehta	172631	0.76	10.01.2020 17.01.2020	5494 500	Trf/Sold Trf/Sold	167137 166637	166637	0.74
5	Harita Trade & Services Pvt Ltd (formerly Harita Balaji P Ltd)	1,64,782	0.73	-	-	-	-	1,64,782	0.73
6	Mayank R Mehta	1,40,000	0.62	-	-	-	-	1,40,000	0.62

## INDIA NIPPON ELECTRICALS LIMITED

S. No.	Name of shareholders	Shareholding at the beginning of the year		Date wise Increase / (Decrease)			Cumulative shareholding during the year	Shareholding at the end of the year	%
		No. of shares	% of total shares of the company	Date	No. of shares	Reason			
7	Sundaram Mutual Fund A/c Sundaram Emerging Small Cap - Series II	133601	0.59	03.01.2020	5605	Trf/Pur	139206	139206	0.62
8	Sundharam Alternative Opportunities Fund –Nano Cap Series II	1,12,802	0.50	-	-	-	-	1,12,802	0.50
9	Nitin Kapil Tandon	78000	0.34	-	-	-	-	78000	0.34
10	General Insurance Corporation of India	70000	0.31	-	-	-	-	70000	0.31

### (v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1	T K Balaji	-	-	-	-	-
2	Arvind Balaji	-	-	-	-	-
3	Anant Jaivant Talaulicar*	-	-	-	-	-
4	V Balaraman	-	-	-	-	-
5	G Chidambar**	-	-	-	-	-
6	Jayshree Suresh	-	-	-	-	-
7	T Momose	-	-	-	-	-
8	Mukesh Kumar Somani	-	-	-	-	-
9	Priyamvada Balaji	-	-	-	-	-
10	K G Raghavan	-	-	-	-	-
11	R Vijayaraghavan	-	-	-	-	-
Key Managerial Personnel						
1	G Venkatram, CS	-	-	-	-	-
2	Elango Srinivasan, CFO	100	0.0004	No change during the year	100	0.0004

(\*) appointed as Director w.e.f. 6th April 2019; (\*\*) resigned w.e.f. 6th April 2019.



## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	-	-	-	-
ii. Interest due but not paid	-	-		
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
• Addition	-	-		
• Reduction	-	-	-	
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i. Principal Amount	-	-	-	-
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Director and / or Manager:

Sl no	Particulars of Remuneration	Name of MD/ WTD/ Manager (Mr.)	Total Amount Rs. in lacs
1.	Gross Salary	Arvind Balaji Managing Director	99.62
	a. salary as per provisions contained in Section 17 (1) of the Income-tax Act		
	b. Value of perquisites u/s 17 (2) of the Income-tax Act 1961		9.42
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission		167.00
	-As % of profit		3.02%
	-Others specify		-
5.	Others, please specify		-
	<b>Total (A)</b>		<b>276.04</b>
	<b>Ceiling as per the Act</b>	<b>276.28</b>	

## INDIA NIPPON ELECTRICALS LIMITED

### B. Remuneration to other Directors:

Sl no	Particulars of remuneration	Name of Directors (Mr./Mrs)					Total amount Rs. in lacs
		K G Raghavan	V Balaraman	Mr Anant Jaivant Talaulicar*	R Vijayaraghavan	Jayshree Suresh	
1.	<b>Independent directors</b>						
	Fees for attending board/ committee meetings	1.80	3.00	1.60	3.40	2.20	12.0
	Commission	5.75	8.90	5.35	9.60	7.20	36.80
	Others <sup>+</sup> (Separate Meeting of IDs)	0.20	0.20	0.20	0.20	0.20	1.00
	Total (1)	7.75	12.10	7.15	13.20	9.60	49.80
2.	<b>Other Non-executive Directors</b>	<b>TK Balaji</b>	<b>Priyamvada Balaji</b>	<b>Mukesh Kumar Somani</b>	-	-	-
	Fee for attending board / committee meetings	2.40	1.20	1.40	-	-	5.0
	Commission	7.55	5.00	5.80	-	-	18.35
	Others, please specify	-	-	-	-	-	-
	Total (2)	9.95	6.20	7.20	-	-	23.35
	<b>Total = B (1+2)</b>	<b>17.70</b>	<b>18.30</b>	<b>14.35</b>	<b>13.20</b>	<b>9.60</b>	<b>73.15</b>
	<b>Total Managerial Remuneration (A+B)</b>						<b>331.19</b>
	<b>Overall ceiling as per the Act (Ceiling excludes sitting fees)</b>						<b>331.54</b>

\* joined as a director on 6th April 2019. Mr G Chidambar was paid a sitting fee of Rs.0.20 lakhs for the Board meeting held on 6th April, 2019. Mr G Chidambar was a director till 6th April 2019.

+ Separate meeting of Independent Directors was held on 27th June 2020.

### C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD.

Sl no	Particulars of Remuneration	Key Managerial Personnel (Mr.) (Rs. in lakhs)	
		Elango Srinivasan CFO	G Venkatram CS
1.	Gross Salary	51.18	25.30
	a. salary as per provisions contained in Section 17 (1) of the Income-tax Act		
	b. Value of perquisites u/s 17 (2) of the Income-tax Act 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission As % of profit	-	-
5.	Others, please specify	-	-
	<b>Total</b>	<b>51.18</b>	<b>25.30</b>

### VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL



## Report on CSR activities as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014

1)	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken:  India Nippon Electricals Limited stands committed to the social and economic development of the communities in which it operates. The company's commitment towards this includes contributing to Institutions which are engaged in activities aligned to CSR policy.
2)	Web-link to the CSR policy and projects or programmes: <a href="http://indianippon.com/policies/#tab-1538384386-2-40">http://indianippon.com/policies/#tab-1538384386-2-40</a>
3)	The composition of the CSR Committee Dr Jayshree Suresh, Independent Director- Chairperson of the CSR Committee Mr Arvind Balaji, Managing Director- Member of the CSR Committee Ms Priyamvada Balaji, Director –Member of the CSR Committee
4)	Average net profit of the company for last three financial years: Rs.6000 lacs
5)	Prescribed CSR expenditure (two percent of the amount as in item 4 above): Rs.120.00 lacs.
6)	Details of CSR spent during the financial year (a) Total amount to be spent for the financial year: Rs.120.00 lacs (b) Amount unspent, if any : NIL (c) Manner in which the amount spent during the financial year: The Company had spent Rs. 121.23 Lacs towards eligible CSR projects as detailed below which was more than the required spending of Rs. 120.00 Lacs (the CSR Committee had recommended to treat Rs. 120.00 Lacs as CSR spending and the balance as charitable contribution):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) local area or other (2) specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) direct expenditure on projects or programs. (2) overheads	Cumulative expenditure up to the reporting period	Amount spent: direct or through implementing agency
a.	Educating Rural India - Providing access and developing facilities to education in the rural areas	Clause (ii) of Schedule VII to the Companies Act 2013.	Thiruvarur District, Tamil Nadu	Rs.80 lacs	Rs.80 lacs	Rs.80 lacs	Swami Dayananda Educational Trust (SDET).
b	Livelihood enhancement projects - Autism Therapy for 3 poor children sponsored.	Clause (i) of Schedule VII to the Companies Act 2013	Kerala	Rs.1.08 lacs	Rs.1.08 lacs	Rs.81.08 lacs	Arks Autism

## INDIA NIPPON ELECTRICALS LIMITED

c	Flood rehabilitation in Karnataka through Karnataka State Disaster Management Authority	Clause (xii) of Schedule VII to the Companies Act 2013	Govt. Of Karnataka	Rs.10 lacs	Rs.10 lacs	Rs.91.08 lacs	Govt. of Karnataka
d	Conservation of natural resources - Plantation of trees in and around the factory location	Clause (iv) of Schedule VII to the Companies Act 2013	Hosur, Tamilnadu	Rs.6.50 lacs	Rs.6.50 lacs	Rs.97.58 lacs	Direct
e	Promoting health care and sanitation- Construction of toilets for women	Clause (i) & (iii) of Schedule VII to the Companies Act 2013	Hosur, Tamilnadu	Rs.18,64 lacs	Rs.18,64 lacs	Rs.116.22 lacs	Direct
f	Promoting health care and sanitation - Government Middle School	Clause (i) & (iii) of Schedule VII to the Companies Act 2013	Netapakkam, Puducherry	Rs.5.01 lacs	Rs.5.01 lacs	Rs.121.23 lacs	Direct

- 7) In case the company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. Not Applicable
- 8) The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.

**Arvind Balaji**

Member, CSR Committee

Place : Chennai

Date: 20th August, 2020

**Jayshree Suresh**

Chairperson of the Committee



## Disclosure of particulars of contracts / arrangements entered into by the company with related parties

<b>A.</b>	<b>Details of contracts or arrangements not at arm's length basis: NIL</b>	
<b>B.</b>	<b>Details of material contracts or arrangement or transactions at arm's length basis:</b>	
1.	Name(s) of the related party and nature of relationship	TVS Motor Company Limited, - relative of ultimate parent company
2.	Nature of contracts/ arrangements / transactions	a) Sale of Goods (Products Components etc) b) Design and development services c) Purchase of Raw materials
3.	Duration of contracts/ arrangements/ transactions	2019-20
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 2019-20 – Rs.296.99 Crores.
5.	Date (s) of approval by the Board, if any.	Approval of the Audit & Risk Management Committee/ Board had been obtained on 8th May 2018 and the shareholders' ratification / approval pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was obtained at the Annual General Meeting held on Aug 27, 2018.  Further, the Audit & Risk Management Committee grants omnibus approval for all transactions and the transactions were placed every quarter for consideration.
6.	Amount paid as advances, if any	Nil

For and on behalf of the Board of Directors

Place : Chennai  
Date: 20th August, 2020

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



**Secretarial Auditor's Certificate on Corporate Governance**

To

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

1. I have examined the compliance of conditions of Corporate Governance by M/s. India Nippon Electricals Limited, for the year ended on 31st March, 2020, as stipulated under the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in the Listing Regulations for the period 1st April 2019 to 31st March 2020, 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 : 20th August 2020

**B.CHANDRA**

Practising Company Secretary

Membership No. 20879

C P No.: 7859



**Form No. MR-3**  
**Secretarial Audit Report**  
**For the Financial Year Ended 31.03.2020**

**[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 31.03.2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2020, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - d. The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015

I am informed that the company, during the year, was not required to comply with the following regulations and consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

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

## INDIA NIPPON ELECTRICALS LIMITED

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(vi) The Company has its factories located in Hosur, Puducherry, Rewari (Haryana) and Kolhapur (Maharashtra), which manufacture Electronic Ignition System for two wheelers, three wheelers and portable engines. The Company is in the process of setting up systems and processes for ensuring compliance with the laws applicable specifically to the industry in which the Company operates over and above the existing system of submission of compliance reports by the Company Secretary and Compliance Officer of the Company to the Board of Directors and review of the compliance by the Internal auditor. Based on a review of the compliance reports given by Internal Auditors submitted to the Board and the compliance reports made by the Company Secretary and Compliance Officer of the Company which are submitted to the Board of Directors of the Company, I report that the Company has complied with the provisions of the applicable statutes to the Company including Factories act alongwith other connected legislations, labour related legislations and the following statutes and the rules made there under to the extent it is applicable to them:

1. The Explosive Act, 1884
2. The Petroleum Act, 1934
3. The Environment (Protection) Act, 1986
4. The Water (Prevention and Control of Pollution) Act, 1974
5. The Air (Prevention and Control of Pollution) Act, 1981

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

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

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Due to change in IEPF Rules in the mode of payment of unpaid dividend to the fund and consequent technical changes introduced in the forms, effective from 20th August 2019, the company could not file IEPF 1 & IEPF 4 for the 2nd Interim dividend paid during 2011-12 due on 4.8.2019 though unpaid dividend amount and shares of those shareholders who had not claimed dividend for 7 consecutive years were transferred to IEPF. The matter is yet to be sorted out by the IEPF authorities till the date of this report.

I further report that

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

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

Place : Chennai

Date : 20th August 2020

**B.CHANDRA**

Practising Company Secretary

ACS No.: 20879

C P No.: 7859



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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 followed provide a reasonable basis for my 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.

Place : Chennai  
Date : 20th August 2020

**B.CHANDRA**  
Practising Company Secretary  
ACS No.: 20879

## INDIA NIPPON ELECTRICALS LIMITED

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 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 initial appointment in the Company
TIRUMALA KUMARA BALAJI	00002010	28/07/1986
RANGANATHAN VIJAYARAGHAVAN	00026763	28/05/2013
VENKATARATNAM BALARAMAN	00267829	25/10/2008
RAGHAVAN KADABA GOPI VALLABH IYENGAR	00359471	25/03/2005
ARVIND BALAJI	00557711	25/10/2008
THIRUMALA KUMARABALAJI PRIYAMVADA	00730712	29/01/2018
MUKESH KUMAR SOMANI	06608983	28/05/2016
JAYSHREE SURESH PAREKH	06861217	26/03/2014
TADAYA MOMOSE	06984707	27/08/2014
ANANT JAIVANT TALAULICAR	00031051	06/04/2019

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

Place : Chennai  
Date : 20th August 2020

**B.CHANDRA**  
Practising Company Secretary  
ACS No.: 20879  
C P No.: 7859



## Certificate of MD / CFO

To

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

We certify that we have reviewed the financial statements prepared based on the Indian Accounting Standards for the year ended 31st March 2020 and to the best of our knowledge and belief:

- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- these statements together present a true and fair view of the Company's affairs and are in compliance with applicable Indian Accounting Standards, Laws and Regulations.
- no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit & Risk Management Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

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

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

**Elango Srinivasan**

Chief Financial Officer  
Place: Chennai

**Arvind Balaji**

Managing Director  
Date : 27th June, 2020

## Compliance with Code of Conduct and Business Ethics

To

The Members of India Nippon Electricals Limited, Chennai

On the basis of the written declarations received from members of the Board and Senior Management Personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, it is hereby certified that both the members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31st March 2020.

Place : Chennai  
Date : 20th August 2020

**Arvind Balaji**  
Managing Director

## REPORT ON CORPORATE GOVERNANCE

### A. MANDATORY REQUIREMENTS

#### 1. Company's Philosophy:

The Company believes in transparency, accountability, professionalism, risk management and code of ethics, which are the basic principles of Corporate Governance and would constantly endeavour to improve on these aspects.

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

##### 2.1 Composition of Board of Directors and changes in Board:

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the company. The Board has been vested with requisite powers and authorities and duties towards this end.

The Chairman of the company is a non Whole-time director. However, since he is a nominated Director of Lucas Indian Service Limited (Promoter), in terms of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), the Board is required to have fifty percent of its Directors as Independent Directors. The Board has 10 Directors. During the year, Mahle Electric Drives Japan Corporation (MEDJ), one of the promoter entities and Joint Venturer, holding 46,41,000 equity shares (20.52%) in the Company carried out an exempted inter-se transfer of 30,00,000 equity shares to its another group Company Mahle Holding (India) Private Limited (MHIL). In connection with this, a Deed of Adherence was executed on 17th December, 2019 to bind MHIL to the terms & conditions of the Joint Venture Agreement (JV Agreement). Consequently MHIL has become one of the promoter entities of the company. The rights under the JV agreement to appoint Directors on the Board of the Company remain with MEDJ. Pursuant to the above, 2 Directors nominated by MEDJ and 3 Directors nominated by LISL continue on the Board. The remaining 5 Directors are Independent Directors. The Board has two women Directors - one of whom is nominated by Promoter LISL and the other being an Independent Director.

Mr Arvind Balaji was appointed as Whole-time Director for a period of 5 years w.e.f. 1st April, 2013 subject to renewal for further periods of five years at a time. The Board of Directors, at their meeting held on 27th August, 2014, re-designated him as Managing Director pursuant to the provisions of the Companies Act 2013 read with Schedule V to the Companies Act 2013 which was approved by the Members in the AGM held on 27th August, 2015. Subsequently, he was re-appointed as Managing Director for a further period of 5 years starting 1st April, 2018 at the Board meeting held on 29th January, 2018. This was approved by the Members through Postal Ballot on 8th March, 2018.

On 6th April, 2019, the Company had adopted the amended Nomination and Remuneration Policy Guidelines specifying the following criteria for Independent Directors:

- a) The age of Independent Directors, at the time of appointment/ re-appointment, shall not be more than 70 years. However, in exceptional cases, the Nomination and Remuneration Committee may recommend to the Board, the appointment/ re-appointment of Independent Directors who are above the age of 70 years with suitable rationale.
- b) The initial term of appointment of Independent Directors shall be for any period up to 4 years. Re-appointment for another term of up to 4 years shall be on the basis of recommendations of the Nomination and Remuneration 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.

Mr Anant Jaivant Talaulicar was inducted into the Board as an Independent Additional Director effective 6th April, 2019. In line with the revised Nomination and Remuneration Policy Guidelines, Mr Anant Jaivant Talaulicar's appointment was for a period of 4 years effective 6th April, 2019 as approved by the Members at their meeting held on 16th August 2019.





Further, the other Independent Directors' viz., Mr V Balaraman, Mr R Vijayaraghavan, Dr Jayshree Suresh and Mr K G Raghavan were re-appointed for a second term as approved by the Members at the Annual General Meeting held on 16th August 2019 as detailed below:

<b>Name of the Director</b>	<b>Date of Original appointment</b>	<b>Re-appointed upto</b>
Mr V Balaraman	27th August, 2014	AGM, 2022
Mr K G Raghavan	27th August, 2014	AGM, 2023
Mr R Vijayaraghavan	27th August, 2014	AGM, 2023
Dr Jayshree Suresh	27th August, 2014	AGM, 2022

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

In the opinion of the Board, all the independent directors fulfill the conditions specified in Listing Regulations as applicable for Independent Directors and are independent of the management.

The company received a Certificate of Non-Disqualification of Directors for the financial year 2019-20 from Ms B Chandra, Practising Company Secretary, pursuant to Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 stating that none of the Directors of the company have been debarred or disqualified by SEBI, MCA or any such Statutory Authority from being appointed or continuing as director of companies.

Except Mr. Arvind Balaji, Managing Director and Mr. Mukesh Kumar Somani, Director, other Non-Independent directors who are on the Board as on 31st March, 2020 are liable to retire by rotation. In the forthcoming Annual General Meeting, Mr. T Momose, Non-executive Director retires by rotation and being eligible, offers himself for re-appointment.

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

Mr T K Balaji, Non-Executive Chairman of the Company is related to Mr Arvind Balaji, Managing Director and Ms Priyamvada Balaji, Director and Mr Arvind Balaji, Managing Director and Ms Priyamvada Balaji, Director are also related to the each other. Other directors are not related to any other director.

The company regularly places, before the Board for its review, all the information as required under the Listing Regulations such as annual operating plans, capex budget and its quarterly updates, quarterly results, minutes of meetings of Audit & Risk Management Committee and other Committees of the Board, information on recruitment and remuneration of senior officers just below the level of Board, any significant development in Human Resources / Industrial Relations, Show cause, demand prosecution notices and penalty notices which are materially important, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the company prepared by the company as well as steps taken by the company to rectify instances of non-compliances, if any, etc.

Comprehensively drafted notes for each agenda item along with background materials, wherever necessary, are circulated well in advance to the Committee / Board, to enable them for making value addition as well as exercising their business judgement in the Committee / Board meetings.

Presentations are also being made by the business heads on the Company's operations, Marketing strategy, IT strategy, Internal Financial Controls in Committees / Board Meetings.

## INDIA NIPPON ELECTRICALS LIMITED

### 2.2. Key Managerial Personnel:

Mr Arvind Balaji, Managing Director, Mr Elango Srinivasan, CFO and Mr G Venkatram, Company Secretary are the Key Managerial Personnel pursuant to Section 203 of the Companies Act, 2013. Mr G Venkatram is also the Compliance Officer of the Company as well as Chief Investor Relations Officer.

### 2.3. Familiarisation program:

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

In this regard, the company regularly communicates with all Independent Directors to provide detailed understanding of the activities of the company including specific projects either at the meeting of the Board of Directors or otherwise. The induction process is designed to build an understanding of the company's business and the markets to equip the Directors to perform their role on the Board effectively. Independent Directors are also taken through various business situations, nature of the industry, business model etc., by way of presentations and discussions. The details are available in the Company's website. The weblink is provided in a separate section of this report under policies.

### 2.4. Board Skills/Expertise/Competency Matrix:

The Board of Directors had identified the Skills/ Expertise/ Competency matrix required in the context of the business of the Company and had indicated it in the Annual Report of 2018-19. As required by SEBI Regulations, the said matrix, with few amendments to enhance disclosure, is given below with the details of Directors who possess each of the listed Skills/ Expertise/ Competency.

The Board of Directors confirms that, in the opinion of the Board, all the independent directors of the company fulfill the conditions specified in the SEBI Listing Regulations read with Sch V and are independent of management.

Skill	Description	List of Directors possessing the core skill/ expertise/ competency
Leadership / Strategy	Experience of playing leadership roles in reputed Companies, with competencies around strategy development & implementation, sales & marketing, business administration, operations and people management.	M/s TK Balaji, Arvind Balaji, Anant Talaulicar, V Balaraman, Jayshree Suresh, T Momose, Mukesh Kumar Somani, Priyamvada Balaji.
Industry Experience	Strong knowledge and experience in automotive industry and in managing business operations of a sizeable organization in the business of manufacture and sale of automobiles, automotive electronics and other auto components.	M/s TK Balaji, Arvind Balaji, Anant Talaulicar, T Momose, Priyamvada Balaji.
Financial knowledge	Practical knowledge and experience in accounting and finance to analyze statements, assess financial viability, contribute to financial planning, oversee budgets and funding.	M/s TK Balaji, Arvind Balaji, Anant Talaulicar, V Balaraman, Mukesh Kumar Somani, Priyamvada Balaji, KG Raghavan, R Vijayaraghavan.



Executive management	Experience in evaluating performance of senior management, and overseeing strategic human capital/ succession planning. Experience in industrial relations and organizational change management programmes.	M/s TK Balaji, Arvind Balaji, Anant Talaulicar, V Balaraman, T Momose, Mukesh Kumar Somani, Priyamvada Balaji, Jayshree Suresh
Technology	Relevant knowledge of IT governance and systems including privacy, data management and security.	M/s TK Balaji, Arvind Balaji, Anant Talaulicar, T Momose, Mukesh Kumar Somani, Priyamvada Balaji, .
Risk Management	Ability to monitor and advise the Company on risks as applicable to the Industry(ies) in which it operates.	M/s TK Balaji, Arvind Balaji, Anant Talaulicar, V Balaraman, Jayshree Suresh, T Momose, Mukesh Kumar Somani, Priyamvada Balaji, KG Raghavan, R Vijayaraghavan.
Regulatory Compliance	Ability to understand, interpret and advise on regulations as applicable to the Company.	M/s KG Raghavan, R Vijayaraghavan, Mukesh Kumar Somani, T Momose.

The Board is well structured to ensure diversity in experience, complementarity of skills with a balance in age, gender, knowledge, social-economic backgrounds and independence.

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

The Board met 7 times during 2019-20 as detailed below. The company informs the Directors through the notice of the meeting regarding the options available to them to participate through video conferencing mode in the meetings except in respect of matters not to be dealt with through video conferencing. The meeting held on 27th March 2020 was held fully through video conferencing/ other audio visual means pursuant to the relaxation granted by the Ministry of Corporate Affairs due to COVID-19 pandemic.

Date of meeting	Directors present
6th April 2019	9
30th May 2019	7
13th August 2019	8
30th October 2019	10
10th February 2020	9
16th March 2020	10
27th March 2020	9

The last AGM was held on 16th August 2019 and 8 Directors attended. The composition of Board of Directors, their directorship(s) in other Companies and membership in Committees (Audit Committees, Stakeholders Relationship Committees) and the details of their attendance at the Board Meetings, AGM of the Company is given below:

## INDIA NIPPON ELECTRICALS LIMITED

Name	Attendance particulars		Number of directorships and committee memberships/ chairmanships		
	Board meeting	Last AGM	Other Directorships*	Other Committee Memberships	Other Committee Chairmanships
<b>Non-Executive Directors</b>					
Mr. T K Balaji	7	Yes	10	1	-
Ms Priyamvada Balaji	6	Yes	9	1	-
Mr. T Momose	3	No	-	-	-
Mr. Mukesh Kumar Somani	7	Yes	3	-	-
<b>Managing Director</b>					
Mr. Arvind Balaji	7	Yes	10	1	-
<b>Independent Directors</b>					
Mr Anant Jaivant Talaulicar **	5	Yes	5	3	-
Mr. V Balaraman	7	Yes	1	1	-
Dr. Jayshree Suresh	7	Yes	1	-	-
Mr. K G Raghavan	5	No	2	-	-
Mr. R Vijayaraghavan	7	Yes	8	8	4

(\* ) includes private companies; (\*\* ) Anant Jaivant Talaulicar was appointed as an Independent Director with effect from 6th April, 2019.

Listed entities in which the Directors hold position as Director other than the Company and category of directorship as on 31st March, 2020:

Name of the Director (M/s)	Name of the Listed Company	Category of Directorship
T K Balaji	Sundaram Clayton Ltd	Director
Priyamvada Balaji	-	-
T Momose	-	-
Mukesh Kumar Somani	-	-
Arvind Balaji	Schaeffler India Ltd	Independent Director
V Balaraman	-	-
Jayshree Suresh	-	-
K G Raghavan	-	-
R Vijayaraghavan	Bimetal Bearings Limited	Independent Director
	Sundaram Clayton Limited	Independent Director
	Sanco Trans Limited	Independent Director
Anant Jaivant Talaulicar (appointed as an Independent Director w.e.f. 6th April, 2019)	The Hi-Tech Gears Limited	Director
	Force Motors Limited	Independent Director
	Birlasoff Limited	Independent Director
	KPIT Technologies Ltd	Independent Director
	Everest Industries Ltd	Independent Director*

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



None of the non-executive directors holds directorships in more than eight listed entities and serves as an Independent Director in more than seven listed entities. As far as Managing Director is concerned, he serves as an Independent Director of Schaeffler India Ltd 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 Director in Schaeffler India Ltd.

The number of directorships and Committee memberships of all directors, including independent directors, are within the limits specified in the Companies Act 2013 as per the declarations received from them. None of the Directors hold any equity shares of the Company.

#### 4. Committees of the Board:

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

#### 5. Audit & Risk Management Committee (A&RMC):

5.1. The Committee has 4 members consisting of independent directors with Mr K G Raghavan being the Chairman of the A&RMC. The role and terms of reference of the A&RMC 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. Under this, the Committee was entrusted with the responsibility to assist the Board in overseeing and approving the Company's enterprise wide risk management framework and overseeing/ identifying/ assessing all risks that the organization faces and evaluating adequate risk management infrastructure in place to address those risks.

Consequent to the resignation of Mr G Chidambar at the meeting held on 6th April, 2019, the Audit & Risk Management Committee was reconstituted to induct Mr Anant Jaivant Talaulicar, who was inducted as a member at its meeting held on 30th May, 2019.

5.2. Briefly, the role of the A&RMC includes overseeing the financial reporting process and disclosure of financial information in compliance with listing and legal requirements, review of financial statements including major accounting entries involving judgement by management and audit observations, review of the financial statements of unlisted subsidiary, scrutiny of inter-corporate loans and investments, approval of related party transactions, review of internal audit process and findings, valuation of assets/ undertakings etc. The role of the A&RMC also includes recommending the appointment of auditors and their remuneration to the Board. The Committee also reviews terms of appointment, scope of audit, internal financial controls and their adequacy, risk management process and vigil mechanism.

The Company Secretary is the Secretary to the A&RMC. The Committee met 6 times during the year 2019-20 on 30th May 2019, 13th August 2019, 30th October 2019, 10th February 2020, 16th March 2020 and 27th March 2020 (the meeting held on 27th March 2020 was fully held on video conferencing/ other audio visual means).

#### 5.3. The composition of Audit Committee of the Board and the details of their attendance in the meetings of the Audit Committee are given below:

Name of Director	Status	No. of meetings attended	Date of meeting
Mr K G Raghavan, Chairman	Independent Director	4	13th August 2019, 30th October 2019, 16th March 2020 and 27th March 2020
Mr V Balaraman, Member	Independent Director	6	30th May 2019, 13th August 2019, 30th October 2019, 10th February 2020, 16th March 2020, 27th March 2020

## INDIA NIPPON ELECTRICALS LIMITED

Mr Anant Jaivant Talaulicar*, Member	Independent Director	3	30th October 2019, 16th March 2020, 27th March 2020
Mr R Vijayaraghavan, Member	Independent Director	5	30th May 2019, 13th August 2019, 30th October 2019, 10th February 2020, 27th March 2020

(\*) Mr Anant Jaivant Talaulicar, Independent Director became a Member of the Committee after its re-constitution on 30th May, 2019.

### 6. Stakeholders Relationship Committee (SRC):

The Committee has 3 members consisting of 2 independent directors (Mr R Vijayaraghavan as Chairman of the Committee and Dr Jayshree Suresh as member) and the Non-executive Chairman Mr T K Balaji as a member. Dr Jayshree Suresh was inducted into the Committee on 6th April, 2019 consequent upon the resignation of Mr G Chidambar with effect from the said date. The terms of reference of the Committee are as follows:

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

The details of attendance of directors in the meetings are as given below:

Name of Directors	Status	No. of meetings attended	Date of meeting
Mr R Vijayaraghavan, Chairman of SRC	Independent Director	3	30th May 2019, 13th August 2019, 16th March 2020
Mr T K Balaji, Member	Non Executive Director	3	30th May 2019, 13th August 2019, 16th March 2020
Dr Jayshree Suresh, Member*	Independent Director	3	30th May 2019, 13th August 2019, 16th March 2020

(\*) Dr Jayshree Suresh, an Independent Director was inducted to the Committee w.e.f. 6th April, 2019.

The Company Secretary is the Secretary to the SRC. In addition to the abovementioned terms of reference, the SRC approves transfers, transmission, consolidation and splitting of share certificates and authorises the officials to make necessary endorsements on the share certificates etc. The Board has authorised severally the President, CFO and the Company Secretary & Compliance Officer to approve share transfer, transmissions, transpositions etc., periodically, which shall be ratified by the SRC. As required by SEBI Listing Regulations, Mr G Venkatram, Company Secretary has been appointed as Compliance Officer. For any clarification, Members may contact the Company Secretary at the dedicated e.mail ids: investorscomplaints@inel.co.in / icsta@scl.co.in. During the financial year 2019-20, the company received 4 complaints (3 complaints regarding non receipt of annual reports and a complaint regarding non receipt of 2nd interim dividend for the year 2018-19) from the Members. All the complaints have been redressed to the satisfaction of the Members.



Further during the year, the Committee had taken various steps to reduce the unpaid/ unclaimed dividend. The Company, as directed by the Committee, had identified Members to whom recent dividend has been paid electronically but the previous dividend(s) remained unpaid/ unclaimed and had credited all such past unpaid /unclaimed dividends without any further action required from the shareholder. The Company had also sent intimation to such Members upon completion of the remittance and the list of such Members to whom the unpaid/unclaimed dividend was remitted, was posted in the website immediately after the remittance. During the year, the company had identified 126 Members and paid the unpaid/ unclaimed dividend to them in 3 batches. The details of those Members and the dividend remitted are posted on the website of the company at <http://indianippon.com/investors/>. The Committee will continue to take such initiatives in the current year also.

