Furukawa Minda Electric Private Limited

Statutory Audit for the year ended

31 March 2023

B S R & Co. LLP
Chartered Accountants

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Independent Auditor's Report

To the Members of Furukawa Minda Electric Private Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Furukawa Minda Electric Private Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/possible effects of the matters described in the "Basis for Qualified Opinion" section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 2023, and its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

a) As explained in Note 29 to the financial statements, Directorate of Revenue Intelligence (DRI) alleged the use of incorrect tariff heading and instances of reporting incorrect material description by misdeclaration of the invoices to customs authorities in respect of certain items imported by the Company. The Company has recognised INR 1,308.47 lakhs (excluding penalty) as an expense (as an exceptional item) relating to the differential customs duty paid / payable along with interest. Short payment of customs duty for the period from February 2018 to July 2022 and interest thereon to authorities, pursuant to inadvertent classification of imported goods as accepted by the Company, needs to be presented by restating the corresponding figures as at 01 April 2021 and as at and for the year ended 31 March 2022 in accordance with the applicable Ind AS. However, the Company has presented these expenses as an exceptional item and not restated the corresponding figures as at and for the year ended 31 March 2022 and has not presented a third balance sheet as at 01 April 2021. This constitutes a departure from the applicable Ind AS prescribed under section 133 of the Act. Had the Company recognised this charge in the respective years, the total expenses and loss after tax for the year would have been lower by Rs. 1,100.66 lakhs.

b) The Company has not deducted and accounted for the Provident Fund ('PF') on the salary of certain employees (primarily expatriates) in respect of earlier years. We have not received all information regarding the Company's obligation under the applicable PF laws and regulations for such deduction.

Further, an inspection by the PF Department has been initiated on the Company for the period from November 2010 to February 2023. The Company is in the process of submitting relevant documents.

In view of our inability to obtain sufficient appropriate audit evidence about the amount of PF liability including interest and damages, if any, to be recognised in the books of account as at 31 March 2023, we are unable to determine the consequent impact on these financial statements.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under

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

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and 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) specified 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 of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to

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fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

a. The financial statements of the Company for the year ended 31 March 2022 were audited by the predecessor auditor who had expressed an unmodified opinion on 12 May 2022.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. As required by Section 143(3) of the Act, we report that:

a. We have sought and, except for the matter described in the sub-paragraph (b) of the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph above, 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 books .

c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d. Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e. The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

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

g. The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

h. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. 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:

a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements - Refer Note 32 to the financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 44 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 44 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

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C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company is not a public company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Shashank Agarwal

Partner

Membership No.: 095109

ICAI UDIN:23095109BGZAEL7045

Place: Gurugram

Date: 15 May 2023

Annexure A to the Independent Auditor's Report on the Financial Statements of Furukawa Minda Electric Private Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

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

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified every year. In accordance with this programme, all property, plant and equipment were verified during the year. 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 on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year.For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year. The Company has granted loan to its employees and directors during the year, in respect of which the requisite information is as below. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership during the year.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided loans to its employees and directors as below:

Particulars	Loans (in INR lakhs)
Aggregate amount of loans granted during the year to others	120.71

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Annexure A to the Independent Auditor's Report on the Financial Statements of Furukawa Minda Electric Private Limited for the year ended 31 March 2023 *(Continued)*

Balance outstanding as at balance sheet date with others	57.15

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the grant of loans during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments as specified under section 186 of the Companies Act, 2013 nor has it given loans or provided guarantee or security as specified under sections 185 and 186 of the Companies Act, 2013. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities except for the dues in relation to Provident Fund as discussed in the paragraph (b) of our basis for qualified opinion section above.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service

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Annexure A to the Independent Auditor's Report on the Financial Statements of Furukawa Minda Electric Private Limited for the year ended 31 March 2023 *(Continued)*

Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable except for the dues in relation to provided fund payable as discussed in the paragraph (b) of our basis for qualified opinion section above.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	0.06	AY 2011-12	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Income tax	317.26	AY 2016-17	CIT (Appeals)

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has used funds to the extent of Rs. 12,286.53 lakhs raised on short-term basis for long-term purposes.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

(f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(f) is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of 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. Accordingly, clause

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Annexure A to the Independent Auditor's Report on the Financial Statements of Furukawa Minda Electric Private Limited for the year ended 31 March 2023 *(Continued)*

3(x)(b) of the Order is not applicable.

(xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year read with the matter as described in Note 29 to the financial statements, that the Company is held liable by the customs authorities for non-compliance with regulations in respect of certain imports as explained in the said note.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Establishment of vigil mechanism is not mandated for the Company. As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) The Company is a private limited company and accordingly the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has incurred cash losses of INR 2,657.27 lakhs in the current financial year and INR 141.78 lakhs in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material

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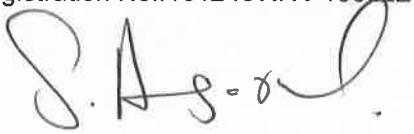
uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022



Shashank Agarwal

Partner

Membership No.: 095109

ICAI UDIN:23095109BGZAEL7045

Place: Gurugram

Date: 15 May 2023

Annexure B to the Independent Auditor's Report on the financial statements of Furukawa Minda Electric Private Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

Qualified Opinion

We have audited the internal financial controls with reference to financial statements of Furukawa Minda Electric Private Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls with reference to financial statements as of 31 March 2023, based on the internal financial controls with reference to 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 (the "Guidance Note"), and except for the effects of the material weakness described in the Basis for Qualified Opinion section of our report below, on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to the financial statements were operating effectively as of 31 March 2023.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of 31 March 2023 financial statements of the Company, and the material weakness has affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at 31 March 2023:

The Company's internal financial controls over financial reporting process were not operating effectively which has resulted in departure from the applicable Ind AS prescribed under section 133 of the Companies Act, 2013 and material misstatement of the financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to

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Annexure B to the Independent Auditor's Report on the financial statements of Furukawa Minda Electric Private Limited for the Year ended 31 March 2023 *(Continued)*

an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of

Annexure B to the Independent Auditor's Report on the financial statements of Furukawa Minda Electric Private Limited for the Year ended 31 March 2023 *(Continued)*

changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Shashank Agarwal
Partner
Membership No.: 095109
ICAI UDIN:23095109BGZAEL7045

Place: Gurugram
Date: 15 May 2023

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH 2023
(All amounts are in Rs. lakhs except wherever stated otherwise)

	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3(a)	6,104.36	6,809.79
(b) Capital work-in-progress	3(b)	96.16	118.13
(c) Intangible assets	4	161.80	215.89
(d) Right-of-use assets	5	-	7.58
(e) Financial assets			
I. Loans	6	13.55	-
II. Other financial assets	7	15.17	15.67
(f) Non-current tax assets	8	533.14	475.10
(g) Other non-current assets	9	2.70	-
Total non-current assets		**6,926.88**	**7,642.16**
Current assets			
(a) Inventories	10	5,977.89	6,763.62
(b) Financial assets			
i. Trade receivables	11	1,429.39	2,225.35
ii. Cash and cash equivalents	12	1,219.50	1,193.59
iii. Loans	6	43.59	26.72
iv. Other financial assets	7	33.89	49.16
(c) Other current assets	9	2,912.32	2,265.38
		11,616.58	**12,523.82**
Assets held for sale	3(c)	5.89	16.52
Total current assets		**11,622.47**	**12,540.34**
Total assets		**18,549.35**	**20,182.50**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	11,750.00	11,750.00
(b) Other equity	14	(17,353.19)	(13,851.90)
Total equity		**(5,603.19)**	**(2,101.90)**
Liabilities			
Non-current liabilities			
(a) Provisions	16	243.56	247.03
Total non-current liabilities		**243.56**	**247.03**
Current liabilities			
(a) Financial liabilities			
I. Borrowings	18	17,670.00	15,342.00
II. Lease liabilities	19	-	7.84
iii. Trade payables	20		
(I) total outstanding dues of micro enterprises and small enterprises		134.22	139.46
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		5,066.61	6,251.42
iv. Other financial liabilities	15	211.80	68.38
(b) Other current liabilities	17	446.76	219.35
(c) Provisions	16	379.59	8.92
Total current liabilities		**23,908.98**	**22,037.37**
Total liabilities		**24,152.54**	**22,284.40**
Total equity and liabilities		**18,549.35**	**20,182.50**

See accompanying notes to the financial statements 1-44

In terms of our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Shashank Agarwal
Partner
Membership No. 095109

Place: Gurugram
Date : 15 May 2023

For and on behalf of the Board of Directors of
FURUKAWA MINDA ELECTRIC PRIVATE LIMITED

Neeraj Sharma
CFO, President and Whole Time Director
DIN No. 07239148

Masahiro Kuroki
Director
DIN No. 08777253

Kanika Pareek
Company Secretary
Membership No. A-41552

Place: Bawal
Date : 15 May 2023

FURUKAWA MINDA ELECTRIC PVT. LTD.

