B S R & Co. LLP

Chartered Accountants

Building No. 10, 8th Floor, Tower-B
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INDEPENDENT AUDITOR'S REPORT

To the Members of Minda Stoneridge Instruments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Minda Stoneridge Instruments Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020, 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 the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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 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 our 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' Responsibility 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 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 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 in the Financial Statements 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 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government 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 obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

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

   d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls 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 Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its Financial Statements - Refer note 2.37 to the Financial Statements;

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

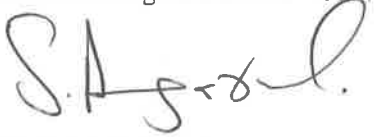
iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. The disclosures in the Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these Financial Statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the current year and accordingly the requirements as stipulated under section 197 of the Act are not applicable to the Company.

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



Shashank Agarwal
Partner
Membership No.: 095109
UDIN: 20095109AAAADU9328

Place: Gurugram
Date: 23 June 2020

Annexure A referred to the Independent Auditor's Report on the Financial Statements of Minda Stoneridge Instruments Limited for the year ended 31 March 2020.

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

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment).

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment by which all fixed assets (property, plant and equipment) are verified over the period of two years. In accordance with this programme, certain fixed assets have been physically verified by the management during the current 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. As informed to us, 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 the immovable property is held in the name of the Company.

(ii) According to the information and explanations given to us, the inventories, except good-in-transit and stock lying with third parties, have been physically verified by the management at the year end. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its business. For stocks lying with third parties as at the year-end, written confirmation have been obtained. As informed to us, the discrepancies noticed on comparison of physical verification of inventories with book records were not material and have been properly dealt with in the books of account.

(iii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 189 of the companies Act, 2013. Further there are no Limited Liability Partnership covered in the register required under section 189 of the companies Act 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv) 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 undertaken any transaction in respect of loan, guarantee and securities covered under section 185 of the Companies Act, 2013.The Company has not made any investment as referred in section 186(1) of the Act and other requirements relating to section 186 do not apply to the Company.

(v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, para 3(v) of the Order is not applicable.

(vi) According to the information and explanation given to us, the central government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the companies Act 2013 for any of the activities performed by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and Services Tax ('GST'), Duty of customs and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income-tax, GST, Service tax, Duty of excise, Sales tax, Value added tax, Duty of customs and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

Also refer note 2.37, wherein, it is explained that on account of the uncertainty with respect to the applicability of the Hon'ble Supreme Court Judgement on the provident fund matter, management has not recognised and deposited any additional provident fund amount with respect to the previous years.

(b) According to the information and explanations given to us, there are no dues in respect of Income tax, GST, Sales-tax, Service tax, Duty of custom, Duty of excise and Value added tax which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of dues	Financial year to which amount relates	Forum where dispute is pending	Amount (Rs. in millions)*	Amount paid under protest (Rs. in millions)
The Maharashtra VAT Act, 2002	Value added tax	2013-14	Joint Commissioner	7.21	0.38
Income tax Act, 1961	Income tax	2009-10	High court	11.88	-

*amount as per demand orders including interest and penalty wherever indicated in the said orders.

(viii) According to the information and explanations given to us, there is no default existing at the balance sheet date in repayment of loans or borrowings to government. The Company did not have any outstanding dues to any banks, financial institutions or debenture holders during the year.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company and neither any material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for any managerial remuneration during the year as mentioned under section 197 read with Schedule V of the Companies Act, 2013. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

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

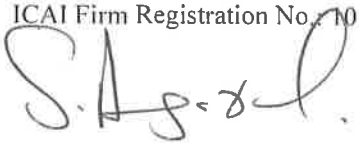
(xiii) According to the information and explanation given to us and on the basis of our examination of the records of the Company, all the transactions with related parties are in compliance with the provisions of Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanation 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.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or person connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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



Shashank Agarwal
Partner
Membership No.: 095109
UDIN: 20095109AAAADU9328

Place: Gurugram
Date: 23 June 2020

B S R & Co. LLP

Annexure B to the Independent Auditor's report on the Financial Statements of Minda Stoneridge Instruments Limited for the year ended 31 March 2020.

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 Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to Financial Statements of Minda Stoneridge Instruments Limited ("the Company") as of 31 March 2020 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, adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at 31 March 2020, 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").

