

Minda Automotive Solutions Limited

Statutory Audit for the year ended

31 March 2018

B S R & Co. LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

Telephone: + 91 124 719 1000
Fax: + 91 124 235 8613

INDEPENDENT AUDITOR'S REPORT

To The Members of **MINDA AUTOMOTIVE SOLUTIONS LIMITED**

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of Minda Automotive Solutions Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

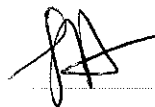
In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Ind AS Financial Statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018 and its profits (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, 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, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
 - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

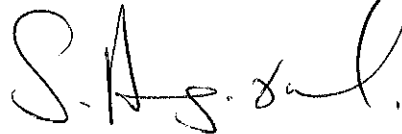


- f) With respect to the adequacy of the internal financial controls with reference to Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements - Refer Note 38 to the Ind AS 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. The disclosures in the Ind AS Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed. - Refer Note 10 to the Ind AS Financial Statements.

For BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W / W-100022



Shashank Agarwal

Partner

Membership number: 095109

Place: Gurugram

Date: 21 May 2018

Annexure A referred to in our Independent Auditor's Report to the members of Minda Automotive Solutions Limited on the Ind AS Financial Statements for the year ended 31 March 2018

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment).
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets (property, plant and equipment) by which all fixed assets (property, plant and equipment) are verified in a phased manner over a period of two years. According to that programme, the Company has during the year physically verified certain assets. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed during physical verification of fixed assets (property, plant and equipment).
- (c) According to the information and explanations given to us and on the basis our examination of the records of the Company, there is no immovable properties held in the name of the Company.
- (ii) According to the information and explanations given to us, the inventories, except goods in transit have been physically verified by the management at the year end. In our opinion, the frequency of such verification is reasonable. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- (iii) The Company had granted unsecured loans to certain companies/parties covered in the register required under section 189 of the Companies Act, 2013. In our opinion and according to information and explanations given to us:
- a) the terms and conditions of the grant of such loans are not prejudicial to the Company's interest;
- b) the schedule of repayment of principal and payment of interest has been stipulated. The borrowers are regular in repayment of principal and payment of interest.
- c) there is no amount overdue for more than 90 days in respect of above mentioned loans.
- (iv) According to information and explanations given to us and on the basis of our examination of records, we are of the opinion that the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments and guarantees given by the Company. There are no securities provided by the Company as specified under section 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder, are not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act for any activities performed by the Company.



- (vii)(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Service Tax, Goods and Services Tax (GST), cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of Excise and Duty of Customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Value Added Tax, Service tax, Goods and Services Tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Value Added Tax, Service tax and Cess which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

Name of the Statute	Nature of dues	Amount (Rs.) * (In Rs. Lakhs)	Amounts paid (Rs.) (In Rs. Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax, 1956	Sales Tax	11.69	2.70	2011-2012	Assistant Commissioner
Central Sales Tax, 1956	Sales Tax	1.40	-	2015-2016	Deputy Commissioner

*amount as per demand orders, including interest and penalty, wherever indicted in the said orders

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any borrowings from financial institutions, debenture holders and government during the year.
- (ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and the term loans taken by the Company have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

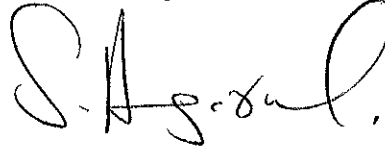
B S R & Co. LLP

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No: 101248W/W-100022



Shashank Agarwal

Partner

Membership No. 095109

Place: Gurugram
Date: 21 May 2018

Annexure B to the Independent Auditor's Report of even date on the Ind AS financial statements of Minda Automotive Solutions Limited for the year ended 31 March 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Ind AS financial statements of Minda Automotive Solutions Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the 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 with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS financial statements 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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



Meaning of Internal Financial Controls with reference to Ind AS financial statements

A company's internal financial control with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to Ind AS financial statements

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

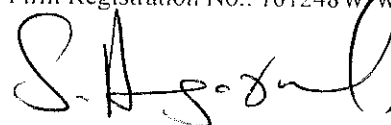
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India.

For B S R & Co. LLP

Chartered Accountants

Firm Registration No.: 101248W/W-100022



Shashank Agarwal

Partner

Membership No.: 095109

Place: Gurugram
Date: 21 May 2018

Minda Automotive Solutions Limited
Balance Sheet as at March 31, 2018

	Note	As at March 31, 2018	As at March 31, 2017	(Rs. in million) As at April 1, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	2	20		
Intangible assets	3		16	19
Financial assets		6	5	3
i. Loans				
ii. Other financial assets	4	2	2	1
Income tax assets (net)	5	1	1	1
Deferred tax assets (net)	6	3	10	11
Total non-current assets	7	<u>11</u>	<u>8</u>	<u>7</u>
		43	42	42
Current assets				
Inventories				
Financial assets	8	324	227	184
i. Trade receivables				
ii. Cash and cash equivalents	9	396	298	292
iii. Loans	10	58	77	32
iv. Other financial assets	11	22	-	2
Other current assets	12	-	-	-
Total current assets	13	<u>14</u>	<u>2</u>	<u>10</u>
		814	604	520
TOTAL ASSETS		<u>857</u>	<u>646</u>	<u>562</u>
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14	3	3	3
Other equity	15	150	128	88
Total equity		<u>153</u>	<u>131</u>	<u>91</u>
LIABILITIES				
Non-current liabilities				
Financial liabilities				
i. Borrowings	16	-	-	-
Provisions	17	-	-	-
Other non-current liabilities	18	16	15	17
Total Non-current liabilities		<u>27</u>	<u>25</u>	<u>17</u>
		43	40	39
Current liabilities				
Financial liabilities				
i. Trade payables	19	624	425	382
ii. Other financial liabilities	20	11	9	15
Other current liabilities	21	18	40	52
Provisions	22	5	1	1
Current tax liabilities (net)	23	3	-	2
Total current liabilities		<u>661</u>	<u>475</u>	<u>432</u>
		857	646	562
TOTAL EQUITY AND LIABILITIES		<u>857</u>	<u>646</u>	<u>562</u>

Significant accounting policies

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W / W-10002

Shashank Agarwal

Partner

Membership No.: 095109

Place: Gurgaon

Date: 21 May 2018

For and on behalf of the Board of Directors Minda Automotive Solutions Limited

RAKESH JINJI
Director

Place: Delhi
Date: 21 May 2018

SUMIT DOSEJA
Director

Place: Delhi
Date: 21 May 2018

Minda Automotive Solutions Limited
Statement of Profit and Loss for the year ended March 31, 2018

(Rs. in million)

	Note	As at March 31, 2018	As at March 31, 2017
Income			
Revenue from operations	24	2,800	2,533
Other Income	25	4	3
Total Income		2,804	2,536
Expenses			
Purchase of stock in trade	27	2,462	2,199
Changes in inventories of finished goods, stock-in-trade and work-in-progress	28	(91)	(39)
Employee benefit expense	29	138	132
Finance costs	30	2	2
Depreciation and amortisation expense	31	10	9
Other expenses	32	197	173
Total expenses		2,718	2,476
Profit before tax		86	60
Tax expense			
- Current tax		31	18
- Taxes for earlier years		3	-
- Deferred tax credit		(2)	-
Profit for the year		54	42
Other comprehensive income			
Item that will not be reclassified subsequent to profit & loss			
Remeasurement loss of defined benefit obligation.		(3)	(3)
Income tax relating to items that will not be reclassified to profit and loss		1	1
Other comprehensive income for the year		(2)	(2)
Total comprehensive income for the year		52	40
Basic and diluted earnings per equity share [nominal value of share Rs. 10 (previous year Rs. 10)]	33	194.22	149.70