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023
(All amounts are in Rs. lakhs except wherever stated otherwise)

		Notes	Year ended 31 March 2023	Year ended 31 March 2022
I	Revenue from operations	21	35,277.48	35,950.19
II	Other income	22	334.28	520.01
III	**Total income (I + II)**		**35,611.76**	**36,470.20**
IV	**Expenses**			
	(a) Cost of materials consumed	23	26,819.05	27,709.76
	(b) Changes in inventories of finished goods and work-in-progress	24	72.26	(162.66)
	(c) Employee benefits expenses	25	5,008.80	5,105.32
	(d) Finance costs	26	1,105.79	1,026.65
	(e) Depreciation and amortisation expense	27	863.16	985.82
	(f) Other expenses	28	3,505.07	3,174.67
	Total expenses (IV)		**37,374.13**	**37,839.56**
V	**Loss before exceptional items and tax expense (III - IV)**		**(1,762.37)**	**(1,369.36)**
VI	Exceptional items	29	1,739.80	-
VII	**Loss before tax expense (V - VI)**		**(3,502.17)**	**(1,369.36)**
VIII	**Tax expense**			
	Current tax	39	-	-
	Deferred tax	39	-	-
	Total tax expense		-	-
IX	**Loss for the year (VII-VIII)**		**(3,502.17)**	**(1,369.36)**
X	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	- Remeasurement of the defined benefit plans		0.88	24.57
	Other comprehensive income for the year, net of tax		**0.88**	**24.57**
XI	**Total comprehensive income for the year (IX+X)**		**(3,501.29)**	**(1,344.79)**
XII	**Earnings per equity share (face value of Rs. 10 each) :**	30		
	Basic (in Rs.)		(2.98)	(1.17)
	Diluted (in Rs.)		(2.98)	(1.17)

See accompanying notes to the financial statements 1-44

In terms of our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Shashank Agarwal
Partner
Membership No. 095109

Place: Gurugram
Date : 15 May 2023

For and on behalf of the Board of Directors of
FURUKAWA MINDA ELECTRIC PRIVATE LIMITED

Neeraj Sharma
CFO, President and Whole Time Director
DIN No. 07239148

Masahiro Kuroki
Director
DIN No. 08777253

Kanika Pareek
Company Secretary
Membership No. A-41552

Place: Bawal
Date : 15 May 2023

FURUKAWA MINDA ELECTRIC PVT. LTD. Fme

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023
(All amounts are in Rs. lakhs except wherever stated otherwise)

Particulars		Year ended 31 March 2023	Year ended 31 March 2022
A. Cash flow from operating activities			
Loss after tax		(3,502.17)	(1,369.36)
Adjustments for :			
Depreciation and amortisation expense		863.16	985.82
Finance costs		1,105.79	1,026.65
Unrealised foreign exchange gain		(35.26)	(83.25)
Allowance for doubtful trade receivables and advances		26.02	43.22
Loss on disposal/discard of property, plant and equipment (net)		-	0.72
Impairment loss on property, plant and equipment		120.56	111.19
Interest income earned on financial assets not designated as at fair value through profit or loss		(2.95)	(1.85)
Liabilities / provisions no longer required written back		(129.58)	(201.42)
Operating (loss)/profit before working capital changes		**(1,554.43)**	**511.72**
Working capital adjustments:			
Inventories		785.74	591.96
Trade receivables		795.92	196.49
Loans, other financial assets and other assets		(674.03)	826.59
Trade payables		(1,020.87)	(3,152.15)
Other financial liabilities and other liabilities		426.07	85.86
Provisions		368.08	(11.04)
Cash used in operations		(873.52)	(950.57)
Income tax paid (net of refund)		(58.03)	183.05
Net cash used in operating activities	(A)	**(931.55)**	**(767.52)**
B. Cash flow from investing activities			
Purchase of property, plant and equipment,intangible assets and capital work-in-progress		(302.06)	(505.07)
Proceeds from sale of property, plant and equipment		49.27	20.65
Net cash used in investing activities	(B)	**(252.79)**	**(484.42)**
C. Cash flow from financing activities			
Proceeds from short term borrowings, net		2,328.00	746.00
Repayment of principal of lease liabilities		(7.75)	(41.95)
Payment of interest on lease liabilities		(0.08)	(2.78)
Finance costs		(1,109.92)	(1,028.59)
Net cash generated from/(used in) financing activities	(C)	**1,210.25**	**(327.32)**
Net increase/(decrease) in cash and cash equivalents	(A+B+C)	25.91	(1,579.26)
Cash and cash equivalents as at the beginning of the year		1,193.59	2,772.85
Cash and cash equivalents as at the end of the year (Refer to note 12)*		**1,219.50**	**1,193.59**

Notes:
The above Statement of Cash Flows has been prepared under the indirect method set out in Indian Accounting Standard (Ind AS)- 7 "Statement of Cash Flows".

* **Cash and cash equivalents**		
a. Cash on hand	-	-
b. Balance with scheduled banks		
i. In current accounts	1,219.50	1,193.59
	1,219.50	**1,193.59**

Movement in borrowings		
Borrowings at the beginning of the year (including accrued interest)	15,348.46	14,604.40
Proceeds from borrowings during the year, net	2,328.00	746.00
Interest expense for the year	1,105.79	1,026.65
Interest paid during the year	-1,109.92	-1,028.59
Borrowings at the end of the year (including accrued interest)	17,672.33	15,348.46

See accompanying notes to the financial statements 1-44

In terms of our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Shashank Agarwal
Partner
Membership No. 095109

Place: Gurugram
Date : 15 May 2023

For and on behalf of the Board of Directors of
FURUKAWA MINDA ELECTRIC PRIVATE LIMITED

Neeraj Sharma
CFO, President and Whole Time Director
DIN No. 07239148

Masahiro Kuroki
Director
DIN No. 08777253

Kanika Pareek
Company Secretary
Membership No. A-41552

Place: Bawal
Date : 15 May 2023

FURUKAWA MINDA ELECTRIC PVT. LTD.

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023
(All amounts are in Rs. lakhs except wherever stated otherwise)

A. Equity share capital

	Amount
Balance as at 1 April 2021	**11,750.00**
Changes in equity share capital during the year	-
Balance as at 31 March 2022	**11,750.00**
Changes in equity share capital during the year	-
Balance as at 31 March 2023	**11,750.00**

B. Other equity

	Reserves and Retained earnings	Total
Balance as at 1 April 2021	**(12,507.11)**	**(12,507.11)**
Loss for the year	(1,369.36)	(1,369.36)
Other comprehensive income for the year, net of income tax	24.57	24.57
Total comprehensive income for the year	**(1,344.79)**	**(1,344.79)**
Balance as at 31 March 2022	**(13,851.90)**	**(13,851.90)**
Loss for the year	(3,502.17)	(3,502.17)
Other comprehensive income for the year, net of income tax	0.88	0.88
Total comprehensive income for the year	**(3,501.29)**	**(3,501.29)**
Balance as at 31 March 2023	**(17,353.19)**	**(17,353.19)**

See accompanying notes to the financial statements 1-44
In terms of our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Shashank Agarwal
Partner
Membership No. 095109

Place: Gurugram
Date : 15 May 2023

For and on behalf of the Board of Directors of
FURUKAWA MINDA ELECTRIC PRIVATE LIMITED

Neeraj Sharma
CFO, President and Whole Time Director
DIN No. 07239148

Masahiro Kuroki
Director
DIN No. 08777253

Kanika Pareek
Company Secretary
Membership No. A-41552

Place: Bawal
Date : 15 May 2023

FURUKAWA MINDA ELECTRIC PVT. LTD.

1. Background

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED ('FME' or 'the Company') is a private limited Company incorporated on 07 November 2006 with its registered office at Unit No. 18, Lower Ground Floor, Eros Metro Mall, Sector-14, Dwarka, New Delhi - 110075. The Company is in the business of manufacturing wire harness and steering rotator component for automobiles and has manufacturing facilities at Bawal (Haryana) and warehousing facility at Manesar (Haryana) and Vithalapur (Gujarat).

2. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

(a) Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.

The financial statements were authorised for issue by the Company's Board of Directors on 15 May 2023.

(b) Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR'), which is the company's functional currency. All amounts have been rounded to the nearest lakhs with two decimal places, unless otherwise stated.

(c) Going concern assumption

The Company has incurred a net loss of Rs. 3,501.29 lakhs (previous year of Rs. 1,344.79 lakhs) during the year ended 31 March 2023 resulting into accumulated losses as at 31 March 2023 amounting to Rs. 17,353.19 lakhs (as at 31 March 2022 - Rs. 13,851.90 lakhs) which has eroded the net worth of the Company and the Company's current

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FURUKAWA MINDA ELECTRIC PVT. LTD. Fme

liabilities exceeded its current assets by Rs. 12,286.51 lakhs (as at 31 March 2022 - Rs. 9,497.03 lakhs).

Based on business strategies, operating plans/forecasts of the Company and the continued financial and operational support from its Ultimate Holding Company i.e. Furukawa Electric Co., Ltd., management is confident that the Company will meet all its obligations as they fall due in the normal course of business, and accordingly, these financial statements have been prepared on a going concern basis.

(d) Basis of preparation and presentation

The financial statements have been prepared under the historical cost convention, except for the following items:

- Defined benefit liability/ (assets): present value of defined benefit obligation less fair value of plan assets

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

The Company has an established control framework with respect to the measurement of fair values. Fair values are categorized 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).

(e) Use of estimates and critical accounting judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

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Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

- Recognition and estimation of tax expense including deferred tax – Note 1(s)
- Estimated impairment of financial and non-financial assets – Note 1(p)(v) and Note 1(i)
- Assessment of useful life of property, plant and equipment and intangible asset – Note 1(g) and 1(h)
- Estimation of obligations relating to employee benefits: key actuarial assumptions – Note 1(l)
- Valuation of Inventories – Note 1(n)
- Recognition and measurement of provisions and contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 1(o)
- Fair value measurement – Note 1(p)
- Leases – Note 1(q)

(f) Classification of assets and liabilities as current and non-current

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

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current financial assets.

55.

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All other assets are classified as non-current.

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets/ liabilities are classified as non-current assets/ liabilities.

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(g) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses (if any).

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation on tangible property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed based on technical advice as undertaking into account

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the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, etc.

Category of asset	Useful life
Plant and machinery - tools and applicators	5 years
Plant and machinery - moulds	5 years
Vehicles	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Assets costing less than Rs. 5,000 individually are fully depreciated in the year of purchase.