Management's Responsibility 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' 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 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 whether 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

such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to 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 changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Shashank Agarwal
Partner
Membership No.: 095109
UDIN: 20095109AAAADU9328

Place: Gurugram
Date: 23 June 2020

Minda Stoneridge Instruments Limited
Balance Sheet as at 31 March 2020

(₹ in million)

	Note	As at 31 March 2020	As at 31 March 2019
A ASSETS			
Non-current assets			
Property, plant and equipment	2.1(a)	657	650
Capital work-in progress	2.1(a)	30	40
Other intangible assets	2.1(b)	23	29
Intangible assets under development	2.1(b)	-	2
Right of use assets	2.19	55	-
Financial assets			
(i) Loans	2.2	9	9
(ii) Other financial asset	2.3	20	-
Income tax assets	2.4	11	8
Other non-current assets	2.5	9	14
		814	752
Current assets			
Inventories	2.6	432	345
Financial assets			
i. Trade receivables	2.7	693	814
ii. Cash and cash equivalents	2.8	194	66
iii. Other bank balances	2.9	526	434
iv. Loans	2.10	2	2
v. Other financial assets	2.11	14	12
Other current assets	2.12	68	38
		1,929	1,711
TOTAL ASSETS		2,743	2,463
B EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	2.13	119	119
Other equity	2.14	1,548	1,346
		1,667	1,465
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	2.15	-	-
ii. Lease liability	2.19	124	-
Deferred tax liabilities (net)	2.16	3	25
Provisions	2.17	20	2
Other non-current liabilities	2.18	-	60
		147	87
Current liabilities			
Financial Liabilities			
i. Lease liability	2.19	14	-
ii. Trade payables	2.20		
- Total dues of micro and small enterprises		125	78
- Total dues of creditors other than micro and small enterprises		673	620
iii. Other financial liabilities	2.21	53	137
Other current liabilities	2.22	39	30
Provisions	2.23	25	27
Current tax liabilities	2.24	-	19
		929	911
TOTAL EQUITY AND LIABILITIES		2,743	2,463
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

Shashank Agarwal
Partner
Membership No.: 095109

Place: Gurugram
Date: 23 June 2020

For **and on behalf of the Board of Directors of**
Minda Stoneridge Instruments Limited

Ashok Minda
Director
(DIN 00054727)
Place: Gurugram
Date: 23 June 2020

Ajay Kumar Choudhury
Chief Financial Officer

Place: Pune
Date: 23 June 2020

N.K. Modi
Director
(DIN 00089536)
Place: Gurugram
Date

Chaitanya Mundra
Company Secretary
Membership No.: A57832

Place: Pune
Date: 23 June 2020

Minda Stoneridge Instruments Limited
Statement of Profit and Loss for the year ended 31 March 2020

(₹ in million)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	2.25	3,810	4,641
Other income	2.26	60	22
Total Income		**3,870**	**4,663**
Expenses			
Cost of materials consumed	2.27	2,566	3,055
Changes in inventories of finished goods and work-in-progress	2.28	(71)	28
Employee benefits expense	2.29	516	540
Finance costs	2.30	22	7
Depreciation and amortisation expense	2.1(a), 2.1(b), 2.19	160	142
Other expenses	2.31	377	442
Total Expenses		**3,570**	**4,214**
Profit before tax		**300**	**449**
Current tax (net)	2.16	91	143
Deferred tax credit	2.16	(12)	(4)
Tax for earlier years	2.16	(2)	(14)
		77	**125**
Profit for the year		**223**	**324**
Other comprehensive income			
Item that will not be ***reclassified subsequent*** to profit or loss			
Re-measurements of defined benefit liabilities		(8)	3
Income tax relating to items that will not be reclassified to profit or loss		3	(1)
Other comprehensive income for the year		**(5)**	**2**
Total comprehensive income for the year		**218**	**326**
Earnings per equity share [of ₹10 per equity share]	2.30		
Earnings per share (₹) (Basic)		18.74	27.23
Earnings per share (₹) (Diluted)		18.74	27.23
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

Shashank Agarwal
Partner
Membership No : 095109

Place: Gurugram
Date: 23 June 2020

***For* and on behalf of the Board of Directors of**
Minda Stoneridge Instruments Limited

Ashok Minda
Director
(DIN 00054727)
Place: Gurugram
Date: 23 June 2020

Ajay Kumar Choudhary
Chief Financial Officer

Place: Pune
Date 23 June 2020

N.K. Modi
Director
(DIN 00089536)
Place: Gurugram
Date: 23 June 2020

Chaitanya Mundra
Company Secretary
Membership No : A57832

Place: Pune
Date: 23 June 2020

Minda Stoneridge Instruments Limited
Statement of Cash Flow for the year ended 31 March 2020

(₹ in million)