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

#### 7. Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee (CSR Committee) comprises of 3 directors as members with Chairperson being Dr Jayshree Suresh, an Independent director. The remaining two members are Mr Arvind Balaji, Managing Director and Ms Priyamvada Balaji, Non-executive Director (who was inducted into the Committee on 6th April, 2019 consequent upon the resignation of Mr G Chidambar with effect from the said date). The CSR policy of the company has been approved by the Board of Directors and is available on the website of the company. The weblink is provided in a separate section of this report under policies. During the year, the Committee met on 30th May 2019 and the attendance details were as below:

Name of Director	Status	No. of meetings attended	Date of meeting
Dr Jayshree Suresh, Chairperson, - CSR Committee*	Independent Director	1	30th May 2019
Mr Arvind Balaji, Member	Managing Director	1	30th May 2019
Ms Priyamvada Balaji*	Director	-	-

(\*) Ms Priyamvada Balaji was inducted as a Member of the CSR Committee w.e.f. 6th April 2019 following the resignation of Mr G Chidambar from directorship.

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

#### 8. Nomination & Remuneration Committee:

The Nomination & Remuneration Committee (N&RC) has 3 directors with the Chairman of the N&RC being Mr V Balaraman, an Independent Director. The remaining two members are Mr T K Balaji, Non- executive Chairman and Mr R Vijayaraghavan, an Independent Director. During the year, the Committee met 2 times viz., 6th April 2019, 30th May 2019 as detailed below:

Name of Directors	Status	No. of meetings attended	Dates of meeting
Mr V Balaraman, Chairman- N&RC	Independent Director	2	6th April 2019, 30th May 2019
Mr T K Balaji, Member	Non Executive Director	2	6th April 2019, 30th May 2019
Mr R Vijayaraghavan, Member	Independent Director	2	6th April 2019, 30th May 2019



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

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

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

- The age of Independent Directors, at the time of appointment/ re-appointment, shall not be more than 70 years. However, in exceptional cases, the Committee may recommend to the Board, the appointment/ re-appointment of Independent Directors who are above the age of 70 years with suitable rationale.
- The initial term of appointment of Independent Directors shall be for any period up to 4 years. Re-appointment for another term of up to 4 years shall be on the basis of recommendations of the Committee and approval of Members by special resolution. After two such terms, an Independent Director, after the cooling off period as per law, may be considered by the Committee for re-appointment, subject to fulfilling all the Statutory criteria.
- Non-Executive Non-Independent Directors, shall be appointed to the Board subject to the age limit as per Companies Act, the Listing Regulations and in addition the Articles of Association of the Company.
- Appointment of such Non-Executive Non-Independent Directors shall be subject to Compliance with the requirements of the Listing Regulations requirements and the requirements of Companies Act, 2013 and Rules made thereunder.
- Appointment of Managing Director/ Whole Time director shall be as per the Articles of Association of the Company which provides the right to appoint Managing Director/ Whole Time director to Lucas Indian Service Limited (Promoter Company) so far as certain conditions specified are satisfied.
- All Non-executive directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder.
  - a. sitting fees for each meeting of the Board or Committee of the Board attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Rules notified thereunder;
  - b. commission on an annual basis of such sum as may be approved by the Board, not exceeding the limits as specified under the Companies Act/ the Regulations, on the recommendation of the Committee. The Committee shall take into consideration factors like attendance, participation and contribution during meetings and such other parameters the Committee may deem fit for the purpose of deciding the quantum of commission to be paid to each Non-Executive Director.



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

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

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

### **9.1. Managing Director:**

Remuneration: The Board, on the recommendation of the N&RC shall review and approve the remuneration payable to the Managing Director within the overall limits approved by the Members. The remuneration structure to the MD shall include: basic pay, perquisites and allowances, commission and retirement benefits. The details of remuneration of MD are given in the annexure to the Board's Report.

As per the terms of appointment, the Board of Directors at their meeting held on 27th June, 2020 approved payment of commission of Rs.167.00 lacs to Mr Arvind Balaji, Managing Director for the year 2019-20.

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

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

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

#### **a. Commission:**

Non-executive Directors are paid remuneration by way of commission not exceeding 1% of the net profits computed in accordance with the provisions of Section 198 of the Companies Act, 2013 as approved by the Members at their meeting held on 27th August, 2018.

For the year, the Board had approved the payment of commission to Non-executive Directors at the meeting held on 27th June, 2020 based on the recommendations of the N&RC. The N&RC had recommended to distribute the commission to all directors on a formula basis to give due weightage to the membership and chairmanship of various committees and the overall attendance. The Commission has been determined taking all relevant factors into account, including responsibilities discharged and

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participation in the Company's affairs. There was no other material pecuniary relationship or transactions of the Non- Executive Directors with the company during the year.

Name of the Directors (Mr./ Ms.)	Amount (Rs. in lacs)
T K Balaji	7.55
Anant Jaivant Talaulicar	5.35
V Balaraman	8.90
Jayshree Suresh	7.20
Priyamvada Balaji	5.00
Mukesh Kumar Somani	5.80
K G Raghavan	5.75
R Vijayaraghavan	9.60
<b>Total</b>	<b>55.15</b>

Mr Tadayo Momose, who is a Japanese national, was not paid any Sitting Fees/ Commission for the year 2019-20 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 paid to non-executive Directors for the year 2019-20 is tabulated hereunder (Rs.in actuals).

Name of the Directors	Board	Audit & Risk Management Committee	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	Total
Mr T K Balaji	1,40,000	-	60,000	40,000	-	2,40,000
Mr K G Raghavan	1,00,000	80,000	-	-	-	1,80,000
Mr V Balaraman	1,40,000	1,20,000	-	40,000	-	3,00,000
Mr Anant Jaivant Talaulicar*	1,00,000	60,000	-	-	-	1,60,000
Mr R Vijayaraghavan	1,40,000	1,00,000	60,000	40,000	-	3,40,000
Dr Jayshree Suresh	1,40,000	-	60,000	-	20,000	2,20,000
Mr Mukesh Kumar Somani	1,40,000	-	-	-	-	1,40,000
Ms Priyamvada Balaji	1,20,000	-	-	-	-	1,20,000
Mr G Chidambar**	20,000	-	-	-	-	20,000
<b>Total</b>	<b>10,40,000</b>	<b>3,60,000</b>	<b>1,80,000</b>	<b>1,20,000</b>	<b>20,000</b>	<b>17,20,000</b>

(\*) appointed as a director w.e.f. 6th April 2019; (\*\*) ceased to be a director w.e.f. 6th April, 2019

In addition to the sitting fee paid for Board / Committee meetings as given above, all the Independent Directors were paid a sitting fee of Rs.20,000 each for the Separate Meeting of Independent Directors held on 27th June 2020.

## 10. Other Disclosures:

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

At the Annual General Meeting of the company held on 27th August, 2018, the Members approved entering into contracts/ arrangements/ transaction with related parties as regards sale, purchase or supply of goods or materials leasing of property of any kind availing or for rendering of any services appointment of agent for purchase or sale of goods materials services or property or appointment of such parties any office or place of profit in the company or any other transactions of whatever nature at arm's length basis and in the ordinary course of business, notwithstanding that such transactions may exceed 10% of the consolidated turnover as per the last audited financial statements. The approval granted along with other details is given below:



Sl. No	Name of Related Party	Name of Director/ KMP interested	Nature of relationship	Aggregate maximum value of the contract/ arrangement/ transaction in any financial year	Nature and material terms of Contract/ arrangement/ transaction
1	TVS Motor Company Limited	None	Subsidiary of the ultimate parent Company i.e. TV Sundram Iyengar & Sons Private Limited	Up to 70% of the consolidated turnover of the Company for the previous financial year	The contracts/ arrangements/ transactions relate to sale /purchase of goods/services or any other transaction(s), which shall be governed by the Company's Related Party Transaction Policy and shall be approved by the Audit Committee within the overall limits approved by the members. Some of the arrangements could be in the form of Purchase Orders/ Service Orders based on negotiations whose terms and conditions shall satisfy arm's length criteria.
2	Lucas TVS Limited	Mr T K Balaji, Chairman, Mr Arvind Balaji, MD and Ms Priyamvada Balaji, Director are Directors	Associate Company	Up to 25% of the consolidated turnover of the Company for the previous financial year	
3	Lucas Indian Service Limited	Mr T K Balaji, Chairman, Mr Arvind Balaji, MD and Ms Priyamvada Balaji, Director are Directors	Associate Company/ Joint Venturer	Up to 15% of the consolidated turnover of the Company for the previous financial year	
4	Mahle Electric Drives Japan Corporation	Mr Tadayama Momose and Mr Mukesh Somani, Directors, are nominees on Board	Associate Company/ Joint Venturer	Up to 15% of the consolidated turnover of the Company for the previous financial year	
5	India Japan Lighting Private Limited	Mr T K Balaji, Chairman is a Director	Private Company where Directors are Directors	Up to 10% of the consolidated turnover of the Company for the previous financial year	

During the year, Mahle Electric Drives Japan Corporation (MEDJ), one of the Promoter entities and Joint Venturer of the Company holding 46,41,000 equity shares (which was 20.52% of the Company's equity share capital) transferred 30,00,000 shares to Mahle Holdings (India) Pvt Ltd (MHIL) on 24th December, 2019 with the result that MHIL held 13.26% of the Company's Share Capital. MEDJ continued to hold 7.25%. A Deed of Adherence was executed on 17th December 2019 thereby bringing MHIL into the fold of the Joint Venture Agreement and for considering the shareholding of MHIL along with MEDJ's holding for the purpose of exercising the rights under the Joint Venture agreement. Hence, both MEDJ and MHIL have become related parties in the capacity of joint venturers.

Further, during the year, both Mr T K Balaji, Chairman of the Company and Ms Priyamvada Balaji, Director of the company have resigned from the directorship of India Japan Lighting Pvt Ltd following which India Japan Lighting Pvt Ltd had ceased to be a related party with effect from 27th December 2019.

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During the year, the company had carried out benchmarking and analysis exercise of Related Party Transactions and had carried out changes in the process of approval of related party transactions and also had amended the policy on dealing with the related parties and conditions for granting omnibus approval. The revised policy is available on the website of the company. The weblink is provided in a separate section of this report under policies.

Transactions with TVS Motor Company Limited were material in nature. Other transactions were not material. There were also no transactions with related parties in the form of royalty etc exceeding 2% of the Consolidated turnover as per last audited financial statements. Transactions that are supported by written agreement which is approved by the Audit & Risk Management Committee are not again subjected to omnibus/ prior approval, so far as the terms of the written agreement does not vary or is not proposed to be varied. Any variations in terms of contract are placed for approval of the Audit & Risk Management Committee. In all such cases, the Audit & Risk Management Committee takes note of the transactions covered under the agreement every quarter. A few of the related party transactions, forming part of insignificant percent of the value of Related party transactions pursuant to earlier approved agreements were continued with the same terms and conditions though they were ratified retrospectively.

For all other transactions, the Audit & Risk Management 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 Rs. 1 Crore per transaction. Transactions entered into under omnibus approval are also placed before the Audit & Risk Management Committee every quarter for review and the limits are enhanced when required. All the existing and proposed transactions with related parties are in the ordinary course of business and on arm's length basis. The company had also instituted a mechanism of yearly certification of related party transactions by internal auditors. The details of 'material' related party transactions are disclosed in form AOC-2 which is annexed to and forms part of the Board's report.. Further, transactions with the related parties, have been reported elsewhere in the annual report, as per the applicable Accounting Standards.

### **10.2. Whistle-blower Policy & Vigil Mechanism:**

The Company had established a vigil mechanism, also called the Whistle Blower Policy, which is adopted by the Board. The said mechanism provides for directors and employees reporting of concerns about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct and Business Ethics Policy etc. It provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

The said policy was amended on 30th May, 2019 by the Board to incorporate, inter-alia, appointment of dedicated external ethics helpline, provision for investigating into leakage of Unpublished Price Sensitive Information (UPS) and the procedure to be followed for such investigation. The said policy as approved by the Board is available on the website of the company. The weblink is provided in a separate section of this report under policies.

During the year, the company had conducted familiarization programmes across all its Units to enable employees reporting concerns about unethical behaviours. The Ethics Committee established under the Code of Conduct and Business Ethics had investigated all concerns received during the year and had found no substantial ethics violation.

### **10.3. 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 company has appointed the Company Secretary as Compliance Officer for this purpose. Trading in the securities of the Company is prohibited during the period where the trading window is closed and the Designated



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

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

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

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

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

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

Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 requires all the Companies to carry out a secretarial audit by a qualified Chartered Accountant or Company Secretary to cover the following aspects and certify among others that: (i) the total shares held in NSDL, CDSL and in the physical form tally with the issued / paid up capital; (ii) the register of members is updated and; (iii) the dematerialization requests have been confirmed within 15 days and by explaining the reasons if any, for pending beyond 15 days. The Audit Report titled Report on Reconciliation of Share Capital should contain changes in share capital consequent to rights, bonus, preferential issues, buy-back of shares, amalgamation and de- merger, etc. during the quarter. The auditor has to report, whether in-principle approval for listing the shares has been obtained from the Stock Exchanges in respect of further issue of capital. The Report on Reconciliation of Share Capital was submitted by the Company to the Stock Exchanges on a quarterly basis within 30 days through on-line submission from the end of each quarter and for the quarter ended 31st March 2020, this was submitted on 27th May 2020 (within the revised due date of 30th May 2020).

There were no transactions of material nature with the promoters, directors or the management or their subsidiaries or relatives, etc, potentially conflicting with company's interest at large, during the year.

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

As per the Company's policy on determining the materiality of events/ information, exposure to a particular commodity in value terms, as on 31st March, 2020, 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.

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Considering the above, the Company's exposure to Copper was material for the year under review. Any exposure to Commodities are managed through cost compensation provisions with all major customers which provides for compensation for major Raw Material cost variations as also Forex variations. Quotations are given and prices are settled with the base reference for Raw material prices and Forex rates to facilitate compensation for escalation of costs by Customers. Costs are also analyzed with that of competitors through financial benchmarking. As such there is no separate hedging carried out by the Company to cover the commodity risk. The following table provides the details of exposure as on 31st March, 2020:

Commodity Name	Exposure in INR lacs towards the particular commodity	Exposure in Quantity terms towards the particular commodity (in Kgs)	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Copper	3,769.77	8,26,085	-	-	-	-	

### 10.7. Disclosure on Financial Ratios:

The following table provides the comparison of various financial ratios as required by the Listing Regulations along with the remarks where necessary.

Name of Ratio	2018-19	2019-20	If there has been change of 25% or more in any of the ratios, please provide detailed explanation.
Debtors Turnover	5.01	5.38	No significant change
Inventory Turnover	14.91	12.37	No significant change
Interest Coverage Ratio	-	-	
Current Ratio	2.82	3.19	No significant change
Debt Equity ratio	-	-	
Operating Profit Margin (%)	13.36%	9.90%	Change in Sales Product mix and unabsorbed expenses due to covid lockdown
Net Profit Margin (%)	11.43%	11.64%	No significant change
Return on Net Worth (%)	14.83%	13.17%	Change in Sales Product mix and unabsorbed expenses due to covid lockdown

**10.8. Details of Non Compliance:** - There were no instances of non-compliance on any matter related to the capital market, during the last three years. There were no non-compliances by the company and no instances of penalties and strictures imposed on the company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital market during the last three years.

**10.9.** The senior management personnel have made disclosures to the Board relating to all material, financial and other transactions stating that they did not have personal interest that could result in a conflict with the interest of the company.

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





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

- 10.11.** The company has complied with all applicable mandatory requirements in terms of Listing Regulations and adopted non-mandatory requirements in an appropriate manner as applicable. Further, it is specifically declared that the Company has complied with the requirements of Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- 10.12.** Management Discussion & Analysis report, details of separate meeting of independent directors, board evaluation, risk management policy form part of the Boards report.
- 10.13.** The company's Code of Conduct and Business Ethics has been displayed on the website of the company. The weblink is provided in a separate section of this under policies.
- 10.14.** All the members of Board and senior management personnel have confirmed compliance with the code for the year ended 31st March 2020. The annual report contains a declaration to this effect signed by the Managing Director.
- 10.15.** The Company had constituted the Internal Complaints Committee (ICC) at all its units where it was required to be constituted under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as amended. During the year under review, no established complaint on sexual harassment was received and hence no complaint was pending at the end of the year.
- 10.16.** A certificate from the Secretarial Auditor of the Company regarding non-disqualification and non-disbarment of any of the Directors of the Company is annexed to this report.
- 10.17.** The total fee paid to the Statutory Auditors of the Company inclusive of fee paid for all the services received by the company for the year 2019-20; Rs.21.95 Lacs (excluding Rs.6 lacs paid to Deloitte Touche Tohmatsu India LLP, (which is a firm belonging to the Deloitte network firms in India) whose services have been engaged for reassessing the Internal Financial Controls framework).

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### 11. Annual General Meetings:

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

Meeting	Year	Location	Date	Time
32nd AGM	2017	Satguru Gnanananda Hall 314, T.T.K. Road, Chennai-18	24th August 2017	10:30 AM
33rd AGM	2018	Kasturi Srinivasan Hall 168, TTK Road, Chennai-14	27th August 2018	10:30 AM
34th AGM	2019	Kasturi Srinivasan Hall 168, TTK Road, Chennai-14	16th August 2019	10.00 AM

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

During the last three years viz., 2016-17 to 2018-19, approval of the Members was obtained by passing the following special resolutions:

A.G.M.-2016-17	NIL
Postal Ballot – 2017-18	Approval for alteration of Article 3 of the Articles of Association of the Company
	Re-appointment of Managing Director for a period of 5 years from 01.04.2018
A.G.M. – 2017-18	Approval of payment of Commission to Directors
A.G.M. – 2018-19	Re-appointment of Independent Director: Mr V Balaraman Re-appointment of Independent Director: Mr K G Raghavan Re-appointment of Independent Director: Mr R Vijayaraghavan Re-appointment of Independent Director: Dr Jayshree Suresh

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 2019-20.

### 13. Means of Communication:

- Quarterly results were published in Business Line and the Tamil version of the same was published in Dinamani. The Company had published the audited annual results for the year ended 31st March 2020 within the stipulated time.
- The quarterly results and also the annual audited results are published in the Company's website viz. <http://indianippon.com/investors/#tab-1538379212092-4-3>.
- In view of the situation arising due to COVID-19 global pandemic, the annual general meeting of the company is being conducted on Monday the 21st September 2020 at 10 A.M. through video conferencing (VC) or Other Audio Visual Means (OAVM) as per the guidelines issued by the Ministry of Corporate Affairs (MCA). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. For the procedure on participation, Members may refer to the Notice of the meeting.



#### 14. General Information for Members:

<b>Financial Reporting for the Quarter ending:</b>	<b>The dates are based on the due date as on the date of this report without factoring in changes that may be notified due to COVID-19 pandemic.</b>
30th June 2020	Published on 20th August 2020
30th September 2020	1st fortnight of November 2020
31st December 2020	1st fortnight of February 2021
31st March 2021	May 2021
1st Interim Dividend for 2019-20 @ Rs.3 per equity share	Declared by Board: 10th February 2020 Record Date: 20th February 2020 Payment date: 24th February 2020
2nd interim dividend for 2019-20 @ Rs.3.75 per equity share	Declared by Board: 16th March 2020 Record Date: 26th March 2020 Payment date: 30th March 2020
Book closure period for the purpose of AGM	From 15th September 2020 to 21st September 2020 (both days inclusive)
Listing on Stock Exchange & payment of Listing Fee	The Company's Shares are listed on BSE Limited. The address of the exchange is as follows: <b>BSE Limited:</b> Floor 25, Phiroze Jheejeebhoy Towers Dalal Street, Mumbai – 400 001. <b>National Stock Exchange of India Ltd:</b> Exchange Plaza, 5th Floor, Plot no C 1, G Block, IFB Centre, Bandra Kurla Complex, Bandra (East), Mumbai 400051 The Annual Listing fees for the Financial Year 2018-19 has been paid on time.
Stock Code	NSE: INDNIPPON BSE: 532240
ISIN	INE092B1025

Members may note that the 1st Interim dividend of Rs.3 per share for the year 2019-20 declared by the Board on 10th February, 2020, was paid on 24th February, 2020 and the 2nd Interim dividend of Rs.3.75 per share for the year 2019-20 declared by the Board on 16th March, 2020, was paid to Members electronically on 30th March 2020 for those Members whose bank account details were registered with the depositories. For the remaining Members, the Company was not able to dispatch the dividend warrants within the due date as per Companies Act 2013 due to Lock down. To this effect, a letter was written to the Ministry of Corporate Affairs and Stock Exchanges. This was subsequently paid immediately after the Postal services were restored.

## INDIA NIPPON ELECTRICALS LIMITED

### 14.1. Share price data:

#### a) High, Low during each month of Financial Year 2019-20:

Share price in Rs.

Month	National Stock Exchange of India Ltd.		BSE Ltd	
	High	Low	High	Low
Apr'19	480.00	418.00	481.55	415.20
May'19	439.80	372.00	446.90	370.05
Jun'19	451.95	395.00	451.00	391.95
Jul'19	424.50	291.10	424.20	290.00
Aug'19	355.10	298.60	359.95	295.00
Sep'19	370.00	310.55	367.50	314.60
Oct'19	362.00	311.25	362.55	311.20
Nov'19	349.85	320.00	362.00	320.00
Dec'19	403.75	290.60	404.20	293.05
Jan'20	471.80	355.15	471.85	356.00
Feb'20	413.00	303.00	417.00	305.00
Mar'20	325.00	167.15	324.25	163.05

#### 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 three years:

Date	Company's Share Price Close (Rs.)	Nifty Points (Close)	Percentage Change in	
			Company's share price	Nifty
31.03.2018	463	10114	69*	10
31.03.2019	424	11624	(8)	15
31.03.2020	190	8598	(55)	(26)

(\*) the % change was calculated taking into account the corporate action by way of sub-division of face value of equity shares from Rs.10 to Rs.5

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

Date	Company's Share Price Close (Rs.)	Sensex Points (Close)	Percentage Change in	
			Company's share price	Sensex
31.03.2018	463	32969	68*	11
31.03.2019	422	38673	(9)	17
31.03.2020	190	29468	(55)	(24)

(\*) the % change was calculated taking into account the corporate action by way of sub-division of face value of equity shares from Rs.10 to Rs.5.

### 14.2. Distribution of Equity Shareholding as on 31st March 2020:

Number of Shares held	No. of Members	% of Members	No. of Shares held	Shareholding (%)
1 – 100	8467	61.71	281101	1.24
101 – 500	2879	20.98	731173	3.23
501 – 1000	908	6.62	690519	3.05
1001 – 2000	1002	7.30	1603404	7.09
2001 – 3000	155	1.13	396920	1.75



3001 – 4000	106	0.77	386262	1.71
4001 – 5000	53	0.39	242092	1.07
5001 – 10000	82	0.60	561573	2.48
10001 & above	68	0.50	17728380	78.38
<b>T O T A L</b>	<b>13720</b>	<b>100.00</b>	<b>22621424</b>	<b>100.00</b>

#### 14.3. Pattern of Equity Shareholding as on 31st March 2020:

<b>Members</b>	<b>No. of Shares held</b>	<b>% of Total shares held</b>
Promoter-Indian	1,33,77,332	59.14
Promoter-Foreign	1641000	7.25
Directors and Relatives	7432	0.03
Mutual Funds	1,92,573	0.85
Alternative Investment Fund	4,76,312	2.11
Financial Institutions/ Banks	73,468	0.33
Foreign Portfolio Investor-Corporate	15,695	0.07
Foreign Portfolio Investor-Individual	2550	0.01
Bodies Corporate	7,90,052	3.49
IEPF Authority	84,176	0.37
Individuals	5791960	25.61
NRIs	168874	0.74
<b>Total</b>	<b>22621424</b>	<b>100.00</b>

#### 14.4. Share Transfer System:

Securities and Exchange Board of India [SEBI] in its circular No.D & CC / FITC / Cir-15 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]. The Board of Directors appointed M/s Sundaram-Clayton Ltd [SCL] as Share Transfer Agents to carry out the registry work pertaining to transfer of shares and to provide connectivity with the depositories for handling transactions taking place in electronic form.

With effect from 15th October 2004, M/s Sundaram-Clayton Ltd, [Registration No.INR200003942 issued by SEBI] currently located at 'Jayalakshmi Estates' I Floor, No.29, Haddows Road, Chennai-600006. Tel: (44) 28272233, 28284959, have been acting as the RTA for providing the connectivity with NSDL and CDSL and also for transfer of shares held in physical form. The agreement entered into by the company with the RTA is being renewed once in three years and the current agreement is valid till 15th October, 2020.

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.

#### 14.5. Dematerialisation of Shares and Liquidity:

Your Company's shares have been compulsorily dematerialised effective 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 dematerialised.

As on 31st March, 2020, there were 22317826 shares in electronic mode, including 15018332 shares held by promoters. Shares held in electronic mode accounted for 98.66% of total holding. The shareholding pattern in physical and demat is as given under: (shares in numbers)

## INDIA NIPPON ELECTRICALS LIMITED

	Particulars	Physical Mode	Electronic mode	Total holding
	No. of Members as of 31st March 2020	263	13457	13720
a)	Promoters holding: M/s Lucas Indian Service Ltd, Chennai	-	10377332	10377332
	M/s Mahle Electric Drives Japan Corporation, Japan	-	3000000	3000000
	M/s Mahle Holding (India) Pvt Ltd., India	-	3000000	3000000
	<b>Total promoter holding</b>	-	<b>15018332</b>	<b>15018332</b>
b)	Non Promoters holding	303598	7299494	7603092
	<b>Total</b>	<b>303598</b>	<b>22317826</b>	<b>22621424</b>
	%	1.34	98.66	100

Securities and Exchange Board of India (SEBI) has notified amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations) on 8th June 2018 and as per the amendments, with effect from 1st April 2019 request for transfer of securities shall not be processed unless the securities are held in dematerialised with a depository participant. However, transmission and transposition of securities can be processed in physical form.

In view of the aforesaid amendments in the Listing Regulations, the company advised the Members who are holding shares in physical form to have the shares dematerialized. The company had sent 3 reminders to all the Members who were holding shares in physical mode and posted the list of Members on the website of the company besides releasing paper advertisements to this effect. The company also updated the list every month and posted them on the website for the reference of the Members. With the result, the total number of Members holding shares in physical mode reduced significantly i.e., from 289 Members holding 334332 shares physically as at the beginning of the year to 263 Members holding 303598 shares as at the close of the year. The list of Members as of date is available on the website of the company. The Members who are still holding in physical mode are requested to dematerialize it as transfer in physical mode is not permitted from 1st Apr'2019.

### 14.6. Plant Locations:

India Nippon Electricals Ltd - CIN: L31901TN1984PLC011021

Unit 1	Hosur-Thalli Road, Uliveeranapalli, Hosur-635114. Tamilnadu Tel: (4347) 233438. E.mail: inelhsr@inel.co.in.
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
Unit 4	Kolhapur, Maharashtra* *The Unit was closed on 23rd May 2020.
Address for Correspondence:	
Registered Office: No.11 & 13, Patullas Road, Chennai 600002. Ph. (44) 28460063/73.	
For investors complaints: investorscomplaints@inel.co.in; investorscomplaintssta@scl.co.in.	

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

As per Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended from time to



time, all the shares in respect of which dividend has remained unpaid / unclaimed for seven consecutive years or more are required to be transferred electronically to the Demat Account opened in the name of IEPF Authority by the Ministry of Corporate Affairs. During the year, the Company had filed Form IEPF 1 (for the unpaid 2nd interim dividend of 2011-12) but the same was not taken on record by the Ministry of Corporate Affairs due to the technical changes brought in after the Company had completed all due formalities of Law by way of transfer of dividend and shares. Since Form IEPF 1 was not approved, the Company was also not able to file Form IEPF 4 for transfer of shares. In spite of various representations made by the company requesting Ministry of Corporate Affairs to approve the form or to permit filing of new form, the issue still remains unresolved. The Company had taken all steps to resolve this issue. Efforts will be taken to resolve it including by way of legal recourse, if necessary.

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 or more and also advertised on the Newspapers seeking action from the Members. The list of such Members is displayed on the website of the Company. In compliance with the aforesaid provisions, the Company has transferred 11084 shares [5856 on 3rd August 2019; 5228 shares on 15th April 2020] to IEPF account bearing Demat account no 10656671 and DPID IN300708 opened with Punjab National Bank. In case the dividends are not claimed within the due date(s) mentioned above, necessary steps will be initiated by the Company to transfer shares held by the members to IEPF. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF.

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

- Download the Form IEPF - 5 from the website of IEPF (<http://www.iepf.gov.in>) for filling the claim for refund of shares and dividends.
- Read the instructions provided on the website / instructions kit along with the e-form carefully before filling the form.
- After filling / completing the form, to save it and submit the duly completed form by following the instructions given in the upload link on the website.
- On successful uploading, the acknowledgment will be generated indicating the SRN. This SRN is to be used for future tracking of the form.
- Printout of the duly completed IEPF - 5 and the acknowledgment issued after uploading the form will have to be submitted together with an Indemnity Bond in original along with the other documents as mentioned in the Form IEPF-5 to the Nodal Officer of the Company viz., Mr G Venkatram, (Company Secretary & Compliance Officer of the Company) in an envelope marked "Claim for refund from IEPF Authority". In the process, general information about the Company which have to be provided are as under: (a) Corporate Identification Number (CIN) of the Company:- L31901TN1984PLC011021, (b) Name of the company:-India Nippon Electricals Ltd, (c) Address of registered office of the Company: No.11 & 13, Pattulos Road, Chennai-600002, (d) email ID:- [investorscomplaints@inel.co.in](mailto:investorscomplaints@inel.co.in).

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

## 16. Request to Investors

Members who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March 2014 and for any financial year thereafter may contact the Company and surrender their



## INDIA NIPPON ELECTRICALS LIMITED

warrants for payment or write to the Company with folio number and details. Members are requested to note that the dividend not claimed for a period of seven years from the date they became due for payment shall be transferred to Investor Education and Protection Fund (IEPF) in terms of Section 124 of the Companies Act, 2013. Information in respect of unclaimed dividends due for remittance into IEPF is given below.

Financial Year	Date of Declaration	% of dividend	Date of transfer to special account	Due Date for transfer of dividend to IEPF	As of 31.03.2020 Rs.
2012-13	6th Feb 2013	40	14th Mar 2013	13th Apr 2020	2,53,200
1st interim	28th May 2013	50	3rd Jul 2013	2nd Aug 2020	2,77,945
2013-14					
1st interim	28th Jan 2014	40	5th Mar 2014	4th Apr 2021	2,48,084
2nd interim	23rd May 2014	50	28th Jun 2014	27th Jul 2021	2,78,000
2014-15					
1st interim	9th Feb 2015	45	17th Mar 2015	16th Apr 2022	2,84,753
2nd interim	27th Aug 2015	45	2nd Oct 2015	1st Nov 2022	2,95,151
2015-16					
1st interim	29th Jan 2016	40	5th Mar 2016	4th Apr 2023	3,00,576
Final dividend	26th Mar 2016	50	1st May 2016	31st May 2023	4,09,035
2016-17					
1st interim	27th Jan 2017	40	26th Jun 2017	25th Mar 2024	3,21,604
2nd interim	30th Mar 2017	60	29th Apr 2017	28th May 2024	5,00,856
2017-18					
1st interim	29th Jan 2018	60	6th Mar 2018	5th Apr 2025	4,47,528
2nd interim	8th May 2018	70	13th Jun 2018	12th Jul 2025	5,51,530
2018-19					
1st interim	9th Feb 2019	60	17th Mar 2019	16th Apr 2026	4,32,090
2nd interim	6th Apr 2019	80	12th May 2019	11th Jun 2026	5,99,116
2019-20					
1st interim	10th Feb 2020	60	17th Mar 2020	16th Apr 2027	3,62,085
2nd interim	16th Mar 2020	75	21th Apr 2020	20th May 2027	12,69,306*

(\*) Payment date for the 2nd Interim Dividend for 2019-20 was on 30th March 2020.