(h) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses (if any). Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses (if any).

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Estimated useful lives of intangible assets are as follows:

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Software - 3 years
SAP – 5 years
New product development - 5 years

(i) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a cash generating unit (CGU) (or an individual asset) is the higher 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment loss in respect of assets 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 amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit and Loss.

(j) Foreign currency transactions

Transactions in foreign currencies are recorded by the Company in their respective functional currency at the exchange rates prevailing at the date when the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the

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FURUKAWA MINDA ELECTRIC PVT. LTD. Fme

functional currency at the exchange rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign currency gains and losses are reported on a net basis in the statement of profit and loss.

(k) Segment reporting

Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. The Company is primarily engaged in the manufacturing and sales of auto components and parts which constitutes single business segment. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segments and assess their performance. CODM believes that these are governed by same set of risk and returns hence CODM reviews as one balance sheet component.

(l) Employee benefits

i. Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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ii. Defined contribution plans

The Company's contribution to Provident Fund, Superannuation Fund and Employees' State Insurance schemes are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Statement of Profit or Loss in the periods during which the related services are rendered by employees.

iii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Gratuity

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The contributions made to the fund are recognised as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognised in the Balance Sheet. Re-measurements are recognised in the other comprehensive income, net of tax in the year in which they arise.

When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv. Other employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

(m) Revenue

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.

However, Goods and Services Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added

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FURUKAWA MINDA ELECTRIC PVT. LTD. Fme

to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

The Company recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned or deferred revenue is recognised when there is billings in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

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Use of significant judgements in revenue recognition:

a) The Company's contracts with customers could include promises to transfer products to a customer. The Company assesses the products promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

b) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

c) The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.

d) The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the

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customer, acceptance of delivery by the customer, etc.

Interest income

Income from interest on deposits, loans and interest bearing securities is recognized using the effective interest method.

(n) Inventories

Inventories which includes raw materials, packing materials stores, work in progress, finished goods and spares are valued at lower of cost and net realizable value. However, raw materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost or in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The basis of determination of cost for various categories of inventory is as follows:

Raw materials, packing material, stores and spares and stock-in-trade	:	Weighted average method.
Work-in-progress and finished goods	:	Weighted average cost of production and including all applicable manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion to make the sale. The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products. The comparison of cost and net realizable value is made on an item-by-item basis

(o) Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely

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than not") that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

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 of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the entity. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

(p) 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.

i. Recognition and initial measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss

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('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:
- Amortized cost;
- Fair Value through Other Comprehensive Income ('FVOCI') – debt instrument;
- FVOCI – equity investment; or
- 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.

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 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.

This category is the most relevant to the Company. 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 amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables. Company has recognized financial assets viz. security deposit, trade receivables, employee advances at amortized cost.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the

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requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently 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 asset and settle the liability simultaneously.

v. Derivative financial instruments

The Company uses derivative instruments such as foreign exchange forward contracts. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognized in profit and loss.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt instruments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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Evidence that a financial asset is credit – impaired includes the following observable data:

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Presentation of allowance for expected credit losses in the balance sheet
Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

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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 debtor 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 Company's procedures for the recovery of amount due.

(q) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Company has the right to obtain substantially all of the economic benefits from use of the asset through the period of use; and

- the Company has the right to direct the use of the asset. The Company has this right when it has the decision- making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

    - the Company has the right to operate the asset; or
    - the Company designed the asset in a way that predetermines how and for what purpose it will be used

An entity shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

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At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Company as lessee

The Company accounts for assets taken under lease arrangement in the following manner:

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the basis of remaining lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset,

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or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight- line basis over the lease term.

(r) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(s) Income taxes

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to item recognised directly in equity or in other comprehensive income.

(i) 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 reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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Current tax assets and current tax 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.

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets 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 when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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(t) 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. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where the results will be anti-dilutive.

(u) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank, cash on hand and cheques on hand as they are considered an integral part of the Company's cash management

(v) Recent pronouncements

On 31 March 2023, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2023 effective from 1 April 2023.

- Disclosure of material accounting policies (amendments to Ind AS 1 - Presentation of Financial Statements)
- Definition of accounting estimate (amendments to Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to Ind AS 12 - Income taxes)

The Company does not expect these amendments to have any significant impact on its financial statements.

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FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in Rs. lakhs except wherever stated otherwise)

3 (a). Property, plant and equipment

	Freehold land	Buildings	Plant and equipment	Vehicles	Furniture and fixtures	Computers	Office equipment	Total
Cost								
As at 31 March 2021	1,183.36	1,382.62	8,871.43	166.42	97.43	152.02	76.12	11,929.40
Additions during the year	-	329.14	285.81	-	2.48	24.03	19.80	661.26
Disposals during the year	-	-	-	(28.45)	-	(31.04)	-	(59.49)
Reclassified as assets held for sale (refer to note below)	-	-	(660.43)	-	(3.32)	-	(11.16)	(674.91)
As at 31 March 2022	**1,183.36**	**1,711.76**	**8,496.81**	**137.97**	**96.59**	**145.01**	**84.76**	**11,856.26**
Additions during the year	-	10.55	120.24	-	59.88	33.67	34.79	259.13
Disposals during the year	-	-	(220.54)	(80.83)	(0.68)		(0.60)	(302.65)
Reclassified as assets held for sale (refer to note below)	-	(5.66)	(1,631.06)	-	(17.44)	(43.40)	(27.04)	(1,724.60)
As at 31 March 2023	**1,183.36**	**1,716.65**	**6,765.45**	**57.14**	**138.35**	**135.28**	**91.91**	**10,088.14**
Depreciation and impairment								
Balance as at 31 March 2021	-	273.18	4,226.28	65.15	35.50	117.89	33.09	4,751.09
Charge for the year	-	68.23	734.90	28.54	9.68	23.66	15.70	880.71
Elimination on disposal of assets	-	-	-	(7.08)	-	(31.04)	-	(38.12)
Reclassified as assets held for sale (refer to note below)	-	-	(534.61)	-	(2.02)	-	(10.58)	(547.21)
Balance as at 31 March 2022	**-**	**341.41**	**4,426.57**	**86.61**	**43.16**	**110.51**	**38.21**	**5,046.47**
Charge for the year	-	72.79	648.27	19.33	12.64	20.32	21.38	794.73
Elimination on disposal of assets	-	-	(188.66)	(63.38)	(0.68)		(0.66)	(253.38)
Reclassified as assets held for sale (refer to note below)		(0.78)	(1,523.70)	-	(11.04)	(41.99)	(26.53)	(1,604.04)
Balance as at 31 March 2023	**-**	**413.42**	**3,362.48**	**42.56**	**44.08**	**88.84**	**32.40**	**3,983.78**
Net book Value								
As at 31 March 2022	1,183.36	1,370.35	4,070.24	51.36	53.43	34.50	46.55	6,809.79
As at 31 March 2023	1,183.36	1,303.23	3,402.97	14.58	94.27	46.44	59.51	6,104.36

Notes :
During the current year, the Company on the basis of physical verification and assessment of its property, plant and equipment has recognised impairment loss of Rs. 120.56 lakhs (previous year : Rs. 111.19 lakhs) against assets not in use or damaged and accordingly, classified assets amounting to Rs. Nil lakhs (previous year : Rs. 16.51 lakhs) as assets held for sale, refer to note 3 (c).

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in Rs. lakhs except wherever stated otherwise)

3 (b) Capital work-in-progress (CWIP)

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	118.13	541.86
Additions during the year	115.23	222.38
Capitalisation during the year	(137.20)	(646.11)
Balance at the end of the year	**96.16**	**118.13**

Note:

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
as at 31 March 2023					
Projects in progress	40.18	55.98	-	-	96.16
Projects temporarily suspended	-	-	-	-	-

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
as at 31 March 2022					
Projects in progress	118.13	-	-	-	118.13
Projects temporarily suspended	-	-	-	-	-

For Capital Work in Progress, whose completion is overdue as compared to its original plan, the project wise details of when the project is expected to be completed is given below as at 31 March 2023:

	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
Cutting Crimping Integrated system (CCIS)-II	55.98	-	-	-	55.98
Total	**55.98**	**-**	**-**	**-**	**55.98**

For Capital Work in Progress, whose completion is overdue as compared to its original plan, the project wise details of when the project is expected to be completed is given below as at 31 March 2022:

	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
YHB/YHC Line	39.51	-	-	-	39.51
CCTV installation	16.90				16.90
Cutting Crimping Integrated System(CCIS)-II	55.98	-	-	-	55.98
Total	**112.39**	**-**	**-**	**-**	**112.39**

3(c) Assets held for sale

	As at 31 March 2023	As at 31 March 2022
Property, plant and equipment	5.89	16.52
	5.89	**16.52**

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4 Intangible assets

Cost	Software	New product development	Total
As at 31 March 2021	79.55	20.81	100.36
Additions during the year	256.57	-	256.57
Disposals during the year	-	-	-
As at 31 March 2022	**336.12**	**20.81**	**356.93**
Additions during the year	6.76	-	6.76
Disposals during the year	(48.13)	(20.81)	(68.94)
As at 31 March 2023	**294.75**	**-**	**294.75**
Amortisation			
As at 31 March 2021	60.44	20.81	81.25
Amortisation charge for the year	59.79	-	59.79
Disposals during the year	-	-	-
As at 31 March 2022	**120.23**	**20.81**	**141.04**
Amortisation charge for the year	60.85	-	60.85
Disposals during the year	(48.13)	(20.81)	(68.94)
As at 31 March 2023	**132.95**	**-**	**132.95**
Net Block			
As at 31 March 2023	**161.80**	**-**	**161.80**
As at 31 March 2022	**215.89**	**-**	**215.89**