		Note	For the year ended 31 March 2020	For the year ended 31 March 2019
A	**Cash flow from operating activities**			
	Net profit before taxation		300	449
	Adjustments for :-			
	Depreciation and amortisation expense		160	142
	Interest expense		22	7
	Interest income		(36)	(12)
	Profit on sale/discard of property, plant and equipment (net)		-	(6)
	Provision/ liabilities no longer required written back		(24)	(4)
	Warranty expenses		10	24
	Employee stock compensation expense		-	-
	Operating cash flow before changes in following assets and liabilities		**432**	**600**
	Decrease in trade receivables		121	115
	(Increase) / decrease in inventories		(87)	55
	Increase in loans, other financial assets and other assets		(31)	(12)
	Increase / (decrease) in other financial liabilities and other liabilities		1	(2)
	Increase (decrease) in provisions		7	(29)
	Increase in trade payables		124	16
	Cash generated from operations		**567**	**743**
	Income tax paid, net of refunds		(111)	(151)
	Net cash generated from operating activities (A)		**456**	**592**
B	**Cash flow from investing activities**			
	Purchase of property, plant and equipment and intangibles assets		(210)	(130)
	Sale of property, plant and equipment		1	13
	Movement in bank deposits (net)		(112)	(432)
	Net cash used in investing activities (B)		**(321)**	**(549)**
C	**Cash flow from financing activities**			
	Repayment of non current borrowings		(6)	(8)
	Interest received		32	6
	Interest paid (refer note 4 below)		(22)	(7)
	Repayment of lease liabilities		(11)	-
	Net cash used in financing activities (C)		**(7)**	**(9)**
	Net increase in cash and cash equivalents (A + B + C)		**128**	**34**
	Cash and cash equivalents at the beginning of the year		66	32
	Cash and cash equivalents as at the end of the year		**194**	**66**
	Significant accounting policies	2		

Notes to Cash Flow Statement:

1 The above cash flow statement has been prepared under indirect method set out in Indian Accounting Standard (Ind AS)-7 "Statement of cash Flows" specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules. 2014

2 Cash and cash equivalents consists of cash in hand and balances with banks (Refer note 2 8)

3 Refer note 2 15(a) for change in liabilities arising from financing activities

4 Interest paid includes interest paid on lease liabilities amounting to ₹ 15 million

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

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

Shashank Agarwal
Partner
Membership No : 095109

Place: Gurugram
Date: 23 June 2020

***For* and on behalf of the Board of Directors of**
Minda Stoneridge Instruments Limited

Ashok Minda
Director
(DIN 00054727)
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Place: Gurugram
Date: 23 June 2020

Chaitanya Mundra
Company Secretary
Membership No : A57832

Place: Pune
Date: 23 June 2020

Minda Stoneridge Instruments Limited
Statement of Changes in Equity for the year ended 31 March 2020

A. Equity share capital *(₹ in million)*

Particulars	Amount
Balance as at 1 April 2019	119
Changes in equity share capital during the year	-
Balance as at 31 March 2020	119

B. Other equity *(₹ in million)*

Particulars	Reserves and surplus (i)			Items of Other Comprehensive Income (i)	Total
	Capital reserve	Securities premium reserve	Retained earnings	Remeasurement of defined benefit obligations	
As at 1 April 2018	2	40	980	(2)	1,020
Profit for the year	-	-	324	-	324
Other comprehensive income	-	-	-	2	2
Total comprehensive income for the year	-	-	324	2	326
Amount transferred to Employee stock compensation during the year	-	-	-	-	-
As at 1 April 2019	2	40	1,304	-	1,346
Profit for the year	-	-	223	-	223
Impact of Ind AS 116 (net of taxes)	-	-	(16)	-	(16)
Other comprehensive income	-	-	-	(5)	(5)
Transferred to retained earnings	-	-	(5)	5	-
Total comprehensive income for the year	2	40	1,506	-	1,548
Amount transferred to Employee stock compensation during the year	-	-	-	-	-
As at 31 March 2020	2	40	1,506	-	1,548

Notes:
(i) Refer note 2.14 for nature and purpose of other equity.