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

- Investors holding shares in physical mode are requested to communicate the change of address, if any, directly to the Registered Office of the Company at the above address.
- As required by SEBI, investors, who have not furnished so far, are advised to furnish details of their bank account number, name and address of the bank for incorporating the same in the dividend warrants. This information is required to avoid wrong credits being obtained by unauthorised 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:

- The Company has already sent three reminders to the Members for claiming those shares at their latest available address(es) with the Company or Depository, as the case may be.
- All the corporate benefits in terms of securities accruing on those shares like bonus shares, split etc would also be credited to unclaimed suspense account of the Company. The voting rights on shares lying in unclaimed suspense account shall remain frozen till the rightful owner claims the shares.

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 2019	39	55,558
Number of Members and aggregate number of shares transferred to the unclaimed suspense account during the year	Nil	Nil
<b>Total</b>	<b>39</b>	<b>55,588</b>
Number of Members who approached the company for transfer of shares and shares transferred from suspense account during the year	2	5,568
Unclaimed Shares Transfer to IEPF Authority during the year	Nil	Nil
<b>Total</b>	<b>2</b>	<b>5,568</b>
Aggregate number of the Members and the outstanding shares in the suspense account lying as on 31st March 2020	37	50,020

## **B. Non Mandatory Requirement:**

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

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

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

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

# INDIA NIPPON ELECTRICALS LIMITED

## BUSINESS RESPONSIBILITY REPORT (BRR)

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

### Introduction

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

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

### Section A: General Information about the Company

1. Name of the Company	India Nippon Electricals Limited				
2. Year of Registration	1984				
3. Corporate Identity Number (CIN) of the Company	L31901TN1984PLC011021				
4. Registered office address	No. 11 & 13, Pattulos Road, Chennai-600002				
5. Website	<a href="http://www.indianippon.com">www.indianippon.com</a>				
6. E-mail id	<a href="mailto:investors@inel.co.in">investors@inel.co.in</a>				
7. Financial Year reported	2019-20				
8. Sector(s) that the Company is engaged in (Industrial activity code - wise)	<table border="1"> <thead> <tr> <th>NIC CODE</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>34300</td> <td>Manufacture of parts and accessories for motor vehicles and their engines</td> </tr> </tbody> </table>	NIC CODE	Description	34300	Manufacture of parts and accessories for motor vehicles and their engines
NIC CODE	Description				
34300	Manufacture of parts and accessories for motor vehicles and their engines				
9. Three key products/ services that the Company manufactures/provides	<p>Electronic Ignition Systems for Two-wheelers/three wheelers and Portable engines.</p> <p>For further information on the full list of products, please refer to the Company's website as well as the inner wrapper of the Annual Report.</p>				
10. Total number of locations where business activity is undertaken by the Company:	The company has a Subsidiary outside India in Indonesia viz., PT Automotive Systems Indonesia. However, the Subsidiary is yet to start its operations and the Company is exploring ways to exit the Company.				
i. Number of International Locations -					
ii. Number of National Locations -	<p>The Company has three manufacturing locations as under:</p> <ol style="list-style-type: none"> <li>Hosur-Thali Road, Uliveeranapalli, Hosur, Tamil Nadu -635114, India.</li> <li>Madukkarai Road, Kariamanikkam, Nettapakkam Commune, Puducherry-605106, India.</li> <li>Masani Village, Rewari, Haryana-122106, India.</li> <li>B-36, Five Star Industrial Area, Kagal Hatknangale City, Kolhapur – 416216, Maharashtra, India</li> </ol> <p>The Company had ceased its operations at the fourth unit located at Kolhapur with effect from 23<sup>rd</sup> May, 2020</p>				
11. Markets served by the Company - Local/ State/National/ International	India, North America, Japan and Europe				



<b>Section B: Financial details of the Company</b>		
1.	Paid up Capital (INR)	Rs.1131 Lacs
2.	Total Turnover (INR)	Rs.50394.74 Lacs (Standalone)
3.	Profit after tax (INR)	Rs.5520.13 Lacs (Standalone)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of net profit (INR)	Rs.120 Lakhs (Being 2% of the average net profits for the three immediately preceding financial years)
5.	List of activities in which expenditure in 4 above has been incurred	<ul style="list-style-type: none"> <li>- Eradicating hunger, poverty, promoting preventive health- care and sanitation and making available safe drinking water;</li> <li>- Promoting education, including special education and employment enhancing vocational skills especially among children, women and livelihood enhancement projects;</li> <li>- Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups;</li> <li>- Ensuring environment sustainability, ecological balance, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;</li> <li>- Rural development projects; and</li> <li>- Health care.</li> </ul>
<b>Section C: Other Details</b>		
1.	Does the Company have any Subsidiary Company / Companies?	The company has a Subsidiary outside India in Indonesia viz., PT Automotive Systems Indonesia. However, the Subsidiary is yet to start its operations and the Company is exploring ways to exit the Company.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	Not applicable since the Subsidiary Company is yet to start its operations.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	Since suppliers and distributors are critical to the Company's operations the Company engages with all its suppliers through various channels and also ensures that they Comply with the ethical and compliance standards. They are provided awareness on environmental and social issues. Vendor meets are used as a platform to raise awareness on health & safety, environmental and community initiatives of the Company. However, none of the suppliers, distributors etc collaborate with the Company in specific Business Responsibility initiatives.

## INDIA NIPPON ELECTRICALS LIMITED

### Section D: BR Information

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

Sl. No.	Particulars	Director	BR Head
1.	DIN	00557711	N.A
2.	Name	Mr Arvind Balaji	Mr Ravinder Sharma
3.	Designation	Managing Director	President
4.	Telephone	044 28460073	04347 230239
5.	E-mail id	<a href="mailto:investors@inel.co.in">investors@inel.co.in</a> ; <a href="mailto:ravinder.s@inel.co.in">ravinder.s@inel.co.in</a>	

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

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

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

S. No.	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy / policies for?	Y	Y*	Y*	Y*	Y*	Y	N	Y	Y*
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y IATF 16949 : 2016	Y ISO- 45001 : 2018	Y	Y	Y ISO- 14001 : 2015	-	Y	Y ISO- 9001 : 2015
		All the policies of the Company are in compliance with national / international standards wherever applicable.								



4.	Has the policy been approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Mandatory policies viz., Code of Conduct & Business Ethics, Whistle Blower Policy, CSR Policy, Code of Conduct to regulate, monitor and report trading by Insiders have been adopted by the board and other operational internal policies are approved by the management which were taken note of by the Board.									
5.	Does the Company have a specified committee of the Board / Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y	Implementation of the Company's Code of Conduct and Business Ethics as well as the Whistle-Blower mechanism is overseen by the Ethics Committee. The Ethics Committee comprises of the Managing Director and other Senior Officials of the Company. The Ethics Committee in turn reports to the Audit & Risk Management Committee in respect of status of any violations and actions taken thereof and the overall Compliance with Company's Code of Conduct and Business Ethics. The Internal Complaints Committee handles Complaints relating to Sexual Harassment and recommends suitable action. Implementation and adherence to the Corporate Social Responsibility Policy is administered by the CSR Committee in line with the requirements of the Companies Act, 2013. The Environmental, Health and Safety (EHS) policy is overseen by the EHS function. All other policies have the oversight of the President and Managing Director of the Company.
6.	Has the policy been formally communicated to all relevant internal and external stakeholders?	All applicable polices have been communicated to relevant stakeholders and are available in the Company's website. The Company has engaged an external agency to provide familiarization and training programmes for all internal stakeholders regarding the Code of Conduct and Business Ethics, Whistle-Blower mechanism and the Policy on Prevention of Sexual Harassment. External stakeholders are sensitized by including relevant clauses in their contracts/ POs and communications. All the policies that are approved by the Board are available on the Company's website in the following link <a href="http://www.indianippon.com/policies">www.indianippon.com/policies</a> .									
7.	Does the Company have in-house structure to implement the policy / policies	As described above and elsewhere in this report, the Company has established in-house structures to implement these policies.									
8.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy / policies?	The Company has implemented a dedicated Ethics helpline with the help of an external agency to assist in reporting, handling and resolving issues reported. The Code of Conduct and Business Ethics specifies that violation of any of the Policies approved by the Board/ Management as reportable under the Ethics helpline mechanism established by the Company.									
9.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Implementation of the Company's Code of Conduct and other policies are reviewed through the internal audit function which is carried out by external professionals/ firms. Quality, Safety, Health and Environment related policies are subject to internal and external audits as part of certification process and continuous assessments. The Company also engages consultants on need basis to audit and suggest improvements in the functioning of Quality, Safety, Health and Environment related processes. Further, Internal Financial Control requirements are evaluated annually by internal and external auditors.									

## INDIA NIPPON ELECTRICALS LIMITED

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

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

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

### 3. Governance Related to Business Responsibility:

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

MD/ President and Senior Management review the Business Responsibility performance of the Company through their monthly review meetings. The action points that emerge from the discussions at these meetings are reviewed in subsequent meetings to ensure their closure.

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

The Business Responsibility Report is available as part of the Annual Report and no separate report is published by the Company in this regard. The Business Responsibility report is published annually. And the same can be viewed at [http://indianippon.com/wp-content/uploads/2020/08/business\\_responsibility\\_report\\_2020.pdf](http://indianippon.com/wp-content/uploads/2020/08/business_responsibility_report_2020.pdf).





## Section E: Principle-wise Performance

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

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

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

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

#### **Commitment to Compliance**

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

#### **Commitment to Cultural Values**

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

#### **Commitment to Honesty & Ethics**

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

#### **Commitment to Stakeholders**

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

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

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

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

## INDIA NIPPON ELECTRICALS LIMITED

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

- i. On-going training to employees
- ii. Whistle Blower policy
- iii. Sensitization sessions on prohibition of Insider Trading
- iv. Policy on Fair disclosure
- v. Regular updates to Senior Management

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

The Whistle Blower policy of the Company aims:

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

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

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

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

The Company has extended a dedicated Ethics Helpline wherein all the stakeholders (external and internal) can lodge their Complaint regarding unethical behaviour, violation of CoC & BE etc. Direct access to Chairman of Audit Committee is provided in case of serious issues of financial statement misrepresentation, fraud or violations of serious nature that would entail severe penalty or imprisonment to the Company and/or the Directors or of there is conflict of interest relating to Ethics Committee members. Ethics Committee follows a well delineated process of timely resolution of all Complaints which is spelt out in the Policy itself. All complaints summary are placed before the Audit Committee along with the action taken. Internal Complaints Committee handles sexual harassment related complaints. During the year, the Company had received 6 Complaints through Ethics helpline and all of them were closed with appropriate actions.

INEL also has an investor grievance mechanism to respond to investor grievances in a timely and appropriate manner. The investor grievances are reviewed at the Board level by the Stakeholders Relationship Committee and immediate action is taken to resolve the same. During the year the Company had received 4 Investor Complaints and 3 of them were resolved before 31<sup>st</sup> March, 2020 and the balance complaint was resolved during April, 2020.

Respective Product/ Marketing teams have established customer care cells which monitors all complaints received from customers/ end users of the Company's products.



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

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

The Company had taken steps to incorporate environmental concerns across its products and hence a general description of the steps is given below. As part of certain new projects, the Company had taken up for development, the following changes were incorporated in design to address environmental concerns.

- a) Removal of plating** – The Company had earlier used heavy metal based plating, which pollutes the environment and creates health hazards to the operating personnel. To address this, the Company had removed the heavy plating without affecting functional and quality requirements by planning of supply chain. This was introduced in all BS VI products across all the customers.
- b) Limiting use of heavy metals** - For connecting copper wires and terminations, the Company had used leaded solder wire which affects operating personnel health and environment as a whole. This process was changed by incorporating proven welding process.
- c) Depending on the customer request, the Company had designed and developed products that adopt lead free soldering process, wherever it is required, thus reducing the amount of lead used.

Apart from the above, the Company had transitioned all the major product lines to comply with BS VI emission standards which in itself is a significant contribution towards sustainability. The Company had used a platform based design approach to commonize the components/parts across different BS VI applications. This has helped to reduce the validation requirement for different application and hence saving power consumed by the validation equipment. The Company had eliminated heat treatment process to provide adequate strength to the taper, which consumes large natural energy. The design has been changed suitably for removal of boss by incorporating the feature in cup material itself. Similarly, for low power system, the Company utilizes aluminum wire instead of copper wire for weight reduction (without compromising the functional requirement) thereby reducing fuel consumption and effective utilization of natural resource.

Other initiatives of the Company towards product sustainability include:

- a) Product design has been optimized to reduce the weight; there by machining cycle time reduced will consume less energy.
- b) Weight reduction in plastic component, thereby limiting consumption of plastic material.
- c) Design optimization in existing products, there by reduction of raw material usage and production cycle time for effective utilization of both natural resource and energy.

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

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

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

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

The Company focuses on encouraging and enhancing capabilities of the supply chain through training and support for improving their productivity and quality. The training covers topics like quality management, productivity improvement and also our MSME suppliers have undergone training programs held by ACMA and reputed quality consultants. Currently, the Company is purchasing approximately 46 % of its requirements through local sources. The company also encourages local suppliers for supply of indirect material including canteen requirements. The current procurement from Micro & Small Scale Industries is approximately 29 % of buying value.

- 5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**
- 6. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product**

- a) **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

- (a) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company has a mechanism of recycling products and waste. In manufacturing, the Company recycles Powder from coating plant which results in recycling of around 5%, using Dust Collection process and Metal & plastic waste forwarded for recycling plant <5%.

### Process

In process design all efforts have been taken to minimize the generation of waste by introduction of error proof mechanism (Poka – Yoke system), cyclone filtering system, D3 station where all the product scraps will be collected and taken up for rework & reuse. In the stator coil Power Coating cell Cyclone filtering system is introduced to collect all the waste EPOXY powders and is being filtered and reused. Across the company, around 74 Poka Yoke stations are installed to prevent waste generation.

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

### Packaging

All efforts have been taken to minimize the Packaging material consumption during logistics planning. 92% of our supplies are being done through reusable plastic bins and carton box package is being restricted to only 8%. Also we encourage our vendor partners to supply the materials through reusable Bins only. Currently 50% of our receipts are only through reusable Bins.

### Other wastes

A portion of used thinners is distilled and reused back in the flushing during varnish plant maintenance. The treated sewage water is being used for gardening and landscape within the company premises to the extent of 100%. Powder sludge and waste containing oil is sent to Pollution Control Board approved incineration plant. Used engine oil which is removed from the DG sets is being recycled and reused. Other category of used oil viz., treated coolant, hydraulic oil is sent to authorized recycling agency. E-waste is being sent to Pollution Control Board approved suppliers.



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

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

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

The Company has tie up with local multi speciality Hospitals in each of the locations where it operates. Occupational Health Centers (OHC) are available on 24/7 basis for medical/ health check-up of the Company's employees and to meet any emergency requirements. The Company also has tie ups with local multi speciality hospitals in each location. The Company has provided Mediclaim policy coverage for the benefit of its employees and their family members.

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

<b>Sl. No</b>	<b>Requirement</b>	<b>Details (as at 31<sup>st</sup> March, 2020 wherever applicable)</b>
1	Total number of employees on roll	566
2	Total number of employees hired on temporary / Contractual / casual basis.	1303
3	Number of permanent women employees	67
4	Number of permanent employees with disabilities	NIL
5	Employee association recognised by management?	The Company has 3 Labour Union representing the interests and welfare of all union employees / workmen.  Union elections are held once in 3 years as per the by-laws of the Union.  The Company maintains a good and cordial relationship with the Union.
6	Percentage of permanent employees who are members of recognised employee association	100% of permanent employees in the workers grade
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment as at the end of last financial year and as at the end of current financial year	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	(a) Permanent Employees - 72% (b) Permanent Women Employees - 64% (c) Casual/Temporary/Contractual Employees – 100% (d) Employees with Disabilities- Nil

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

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

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

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

Yes, the Company has identified economically deprived children and women who are in great need of care and protection as disadvantaged, vulnerable and marginalised.

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

As part of the CSR activity, the Company is one of the major supporter of Swami Dayananda Educational Trust (SDET) which prioritizes development of economically deprived children and women. SDET addresses the three major challenges faced with respect to Education in Rural India – Lack of schools, inadequate infrastructure and lack of good teachers. SDET works to address and overcome these challenges by making available quality education to Children from many villages. SDET provides school buses to children coming from villages located further away in a safe and secure manner – with little interruption to their daily routines or studies. The educational institutions are staffed with experienced and dedicated teachers and equipped with latest pedagogical tools, including smart boards, libraries, and computer and science laboratories and sports facilities. All this comes at a very nominal cost as SDET subsidizes the expenditure. Scholarships are also given to students who come from financially challenged backgrounds.

Apart from SDET, the Company also contributes directly towards supporting local communities and those who are disadvantaged by sponsoring livelihood enhancement projects, treatment for disabled (like supporting Autism Rehabilitation) etc.

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

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

The Company does not have a stated Human Rights Policy. The Code of Conduct and Business Ethics states out the principles of Human Rights recognised by the Company. All the employees are mandated to adhere and uphold the standards contained therein.

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

Refer to point 3 under principle 1 above.

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

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

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



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

**2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

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

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

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

**Risk Identification and Assessment**

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

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

The Company also classifies the likely environmental impact of its activities into: emissions to air, releases to water, releases to land, use of raw materials and natural resources, use of energy, the energy emitted e.g. heat, radiation, vibration (noise), light, generation of waste and/or by-products and use of space.

**Risk Mitigation and Monitoring**

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

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

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

**5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

**Renewable Energy**

The company draws 82.2% of its total energy requirement through various renewable energy sources like Solar & Wind Power.

- 1) Around 495 KW capacity of Roof top Solar system is installed.
- 2) Around 2.72 million units are consumed from wind energy plants.



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### Energy efficiency:

The following actions have been carried-out to promote energy efficiency:

- 1) 800KLD capacity of solar thermal Hot water system installed in canteen steam boiler to reduce electricity consumption.
- 2) Complete lawn is powered through Solar streetlights.
- 3) UV treated polycarbonates sheets are provided in the shop floor roofing to avail natural lighting in the plant during day hours.
- 4) A dedicated air compressor provided to key equipment's to reduce the power consumption during Sundays & holidays
- 5) Optimal utilization of plant and equipment's by implementing IOT based 'Energy Management System' & implementation of various energy saving projects have contributed in reduction of specific power consumption significantly.

Conventional lighting is changed over to energy efficient LED lighting across the Company. Further all expansion projects are with energy efficient LED lighting technologies including office areas. Buildings are designed with natural lighting and ventilation with daylight harvesting to conserve energy. Replacement of fluorescent lamp with LED lamp in all engine assembly lines has reduced power consumption by 30 %.Power consumption in compressor was reduced by optimizing system pressure.

Energy efficient motors are used in all places and the motors having capacity more than 10KW are equipped with Variable Frequency Drives as a standard feature.

Auto cut-off for hydraulic motors and compressed air are implemented across the Company and have resulted in energy savings. High energy consuming Broaching machines, Hydraulic Riveting machines converted with low energy consuming electrically operated machines.

At the dealers/ distributors end, we have dispensed with the use of polythene bags and have introduced duplex paper disposable environment friendly cartons. This has totally eliminated the use of polythene bags in after market warehouse.

### Environmental Conservation:

The Company had been actively involved in environmental conservation by sponsoring restoration programmes in the local communities where it operates. During the year, as part of the CSR initiative, the Company had undertaken tree plantation drive in and around the Hosur unit which will enhance the green cover ratio.

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

Yes. All parameters of emission / waste generation by the Company conform to the prescribed norms.

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

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

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

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

Among others, the Company is member of the following:

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



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

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

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

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

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

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

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

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

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

As stated earlier, the Company partners with Swami Dayananda Educational Trust (SDET) for livelihood enhancement projects and promoting education. For other activities, the Company identifies suitable organizations like NGOs/ Trusts to implement projects identified. From time to time, the Company also implements projects directly. During the COVID-19 pandemic, the Company had actively contributed to mitigate its effects which shall be reflected in the Business Responsibility Report of 2020-21.

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

Yes. We believe that every activity should result in some impact. We have measurable parameters for all our activities in all the focus areas. These are constantly checked by our internal audit system. Our Employees also measure the impact our programmes have made.

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

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

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

Yes.

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

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### Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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

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

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

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

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

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

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

The Company is using user friendly MRP stickers for all aftermarket cartons. The company contact details are printed on cartons in addition to customer care contact details. We have printed detailed product catalogue for all products manufactured and is distributed to all the distributors, dealers and garages. We have also distributed, in person, more than 5000 catalogues to various garages on all India basis. These contain information that is relevant about the product that cannot be included in the labels and is desirable from the perspective of Customers.

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

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

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

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

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

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## INDEPENDENT AUDITOR'S REPORT

### To The Members of Indian 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 2020, 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 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

##### Basis for Opinion

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

##### Key Audit Matters

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

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

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

Our opinion on the standalone financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Board's report and related annexures and Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

## **INDIA NIPPON ELECTRICALS LIMITED**

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### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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



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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account
  - d) In our opinion, the aforesaid standalone financial statements comply with the IND AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,  
  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

## INDIA NIPPON ELECTRICALS LIMITED

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- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Place : Chennai  
Date: 27 June 2020

**Ananthi Amarnath**  
(Partner)  
(Membership No. 209252)  
UDIN: 20209252AAAAGI6322





## 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 (j) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of India Nippon Electricals Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

## INDIA NIPPON ELECTRICALS LIMITED

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Place : Chennai

Date: 27 June 2020

**Ananthi Amarnath**

(Partner)

(Membership No. 209252

UDIN: 20209252AAAAGI6322



## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment).
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as Right of Use Assets in the financial statements, the lease agreements are in the name of the Company, where the company is lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
  - (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
  - (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
  - (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence compliance with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted is not applicable to the Company.
  - (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
  - (vii) According to the information and explanations given to us, in respect of statutory dues:
    - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
    - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
    - (c) Details of dues of Service Tax, Local Area Development Tax, Value Added Tax, Sales Tax and Income Tax which have not been deposited as on 31 March 2020 on account of disputes are given below:

## INDIA NIPPON ELECTRICALS LIMITED

Name of Statute	Nature of Dues	Forum where Dispute	Period to which the Amount Relates	Amount Involved (Rs.) in lacs	Amount Unpaid (Rs.) in lacs
Service tax under Finance Act, 1994	Non- payment of service tax on commercial training	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2012-2015 and 2015-2016	3.76	3.48
Tamil Nadu VAT Act 2006	VAT ineligible credits	Assistant Commissioner of Commercial Taxes	2007-08 to 2015-16	193.41	193.41
Central Goods and Services Tax Act, 2017	Penalty for E-Waybill vehicle Not matched	Commissioner of Goods & Services Tax & Central Excise (Appeals)	2018-19	9.25	9.25
Central Sales Act 1956	Demand notice for Sales Tax assessment for manual F form verification	Excise & Taxation Officer-cum-Assessing Authority	2014-15 to 2015-16	20.55	18.23
Central Sales Act 1956	Penalty for issuing C-Forms without inclusion of B-Certificate	Assistant Commissioner of Commercial Taxes	2010-11 to 2015-16	1.63	1.63
Central Excise Act, 1944	Non Payment of Excise Duty for Design & Drawings received	Directorate General of Goods & Services Tax Intelligence (DGGSTI)	2014-15 to 2017-18	12.55	12.55
Local Area Development tax of Haryana state	Local Area Development Tax Assessment demand	Joint Excise Taxation Commissioner	2003-04 and 2004-05	0.41	0.41
Service Tax under Finance Act, 1994	Disallowance of Service Tax Credit availed.	Commissioner of Central Excise (Appeals)	2006-07	0.27	0.27
Income Tax Act 1961	Disallowance u/s 14a	Commissioner of Income Tax (Appeals)	2016-17	14.77	14.77
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	64.77	64.77

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.



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- (xi) In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 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) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Place : Chennai  
Date: 27 June 2020

**Ananthi Amarnath**  
(Partner)  
(Membership No. 209252  
UDIN: 20209252AAAAGI6322

# INDIA NIPPON ELECTRICALS LIMITED

## BALANCE SHEET (STANDALONE) AS AT 31-MARCH-2020

				Rs. in lacs	
S.No.	Particulars	Note No.	As at 31-Mar-2020	As at 31-Mar-2019	
<b>1</b>	<b>ASSETS</b>				
<b>1.1</b>	<b>Non-current assets</b>				
a)	Property, Plant and Equipment	4.1	6,039.44	5,905.01	
b)	Capital Work-in-progress		1,324.46	685.36	
c)	Intangible assets	4.2	155.70	174.25	
d)	Right-of-use assets	4.3	1,402.21	-	
e)	<b>Financial Assets</b>				
	(i) Investments	5	13,080.49	13,953.32	
	(ii) Loans	6	88.50	93.49	
	(iii) Others financial assets	7	43.33	40.90	
f)	Other Non-current Assets	8	466.44	1,105.36	
	<b>Non-current Assets - Total</b>		<b>22,600.57</b>	<b>21,957.69</b>	
<b>1.2</b>	<b>Current assets</b>				
a)	Inventories	9	3,868.45	3,533.75	
b)	Financial Assets	10	14,308.48	13,477.24	
	(i) Investments	11	8,813.13	10,397.86	
	(ii) Trade Receivables	12.1	1,309.64	600.24	
	(iii) Cash and cash equivalents	12.2	768.31	56.91	
	(iv) Other bank balances	13	98.04	99.87	
	(v) Others financial assets	14	597.53	398.57	
c)	Other Current assets		<b>29,763.58</b>	<b>28,564.44</b>	
			507.58	526.74	
1.3	Assets classified as held for sale				
	<b>Current Assets - Total</b>		<b>30,271.16</b>	<b>29,091.18</b>	
	<b>Assets - Total</b>		<b>52,871.73</b>	<b>51,048.87</b>	



Rs. in lacs

S.No.	Particulars	Note No.	As at 31-Mar-2020	As at 31-Mar-2019
<b>2</b>	<b>EQUITY AND LIABILITIES</b>			
<b>2.1</b>	<b>EQUITY:</b>			
a)	Equity Share Capital	15	1,131.07	1,131.07
b)	Other Equity	-	40,785.06	38,995.60
	<b>Equity - Total</b>		<b>41,916.13</b>	<b>40,126.67</b>
<b>2.2</b>	<b>LIABILITIES</b>			
<b>2.2.1</b>	<b>Non-current liabilities</b>			
<b>a)</b>	<b>Financial Liabilities</b>			
	(i) Lease Liabilities	40	407.02	-
b)	Provisions	16	377.41	346.00
c)	Deferred Tax Liability (Net)	17	671.51	<b>261.54</b>
	<b>Non-current Liabilities - Total</b>		<b>1,455.94</b>	<b>607.54</b>
<b>2.2.2</b>	<b>Current Liabilities</b>			
<b>a)</b>	<b>Financial Liabilities</b>			
	(i) Trade payables	18		
	Total outstanding dues to micro enterprises and small enterprises		1,765.37	2,064.91
	Total outstanding dues to other than micro enterprises and small enterprises		5,838.54	5,461.92
	(ii) Lease Liabilities	40	104.26	-
	(iii) Others financial liabilities	19	369.73	1,085.19
b)	Provisions	20	70.50	88.64
c)	Current tax liabilities (Net)	21	158.37	171.31
d)	Other current liabilities	22	1,192.89	1,442.69
	<b>Total Current Liabilities</b>		<b>9,499.66</b>	<b>10,314.66</b>
	<b>Equity and Liabilities - Total</b>		<b>52,871.73</b>	<b>51,048.87</b>

See accompanying notes to Standalone Financial Statements

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

**For and on behalf of the Board of Directors**

**T K Balaji**  
Chairman  
**Elango Srinivasan**  
Chief Financial Officer

**Arvind Balaji**  
Managing Director  
**G Venkatram**  
Company Secretary

Place : Chennai  
Date : June 27, 2020

Place : Chennai  
Date : June 27, 2020



# INDIA NIPPON ELECTRICALS LIMITED

## STATEMENT OF PROFIT AND LOSS (STANDALONE) FOR THE YEAR ENDED 31-MARCH-2020

		Rs. in lacs		
S.No.	Particulars	Note No.	Apr'19 To Mar'20	Apr'18 To Mar'19
I	Revenue from Operations	23	47,880.92	52,521.21
II	Other Income	24	2,513.82	1,433.88
<b>III</b>	<b>TOTAL INCOME</b>		<b>50,394.74</b>	<b>53,955.09</b>
<b>IV</b>	<b>Expenses</b>			
	Cost of Material Consumed	25	31,431.07	34,229.27
	Changes in inventories of Finished Goods and Work-in-Progress	26	29.09	(48.73)
	Other Operating Expenses	27	2,287.63	2,260.46
	Employee Benefit Expenses	28	6,040.29	5,748.79
	Finance Costs	29	55.56	8.22
	Depreciation and Amortisation Expenses	4.1 - 4.3	940.76	772.98
	Other Expenses	30	2,401.47	2,592.71
	<b>TOTAL EXPENSES</b>		<b>43,185.87</b>	<b>45,563.70</b>
<b>V</b>	<b>Profit Before Tax (III - IV)</b>		<b>7,208.87</b>	<b>8,391.39</b>
<b>VI</b>	<b>TAX EXPENSES</b>			
	(1) Current Tax	32.1	1,732.21	2,221.29
	(2) Deferred Tax	32.1	(43.47)	219.21
			<b>1,688.74</b>	<b>2,440.50</b>
<b>VII</b>	<b>Profit for the year (V-VI)</b>		<b>5,520.13</b>	<b>5,950.89</b>
<b>VIII</b>	<b>OTHER COMPREHENSIVE INCOME (OCI)</b>			
	A (i) Items that will not be reclassified to Profit or Loss	31	(345.54)	1,733.75
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(453.44)	(287.84)
	<b>Total other comprehensive (loss) / income for the year, net of tax</b>		<b>(798.98)</b>	<b>1,445.91</b>
<b>IX</b>	<b>Total Comprehensive Income for the year (VII+VIII) (Comprising Profit for the year and other comprehensive (loss) / income)</b>		<b>4,721.15</b>	<b>7,396.80</b>
<b>X</b>	<b>Earnings per equity share</b>			
	1. Basic	43	24.40	26.31
	2. Diluted	43	24.40	26.31