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5. Right-of-use assets (refer to note 38)

	As at 31 March 2023	As at 31 March 2022
Right-of-use assets	-	7.58
	-	**7.58**

Cost	
As at 31 March 2021	**418.98**
Additions during the year	-
Disposals during the year	-
As at 31 March 2022	**418.98**
Additions during the year	-
Disposals during the year	-
As at 31 March 2023	**418.98**
Amortisation	
As at 31 March 2021	**366.08**
Amortisation charge for the year	45.32
As at 31 March 2022	**411.40**
Amortisation charge for the year	7.58
As at 31 March 2023	**418.98**
Net carrying amount	
As at 31 March 2023	-
As at 31 March 2022	7.58

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6 Financial assets - Loans

	As at 31 March 2023		As at 31 March 2022	
	Non-current	Current	Non-current	Current
(a) Unsecured, considered good				
-Loan to employees	3.93	32.92	-	26.72
-Loan to director	9.62	10.67	-	-
	13.55	**43.59**	**-**	**26.72**

7 Other financial assets

	As at 31 March 2023		As at 31 March 2022	
	Non-current	Current	Non-current	Current
(a) Security deposits				
(i) Unsecured, considered good	15.17	33.89	15.67	49.16
(ii) Unsecured, considered doubtful	-	17.25	-	15.64
	15.17	51.14	15.67	64.80
Less: Loss allowance for doubtful security deposits	-	(17.25)	-	(15.64)
	15.17	33.89	15.67	49.16
(b) Advance recoverable from related parties [Refer to note 40(c)]				
(i) Unsecured, considered good	-	-	-	-
(ii) Unsecured, considered doubtful	-	0.04	-	0.04
	-	0.04	-	0.04
Less: Loss allowance for doubtful advances		(0.04)		(0.04)
	-	-	-	-
	15.17	**33.89**	**15.67**	**49.16**

8 Tax assets

	As at 31 March 2023	As at 31 March 2022
Non-current tax assets		
Advance tax (inclusive of TDS recoverable)	533.14	475.10
	533.14	**475.10**

9 Other assets

	As at 31 March 2023		As at 31 March 2022	
	Non-current	Current	Non-current	Current
(a) Advance to suppliers				
- Unsecured, Considered good	-	33.25	-	18.91
- Unsecured, Considered doubtful	-	6.83	-	6.59
	-	**40.08**	-	**25.50**
Less: Impairment loss allowance	-	(6.83)	-	(6.59)
	-	**33.25**	-	**18.91**
(b) Advance to employees	-	2.04	-	0.28
(c) Recoverable from related parties*	-	389.30	-	418.60
(d) Prepaid expenses	2.70	203.35	-	107.33
(e) Balance with statutory/government authorities	-	2,284.38	-	1,720.26
	2.70	**2,912.32**	**-**	**2,265.38**

*Expenses incurred on behalf of Japanese expats which is to be borne by Ultimate Holding Company and Entity with significant influence over the Company (refer note 40).

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FURUKAWA MINDA ELECTRIC PVT. LTD.

10 Inventories
(lower of cost or net realisable value)

	As at 31 March 2023	As at 31 March 2022
(a) Raw materials and components [Including goods in transit Rs. 938.53 lakhs (As at 31 March 2022: Rs. 1,447.36 lakhs)]	3,968.59	4,724.02
(b) Work-in-progress	255.30	280.21
(c) Finished goods [Including goods in transit Rs. 0.60 lakhs (As at 31 March 2022: Rs. 165.55 lakhs)]	1,472.60	1,519.93
(d) Stores and spares	281.40	239.46
	5,977.89	**6,763.62**

Notes:

a) The cost of inventories recognised as an expense includes Rs. 81.79 lakhs (previous year Rs. 44.26 lakhs) in respect of write-down of inventory to net realisable value.

11 Trade receivables

	As at 31 March 2023	As at 31 March 2022
Trade receivables	1,361.84	2,202.39
Receivables from related parties [Refer to note 40 (c)]	67.55	22.96
Total receivables	**1,429.39**	**2,225.35**
Break-up of trade receivables		
- Unsecured, considered good	1,429.39	2,225.35
- Credit impaired	0.93	7.01
Total	1,430.32	2,232.36
Allowance for doubtful debts	(0.93)	(7.01)
Total trade receivables	**1,429.39**	**2,225.35**

Trade Receivables Ageing Schedule as at 31 March 2023 and 31 March 2022

Particulars	Unbilled	Outstanding for following periods from due date of payment						Total
		Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	99.84 *313.01*	1,228.48 *1,609.49*	101.06 *302.85*	- -	0.01 -	- -	- -	1,429.39 *2,225.35*
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	- -	- -	- -	- -	- -	- -	- -	- -
(iii) Undisputed Trade Receivables – credit impaired	- -	- -	- -	- -	- -	- -	- -	- -
(iv) Disputed Trade Receivables–considered good	- -	- -	- -	- -	- -	- -	- -	- -
(v) Disputed Trade Receivables – which have significant increase in credit risk	- -	- -	- -	- -	- -	- -	- -	- -
(vi) Disputed Trade Receivables – credit impaired	- -	- -	0.63 -	0.31 *3.02*	- *3.99*	- -	- -	0.94 *7.01*
Total as on 31 March 2023	**99.84**	**1,228.48**	**101.69**	**0.31**	**0.01**	**-**	**-**	**1,430.33**
Total as on 31 March 2022	***313.01***	***1,609.49***	***302.85***	***3.02***	***3.99***	**-**	**-**	***2,232.36***

FURUKAWA MINDA ELECTRIC PVT. LTD. Fme

a) Movement in the expected credit loss allowance (net)

	As at 31 March 2023	As at 31 March 2022
Balance as at the beginning of the year	(7.01)	(1.26)
Movement in expected credit loss allowance on trade receivables	6.08	(5.75)
Balance at the end of the year	**(0.93)**	**(7.01)**

b) Of the trade receivables balance as at the year end, receivables from three customers represented more than 10% of the total balance of trade receivables (31 March 2022: three customers represented more than 10% of the total balance of trade receivables).

c) **Contract balances**

	As at 31 March 2023	As at 31 March 2022
Trade receivables (Including Contract asset - Unbilled revenue)	1,429.39	1,912.34
Contract liabilities (Unearned revenue)	202.96	-

12 Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
(a) Cash on hand	-	-
(b) Balances with scheduled banks		
- In current accounts	1,219.50	1,193.59
	1,219.50	**1,193.59**

FURUKAWA MINDA ELECTRIC PVT. LTD. Fme

13 Equity share capital

	As at 31 March 2023	As at 31 March 2022
Authorised share capital		
117,500,000 fully paid equity shares of Rs. 10 each	11,750.00	11,750.00
(As at 31 March, 2022 : 117,500,000 fully paid equity shares of Rs. 10 each)		
Issued and subscribed capital		
117,500,000 fully paid equity shares of Rs. 10 each (As at 31 March, 2022:	11,750.00	11,750.00
	11,750.00	**11,750.00**

13.1 Reconciliation of share capital outstanding as at the beginning and at the end of the year

	Numbers	Amount
Balance as at 31 March 2021	11,75,00,000	11,750.00
Issued during the year	-	-
Balance as at 31 March 2022	**11,75,00,000**	**11,750.00**
Issued during the year	-	-
Balance as at 31 March 2023	**11,75,00,000**	**11,750.00**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share and is entitled for dividend approved in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the

13.2 Details of shares held by each shareholder holding more than 5%

	As at 31 March 2023		As at 31 March 2022	
	Numbers	% holding	Numbers	% holding
Fully paid equity shares				
Minda Corporation Limited	2,93,75,000	25.0%	2,93,75,000	25.0%
Furukawa Electric Co., Ltd	5,28,75,000	45.0%	5,28,75,000	45.0%
Furukawa Automotive Systems Inc.	3,52,50,000	30.0%	3,52,50,000	30.0%

13.3 List of promoters holding share as at 31 March 2023 and as at 31 March 2022

	As at 31 March 2023		As at 31 March 2022	
	Numbers	% holding	Numbers	% holding
Fully paid equity shares				
Minda Corporation Limited	2,93,75,000	25.0%	2,93,75,000	25.0%
Furukawa Electric Co., Ltd	5,28,75,000	45.0%	5,28,75,000	45.0%
Furukawa Automotive Systems Inc.	3,52,50,000	30.0%	3,52,50,000	30.0%

14 Other equity

	As at 31 March 2023	As at 31 March 2022
Retained earnings / (deficit)	(17,353.19)	(13,851.90)
	(17,353.19)	**(13,851.90)**

	As at 31 March 2023	As at 31 March 2022
14.1 Retained earnings / (deficit)		
Balance at the beginning of the year	(13,851.90)	(12,507.11)
Loss for the year	(3,502.17)	(1,369.36)
Other comprehensive income for the year, net of income tax	0.88	24.57
Balance at the end of the year	**(17,353.19)**	**(13,851.90)**

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15 Other financial liabilities

		As at 31 March 2023	As at 31 March 2022
i.	Interest accrued but not due on borrowings	2.36	6.46
ii.	Payables for purchase of property, plant and equipment and capital work-in-progress	6.48	61.92
iii.	Unearned revenue	202.96	-
		211.80	**68.38**

16 Provisions

		As at 31 March 2023	As at 31 March 2022
Non-current			
Employee benefits			
i.	Provision for compensated absences	59.92	72.07
ii.	Provision for gratuity (net) (Refer to note 34)	183.64	174.96
		243.56	**247.03**
Current			
(a) Employee benefits			
	i. Provision for compensated absences	2.01	2.36
	ii. Provision for gratuity (net) (Refer to note 34)	4.02	6.56
(b) Provision for contingencies (Refer to note below)		373.56	-
		379.59	**8.92**

Movement in provision for contingencies

Carrying amount at the beginning of the year	-	-
Provided during the year	373.56	-
Utilised during the year	-	-
Carrying amount at the end of the year	373.56	-

17 Other liabilities

		As at 31 March 2023	As at 31 March 2022
i.	Statutory liabilities	279.62	198.08
ii.	Advance from customers	167.14	21.27
		446.76	**219.35**

18 Borrowings (Current)

		As at 31 March 2023	As at 31 March 2022
Unsecured - at amortised cost			
i.	Working capital loan repayable on demand (Refer to note a)	-	101.00
ii	Short term loans from banks (Refer to note b)	17,670.00	15,241.00
		17,670.00	**15,342.00**

Notes :

a Working capital loan from MUFG bank was backed by corporate guarantee from Furukawa Electric Co., Ltd. (Ultimate Holding Company). It was repaid during the current year and was carring interest rate of 5.75% per annum (31 March, 2022: 5.75% to 6.40% per annum).

b Short term loans from Duetsche Bank & Mizuho bank are backed by corporate guarantee from Furukawa Electric Co., Ltd. (Ultimate Holding Company). It is repayable on demand and carried interest rate of 5.75% to 9.75% per annum (31 March, 2022: 5.75% to 6.30% per annum).