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

Shashank Agarwal
Partner
Membership No.: 095109

Place: Gurugram
Date: 23 June 2020

For **and on behalf of the Board of Directors of**
Minda Stoneridge Instruments Limited

Ashok Minda
Director
(DIN 00054727)
Place: Gurugram
Date: 23 June 2020

Ajay Kumar Choudhary
Chief Financial Officer

Place: Pune
Date: 23 June 2020

N.K. Modi
Director
(DIN 00089536)
Place: Gurugram
Date: 23 June 2020

Chaitanya Mundra
Company Secretary
Membership No.: A57832

Place: Pune
Date: 23 June 2020

Minda Stoneridge Instruments Limited
Notes to the financial statements for the year ended 31 March 2020

1. Reporting entity

Minda Stoneridge Instruments Limited (the 'Company') is a Company domiciled in India, with its registered office situated at A-15, Phase -1 Ashok Vihar, Delhi - 110052. The Company has been incorporated under the provisions of Indian Companies Act. The Company is primarily involved in manufacturing of Automobile Components and Parts thereof

2. Significant accounting policies

A. Basis of preparation

(i) Statement of compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of Companies Act, 2013 (the 'Act'), read with Companies (Indian Accounting Standards) Rules as amended from time to time and other relevant provisions of the Act.

The financial statements were authorized for issue by the Company's Board of Directors on 23 June 2020.

(ii) Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be Indian Rupees (Rs.). All amounts have been rounded-off to the nearest million Rupees unless otherwise indicated. Further, at some places '-' are also put up to values below Rs. 500,000 to make financials in round off to Rupees in millions.

(iii) Basis of measurement

These Financial Statements have been prepared on a historical cost basis, except for the following items which have been measured at fair value or revalued amount:

Items	Measurement Basis
Certain financial assets and liabilities (including derivatives instruments)	Fair Value
Liabilities for equity-settled share-based payment Arrangements	Fair Value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

(iv) Use of estimates and judgement

In preparation of these financial statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized prospectively. 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.

Assumptions and estimation uncertainties

- Recognition and estimation of tax expense including deferred tax– Note 2.16
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2.1(a) and 2.1(b)
- Estimation of obligations relating to employee benefits: key actuarial assumptions –Note 2.42
- Valuation of Inventories – Note 2.6
- Recognition and measurement of provisions and contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 2.37
- Fair value measurement – Note 2.31
- Leases– Note 2.19

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v) Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's audit committee.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 2.31 – Financial instrument.

B. Summary of significant accounting policies

i) Current and non current classification

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

Assets

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

a) it is expects to be realise the assets, or intends to sell or consume it, in its normal operating cycle;
b) it hold the asset primarily for the purpose of trading;
c) it is expects to realise the asset within 12 months after the reporting period; or
d) the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

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

Liabilities

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

a) it is expects to settle in its normal operating cycle;
b) it hold primarily for the purpose of trading;

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c) the liability is due to be settled within 12 months after the reporting period; or
d) it does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle being a period within 12 months for the purposes of classification of assets and liabilities as current and non-current.

ii) Foreign currency transactions and translations

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of transactions and monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, are translated at the balance sheet date exchange rates. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the balance sheet date exchange rates are generally recognised in statement of profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in statement of profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

The derivative financial instruments such as forward exchange contracts to hedge its risk associated with foreign currency fluctuation are stated at fair value. Any gains or losses arising from changes in fair value are taken directly to the statement of profit or loss.

iii) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

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

Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the Statement of Profit and Loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. The impact of the adoption of the standard on the Financial Statements of the Company is insignificant.

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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.

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 selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative 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

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rewards to the customer, acceptance of delivery by the customer, etc.

Export benefits
Export incentive entitlements are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no uncertainty regarding the ultimate collection of the relevant export proceeds.

Other operating income
Service income including job work income is recognized as per the terms of contracts with customers when the related services are rendered. Income from royalty, technical know-how arrangements is recognized on an accrual basis in accordance with the terms of the relevant agreement.

Dividend and interest income
Dividend income is recognized when the right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized using the effective interest method.

iv) Property, plant and equipment

(a) Recognition and measurement

Item of property, plant and equipment are carried at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, import duties and non-refundable purchase taxes, duties or levies, after deducting trade discounts and rebates, any other directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to note 2 regarding significant accounting judgements, estimates and assumptions.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.

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

A property, plant and equipment is eliminated from the Financial Statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or losses arising disposal of property, plant and equipment is recognized in the Statement of Profit and Loss.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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Advance paid towards the acquisition of fixed assets are shown under non-current asset and tangible fixed assets under construction are disclosed as capital work-in-progress. Capital work in progress includes cost of assets at site, direct and indirect expenditure incidental to construction and interest on the funds deployed for construction..