See accompanying notes to Standalone Financial Statements

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

**Ananthi Amarnath**  
Partner

**For and on behalf of the Board of Directors**

**T K Balaji**  
Chairman

**Arvind Balaji**  
Managing Director

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : June 27, 2020

Place : Chennai  
Date : June 27, 2020



## STATEMENT OF CASH FLOWS (STANDALONE) FOR THE YEAR ENDED 31-MARCH 2020

		Rs. in lacs	
S.No.	Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
<b>A.</b>	<b>Cash flows from Operating Activities:</b>		
	Net Profit before tax	7,208.87	8,391.39
	Adjustments for		
	<b>Add/(Less):</b> - Depreciation and amortization expenses	940.76	772.98
	- Dividend Income recognised in profit or loss	(213.03)	(210.70)
	- Interest Income recognised in profit or loss	(217.30)	(220.96)
	- Increase in Fair value of investments	(422.59)	(348.81)
	- Profit on sale of investments(net)	(447.32)	(594.11)
	- Profit on sale of land	(1,164.91)	-
	- Property, plant and equipment written off	1.72	3.31
	- Investments written off	20.32	114.53
	- Advances written off	-	4.05
	- Finance costs recognised in profit or loss	55.56	8.22
	-Net unrealised exchange (gain) / loss	(5.20)	-
	<b>Operating Profit before Working Capital changes</b>	<b>5,756.88</b>	<b>7,919.90</b>
	Adjustments for (increase) / decrease in operating assets:		
	- Loans	4.99	(0.51)
	- Other Non-current Financial Assets	(2.43)	(1.44)
	- Other Non-current assets	(0.81)	(919.84)
	- Trade Receivables	1,584.73	(1,067.22)
	- Inventories	(334.70)	(406.61)
	- Other Current Financial Assets	6.02	2.83
	- Other Current assets	(198.96)	(125.46)
	Adjustments for increase / (decrease) in operating liabilities:		
	- Trade Payables	77.09	(112.27)
	- Other Financial Liabilities	(10.58)	799.15
	- Other Liabilities	(249.82)	(55.12)
	- Non-current Provisions	31.41	85.40
	- Current Provisions	15.40	(183.48)
	Cash generated from operations	6,679.22	5,935.33
	Income taxes paid	(1,745.15)	(2,437.97)
	<b>Net Cash generated by Operating Activities (A)</b>	<b>4,934.07</b>	<b>3,497.36</b>
<b>B.</b>	<b>Cash flows from Investing Activities:</b>		
	Purchase of Property, Plant & Equipment (including CWIP)	(1,865.60)	(1,540.87)
	Acquisition of investments	(44,542.80)	(14,622.65)
	Proceeds on sale of land	1,184.06	-
	Proceeds on sale of investments	45,035.79	13,928.16
	Interest Received	213.11	230.67
	Dividend Received	213.03	210.70
	Increase / (decrease) in other bank balances	(711.40)	(277.45)
	<b>Net Cash used in Investing Activities (B)</b>	<b>(473.81)</b>	<b>(1,516.54)</b>

## INDIA NIPPON ELECTRICALS LIMITED

		Rs. in lacs	
S.No.	Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
<b>C.</b>	<b>Cash flows from Financing Activities:</b>		
	Payment of lease liabilities	(763.61)	-
	Finance costs (including interest on lease payments)	(55.56)	(8.22)
	Dividends and taxes on dividend paid	(2,931.69)	(1,772.63)
	<b>Net Cash used in Financing Activities (C)</b>	<b>(3,750.86)</b>	<b>(1,780.85)</b>
<b>D.</b>	Net Increase / (decrease) in Cash and Cash Equivalents (A+B+C)	709.40	199.97
<b>E.</b>	Add : Cash & Cash Equivalents as at beginning of the year - Refer Note 12.1	600.24	400.27
<b>F.</b>	Cash & Cash Equivalents as at end of the year - Refer Note 12.1	1,309.64	600.24

See accompanying notes to Standalone Financial Statements

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

**Ananthi Amarnath**  
Partner

**For and on behalf of the Board of Directors**

**T K Balaji**  
Chairman

**Arvind Balaji**  
Managing Director

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : June 27, 2020

Place : Chennai  
Date : June 27, 2020



## STATEMENT OF CHANGES IN EQUITY (STANDALONE) FOR THE YEAR ENDED 31st MARCH 2020

### Equity Share Capital

Particulars	Rs. in Lacs	
	No. of Shares	Amount
Equity shares of Rs. 5 each issued, subscribed and fully paid		
As at 01-April-2018	2,26,21,424	1,131.07
<b>Add:</b> Issued during the year	-	-
As at 31-March-2019	2,26,21,424	1,131.07
<b>Add:</b> Issued during the year	-	-
<b>As at 31-March-2020</b>	<b>2,26,21,424</b>	<b>1,131.07</b>

### Other Equity

Particulars	Reserves and Surplus			Other Comprehensive Income	Total Equity attributable to equity share holder
	Capital Redemption Reserve	Retained Earnings	General Reserve	Other items of Other Comprehensive Income	
Balance as of April 1, 2018	39.56	7,345.78	23,909.26	2,076.83	33,371.43
<b>Changes in the equity for the year March 31, 2019</b>					
Dividends	-	(1,470.39)	-	-	(1,470.39)
Dividend Tax	-	(302.24)	-	-	(302.24)
Profits for the year	-	5,950.89	-	-	5,950.89
Other Comprehensive Income	-	-	-	1,445.91	1,445.91
<b>Balance as of March 31, 2019</b>	<b>39.56</b>	<b>11,524.04</b>	<b>23,909.26</b>	<b>3,522.74</b>	<b>38,995.60</b>
<b>Balance as of April 1, 2019</b>	<b>39.56</b>	<b>11,524.04</b>	<b>23,909.26</b>	<b>3,522.74</b>	<b>38,995.60</b>
<b>Changes in the equity for the year March 31, 2020</b>					
Dividends	-	(2,431.83)	-	-	(2,431.83)
Dividend Tax	-	(499.86)	-	-	(499.86)
Profits for the year	-	5,520.13	-	-	5,520.13
Other Comprehensive Income	-	-	-	(798.98)	(798.98)
Transfer from OCI to Retained earnings on disposal of investments held at FVOCI. Also refer to Note 5.1	-	(1,004.80)	-	1,004.80	-
<b>Balance as of March 31, 2020</b>	<b>39.56</b>	<b>13,107.68</b>	<b>23,909.26</b>	<b>3,728.56</b>	<b>40,785.06</b>

### Additional Disclosures:

#### General Reserve:

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purpose. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

#### Retained Earnings:

The amount that can be distributed by the company as dividends to its equity Members is determined based on the separate financial statements of the company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

#### Reserve for equity instruments through other comprehensive income:

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed of.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

**Ananthi Amarnath**

Partner

For and on behalf of the Board of Directors

**T K Balaji**

Chairman

**Elango Srinivasan**

Chief Financial Officer

**Arvind Balaji**

Managing Director

**G Venkatram**

Company Secretary

Place : Chennai

Date : June 27, 2020

Place : Chennai

Date : June 27, 2020

# INDIA NIPPON ELECTRICALS LIMITED

## Notes to the Standalone Financial Statements for the year ended March 31, 2020:

### 1) Company overview and significant Accounting Policies:

India Nippon Electricals Ltd. ("the Company") is a public limited company incorporated and domiciled in India and has its registered office at No.11 & 13, Patullos Road, Chennai-600 002, Tamilnadu, India.

The shares of the Company are listed on the BSE Limited and National Stock Exchange of India Ltd.

The Company is a leading manufacturer of Ignition Systems for auto industry with special focus on two-wheeler industry in technical collaboration with Mahle Electric Drives Japan Corporation, Japan. In addition to the support from the collaborators, the Company has a developed Research & Development centre recognised by DSIR, Govt of India. The Company has four manufacturing facilities in India and supplies to domestic as well as overseas markets.

### 2) Basis of preparation of Financial Statements:

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value, the provisions of The Companies Act, 2013 (The Act) and where applicable, the guidelines issued by the Securities and Exchange Board of India (SEBI). The IND AS.s are notified under Section 133 of the Act, Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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

- (i) Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 resulting in recognition of right of use assets for an amount of Rs. 570 Lakhs and measured the lease liabilities at an equal amount as on the date of transition and hence no impact to reserves. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Further, land taken on lease in the previous year has been reclassified to Right-of-use asset amounting to Rs. 936 lakhs. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2020. "
- (ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On 30 March 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from 1 April 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.
- (iii) On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.
- (iv) On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and



## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from 1 April 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

### Use of estimates:

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

The areas involving critical estimates or judgments are:

- i) **Estimation of fair value of unlisted securities** - The fair value of unlisted securities is determined using the valuation techniques. The company uses its judgement to select the methods and make assumptions at end of each reporting period. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in 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.

### Significant Accounting Policies:

#### a) Current and Non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

## INDIA NIPPON ELECTRICALS LIMITED

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### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- i) expected to be realized or intended to be sold or consumed in the normal operating cycle
- ii) held primarily for the purpose of trading
- iii) expected to be realized within twelve months after the reporting period.

A liability is treated as current when:

- i) it is expected to be settled in the normal operating cycle
- ii) it is held primarily for the purpose of trading
- iii) it is due to be settled within twelve months after the reporting period, or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

#### **b) Revenue Recognition:**

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenues and costs relating to sales contracts are recognized as the related goods are delivered, and titles have passed, at which time all the following conditions are satisfied:-

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

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

#### **Interest income**

Income in the form of dividends and interest – Please refer to note no. 3 (o)

#### **c) Property, Plant & Equipment:**

Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred up to the date the asset is ready for its intended use. However, cost excludes Excise Duty, Value Added Tax and Service Tax, 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.



## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

### d) Depreciation and Amortization:

- i) Depreciation on tangible fixed assets (other than land) is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shift) as evaluated by the Management, on straight line method, in accordance with Part A of Schedule II to the Companies Act 2013 less the number of years the asset had been used prior to 1st April, 2015.
- ii) Tools and dies are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of two years.
- iii) On tangible fixed assets added / disposed of during the year, depreciation is charged on pro-rata basis from the date of addition or till the date of disposal
- iv) The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

### e) Intangible Assets:

- i) Intangible assets include cost of acquired software, license and technical know how. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.
- ii) Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.
- iii) Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.
- iv) Intangible assets are amortized on the following basis:
  - a) Softwares - Over a period of five years
  - b) SAP - Over a period of ten years
  - c) Licenses - Over a period of two to three years
  - d) Technical Knowhow - Over a period of five years

### f) Impairment of Assets:

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



## INDIA NIPPON ELECTRICALS LIMITED

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### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

#### g) Foreign currency translation:

##### i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e. in Indian rupee (INR).

##### ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates
- b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.
- d) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

#### h) Inventories:

- i) Inventories are valued at the lower of cost and net realisable value.
- ii) Cost of raw materials, components, stores, spares, work-in-process and finished goods are ascertained at weighted average cost
- iii) Cost of finished goods and work-in-process comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

#### i) Employee benefits:

##### i) Short term obligations:

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

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

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

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



## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

### iii) Post-employment obligation:

Payments to defined contribution retirement benefit schemes (provident fund & superannuation) are charged as an expense as they fall due for defined benefit schemes (Gratuity), the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in Other Comprehensive Income for the period in which they occur.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the scheme.

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

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

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

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

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

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

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

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

### k) Provisions and Contingent Liabilities:

#### i) Provisions:

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

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

#### ii) Contingent Liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the

## INDIA NIPPON ELECTRICALS LIMITED

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### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability. The company does not recognise a contingent liability but discloses its existence in Financial Statements.

#### **l) Cash & Cash equivalents:**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

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

##### **i) Classification:**

The Company classifies its financial assets in the following categories:

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

##### **ii) Measurement:**

At Initial recognition, the Company measures a financial asset at its fair value plus (in the case of a financial asset not at fair value through profit or loss) transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### **iii) Debt instruments:**

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

##### **iv) Amortized cost:**

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

##### **v) Fair value through Other Comprehensive Income:**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:  
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.



## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

### vi) Fair value through Profit & Loss:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### vii) Equity Instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### viii) Derecognition:

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### ix) Impairment of Financial Assets:

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk.

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

#### n) Financial Liabilities:

##### i) Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

##### ii) Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

##### iii) Financial liabilities at fair value through profit or loss :

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

##### iv) Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss:

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 – "Financial Instruments" are satisfied. For liabilities designated as Fair Value through Profit and Loss ("FVTPL"), fair value gains/ losses attributable to changes in own credit risk are recognized in Other Comprehensive Income ("OCI"). These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

##### v) Derecognition:

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

##### vi) Offsetting of financial instruments:

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

##### vii) Equity instruments:

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



## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

### **o) Income Recognition**

#### **i) Interest Income:**

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

#### **ii) Dividends:**

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

#### **iii) Export benefits:**

Export benefits in the nature of Merchandise Exports from India Scheme (MEIS) under Foreign Trade Policy are recognised in the Statement of Profit and Loss when there is no uncertainty in receiving / utilizing the same, taking into consideration the prevailing regulations.

### **p) Earnings per share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year including potential equity shares, if any, on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

### **q) Cash flow Statements:**

Cash flow statements are prepared using the indirect method whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into Operating, Investing and Financing activities of the Company.

### **r) Dividends Paid:**

Final dividends on shares are recorded as a liability on the date of approval by the Members and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Company.

### **s) Operating Segment:**

The Chief Operational Decision Maker (MD) monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss reported by the segment periodically. The operations of the company relate to only one segment which is Electronic products for two/three wheelers and engines.

### **t) Leases:**

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

## INDIA NIPPON ELECTRICALS LIMITED

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### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

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.

#### **Under Ind AS 17:**

In the comparative period, Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

All other leases are classified as operating leases. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### **u) Expenditure on Corporate Social Responsibility (CSR)**

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss account.





## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

### 4.1. Property, Plant & Equipment

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31-March-2020:

Rs. in lacs

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 01-April-2019	713.08	1,347.51	5,376.62	211.53	215.74	44.16	7,908.64
Additions	-	236.00	560.98	61.53	65.71	3.79	928.01
Deletions	-	-	18.33	-	0.80	3.91	23.04
<b>Gross carrying value as on 31-March-2020 = (A)</b>	<b>713.08</b>	<b>1,583.51</b>	<b>5,919.27</b>	<b>273.06</b>	<b>280.65</b>	<b>44.04</b>	<b>8,813.61</b>
Accumulated depreciation as on 01-April-2019	-	218.00	1,620.31	66.15	82.72	16.45	2,003.63
Depreciation	-	98.50	608.95	28.43	48.23	6.42	790.53
Accumulated depreciation on deletions	-	-	16.85	-	0.75	2.39	19.99
<b>Accumulated depreciation as on 31-March-2020 = (B)</b>	<b>-</b>	<b>316.50</b>	<b>2,212.41</b>	<b>94.58</b>	<b>130.20</b>	<b>20.48</b>	<b>2,774.17</b>
<b>Carrying value as on 31-March-2020 = (A - B)</b>	<b>713.08</b>	<b>1,267.01</b>	<b>3,706.86</b>	<b>178.48</b>	<b>150.45</b>	<b>23.56</b>	<b>6,039.44</b>

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31-March-2019:

Rs. in lacs

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 01-April-2018	1,239.82	1,170.81	4,236.77	160.39	128.18	41.03	6,977.00
Additions	-	176.70	1,183.72	51.20	87.96	3.41	1,502.99
Deletions	-	-	43.87	0.06	0.40	0.28	44.61
Transfer to Assets held for Sale (Refer Note 1)	526.74						526.74
<b>Gross carrying value as on 31-March-2019 = (A)</b>	<b>713.08</b>	<b>1,347.51</b>	<b>5,376.62</b>	<b>211.53</b>	<b>215.74</b>	<b>44.16</b>	<b>7,908.64</b>
Accumulated depreciation as on 01-April-2018	-	131.90	1,082.14	42.04	47.77	11.63	1,315.48
Depreciation	-	86.10	579.05	24.11	35.17	5.02	729.45
Accumulated depreciation on deletions	-	-	40.88	-	0.22	0.20	41.30
<b>Accumulated depreciation as on 31-March-2019 = (B)</b>	<b>-</b>	<b>218.00</b>	<b>1,620.31</b>	<b>66.15</b>	<b>82.72</b>	<b>16.45</b>	<b>2,003.63</b>
<b>Carrying value as on 31-March-2019 = (A - B)</b>	<b>713.08</b>	<b>1,129.51</b>	<b>3,756.31</b>	<b>145.38</b>	<b>133.02</b>	<b>27.71</b>	<b>5,905.01</b>

Note 1 - Represents cost of land approved by the Board of Directors for disposal, which is reclassified as "Asset held for sale".



## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

#### 4.2. Intangible Asset:

Following are the changes in the carrying value of Intangible assets for the year ended 31-March-2020:

Rs. in lacs

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 01-April-2019	69.24	177.66	42.08	33.32	322.30
Additions	-	-	28.14	-	28.14
<b>Gross carrying value as on 31-March-2020 = (A)</b>	<b>69.24</b>	<b>177.66</b>	<b>70.22</b>	<b>33.32</b>	<b>350.44</b>
Accumulated amortization as on 01-April-2019	44.52	58.21	13.68	31.64	148.05
Amortization	14.67	17.76	12.58	1.68	46.69
<b>Accumulated amortization as on 31-March-2020 = (B)</b>	<b>59.19</b>	<b>75.97</b>	<b>26.26</b>	<b>33.32</b>	<b>194.74</b>
<b>Carrying value as on 31-March-2020 = (A - B)</b>	<b>10.05</b>	<b>101.69</b>	<b>43.96</b>	<b>-</b>	<b>155.70</b>

Following are the changes in the carrying value of Intangible assets for the year ended 31-March-2019:

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 01-April-2018	66.83	177.66	19.83	33.32	297.64
Additions	2.41	-	22.25	-	24.66
<b>Gross carrying value as on 31-March-2019 = (A)</b>	<b>69.24</b>	<b>177.66</b>	<b>42.08</b>	<b>33.32</b>	<b>322.30</b>
Accumulated amortization as on 01-April-2018	31.50	39.26	10.03	23.73	104.52
Amortization	13.02	18.95	3.65	7.91	43.53
<b>Accumulated amortization as on 31-March-2019 = (B)</b>	<b>44.52</b>	<b>58.21</b>	<b>13.68</b>	<b>31.64</b>	<b>148.05</b>
<b>Carrying value as on 31-March-2019 = (A - B)</b>	<b>24.72</b>	<b>119.45</b>	<b>28.40</b>	<b>1.68</b>	<b>174.25</b>

**Note: Amortization expense is included in depreciation and amortization expenses in the Statement of Profit and Loss Account.**

#### 4.3. Right to Use Assets:

Following are the changes in the carrying value of Right to use assets for the year ended 31-March-2020:

Rs. in lacs

Particulars	Leasehold Land	Leasehold Buildings	Total
Gross carrying value as on 01-April-2019			
Reclassification from Land lease pre payments (Note 8 (c ))	935.72	-	935.72
Additions	485.79	84.22	570.01
Disposals	-	-	-
<b>Gross carrying value as on 31-March-2020 = (A)</b>	<b>1,421.51</b>	<b>84.22</b>	<b>1,505.73</b>
Accumulated amortization as on 01-April-2019	-	-	-
Amortisation charge during the year	71.98	31.54	103.52
Disposals	-	-	-
<b>Accumulated amortization as on 31-March-2020 = (B)</b>	<b>71.98</b>	<b>31.54</b>	<b>103.52</b>
<b>Carrying value as on 31-March-2020 = (A - B)</b>	<b>1,349.53</b>	<b>52.68</b>	<b>1,402.21</b>

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

## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

## 5 NON-CURRENT INVESTMENTS - UNQUOTED:

Rs. in lacs



Note No.	Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/Units	As at 31-March-2020	No. of Shares/Units	As at 31-March-2019
(a)	Investments in Equity instruments fully paid up						
	<b>ij) Investment carried at cost:</b>						
	PT Automotive Systems Indonesia	Subsidiary	4,474	27,000	1,207.98	27,000	1,207.98
	<b>ii) Investment carried at fair value through other comprehensive income:</b>						
	Synergy Shakti Renewable Energy Pvt Ltd (Refer note below)	Associate	10	-	-	1,80,00,000	502.00
	Lucas TVS Ltd	Others	100	97,351	9,181.17	97,351	9,187.37
	IRIS Eco-power Venture Private Limited	Others	10	2,93,400	29,34	2,58,400	25,84
					<b>10,418.49</b>		<b>10,923.19</b>
(b)	<b>Investments in Debentures or Bonds</b>						
	<b>Investments carried at amortised cost:</b>						
	National Highways Authority of India			12,362	123.62	12,362	123.62
	Hudco Taxfree Bonds			50,000	530.89	50,000	530.89
	Indian Railway Finance Corporation Ltd	Others	1,000	50,000	500.00	50,000	500.00
	India Infrastructure Finance Corporation Ltd			50,000	500.00	50,000	500.00
	Power Finance Corporation Limited Series 1			50,000	500.00	50,000	500.00
					<b>2,154.51</b>		<b>2,154.51</b>
(c)	<b>Investments in Venture capital Funds</b>						
	<b>Investment carried at fair value through profit and loss:</b>						
	TVS Shriram Growth Fund Scheme 1A				-	250	12.87
	TVS Shriram Growth Fund Scheme 1B			1,000	0.01	16,204	562.75
	TVS Shriram Growth Fund Scheme 3	Others		33,000	330.00	10,000	100.00
	Sundaram Alternative Opportunities series			1,00,000	177.48	200	200
					<b>507.49</b>		<b>875.62</b>
					<b>13,080.49</b>		<b>13,953.32</b>

**Other disclosure:**

Aggregate value of Un-quoted investments - Carried at Cost	1,207.98	1,207.98
Aggregate value of Un-quoted investments - Carried at FVTOCI	9,210.51	9,715.21
Aggregate value of Un-quoted investments - Carried at FVTPL	507.49	875.62
Aggregate value of Un-quoted investments - Carried at Amortised cost	2,154.51	2,154.51
<b>Aggregate carrying value of Un-quoted investments</b>	<b>13,080.49</b>	<b>13,953.32</b>
Aggregate amount of impairment in value of investments	-	1,298.00

Note: 5.1 During the year, the company sold its investment in Synergy Shakti Renewable Energy Pvt Ltd, an associate, for a consideration of Rs. 196.20 lakhs. Loss on sale of investment amounting to Rs. 1,004.80 lakhs has been recognised in OCI.

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

Note No.	Particulars	Rs. in lacs	
		As at 31-March-2020	As at 31-March-2019
<b>6</b>	<b>LOANS (Unsecured and considered good)</b>		
	Loans & Advances to employees	88.50	93.49
		<b>88.50</b>	<b>93.49</b>
<b>7</b>	<b>OTHER FINANCIAL ASSETS:</b>		
	Bank deposits with more than 12 months maturity	43.33	40.90
		<b>43.33</b>	<b>40.90</b>
<b>8</b>	<b>OTHER NON-CURRENT ASSETS</b>		
	<b>(Unsecured and considered good unless otherwise stated):</b>		
	a Capital Advance	395.57	110.09
	b Sundry Deposits	70.87	70.06
	c Land Lease Prepayments (refer note 3 (f) )	-	925.21
		<b>466.44</b>	<b>1,105.36</b>
<b>9</b>	<b>INVENTORIES:</b>		
	<b>(Lower of Cost and Net realisable value)</b>		
	a Raw Materials	2,479.67	2,318.92
	b Raw Materials - Goods in Transit	398.71	195.56
	c Work in Progress	331.19	278.21
	d Finished Goods	537.54	512.16
	e Finished Goods in Transit	120.56	228.01
	f Stores and Spares	0.78	0.89
		<b>3,868.45</b>	<b>3,533.75</b>

The cost of inventories recognised as an expense during the year was Rs. 31,460.16 lakhs (for the year ended March 31, 2019: Rs. 34,180.54 lakhs)

Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

10 CURRENT INVESTMENTS - UNQUOTED:

		Rs. in lacs				
Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units 31-March-2020	As at 31-March-2020	No. of Units 31-March-2019	As at 31-March-2019
<b>INVESTMENT IN MUTUAL FUNDS</b>						
<b>Investment carried at fair value through profit and loss:</b>						
Axis Short-Term Instant Growth		10	94,56,821	2,093.67	94,56,821	1,913.31
Birla Sun Life Short Term Fund - Regular Growth Plan		50	15,22,237	1,191.22	15,22,237	1,091.12
Aditya Birla SL Equity Savings - Growth	Others	10	19,41,788	241.56	19,41,788	258.45
ICICI Prudential Short-Term Regular - Monthly Dividend		10	-	-	14,81,543	180.04
ICICI Pru Short-Term Regular Growth		30	29,36,810	1,238.43	29,36,810	1,134.66
ICICI Prudential Equity Income-Growth		10	19,94,613	253.52	19,94,613	274.66
IDFC SSI Medium-term Regular - Quarterly Dividend		10	-	-	38,72,665	421.62
IDFC SSI Medium-term Regular Growth		20	16,59,189	566.52	16,59,189	518.09
IDFC SSI ST Regular Growth		30	33,43,087	1,388.81	33,43,087	1,273.03
Kotak Bond Short Term Plan - Growth		20	33,97,377	1,291.01	33,97,377	1,183.53
Reliance Short Term Fund -Growth		20	32,58,368	1,230.85	32,58,368	1,131.75
Kotak Equity Arbitrage Reg-Growth		20	-	-	25,11,910	662.70
Aditya Birla SL Liquid-Growth		100	-	-	1,00,502	300.51
ICICI Pru Liquid Plan -Growth		100	-	-	1,09,104	300.49
ICICI Pru Saving -Growth		300	3,80,071	1,472.20	3,11,634	1,117.92
Kotak Liquid Reg-Growth	Others	1,000	17,654	706.26	-	-
Kotak Treasury Advantage -Growth		20	45,53,571	1,461.40	37,33,536	1,119.00
HDFC HOF Series 1-Growth		10	10,00,000	63.17	10,00,000	95.44
Sundaram Money Direct-Growth		10	2,44,660	102.44	5,08,397	200.37
SBI Premier Liquid - Growth		1,000	-	-	10,306	300.55
IDFC Arbitrage fund G - Direct plan		10	9,77,227	251.45	-	-
ICICI prudential equity Arbitrage Fund G - Direct Plan		10	9,34,279	252.09	-	-
Aditya Birla sun life Arbitrage Fund G - Direct Plan		10	12,03,265	251.81	-	-
Kotak Equity Arbitrage Reg-G Direct		10	8,67,173	252.08	-	-
				<b>14,308.48</b>		<b>13,477.24</b>
Aggregate provision for diminution in value of investments						
				<b>14,308.48</b>		<b>13,477.24</b>

Aggregate value of Unquoted investments - carried at FVTPL

14,308.48

13,477.24

Aggregate carrying value of Un-quoted investments

14,308.48

13,477.24



## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

Rs. in lacs

Note No.	Particulars	As at 31-March-2020	As at 31-March-2019
<b>11</b>	<b>TRADE RECEIVABLES:</b>		
a	Trade Receivables - Unsecured		
	- Considered good	8,813.13	10,397.86
		<b>8,813.13</b>	<b>10,397.86</b>

The average credit period on sale of goods is 45 days. No interest is charged on overdue trade receivables. Out of total trade receivables as at 31 March 2020, Rs. 7,817.05 lakhs (previous year Rs. 8,929.37 lakhs) represent receivable from customers who represent more than 5 % of total receivables.

The company's receivables are predominantly from its related parties and large Original Equipment Manufacturers. The Company has not incurred any loss due to bad debts in earlier years, therefore, there is no credit risk and no allowance for expected credit losses have been made. Also refer Note 38 (a) (i) to the standalone financial statements for the year ended March 31, 2020.

Rs. in lacs

Note No.	Particulars	As at 31-March-2020	As at 31-March-2019
<b>12.1</b>	<b>CASH &amp; CASH EQUIVALENTS:</b>		
a	Balances with banks		
	- In current Account	1,304.04	598.07
b	Cash in hand	5.60	2.17
		<b>1,309.64</b>	<b>600.24</b>
<b>12.2</b>	<b>OTHER BANK BALANCES:</b>		
	- in Fixed deposit	700.00	-
	- in Deposit account (Dividend Warrant)	68.31	56.91
		<b>768.31</b>	<b>56.91</b>
<b>13</b>	<b>OTHER FINANCIAL ASSETS:</b>		
a	Interest Accrued on deposits and employee dues	88.05	83.86
b	Duty draw back receivable	1.05	4.79
c	Insurance claim receivable	8.94	11.22
		<b>98.04</b>	<b>99.87</b>
<b>14</b>	<b>OTHER CURRENT ASSETS:</b>		
a	<b>Advances other than Capital Advances:</b>		
	- Vendor Advance	452.86	202.49
	- Rental & Others	7.65	8.51
b	<b>Others:</b>		
	- Prepaid expenses	109.47	150.07
	- Receivable - Others	27.55	37.50
		<b>597.53</b>	<b>398.57</b>



Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

Rs. in lacs

Note No.	Particulars	As at 31-March-2020	As at 31-March-2019
<b>15</b>	<b>SHARE CAPITAL:</b>		
a	<b>Authorised Share Capital:</b> 30,000,000 number of Equity shares of Rs.5 each (Previous year 30,000,000 number of Equity shares of Rs. 5 each)	1,500.00	1,500.00
b	<b>Issued, Subscribed and Fully Paid up Share Capital:</b> 2,26,21,424 number of Equity shares of Rs. 5 each (Previous year 2,26,21,424 number of Equity shares of Rs. 5 each)	1,131.07	1,131.07
c	<b>Par Value per Share (Rs.)</b>	5.00	5.00
d	Number of equity shares at the beginning of the year	2,26,21,424	2,26,21,424
	<b>Add:</b>		
	Rights issue	-	-
	Share split	-	-
	Bonus issue	-	-
	<b>Less:</b>		
	Buy back	-	-
	Number of equity shares at the end of the year	2,26,21,424	2,26,21,424

- e Rights attached to equity shares: The Company has only one class of equity shares having par value of Re.5 per share ( March 31, 2019 - Rs.5/-). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

During the year ended March 31, 2020, the amount of per share dividend recognized as distributions to equity Members was Rs. 10.75/- (March 31, 2019: Rs.6.5/-). Also Refer Note 42.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential payments. The distribution will be in proportion to the number of equity shares held by the Members.

**f Number of shares held by share holders more than 5% of total shares**

Name of the Share holder	nos. current yr	nos. previous yr
Lucas Indian Service Ltd, India	1,03,77,332	1,03,77,332
Percentage held	45.87%	45.87%
Mahle Electric Drives Japan Corpn., Japan (formerly Kokusan Denki Co Ltd, Japan)	16,41,000	46,41,000
Percentage held	7.26%	20.52%
Mahle Holding (India) Private Limited	30,00,000	-
Percentage held	13.26%	-

Note: During the year Mahle Electric Drives Japan Corporation has transferred 30,00,000 equity shares to Mahle Holding (India) Private Limited, accordingly share holding has been disclosed in the current year.

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

		Rs. in lacs	
Note No.	Particulars	As at 31-March-2020	As at 31-March-2019
<b>16</b>	<b>NON CURRENT PROVISIONS:</b>		
	Provision for employee benefits:	377.41	346.00
	- Compensated absences		
		<b>377.41</b>	<b>346.00</b>
<b>17</b>	<b>DEFERRED TAX LIABILITY:</b>		
	Deferred Tax Liability (Net) - (Refer Note 32.3)	671.51	261.54
		<b>671.51</b>	<b>261.54</b>
<b>18</b>	<b>TRADE PAYABLES:</b>		
	Total outstanding dues to micro enterprises and small enterprises (Refer Note 45)	1,765.37	2,064.91
	Total outstanding dues to other than micro enterprises and small enterprises	5,838.54	5,461.92
		<b>7,603.91</b>	<b>7,526.83</b>
<b>19</b>	<b>OTHER FINANCIAL LIABILITIES:</b>		
	a Unpaid Dividend	68.46	57.06
	b Earnest Money Deposit	79.12	58.05
	c Commission to Directors	222.15	265.20
	d Payables for Purchase of Land on Lease (Refer Note 40)	-	704.88
		<b>369.73</b>	<b>1,085.19</b>
<b>20</b>	<b>CURRENT PROVISIONS:</b>		
	a Provisions for employee benefits:		
	- Compensated absences	57.47	62.63
	b Others:		
	- Provision for Warranty (Note Below)	13.03	26.01
		<b>70.50</b>	<b>88.64</b>
<b>Note:</b>	<b>Product Warranty:</b>		
	Opening Balance	26.01	101.36
	Additions	-	-
	Excess written back	-	(40.24)
	Utilizations	(12.98)	(35.11)
	Closing Balance	<b>13.03</b>	<b>26.01</b>

		Rs. in lacs	
21	CURRENT TAX LIABILITIES:	As at 31-March-2020	As at 31-March-2019
a	Income Tax Payable-Net of advance tax paid	158.37	171.31
		<b>158.37</b>	<b>171.31</b>
<b>22</b>	<b>OTHER CURRENT LIABILITIES:</b>		
	a Goods and Service Tax payable	307.18	488.55
	b Tax Deducted at source/Tax Collected at Source	67.61	59.40
	c Professional Tax/PF/ESI payable	41.41	36.19
	d Other payable (refer Details below)	776.69	858.55
		<b>1,192.89</b>	<b>1,442.69</b>



## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

### Details of Other payable:

#### 22 (d) Other Payables:

a Provision - Customer	571.53	670.36
b Tool Advance Payable	20.15	42.51
c Gratuity - (Refer Note 34)	185.01	130.23
d Other Liabilities	-	15.45
	<b>776.69</b>	<b>858.55</b>

Rs. in lacs

Note No.	Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
<b>23</b>	<b>REVENUE FROM OPERATIONS:</b>		
	<b>Sale of Products:</b>		
a	Export Sales	1,451.05	2,271.91
b	Domestic Sales	46,384.21	50,429.35
		<b>47,835.26</b>	<b>52,701.26</b>
c	Discount to Customers (Turnover Discount)	(412.17)	(639.81)
		<b>47,423.09</b>	<b>52,061.45</b>
d	Other operating revenues:		
	- Export benefits	81.08	101.14
	- Scrap sales and others	376.75	358.62
		<b>47,880.92</b>	<b>52,521.21</b>

### 23.1 Disaggregated revenue information:

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, the Company has identified only one segment as reportable segment which is Electrical and Electronic products for two/three wheelers and engines. Refer Note 41.