19 Lease liabilities (Current)

	As at 31 March 2023	As at 31 March 2022
Lease liabilities (Refer to note 38)	-	7.84
	-	7.84

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FURUKAWA MINDA ELECTRIC PVT. LTD. Fme

	As at 31 March 2023	As at 31 March 2022
20 Trade payables		
i. Total outstanding dues of micro, small and medium enterprises (Refer to note I below)	134.22	139.46
ii. Total outstanding dues of creditors other than micro, small and medium enterprises (Refer to note II below)	5,066.61	6,251.42
	5,200.83	**6,390.88**

Trade paybles ageing schedule as at 31 March 2023 and as at 31 March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	5.09	129.13	-	-	-	-	134.22
	-	*139.46*	-	-	-	-	*139.46*
(ii) Others	1,309.33	3,557.36	135.57	1.39	-	62.96	5,066.61
	1,381.11	*4,162.38*	*630.69*	*4.97*	*2.64*	*69.63*	*6,251.42*
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total as on 31 March 2023	1,314.42	3,686.49	135.57	1.39	-	62.96	5,200.83
Total as on 31 March 2022	*1,381.11*	*4,301.84*	*630.69*	*4.97*	*2.64*	*69.63*	*6,390.88*

Notes:

i.	The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:		
(a)	(i) the principal amount remaining unpaid to any supplier	134.22	139.46
	(ii) interest due thereon	-	-
(b)	Interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day	-	-
(c)	Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d)	Interest accrued and remaining unpaid	-	-
(e)	further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

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FURUKAWA MINDA ELECTRIC PVT. LTD. Fme

	Year ended 31 March 2023	Year ended 31 March 2022
21 Revenue from operations		
Sales of products	34,973.01	35,614.69
Other operating revenue :		
- Scrap sales	304.47	335.50
	35,277.48	**35,950.19**

Revenues from three customer contributed more than 10% of the revenue from operations for the year ended 31 March 2023 (31 March 2022: three customers contributed more than 10% of the revenue from operations).

Reconciliation of revenue

Gross revenue	35,131.89	35,788.93
Less: Discount	158.88	174.24
Net revenue from contract with customers	**34,973.01**	**35,614.69**

22 Other income

	Year ended 31 March 2023	Year ended 31 March 2022
Interest income earned on financial assets not designated as at fair value through profit or loss		
Other financial assets (carried at amortised cost)	2.95	1.85
(A)	**2.95**	**1.85**
Other gains (net)		
Net foreign exchange gain	141.66	271.84
Liabilities / provisions no longer required written back	129.58	201.42
Gain on disposal/discard of property, plant and equipment (net)	36.61	-
Miscellaneous income	23.48	44.90
(B)	**331.33**	**518.16**
(A+B)	**334.28**	**520.01**

23 Cost of materials consumed

	Year ended 31 March 2023	Year ended 31 March 2022
Opening stock	4,724.02	5,515.23
Add: Purchases	26,063.62	26,918.55
	30,787.64	32,433.78
Less: Closing stock (Refer to note 10)	3,968.59	4,724.02
Total cost of materials consumed	**26,819.05**	**27,709.76**

24 Changes in inventories of finished goods and work in progress

	Year ended 31 March 2023	Year ended 31 March 2022
Inventories at the beginning of the year (A):		
Finished goods	1,519.93	1,334.59
Work-in-progress	280.21	302.89
Inventories at the end of the year (B):		
Finished goods	1,472.60	1,519.93
Work-in-progress	255.30	280.21
Net (decrease)/increase (B-A)	**(72.26)**	**162.66**

25 Employee benefit expense

	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and wages	4,540.31	4,614.23
Contribution to provident and other funds (Refer to note 34)	164.44	183.80
Gratuity expense (Refer to note 34)	44.01	41.16
Staff welfare expenses	260.04	266.13
	5,008.80	**5,105.32**

26 Finance costs

	Year ended 31 March 2023	Year ended 31 March 2022
Interest costs:		
- Interest on short term borrowings	1,056.92	975.96
- Interest expense on lease	0.08	2.78
- Loan guarantee fee	44.10	43.73
- Other interest expense	4.69	4.18
	1,105.79	**1,026.65**

27 Depreciation and amortisation expense

	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation of plant, property and equipment	794.73	880.71
Amortisation of intangible assets	60.85	59.79
Amortisation of right-of-use assets	7.58	45.32
	863.16	**985.82**

28 Other expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Jobwork charges	813.08	602.66
Consumption of stores and spare parts	185.47	241.94
Power and fuel	87.27	88.81
Rent (Refer to note 38)	116.27	134.30
Repairs and maintenance		
- Buildings	14.96	14.51
- Plant and Machinery	136.93	175.82
- Others	196.86	186.26
Travelling and conveyance	191.73	184.00
Legal and professional fees	219.23	80.41
Communication expenses	6.27	8.12
Insurance	54.35	72.79
Rates and taxes	147.50	48.37
Advertisement and business promotion	3.07	1.52
Royalty	727.11	696.19
Freight and forwarding charges	195.67	215.35
Bank charges	9.44	10.83
Allowance for doubtful trade receivables and advances	26.02	43.22
Loss on disposal/discard of property, plant and equipment (net)	-	0.72
Impairment loss on property, plant and equipment (refer to note 3)	120.56	111.19
Payment to auditors (Refer to note below)	52.91	78.92
Printing and stationery	17.08	15.49
Expense related to CSR activity	-	3.65
Security expense	48.45	48.80
Miscellaneous expenses	134.84	110.80
Total	**3,505.07**	**3,174.67**
Payment to the auditors		
Statutory audit including quarterly review	49.00	70.00
Tax audit	1.00	6.00
Reimbursement of expenses	2.91	2.92
Total	**52.91**	**78.92**

29 During the year ended 31 March 2023, Directorate of Revenue Intelligence (DRI) conducted a search in the premises of the Company and Inland Container Depots ('ICD'). DRI alleged the use of incorrect tariff heading and instances of reporting incorrect material description by misdeclaration of the invoices to customs authorities in respect of certain imported items by the Company.

Based on the fact-finding exercise conducted by the management through external consultant and advice received from the subject matter expert, primarily due to misdeclaration of invoices, the Company accepted the DRI's contention and filed representation with DRI on 23 September 2022 agreeing to DRI findings to avoid protracted litigation and other regulatory actions.
In February 2023, the Company received show cause notice with a total demand of Rs. 1,502.52 lakhs (excluding interest and penalty) for the period February 2018 to July 2022 alleging misdeclaration and misclassification of the goods imported by the Company.

(a) Till 31 March 2023, the Company has paid the demand along with interest amounting to Rs. 2,089.24 lakhs. Out of the above amount, the Company has availed input tax credit amounting to Rs. 780.77 lakhs. The Company is in process of filing an application with the Settlement Commission for waiver of penalties, fines and other regulatory actions against the Company (including immunity from prosecution proceedings). However, based on management's best estimate, the Company has made a provision for penalty amounting to Rs. 239.02 lakhs.

(b) The Company has also re-evaluated the existing classification/tariff heading for all other items imported by the Company and has booked an additional expense of Rs. 192.31 lakhs during the current year.

(c) Total expense of Rs. 1,739.80 discussed in (a) and (b) above is presented as an exceptional item in the Statement of profit and loss for the year ended 31 March 2023.

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30 Earnings per equity share

	Year ended 31 March 2023	Year ended 31 March 2022
Basic/diluted earnings per equity share (Rs. per share)	(2.98)	(1.17)

30.1 Basic/diluted earnings per equity share

The earnings and weighted average number of equity shares used in the calculation of basic/diluted earnings per equity share are as follows:

Loss for the year attributable to the equity shareholders of the Company	(3,502.17)	(1,369.36)
Weighted average number of equity shares for the purposes of basic/diluted earnings per	11,75,00,000	11,75,00,000
Basic earnings per equity share	(2.98)	(1.17)
Dilluted earnings per equity share	(2.98)	(1.17)

The Company did not have any potentially dilutive securities in any of the period presented.

31 Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	103.02	123.42

32 Contingent liabilities

Claims against the Company not acknowledged as debts*

Income tax	317.32	463.09
Excise duty	960.20	960.20

During the current year, an inquiry/inspection by the Provident Fund department has been initiated on the Company. Based on the legal advice obtained by the Company, the management is of the view that it has sufficient justification to support its position on non-recognition of additional provident fund liability, if any, on salary paid to Expatriates outside India pertaining to the period November 2008 to September 2016. The matter is subject to judicial interpretation and will be adjudged by the appropriate regulatory authorities. Pending outcome of the inquiry/inspection, management does not foresee any material effect of this matter on the financial statements as of and for the year ended 31 March 2023.