(c) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. The costs of the day to day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

(d) Depreciation

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

The identified components are depreciated over their useful life, the remaining asset is depreciated over the life of the principal asset. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Pursuant to this policy, depreciation on fixed assets has been provided at the rates based on the following useful lives of fixed assets as estimated by management:

Asset category	Useful lives estimated by the management (years)
Factory building and office building	20 years
Plant and equipment	10 years
Tools and dies	5 years
Office equipment	5 years
Furniture and fixtures	5 years
Computer (including laptops, servers and networks)	3 years
Vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

v) Intangible Asset

a) Recognition and measurement

The useful lives of intangible assets are assessed as either finite or indefinite

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether

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the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made prospective basis.

b) **Subsequent costs**

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

c) **Amortisation**

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

vi) **Borrowing Cost**

Borrowing costs that are directly attributable to the acquisition, construction or development of qualifying assets are capitalized. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Other borrowing costs are recognized as an expense in the statement of profit and loss in the year in which they are incurred.

vii) **Inventories**

Inventories which includes raw materials, components, stores, work in progress, finished goods and spares are valued at lower of cost and net realizable value. However, raw materials, components 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. The basis of determination of cost for various categories of inventory is as follows:

Raw materials, components and stores and spares and stock in trade	:	Cost is determined on weighted average basis.
Finished goods	:	Material cost plus appropriate share of labour and production overheads. Cost of finished goods includes excise duty, wherever applicable.
Work in progress	:	Material cost plus appropriate share of the labour and production overheads depending upon the stage of completion, wherever applicable.
Tools, moulds and dies	:	Material cost plus appropriate share of the labour and production overheads, depending upon the stage of completion and includes excise duty, wherever applicable.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary 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

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viii) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

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.

An asset's recoverable amount is the higher of an individual asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses, if any, are recognized in the Statement of Profit and Loss. Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

In regard to assets for which impairment loss has been recognized in prior period, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the

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Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

ix) Cash flow statement

Cash flows are reported using the indirect method, whereby profit 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.

x) Research and Development

Revenue expenditure on research is expensed off under the respective heads of account in the year in which it is incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses, if any. Property, plant and equipment used for research and development are depreciated in accordance with the Company's policy as stated above

xi) Corporate Social Responsibility ("CSR") expenditure:

CSR expenditure incurred by the Company is charged to the Statement of the Profit and Loss

xii) Recognition of interest expense

Interest expense is recognized using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to:

- the amortized cost of the financial liability.
- In calculating interest expense, the effective interest rate is applied to the amortized cost of the liability.

xiii) Government Grant and Subsidies

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grant relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income other than export benefits which are accounted for in the year of export based on eligibility and there is no uncertainty in receiving the same.

Government grants relating to purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of profit and loss on a straight line basis over the expected lifes of the related assets and presented within income.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

xiv) Cash dividend and non-cash distribution to equity holders of the parent

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India,

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a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

xv) **Employee Benefits**

Short – term employee benefits

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

Defined contribution plan:

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

Defined benefit plan:

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

Other long term employee benefit:

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

Other employee benefit plans:

Actuarial valuation:

The liability in respect of all defined benefit plans and other long term employee benefit is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary primarily using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows.
The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.
Actuarial gains and losses are recognized immediately in the Statement of profit and loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

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

xvi) **Accounting for warranty**

Warranty costs are estimated by the Company on the basis of technical evaluation and past experience of costs. Provision is made for the estimated liability in respect of warranty costs in the year of recognition of revenue and is included in the statement of profit and loss. The estimates used for accounting for warranty costs are reviewed periodically and revisions are made, as and when required.

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xvii) Leases

Effective April 1, 2019, the Company has applied Ind AS 116 using modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. The details of accounting policies under Ind AS 17 are disclosed separately if they are different from those under Ind AS 116 and the impact of changes is disclosed a note below.

Policy applicable from 1 April 2019

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.

This policy is applicable to contracts entered into, or changed, on or after 1 April 2019.

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.

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

fulfillment of the arrangement was dependent on the use of a specific asset or assets; and
the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or

facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

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, 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.

Under Ind AS 17

In the comparative period, a lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Finance leases

Assets held under finance lease are initially recognised as assets at the fair value at the inception of lease or at the present value of the minimum lease payments, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases

Lease rental expenses from operating leases is generally recognised on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Changes in significant accounting policies

The Company initially applied Ind AS 116 Leases from 1 April 2019. A number of other new amendments to standards are also effective from 1 April 2019 but they do not have a material effect on the Company's financial statements.