### 23.2 Trade Receivables and Contract Balances:

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

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

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



## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

#### 23.4 Information about major customers :

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

Name of the Customers	Apr'19 To Mar'20	Apr'18 To Mar'19
Company A	23,117.46	25,469.19
Company B	11,958.02	13,096.29
Company C	4,130.52	5,452.85
Others*	8,629.26	8,682.92
	<b>47,835.26</b>	<b>52,701.26</b>

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

Rs. in lacs

Note No	Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
<b>24</b>	<b>OTHER INCOME:</b>		
a	Interest Income earned on financial assets that are not designated as fair value through profit and loss (FVTPL):		
	i) Bank deposits (at amortised cost)	37.23	44.72
	ii) Investments (at amortized cost)	179.71	175.84
	iii) Other financial assets (at amortized cost)	0.36	0.40
b	Dividend Income from equity investments	213.03	210.70
c	Other Non-operating income	43.47	59.30
d	Other gains and losses		
	i) Net gain on sale of investments (carried at FVTPL)	447.32	594.11
	ii) Net gain on sale of land (carried at carried at cost)	1,164.91	-
	iii) Net gain on foreign currency transactions	5.20	-
	iv) Increase in fair value of investments (carried at FVPTL)	422.59	348.81
		<b>2,513.82</b>	<b>1,433.88</b>
<b>25</b>	<b>COST OF MATERIALS CONSUMED:</b>		
a	Opening Stock of Raw Materials	2,514.49	2,156.54
b	<b>Add:</b> Purchases	31,794.96	34,587.21
		<b>34,309.45</b>	<b>36,743.75</b>
c	<b>Less:</b> Closing stock of Raw Materials	2,878.38	2,514.48
		<b>31,431.07</b>	<b>34,229.27</b>
<b>26</b>	<b>CHANGE IN INVENTORIES:</b>		
	<b>Inventories at the end of the period</b>		
	Finished Goods	658.10	740.17
	Work-in-Progress	331.19	278.21
		<b>989.29</b>	<b>1,018.38</b>
	<b>Inventories at the begning of the period</b>		
	Finished Goods	740.17	627.29
	Work-in-Progress	278.21	342.36
		<b>1,018.38</b>	<b>969.65</b>
	<b>Net (Increase) / Reduction</b>	<b>29.09</b>	<b>(48.73)</b>



**Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :**

Rs. in lacs

Note No	Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
<b>27</b>	<b>OTHER OPERATING EXPENSES:</b>		
a	Stores & Other Consumables	814.54	727.79
b	Power & Fuel	597.82	650.89
c	Repairs to Building	215.29	225.48
d	Repairs to Machinery	329.89	357.36
e	Repairs Others	146.68	127.92
f	Royalty/Technical Know-how / Support Fees	11.19	37.46
g	Others	172.22	133.56
		<b>2,287.63</b>	<b>2,260.46</b>
<b>28</b>	<b>EMPLOYEE BENEFIT EXPENSES:</b>		
a	Salaries & Wages	4,951.69	4,709.69
b	Contribution to Provident and other funds (Refer Note 33 & 34)	326.68	279.56
c	Staff Welfare expenses	761.92	759.54
		<b>6,040.29</b>	<b>5,748.79</b>
<b>29</b>	<b>FINANCE COSTS:</b>		
a	Bank Charges	4.55	8.22
b	Interest on Lease expenses - Refer note 40 (E)	51.01	-
		<b>55.56</b>	<b>8.22</b>
<b>30</b>	<b>OTHER EXPENSES:</b>		
a	Rent	-	116.50
b	Repairs to Vehicles	7.95	8.88
c	Insurance	53.40	47.81
d	Rates and Taxes (Excluding taxes on income)	27.30	15.49
e	Communication Expenses	50.31	73.28
f	Postage, Printing & Stationery	35.71	42.78
g	Sitting Fees	17.20	13.20
h	Travelling and Conveyance Expenses	233.81	256.29
i	Legal and Professional Charges	244.44	451.73
j	Management Charges (Refer Note 35)	527.03	309.71
k	Donation	3.63	3.56
l	Corporate Social Responsibility (Refer Note 44)	120.00	92.00
m	Recruitment Expenses	15.96	9.14
n	Remuneration to Watch and Ward	120.15	114.93
o	Commisson to Directors	222.19	265.20
p	After Sales service expenses (Warranty)	24.86	-
q	Net loss on foreign currency transactions	-	57.17
r	Freight Outwards	252.72	235.99
s	Advertisement	4.94	6.07
t	Land Lease Prepayments Amortization	-	4.91
u	Sales promotion	227.62	169.97
v	<b>Audit Fees:</b>		
a)	Statutory Auditors:		
i)	Statutory Audit	13.50	12.00
ii)	Tax Audit	2.25	2.00
iii)	Other Attestation Matters	6.20	4.75

# INDIA NIPPON ELECTRICALS LIMITED

## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

Rs. in lacs

Note No	Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
	iii) Other Services	-	-
	iv) Reimbursement of Expenses	2.57	3.17
	b) Cost Audit	3.16	2.50
	c) Secretarial Audit	1.75	1.75
	d) Reimbursement - Other audits	0.62	1.34
w	Investment written off	20.32	114.53
x	Miscellaneous Expenses	161.88	156.06
		<b>2,401.47</b>	<b>2,592.71</b>
<b>31</b>	<b>ITEMS WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:</b>		
	Increase/(decrease) in fair value of investments	(312.00)	1,816.61
	Remeasurement of the defined benefit plan	(33.54)	(82.86)
	Increase/(decrease) of DTA on fair value investments	(465.16)	(316.79)
	Increase/(decrease) of DTA on defined benefit plan	11.72	28.95
		<b>(798.98)</b>	<b>1,445.91</b>
<b>32</b>	<b>INCOME TAXES AND DEFERRED TAXES:</b>		
<b>32.1</b>	<b>Income tax expense in the statement of profit and loss comprise:</b>		
	Current taxes	1,732.21	2,221.29
	Deferred taxes	(43.47)	219.21
	<b>Income tax expense</b>	<b>1,688.74</b>	<b>2,440.50</b>
	The income tax expense for the year can be reconciled to the accounting profit as follows:		
	Profit before income taxes	7,208.87	8,391.39
	Applicable tax rates *	34.944%	34.944%
	Tax expenses using Company's applicable rate*	2,519.07	2,932.29
	Effect on expenses that are not deductible in determining taxable profit	35.30	33.55
	Effect of income that is exempt from taxation	(137.24)	(216.33)
	Effect of different tax rates for long term capital gains	(568.62)	(138.32)
	Effect of concessions on Research and Development expenses	(155.06)	(160.81)
	Others - Permanent differences	(4.71)	(9.88)
	<b>Total</b>	<b>1,688.74</b>	<b>2,440.50</b>
	* The tax rate used for the 2019-2020 and 2018-2019 reconciliations above is the Corporate tax rate of 30%, applicable surcharge and cess payable by corporate entities in India on taxable profits under the India Law.		
<b>32.2</b>	<b>Income Tax on Other Comprehensive Income</b>		
	Deferred taxes on Remeasurement of defined benefit obligation	11.72	28.95
	Deferred taxes on Fair value measurements of investments	(465.16)	(316.79)
	<b>Total</b>	<b>(453.44)</b>	<b>(287.84)</b>



**Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :**

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

Particulars	Apr'19 To Mar'20			
	Opening Balance	Recognised in Profit & Loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax assets:</b>				
Rebates and discounts	59.99	-	-	59.99
Leave encashment	142.79	9.17	-	151.96
Early separation scheme	0.10	(0.09)	-	0.01
Investments in Subsidiary & Associate	893.80	-	(465.16)	428.64
Gratuity	90.10	(57.32)	11.72	44.50
Bonus	95.43	(22.52)	-	72.91
Others and provisions	39.69	28.56	-	68.25
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(308.28)	14.38	-	(293.90)
Investments other than above	(1,275.16)	71.29	-	(1,203.87)
<b>Net deferred tax assets / (liabilities)</b>	<b>(261.54)</b>	<b>43.47</b>	<b>(453.44)</b>	<b>(671.51)</b>

Rs. in lacs

Particulars	Apr'18 To Mar'19			
	Opening Balance	Recognised in Profit & Loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax assets:</b>				
Rebates and discounts	59.41	0.58	-	59.99
Leave encashment	120.61	22.18	-	142.79
Early separation scheme	1.26	(1.16)	-	0.10
Investments in Subsidiary & Associate	775.86	-	117.94	893.80
Gratuity	55.08	6.07	28.95	90.10
Bonus	38.91	56.52	-	95.43
Others (includes ED on Finished Goods and provisions)	59.71	(20.02)	-	39.69
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(74.60)	(233.68)	-	(308.28)
Investments other than above	(790.73)	(49.70)	(434.73)	(1,275.16)
<b>Net deferred tax assets</b>	<b>245.51</b>	<b>(219.21)</b>	<b>(287.84)</b>	<b>(261.54)</b>

**33 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:

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

#### a) Defined Contribution Plan:

##### i) Provident Fund:

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Employee's Provident Fund scheme administered by Government of India equal to a specified percentage of the covered employee's salary.

##### ii) Superannuation Fund:

Eligible employees receive benefits from the superannuation fund, which is a defined contribution plan. Aggregate contributions alongwith interest thereon are paid at retirement, death, incapacitation or termination of employment. The Company makes yearly contributions to the Superannuation Fund Scheme administered by Life Insurance Corporation of India. Liabilities with regard to the Superannuation fund are determined by the Life Insurance Corporation of India as the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the Life Insurance Corporation of India's Employees Superannuation Fund.

The Company recognised Rs.248.14 Lacs (LY-217.20 Lacs) for Provident Fund and superannuation fund contribution in the statement of profit and loss.

##### iii) Employee State Insurance Benefits:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Employee State Insurance, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Employee state Insurance for the year aggregated to Rs. 4.75 lacs (March 31, 2019: Rs. 7.47 lacs) and is included in "Staff Welfare Expenses".

#### b) Leave encashment:

The Employees of the Company are entitled to compensated absence. Employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 30 days. The Company records an obligation for compensated absences in the period in which employees render services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The liability has been actuarially evaluated and accounted in the books.

#### c) Defined benefit Plan:

##### Gratuity:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC).

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**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



## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

securities as per notification of Ministry of Finance.

**Interest risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

**Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

In respect of the above plans, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2020 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.

### 34 The following table set out the status of the gratuity plan and the amount recognised in the company's financial statement as at March 31, 2020 and March 31, 2019

Particulars	Rs. in lacs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Net Employee benefit expense recognized in the employee cost in statement of profit &amp; loss account</b>		
Current service cost	60.42	50.14
Interest cost on benefit obligation	74.83	62.70
Expected return on plan assets	(66.87)	(57.95)
<b>Sub Total</b>	<b>68.38</b>	<b>54.89</b>
<b>Recognised in Other Comprehensive Income</b>		
Net actuarial (gain)/loss recognized in the year		
i. Demographic Assumptions on obligation	-	-
ii. Financial Assumptions on obligation	-	-
iii. Experience Adjustments on obligation	33.54	81.22
iv. Financial Assumptions on plan assets	(4.26)	1.63
<b>Sub Total</b>	<b>29.28</b>	<b>82.85</b>
<b>Net benefit expense</b>	<b>97.66</b>	<b>137.74</b>
<b>Balance Sheet</b>		
<b>Benefit asset / liability</b>		
Present value of defined benefit obligation	1,167.40	1,011.71
Fair value of plan assets	982.38	881.48
<b>Assets / (Liability) recognized in the balance sheet</b>	<b>(185.02)</b>	<b>(130.23)</b>
<b>Change in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	1,011.71	836.65
Benefits paid	(17.37)	(19.01)
<b>Expenses Recognised in Statement of Profit and Loss Account</b>		
Current service cost	60.42	50.14
Past service cost	-	-
Interest cost on benefit obligation	74.83	62.70
<b>Recognised in Other Comprehensive Income</b>		
Actuarial (gain)/loss on obligation	37.80	81.23
<b>Closing defined benefit obligation</b>	<b>1,167.39</b>	<b>1,011.71</b>

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

Rs. in lacs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Change in the fair value of plan assets</b>		
Opening fair value of plan assets	<b>881.48</b>	<b>703.87</b>
Contributions by employer	47.14	140.29
Contributions transfer in	-	-
Benefits paid	(17.37)	(19.01)
<b>Expenses Recognised in Profit and Loss Account</b>		
Expected return	66.87	57.95
<b>Recognised in Other Comprehensive Income</b>		
Actuarial (gain) / loss on plan assets	4.26	(1.62)
<b>Closing fair value of plan assets</b>	<b>982.38</b>	<b>881.48</b>

#### Investment details of the plan assets: Company has deposited with Life Insurance Corporation of India (Company gratuity policy)

Assumptions		
Discount Rate (%)	6.53%	7.46%
Estimated Rate of Return on Plan Assets	6.53%	7.58%
Attrition Rate	7.00%	6.00%
Expected rate of salary increase (%)	6.00%	7.00%
Expected Average Remaining Service (years)	9.70	10.60

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

Particulars	For the Year Ended 31-Mar-2020	For the Year Ended 31-Mar-2019
Within 1 year	101.65	68.31
1 - 2 years	94.61	87.22
2 - 3 years	98.63	72.90
3 - 4 years	143.37	77.93
4 - 5 years	126.75	123.86
Above 5 years	584.28	533.21

#### Sensitivity Analyses

Particulars	For the Year Ended 31-Mar-2020	For the Year Ended 31-Mar-2019
A. Discount Rate + 50 BP	7.03%	7.96%
Defined Benefit Obligation [PVO]	1,126.94	972.62
Current Service Cost	63.32	57.79
B. Discount Rate - 50 BP	6.03%	6.96%
Defined Benefit Obligation [PVO]	1,210.32	1,053.40
Current Service Cost	68.69	63.26



## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

C. Salary Escalation Rate +50 BP	6.50%	7.50%
Defined Benefit Obligation [PVO]	1,211.40	1,054.13
Current Service Cost	68.77	63.19
D. Salary Escalation Rate -50 BP	5.50%	6.50%
Defined Benefit Obligation [PVO]	1,125.55	971.55
Current Service Cost	63.21	57.68

### 35 Related Party Disclosures:

#### 35.1 a) Related Parties and their relationship where control exists:

Joint Venturers of the Company	: Lucas Indian Service Ltd (LIS) Mahle Electric Drives Japan Corpn. (MEDJC) (formerly Kokusan Denki Co, Ltd, Japan) Mahle Holding (India) Private Limited
Ultimate Parents of Joint Venturers of the Company	: T V Sundram Iyengar & Sons Private Limited. Mahle GmbH
Subsidiary Company	: PT Automotive Systems Indonesia (PTASI)
Associate Company	: Synergy Shakthi Renewable Energy Pvt. Ltd., (SSREPL) - Upto March 30, 2020

#### b) Related Parties and their relationship where transaction exists:

Relatives of Ultimate Parent Company	: Sundaram Clayton Limited Sundram Fastners Limited TVS Motor Company Limited TVS Capital Funds Private Limited
Entities in which KMP has significant influence	: Lucas TVS Limited Delphi TVS Technologies Limited TVS Educational Society
Entities in which Director(s) are interested	: India Japan Lighting Private Limited - upto Dec 27, 2019 Subbaraya Aiyar, Padmanabhan and Ramamani, Advocates

#### c) Key Managerial Personnel:

Key Managerial Personnel (KMP)	: Mr Arvind Balaji - Managing Director Mr Elango Srinivasan - Chief Financial Officer Mr G Venkatram - Company Secretary
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**Notes to the Standalone Financial Statements for the year ended March 31, 2019 - Continued :**

**35.2 Disclosure in respect of transactions and balances with related parties.**

Description	Joint Venturers of the company		Subsidiary of the Company		Relatives of Ultimate Parent		Enterprise in which KMP has significant influence		Associate of the Company		Key Managerial Person		Entities in which Director(s) are interested	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs. in lacs													
<b>Transactions during the Year</b>														
<b>MAHLE ELECTRIC DRIVES JAPAN CORPORATION</b>														
Support fee	-	3.27	-	-	-	-	-	-	-	-	-	-	-	-
Royalty	34.41	43.86	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Raw Materials	-	21.41	-	-	-	-	-	-	-	-	-	-	-	-
Travel Reimbursement	-	1.20	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	498.91	301.67	-	-	-	-	-	-	-	-	-	-	-	-
Sales	15.78	16.44	-	-	-	-	-	-	-	-	-	-	-	-
<b>LUCAS INDIAN SERVICE LTD</b>														
Sales	1,788.55	1,648.81	-	-	-	-	-	-	-	-	-	-	-	-
Rent	22.64	20.82	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	1,115.56	674.53	-	-	-	-	-	-	-	-	-	-	-	-
<b>MAHLE HOLDING (INDIA) PVT LTD</b>														
Expenses reimbursed	0.27	-	-	-	-	-	0.12	-	-	-	-	-	-	-
<b>LUCAS TVS LTD</b>														
Sales	-	-	-	-	-	-	-	458.40	381.11	-	-	-	-	-
Sale of SSREPL investment	-	-	-	-	-	-	-	196.20	-	-	-	-	-	-
Purchase of raw materials	-	-	-	-	-	-	-	130.35	-	-	-	-	-	-
Rent paid	-	-	-	-	-	-	-	89.17	89.17	-	-	-	-	-
Expenses reimbursed	-	-	-	-	-	-	-	378.83	394.33	-	-	-	-	-
Travel reimbursements received	-	-	-	-	-	-	-	33.27	8.23	-	-	-	-	-
Payment for services received	-	-	-	-	-	-	-	591.09	574.79	-	-	-	-	-
Dividend received	-	-	-	-	-	-	-	184.97	184.97	-	-	-	-	-
<b>TVS MOTOR COMPANY LTD</b>														
Sales	-	-	-	-	-	-	29,699.32	32,553.00	-	-	-	-	-	-
Purchase of Raw Materials	-	-	-	-	-	-	-	25.13	-	-	-	-	-	-
<b>Sundaram Clayton Limited</b>														
Services received	-	-	-	-	-	-	6.20	6.60	-	-	-	-	-	-
<b>Sundaram Fastners Limited</b>														
Purchase of raw materials	-	-	-	-	-	-	442.42	515.09	-	-	-	-	-	-
<b>Delphi TVS Technologies Limited</b>														
Sales	-	-	-	-	-	-	-	-	54.74	-	-	-	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :



Rs. in lacs

Description	Joint Venturers of the company		Subsidiary of the Company		Relatives of Ultimate Parent		Enterprise in which KMP has significant influence		Associate of the Company		Key Managerial Person		Entities in which Director(s) are interested	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Transactions during the Year														
India Japan Lighting Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-	-	-	-	-	157.93	90.70
Raw Materials Purchase	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TVS Educational Society</b>														
Reimbursement received							9.76							
Services rendered	-	-	-	-	-	-	878.83	814.65	-	-	-	-	-	-
<b>TVS Capital Funds Private Limited</b>														
Investment in funds	-	-	-	-	230.00	-	-	-	-	-	-	-	-	-
Redemption of funds	-	-	-	-	167.16	255.01	-	-	-	-	-	-	-	-
Increase in fair value	-	-	-	-	-	104.25	-	-	-	-	-	-	-	-
Decrease in fair value	-	-	-	-	408.45	-	-	-	-	-	-	-	-	-
Other capital receipts					138.89	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	1.18	1.01	-	-	-	-	-	-	-	-
<b>Subbarayya Aiyar Padbhanabhan and Ramamani, Advocates</b>														
Services received	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00
<b>KMP</b>														
Remuneration paid / Payable (Short-term employee benefits):														
Mr Arvind Balaji - Managing Director	-	-	-	-	-	-	-	-	-	-	276.04	289.96	-	-
Mr Elango Srinivasan - Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	51.18	51.18	-	-
Mr G Venkatram - Company Secretary (w.e.f May 08, 2018)	-	-	-	-	-	-	-	-	-	-	25.30	20.00	-	-
Mr S Sampath - Company Secretary (till May 08, 2018)	-	-	-	-	-	-	-	-	-	-	-	2.55	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

35.2 Disclosure in respect of transactions and balances with related parties - Continued :

Description	Joint Venturers of the company		Subsidiary of the Company		Relatives of Ultimate Parent		Enterprise in which KMP has significant influence		Associate of the Company		Key Managerial Person		Rs. in lacs	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Balances as at year end</b>														
<b>Trade Payables:</b>														
Lucas Indian Service Ltd	1.92	1.59	-	-	-	-	-	-	-	-	-	-	-	-
Lucas Tvs Ltd	-	-	-	-	-	-	113.95	155.13	-	-	-	-	-	-
Sundaram Clayton Limited	-	-	-	-	1.48	1.33	-	-	-	-	-	-	-	-
Mahle Electric Dives Japan Corporation	16.86	1.01	-	-	-	-	-	-	-	-	-	-	-	-
Sundaram Fastners Limited	-	-	-	-	85.56	-	-	-	-	-	-	-	-	-
Subbaraya Aiyar Padhanabhan And Ramamani, Advocates	-	-	-	-	-	-	-	-	-	-	-	-	-	9.00
Tvs Educational Society	-	-	-	-	-	-	0.02	31.95	-	-	-	-	-	-
<b>Other Financial Liabilities:</b>														
KMP (Commission payable)	-	-	-	-	-	-	-	-	-	-	-	167.00	196.50	-
<b>Trade Receivables:</b>														
Lucas Indian Service Ltd	207.15	383.02	-	-	-	-	-	-	-	-	-	-	-	-
India Japan Lighting Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	9.05
Delphi Tvs Technologies Limited	-	-	-	-	-	-	-	6.73	-	-	-	-	-	-
Tvs Motor Company Ltd	-	-	-	-	5,861.29	5,523.05	-	-	-	-	-	-	-	-
Mahle Electric Dives Japan Corporation	-	16.68	-	-	-	-	-	-	-	-	-	-	-	-
Lucas Tvs Ltd	-	-	-	-	-	-	270.26	90.67	-	-	-	-	-	-
<b>Investments in Equity Shares:</b>														
Pt Automotive Systems Indonesia	-	-	1,207.98	1,207.98	-	-	-	-	-	-	-	-	-	-
Synergy Sakthi Renewable Energy Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	502.00	-
Lucas Tvs Ltd	-	-	-	-	-	-	9,181.17	9,187.37	-	-	-	-	-	-
<b>Investments in Venture Capital Fund:</b>														
Tvs Capital Funds Private Limited	-	-	-	-	330.01	675.62	-	-	-	-	-	-	-	-



## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

### 36 EXPENDITURE ON R&D:

Rs. in lacs

Description	Apr'19 To Mar'20	Apr'18 To Mar'19
(a) Capital (Refer Note 1 below)	20.55	280.75
(b) Revenue: (Refer Note 2 below)		
Salary	518.72	438.99
Electricity	19.65	15.52
Travel	58.49	41.47
Outsourcing	1.33	3.04
Revenue & Others	297.63	154.07
	<b>895.82</b>	<b>653.09</b>
<b>Total R &amp; D expenditure (a) + (b)</b>	<b>916.37</b>	<b>933.84</b>

Note 1 - This expenditure is included in additions for the year. Refer Note 4.1 and 4.2 to the financial statements.

Note 2 - This expenditure are included in the respective head under Other Expenses. Refer Note 30 to the financial statements.

### 37 FINANCIAL INSTRUMENTS

The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

Rs. In lacs

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

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

Rs. In lacs

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Total fair value
<b>Financial assets</b>					
Investments					
Equity Shares	1,207.98	-	9,715.21	10,923.19	10,923.19
Mutual Funds and Bonds	2,154.51	14,352.86	-	16,507.37	16,603.83
Trade receivables	10,397.86	-	-	10,397.86	10,397.86
Loans	93.49	-	-	93.49	93.49
Cash and cash equivalents	600.24	-	-	600.24	600.24
Other bank balances	56.91	-	-	56.91	56.91
Other Financial Assets	140.77	-	-	140.77	140.77
<b>Total</b>	<b>14,651.76</b>	<b>14,352.86</b>	<b>9,715.21</b>	<b>38,719.83</b>	<b>38,816.29</b>

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Rs. In lacs
					Total fair value
<b>Financial liabilities</b>					
Trade payables	7,526.83	-	-	7,526.83	7,526.83
Other Financial Liabilities	1,085.19	-	-	1,085.19	1,085.19
<b>Total</b>	<b>8,612.02</b>	<b>-</b>	<b>-</b>	<b>8,612.02</b>	<b>8,612.02</b>

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

#### Fair value measurements

##### (i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are Companyed into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

##### (ii) Financial assets measured at fair value through Profit & Loss (FVTPL) on a recurring basis

31 March 2020	Rs. in lacs			
	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	-	507.49	-	507.49
Investment in Mutual Funds	-	14,308.48	-	14,308.48
<b>Total</b>	<b>-</b>	<b>14,815.97</b>	<b>-</b>	<b>14,815.97</b>

31 March 2019	Rs. in lacs			
	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	-	875.62	-	875.62
Investment in Mutual Funds	-	13,477.24	-	13,477.24
<b>Total</b>	<b>-</b>	<b>14,352.86</b>	<b>-</b>	<b>14,352.86</b>

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The investments in mutual funds and venture capital funds are in open ended schemes which are not listed on any recognised stock exchanges. The NAVs are based on the data published by the respective Asset Management Companies. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

##### (iii) Financial assets measured at fair value through Other Comprehensive Income (FVTOCI) on a recurring basis

31 March 2020	Rs. in lacs			
	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	9,210.51	9,210.51
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9,210.51</b>	<b>9,210.51</b>

31 March 2019	Rs. in lacs			
	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	502.00	9,213.21	9,715.21
<b>Total</b>	<b>-</b>	<b>502.00</b>	<b>9,213.21</b>	<b>9,715.21</b>



## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

The investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI as the directors believe that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

The company has invested in the energy generating companies as per the regulation of Electricity Act. Although the investments are classified as "Equity" shares, as per IND AS 32 –"Financial Instruments, Presentation" the definition of "equity" requires an entitlement in the residual interest in net assets whereas the company as per share holder agreement requires to transfer the shares at cost. However, no changes are given effect to the above as per IND AS 32, since the regulation of Electricity Act does not permit description in any other manner. IND AS 109 requires an equity share other than investments in subsidiaries, associates and joint ventures to be valued at "Fair Value Through Other Comprehensive Income" if elected initially or valued at "Fair Value Through Profit and Loss Account". However, on account of what is stated in the previous paragraph, these shares are shown at cost and the fair value is deemed to be the cost. Accordingly, investment in IRIS Ecopower is considered to be a Level 3 fair valuation.

The company had invested in the equity shares of Synergy Shakthi Renewable Energy Private Limited (SSREL). Fair valuation of this investment was based on the value of land, building and plant and machinery of SSREL wherein building, plant and machinery had been valued at realizable value after considering depreciation and land had been valued based on the land rates observable from Tamil Nadu government owned industrial park website. Therefore, this investment was considered to be a level 2 fair valuation. In the current year, this investment was sold completely.

The company has invested in the equity shares of Lucas TVS Limited. This investment is considered to be a level 3 fair valuation.

Valuation technique used - Market Approach: Comparable companies Method ("CCM") (EV/EBITDA Multiple i.e. Enterprise Value/Earnings Before Interest Tax Depreciation and Amortization multiple).

Significant unobservable inputs - EV/EBITDA Multiple at 6x

Relationship of Unobservable Inputs to Fair Value - A slight increase or decrease in the multiple will result in an increase or decrease in the fair value. A decrease in the multiple by 0.5x would result in a decrease in the fair value by Rs. 500 lakhs and an increase in the multiple by 0.5x would result in a increase in the fair value by Rs. 500 lakhs.

There are no transfer between levels during the periods.

### (iv) Fair value of financial assets and financial liabilities that are not measured at fair value

The Company considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the balance sheet approximates their fair value. Fair value hierarchy of these financial assets and liabilities are categorized as Level 3.

### (v) Reconciliation of Level 3 fair value measurements of unlisted equity shares irrevocably designated as at FVTOCI

	Rs. in lacs	
Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
Opening Balance	9,187.37	7,129.94
Total (Loss) / gains recognized in other comprehensive income	(6.20)	2,057.43
Closing Balance	<b>9,181.17</b>	<b>9,187.37</b>

## 38 Financial Risk Management Objectives and Policies

### a Financial Risk Management Framework

Company's principal financial liabilities comprise trade payables and Other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments, Trade receivables, loans, cash and bank balances and other financial assets.

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

#### Risk Exposures and Responses

The Company is exposed to credit risk, market risk and liquidity risk. The Board of Directors reviews policies for managing each of these risks, which are summarised below:

#### i) Credit risk

##### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a four to five major OEMs and large number of small customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At 31 March 2020, the Company did not consider there to be any significant concentration of credit risk which had not been adequately provided for. The carrying amount of the financial assets recorded in the financial statements represents the maximum exposure to credit risk.

#### ii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk i.e. interest rate risk, currency risk, and Commodity risk.

##### Interest rate risk

The company has no outstanding borrowings and investment in bonds at fixed rates. Accordingly, no Interest risk is perceived.

##### Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk arising from transactions i.e. imports of materials, recognised assets and liabilities denominated in a currency that is not the company's functional currency.

**The year end foreign currency Exposures that have not been hedged by a derivative instrument or otherwise are as under:**

Particulars	Currency	Exchange Rate	March 31, 2020	
			Amount in Foreign Currency	Amount in Rs. lacs
Trade Receivables	EUR	82.85	0.44	36.19
	USD	74.89	6.00	449.68
	JPY	0.69	7.68	5.31
Trade Payables	USD	75.80	6.29	476.53
	EUR	83.95	0.01	0.84
	JPY	0.70	32.72	22.95
March 31, 2019				
Trade Receivables	EUR	76.36	1.05	80.09
	USD	68.31	6.98	476.48
	JPY	0.64	53.09	33.87
	GBP	91.90	0.10	9.63
Trade Payables	USD	68.31	9.02	616.22
	GBP	91.90	0.01	0.92



## Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

### Foreign currency sensitivity

The Company is exposed to the following currencies - Euro, US Dollars and Japan Yen.