The above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position. It is not practical for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements / decisions pending with various forums/ authorities.

33 Segment information

The Company is engaged mainly in the business of "manufacturing of wire harness for automobiles". The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocates resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore, there is no reportable segment for the Company, in accordance with the requirements of Ind AS 108- 'Operating Segment Reporting', notified under the Companies (Indian Accounting Standard) Rules, 2015.

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34. Employee benefits

i. Defined contribution plan

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Company's contribution to the employees provident fund is deposited with the regional provident fund commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits.

The total expense recognised in profit or loss of Rs. 145.93 lakhs (for the year ended 31 March 2022: Rs. 160.01 lakhs) for provident fund contribution and Rs. 18.51 lakhs (for the year ended 31 March 2022 Rs. 23.79 lakhs) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. As at 31 March, 2023, contributions of Rs. 23.82 lakhs (as at 31 March 2022: Rs. 26.77 lakhs) due in respect of 2022-2023 (2021-2022) reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the respective reporting periods.

ii. Defined Benefit plan

a. Gratuity plan

Gratuity liability arises on retirement, withdrawal, resignation, and death of an employee. The aforesaid liability is calculated on the basis of 15 days salary (i.e. last drawn salary plus dearness allowance) for each completed year of service or part thereof in excess of 6 months, subject to a maximum of Rs. 20 lakhs. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date.

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The gratuity plan typically exposes the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk (discount rate risk)	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

In respect of the plan in India, the most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at 31 March 2023 by Charan Gupta Consultants Private Limited, Fellow, Institute of Actuaries of India. The present value of defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Principal actuarial assumptions:

S. No.	Particulars	See Note below	Year ended 31 March 2023	Year ended 31 March 2022
i.	Discount rate (p.a.)	1	7.39%	7.26%
ii.	Salary escalation rate (p.a.)	3	6.00%	6.00%

Note:

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

2. The gratuity plan is unfunded.

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3. The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

Demographic assumptions:

S. No.	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
1.	Retirement age	60/58 years	60/58 years
2.	Mortality table	Indian Assured Lives Mortality (2012-14) modified Ult.	Indian Assured Lives Mortality (2012-14) modified Ult.
3.	Withdrawal rate		
	Up to 30 Years	3%	3%
	31 to 44 years	2%	2%
	Above 44 years	1%	1%

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The following table sets out the funded status of the defined benefit scheme and the amount recognised in the financial statements:

i. Amounts recognised in the Statement of Profit and Loss in respect of these defined benefits plans are as follows:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost	30.83	27.99
Net interest expenses	13.18	13.17
Components of defined benefit costs recognised in profit or loss	**44.01**	**41.16**

ii. Remeasurement on the net defined benefit liability:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Actuarial (gains) / loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss on arising from change in financial assumption	(3.51)	(9.34)
Actuarial (gain)/loss on arising from experience adjustment	2.63	(15.23)
Component of defined benefit costs recognised in other comprehensive income	**(0.88)**	**(24.57)**

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' in the Statement of Profit and Loss.

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The remeasurement of the net defined benefit liability is included in the other comprehensive income.

iii. The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefits plans as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of defined benefit obligation	(187.66)	(181.52)
Fair value of plan assets	-	-
Funded status surplus/(deficit)	**(187.66)**	**(181.52)**

iv. Movement in the fair value of the defined benefit obligation:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Opening defined benefit obligation	181.52	194.88
Current service cost	30.83	27.99
Interest cost on defined benefit obligation	13.18	13.17
Actuarial (gains) / loss arising from changes in demographic assumptions	(0.88)	(24.57)
Benefits paid	(36.99)	(29.95)
Closing defined benefit obligations	**187.66**	**181.52**

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Particulars	Year ended 31 March 2023 Rs. in lakhs	Year ended 31 March 2022 Rs. in lakhs
- Non-current portion	183.64	174.96
- Current portion	4.02	6.56

v. Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, withdrawal rate and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+50bps) (% change compared to base due to sensitivity)	14.63	(13.20)	14.52	(13.07)
Salary Growth Rate (-/+50bps) (% change compared to base due to sensitivity)	(12.06)	13.24	(11.95)	13.16

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life

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expectancy are not applicable being a lump sum benefit on retirement.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit liability recognised in the Balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

vi. The expected maturity analysis of defined benefit obligation is as follows:

	31 March 2023	31 March 2022
Within 1 year	4.02	6.56
Between 1-2 years	5.05	3.28
Between 2-3 years	6.56	4.81
Between 3-4 years	9.44	3.37
Between 4-5 years	14.94	3.33
Beyond 5 years	147.65	160.17

SS.

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b. Actuarial assumptions for compensated absences

S. No.	Particulars	Refer Note below	Year ended 31 March 2023	Year ended 31 March 2022
i.	Discount rate (p.a.)	1	7.39%	7.26%
ii.	Expected rate of return on assets (p.a.)	2	-	-
iii.	Salary escalation rate (p.a.)	3	6.00%	6.00%

Note:

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

2. The compensated absences plan is unfunded.

3. The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

SS.

FURUKAWA MINDA ELECTRIC PVT. LTD.

35. Financial instruments

35.1 Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. 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 monitors capital on the basis of the debt to capital ratio, which is calculated as interest-bearing debts divided by total capital (equity attributable to owners of the Company plus interest-bearing debts)

Gearing ratio	**As at 31 March 2023**	**As at 31 March 2022**
Borrowings	17,670.00	15,342.00
Cash and cash equivalents	(1,219.50)	(1,193.59)
Net debt	**16,450.50**	**14,148.41**
Total equity	(5,603.19)	(2,101.90)
Net debt to equity ratio	(2.94)	(6.73)

35.2 Financial risk management

The Company's activities expose it to a variety of financial risks which includes market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures in relation to the floating interest rate loans. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors.

The Company's focus is to ensure liquidity which is sufficient to meet the Company's operational requirements. The Company monitors and manages key financial risks so as to minimise potential adverse effects on its financial performance. The Company has a risk management policy which covers the risks associated with the financial assets and liabilities. The details for managing each of these risks are summarised ahead.

35.3 Market risk

Market risk is the risk that the expected cash flows or fair value of a financial instrument could change owing to changes in market prices. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

35.4 Interest rate risk management

The Company is exposed to interest rate risk as the Company borrows funds at both fixed and floating interest rates. The Company manages the risk by maintaining an appropriate mix between fixed and floating rate borrowings (Refer to note 18).

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the end of year. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

A reasonably possible change of 50 basis points (bps) in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant

	Profit or loss		Equity, net of tax	
Interest on borrowings	50 bps increase	50 bps decrease	50 bps increase	50 bps decrease
For the year ended 31 March 2023	(88.35)	88.35	(88.35)	88.35
For the year ended 31 March 2022	(76.71)	76.71	(76.71)	76.71

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates. The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	**Currency**	**As at 31 March 2023**	**As at 31 March 2022**
Trade receivables	USD	0.15	0.31
	Equivalent INR	12.43	23.20
Trade payables	EURO	0.48	1.32
	Equivalent INR	43.08	112.10
Trade payables	JPY	3,475.55	4,329.79
	Equivalent INR	2,147.89	2,694.43
Trade payables	USD	0.63	1.35
	Equivalent INR	52.03	102.41

SS.

FURUKAWA MINDA ELECTRIC PVT. LTD.

Foreign exchange sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases

1% depreciation / appreciation in Indian Rupees against following foreign currencies:	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
For the year ended 31 March 2023				
- USD	0.40	(0.40)	0.40	(0.40)
- Euro	0.43	(0.43)	0.43	(0.43)
- JPY	21.48	(21.48)	21.48	(21.48)
For the year ended 31 March 2022				
- USD	0.79	(0.79)	0.79	(0.79)
- Euro	1.12	(1.12)	1.12	(1.12)
- JPY	26.94	(26.94)	26.94	(26.94)

35.5 Fair value measurements

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

	As at 31 March 2023		As at 31 March 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at amortised cost:				
- Trade receivables	1,429.39	1,429.39	2,225.35	2,225.35
- Loans	57.14	57.14	26.72	26.72
- Other financials assets	49.06	49.06	64.83	64.83
- Cash and cash equivalents	1,219.50	1,219.50	1,193.59	1,193.59
Financial liabilities				
Financial liabilities held at amortised cost:				
- Borrowings	17,670.00	17,670.00	15,342.00	15,342.00
- Lease liabilities	-	-	7.84	7.84
- Trade payables	5,200.83	5,200.83	6,390.88	6,390.88
- Other financial liabilities	211.80	211.80	68.38	68.38

Fair value hierarchy

	Fair value hierarchy as at 31 March 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at amortised cost:				
- Trade receivables	-	-	1,429.39	1,429.39
- Loans	-	-	57.14	57.14
- Other financials assets	-	-	49.06	49.06
- Cash and cash equivalents	-	-	1,219.50	1,219.50
Total	-	-	**2,755.09**	**2,755.09**
Financial liabilities				
Financial liabilities held at amortised cost:				
- Borrowings	-	-	17,670.00	17,670.00
- Trade payables	-	-	5,200.83	5,200.83
- Other financial liabilities	-	-	211.80	211.80
Total	-	-	**23,082.63**	**23,082.63**

	Fair value hierarchy as at 31 March 2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at amortised cost :				
- Trade receivables	-	-	2,225.35	2,225.35
- Loans	-	-	26.72	26.72
- Other financials assets	-	-	64.83	64.83
- Cash and cash equivalents	-	-	1,193.59	1,193.59
Total	-	-	**3,510.49**	**3,510.49**
Financial liabilities				
Financial liabilities held at amortised cost:				
- Borrowings	-	-	15,342.00	15,342.00
- Lease liabilities	-	-	7.84	7.84
- Trade payables	-	-	6,390.88	6,390.88
- Other financial liabilities	-	-	68.38	68.38
Total	-	-	**21,809.10**	**21,809.10**

FURUKAWA MINDA ELECTRIC PVT. LTD.