The Company applied Ind AS 116 using the modified retrospective approach. Accordingly, the comparative information presented for March 31, 2019 is not restated - i.e. it is presented, as previously reported, under Ind AS 17. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

Leases classified as operating leases under Ind AS 17

Previously, the Company classified property & equipment, buildings and land leases as operating leases under Ind AS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17. In particular, the Company:

did not recognise right-of-use assets and liabilities for leases tor which the lease term ends within 12 months of the date of initial application;
did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
used hindsight when determining the lease term.

xvii) 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 assembling of safety and security systems and its associated components for the automotive industry. 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.

xviii) Income taxes

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

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes.

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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.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised. Significant management judgement is required to determine the probability of deferred tax asset. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity

Minimum Alternative Tax ("MAT") credit entitlement under the provisions of the Income-tax Act, 1961 is recognised as a deferred tax asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is recognised to the extent that is probable that future taxable profits will be available against which they can be used. MAT credit entitlement has been presented as deferred tax asset in balance sheet. Significant management judgement is required to determine the probability of recognition of MAT credit entitlement.

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

xix) 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.

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xx) Provisions, contingent liabilities and contingent assets

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

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

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

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

xxi) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash balance with bank and cheques in hands and highly liquid investments with maturity period of three months or less from the date of investment.

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.

xxii) Employee Stock Options

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

xxiii) 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 or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('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.

A debt instrument is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

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 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.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment 'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingents events that would change the amounts or timings of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non - recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a

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financial asset acquired at a significant discount or premium to its contractual amount, as feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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.
Debt investment at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to 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.

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.

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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 and currency swaps to hedge its foreign currency and interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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; and
- Financial assets measured at FVOCI – debt instruments.

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.

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).

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. For debt securities at FVOCI, the loss allowance is charged to the Statement of the Profit and Loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the 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.

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for the measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortized cost e.g., deposits and advances
b. Trade receivables that result from transactions that are within the scope of Ind AS 115
c. Financial guarantee contracts which are not measured as at FVTPL.

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.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. 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 recognising impairment loss allowance based on 12-month ECL.

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.

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

C. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2020.

Minda Stoneridge Instruments Limited
Notes to the financial statements for the year ended 31 March 2020

2.1(a) Property, plant and equipment and capital work-in-progress

(₹ in million)

Particulars	Gross block				Accumulated depreciation				Net block
	Balance as at 1 April 2019	Additions	Disposals	Balance as at 31 March 2020	Balance as at 1 April 2019	Depreciation for the year	On disposals	Balance as at 31 March 2020	Balance as at 31 March 2020
	(a)	(b)	(c)	(d) = (a+b-c)	(e)	(f)	(g)	(h) = (e+f-g)	(i) = (d-h)
Freehold land	2	-	-	2	-	-	-	-	2
Building	176	-	-	176	35	14	-	49	127
Plant and equipment	744	138	-	882	275	111	-	386	496
Furniture and fixtures	20	-	-	20	14	2	-	16	4
Vehicles	30	6	4	32	12	6	3	15	17
Office equipment	13	1	-	14	8	2	-	10	4
Computer hardware	19	2	-	21	10	4	-	14	7
Total (A)	**1,004**	**147**	**4**	**1,147**	**354**	**139**	**3**	**490**	**657**
Capital work-in-progress	40	137	147	30	-	-	-	-	30
Total (B)	**40**	**137**	**147**	**30**	**-**	**-**	**-**	**-**	**30**
Total (A+B)	**1,044**	**284**	**151**	**1,177**	**354**	**139**	**3**	**490**	**687**

(₹ in million)

Particulars	Gross block				Accumulated depreciation				Net block
	Balance as at 1 April 2018	Additions	Disposals	Balance as at 31 March 2019	Balance as at 1 April 2018	Depreciation for the year	On disposals	Balance as at 31 March 2019	Balance as at 31 March 2019
	(a)	(b)	(c)	(d) = (a+b-c)	(e)	(f)	(g)	(h) = (e+f-g)	(i) = (d-h)
Freehold land	2	-	-	2	-	-	-	-	2
Buildings	175	1	-	176	22	13	-	35	141
Plant and equipment	590	162	8	744	174	104	3	275	469
Furniture and fixtures	19	1	-	20	11	3	-	14	6
Vehicles	26	11	7	30	10	7	5	12	18
Office equipment	11	2	-	13	6	2	-	8	5
Computer hardware	15	4	-	19	6	4	-	10	9
Total (A)	**838**	**181**	**15**	**1,004**	**229**	**133**	**8**	**354**	**650**
Capital work-in-progress	57	164	181	40	-	-	-	-	40
Total (B)	**57**	**164**	**181**	**40**	**-**	**-**	**-**	**-**	**40**
Total (A+B)	**895**	**345**	**196**	**1,044**	**229**	**133**	**8**	**354**	**690**