Significant accounting policies

1

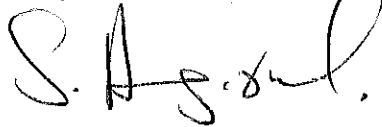
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W / W-1111122



Shashank Agarwal

Partner

Membership No.: 095109

Place: Gurugram

Date: 21 May 2018

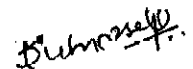
For and on behalf of the Board of Directors Minda Automotive Solutions Limited


RAKESH JINSI

Director

Place: Delhi

Date: 21 May 2018



SUMIT DOSEJA

Director

Place: Delhi

Date: 21 May 2018

Minda Automotive Solutions Limited
Statement of Changes in Equity for the year ended March 31, 2018

A. Equity share capital

Particulars	(Rs. in million)	
	Amount	
Balance as at April 1, 2016		3
Changes in equity share capital during the year ended March 31, 2017		-
Balance as at March 31, 2017		3
Changes in equity share capital during the year ended March 31, 2018		-
Balance as at March 31, 2018		3

B. Other equity

Particulars	Other equity				Total
	Capital reserve	General reserve	Retained earnings	Items of Other Comprehensive Income	
Balance as at April 1, 2016 (refer note 15)					
Profit for the year	1	13	74	-	88
Other comprehensive income (net of tax)	-	-	42	-	42
Total comprehensive income for the year	-	-	42	(2)	(2)
Amount transferred from ESOP during the year	-	-	42	(2)	40
Balance as at March 31, 2017	1	13	116	(2)	128
As at April 1 2017					
Profit for the year	1	13	116	(2)	128
IndAs Adjustments	-	-	54	-	54
Other comprehensive income (net of tax)	-	-	-	(2)	(2)
Total comprehensive income for the year	-	-	54	(2)	52
Amount transferred from ESOP during the year	-	-	(251)	-	(251)
Transactions with owners, recorded directly in equity	-	-	(5)	-	(5)
Dividend paid*	-	-	140	(4)	150
Dividend distribution tax paid*	-	-	-	-	-
Balance as at March 31, 2018	1	13	140	(4)	150

* During the year ended 31 March 2017, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

Notes:

(i) Refer note -15 for nature and purpose of other equity.
The note referred to above form an integral part of the financial statements

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W/V-100922

S. Ashwani
Shashank Agatwal
Partner

Membership No.: 095109

Place: Gurugram

Date: 21 May 2018

For and on behalf of the Board of Directors Minda Automotive Solutions Limited

Ramesh Jinsi
RAJESH JINSI
Dir.

Sunil Doseja
SUNIL DOSEJA
Director

Place: Delhi

Date: 21 May 2018

Place: Delhi

Date: 21 May 2018

Minda Automotive Solutions Limited
Cash flow Statement for the year ended March 31, 2018

(Rs. in million)

	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash flow from operating activities		
Net profit before taxation	86	60
Adjustments for:		
Depreciation and amortisation expense	10	9
Provision for doubtful trade receivables	-	-
Interest expense	2	2
Loss on sale / discard of fixed assets	-	-
Bad debts	-	-
Foreign exchange differences	-	-
Unwinding of discount on non-current retention money	-	-
Interest income	(4)	(3)
Operating profit before working capital changes	94	68
Adjustments for:		
Increase in trade receivables	(99)	(7)
Increase in inventories	(97)	(43)
(Increase) / Decrease in loans	(22)	2
(Increase) / Decrease in financial assets	-	(1)
(Increase) / Decrease in other assets	(11)	8
Increase / (Decrease) in other non current liabilities	2	3
Increase / (Decrease) in other financial liabilities	1	(6)
Increase / (Decrease) in other current liabilities	(22)	8
Increase in trade payables	199	43
Increase in provisions	5	(2)
Cash generated from operations	50	73
Income tax paid	(25)	(20)
Net cash generated from operating activities (A)	25	53
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(17)	(10)
Sale of fixed assets	2	2
Investment in fixed deposits	-	-
Interest received	3	2
Net cash generated / (used in) investing activities (B)	(12)	(6)
C. Cash flows from financing activities		
Payment of dividend	(25)	-
Dividend distribution tax	(5)	-
Repayment of term loan	-	-
Interest paid on income taxes	-	-
Interest paid	(2)	(2)
Net cash (used in) financing activities (C)	(32)	(2)
Net decrease in cash and cash equivalents (A + B + C)	(19)	45
Cash and cash equivalents at the beginning of the year	77	32
Cash and cash equivalents at the end of the year[^]	58	77

[^] includes Rs. 513,000 (31 March 2017, Rs Nil) not available for use by the Company.

Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities.

Particulars	Non-current borrowings	Current borrowings
Opening balance as at 1 April 2017	-	-
Cash flows during the year	-	-
Non-cash changes	-	-
Closing balance as at 31 March 2018	-	-

Notes to Cash Flow Statement:

1. The Statement of Cash Flow has been prepared in accordance with 'Indirect method' as set out in the Ind AS-7 on 'Statements of Cash Flow' as specified in the section 133 of the Companies Act 2013 read with relevant rules issued thereunder.

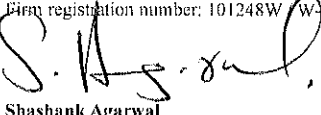
2. Amendment to Ind AS 7: Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of these financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

3. Cash and cash equivalents consists of cash in hand and balances with scheduled banks. Refer note 17

The accompanying notes from 1 to 37 form an integral part of the financial statements

As per our report of even date attached

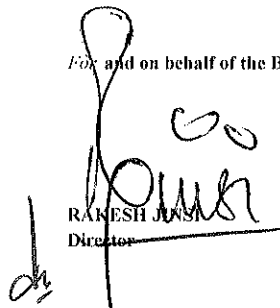
For **BSR & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022



Shashank Agarwal
Partner
Membership No.: 095109

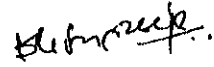
Place: Gurugram
Date: 21 May 2018

For and on behalf of the Board of Directors of Minda Automotive solutions Limited



RAMESH JAIS
Director

Place: Delhi
Date: 21 May 2018



SUMIT DOSEJA
Director

Place: Delhi
Date: 21 May 2018

Minda Automotive Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

1. Reporting entity

Minda Automotive Solutions Limited (the 'Company') is a company domiciled in India, with its registered office situated at A-15, Phase -1 Ashok Vihar, Delhi - 110052. The Company is primarily involved in trading of Automobile Components and Parts thereof.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Basis of preparation

(i) Statement of compliance

The Ind AS financial statements ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act'), Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act.

For all the periods up to and including 31 March 2017, the financial statements were prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act ("Previous GAAP"). The financial statements for the year ended 31 March 2018 are the Company's first financial statements prepared in accordance with Ind AS 101, First time adoption of Indian Accounting standards has been applied. An explanation of how the transition to Ind AS has effected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 42

The financial statements were authorized for issue by the Company's Board of Directors on 21 May 2018.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities measured at fair value. The methods used to measure fair values are disclosed further in notes to financial statements.

(iii) Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be Indian Rupees (Rs.). All financial information presented in Indian Rupees, except as stated otherwise.

(iv) Use of estimates and judgement

In preparation of these financial statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized prospectively.

Minda Automotive Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- leases: whether an arrangement contains a lease – point vii (a)
- lease classification

Assumptions and estimation uncertainties

- Recognition and estimation of tax expense including deferred tax – Note 40
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2, 3
- Estimation of obligations relating to employee benefits: key actuarial assumptions – Note 41
- Valuation of Inventories – Note 8
- Recognition and measurement of provisions and contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 38
- Fair value measurement – Note 42

(v) Measurement of fair values

A number of accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Also, fair value of financial instruments measured at amortised cost is disclosed in Note 42.