The following table details the Company's sensitivity to a 5% increase and decrease in the Rs. against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

Particulars	Currency	March 31, 2020		March 31, 2019	
		Increase	Decrease	Increase	Decrease
Effect on profit before tax	EUR	1.81	(1.81)	4.00	(4.00)
Increase/(Decrease)	USD	(1.06)	1.06	(6.99)	6.99
	JPY	(0.87)	0.87	-	-
	GBP	-	-	0.44	(0.44)
Effect on equity	EUR	5.81	(5.81)	4.00	(4.00)
Increase/(Decrease)	USD	(8.04)	8.04	(6.99)	6.99
	JPY	(0.87)	0.87	-	-

Rs. in lacs

### Commodity Risk

The company has commodity price risk, primarily related to the purchases of Steel, Aluminium and Copper. However, the company do not bear significant exposure to earnings risk, as such changes are included in the rate-recovery mechanisms with the customers.

### iii) Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The tables below set out the maturities of the company's financial liabilities:

Rs. in lacs

Particulars	At 31 March 2020					Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above		
Trade and other payables - Non interest bearing	7,603.91	-	-	-	-	7,603.91
Lease Liability	104.26	383.51	-	237.75	-	725.52
Other financial liabilities	369.73	-	-	-	-	369.73
<b>Total</b>	<b>8,077.90</b>	<b>383.51</b>	-	<b>237.75</b>	-	<b>8,699.16</b>

Particulars	At 31 March 2019					Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above		
Trade and other payables - Non interest bearing	7,526.83	-	-	-	-	7,526.83
Other financial liabilities	1,085.19	-	-	-	-	1,085.19
<b>Total</b>	<b>8,612.02</b>	-	-	-	-	<b>8,612.02</b>

The tables below set out the maturities of the company's financial assets:

Rs. in lacs

Particulars	At 31 March 2020					Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above		
Trade receivables (non interest bearing instruments)	8,813.13	-	-	-	-	8,813.13
Investments (variable interest bearing instruments)	14,308.48	-	-	13,080.49	-	27,388.97
Other financial assets (variable interest bearing instruments)	2,175.99	131.83	-	-	-	2,307.82
<b>Total</b>	<b>25,297.60</b>	<b>131.83</b>	-	<b>13,080.49</b>	-	<b>38,509.92</b>



## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

Particulars	At 31 March 2019					Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above		
Trade receivables (non interest bearing instruments)	10,397.86	-	-	-	-	10,397.86
Investments (variable interest bearing instruments)	13,477.24	-	-	13,953.32	-	27,430.56
Other financial assets (variable interest bearing instruments)	757.02	134.39	-	-	-	891.41
<b>Total</b>	<b>24,632.12</b>	<b>134.39</b>	<b>-</b>	<b>13,953.32</b>	<b>-</b>	<b>38,719.83</b>

### 39 CONTINGENT LIABILITIES & COMMITMENTS

Rs. in lacs

Particulars	As at 31-March-2020	As at 31-March-2019
<b>(i) Contingent liabilities</b>		
Money for which the company is contingently liable	2.00	2.00
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	2,690.23	389.11

### 40 Leases

#### A) Break-up of current and non-current lease liabilities:

The following is the break-up of current and non-current lease liabilities as at March 31, 2020:

Particulars	As at 31-March-2020
a) Current lease liabilities	104.26
b) Non current lease liabilities	407.02
<b>Total</b>	<b>511.28</b>

#### B) Movement in Lease liabilities :

The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	As at 31-March-2020
Balance as on 1st April 2019	-
Reclassified on account of adoption of IND AS 116	704.88
Additions	570.01
Finance costs accrued during the period	51.01
Payment of Lease liabilities	814.62
<b>Balance as on 31st March 2020</b>	<b>511.28</b>

#### C) The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Rs. in lacs

Particulars	As at 31-March-2020
i) Less than one Year	104.26
ii) One to five years	383.51
iii) More than five years	237.75
<b>Total</b>	<b>725.52</b>



**Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :**

**D) The impact of changes in accounting policy on account of adoption of Ind AS 116 is as follows.**

Particulars	As at 31-March-2020
Increase in lease liability by	511.28
Increase in rights of use by (including reclassifications)	1,505.73
Increase/(Decrease) in finance cost by	51.01
Increase/(Decrease) in depreciation by	103.52

**E) Amounts recognized in profit or loss**

Particulars	Apr 19 To Mar 20
Interest on lease liabilities	51.01

**F) Amounts recognized in cash flow statements**

Particulars	Apr 19 To Mar 20
Total cash outflows for leases - principle repayments	763.61
Total cash outflows for leases - interest repayments	51.01
<b>Total</b>	<b>814.62</b>

**41 OPERATING SEGMENT:**

The operations of the company relate to only one segment which is Electrical and Electronic products for two/three wheelers and engines. The Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and assess its performance, the entire operations are to be classified as a single business segment. The geographical segments considered for disclosure are – India and Rest of the World. All the manufacturing facilities are located in India. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

**Geographical Information**

Revenue and receivables are specified by location of customers while the other geographic information is specified by the location of the assets. The following table presents revenue, expenditure and assets information regarding the Company's geographical segments:

Particulars	Rs. in lacs	
	Apr'19 To Mar'20	Apr'18 To Mar'19
<b>Revenue from Operations:</b>		
India	46,429.87	50,249.30
Rest of the World	1,451.05	2,271.91
<b>Segment Assets:</b>		
India	51,904.02	50,458.43
Rest of the World	967.71	590.44
<b>Capital Expenditure:</b>		
India	1,778.30	1,540.87
Rest of the World	87.30	-

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :

#### 42 Amount of dividend paid and proposed to Equity share holders

Rs. in lacs

Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
Dividends on Equity shares declared and paid:		
Interim dividend for the year ended 31 March 2020, Rs.10.75 ^ per share (31 March 2019, Rs. 6.5 per share)	2,431.83	1,470.39
Dividend tax paid on the above	499.86	302.24
Proposed dividends on Equity shares*:		
Second interim and final dividend for the year ended 31 March 2020, is Nil (PY: Rs. 4 per share)	-	904.86

\* First and second interim dividend for FY 19-20 is declared and paid. Proposed dividend on equity shares are not recognised as a liability (including DDT thereon) as at 31 March 2019.

^ includes second interim dividend of FY 18-19 of Rs.4/- per share.

#### 43 NOTE ON EARNINGS PER SHARE:

Rs. in lacs

Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
Profit after tax (A) (Rs. in Lacs)	5,520.13	5,950.89
Number of equity shares of Rs.5 each at the beginning of the year	2,26,21,424	2,26,21,424
Number of equity shares of Rs.5 each at the end of the year (B)	2,26,21,424	2,26,21,424
Earnings per share (basic and diluted in Rupees) (A/B)	24.40	26.31

#### 44 DETAILS OF CSR EXPENDITURE:

Rs. in lacs

Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
a. Gross amount required to be spent by the Company during the year	120.00	92.00
b. Amount spent during the year on:		
<b>Category</b>		
(i) Construction/Acquisition of Asset:		
In cash	- NIL -	- NIL -
Yet to be paid in cash	22.42	- NIL -
(ii) On purposes other than (i) above		
In cash	97.58	92.00
Yet to be paid in cash	- NIL -	- NIL -



**Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued :**

**45 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:**

Rs. in lacs

<b>Particulars</b>	<b>As at 31- Mar-2020</b>	<b>As at 31- Mar-2019</b>
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,765.37	2,064.91
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Micro, Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of confirmations from such parties collected by the Management till date.

- 46** The company has assessed the impact of COVID-19 on its financial statement based on the internal and external information, to the extent known and available, up to the date of approval of these financial statements and expects to recover the carrying amounts of investments, inventories, trade receivables, other financial assets and other assets.

**47 Approval of Financial Statements:**

The standalone financial statements were approved for issue by the board of directors on June 27, 2020.

For and on behalf of board

**T K BALAJI**  
Chairman

**Arvind Balaji**  
Managing Director

**ELANGO SRINIVASAN**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place: Chennai  
Date: 27- June, 2020

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Standalone Financial Statements for the year ended March 31, 2020 - Continued : STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013, RELATING TO SUBSIDIARY COMPANY

1	Name of the Subsidiary	P T Automotive Systems Indonesia	
2	Reporting period for the subsidiary concerned	1-Apr-2019 To 31-Mar-2020	
3	The date since when the Subsidiary was acquired	01-Jul-06	
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Currency : IDR Exchange rate: 1 INR = IDR 217.10 (Balance Sheet) 1 INR = IDR 201.04 (Profit and Loss)	
		<b>Amount in Indonesian Rupiah</b>	<b>Equivalent amount in Indian Rupees</b>
		<b>As on 31-March-2020</b>	
5	Share Capital	24,69,43,28,700	12,08,38,266
6	Reserves & Surplus	2,90,24,04,414	62,78,353
7	Total Assets	27,84,80,43,409	12,82,74,210
8	Total Liabilities	27,84,80,43,409	12,82,74,210
9	Investments	- NIL -	- NIL -
10	Turnover	- NIL -	- NIL -
11	Profit before Taxation	1,64,61,51,849	81,88,327
12	Provision for Taxation	3,25,48,875	1,61,905
13	Profit after Taxation	1,61,36,02,974	80,26,422
14	Proposed Dividend	- NIL -	- NIL -
15	% of share holding	99.97%	

Note: PT Automotive Systems Indonesia is yet to commence operations

For and on behalf of board

**T K BALAJI**

Chairman

**Arvind Balaji**

Managing Director

**ELANGO SRINIVASAN**

Chief Financial Officer

**G Venkatram**

Company Secretary

Place: Chennai

Date: 27-June-2020



## INDEPENDENT AUDITOR'S REPORT

### To The Members of Indian Nippon Electricals Limited

#### Report on the Audit of the Consolidated Financial Statement

##### Opinion

We have audited the accompanying consolidated financial statements of India Nippon Electricals Limited (the Parent Company") and its subsidiary, (the Parent and its subsidiary together referred to as "the Group") which includes the Group's share of loss in its associate (upto March 30, 2020), which comprise the Consolidated Balance Sheet as at 31 March 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of subsidiary and associate referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

##### Key Audit Matters

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

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report and related Annexures and Report on Corporate Governance, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Director's report and related Annexures and Corporate Governance Report are expected to be made available to us after the date of this auditor's report.
- Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available, compare with the financial statements of the subsidiary and associate audited by the other auditors, to the extent it relates to these entities and, in doing

## INDIA NIPPON ELECTRICALS LIMITED

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so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to subsidiary and associate, is traced from their financial statements audited by the other auditors.

- When we read the Director's report and related Annexures and Report on Corporate Governance, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

### Management's Responsibility for the Consolidated Financial Statements

The Parent's 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 including its Associate 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 and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate 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, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management 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 and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

### 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 has adequate internal financial controls system in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate 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 and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent 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.

### **Other Matters**

(a) We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of Rs. 1,282 lakhs as at 31 March 2020 and total revenue of Rs. Nil and net cash inflows amounting to Rs 82 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 166.09 lakhs for the year ended 31 March, 2020 (upto March 30, 2020 post which the investment in associate was sold) as considered in the consolidated Ind AS financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associate, our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associate is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.



# INDIA NIPPON ELECTRICALS LIMITED

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary and associate entity referred to in the Other Matters section above we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Parent as on 31 March, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of the associate company incorporated in India, none of the directors of the Group company and its associate company incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent 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 and its associate.
    - ii) The Group and its associate 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. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the associate company incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Place : Chennai  
Date: 27-June-2020

**Ananthi Amarnath**  
(Partner)  
(Membership No. 209252)



## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March, 2020, we have audited the internal financial controls over financial reporting of India Nippon Electricals Limited (hereinafter referred to as “Parent”) The Company has only one subsidiary, PT Automotive Systems Indonesia, which is a company incorporated outside India and therefore reporting on the adequacy and operating effectiveness of Internal Financial Controls over Financial Reporting, is not applicable to the said subsidiary. Hence, this Report on the Internal Financial Controls over Financial Reporting relating to the Consolidated Financial Statements relates solely to the Parent Company.

#### Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Parent are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the

## INDIA NIPPON ELECTRICALS LIMITED

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assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Parent, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Place : Chennai  
Date: 27-June-2020

**Ananthi Amarnath**

(Partner)

(Membership No. 209252)

UDIN:20209252AAAAGJ1897



## **CONSOLIDATED ACCOUNTS**

# INDIA NIPPON ELECTRICALS LIMITED

## BALANCE SHEET (CONSOLIDATED) AS AT 31-MARCH-2020

Rs. in lacs				
S.No.	Particulars	Note No.	As at 31-Mar-2020	As at 31-Mar-2019
<b>1</b>	<b>ASSETS</b>			
<b>1.1</b>	<b>Non-current assets</b>			
a)	Property, Plant and Equipment	4.1	6,039.78	5,905.35
b)	Capital Work-in-progress		1,324.46	685.36
c)	Investment Property	4.2	513.13	541.00
d)	Intangible Assets	4.3	155.70	174.25
e)	Right-of-use assets	4.4	1,402.21	-
f)	Financial Assets			
	(i) Investments	5	11,872.51	12,606.34
	(ii) Loans	6	88.50	93.49
	(iii) Others financial assets	7	43.33	40.90
g)	Other Non-current Assets	8	466.44	1,105.36
	<b>Non-current Assets - Total</b>		<b>21,906.06</b>	<b>21,152.05</b>
<b>1.2</b>	<b>Current assets</b>			
a)	Inventories	9	3,868.45	3,533.75
b)	Financial Assets			
	(i) Investments	10	14,308.48	13,477.24
	(ii) Trade Receivables	11	8,813.13	10,397.86
	(iii) Cash and cash equivalents	12.1	1,369.23	609.81
	(iv) Other bank balances	12.2	1,473.21	772.83
	(v) Others financial assets	13	98.04	99.87
c)	Other Current assets	14	602.31	398.57
	<b>Current Assets - Total</b>		<b>30,532.85</b>	<b>29,289.93</b>
1.3	Assets classified as held for sale	4.1	507.58	526.74
	<b>Current Assets - Total</b>		<b>31,040.43</b>	<b>29,816.67</b>
	<b>Assets - Total</b>		<b>52,946.49</b>	<b>50,968.72</b>



Rs. in lacs

S.No.	Particulars	Note No.	As at 31-Mar-2020	As at 31-Mar-2019
<b>2</b>	<b>EQUITY AND LIABILITIES</b>			
<b>2.1</b>	<b>EQUITY:</b>			
a)	Equity Share Capital	15	1,131.07	1,131.07
b)	Other Equity	-	40,848.24	38,910.40
	<b>Equity - Total</b>		<b>41,979.31</b>	<b>40,041.47</b>
<b>2.2</b>	<b>LIABILITIES</b>			
<b>2.2.1</b>	<b>Non-current liabilities</b>			
a)	Financial Liabilities			
	(i) Lease Liabilities	40	407.02	-
b)	Provisions	16	377.41	346.00
c)	Deferred Tax Liability (Net)	17	671.51	261.54
	<b>Non-current Liabilities - Total</b>		<b>1,455.94</b>	<b>607.54</b>
<b>2.2.2</b>	<b>Current Liabilities</b>			
a)	Financial Liabilities			
	(i) Trade payables			
	Total outstanding dues to micro enterprises and small enterprises	18	1,765.37	2,064.91
	Total outstanding dues to other than micro enterprises and small enterprises		5,838.54	5,461.92
	(ii) Lease Liabilities	40	104.26	-
	(iii) Others financial liabilities	19	369.73	1,085.19
b)	Provisions	20	70.50	88.64
c)	Current tax liabilities (Net)	21	159.99	171.31
d)	Other current liabilities	22	1,202.85	1,447.74
	<b>Total Current Liabilities</b>		<b>9,511.24</b>	<b>10,319.71</b>
	<b>Equity and Liabilities - Total</b>		<b>52,946.49</b>	<b>50,968.72</b>

See accompanying notes to Consolidated Financial Statements

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

**Ananthi Amarnath**  
Partner

**For and on behalf of the Board of Directors**

**T K Balaji**  
Chairman

**Arvind Balaji**  
Managing Director

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : June 27, 2020

Place : Chennai  
Date : June 27, 2020

# INDIA NIPPON ELECTRICALS LIMITED

## STATEMENT OF PROFIT AND LOSS (CONSOLIDATION) FOR THE YEAR ENDED 31-MARCH-2020

		Rs. in lacs		
S.No.	Particulars	Note No.	Apr'19 To Mar'20	Apr'18 To Mar'19
I	Revenue from Operations	23	47,880.92	52,521.21
II	Other Income	24	2,628.73	1,466.94
III	<b>TOTAL INCOME</b>		<b>50,509.65</b>	<b>53,988.15</b>
IV	<b>EXPENSES</b>			
	Cost of Material Consumed	25	31,431.07	34,229.27
	Changes in inventories of Finished Goods and Work-in-Progress	26	29.09	(48.73)
	Other Operating Expenses	27	2,287.63	2,260.46
	Employee Benefit Expenses	28	6,040.29	5,748.79
	Finance Costs	29	55.98	8.25
	Depreciation and Amortisation Expenses	4.1- 4.4	940.76	772.98
	Other Expenses	30	2,434.08	2,619.37
	<b>TOTAL EXPENSES</b>		<b>43,218.90</b>	<b>45,590.39</b>
V	Profit before Tax - (I - IV)		7,290.75	8,397.76
VI	Share of Net (Loss) of Associate & Others:			
	(1) Share of (Loss) - Non-Controlling Interests		(0.01)	(0.01)
	(2) Share of (Loss) on non-integral interest - Associate		(166.09)	(102.94)
VII	Profit Before Tax (V - VI)		<b>7,124.65</b>	<b>8,294.81</b>
VIII	<b>TAX EXPENSES:</b>			
	(1) Current Tax	32.1	1,733.83	2,221.29
	(2) Deferred Tax	32.1	(43.47)	219.21
			<b>1,690.36</b>	<b>2,440.50</b>
IX	Profit for the year (VII - VIII)		<b>5,434.29</b>	<b>5,854.31</b>
X	<b>OTHER COMPREHENSIVE INCOME (OCI):</b>			
	A (i) Items that will not be reclassified to Profit or Loss	31	(39.74)	1,974.55
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(453.44)	(287.84)
	<b>Total other comprehensive (loss) / income for the year, net of tax</b>		<b>(493.18)</b>	<b>1,686.71</b>
XI	<b>Total Comprehensive Income for the year (IX+X) (Comprising Profit for the year and other comprehensive (loss) / income)</b>		<b>4,941.11</b>	<b>7,541.02</b>
XII	<b>Profits attributable to :</b>			
	Owners of the Company		5,434.30	5,854.32
	Non-controlling interests		(0.01)	(0.01)
			<b>5,434.29</b>	<b>5,854.31</b>
XIII	<b>Total Comprehensive Income attributable to :</b>			
	Owners of the Company		4,941.12	7,541.03
	Non-controlling interests		(0.01)	(0.01)
			<b>4,941.11</b>	<b>7,541.02</b>
XIV	<b>Earnings per equity share</b>			
	1. Basic	43	24.02	25.88
	2. Diluted	43	24.02	25.88

See accompanying notes to Consolidated Financial Statements

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

**Ananthi Amarnath**  
Partner

For and on behalf of the Board of Directors

**T K Balaji**  
Chairman

**Arvind Balaji**  
Managing Director

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : June 27, 2020

Place : Chennai  
Date : June 27, 2020



## STATEMENT OF CASH FLOWS (CONSOLIDATION) FOR THE YEAR ENDED 31-MARCH-2020

Rs. in lacs

S.No.	Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
<b>A.</b>	<b>Cash flows from Operating Activities:</b>		
	Net Profit before tax	7,290.75	8,397.76
	Adjustments for		
	<b>Add/(Less):</b> - Depreciation and amortization expenses	940.76	772.98
	- Dividend Income recognised in profit or loss	(213.03)	(210.70)
	- Interest Income recognised in profit or loss	(230.77)	(229.26)
	- Increase in Fair value of investments	(422.59)	(348.81)
	- Profit on sale of investments(net)	(447.32)	(594.11)
	- Profit on sale of land	(1,164.91)	-
	- Property, plant and equipment written off	1.72	3.31
	- Investments written off	20.32	114.53
	- Advances written off	-	4.05
	- Finance costs recognised in profit or loss	55.98	8.25
	- Share of loss of associates	166.09	102.94
	- Net unrealised exchange (gain)	(5.20)	(24.76)
	<b>Operating Profit before Working Capital changes</b>	<b>5,991.80</b>	<b>7,996.18</b>
	Adjustments for (increase) / decrease in operating assets:		
	- Loans	4.99	(0.51)
	- Other Non-current Financial Assets	(2.43)	(1.44)
	- Other Non-current assets	(0.81)	(919.84)
	- Trade Receivables	1,584.73	(1,067.22)
	- Inventories	(334.70)	(406.61)
	- Other Current Financial Assets	6.02	2.83
	- Other Current assets	(203.74)	(121.74)
	Adjustments for increase / (decrease) in operating liabilities:		
	- Trade Payables	77.08	(112.27)
	- Other Financial Liabilities	(10.58)	799.15
	- Other Liabilities	(244.89)	(60.17)
	- Non-current Provisions	31.41	85.40
	- Current Provisions	15.40	(125.20)
	Cash generated from operations	6,914.28	6,068.56
	Income taxes paid	(1,745.15)	(2,437.97)
	<b>Net Cash generated by Operating Activities (A)</b>	<b>5,169.13</b>	<b>3,630.59</b>
<b>B.</b>	<b>Cash flows from Investing Activities:</b>		
	Purchase of Property, Plant & Equipment (including CWIP)	(1,837.99)	(1,555.11)
	Acquisition of investments	(44,542.80)	(14,622.64)
	Proceeds on sale of land	1,184.06	-
	Proceeds on sale of investments	44,799.07	13,825.22
	Interest Received	226.58	238.97
	Dividend Received	213.03	210.70
	Increase / (decrease) in bank balances not considered as cash and cash equivalents	(700.38)	234.74
	<b>Net Cash used in Investing Activities (B)</b>	<b>(658.43)</b>	<b>(1,668.12)</b>



## INDIA NIPPON ELECTRICALS LIMITED

		Rs. in lacs	
S.No.	Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
<b>C.</b>	<b>Cash flows from Financing Activities:</b>		
	Payment of lease liabilities	(763.61)	-
	Finance costs (Including interest on lease payments)	(55.98)	(8.25)
	Dividends and taxes on dividend paid	(2,931.69)	1,772.63
	<b>Net Cash used in Financing Activities (C)</b>	<b>(3,751.28)</b>	<b>(1,780.88)</b>
<b>D.</b>	Net Increase / (decrease) in Cash and Cash Equivalents (A+B+C)	759.42	181.59
<b>E.</b>	Add : Cash & Cash Equivalents as at beginning of the year - Refer Note 12.1	609.81	428.22
<b>F.</b>	Cash & Cash Equivalents as at end of the year - Refer Note 12.1	1,369.23	609.81

Note: The above Cash Flow Statement has been prepared under Indirect method as set out in Ind AS 7 on Cash Flow Statement.

See accompanying notes to Consolidated Financial Statements

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

**Ananthi Amarnath**  
Partner

**For and on behalf of the Board of Directors**

**T K Balaji**  
Chairman

**Arvind Balaji**  
Managing Director

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : June 27, 2020

Place : Chennai  
Date : June 27, 2020



## STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED) FOR THE YEAR ENDED 31-MARCH-2020

### Equity Share Capital

Particulars	No.of.Shares	Rs. in lacs
		Amount
Equity shares of Rs. 5 each issued, subscribed and fully paid		
As at 01-April-2018	2,26,21,424	1,131.07
<b>Add:</b> Issued during the year	-	-
As at 31-March-2019	2,26,21,424	1,131.07
<b>Add:</b> Issued during the year	-	-
As at 31-March-2020	<b>2,26,21,424</b>	<b>1,131.07</b>

### Other Equity

Rs. in lacs

Particulars	Reserves and Surplus			Other Comprehensive Income		Total Equity attributable to equity share holder	Non - controlling interests	Total
	Capital Redemption Reserve	Retained Earnings	General Reserve	Exchange differences on translating statements of foreign operation	Other items of Other Comprehensive Income			
<b>Balance as of April 1, 2018</b>	<b>39.56</b>	<b>23,140.70</b>	<b>6,866.57</b>	<b>(73.57)</b>	<b>3,134.84</b>	<b>33,108.11</b>	<b>0.37</b>	<b>33,108.48</b>
<b>Changes in the equity for the year March 31, 2019</b>								
Dividends	-	(1,470.39)	-	-	-	(1,470.39)	-	(1,470.39)
Dividend Tax	-	(302.24)	-	-	-	(302.24)	-	(302.24)
Profits for the year	-	5,854.32	-	-	-	5,854.32	(0.01)	5,854.32
Other Comprehensive Income	-	-	-	-	1,686.71	1,686.71	-	1,686.71
Transfer to General Reserve	-	-	-	-	-	-	-	-
Exchange difference on translation of foreign operation	-	-	-	33.53	-	33.53	-	33.53
<b>Balance as of March 31, 2019</b>	<b>39.56</b>	<b>27,222.39</b>	<b>6,866.57</b>	<b>(40.04)</b>	<b>4,821.55</b>	<b>38,910.04</b>	<b>0.36</b>	<b>38,910.40</b>

<b>Balance as of April 1, 2019</b>	<b>39.56</b>	<b>27,222.39</b>	<b>6,866.57</b>	<b>(40.04)</b>	<b>4,821.55</b>	<b>38,910.04</b>	<b>0.36</b>	<b>38,910.40</b>
<b>Changes in the equity for the year March 31, 2020</b>								
Dividends	-	(2,431.83)	-	-	-	(2,431.83)	-	(2,431.83)
Dividend Tax	-	(499.86)	-	-	-	(499.86)	-	(499.86)
Profits for the year	-	5,434.29	-	-	-	5,434.29	(0.01)	5,434.28
Other Comprehensive Income	-	-	-	-	(493.18)	(493.18)	-	(493.18)
Exchange difference on translation of foreign operation	-	-	-	(71.57)	-	(71.57)	-	(71.57)
<b>Balance as of March 31, 2020</b>	<b>39.56</b>	<b>25,643.30</b>	<b>10,948.26</b>	<b>(111.61)</b>	<b>4,328.37</b>	<b>40,847.89</b>	<b>0.35</b>	<b>40,848.24</b>

## INDIA NIPPON ELECTRICALS LIMITED

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### **Additional Disclosures:**

#### **General Reserve:**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purpose. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

#### **Retained Earnings:**

The amount that can be distributed by the company as dividends to its equity Members is determined based on the separate financial statements of the company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

#### **Reserve for equity instruments through other comprehensive income:**

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed of.

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

**Ananthi Amarnath**  
Partner

Place : Chennai  
Date : June 27, 2020

### **For and on behalf of the Board of Directors**

**T K Balaji**  
Chairman

**Arvind Balaji**  
Managing Director

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary

Place : Chennai  
Date : June 27, 2020



## Notes to the Consolidated Financial Statements for the year ended March 31, 2020:

### 1) Company overview and significant Accounting Policies:

India Nippon Electricals Ltd. ("the Company"/ Parent Company) is a public limited company incorporated and domiciled in India and has its registered office at No.11 & 13, Patullos Road, Chennai-600 002, Tamilnadu, India.

The shares of the Company are listed on the BSE Limited and National Stock Exchange of India Ltd.

The Company is a leading manufacturer of Ignition Systems for auto industry with special focus on two-wheeler industry in technical collaboration with Mahle Electric Drives Japan Corporation, Japan. In addition to the support from the collaborators, the Company has a developed Research & Development centre recognised by DSIR, Govt of India. The Company has four manufacturing facilities in India and supplies to domestic as well as overseas markets.

The Company has a foreign direct investment in PT Automotive Systems Indonesia ("PTASI") which is a subsidiary company established based on Notarial Deed DR. A, Partomuan Pohan, SH., LL.M., No. 9 dated April 12, 2006 which was approved by the Ministry of Law and Human Rights on May 1, 2006 No. C-12416 HT.01.01.TH.2006. The scope of activities comprises producing and marketing on two and three wheels components and spare parts, for Domestic and Export Market. However, no operations have been commenced since inception.

### 2) Basis of preparation of Financial Statements:

The notes provide a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented unless otherwise stated. The financial statements are for the Group consisting of Parent company and its subsidiary PTASI ("the Group"). Also, refer note 2 (v).

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value, the provisions of The Companies Act, 2013 (The Act) and where applicable, the guidelines issued by the Securities and Exchange Board of India (SEBI). The IND AS.s are notified under Section 133 of the Act, Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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

- (i) Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 resulting in recognition of right of use assets for an amount of Rs. 570 Lakhs and measured the lease liabilities at an equal amount as on the date of transition and hence no impact to reserves. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Further, land taken on lease in the previous year has been reclassified to Right-of-use asset amounting to Rs. 936 lakhs. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2020. "
- (ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On 30 March 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from 1 April 2019. The Group has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

- (iii) On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from April 1, 2019. The Group has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.
- (iv) On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from 1 April 2019. The Group has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

#### Use of estimates:

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

The areas involving critical estimates or judgments are:

- i) **Estimation of fair value of unlisted securities** - The fair value of unlisted securities is determined using the valuation techniques. The 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



## Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

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 group estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from the historical amounts.

### 3) Significant Accounting Policies:

#### a) Current and Non-current classification:

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

- i) expected to be realized or intended to be sold or consumed in the normal operating cycle
- ii) held primarily for the purpose of trading
- iii) expected to be realized within twelve months after the reporting period.

A liability is treated as current when:

- i) it is expected to be settled in the normal operating cycle
- ii) it is held primarily for the purpose of trading
- iii) it is due to be settled within twelve months after the reporting period, or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

#### b) Revenue Recognition:

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

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group ; and
- the costs incurred or to be incurred in respect of the transactions can be measured reliably. The group accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the reliable 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."

#### Interest income

Income in the form of dividends and interest – Please refer to note no. 3 (o)

#### c) Property, Plant & Equipment:

Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred up to the date the asset is ready for its intended use. However, cost excludes Excise Duty, Value Added Tax and Service Tax, 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 group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

#### d) Depreciation and Amortization:

- i) Depreciation on tangible fixed assets (other than land) is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shift) as evaluated by the Management, on straight line method, in accordance with Part A of Schedule II to the Companies Act 2013 less the number of years the asset had been used prior to 1st April, 2015.
- ii) Tools and dies are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of two years.
- iii) On tangible fixed assets added / disposed of during the year, depreciation is charged on pro-rata basis from the date of addition or till the date of disposal
- iv) The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

#### e) Intangible Assets:



## Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

- i) Intangible assets include cost of acquired software, license and technical know how. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use.
- ii) Expenditure on projects which are not yet ready for intended use are carried as intangible assets under development.
- iii) Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.
- iv) Intangible assets are amortized on the following basis:
  - a) Softwares - Over a period of five years
  - b) SAP - Over a period of ten years
  - c) Licenses - Over a period of two to three years
  - d) Technical Knowhow - Over a period of five years

### f) Impairment of Assets:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

### g) Foreign currency translation:

#### i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the group operates ('the functional currency'). i.e. in Indian rupee (INR).

#### ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates
- b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.



## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

- c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.
- d) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

#### **h) Inventories:**

- i) Inventories are valued at the lower of cost and net realisable value.
- ii) Cost of raw materials, components, stores, spares, work-in-process and finished goods are ascertained at weighted average cost.
- iii) Cost of finished goods and work-in-process comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

#### **i) Employee benefits:**

##### **i) Short term obligations:**

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

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

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

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

##### **iii) Post-employment obligation:**

Payments to defined contribution retirement benefit schemes (provident fund & superannuation) are charged as an expense as they fall due for defined benefit schemes (Gratuity), the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in Other Comprehensive Income for the period in which they occur.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the scheme.

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

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

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

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

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

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

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

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

### k) Provisions and Contingent Liabilities:

#### i) Provisions:

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

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

#### ii) Contingent Liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability. The Group does not recognise a contingent liability but discloses its existence in Financial Statements.