35.6 Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

	As at 31 March 2023	As at 31 March 2022
Trade receivables	1,429.39	2,225.35
Cash and cash equivalents	1,219.50	1,193.59
Loans	57.14	26.72
Other financial assets	49.06	64.83

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.

As per 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 (including unbilled revenues). The provision matrix takes into account available external and internal credit risk factors such as Company's historical experience for customers.

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

	As at 31 March 2023	As at 31 March 2022
Within the credit period	1,328.31	1,922.50
0-90 days past due	100.95	293.86
91-180 days past due	0.74	8.99
More than 181 days past due	0.32	7.01
Expected credit losses (Loss allowance provision)	(0.93)	(7.01)
	1,429.39	**2,225.35**

35.7 Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows. The Company generates sufficient cash flows from current operations which together with the available cash and cash equivalents provide liquidity both in the short-term as well as in the long-term. Note 35.7.2 below sets out details of unutilised facilities that the Company has at its disposal to further reduce liquidity risk.

35.7.1 Expected maturity for financial liabilities

The table below provide details regarding the contractual maturities of financial liabilities, including estimated interest payments as at:

	0-1 year	1-2 years	2-5 years	5+ years	Total
31 March 2023					
Current liabilities					
Borrowings	17,670.00	-	-	-	17,670.00
Trade payables	5,200.83	-	-	-	5,200.83
Other financial liabilities	211.80	-	-	-	211.80
31 March 2022					
Current liabilities					
Borrowings	15,342.00	-	-	-	15,342.00
Lease liabilities	7.84	-	-	-	7.84
Trade payables	6,390.88	-	-	-	6,390.88
Other financial liabilities	68.38	-	-	-	68.38

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35.7.2 Financing facilities

	As at 31 March 2023	As at 31 March 2022
Unsecured working capital loan facility:		
- amount used	-	101.00
- amount unused	-	1.00
	-	**102.00**
Unsecured short term loan from banks:		
- amount used	17,670.00	15,241.00
- amount unused	2,383.40	5,552.40
	20,053.40	**20,793.40**

36 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

37 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

38 Leases

	As at 31 March 2023	As at 31 March 2022
Lease liabilities recognised		
Current lease liabilities	-	7.84
Non-current lease liabilities	-	-
Total	**-**	**7.84**

ii) Amounts recognised in the Statement of Profit and Loss

The Statement of Profit and Loss shows the following amount relating to leases for the year ended 31 March, 2023

Amortisation of right-of-use assets	7.58	45.32
Interest on lease liabilities	0.08	2.78
Short term lease expenses	116.27	134.30

iii) Changes in the carrying value of right- of- use assets for the year

Balance at the beginning of the year	7.58	52.90
Amortisation	7.58	45.32
Balance at the end of the year	**-**	**7.58**

iv) Movement in lease liabilities during the year

Balance at the beginning of the year	7.84	52.58
Finance cost accrued during the period	0.08	2.78
Payment of lease liabilities (including interest)	7.92	47.52
Balance at the end of the year	**-**	**7.84**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Less than one year	-	7.84
One to two years	-	-
Two to five years	-	-
More than five years	-	-
Balance as at year end	**-**	**7.84**

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FURUKAWA MINDA ELECTRIC PVT. LTD. Fmc

39 Income taxes

	Year ended 31 March 2023	Year ended 31 March 2022
39.1 Income tax recognised in the Statement of Profit and Loss		
The company has not recognised current tax provision nor has recognised deferred tax expense.		
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Loss before tax	(3,502.17)	(1,369.36)
Statutory tax rate	31.20%	31.20%
Income tax expense	(1,092.68)	(427.24)
Effect of expenses that are not deductible in determining taxable profit	542.82	348.22
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	549.86	79.02
	-	-

39.2 Deferred tax assets / (liabilities) (net)

	As at 31 March 2023	As at 31 March 2022
Deferred tax assets / (liability) consists of		
a) Book/ tax depreciation difference	(302.10)	(371.35)
b) Employee benefits	152.85	173.74
c) Unabsorbed depreciation and losses	1,941.07	1,755.43
d) Allowance for doubtful trade receivables and advances	8.12	-
e) 94B disallowance	956.66	648.15
Deferred tax assets (net)	**2,756.61**	**2,205.97**
Deferred tax assets recognised	-	-

Note:

The Company has carried out it's tax computation in accordance with Ind AS 12 'Income Taxes'. In the absence of reasonable certainty that future taxable profits will be available against which temporary differences can be utilised, no deferred tax assets have been recognised on any temporary differences and unused tax losses.

Detail of temporary differences and unused tax losses for which no deferred tax asset is recognised in the balance sheet:

Particulars	As at 31 March 2023	As at 31 March 2022
With no expiry date	5,034.71	4,439.70
With expiry date*		
- 31 March 2030	1,186.68	1,186.68

The Company had decided not to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated 20 September 2019. Accordingly, the Company has measured its deferred tax liabilities basis the old rate i.e. 30.00% corporate tax rate prescribed in the said section.

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FURUKAWA MINDA ELECTRIC PVT. LTD.

40 Related Party Disclosures

a. Related parties and nature of related party relationship

Parties where control exists:

Ultimate Holding Company
Furukawa Electric Co., Ltd.

Other related parties with whom transactions have taken place during the current year/ previous year:

Fellow Subsidiaries
Furukawa Automotive Systems (Thailand) Co. Ltd.
Furukawa Automotive Systems Indonesia
Furukawa Electric Autoparts Phillipines, Inc
Furukawa Sangyo Kaisha India Private Limited
Furukawa Automotive Systems Asia Pacific
Permintax Furukawa Autoparts
Furukawa Sistemas Automotivos Do Br

Entity with significant influence over the entity
Furukawa Automotive Systems Inc.
Minda Corporation Limited

Enterprises owned or significantly influenced by shareholders or key management personnel or their relatives
Minda Stoneridge Instruments Ltd

Directors and Key Managerial Personnel
Mr. Neeraj Sharma, Chief Financial Officer, President and Whole Time Director
Mr. Masahiro Kuroki, Joint President, Director
Mr. Ashok Minda, Director (upto 10 January 2023)
Mr. Sanjiv Jalan, Additional Director (w.e.f 10 January 2023)
Mr. Masahito Tokuda, Additional Director (w.e.f 05 January 2022 and upto 16 May 2022)
Mr. Masahito Tokuda, Director (w.e.f 16 May 2022)
Ms. Megha Sharma, Chief Financial Officer (upto 11 March 2022)
Ms. Kanika Sukheeja, Company Secretary (upto 12 May 2022)
Ms. Chanchal Chaudhary, Company Secretary (w.e.f 12 May 2022 and upto 04 January 2023)
Ms. Kanika Pareek, Company Secretary (w.e.f 04 January 2023)

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b. Transaction with Related Parties

Particulars	Ultimate holding company		Fellow subsidiaries		Entity with significant influence over the entity		Enterprises owned or significantly influenced by shareholders or key management personnel or their relatives		Key managerial personnel	
	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
Purchase of plant and machinery (including CWIP)										
Furukawa Automotive Systems INC.	-	-	-	-	10.06	156.77	-	-	-	-
Loans given to key managerial personnel										
Mr. Neeraj Sharma	-	-	-	-	-	-	-	-	42.11	-
Mr. Amit Kumar Dubey	-	-	-	-	-	-	-	-	-	-
Mrs Megha Sharma	-	-	-	-	-	-	-	-	-	5.00
Loans repaid by key managerial personnel										
Mr. Neeraj Sharma	-	-	-	-	-	-	-	-	(21.82)	(21.00)
Mr. Amit Kumar Dubey	-	-	-	-	-	-	-	-	-	7.20
Mrs Megha Sharma	-	-	-	-	-	-	-	-	-	(5.00)
Sales (including scrap sales)										
Minda Corporation Limited	-	-	-	-	91.78	2.08	-	-	-	-
Furukawa Automotive Systems INC.	-	-	-	-	160.71	104.26	-	-	-	-
Furukawa Automotive Systems (Thailand) Co. Ltd.	-	-	12.81	29.90	-	-	-	-	-	-
Furukawa Automotive Systems Indonesia	-	-	36.46	86.13	-	-	-	-	-	-
Furukawa Automotive Systems Lima Philipines INC	-	-	-	-	-	-	-	-	-	-
Permintax Furukawa Autoparts	-	-	-	3.82	-	-	-	-	-	-
Furukawa Electric Autoparts Phillipines, Inc	-	-	-	-	-	-	-	-	-	-
Furukawa Sistemas Automotivos Do Br	-	-	0.18	-	-	-	-	-	-	-
Sales of plant and machinery										
Furukawa Automotive Systems INC.	-	-	-	-	26.26	-	-	-	-	-
Purchase of raw materials and other components										
Furukawa Automotive Systems INC.	-	-	-	-	8,719.19	9,413.81	-	-	-	-
Minda Corporation Limited	-	-	-	-	445.22	283.42	-	-	-	-
Furukawa Automotive Systems Asia Pacific	-	-	54.06	6.25	-	-	-	-	-	-
Furukawa Sangyo Kaisha India Private Limited	-	-	1,013.34	556.32	-	-	-	-	-	-
Compensation of key managerial personnel*										
Short-term employee benefits										
Mr. Neeraj Sharma	-	-	-	-	-	-	-	-	150.04	135.54
Mr. Masahiro Kuroki	-	-	-	-	-	-	-	-	80.00	80.00
Mr. Amit Kumar Dubey	-	-	-	-	-	-	-	-	-	45.67
Ms. Kanika Sukheeja	-	-	-	-	-	-	-	-	1.59	10.82
Ms Megha Sharma	-	-	-	-	-	-	-	-	-	18.99
Ms. Chanchal Chaudhary	-	-	-	-	-	-	-	-	7.08	-
Ms. Kanika Pareek	-	-	-	-	-	-	-	-	2.32	-
Finance cost										
Furukawa Electric Co., Ltd.	44.10	43.73	-	-	-	-	-	-	-	-
Furukawa Automotive Systems INC.	-	-	-	-	-	0.02	-	-	-	-