B. Current-non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets:

An asset is treated as current when it satisfies any of the following criteria:

- (1) It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (2) It is held primarily for the purpose of being traded;
- (3) It is expected to be realised within 12 months after the reporting date; or
- (4) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability

Minda Automotive Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

for at least 12 months after the reporting date.

The Company classifies all other assets as non-current.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- (1) It is expected to be settled in the Company's normal operating cycle;
- (2) It is held primarily for the purpose of being traded;
- (3) It is due to be settled within 12 months after the reporting date; or
- (4) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

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

C. Summary of significant accounting policies

i) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The following specific recognition criterion must also be met before revenue is recognized:

Sale of goods

Sales include sale of traded goods. Revenue is recognized on transfer of significant risks and rewards of ownership to the customers and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of products as well as regarding its collection. Sale of goods is net of Goods and Services Tax, Sales Tax, Value Added Tax, applicable discounts and allowances and sales returns, if any.

Other operating income

Service income includes after sales services of goods sold to original equipment manufacturer and is recognised as per the terms of the contracts with the customer

Interest Income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in the statement of profit and loss.

Minda Automotive Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

ii) Property, plant and equipment

(a) Recognition and measurement

Item of property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation. Cost comprises the purchase price and any cost attributable for bringing the asset to its working condition for its intended use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Advance paid towards the acquisition of fixed assets are shown under non-current asset and tangible fixed assets under construction are disclosed as capital work-in-progress.

(b) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

(c) Subsequent costs

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 a separate asset is derecognized when replaced. The costs of the day to day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

(d) Derecognition

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

(e) Depreciation

Depreciation on property, plant and equipment is provided on the straight-line method at the rates reflective of the estimated useful life of the assets estimated by the management.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date the assets are ready to use.

Depreciation on sale/deduction from property, plant and equipment is provided upto the date of sale.

iii) Intangible Asset

a) Recognition and measurement

Intangible assets comprises computer software and is recorded at the consideration paid for acquisition of such assets are carried at cost less accumulated amortization and accumulated impairment, if any.

b) Transition to Ind AS

Minda Automotive Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

c) Subsequent costs

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.

(d) Derecognition

Gains and losses on disposal of an item of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

(e) Amortisation

The intangible assets are amortised over the period of five years, which in the management's view represent the economic useful life. Amortisation expense is charged on a pro-rata basis for assets purchased during the year. The amortization period and the amortization method for an intangible asset are reviewed at the end of each reporting period.

iv) Inventories

Inventories are valued at lower of cost and net realizable value. The basis of determination of cost for various categories of inventory is as follows:

Stock in trade and Packing Material : Cost is determined on First in First Out basis

v) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Minda Automotive Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

vi) Employee Benefits

Short – term employee benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognized in the standalone statement of profit and loss in the period in which the employee renders the related service.

Defined contribution plan:

Provident fund: Eligible employees of the Indian entities receive benefits from the provident fund, which is a defined contribution plan. Both the employees and the Indian entity make monthly contributions to the provident fund (with Regional Provident Fund Commissioner) equal to specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions.

Eligible employees of certain overseas entities receive benefits from the social security contribution plans, which is a defined contribution plan. These entities have no further obligations under the plan beyond its monthly contributions.

Defined benefit plan:

Gratuity: The Indian entities provide for gratuity, a defined benefit retirement Plan (the "Gratuity Plan") covering eligible employees. The Plan provides payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. Liabilities related to the Gratuity Plan are determined by actuarial valuation as at the balance sheet date.

Other long term employee benefit:

Compensated absence: Un-availed leaves for the year are accumulated and allowed to be carried over to the next year and are within service period of the employees in accordance with the service rules of the Company. Provision for compensated absence is made by the Indian entities based on the amount payable as per the above service, based on actuarial valuation as at the balance sheet date.

Other employee benefit plans:

Actuarial valuation:

The liability in respect of all defined benefit plans and other long term employee benefit is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary primarily using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows.

The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Standalone Statement of profit and loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

Minda Automotive Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in 'other equity' in the standalone statement of Changes in Equity and in the standalone Balance Sheet.

vii) Leases

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) Determining whether an arrangement contains a lease

For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the incremental borrowing rate.

Where the Company is lessee

Assets taken on lease by the Company in the capacity of a lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at the lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating leases. Lease rentals under operating leases are recognized in the statement of profit and loss on a straight line basis.

Where the Company is lessor

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investments in the lease.

After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs etc, are recognized immediately in the statement of profit and loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on operating lease is recognized in the statement of profit and loss on a straight line basis over the lease term. Costs including depreciation are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs etc, are recognized immediately in the statement of profit and loss.

Minda Automotive Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

viii) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss at the time of the transaction;
- Temporary differences related to freehold land to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

Deferred tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minda Automotive Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

ix) Earnings per Share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

x) Provisions, contingent liabilities and contingent assets

A provision is created when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value money and risks specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provision for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

The Company does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, subsequently, if it becomes virtually certain that an inflow of economic benefits will arise, asset and related income is recognized in the financial statements of the period in which the change occurs.

xi) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and fixed deposits with banks with original maturity of three months or less, which are subject to an insignificant risk of changes in value.

xii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.1 Financial assets

Initial recognition and measurement

All financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and subsequent measurement

Classification

For the purpose of subsequent measurement, the Company classifies financial assets in following categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Debt instruments at amortized cost

A 'debt instrument' is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- i) The financial asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement profit and loss. The losses arising from impairment are recognized in the statement profit and loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI (Fair Value through OCI)

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 OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of the statement profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the statement profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Minda Automotive Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

Debt instrument at FVTPL (Fair value through profit or 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 classify 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'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Impairment of financial assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss.

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed. For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

1.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are initially recognised at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL.

Minda Automotive Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Statement of Profit and Loss.

Financial liabilities at amortized cost

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss. This category generally applies to trade payables and other contractual liabilities.

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. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated 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 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 recognized in the statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously

a. Employee stock option schemes

Certain employees of the Company are in receipt of stock options from Minda Corporation Limited. The grant date fair value of options granted to employees of the Company is recognized as an employee expense, with a corresponding increase in capital reserve, over the period that

Minda Automotive Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "capital reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black- Scholes Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

xiii) Recent accounting pronouncements

A. Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers.

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognized. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its standalone financial statements. The quantitative impact of adoption of Ind AS 115 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

Sale of goods

For the sale of products, revenue is currently recognized when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership are transferred. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under Ind AS 115, revenue will be recognized when a customer obtains control of the goods.

Transition

The Company plans to apply Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 April 2018) in retained earnings. As a result, the Company will not present relevant individual line items appearing under comparative period presentation.

B. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018.