#### **l) Cash & Cash equivalents:**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

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

##### **i) Classification:**

The Group classifies its financial assets in the following categories:

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

##### **ii) Measurement:**

At Initial recognition, the 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 recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.

##### **iii) Debt instruments:**

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

##### **iv) Amortized cost:**

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

##### **v) Fair value through Other Comprehensive Income:**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding company FVTOCI debt instrument is reported as interest income using the EIR method.

### vi) Fair value through Profit & Loss:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### vii) Equity Instruments:

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

### viii) Derecognition:

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

- The rights to receive cash flows from the asset have expired, or
- 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 (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) 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 pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the 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.

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

#### ix) Impairment of Financial Assets:

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk.

#### n) Financial Liabilities:

##### i) Classification

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

##### ii) Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

##### iii) Financial liabilities at fair value through profit or loss :

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

##### iv) Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 – "Financial Instruments" are satisfied. For liabilities designated as Fair Value through Profit and Loss ("FVTPL"), fair value gains/ losses attributable to changes in own credit risk are recognized in Other Comprehensive Income ("OCI"). These gains/loss are not subsequently transferred to the Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Group has not designated any financial liability as at fair value through profit or loss.

##### v) Derecognition:

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



## Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

### vi) Offsetting of financial instruments:

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

### vii) Equity instruments:

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

### o) Income Recognition

#### i) Interest Income:

Generally, interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the 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.

#### ii) Dividends:

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

#### iii) Export benefits:

Export benefits in the nature of Merchandise Exports from India Scheme (MEIS) under Foreign Trade Policy are recognised in the Statement of Profit and Loss when there is no uncertainty in receiving / utilizing the same, taking into consideration the prevailing regulations.

### p) Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year including potential equity shares, if any, on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

### q) Cash flow Statements:

Cash flow statements are prepared using the indirect method whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into Operating, Investing and Financing activities of the Group.

### r) Dividends Paid:

Final dividends on shares are recorded as a liability on the date of approval by the Members and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Parent Group.

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

#### s) Operating Segment:

The Chief Operational Decision Maker (MD) monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss reported by the segment periodically. The operations of the Group relate to only one segment which is Electronic products for two/three wheelers and engines.

#### t) Leases:

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

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

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

#### Under Ind AS 17:

In the comparative period, Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

All other leases are classified as operating leases. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.





## Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

### u) Expenditure on Corporate Social Responsibility (CSR)

The Group accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss account.

### v) Principles of Consolidation:

Name of the Company	Country of Incorporation	% shareholding of INEL	Category
1. P T Automotive Systems Indonesia	Indonesia	99.97%	Subsidiary
2. Synergy Shakthi Renewable Energy Pvt Ltd (consolidated upto March 30, 2020)	India	40.00%	Associate

#### INVESTMENT IN PT AUTOMOTIVE SYSTEMS INDONESIA (SUBSIDIARY):

The financial statements of PT Automotive Systems Indonesia have been audited by the auditors qualified to conduct audit in accordance with the laws of Indonesia

The consolidated financial statement of the Group and its subsidiary have been prepared on a line by line consolidation by adding the book values of the like items of assets, liabilities, income and expenditure as per the respective audited financial statements of the respective Group.

In translating the financial statements of the foreign entity for incorporation in the consolidated financial statements, the assets and liabilities are translated at the exchange rates prevailing at the date of the Balance Sheet of the Subsidiary except Share Capital and income and expenditure items are translated at the average of the monthly closing rates of exchange for the year. The resulting exchange difference is classified as "Foreign Exchange Translation Reserve".

The consolidated financial statements have been prepared using uniform accounting policies for transactions and other events in similar circumstances, and where there is divergence in policies in the subsidiary's statements have been restated in accordance with the holding Group's policies. The consolidated financial statements are presented to the extent possible, in the manner as the Group's individual financial statements.

#### INVESTMENT IN SYNERGY SHAKTHI RENEWABLE ENERGY PVT LTD (ASSOCIATE):

As required by Indian Accounting Standard 28, Investments in Associates and Joint ventures in Consolidated Financial Statement of the Group is accounted for its share of losses of the associate under the 'Equity' method of accounting.

After the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

This investment has been sold to Lucas TVS on March 30, 2020 and therefore, consolidation has been done upto said date.



## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

#### .4.1. Property, Plant & Equipment

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31-March-2020:

Rs. in lacs

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 01-April-2019	713.03	1,347.51	5,376.62	211.53	215.74	44.16	7,908.59
Additions	-	236.00	560.98	61.53	65.71	3.79	928.01
Deletions	-	-	18.33	-	0.80	3.91	23.04
<b>Gross carrying value as on 31-March-2020 = (A)</b>	<b>713.03</b>	<b>1,583.51</b>	<b>5,919.27</b>	<b>273.06</b>	<b>280.65</b>	<b>44.04</b>	<b>8,813.56</b>
Accumulated depreciation as on 01-April-2019	-	218.00	1,620.31	66.15	82.32	16.46	2,003.24
Depreciation	-	98.50	608.95	28.43	48.23	6.42	790.53
Accumulated depreciation on deletions	-	-	16.85	-	0.75	2.39	19.99
<b>Accumulated depreciation as on 31-March-2020 = (B)</b>	<b>-</b>	<b>316.50</b>	<b>2,212.41</b>	<b>94.58</b>	<b>129.80</b>	<b>20.49</b>	<b>2,773.78</b>
<b>Carrying value as on 31-March-2020 = (A - B)</b>	<b>713.03</b>	<b>1,267.01</b>	<b>3,706.86</b>	<b>178.48</b>	<b>150.85</b>	<b>23.55</b>	<b>6,039.78</b>

Following are the changes in the carrying value of Property, Plant & Equipments for the year ended 31-March-2019:

Particulars	Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross carrying value as on 01-April-2018	1,766.53	1,170.81	4,236.77	160.39	128.18	41.03	7,503.71
Additions	14.24	176.70	1,183.72	51.20	87.96	3.41	1,517.23
Deletions	-	-	43.87	0.06	0.40	0.28	44.61
Transfer to Investment property	541.00	-	-	-	-	-	541.00
Transfer to Assets held for Sale (Refer Note 1)	526.74	-	-	-	-	-	526.74
<b>Gross carrying value as on 31-March-2019 = (A)</b>	<b>713.03</b>	<b>1,347.51</b>	<b>5,376.62</b>	<b>211.53</b>	<b>215.74</b>	<b>44.16</b>	<b>7,908.59</b>
Accumulated depreciation as on 01-April-2018	-	131.90	1,082.14	42.04	47.37	11.64	1,315.09
Depreciation	-	86.10	579.05	24.11	35.17	5.02	729.45
Accumulated depreciation on deletions	-	-	40.88	-	0.22	0.20	41.30
<b>Accumulated depreciation as on 31-March-2019 = (B)</b>	<b>-</b>	<b>218.00</b>	<b>1,620.31</b>	<b>66.15</b>	<b>82.32</b>	<b>16.46</b>	<b>2,003.24</b>
<b>Carrying value as on 31-March-2019 = (A - B)</b>	<b>713.03</b>	<b>1,129.51</b>	<b>3,756.31</b>	<b>145.38</b>	<b>133.42</b>	<b>27.70</b>	<b>5,905.35</b>

Note 1 - Represents cost of land approved by the Board of Directors of Parent Company for disposal, which is reclassified as "Asset held for sale".



Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

**4.2. Investment Property:**

Following are the changes in the carrying value of Right to use assets for the year ended 31-March-2020: Rs. in lacs

Particulars	Land	Total
Gross carrying value as on 01-April-2018	541.00	541.00
Additions	-	24.66
Disposals	27.87	27.87
<b>Carrying value as on 31-Mar-2019 = (A)</b>	<b>513.13</b>	<b>513.13</b>
Accumulated amortization as on 01-April-2019	-	-
Transfer from PPE	541.00	541.00
Disposals	-	-
<b>Carrying value as on 31-March-2020 = (A - B)</b>	<b>541.00</b>	<b>541.00</b>

**4.3. Intangible Asset:**

Following are the changes in the carrying value of Intangible assets for the year ended 31-March-2020: Rs. in lacs

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 01-April-2019	69.24	177.66	42.08	33.32	322.30
Additions	-	-	28.14	-	28.14
<b>Gross carrying value as on 31-March-2020 = (A)</b>	<b>69.24</b>	<b>177.66</b>	<b>70.22</b>	<b>33.32</b>	<b>350.44</b>
Accumulated amortization as on 01-April-2019	44.52	58.21	13.68	31.64	148.05
Amortization	14.67	17.76	12.58	1.68	46.69
<b>Accumulated amortization as on 31-Mar-2020 = (B)</b>	<b>59.19</b>	<b>75.97</b>	<b>26.26</b>	<b>33.32</b>	<b>194.74</b>
<b>Carrying value as on 31-March-2020 = (A - B)</b>	<b>10.05</b>	<b>101.69</b>	<b>43.96</b>	<b>-</b>	<b>155.70</b>

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

Following are the changes in the carrying value of Intangible assets for the year ended 31-March-2019:

Particulars	Softwares	SAP	Licenses	Technical Knowhow	Total
Gross carrying value as on 01-April-2018	66.83	177.66	19.83	33.32	297.64
Additions	2.41	-	22.25	-	24.66
<b>Gross carrying value as on 31-March-2019 = (A)</b>	<b>69.24</b>	<b>177.66</b>	<b>42.08</b>	<b>33.32</b>	<b>322.30</b>
Accumulated depreciation as on 01-April-2018	31.50	39.26	10.03	23.73	104.52
Amortization	13.02	18.95	3.65	7.91	43.53
<b>Accumulated depreciation as on 31-March-2019 = (B)</b>	<b>44.52</b>	<b>58.21</b>	<b>13.68</b>	<b>31.64</b>	<b>148.05</b>
<b>Carrying value as on 31-March-2019</b>	<b>24.72</b>	<b>119.45</b>	<b>28.40</b>	<b>1.68</b>	<b>174.25</b>

**Note:** Amortization expense is included in depreciation and amortization expenses in the Statement of Profit and Loss Account.

#### 4.4. Right to Use Assets:

Following are the changes in the carrying value of Right to use assets for the year ended 31-March-2020:

Rs. in Lacs

Particulars	Leasehold Land	Leasehold Buildings	Total
Gross carrying value as on 01-April-2019		-	-
Reclassification from Land lease pre payments (Note 8 (c ))	935.72	-	935.72
Additions	485.79	84.22	570.01
<b>Gross carrying value as on 31-Mar-2020 = (A)</b>	<b>1,421.51</b>	<b>84.22</b>	<b>1,505.73</b>
<b>Accumulated amortization as on 01-April-2019</b>			
Amortisation charge during the year	71.98	31.54	103.52
<b>Accumulated amortization as on 31-Mar-2020 = (B)</b>	<b>71.98</b>	<b>31.54</b>	<b>103.52</b>
<b>Carrying value as on 31-Mar-2020 = (A - B)</b>	<b>1,349.53</b>	<b>52.68</b>	<b>1,402.21</b>

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:  
5 NON-CURRENT INVESTMENTS - UNQUOTED:

Note No.	Particulars	Subsidiary/ Associate/ Others	Face value	No. of Shares/ Units	As at 31-March-2020	No. of Shares/ Units	As at 31-March-2019
(a)	<b>Investments in Equity instruments fully paid up</b>						
	<b>equity method of accounting (Refer Note-3):</b>						
	Synergy Shakti Renewable Energy Pvt Ltd (net of impairment in value)	Associate	10	18,000,000	362.99 (362.99)	18,000,000	1,201.00 (838.01) 362.99
	Less: Share of Accumulated Losses in Associate Net Value of Investment in Synergy Shakti Renewable Energy Pvt Ltd						
	<b>ii) Investment carried at fair value through other comprehensive income:</b>						
	Lucas TVS Ltd	Others	100	97,351	9,181.17	97,351	9,187.37
	IRIS Ecopower Venture Private Limited	Others	10	2,93,400	29.34	258,400	25.84
					<b>9,210.51</b>		<b>9,576.20</b>
(b)	<b>Investments in Debentures or Bonds</b>						
	<b>Investment carried at Amortised cost:</b>						
	National Highways Authority of India			12,362	123.62	12,362	123.62
	Huaco Taxfree Bonds			50,000	530.89	50,000	530.89
	Indian Railway Finance Corporation Ltd	Others	1000	50,000	500.00	50,000	500.00
	India Infrastructure Finance Corporation Ltd			50,000	500.00	50,000	500.00
	Power Finance Corporation Limited Series 1			50,000	500.00	50,000	500.00
					<b>2,154.51</b>		<b>2,154.51</b>
(c)	<b>Investments in Venture capital Funds</b>						
	<b>Investment carried at fair value through profit and loss:</b>						
	TVS Shriram Growth Fund Scheme 1A			2,118	-	250	12.87
	TVS Shriram Growth Fund Scheme 1B		1,000	547	0.01	16,204	562.76
	TVS Shriram Growth Fund Scheme 3	Others		18,000	330.00	10,000	100.00
	Sundaram Alternative Opportunities series			185	1,77.48	200	200.00
					<b>507.49</b>		<b>875.63</b>
(d)	<b>Investment in Mutual Funds:</b>						
	<b>Investment carried at fair value through profit and loss:</b>						
	ICI Prudential FMP Series 73-391 days Plan Growth Regular	Others	10	-	-	-	-
					<b>11,872.51</b>		<b>12,606.34</b>

**Note 1 - Other disclosures**

Aggregate value of Un-quoted investments - Carried at FVTOCI  
Aggregate value of Un-quoted investments - Carried at FVTPL  
Aggregate value of Un-quoted investments - Carried at Amortised cost  
**Aggregate carrying value of Un-quoted investments**  
Aggregate amount of impairment in value of investments

9,573.50  
507.49  
2,154.51  
**12,235.50**

9,576.20  
875.63  
2,154.51  
**12,606.34**

**Note 2 - Financial information in respect of individually not material associate (upto March 30, 2020):**

The Group's share of profit (loss)  
The Group's share of other comprehensive income  
The Group's share of total comprehensive income  
Aggregate carrying amount of the Group's interests in the associate  
Cumulative share of loss of the associate

8,294.81  
-  
8,294.81  
-  
(362.99)

(102.95)  
(102.95)  
362.99  
(838.01)

**Note 3 - Accounting Treatment of Synergy Shakti Renewable Energy Private Limited (SSREPL):**

The group sold its investment in Synergy Shakti Renewable Energy Pvt Ltd (SSREPL), an associate, for Rs. 196.20 lakhs on March 30, 2020. The group's share of total accumulated loss in the books of SSREPL upto date of sale amounted to Rs. 729.33 lakhs. However, considering the principles of Ind AS 28, recognition of loss has been restricted to the carrying value in books as on date of sale.



## INDIA NIPPON ELECTRICALS LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

Note No.	Particulars	Rs. in lacs	
		As at 31-March-2020	As at 31-March-2019
<b>6</b>	<b>LOANS (Unsecured and considered good):</b>		
	Loans & Advances to employees	88.50	93.49
		<b>88.50</b>	<b>93.49</b>
<b>7</b>	<b>OTHER FINANCIAL ASSETS:</b>		
	Bank deposits with more than 12 months maturity	43.33	40.90
		<b>43.33</b>	<b>40.90</b>
<b>8</b>	<b>OTHER NON-CURRENT ASSETS</b>		
	<b>(Unsecured and considered good unless otherwise stated):</b>		
	a) Capital Advance	395.57	110.09
	b) Sundry Deposits	70.87	70.06
	c) Land Lease Prepayments (Refer Note 3 (f) )	-	925.21
		<b>466.44</b>	<b>1,105.36</b>
<b>9</b>	<b>INVENTORIES:</b>		
	<b>(Lower of Cost and Net realisable value)</b>		
	a) Raw Materials	2,479.67	2,318.92
	b) Raw Materials - Goods in Transit	398.71	195.56
	c) Work in Progress	331.19	278.21
	d) Finished Goods	537.54	512.16
	e) Finished Goods in Transit	120.56	228.01
	f) Stores and Spares	0.78	0.89
		<b>3,868.45</b>	<b>3,533.75</b>

The cost of inventories recognised as an expense during the year was Rs. 31,460.16 lakhs (for the year ended March 31, 2019: Rs. 34,180.54 lakhs)



Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

10 CURRENT INVESTMENTS - UNQUOTED:

Particulars	Subsidiary/ Associate/ Others	Face value	No. of Units		As at		Rs. in lacs
			31-March-2020	31-March-2019	31-March-2020	31-March-2019	
<b>INVESTMENT IN MUTUAL FUNDS</b>							
<b>Investment carried at fair value through profit and loss:</b>							
Axis Short Term Instant Growth		10	94,56,821	94,56,821	2,093.67	94,56,821	1,913.31
Birla Sun Life Short Term Fund - Regular Growth Plan		50	15,22,237	15,22,237	1,191.22	15,22,237	1,091.12
Aditya Birla SL Equity Savings - Growth		10	19,41,788	19,41,788	241.56	19,41,788	258.45
ICICI Prudential Short Term Regular - Monthly Dividend		10	-	-	-	14,81,543	180.04
ICICI Pru Short-Term Regular Growth	Others	30	29,36,810	29,36,810	1,238.43	29,36,810	1,134.66
ICICI Prudential Equity Income-Growth		10	19,94,613	19,94,613	253.52	19,94,613	274.66
IDFC SSI Medium -term Regular - Quarterly Dividend		10	-	-	-	38,72,665	421.62
IDFC SSI Medium -term Regular Growth		20	16,59,189	16,59,189	566.52	16,59,189	518.09
IDFC SSI ST Regular Growth		30	33,43,087	33,43,087	1,388.81	33,43,087	1,273.03
Kotak Bond Short Term Plan - Growth		20	33,97,377	33,97,377	1,291.01	33,97,377	1,183.53
Reliance Short Term Fund - Growth		20	32,58,368	32,58,368	1,230.85	32,58,368	1,131.75
Kotak Equity Arbitrage Reg-Growth		20	-	-	-	25,11,910	662.70
Aditya Birla SL Liquid-Growth		100	-	-	-	1,00,502	300.51
ICICI Pru Liquid Plan - Growth		100	-	-	-	1,09,104	300.49
ICICI Pru Saving - Growth		300	3,80,071	3,80,071	1,472.20	3,11,634	1,117.92
Kotak Liquid Reg-Growth		1,000	17,654	17,654	706.26	-	-
Kotak Treasury Advantage - Growth		20	45,53,571	45,53,571	1,461.40	37,33,536	1,119.00
HDFC HOF Series 1 - Growth		10	10,00,000	10,00,000	63.17	10,00,000	95.44
Sundaram Money Direct-Growth		10	2,44,660	2,44,660	102.44	5,08,397	200.37
SBI Premier Liquid - Growth		1,000	-	-	-	10,306	300.55
IDFC Arbitrage fund G - Direct plan		10	9,77,227	9,77,227	251.45	-	-
ICICI prudential equity Arbitrage Fund G - Direct Plan		10	9,34,279	9,34,279	252.09	-	-
Aditya Birla sun life Arbitrage Fund G - Direct Plan		10	12,03,265	12,03,265	251.81	-	-
Kotak Equity Arbitrage Reg-G Direct		10	8,67,173	8,67,173	252.08	-	-
					<b>14,308.48</b>		<b>13,477.24</b>
Aggregate provision for diminution in value of investments					-		-
					<b>14,308.48</b>		<b>14,308.48</b>

Aggregate value of Unquoted investments - carried at FVTPL

14,308.48

13,477.24

Aggregate carrying value of Un-quoted investments

14,308.48

13,477.24

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

Rs. in la

Note No.	Particulars	As at 31-March-2020	As at 31-March-2019
<b>11</b>	<b>TRADE RECEIVABLES:</b>		
a	Trade Receivables - Unsecured		
	- Considered good	8,813.13	10,397.86
		<b>8,813.13</b>	<b>10,397.86</b>

The average credit period on sale of goods is 45 days. No interest is charged on overdue trade receivables. Out of total trade receivables as at 31 March 2020, Rs. 7,817.05 lakhs (previous year Rs. 8,929.37 lakhs) represent receivable from customers who represent more than 5 % of total receivables.

The Group's receivables are predominantly from its related parties and large Original Equipment Manufacturers. The Group has not incurred any loss due to bad debts in earlier years, therefore, there is no credit risk and thus no allowance for expected credit losses have been made. Also refer Note 38 (a) (i) to the consolidated financial statements for the year ended March 31, 2020.

Rs. in lacs

Note No.	Particulars	As at 31-March-2020	As at 31-March-2019
<b>12.1</b>	<b>CASH &amp; CASH EQUIVALENTS:</b>		
a	Balance with banks		
	- In current Account	1,363.63	607.64
b	Cash in hand	5.60	2.17
		<b>1,369.23</b>	<b>609.81</b>
<b>12.2</b>	<b>OTHER BANK BALANCES:</b>		
	- in Fixed deposit	1,404.90	715.92
	- in Deposit account ( Dividend Warrant)	68.31	56.91
		<b>1,473.21</b>	<b>772.83</b>
<b>13</b>	<b>OTHER FINANCIAL ASSETS:</b>		
a	Interest Accrued on deposits and employee dues	88.05	83.86
b	Duty draw back receivable	1.05	4.79
c	Insurance claim receivable	8.94	11.22
		<b>98.04</b>	<b>99.87</b>
<b>14</b>	<b>OTHER CURRENT ASSETS:</b>		
a	<b>Advances other than Capital Advances:</b>		
	- Vendor Advance	452.86	202.49
	- Rental & Others	7.65	8.51
b	<b>Others:</b>		
	- Prepaid expenses	114.25	150.07
	- Receivable - Others	27.55	37.50
		<b>602.31</b>	<b>398.57</b>



**Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:**

**15 SHARE CAPITAL:**

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

- e Rights attached to equity shares: The Company has only one class of equity shares having par value of Re.5 per share ( March 31, 2019 - Rs.5/-). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

During the year ended March 31, 2020, the amount of per share dividend recognized as distributions to equity Members was Rs. 10.75/- (March 31, 2019: Rs.6.5/-). Also Refer Note 42.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential payments. The distribution will be in proportion to the number of equity shares held by the Members.

**f Number of shares held by share holders more than 5% of total shares**

Name of the Share holder	nos. current yr	nos. previous yr
Lucas Indian Service Ltd, India	10,377,332	10,377,332
Percentage held	45.87%	45.87%
Mahle Electric Drives Japan Corpn., Japan (formerly Kokusan Denki Co Ltd, Japan)	1,641,000	4,641,000
Percentage held	7.26%	20.52%
Mahle Holding (India) Private Limited	30,00,000	-
Percentage held	13.26%	-

**Note:** During the year Mahle Electric Drives Japan Corporation has transferred 30,00,000 equity shares to Mahle Holding (India) Private Limited, accordingly share holding has been disclosed in the current year.



## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

Note No.	Particulars	Rs. in lacs	
		As at 31-March-2020	As at 31-March-2019
<b>16</b>	<b>NON-CURRENT PROVISIONS:</b>		
	Provision for employee benefits:		
	- Compensated absences	377.41	346.60
		<b>377.41</b>	<b>346.00</b>
<b>17</b>	<b>Deferred Tax Liability:</b>		
	Deferred Tax Liability (Net) - Refer Note 32.3	671.51	261.54
		<b>671.51</b>	<b>261.54</b>
<b>18</b>	<b>TRADE PAYABLES:</b>		
	Total outstanding dues to micro enterprises and small enterprises (Refer Note 45)	1,765.37	2,064.91
	Total outstanding dues to other than micro enterprises and small enterprises	5,838.54	5,461.92
		<b>7,603.91</b>	<b>7,526.83</b>
<b>19</b>	<b>OTHER FINANCIAL LIABILITIES:</b>		
a	Unpaid Dividend	68.46	57.06
b	Earnest Money Deposit	79.12	58.05
c	Commission to Directors	222.15	265.20
d	Payables for Purchase of Land on Lease (Refer note 40)	-	704.88
		<b>369.73</b>	<b>1,085.19</b>
<b>20</b>	<b>CURRENT PROVISIONS:</b>		
a	Provisions for employee benefits:		
	- Compensated absences	57.47	62.63
b	Others:		
	- Provision for Warranty (Note Below)	13.03	26.01
		<b>70.50</b>	<b>88.64</b>
<b>Note:</b>	<b>Product Warranty:</b>		
	Opening Balance	26.01	101.36
	Additions	-	-
	Excess written back	-	(40.24)
	Utilizations	(12.98)	(35.11)
	<b>Closing Balance</b>	<b>13.03</b>	<b>26.01</b>
<b>21</b>	<b>CURRENT TAX LIABILITIES:</b>		
a	Income Tax Payable - Net of advance taxes	159.99	171.31
		<b>159.99</b>	<b>171.31</b>



Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

Note No.	Particulars	Rs. in lacs	
		As at 31-March-2020	As at 31-March-2019
<b>22</b>	<b>OTHER CURRENT LIABILITIES:</b>		
a	Goods and Service Tax payable	307.18	488.55
b	Tax Deducted at source/Tax Collected at Source	67.61	59.40
c	Professional Tax / PF / ESI payable	41.41	36.19
d	Other payable (refer Details below)	786.65	863.60
		<b>1,202.85</b>	<b>1,447.74</b>

Details of other payable:

**22 (d) Other Payables:**

a	Provision - Customer	571.53	670.36
b	Tool Advance Payable	20.15	42.51
c	Gratuity - (Refer Note 34)	185.01	130.23
d	Other Liabilities	9.96	20.50
		<b>786.65</b>	<b>863.60</b>

## INDIA NIPPON ELECTRICALS LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

Rs. in lacs

Note No.	Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
<b>23</b>	<b>REVENUE FROM OPERATIONS:</b>		
	<b>Sale of Products:</b>		
a	Export Sales	1,451.05	2,271.91
b	Domestic Sales	46,384.21	50,429.35
		<b>47,835.26</b>	<b>52,701.26</b>
c	Discount to Customers (Turnover Discount)	(412.17)	(639.81)
		<b>47,423.09</b>	<b>52,061.45</b>
d	Other operating revenues		
	- Export benefits	81.08	101.14
	- Scrap sales and others	376.75	358.62
		<b>47,880.92</b>	<b>52,521.21</b>

**23.1 Disaggregated revenue information:**

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the 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 which is Electrical and Electronic products for two/three wheelers and engines. Refer Note 41.

**23.2 Trade Receivables and Contract Balances**

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

**23.3 Transaction price allocated to the remaining performance obligation:**

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

**23.4 Information about major customers :**

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

Name of the Customers	Apr'19 To Mar'20	Apr'18 To Mar'19
Company A	23,117.46	25,469.19
Company B	11,958.02	13,096.29
Company C	4,130.52	5,452.85
Others*	8,629.26	8,682.92
	<b>47,835.26</b>	<b>52,701.26</b>

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



Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

Rs. in lacs

Note No.	Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
<b>24</b>	<b>OTHER INCOME:</b>		
a	Interest Income earned on financial assets that are not designated as fair value through profit and loss:		
	i) Bank deposits (at amortised cost)	50.70	53.02
	ii) Investments (at amortized cost)	179.71	175.84
	iii) Other financial assets (at amortized cost)	0.36	0.40
b	Dividend Income from equity investments	213.03	210.70
c	Other Non-operating income	43.47	59.30
d	Other gains and losses		
	i) Net gain on sale of investments (carried at FVTPL)	447.32	594.11
	ii) Net gain on sale of land (carried at cost)	1,164.91	-
	iii) Net gain on foreign currency transactions	106.64	24.76
	iv) Increase in fair value of investments (carried at FVPTL)	422.59	348.81
		<b>2,628.73</b>	<b>1,466.94</b>
<b>25</b>	<b>COST OF MATERIALS CONSUMED:</b>		
a	Opening Stock of Raw Materials	2,514.49	2,156.54
b	<b>Add:</b> Purchases	31,794.96	34,587.21
		<b>34,309.45</b>	<b>36,743.75</b>
c	<b>Less:</b> Closing stock of Raw Materials	2,878.38	2,514.48
		<b>31,431.07</b>	<b>34,229.27</b>
<b>26</b>	<b>CHANGE IN INVENTORIES:</b>		
	<b>Inventories at the end of the period</b>		
	Finished Goods	658.10	740.17
	Work-in-Progress	331.19	278.21
		<b>989.29</b>	<b>1,018.38</b>
	<b>Inventories at the begning of the period</b>		
	Finished Goods	740.17	627.29
	Work-in-Progress	278.21	342.36
		<b>1,018.38</b>	<b>969.65</b>
	<b>Net (Increase) / Reduction</b>	<b>29.09</b>	<b>(48.73)</b>
<b>27</b>	<b>OTHER OPERATING EXPENSES:</b>		
a	Stores & Other Consumables	814.54	727.79
b	Power & Fuel	597.82	650.89
c	Repairs to Building	215.29	225.48
d	Repairs to Machinery	329.89	357.36
e	Repairs Others	146.68	127.92
f	Royalty/Technical Know-how / Support Fees	11.19	37.46
g	Others	172.22	133.56
		<b>2,287.63</b>	<b>2,260.46</b>
<b>28</b>	<b>EMPLOYEE BENEFIT EXPENSES:</b>		
a	Salaries & Wages	4,951.69	4,709.69
b	Contribution to Provident and other funds (Refer Note 33 & 34)	326.68	279.56
c	Staff Welfare expenses	761.92	759.54
		<b>6,040.29</b>	<b>5,748.79</b>

## INDIA NIPPON ELECTRICALS LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

		Rs. in lacs	
Note No.	Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
<b>29</b>	<b>FINANCE COSTS:</b>		
a	Bank Charges	4.97	8.25
b	Interest on Lease expenses - Refer note 40 (E)	51.01	-
		<b>55.98</b>	<b>8.25</b>
<b>30</b>	<b>OTHER EXPENSES:</b>		
a	Rent	-	116.50
b	Repairs to Vehicles	7.95	8.88
c	Insurance	53.40	47.81
d	Rates and Taxes (Excluding taxes on income)	32.87	19.60
e	Communication Expenses	50.31	73.31
f	Postage, Printing & Stationery	35.71	42.78
g	Sitting Fees	17.20	13.20
h	Travelling and Conveyance Expenses	233.81	256.29
i	Legal and Professional Charges	252.53	455.80
j	Management Charges (Refer Note 35)	527.03	309.71
k	Donation	3.63	3.56
l	Corporate Social Responsibility (Refer Note 44)	120.00	92.00
m	Recruitment Expenses	15.96	9.14
n	Remuneration to Watch and Ward	120.15	114.93
o	Commisson to Directors	222.19	265.20
p	After Sales service expenses (Warranty)	24.86	-
q	Exchange Fluctuation	-	57.17
r	Freight Outwards	252.72	235.99
s	Advertisement	4.94	6.07
t	Land Lease Prepayments Amortization	-	4.91
u	Sales promotion	227.62	169.97
v	<b>Audit Fees:</b>		
a)	Statutory Auditors:		
i)	Statutory Audit	13.50	12.00
ii)	Tax Audit	2.25	2.00
iii)	Other Attestation Matters	6.20	4.75
iv)	Other Services	-	-
v)	Reimbursement of Expenses	2.57	3.17
b)	Cost Audit	3.16	2.50
c)	Secretarial Audit	1.75	1.75
d)	Reimbursement - Other audits	0.62	1.34
w	Investment written off	20.32	114.53
x	Estate Service Fee	18.95	18.46
y	Miscellaneous Expenses	161.88	156.05
		<b>2,434.08</b>	<b>2,619.37</b>
<b>31</b>	<b>ITEMS WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:</b>		
	Increase/(decrease) in Fair Value of Investments	(6.20)	2,057.41
	Remeasurement of the defined benefit plan	(33.54)	(82.86)
	Increase/(decrease) of DTA on fair value investments	(465.16)	(316.79)
	Increase/(decrease) of DTA on defined benefit plan	11.72	28.95
		<b>(493.18)</b>	<b>1,686.71</b>



Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

Rs. in lacs

Note No.	Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
<b>32</b>	<b>INCOME TAXES AND DEFERRED TAXES:</b>		
<b>32.1</b>	<b>Income tax expense in the statement of profit and loss comprise:</b>		
	Current taxes	1,733.83	2,221.29
	Deferred taxes	(43.47)	219.21
	<b>Income tax expense</b>	<b>1,690.36</b>	<b>2,440.50</b>
	The income tax expense for the year can be reconciled to the accounting profit as follows:		
	Profit before income taxes	7,124.65	8,294.81
	Applicable tax rates *	34.944%	34.944%
	Tax expenses using Company's applicable rate*	2,489.64	2,898.54
	Effect on expenses that are not deductible in determining taxable profit	35.30	33.55
	Effect of income that is exempt from taxation	(137.24)	(216.33)
	Effect of different tax rates for long term capital gains	(568.62)	(138.32)
	Effect of concessions on Research and Development expenses	(155.06)	(160.81)
	Effect of unused tax losses pertaining to Associate not recognised as deferred tax assets	-	35.97
	Effect of different tax rates of subsidiary operating in jurisdiction other than India	31.05	(2.30)
	Others - Permanent differences	(4.71)	(9.81)
	<b>Total</b>	<b>1,690.36</b>	<b>2,440.50</b>

\* The tax rate used for the 2019-2020 and 2018-2019 reconciliations above is the Corporate tax rate of 30%, applicable surcharge and cess payable by corporate entities in India on taxable profits under the India Law.