B S R & Co. LLP GURUGRAM Chartered Accountants

FURUKAWA MINDA ELECTRIC PVT. LTD. fme

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in Rs. lakhs except wherever stated otherwise)

Particulars	Ultimate holding company		Fellow subsidiaries		Entity with significant influence over the entity		Enterprises owned or significantly influenced by shareholders or key management personnel or their relatives		Key managerial personnel	
	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
Jobwork charges										
Minda Corporation Limited	-	-	-	-	13.47	37.73	-	-	-	-
Repairs and maintenance of plant and machinery										
Furukawa Automotive Systems INC.	-	-	-	-	-	0.58	-	-	-	-
Repairs and maintenance expenses										
Minda Corporation Limited	-	-	-	-	-	7.29	-	-	-	-
Travelling expenses										
Furukawa Electric Co., Ltd.	-	1.01	-	-	-	-	-	-	-	-
Freight Expenses										
Furukawa Electric Autoparts Phillipines, Inc	-	-	-	15.29	-	-	-	-	-	-
Royalty expense										
Furukawa Automotive Systems INC.	-	-	-	-	727.11	696.19	-	-	-	-
Expenses incurred on behalf of Japanese Expats										
Furukawa Electric Co., Ltd.	140.76	177.73	-	-	-	-	-	-	-	-
Furukawa Automotive Systems INC.	-	-	-	-	248.54	239.61	-	-	-	-
Salary expense of Japanese Expats										
Furukawa Electric Co., Ltd.	80.00	119.52	-	-	-	-	-	-	-	-
Furukawa Automotive Systems INC.	-	-	-	-	140.00	200.49	-	-	-	-
Miscellaneous expenses										
Furukawa Automotive Systems INC.	-	-	-	-	28.58	7.62	-	-	-	-
Minda Corporation Limited	-	-	-	-	7.93	-	-	-	-	-
Warranty charges recovery										
Furukawa Automotive Systems INC.	-	-	-	-	0.53	-	-	-	-	-
Furukawa Electric Autoparts Phillipins.,Inc	-	-	1.07	-	-	-	-	-	-	-

* The compensation to key managerial personnel does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

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c. Balance at the year end

Particulars	Ultimate holding company		Fellow Subsidiary		Key management personnel of the entity		Entity with significant influence over the entity		Enterprises owned or significantly influenced by shareholders or key managerial personnel or their relatives	
	As on March 31 2023	As on March 31 2022	As on March 31 2023	As on March 31 2022	As on March 31 2023	As on March 31 2022	As on March 31 2023	As on March 31 2022	As on March 31 2023	As on March 31 2022
Trade receivables					-	-	-	-	-	-
Furukawa Automotive Systems INC.	-	-	-	-	3.36	2.33	-	-	-	-
Minda Corporation Ltd	-	-	-	-	-	-	34.35	-	-	-
Furukawa Automotive Systems Indonesia	-	-	9.07	18.59	-	-	-	-	-	-
Furukawa Automotive Systems (Thailand) Co. Ltd.	-	-	-	2.29	-	-	-	-	-	-
Loan to Key management personnel										
Mr. Neeraj Sharma	-	-	-	-	20.29	-	-	-	-	-
Mr. Amit Kumar Dubey	-	-	-	-	-	-	-	-	-	-
Advance recoverable from related party										
Furukawa Automotive Systems INC.	-	-	-	-	-	-	-	-	-	-
Minda Corporation Limited	-	-	-	-	-	-	0.04	0.04	-	-
Allowance for doubtful advances from related party										
Furukawa Automotive Systems INC.	-	-	-	-	-	-	-	-	-	-
Advance from customers										
Minda Stoneridge Instruments Ltd	-	-	-	-	-	-	-	-	-	0.25
Other recoverable from related party										
Furukawa Electric Co., Ltd.	140.76	178.99	-	-	-	-	-	-	-	-
Furukawa Automotive Systems INC.	-	-	-	-	248.54	239.61	-	-	-	-
Other payable to related party										
Furukawa Electric Co., Ltd.	80.00	119.52	-	-	-	-	-	-	-	-
Furukawa Automotive Systems INC.	-	-	-	-	140.00	200.49	-	-	-	-
Trade payables										
Minda Corporation Limited	-	-	-	-	-	-	65.23	79.27	-	-
Furukawa Electric Co., Ltd.	12.64	13.98	-	-	-	-	-	-	-	-
Furukawa Automotive Systems INC.	-	-	-	-	2,279.14	2,815.39	-	-	-	-
Minda Sai Limited	-	-	-	-	-	-	-	-	-	-
Minda Automotive Solutions Limited	-	-	-	-	-	-	-	-	-	-
Furukawa Automotive Systems Asia Pacific	-	-	4.82	1.23	-	-	-	-	-	-
Furukawa Sangyo Kaisha India Private Limited	-	-	370.64	214.46	-	-	-	-	-	-

Furukawa Electric Co., Ltd. has given corporate guarantee in respect of sanction amount of Rs. 20,155.40 lakhs (31 March 2022: Rs. 20,895.40 lakhs) for Short term loans, working capital loan and cash credit obtained by the Company. Outstanding amount in respect thereof as at the year end aggregates to Rs. 17,670 lakhs (As at 31 March, 2022 Rs. 15,342.00 lakhs).

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FURUKAWA MINDA ELECTRIC PVT. LTD. Fme

41 The Code on Social Security,2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

42 Corporate Social Responsibility (CSR)

Gross amount required to be spent by the Company during the year Rs. Nil lakhs (31 March 2022 : Rs 3.65 lakhs)

	As at 31 March 2023	As at 31 March 2022
Amount spent during the year on:		
(i) Construction / acquisition of any asset		
- in cash	-	1.12
- yet to be paid in cash	-	-
	-	**1.12**
(ii) On purpose other than above		
- in cash	-	2.53
- yet to be paid in cash	-	-
	-	**2.53**
Unspent amount	-	-
Total	-	**3.65**

FURUKAWA MINDA ELECTRIC PVT. LTD. Fme

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in Rs. lakhs except wherever stated otherwise)

43. Analytical Ratios

Ratios	Numerator	Denominator	As at 31 March 2023	As at 31 March 2022	Variance %	Reason
Current ratio	Current Assets	Current Liabilities	0.49	0.57	-15%	
Debt equity ratio	Total Debt	Shareholder's Equity	-3.15	-7.30	-57%	The ratio has decreased primarily due to increase in losses during the year ended 31 March 2023.
Debt Service Coverage Ratio	Earnings available for debt service	Debt service	-1.39	0.63	-321%	The ratio has decreased primarily due to increase in losses during the year ended 31 March 2023.
Return on equity ratio	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	0.91	0.96	-5%	
Inventory Turnover ratio	Cost of goods sold OR sales	Average Inventory	5.54	5.09	9%	
Trade receivables turnover ratio	Net Credit Sales	Average Accounts Receivable	19.14	16.26	18%	
Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	4.47	3.29	36%	The ratio has increased primarily due to decrease in trade payables as comapred to previous year.
Net capital turnover ratio	Net Sales	Working Capital	-2.87	-3.78	-24%	
Net profit ratio	Net Profit after tax	Net Sales	-10%	-4%	161%	The ratio has decreased primarily due to increase in losses during the year ended 31 March 2023.
Return on capital employed	Earning before interest and taxes	Capital Employed	-5%	-3%	105%	The ratio has decreased primarily due to increase in losses during the year ended 31 March 2023.

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FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in Rs. lakhs except wherever stated otherwise)

44. Additional disclosures

Sl.	Particulars	Note in financial statements
(i)	Details of Benami Property held	The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
(ii)	Relationship with Struck off Companies	The Company does not have any transactions with struck-off companies.
(iii)	Registration of charges or satisfaction with Registrar of Companies (ROC)	The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
(iv)	Details of Crypto Currency or Virtual Currency	The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the
(v)	Utilisation of Borrowed funds and share premium	The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
(vi)	Utilisation of Borrowed funds and share premium	The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(vii)	Undisclosed income	The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
(viii)	Borrowings secured against current assets	The Company has not availed any facilities from banks on the basis of security of current assets.
(ix)	Wilful defaulter	The Company has not been declared as a wilful defaulter by any bank or financial institution or other lenders.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Shashank Agarwal
Partner
Membership No. 095109

Place: Gurugram
Date : 15 May 2023

For and on behalf of the Board of Directors of
FURUKAWA MINDA ELECTRIC PRIVATE LIMITED

Neeraj Sharma
CFO, President and Whole Time Director
DIN No. 07239148

Masahiro Kuroki
Director
DIN No. 08777253

Kanika Pareek
Company Secretary
Membership No. A-41552

Place: Bawal
Date : 15 May 2023

FURUKAWA MINDA ELECTRIC PVT. LTD.