2 Tangible Fixed Assets

Description	Gross Carrying Amount				Depreciation				Net Block	
	As at April 1, 2017	Additions	Deletions/adjustments	As at March 31, 2018	As at April 1, 2017	Charge for the year	Deletions/adjustments	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Computer	7	1	-	8	2	2	-	4	4	5
Furniture & Fittings	3	-	-	3	-	1	-	1	1	2
Vehicles	4	11	2	13	2	2	-	4	4	2
Office Equipment	9	2	-	11	3	3	-	6	6	5
TOTAL	23	14	2	35	7	8	-	15	15	20

(Rs. in million)

Description	Gross Carrying Amount				Depreciation				Net Block	
	Deemed Cost as at April 1, 2016	Additions	Deletions/adjustments	As at March 31, 2017	As at April 1, 2016	Charge for the year	Deletions/adjustments	As at March 31, 2017	As at March 31, 2017	
Computer	4	3	-	7	-	2	-	2	5	
Furniture & Fittings	2	1	-	3	-	-	-	-	3	
Vehicles	5	-	1	4	-	2	-	2	2	
Office Equipment	8	1	-	9	-	3	-	3	6	
TOTAL	19	5	1	23	0	7	-	7	16	

(Rs. in million)

3 Intangible Fixed Assets

Description	Gross Carrying Amount				Amortisation				Net Block	
	As at April 1, 2017	Additions	Deletions/adjustments	As at March 31, 2018	As at April 1, 2017	Charge for the year	Deletions/adjustments	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Software	7	3	-	10	2	2	-	4	4	6
TOTAL	7	3	-	10	2	2	-	4	4	6

(Rs. in million)

Description	Gross Carrying Amount				Amortisation				Net Block	
	Deemed Cost As at April 1, 2016	Additions	Deletions/adjustments	As at March 31, 2017	As at April 1, 2016	Charge for the year	Deletions/adjustments	As at March 31, 2017	As at March 31, 2017	
Software	3	4	-	7	-	2	-	2	5	
TOTAL	3	4	-	7	-	2	-	2	5	

(Rs. in million)

		(Rs. in million)		
		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
4	Loans (Non-current) <i>(unsecured, considered good unless otherwise stated)</i>			
	Security Deposits			
	- Government authorities	-	-	-
	- Other	2	2	1
		<u>2</u>	<u>2</u>	<u>1</u>
5	Other non current financial assets <i>(unsecured, considered good unless otherwise stated)</i>			
	Deposits due to mature after 12 months from the reporting date*	1	1	1
		<u>1</u>	<u>1</u>	<u>1</u>
	* Break-up of deposits pledged: Provided as security to sales tax department	1	1	1
6	Income tax assets (net)			
	Income tax [net of provision Rs. 28 million (31 March 2017 Rs. 35 million, April 1 2016 Rs. 25 million)]	3	10	11
		<u>3</u>	<u>10</u>	<u>11</u>
7	Deferred tax assets			
	Deferred tax assets			
	- Property, plant and equipment	3	2	2
	- Provision for employee benefits	7	5	5
	- Provision for doubtful debts	1	1	-
	Deferred tax assets	<u>11</u>	<u>8</u>	<u>7</u>
8	Inventories <i>(At Lower of cost and net realisable value)</i>			
	Stock-in-trade	301	211	172
	Stock-in-transit	22	16	12
	Packing Material	1	-	-
		<u>324</u>	<u>227</u>	<u>184</u>
8.1	Details of stock-in-trade			
	Locks	163	76	76
	Wiring Harness	31	25	20
	Others	107	110	76
		<u>301</u>	<u>211</u>	<u>172</u>
9	Trade receivables			
	Unsecured			
	- Considered good	397	298	293
	- Considered doubtful	-	-	-
	Receivables from related parties (refer note 39)	-	1	-
	Less: Provision for expected credit loss	(1)	(1)	(1)
		<u>396</u>	<u>298</u>	<u>292</u>

10 Cash and cash equivalents

	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances with bank			
- On current account	40	24	2
- Deposits with original maturity of less than three months	18	53	30
Cash in hand	-	-	-
	58	77	32

Information pursuant to G.S.R. 308 (E) dated 30 March 2017 issued by Ministry of corporate affairs:

The specified bank notes as defined under the notification issued by Ministry of Finance, Department of Economic dated 8 November 2016 are no longer in existence. Hence the company has not provided the corresponding disclosures as prescribed in Schedule III to Companies Act, 2013. Disclosures made in previous year financial statements is given below:-

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	Nil	Nil	Nil
(+) Permitted receipts	Nil	Nil	Nil
(-) Permitted payments	Nil	Nil	Nil
(-) Amount deposited in Banks	Nil	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	Nil	Nil

Note:- For the purpose of this disclosure, the term "Specified bank notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O 3407(E), dated 8 November 2016

11 Loans (Current)

(unsecured, considered good unless otherwise stated)

	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Loans and Advances to other body corporates			
- MASL Control Cables Limited	-	-	2
Loans and Advances to related parties (refer to note 39)			
- Minda Autoelektrik Limited*	22	-	-
	22	-	2

During the year, the company has given a loan at 12% rate of interest as advance against supplies which is receivable in 12 equal monthly installments starting from January, 2018.

12 Other current financial assets

	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Interest accrued on fixed deposits	-	-	-
	-	-	-

13 Other current assets

	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance to suppliers	2	1	7
Other advances			
- Prepaid expenses	1	1	1
- Deferred rent	1	-	-
- Advance to employees	-	-	2
- Balance with government authorities	10	-	-
	14	2	10

14 Share capital

	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised			
5,00,000 (previous year 5,00,000) equity shares of Rs. 10 each	5	5	5
Issued, subscribed and fully paid			
2,80,300 (previous year 2,80,300) equity shares of Rs. 10 each, fully paid up	3	3	3
	<u>3</u>	<u>3</u>	<u>3</u>

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

	(Rs. in million)					
	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number	Amount	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	280,300	3	280,300	3	280,300	3
Add: Shares issued during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	<u>280,300</u>	<u>3</u>	<u>280,300</u>	<u>3</u>	<u>280,300</u>	<u>3</u>

b. Rights, preferences and restrictions attached to equity shares.

(i) Terms/rights attached to equity shares

The Company has Equity shares of having face value of Rs. 10/- for each share. Each shareholder is eligible for one vote for each share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of shareholders in the ensuing Annual general meeting. In the event of the liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, in proportion of their shareholding, after distribution of all preferential amounts, if any.

c. Shares held by Holding Company

	(Rs. in million)					
	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Minda Corporation Limited	279,910	3	279,910	3	279,910	3
Mr. D.C. Sharma (Nominee for M/s Minda Corporation Limited)	-	-	100	-	100	-
Mr. Laxman Ramnarayan (Nominee for M/s Minda Corporation Limited)	100	-	-	-	-	-
Mr. Ajay Sancheti (Nominee for M/s Minda Corporation Limited)	70	-	70	-	70	-
Mr. Pardeep Mann (Nominee for M/s Minda Corporation Limited)	100	-	100	-	100	-
Mr. Sanjay Bhagat (Nominee for M/s Minda Corporation Limited)	-	-	10	-	10	-
Mr. Lalitendu Samant (Nominee for M/s Minda Corporation Limited)	10	-	-	-	-	-
Mr. Sunil Doseja (Nominee for M/s Minda Corporation Limited)	100	-	100	-	100	-
Mr. Sanjay Anuja (Nominee for M/s Minda Corporation Limited)	10	-	10	-	10	-
	<u>280,300</u>	<u>3</u>	<u>280,300</u>	<u>3</u>	<u>280,300</u>	<u>3</u>

d. Details of shareholders holding more than 5% shares in the Company

	(Rs. in million)					
	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Nos.	% of total shares in the class	Nos.	% of total shares in the class	Nos.	% of total shares in the class
Minda Corporation Limited and its nominees	280,300	100%	280,300	100%	280,300	100%

15 Reserves and surplus

	(Rs. in million)	
	As at March 31, 2018	As at March 31, 2017
Capital reserve		
Balance as per last financial year	1	1
Add: Employees stock compensation expense	-	-
At the end of the year	<u>1</u>	<u>1</u>
General reserve		
Balance as per last financial year	13	13
At the end of the year	<u>13</u>	<u>13</u>
Surplus (Profit and loss balance)		
Balance as per last financial year	114	74
Add: Profit for the year	54	42
Add: Other comprehensive income	(2)	(2)
(-) Dividend paid during the year	(25)	-
(-) Dividend tax paid during the year	(5)	-
Balance at the end of the year	<u>136</u>	<u>114</u>
Total reserves and surplus	<u>150</u>	<u>128</u>

Nature and purpose of reserve

General Reserve

Profits earned by the Company are transferred to general reserve.