**32.2 Income Tax on Other Comprehensive Income**

Deferred taxes on Remeasurement of defined benefit obligation	11.72	28.95
Deferred taxes on Fair value measurements of investments	(465.16)	(316.79)
<b>Total</b>	<b>(453.44)</b>	<b>(287.84)</b>

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

Particulars	Apr'19 To Mar'20			
	Opening Balance	Recognised in Profit & Loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax assets:</b>				
Rebates and discounts	59.99	-	-	59.99
Leave encashment	142.79	9.17	-	151.96
Early separation scheme	0.10	(0.09)	-	0.01
Investments in Subsidiary & Associate	893.80	-	(465.16)	428.64
Gratuity	90.10	(57.32)	11.72	44.50
Bonus	95.43	(22.52)	-	72.91
Others and provisions	39.69	28.56	-	68.25
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(308.28)	14.38	-	(293.90)
Investments other than above	(1,275.16)	71.29	-	(1,203.87)
<b>Net deferred tax assets / (liabilities)</b>	<b>(261.54)</b>	<b>43.47</b>	<b>(453.44)</b>	<b>(671.51)</b>

## INDIA NIPPON ELECTRICALS LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

Rs. in lacs

Particulars	Apr'18 To Mar'19			Closing balance
	Opening Balance	Recognised in Profit & Loss	Recognised in OCI	
<b>Tax effect of items constituting deferred tax assets:</b>				
Rebates and discounts	59.41	0.58	-	59.99
Leave encashment	120.61	22.18	-	142.79
Early separation scheme	1.26	(1.16)	-	0.10
Investments in Subsidiary & Associate	775.86	-	117.94	893.80
Gratuity	55.08	6.07	28.95	90.10
Bonus	38.91	56.52	-	95.43
Others and provisions	59.71	(20.02)	-	39.69
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(74.60)	(233.68)	-	(308.28)
Investments other than above	(790.73)	(49.70)	(434.73)	(1,275.16)
<b>Net deferred tax assets / (liabilities)</b>	<b>245.51</b>	<b>(219.21)</b>	<b>(287.84)</b>	<b>(261.54)</b>

### 33 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 thereon 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.

The Group recognised Rs.248.14 Lacs (LY-217.20 Lacs) for Provident Fund and superannuation fund contribution in the statement of profit and loss.

##### 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. The amount recognised as an expense towards contribution to Employee state Insurance for the year aggregated to Rs. 4.75 lacs (March 31, 2019: Rs. 7.47 lacs) and is included in "Staff Welfare Expenses".



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**Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:**

**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.

In respect of the above plans, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2020 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.



## INDIA NIPPON ELECTRICALS LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

34 The following table set out the status of the gratuity plan and the amount recognised in the consolidated financial statement as at March 31, 2020 and March 31, 2019

Particulars	Rs. in lacs	
	For the Year Ended 31-Mar-2020	For the Year Ended 31-Mar-2019
<b>Net Employee benefit expense recognized in the employee cost in statement of profit &amp; loss account</b>		
Current service cost	60.42	50.14
Interest cost on benefit obligation	74.83	62.70
Expected return on plan assets	(66.87)	(57.95)
<b>Sub Total</b>	<b>68.38</b>	<b>54.89</b>
<b>Recognised in Other Comprehensive Income</b>		
Net actuarial (gain)/loss recognized in the year		
i. Demographic Assumptions on obligation	-	-
ii. Financial Assumptions on obligation	-	-
iii. Experience Adjustments on obligation	33.54	81.22
iv. Financial Assumptions on plan assets	(4.26)	1.63
<b>Sub Total</b>	<b>29.28</b>	<b>82.85</b>
<b>Net benefit expense</b>	<b>97.66</b>	<b>137.74</b>
<b>Balance Sheet</b>		
<b>Benefit asset / liability</b>		
Present value of defined benefit obligation	1,167.40	1,011.71
Fair value of plan assets	982.38	881.48
<b>Assets / (Liability) recognized in the balance sheet</b>	<b>(185.02)</b>	<b>(130.23)</b>
<b>Change in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	1,022.43	847.37
Benefits paid	(17.37)	(19.01)
<b>Expenses Recognised in Statement of Profit and Loss Account</b>		
Current service cost	60.42	50.14
Past service cost	-	-
Interest cost on benefit obligation	74.83	62.70
<b>Recognised in Other Comprehensive Income</b>		
Actuarial (gain)/loss on obligation	37.80	81.23
<b>Closing defined benefit obligation</b>	<b>1,178.11</b>	<b>1,022.43</b>
<b>Change in the fair value of plan assets</b>		
Opening fair value of plan assets	881.48	703.87
Contributions by employer	47.14	140.29
Contributions transfer in	-	-
Benefits paid	(17.37)	(19.01)
<b>Expenses Recognised in Profit and Loss Account</b>		
Expected return	66.87	57.95
<b>Recognised in Other Comprehensive Income</b>		
Actuarial (gain) / loss on plan assets	4.26	(1.62)
<b>Closing fair value of plan assets</b>	<b>982.38</b>	<b>881.48</b>

Investment details of the plan assets: Company has deposited with Life Insurance Corporation of India (Group gratuity policy)



Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

Rs. in lacs

Particulars	For the Year Ended 31-Mar-2020	For the Year Ended 31-Mar-2019
<b>Assumptions</b>		
Discount Rate (%)	6.53%	7.46%
Estimated Rate of Return on Plan Assets	6.53%	7.58%
Attrition Rate	7.00%	6.00%
Expected rate of salary increase (%)	6.00%	7.00%
Expected Average Remaining Service (years)	9.70	10.60

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**The expected future cashflows in respect of gratuity were as follows:**

Particulars	For the Year Ended 31-Mar-2020	For the Year Ended 31-Mar-2019
Within 1 year	101.65	68.31
1 - 2 years	94.61	87.22
2 - 3 years	98.63	72.90
3 - 4 years	143.37	77.93
4 - 5 years	126.75	123.86
Above 5 years	584.28	533.21

**Sensitivity Analyses**

A. Discount Rate + 50 BP	7.03%	7.96%
Defined Benefit Obligation [PVO]	11,26,93,700	9,72,61,836
Current Service Cost	63,32,191	57,78,567
B. Discount Rate - 50 BP	6.03%	6.96%
Defined Benefit Obligation [PVO]	12,10,32,325	10,53,39,877
Current Service Cost	68,68,903	63,25,850
C. Salary Escalation Rate +50 BP	6.50%	7.50%
Defined Benefit Obligation [PVO]	12,11,39,621	10,54,12,803
Current Service Cost	68,76,746	63,18,640
D. Salary Escalation Rate -50 BP	5.50%	6.50%
Defined Benefit Obligation [PVO]	11,25,55,470	9,71,54,631
Current Service Cost	63,21,353	57,67,633

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

#### 35 Related Party Disclosures:

##### 35.1 a) Related Parties and their relationship where control exists:

Joint Venturers of the Parent Company	: Lucas Indian Service Ltd (LIS) Mahle Electric Drives Japan Corpn. (MEDJC) (formerly Kokusan Denki Co, Ltd, Japan) Mahle Holding (India) Private Limited
Ultimate Parents of Joint Venturers of the Company	: T V Sundram Iyengar & Sons Private Limited Mahle GmbH
Associate of the Group	: Synergy Shakthi Renewable Energy Pvt. Ltd., (SSREPL) - Upto March 30, 2020

##### b) Related Parties and their relationship where transaction exists:

Relatives of Ultimate Parent Company	: Sundaram Clayton Limited Sundaram Fastners Limited TVS Motor Company Limited TVS Capital Funds Private Limited
Entities in which KMP has significant influence	: Lucas TVS Limited Delphi TVS Technologies Limited TVS Educational Society
Entities in which Director(s) are interested	: India Japan Lighting Private Limited - upto Dec 27, 2019 Subbaraya Aiyar, Padmanabhan and Ramamani Advocates

##### c) Key Managerial Personnel:

Key Managerial Personnel (KMP)	: Mr Arvind Balaji - Managing Director Mr Elango Srinivasan - Chief Financial Officer Mr G Venkatram - Company Secretary
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Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:  
**35.2 Disclosure in respect of transactions and balances with related parties.**

Rs. in lacs

Description	Joint Ventures of the company		Subsidiary of the Company		Relatives of Ultimate Parent		Enterprise in which KMP has significant influence		Associate of the Group (upto March 30, 2020)		Key Managerial Person		Entities in which Director(s) are interested	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Transactions during the Year</b>														
<b>MAHLE ELECTRIC DRIVES JAPAN CORPORATION</b>														
Support fee	-	3.27												
Royalty	34.41	43.86												
Purchase of Raw Materials	-	21.41												
Travel Reimbursement	-	1.20												
Dividend paid	498.91	301.67												
Sales	15.78	16.44												
<b>LUCAS INDIAN SERVICE LTD</b>														
Sales	1,788.55	1,648.81												
Rent	22.64	20.82												
Dividend paid	1,115.56	674.53												
<b>MAHLE HOLDING (INDIA) PVT LTD</b>														
Expenses reimbursed	0.27					0.12								
<b>LUCAS TVS LTD</b>														
Sales	-	-						458.40		381.11				
Sale of SSREPL investment								196.20		-				
Purchase of raw materials								130.35		-				
Rent paid	-	-						89.17		89.17				
Expenses reimbursed	-	-						378.83		394.33				
Travel reimbursements received	-	-						33.27		8.23				
Payment for services received	-	-						591.09		574.79				
Dividend received	-	-						184.97		184.97				
<b>TVS MOTOR COMPANY LTD</b>														
Sales	-	-				29,699.32		32,553.00		-				
Purchase of Raw Materials	-	-						25.13		-				
<b>SUNDARAM CLAYTON LIMITED</b>														
Services received	-	-				6.20		6.60		-				
<b>SUNDRAM FASTNERS LIMITED</b>														
Purchase of raw materials	-	-				442.42		515.09		-				
<b>DELPHI TVS TECHNOLOGIES LIMITED</b>														
Sales	-	-												54.74
<b>INDIA-JAPAN LIGHTING PVT LTD</b>														
	-	-												



**Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:**

Description	Joint Venturers of the company		Subsidiary of the Company		Relatives of Ultimate Parent		Enterprise in which KMP has significant influence		Associate of the Group (upto March 30, 2020)		Key Managerial Person		Entities in which Director(s) are interested	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs. in lacs													
Transactions during the Year														
Sales	-	-	-	-	-	-	-	-	-	-	-	-	157.93	90.70
<b>TVS EDUCATIONAL SOCIETY</b>														
Reimbursement received	-	-	-	-	-	-	9.76	-	-	-	-	-	-	-
Services received	-	-	-	-	-	-	878.83	814.65	-	-	-	-	-	-
<b>TVS CAPITAL FUNDS PRIVATE LIMITED</b>														
Investment in funds	-	-	-	-	230.00	-	-	-	-	-	-	-	-	-
Redemption of funds	-	-	-	-	167.16	255.01	-	-	-	-	-	-	-	-
Increase in fair value	-	-	-	-	-	104.25	-	-	-	-	-	-	-	-
Decrease in fair value	-	-	-	-	408.45	-	-	-	-	-	-	-	-	-
Other capital receipts	-	-	-	-	138.89	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	1.18	1.01	-	-	-	-	-	-	-	-
<b>SUBBARAYYA AIVAR PADBHANABHAN AND RAMAMANI, ADVOCATES</b>														
Services received	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00
<b>KMP</b>														
Remuneration paid (Short-term employee benefits):	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr Arvind Balaji - Managing Director	-	-	-	-	-	-	-	-	-	-	276.04	289.96	-	-
Mr Elango Srinivasan - Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	51.18	51.18	-	-
Mr G Venkatram - Company Secretary (w.e.f May 08, 2018)	-	-	-	-	-	-	-	-	-	-	25.30	20.00	-	-
Mr S Sampath - Company Secretary (till May 08, 2018)	-	-	-	-	-	-	-	-	-	-	-	2.55	-	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:  
 36.2 Disclosure in respect of transactions and balances with related parties - Continued :

Description	Joint Venturers of the company		Subsidiary of the Company		Relatives of Ultimate Parent		Enterprise in which KMP has significant influence		Associate of the Company		Key Managerial Person		Entities in which Director(s) are interested	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs. in lacs													
<b>Balances as at year end</b>														
<b>Trade Payables:</b>														
Lucas Indian Service Ltd	1.92	1.59	-	-	-	-	-	-	-	-	-	-	-	-
Lucas Tvs Ltd	-	-	-	-	-	-	113.95	155.13	-	-	-	-	-	-
Sundaram Clayton Limited	-	-	-	-	1.48	1.33	-	-	-	-	-	-	-	-
Mahle Electric Drives Japan Corporation	16.86	1.01	-	-	-	-	-	-	-	-	-	-	-	-
Sundaram Fastners Limited	-	-	-	-	85.56	-	-	-	-	-	-	-	-	-
Subbarayya Aiyar	-	-	-	-	-	-	-	-	-	-	-	-	-	9.00
Padbhanabhan And	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ramamani, Advocates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tvs Educational Society	-	-	-	-	-	-	0.02	31.95	-	-	-	-	-	-
<b>Other Financial Liabilities:</b>														
KMP (Commission payable)	-	-	-	-	-	-	-	-	-	-	167.00	196.50	-	-
<b>Trade Receivables:</b>														
Lucas Indian Service Ltd	207.15	383.02	-	-	-	-	-	-	-	-	-	-	-	-
India Japan Lighting Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	9.05
Delphi Tvs Technologies Limited	-	-	-	-	-	-	-	6.73	-	-	-	-	-	-
Tvs Motor Company Ltd	-	-	-	-	5,861.29	5,523.05	-	-	-	-	-	-	-	-
Mahle Electric Drives Japan Corporation	-	16.68	-	-	-	-	-	-	-	-	-	-	-	-
Lucas Tvs Ltd	-	-	-	-	-	-	270.26	90.67	-	-	-	-	-	-
<b>Investments in Equity Shares:</b>														
Synergy Sakthi Renewable Energy Private Limited	-	-	-	-	-	-	-	-	-	362.99	-	-	-	-
Lucas Tvs Ltd	-	-	-	-	9,181.17	9,187.37	-	-	-	-	-	-	-	-
<b>Investments in Venture Capital Fund:</b>														
Tvs Capital Funds Private Limited	-	-	-	-	330.01	675.63	-	-	-	-	-	-	-	-



## INDIA NIPPON ELECTRICALS LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

### 36 EXPENDITURE ON R&D:

Description	Rs. in lacs	
	Apr'19 To Mar'20	Apr'18 To Mar'19
(a) Capital (Refer Note 1 below)	20.55	280.75
(b) Revenue: (Refer Note 2 below)		
Salary	518.72	438.99
Electricity	19.65	15.52
Travel	58.49	41.47
Outsourcing	1.33	3.04
Revenue & Others	297.63	154.07
	<b>895.82</b>	<b>653.09</b>
	<b>916.37</b>	<b>933.84</b>

#### Total R & D expenditure (a) + (b)

Note 1 - This expenditure is included in additions for the year. Refer Note 4.1 and 4.2 to the financial statements.  
Note 2 - This expenditure are included in the respective head under Other Expenses. Refer Note 30 to the financial statements.

### 37 FINANCIAL INSTRUMENTS

The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

Particulars	Amortised Cost	FVTPL	FVOCI	Rs. In lacs	
				Total carrying value	Total fair value
<b>Financial assets</b>					
Investments					
Equity Shares	-	-	9,210.51	9,210.51	9,210.51
Mutual Funds and Bonds	2,154.51	14,815.97	-	16,970.48	17,138.77
Trade receivables	8,813.13	-	-	8,813.13	8,813.13
Loans	88.50	-	-	88.50	88.50
Cash and cash equivalents	1,369.23	-	-	1,369.23	1,369.23
Other bank balances	1,473.21	-	-	1,473.21	1,473.21
Other Financial Assets	141.37	-	-	141.37	141.37
<b>Total</b>	<b>14,039.95</b>	<b>14,815.97</b>	<b>9,210.51</b>	<b>38,066.43</b>	<b>38,234.72</b>
<b>Financial liabilities</b>					
Trade payables	7,603.91	-	-	7,603.91	7,603.91
Lease Liability	511.28	-	-	511.28	511.28
Other Financial Liabilities	369.73	-	-	369.73	369.73
<b>Total</b>	<b>8,484.92</b>	<b>-</b>	<b>-</b>	<b>8,484.92</b>	<b>8,484.92</b>

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

Particulars	Amortised Cost	FVTPL	FVOCI	Rs. In lacss	
				Total carrying value	Total fair value
<b>Financial assets</b>					
Investments					
Equity Shares	362.99	-	9,213.21	9,576.20	9,576.20
Mutual Funds and Bonds	2,154.51	14,352.87	-	16,507.38	16,603.84
Trade receivables	10,397.86	-	-	10,397.86	10,397.86
Loans	93.49	-	-	93.49	93.49
Cash and cash equivalents	609.81	-	-	609.81	609.81
Other bank balances	772.83	-	-	772.83	772.83
Other Financial Assets	140.77	-	-	140.77	140.77
<b>Total</b>	<b>14,532.26</b>	<b>14,352.87</b>	<b>9,213.21</b>	<b>38,098.34</b>	<b>38,194.80</b>



**Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:**

Particulars	Amortised Cost	FVTPL	FVOCI	Total carrying value	Rs. In lacss
					Total fair value
<b>Financial liabilities</b>					
Trade payables	7,526.83	-	-	7,526.83	7,526.83
Other Financial Liabilities	1,085.19	-	-	1,085.19	1,085.19
<b>Total</b>	<b>8,612.02</b>	-	-	<b>8,612.02</b>	<b>8,612.02</b>

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

**Fair value measurements**

**(i) Fair value hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

**(ii) Financial assets measured at fair value through Profit & Loss (FVTPL) on a recurring basis**

31 March 2020	Rs. in lacs			
	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	-	507.49	-	507.49
Investment in Mutual Funds	-	14,308.48	-	14,308.48
<b>Total</b>	-	14,815.97	-	14,815.97

31 March 2019	Rs. in lacs			
	Level 1	Level 2	Level 3	Total
Investments in Venture capital Funds	-	875.63	-	875.63
Investment in Mutual Funds	-	13,477.24	-	13,477.24
<b>Total</b>	-	14,352.87	-	14,352.87

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The investments in mutual funds and venture capital funds are in open ended schemes which are not listed on any recognised stock exchanges. The NAVs are based on the data published by the respective Asset Management Companies. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**(iii) Financial assets measured at fair value through Other Comprehensive Income (FVTOCI) on a recurring basis**

31 March 2020	Rs. in lacs			
	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	9,210.51	9,210.51
<b>Total</b>	-	-	9,210.51	9,210.51

31 March 2019	Rs. in lacs			
	Level 1	Level 2	Level 3	Total
Un listed equity instruments	-	-	9,213.21	9,213.21
<b>Total</b>	-	-	9,213.21	9,213.21

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



## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

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 company as per share holder agreement requires to transfer the shares at cost. However, no changes are given effect to the above as per IND AS 32, since the regulation of Electricity Act does not permit description in any other manner. IND AS 109 requires an equity share other than investments in subsidiaries, associates and joint ventures to be valued at "Fair Value Through Other Comprehensive Income" if elected initially or valued at "Fair Value Through Profit and Loss Account". However, on account of what is stated in the previous paragraph, these shares are shown at cost and the fair value is deemed to be the cost. Accordingly, investment in IRIS Ecopower is considered to be a Level 3 fair valuation.

The 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).

Significant unobservable inputs - EV/EBITDA Multiple at 6X

There are no transfer between levels during the periods.

#### (iv) Fair value of financial assets and financial liabilities that are not measured at fair value

The Group considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the balance sheet approximates their fair value. Fair value hierarchy of these financial assets and liabilities are categorized as Level 3.

#### (v) Reconciliation of Level 3 fair value measurements of unlisted equity shares irrevocably designated as at FVTOCI

	Rs. in lacs	
Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
Opening Balance	9,187.37	7,129.94
Total gains recognized in other comprehensive income	(6.20)	2,057.43
Closing Balance	<b>9,181.17</b>	<b>9,187.37</b>

### 38 Financial Risk Management Objectives and Policies

#### 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.

#### Risk Exposures and Responses

The Group is exposed to credit risk, market risk and liquidity risk. The Board of Directors reviews policies for managing each of these risks, which are summarised below.

#### i) Credit risk

##### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a 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



## Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At 31 March 2020, 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.

### 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, recognised 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	Exchange Rate	March 31, 2020	
			Amount in Foreign Currency	Amount in Rs. Lacs
Trade Receivables	EUR	82.85	0.44	36.19
	USD	74.89	6.00	449.68
	JPY	0.69	7.68	5.31
	GBP	75.80	6.29	476.53
Trade Payables	USD	83.95	0.01	0.84
	GBP	0.70	32.72	22.95
March 31, 2019				
Trade Receivables	EUR	76.36	1.05	80.09
	USD	68.31	6.98	476.48
	JPY	0.64	53.09	33.87
Trade Payables	GBP	91.90	0.10	9.63
	USD	68.31	9.02	616.22
	GBP	91.90	0.01	0.92

### **Foreign currency sensitivity**

The Group's is exposed to the following currencies - Euro, US Dollars and Japan Yen.

The following table details the Group's sensitivity to a 5% increase and decrease in the Rs. against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

## INDIA NIPPON ELECTRICALS LIMITED

### Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

Rs. in lacs

Particulars	Currency	March 31, 2020		March 31, 2019	
		Increase	Decrease	Increase	Decrease
Effect on profit before tax	EUR	1.81	(1.81)	4.00	(4.00)
(Increase)/(Decrease)	USD	(1.06)	1.06	(6.99)	6.99
	JPY	(0.87)	0.87	-	-
	GBP	-	-	0.44	(0.44)
Effect on equity	EUR	5.81	(5.81)	4.00	(4.00)
(Increase)/(Decrease)	USD	(8.04)	8.04	(6.99)	6.99
	JPY	(0.87)	0.87	-	-

#### 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.

The tables below set out the maturities of the Group's financial liabilities:

Rs. in lacs

Particulars	At 31 March 2020					Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above		
Trade and other payables - Non interest bearing	7,603.91	-	-	-	-	7,603.91
Lease Liability	407.02	104.26	-	-	-	511.28
Other financial liabilities	369.73	-	-	-	-	369.73
<b>Total</b>	<b>8,380.66</b>	<b>104.26</b>	-	-	-	<b>8,484.92</b>

Particulars	At 31 March 2019					Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above		
Trade and other payables - Non interest bearing	7,526.83	-	-	-	-	7,526.83
Other financial liabilities	1,085.19	-	-	-	-	1,085.19
<b>Total</b>	<b>8,612.02</b>	-	-	-	-	<b>8,612.02</b>

The tables below set out the maturities of the Group's financial assets:

Particulars	At 31 March 2020					Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above		
Trade receivables (non interest bearing instruments)	8,813.13	-	-	-	-	8,813.13
Investments (variable interest bearing instruments)	14,308.48	-	-	11,872.51	-	26,180.99
Other financial assets (variable interest bearing instruments)	2,940.48	131.83	-	-	-	3,072.31
<b>Total</b>	<b>26,062.09</b>	<b>131.83</b>	-	<b>11,872.51</b>	-	<b>38,066.43</b>



Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

Rs. in lacs

Particulars	At 31 March 2019					Total
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above		
Trade receivables (non interest bearing instruments)	10,397.86	-	-	-	-	10,397.86
Investments (variable interest bearing instruments)	13,477.24	-	-	12,606.34	-	26,083.58
Other financial assets (variable interest bearing instruments)	1,482.51	134.39	-	-	-	1,616.90
<b>Total</b>	<b>25,357.61</b>	<b>134.39</b>	<b>-</b>	<b>12,606.34</b>	<b>-</b>	<b>38,098.34</b>

39 Contingent liabilities & Commitments

Rs. in lacs

Particulars	As at 31-March-2020	As at 31-March-2019
<b>(i) Contingent liabilities</b>		
Money for which the Group is contingently liable	2.00	2.00
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	2,690.23	389.11

40 Leases

A) Break-up of current and non-current lease liabilities :

The following is the break-up of current and non-current lease liabilities as at March 31, 2020:

Rs. in lacs

Particulars	As at 31-Mar-2020
a) Current lease liabilities	104.26
b) Non current lease liabilities	407.02
<b>Total</b>	<b>511.28</b>

B) Movement in Lease liabilities:

The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	As at 31-Mar-2020
Balance as on 1st April 2019	-
Reclassified on account of adoption of IND AS 116	704.88
Additions	570.01
Finance costs accrued during the period	51.01
Deletions	-
Payment of Lease liabilities	814.62
<b>Balance as on 31st March 2020</b>	<b>511.28</b>

C. The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	As at 31-Mar-2020
i) Less than one Year	104.26
ii) One to five years	383.51
iii) More than five years	237.75
<b>Total</b>	<b>725.52</b>

## INDIA NIPPON ELECTRICALS LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

### D. The impact of changes in accounting policy on account of adoption of Ind AS 116 is as follows.

Particulars	As at 31-Mar-2020
Increase in lease liability by	511.28
Increase in rights of use by (including reclassifications)	1,274.89
Increase/(Decrease) in finance cost by	51.01
Increase/(Decrease) in depreciation by	103.52

### E. Amounts recognized in profit or loss

Particulars	Apr'19 To Mar'20
Interest on lease liabilities	51.01

### F. Amounts recognized in cash flow statements

Particulars	Apr'19 To Mar'20
Total cash outflows for leases - principle repayments	763.61
Total cash outflows for leases - interest repayments	51.01
<b>Total</b>	<b>814.62</b>

## 41 OPERATING SEGMENT:

The operations of the Company relate to only one segment which is Electrical and Electronic products for two/three wheelers and engines. The Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and assess its performance, the entire operations are to be classified as a single business segment. The geographical segments considered for disclosure are – India and Rest of the World. All the manufacturing facilities are located in India. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

### Geographical Information

Revenue and receivables are specified by location of customers while the other geographic information is specified by the location of the assets. The following table presents revenue, expenditure and assets information regarding the Group's geographical segments:

Particulars	Rs. in lacs	
	Apr'19 To Mar'20	Apr'18 To Mar'19
<b>Revenue from Operations:</b>		
India	46,429.87	50,249.30
Rest of the World	1,451.05	2,271.91
<b>Segment Assets:</b>		
India	51,978.78	50,378.28
Rest of the World	967.71	590.44
<b>Capital Expenditure:</b>		
India	1,750.69	1,555.11
Rest of the World	87.30	-



## Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

### 42 Amount of dividend paid and proposed to Equity share holders

Rs. in lacs

Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
Dividends on Equity shares declared and paid:		
Interim dividend for the year ended 31 March 2020, Rs.10.75 ^ per share (31 March 2019, Rs. 6.5 per share)	2,431.83	1,470.39
Dividend tax paid on the above	499.86	302.24
Proposed dividends on Equity shares*:		
Second interim and final dividend for the year ended 31 March 2020, is Nil (PY: Rs. 4 per share)		904.86

\* First and second interim dividend for FY 19-20 is declared and paid. Proposed dividend on equity shares are not recognised as a liability (including DDT thereon) as at 31 March 2019.

^ includes second interim dividend of FY 18-19 of Rs.4/- per share.

### 43 Note on Earnings per share:

Rs. in lacs

Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
Profit after tax (A) (Rs. in lacs)	5,434.29	5,854.31
Number of equity shares of Rs.5 each at the beginning of the year	2,26,21,424	2,26,21,424
Number of equity shares of Rs.5 each at the end of the year (B)	2,26,21,424	2,26,21,424
Earnings per share (basic and diluted in Rupees) (A/B)	24.02	25.88

### 44 Details of CSR Expenditure:

Rs. in lacs

Particulars	Apr'19 To Mar'20	Apr'18 To Mar'19
a. Gross amount required to be spent by the Parent Company during the year	120.00	92.00
b. Amount spent during the year on:		
<b>Category</b>		
(i) Construction/Acquisition of Asset:		
In cash	- NIL -	- NIL -
Yet to be paid in cash	22.42	- NIL -
(ii) On purposes other than (i) above		
In cash	97.58	92.00
Yet to be paid in cash	- NIL -	- NIL -

## INDIA NIPPON ELECTRICALS LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020 - Continued:

### 45 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Rs. in lacs

Particulars	As at 31-Mar-2020	As at 31-Mar-2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,765.37	2,064.91
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Micro, Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of confirmations from such parties collected by the Management till date.

### 46 The Group has assessed the impact of COVID-19 on its financial statement based on the internal and external information, to the extent known and available, up to the date of approval of these financial statements and expects to recover the carrying amounts of investments, inventories, trade receivables, other financial assets and other assets.

### 47 Approval of Financial Statements

The consolidated financial statements were approved for issue by the board of directors on June 27, 2020.

#### For and behalf of the Board

**T K Balaji**  
Chairman

**Arvind Balaji**  
Managing Director

Place : Chennai  
Date : June 27, 2020

**Elango Srinivasan**  
Chief Financial Officer

**G Venkatram**  
Company Secretary





India Nippon Electricals Ltd

### PRODUCTS



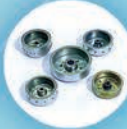
REGULATOR & RECTIFIER UNIT



IGNITION COIL



STATORS



ROTORS



ISG SYSTEM



EFI SYSTEM

### ELECTRONICS MANUFACTURING & SERVICES



CONTROLLER PCB ASSY - WHITE GOODS



ECU PCB ASSY - PASSENGER CAR

### CONTROLLERS



CONTROL UNIT WITH IMMOBILIZER



ENGINE CONTROL UNIT - EFI



SEAT HEATER & BLOWER CONTROLLER



LED PCB ASSY - 2/4 WHEELER



RADIATOR FAN CONTROLLER



SOLENOID



IMMOBILIZER



DIGITAL CLUSTER



BODY CONTROL MODULE

### SENSORS



DIFFERENTIAL PRESSURE SENSOR



OIL LEVEL SENSOR



TEMPERATURE SENSOR



VR SENSOR



AIR TEMPERATURE SENSOR



THROTTLE POSITION SENSOR - ROTARY TYPE



SPEED SENSOR

### ELECTRONIC FUEL INJECTION SYSTEM



THROTTLE POSITION SENSOR - LINEAR TYPE



INTEGRATED SENSOR