Capital Reserve

Remittance in foreign exchange

Note

(i) The Board has proposed a final dividend of Rs. 10/- (2%) per share for the financial year 2017-18 (2016-17) Rs. 25 million aggregating to Rs. 70 million (including corporate dividend tax). The proposed dividend for 2017-18 is subject to approval of shareholders in the ensuing Annual General Meeting and has not been considered in these accounts.

16 Long-term borrowings

	(Rs. in million)				
	Long term maturities			Current maturities	
	As at March 31, 2018	As at 31 March, 2017	As at April 1, 2016	As at March 31, 2018	As at 31 March, 2017
Vehicle Loan					
- From HDFC Bank Limited (Secured)	-	-	-	-	-
Less: Amount shown under other current liabilities (refer to note 21)	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Vehicle loan from bank and others

Vehicle loan is secured by way of hypothecation of respective vehicles and repayable in installments over 48 months by way of payment of equated monthly installments beginning from the date of disbursement. The rate of interest is in the range of 6.50%-11.50%. The same has been repaid in the previous year ending March 31, 2017

17 Long-term provisions

	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Provision for employee benefits		
- Gratuity (refer note 35)	9	8	11
- Leave encashment	7	7	6
	<u>16</u>	<u>15</u>	<u>17</u>

18 Other non-current liabilities

	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Security deposit	27	25
	<u>27</u>	<u>25</u>	<u>22</u>

19 Trade payables

	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Trade payables	111	114
Trade payables to related parties	513	311	249
	<u>624</u>	<u>425</u>	<u>382</u>

Refer note 36 for MSME disclosure.

20 Other financial liabilities

	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Payable to employees	10	8
Creditors for capital purchases	1	1	1
Current maturities of long-term debt (refer note 16)	-	-	-
	<u>11</u>	<u>9</u>	<u>15</u>

21 Other current liabilities

	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Advance from customers	3	2
Bank overdraft	-	-	1
Statutory liabilities	15	38	28
	<u>18</u>	<u>40</u>	<u>32</u>

22 Provisions

	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Provision for employee benefits		
- Gratuity (Refer note 35)	3	-	-
- Leave encashment	2	1	1
	<u>5</u>	<u>1</u>	<u>1</u>

23 Current tax liabilities (net)

	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	- Provision for taxation (net of advance tax Rs. 28 million (previous year Rs. 52 million))	3	-
	<u>3</u>	<u>-</u>	<u>2</u>

		(Rs. in million)	
		For the year ended March 31, 2018	For the year ended March 31, 2017
24	Revenue from operations		
	Sale of Products	2,793	2,529
	Service income	7	4
		<u>2,800</u>	<u>2,533</u>
25.1	Details of goods sold		
			(Rs. in million)
		For the year ended March 31, 2018	For the year ended March 31, 2017
	Locks	1,743	1,603
	Wiring Harness	251	236
	Others	799	690
		<u>2,793</u>	<u>2,529</u>
25	Other income		
			(Rs. in million)
		For the year ended March 31, 2018	For the year ended March 31, 2017
	Interest income from financial assets measured at amortised cost		
	- unwinding of discount on non-current retention money	-	-
	- on fixed deposits	3	2
	- on loans	1	1
	Other non-operating income		
	- on income tax refund	-	-
		<u>4</u>	<u>3</u>
27	Purchases of Stock-in-trade		
			(Rs. in million)
		For the year ended March 31, 2018	For the year ended March 31, 2017
	Purchase of Stock-in-trade	2,462	2,199
		<u>2,462</u>	<u>2,199</u>
27.1	Details of Purchases of Stock		
			(Rs. in million)
		For the year ended March 31, 2018	For the year ended March 31, 2017
	Locks	1,434	1,259
	Wiring Harness	207	194
	Others	821	746
		<u>2,462</u>	<u>2,199</u>
28	Changes in stock-in-trade		
			(Rs. in million)
		For the year ended March 31, 2018	For the year ended March 31, 2017
	Inventories at the end of the year:		
	Stock -in -trade	302	211
	Less: Inventories at the beginning of the year:		
	stock -in -trade	211	172
	Net decrease	<u>(91)</u>	<u>(39)</u>
29	Employee benefits expense		
			(Rs. in million)
		For the year ended March 31, 2018	For the year ended March 31, 2017
	Salaries, wages and bonus	113	109
	Contribution to provident fund and other funds	11	10
	Leave Encashment	5	4
	Gratuity	4	3
	Staff welfare expenses	5	6
		<u>138</u>	<u>132</u>

36 Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2017 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMDA) is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:	35	18	5
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year:	Nil	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act:	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year:	Nil	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise:	Nil	Nil	Nil

Note: The list of undertakings covered under MSMDA was determined by the Company on the basis of information available with the Company and have been relied upon by the auditors.

37 Capital Commitment and Contingent Liabilities

There is no capital and other commitment in the company.

38 Contingent Liabilities

(Rs. in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Claims against the Company not acknowledged as debts			
Sales tax/ VAT	1	1	Nil
While the ultimate outcome of the above mentioned appeals cannot be ascertained at this time, based on current knowledge of the applicable law, management believes that these law suits should not have a material adverse effect on the Company's financial statements or its business operations.			
Others			
Corporate guarantees given by the Company			
i) MASL Control Cables Limited	10	10	10

39 Related Party Disclosure

In accordance with the requirements of Ind AS 24 on related party disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by management are:-

A) Related parties and nature of related party relationship with whom transactions have taken place during the year

Description of relationship	Name of the party
a) Holding Company	Minda Corporation Limited
b) Key Managerial Personnel	Mr. Sanjay Bhagat (CEO) (upto 30th May, 2017)
c) Joint Venture of a fellow subsidiary	Minda Vast Access Systems Private Limited * Minda Stoneridge Instruments Limited
d) Fellow Subsidiaries	Minda Management Service Limited, India Minda Autoelektrik Limited, India

* formerly known as Minda Valeo Security System Private Limited, India

Minda Automotive Solutions Limited
Notes to the financial statements for the year ended 31 March, 2018

40. Income tax

A. Amounts recognised in statement of profit and loss

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

	(Rs. in million)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax	31	18
Deferred tax	(2)	-
Total current year income-tax expense	29	18
Taxes for earlier years	3	-
Income tax expense reported in the statement of profit and loss	32	18

B. Amounts recognised in other comprehensive Income/ (expense)

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

	(Rs. in million)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Income tax	1	1
Remeasurement of post employment benefit obligation	1	1
Income tax charges to other comprehensive income/(expense)	2	2

C. Reconciliation of effective tax rate

Reconciliation of tax expense and the accounting profit/ (loss) multiplied by India's domestic tax rate for the year ended March 31, 2018 and March 31, 2017.

	(Rs. in million)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
	Rate	Amount
Profit before tax	33.063%	86
Tax using the Company's domestic tax rate		28
Tax effect of:		
Non-deductible expenses		20
Non-taxable income		-
Tax for earlier years		(2)
Effective tax rate	33.063%	28
		18

D. Deferred tax assets/ liabilities

Particulars	Deferred tax assets		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits	7	5	5
Provision for doubtful debts	1	1	-
Property, plant and equipment	3	2	2
	11	8	7

E. Movement of temporary differences

Particulars	(Rs. in million)	
	As at April 1, 2016	As at March 31, 2017
Deferred tax assets		
Provision for employee benefits	5	6
Provision for doubtful debts	-	-
Property, plant and equipment	2	2
Net deferred tax	7	8
	A	A

(Rs. in million)

41 Employee benefits**a) Defined contribution plans**

The Company's employee provident fund and Employee's state insurance schemes are defined contribution plans. The following amounts have been recognised as expense for the year and shown under Employee benefits expense in note 29.

Particulars	(Rs. in million)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Contribution towards		
-Provident fund	10	9
-Employee state insurance	1	1
-Superannuation fund	-	-
-Other funds	-	-
	<u>11</u>	<u>10</u>

b) Defined benefit plans Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity as a defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested period of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India by whom the plan assets are maintained. Gratuity liability is provided to the extent not covered by the funds available in gratuity fund.

The following table sets out the status of gratuity obligation

Particulars	(Rs. in million)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Net gratuity liability	13	8	11
Non-current	9	-	-
Current	4	8	11
	<u>13</u>	<u>8</u>	<u>11</u>

Particulars	(Rs. in million)	
	For the year ended March 31, 2018	For the year ended March 31, 2017

Changes in the present value of the defined benefit obligation is as follows:

Present value of defined benefit obligation at the beginning of the year	17	15
Interest cost	1	1
Acquisition Adjustment	-	-
Current service cost	2	2
Past service cost	1	-
Benefits paid	(3)	(4)
Actuarial loss / (gain) on obligation	3	3
Present value of defined benefit obligation at the end of the year	21	17

Changes in the present value of the plan asset is as follows:

Fair value of plan asset at the beginning of the year	8	4
Return on plan asset	1	-
Contributions	-	-
Benefits paid during the year	-	-
Employer Contributions	-	4
Actuarial (gain) / loss on obligation	-	-
Fair value of plan asset at the end of the year	9	8

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

Present value of defined benefit obligation at the end of the year	21	17
Fair value of plan asset at the end of the year	9	8
Net liability as at the close of the year	(12)	(9)

Expenses recognized in the statement of profit and loss:

Current service cost	2	2
Net Interest cost	1	1
Past service cost	1	-
Expenses recognized in the statement of profit and loss:	4	3

Remeasurement recognised in other comprehensive income

Actuarial loss on defined obligation	3	3
Amount recognised in other comprehensive income	3	3

Principal actuarial assumptions as at the reporting date are as follows:-

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Financial Assumptions			
Discount rate	7.40%	7.54%	8.00%
Expected rate of return on plan assets	7.40%	8.35%	8.35%
Expected salary increase rates	9% for first 3 years, 7% for next 2 years, and 6% thereafter	6.00%	5.50%
Demographic Assumptions			
Mortality	100% of IALM 2006-08	100% of IALM 2006-08	100% of IALM 2006-08
Employee attrition rate			
-Up to 30 years of age	30.00%	3.00%	3.00%
-From 31 years of age to 44 years of age	20.00%	2.00%	2.00%
-Above 44 years of age	10.00%	1.00%	1.00%
Retirement age	60 years	60 years	60 years

Expected contribution to post employment benefit plan for the year ending March 31, 2019 are Rs. 15 million (March 31, 2018 is Rs 3 million)

Note:

The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The discount rate is estimated based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligation.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :-

	(Rs. in million)			
	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1%)	(1)	1	(2)	3
Future salary growth (1%)	1	(1)	2	(2)
Attrition Rate	-	(1)	-	-
Expected average remaining working lives of employees (years)	-	-	-	-

Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does not provide an approximation of the sensitivity of the assumptions shown.

Maturity profile:

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

	(Rs. in million)	
	As at March 31, 2018	As at March 31, 2017
1 Year	4	-
2-5 Years	12	2
6-10 Years	9	5
More than 10 Years	11	44

The weighted average duration to the payment of defined benefit obligation is 5 years (31 March 2017 13 years).

c) Other long term benefit - Compensated absences

The Company operates compensated absences plan, where in every employee is entitled to the benefit as per the policy of the Company in this regard. The salary for calculation of earned leave is last drawn salary. The same is payable during the service, early retirement, withdrawal of scheme, resignation by employee and upon death of employee.

An actuarial valuation of Compensated absence has been carried out by an independent actuary on the basis of the following assumptions:

Assumptions	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Discount rate	7.40%	7.54%	8.00%
Expected salary increase rates	9% for first 3 years, 7% for next 2 years, and 6% thereafter	6.00%	5.50%
Mortality			100% of IALM 2006-08
Employee attrition rate			
-Up to 30 years of age	30.00%	3.00%	3.00%
-From 31 years of age to 44 years of age	20.00%	2.00%	2.00%
-Above 44 years of age	10.00%	1.00%	1.00%

c) Risk Exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

a) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimize risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Company intends to maintain the above investment mix in the continuing years.

b) Changes in discount rate

A decrease in discount rate will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

c) Inflation risks

In the plans, the payment are not linked to the inflation so this is a less material risk.

d) Life expectancy

The plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Company's ALM objective is to match assets to the obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company uses derivatives to manage some of its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Financial instruments – Fair values and risk management

a. Financial instruments – by category and fair values hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

i. As on April 1, 2016

(Rs. in million)

Particulars	Carrying value				Fair value measurement using		
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
(i) Loans	-	-	1	1	-	-	-
(iii) Other financial assets	-	-	1	1	-	-	-
Current							
(i) Trade receivables	-	-	292	292	-	-	-
(iii) Cash and cash equivalents	-	-	32	32	-	-	-
(v) Loans	-	-	2	2	-	-	-
(vi) Other financial assets	-	-	-	-	-	-	-
Total	-	-	328	328			
Financial liabilities							
Non-current							
(i) Borrowings	-	-	-	-	-	-	-
Current							
(i) Trade payables	-	-	382	382	-	-	-
(ii) Other financial liabilities	-	-	15	15	-	-	-
Total	-	-	397	397			

ii. As on March 31, 2017

(Rs. in million)

Particulars	Carrying value				Fair value measurement using		
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
(i) Loans	-	-	2	2	-	-	-
(iii) Other financial assets	-	-	1	1	-	-	-
Current							
(i) Trade receivables	-	-	298	298	-	-	-
(iii) Cash and cash equivalents	-	-	77	77	-	-	-
(v) Loans	-	-	-	-	-	-	-
(vi) Other financial assets	-	-	-	-	-	-	-
Total	-	-	378	378			
Financial liabilities							
Non-current							
(i) Borrowings	-	-	-	-	-	-	-
Current							
(i) Trade payables	-	-	425	425	-	-	-
(ii) Other financial liabilities	-	-	9	9	-	-	-
Total	-	-	434	434			

iii. As on March 31, 2018

(Rs. in million)

Particulars	Carrying value				Fair value measurement using		
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
(i) Loans	-	-	2	2	-	-	-
(iii) Other financial assets	-	-	1	1	-	-	-
Current							
(i) Trade receivables	-	-	396	396	-	-	-
(iii) Cash and cash equivalents	-	-	58	58	-	-	-
(v) Loans	-	-	22	22	-	-	-
(vi) Other financial assets	-	-	-	-	-	-	-
Total	-	-	479	479			
Financial liabilities							
Non-current							
(i) Borrowings	-	-	-	-	-	-	-
Current							
(i) Trade payables	-	-	624	624	-	-	-
(ii) Other financial liabilities	-	-	11	11	-	-	-
Total	-	-	635	635			

The management assessed that the fair values of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short-term maturities of these instruments. Accordingly, management has not disclosed fair values for financial instruments such as trade receivables, trade payables, cash and cash equivalents, other current assets, interest accrued on fixed deposits, other current liabilities etc.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale

There have been no transfers between Level 1, Level 2 and Level 3 for the years ended March 31, 2018, March 31, 2017 and April 1, 2016.

Valuation technique used to determine fair value

Specific valuation techniques used to value non current financial assets and liabilities for whom the fair values have been determined based on present values and the appropriate discount rates of the Company at each balance sheet date. The discount rate is based on the weighted average cost of borrowings of the Company at each balance sheet date

Valuation processes

The Company has an established control framework with respect to the measurements of the fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements and reports to Senior Management. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

b. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk - Foreign exchange
- Market risk - Interest rate

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors have authorised senior management to establish the processes, who ensures that executive management controls risks through the mechanism of properly defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risks limits and controls, to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

b. Financial risk management (continued)

(i) Credit risk

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet:

(Rs. in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade receivables	396	298	292
Cash and cash equivalents	58	77	32
Loans	22	-	2
Other financial assets	-	-	-

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans.

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are unsecured and are derived from revenue earned from customers primarily located in India. The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which the Company grants credit terms in the normal course of business.

Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss (ECL) model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as Company's historical experience for customers. The reversal for lifetime expected credit loss on customer balances for the year ended March 31, 2018 was Rs. 2 million. The reversal for lifetime expected credit loss on customer balances for the year ended March 31, 2017 was Rs. 1 million.

(Rs. in million)

Movement in the loss allowance in respect of trade receivables:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at the beginning of the year		1
Impairment loss recognised / (reversed)	1	-
Amount written off	-	-
Balance at the end of the year	2	1

a) Expected credit loss for loans and security deposits

(Rs. in million)

As at 31 March 2018

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	2	0%	-	2
	Loan to related parties and interest accrued on such loans	22	0%	-	22
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit-impaired	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit-impaired	NA	NA	NA	NA

As at 31 March 2017

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	2	0%	-	2
	Security Deposits				
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit-impaired	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit-impaired	NA	NA	NA	NA

b) Expected credit loss for trade receivables under simplified approach

The Company's exposure to credit risk for trade receivables is as follows:

(Rs. in million)

Particulars	Gross carrying amount		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current (not past due)	336	191	144
1 to 30 days past due	30	43	13
31 to 60 days past due	2	1	44
61 to 90 days past due	1	1	-
More than 90 days past due	29	63	91
Expected credit losses (Loss allowance provision)	(2)	(3)	-
Carrying amount of trade receivables (net of impairment)	396	298	292

Minda Automotive Solutions Limited
Notes to the financial statements for the year ended March 31, 2018

b. Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including total cash and cash equivalent and bank balances other than cash and cash equivalent of Rs. 58 million as at March 31, 2018 (March 31, 2017 Rs. 77 million, April 1, 2016 Rs. 32 million), anticipated future internally generated funds from operations, and its fully available. However, if a liquidity needs were to arise, the Company believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

The Company's liquidity management process as monitored by management, includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining rolling forecasts of the Company's liquidity position on the basis of expected cash flows.

I. Financing arrangements

The company did not have access to any borrowing facilities at the end of the reporting period.

II. Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

As at April 1, 2016	Carrying amount	Contractual cash flows					Total
		6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	
Current liabilities							
Trade payables	382	382	-	-	-	-	382
Other financial liabilities	15	15	-	-	-	-	15
Total	397	397	-	-	-	-	397

(Rs. in million)

As at March 31, 2017	Carrying amount	Contractual cash flows					Total
		6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	
Current liabilities							
Trade payables	425	425	-	-	-	-	425
Other financial liabilities	9	9	-	-	-	-	9
Total	434	434	-	-	-	-	434

(Rs. in million)

As at March 31, 2018	Carrying amount	Contractual cash flows					Total
		6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	
Current liabilities							
Trade payables	624	624	-	-	-	-	624
Other financial liabilities	11	11	-	-	-	-	11
Total	635	635	-	-	-	-	635

(Rs. in million)

b. Financial risk management (continued)

(iii) Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Company's operating, investing and financing activities.

Exposure to currency risk

The Company did not have any exposure on account of market or currency risk as at March 31, 2018, March 31, 2017 and April 1, 2016

43. Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders, raise new debt or issue new shares.

The Company currently does not have any debt outstanding as at March 31, 2018, March 31, 2017 and 1 April 2016

43. Explanation of transition to Ind AS

As mentioned in note 1, these financial statements for the year ended March 31, 2018, are the first financial statements of the Company prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with "previous GAAP", including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

The accounting policies set out in Note 1 have been applied in preparing these financial statements for the year ended March 31, 2018 including the comparative information for the year ended March 31, 2017 and the opening Ind AS balance sheet as on the date of transition i.e. April 1, 2016.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ended on or after March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind AS.

This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

According to Ind AS 101, the first Ind AS financial statements must use recognition and measurement principles that are based on standards and interpretations that are effective for the financial year ended March 31, 2018. These accounting principles and measurement principles must be applied retrospectively to the date of transition to Ind AS and for all periods presented within the first Ind AS financial statements. Any resulting differences between carrying amounts of assets and liabilities according to Ind AS 101 as of April 1, 2016 compared with those presented in the previous GAAP Balance Sheet as of March 31, 2016, were recognised in equity within the Ind AS Balance Sheet.

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Transition elections

Explanation of the Ind AS 101 exceptions and exemptions to the full retrospective application of Ind AS applied by the Company.

In the Ind AS opening Balance Sheet as at April 1, 2016, the carrying amounts of assets and liabilities from the previous GAAP as at March 31, 2016 are generally recognized and measured according to Ind AS in effect for the financial year ended as on March 31, 2018. For certain individual cases, however, Ind AS 101 provides for optional exemptions to the general principles of retrospective application of Ind AS. The Company has made use of the following exemptions in preparing its Ind AS opening Balance Sheet.

a) Ind AS optional exemptions:

Property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure the property, plant and equipment and intangible assets at their previous GAAP values.

b) Ind AS mandatory exceptions:

(i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Company made estimates for the following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- a) Impairment of financial assets based on expected credit loss model
- b) Determination of the discounted value for financial instruments carried at amortised cost

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B. Reconciliations between previous GAAP and Ind AS:

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS

Inda Automotive Solutions Limited
Notes to the financial statements for the year ended March 31, 2018

(i) Reconciliation of equity as at April 1, 2016:

Particulars	Foot note reference	(Rs. in million)		
		Amount as per previous GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		19	-	19
Intangible assets		3	-	3
Financial assets		-	-	-
i. Loans	1	1	-	1
ii. Other financial assets		1	-	1
Income tax assets (net)		11	-	11
Deferred tax assets (net)		7	-	7
Total non-current assets		42	-	42
Current assets				
Inventories		184	-	184
Financial assets		-	-	-
i. Trade receivables		292	-	292
ii. Cash and cash equivalents		32	-	32
iii. Loans		2	-	2
iv. Other financial assets		-	-	-
Other current assets	1	10	-	10
Total current assets		520	-	520
Total assets		562	-	562
EQUITY AND LIABILITIES				
Equity				
Equity share capital		3	-	3
Other equity	1	88	-	88
Total equity		91	-	91
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
i. Borrowings		-	-	-
Provisions		17	-	17
Other non-current liabilities		22	-	22
Total non-current liabilities		39	-	39
Current liabilities				
Financial Liabilities				
(i) Trade payables		382	-	382
(ii) Other financial liabilities		15	-	15
Other current liabilities		32	-	32
Provisions		1	-	1
Current tax liabilities (net)		2	-	2
Total current liabilities		432	-	432
Total equity and liabilities		562	-	562

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Inda Automotive Solutions Limited
Notes to the financial statements for the year ended March 31, 2018

(ii) Reconciliation of equity as at March 31, 2017:

Particulars	Foot note reference	(Rs. in million)		
		Amount as per previous GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		16	-	16
Intangible assets		5	-	5
Financial assets				
i. Loans	1	2	-	2
ii. Other financial assets		1	-	1
Income tax assets (net)		10	-	10
Deferred tax assets (net)		8	-	8
Total non-current assets		42	-	42
Current assets				
Inventories		227	-	227
Financial assets				
i. Trade receivables		298	-	298
ii. Cash and cash equivalents		77	-	77
iii. Loans		-	-	-
iv. Other financial assets		-	-	-
Other current assets	1	2	-	2
Total current assets		604	-	604
Total assets		646	-	646
EQUITY AND LIABILITIES				
Equity				
Equity share capital		3	-	3
Other equity	1	128	-	128
Total equity		131	-	131
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
i. Borrowings		-	-	-
Provisions		15	-	15
Other non-current liabilities		25	-	25
Total non-current liabilities		40	-	40
Current liabilities				
Financial Liabilities				
(i) Trade payables		425	-	425
(ii) Other financial liabilities		9	-	9
Other current liabilities		40	-	40
Provisions		1	-	1
Current tax liabilities (net)		-	-	-
Total current liabilities		475	-	475
Total equity and liabilities		646	-	646

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Minda Automotive Solutions Limited
Notes to the financial statements for the year ended March 31, 2018

(iii) Reconciliation of total comprehensive income for the year ended March 31, 2017:

Particulars	Foot note reference	Amount as per previous GAAP*	Effects of transition to		Amount as per Ind AS
			Ind AS	Ind AS	
(Rs. in million)					
Income					
Revenue from operations		2,533	-	-	2,533
Other income	1	3	-	-	3
Total Income		2,536	-	-	2,536
Expenses					
Purchase of traded goods		2,199	-	-	2,199
Changes in inventories of finished goods, work-in-progress and traded goods		(39)	-	-	(39)
Employee benefits expense	2,3	135	(3)	-	132
Finance costs		2	-	-	2
Depreciation and amortisation expense		9	-	-	9
Other expenses	1	173	-	-	173
Total expenses		2,479	(3)	-	2,476
Profit before tax		57	3	-	60
Tax expense					
Current tax expense		18	-	-	18
Deferred tax (credit)/ charge	4	(1)	1	-	-
Profit for the year		41	1	-	42
Other comprehensive income					
Items that will not be reclassified the statement of profit and loss					
Re-measurement loss/ of defined benefit obligation	2,3	-	(3)	-	(3)
Income tax relating to relating items that will not be reclassified to profit or loss		-	1	-	1
Total other comprehensive income/ (expense) for the year, net of taxes		-	(2)	-	(2)
Total comprehensive income for the year		41	(1)	-	40

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

C. Notes to the reconciliations:

1 Security deposits

Under Previous Indian GAAP, interest free security deposits (that are refundable in cash on completion of the term) are recorded at their transaction value. Under Ind AS, such financial assets are required to be recognised initially at their fair value and subsequently at amortised cost. Difference between the fair value and transaction value of the security deposit has been recognised as deferred rent. Consequent to this change the amount of security deposit as on March 31, 2017 has decreased by Rs. 416,194 (April 1, 2016 : Rs. - million) with a creation of deferred rent (included in other non-current and current assets) of Rs. - million (April 1, 2016 : Rs. - million). The total equity decreased by Rs. - million as at April 1, 2016. The unwinding of security deposit happens by recognition of a notional interest income in Statement of Profit and Loss at effective interest rate. The deferred rent gets amortised on a straight line basis over the term of the security deposits. The profit and total equity for the year ended March 31, 2017 decreased by Rs. - million due to amortisation of deferred rent by Rs. - million and increase in notional interest income of Rs. - million recognised on security deposits (included in other income).

2 Employee benefits: Remeasurement of post employment benefit plans

Under Ind AS, remeasurements i.e. actuarial gains and losses on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under previous GAAP these were forming part of the statement of profit and loss for the year. As a result profit for the year ended March 31, 2017 is increased/ decreased by Rs. 2 million (net of tax) and is reclassified to other comprehensive income. There is no impact on the total equity as at March 31, 2017.

3 Other comprehensive income

Under previous GAAP, there was no requirement to disclose any item of statement of profit and loss in other comprehensive income. However as per requirement of the AS certain items of profit or loss are to be reclassified to other comprehensive income. Consequent to this, the Company has reclassified remeasurement of defined benefit plans from the statement of profit and loss to other comprehensive income.

4 Deferred tax

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in reserve and surplus or a separate component of equity. On the date of transition (i.e April 1, 2016), the net impact on deferred tax liabilities is of Rs. Nil (March 31, 2017: Rs. 1 million). The profit and total equity for the year ended March 31, 2017 decreased by Rs. 1 million due to differences in taxable profits and accounting profits.

(iv) Reconciliation of total equity as at March 31, 2017 and April 1, 2016

Particulars	Notes	(Rs. in million)	
		As at March 31, 2017	As at April 1, 2016
Total equity (shareholder's funds) as per previous GAAP		131	91
Adjustments:			
Discounting of financial assets	1	-	-
Total adjustments		-	-
Total equity as per Ind AS		131	91

(v) Reconciliation of total comprehensive income/ (expense) for the year ended March 31, 2017

Particulars	Notes	(Rs. in million)	
		For the year ended March 31, 2017	
Profit for the period as per Previous GAAP			41
Loss on discounting of long term financial assets and liabilities, net			-
Actuarial valuation of defined benefit plans reclassified in other comprehensive income (net of tax)	2,3		(1)
Total adjustments			(1)
Profit after tax as per Ind AS			42
Other comprehensive income			(2)
Total comprehensive income as per Ind AS			40

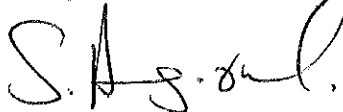
(vi) Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2017

There were no material differences between the statement of cash flows presented under Ind AS and the Previous GAAP except due to various re-classification adjustments recorded under Ind AS and difference in the definition of cash and cash equivalents under these two GAAPs.

44. The Company has taken office space and warehouses under cancellable operating lease arrangements. Lease rental expenses charged during the year to the Statement of Profit and Loss amounts to Rs. 11 million (31 March 2016 Rs. 12 million).
45. In accordance with Indian Accounting Standard (Ind AS)- 108 'Segment Reporting' on segment reporting as specified in Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, the Company has identified only one reportable segment i.e sale of traded goods, hence no disclosure for segment reporting has been made in the financial statement.

As per our report of even date attached

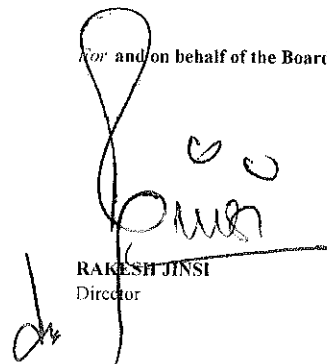
For BSR & Co. LLP
 Chartered Accountants
 Firm registration number: 101248W / W-100022



Shashank Agarwal
 Partner
 Membership No.: 095109

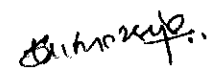
Place: Gurugram
 Date: 21 May 2018

For and on behalf of the Board of Directors Minda Automotive Solutions Limited



RAKESH JINSI
 Director

Place: Delhi
 Date: 21 May 2018



SUMIT DOSEJA
 Director

Place: Delhi
 Date: 21 May 2018