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Minda Stoneridge Instruments Limited

Notes to the financial statements for the year ended 31 March 2020

2.1(b) Other Intangible assets and intangible assets under development

(₹ in million)

Particulars	Gross block				Accumulated amortisation				Net block
	Balance as at 1 April 2019	Additions	Disposals	Balance as at 31 March 2020	Balance as at 1 April 2019	Amortisation for the year	On disposals	Balance as at 31 March 2020	Balance as at 31 March 2020
	(a)	(b)	(c)	(d) = (a+b-c)	(e)	(f)	(g)	(h) = (e+f-g)	(i) = (d-h)
Intangible Assets									
Computer Software	56	4	-	60	27	10	-	37	23
Total (A)	56	4	-	60	27	10	-	37	23
Intangible assets under development	2	2	4	-	-	-	-	-	-
Total (B)	2	2	4	-	-	-	-	-	-
Total (A+B)	58	6	4	60	27	10	-	37	23

2.1(b) Other Intangible assets and intangible assets under development

(₹ in million)

Particulars	Gross block				Accumulated amortisation				Net block
	Balance as at 1 April 2018	Additions	Disposals	Balance as at 31 March 2019	Balance as at 1 April 2018	Amortisation for the year	On disposals	Balance as at 31 March 2019	Balance as at 31 March 2019
	(a)	(b)	(c)	(d) = (a+b-c)	(e)	(f)	(g)	(h) = (e+f-g)	(i) = (d-h)
Intangible Assets									
Computer Software	42	14	-	56	18	9	-	27	29
Total (A)	42	14	-	56	18	9	-	27	29
Intangible assets under development	3	13	14	2	-	-	-	-	2
Total (B)	3	13	14	2	-	-	-	-	2
Total (A+B)	45	27	14	58	18	9	-	27	31

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2.2 - Loans

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits	9	9
Total	**9**	**9**

2.3 - Other financial assets

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Deposits due to mature after 12 months from the reporting date	20	-
Total	**20**	**-**

2.4 - Income tax assets

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance income tax (net of provision for tax)	11	8
Total	**11**	**8**

2.5 - Other non-current assets

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Capital advances	9	14
Prepaid expenses	-	-
Total	**9**	**14**

2.6 - Inventories

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials (including packing materials)	229	210
Work-in-progress	85	61
Finished goods	41	13
Add: Goods-in-transit	73	54
Stores and spares	4	7
Total	**432**	**345**

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2.7 - Trade receivables

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good)		
Trade receivables	625	742
Receivables from related parties (refer note 2.41)	68	72
Total	**693**	**814**

2.8 - Cash and cash equivalents

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash in hand	-	-
Balance with bank		
-Deposits with original maturity of 3 months or less*	160	4
-On current accounts	32	51
-Other bank balances (EEFC Accounts)	2	11
Total	**194**	**66**

*Deposits consists Nil (31 March 2019: ₹ 4 million) being deposits held as margin money.

2.9 - Other bank balances

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Deposits due to mature within 12 months of the reporting date**	526	434
Total	**526**	**434**

**Deposits consists Nil (31 March 2019: ₹ 1 million) being deposits held as margin money.

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2.10 - Loans

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits	2	2
Total	**2**	**2**

2.11 - Other financial assets

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Interest accrued on fixed deposits	10	6
Loans to employees	2	4
Others	2	2
Total	**14**	**12**

2.12 - Other current assets

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance with government authorities	37	18
Prepaid expenses	4	5
Advances to suppliers	27	15
Total	**68**	**38**

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2.13 Share capital

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised		
12,000,000 (31 March 2019: 12,000,000) equity shares of ₹ 10 each	120	120
	120	120
Issued, subscribed and fully paid- up		
11,900,000 (31 March 2019: 11,900,000) equity shares of ₹ 10 each	119	119
	119	119

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

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	(₹ in million)	Number of shares	(₹ in million)
Balance as at the beginning of the year	11,900,000	119	11,900,000	119
Balance as at the end of the year	**11,900,000**	**119**	**11,900,000**	**119**

B. Details of shareholders holding more than 5% shares at the end of the year

Name of shareholders	As at 31 March 2020		As at 31 March 2019	
	% of holdings	Number of shares held	% of holdings	Number of shares held
(i) Stoneridge Inc.	49.00%	5,831,000	49.00%	5,831,000
(ii) Minda SAI Limited#	-	-	51.00%	6,068,995
(ii) Minda Corporation Limited*#	51.00%	6,068,995	-	-
		11,899,995		**11,899,995**

*erstwhile Minda SAI Limited, merged with Minda Corporation Limited vide order dated 19 July 2019
#including 5 equity shares held with nominee shareholders

C. Rights attached to equity shareholders

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and in the event of liquidation, has right proportionate to their shareholdings over the residual assets after paying out all the liabilities.

D. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The Company has not issued any shares for consideration other than cash during the period of five years immediately preceding the reporting date.

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Minda Stoneridge Instruments Limited
Notes to the financial statements for the year ended 31 March 2020

2.14 Other equity

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Other Equity		
Capital reserve**		
Balance as at the beginning of the year	2	2
Add: Adjustment on account of employee stock option	-	-
Balance as at the end of the year	**2**	**2**
Securities premium account*		
Balance as at the beginning of the year	40	40
Balance as at the end of the year	**40**	**40**
Retained Earnings		
Balance as at the beginning of the year	1,304	980
Impact of Ind AS 116 (net of taxes)	(16)	-
Add: Transferred from other comprehensive income	(5)	-
Add: Net profit for the year	223	324
Balance as at the end of the year	**1,506**	**1,304**
Other comprehensive income - Remeasurement of defined benefit obligation, net #		
Balance as at the beginning of the year	-	(2)
Add: Remeasurement of defined benefit obligation	(5)	2
Less: Transferred to retained earnings	5	-
Balance as at the end of the year	**-**	**-**
Total	**1,548**	**1,346**

Nature and purpose of other equity

*** Securities premium reserve**

The unutilized accumulated excess of issue price over face value on issue of shares. This reserve is utilised in accordance with the provisions of the Act.

**** Capital reserve**

Accumulated capital surplus not available for distribution of dividend and expected to remain invested permanently.

 # Remeasurements of defined benefit obligation

Remeasurements of defined benefit obligation comprises actuarial gains and losses and return on plan assets.

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2.15 Non-Current borrowings

(₹ in million)

Particulars	Foot note	Non-current borrowings		Current maturities of non-current borrowings	
		As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Unsecured					
Deferred sales tax liabilities	[1]	-	-	-	6
		-	-	-	6
Less: amounts shown under other financial liabilities		-	-	-	(6)
		-	-	-	-

S. No.	Lender	Terms of repayment	Loan outstanding as at 31 March 2020	Loan outstanding as at 31 March 2019*	Details of security / guarantee
1	Government of Maharashtra	- Repayment terms: Yearly - Date of maturity: 1 April 2019	-	6	Unsecured

* includes current maturities of non-current borrowings

A. Movement in current and non current borrowings

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Borrowings at the beginning of the year	6	14
Movement due to cash transactions as per the statement of cash flows	(6)	(8)
Borrowings at the end of the year	-	6

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2.16 Income tax and deferred tax

A. Amounts recognised in statement of profit and loss

(₹ in million)

Particulars	For the period ended 31 March 2020	For the period ended 31 March 2019
Current tax		
Current year	91	143
Adjustment for prior years	(2)	(14)
	89	**129**
Deferred tax		
Origination and reversal of temporary differences	(12)	(4)
	(12)	**(4)**
Income tax expense reported in the statement of profit and loss	**77**	**125**

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

(₹ in million)

Particulars	For the period ended 31 March 2020	For the period ended 31 March 2019
Remeasurement of post employment benefit obligation	3	(1)
Income tax charges to other comprehensive income	**3**	**(1)**

C. Reconciliation of effective tax rate

Reconciliation of tax expense and the accounting profit/ (loss) multiplied by India's domestic tax rate for the year ended 31 March 2020 and 31 March 2019

Particulars	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Rate	(₹ in million)	Rate	(₹ in million)
Profit before tax from continuing operations		300		449
Tax using the Company's domestic tax rate	34.94%	105	34.94%	157
Tax effect of:				
Non-deductible expenses	0.33%	1	0.22%	1
Incremental allowance for research and development expenditure	-7.32%	(22)	-3.34%	(15)
Incremental allowance for deductions u/s 80IA	-1.33%	(4)	-3.12%	(14)
Others	-1.00%	(3)	-0.67%	(3)
Effective tax	**25.62%**	77	**28.03%**	**125**

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D. Movement of temporary differences

(₹ in million)

Particulars	As at 1 April 2018	Recognised in profit or loss during 2018-19	Recognised in OCI during 2018-19	As at 1 April 2019	Recognised in profit or loss during 2019-20	Recognised in retained earnings	Recognised in OCI during 2019-20	As at 31 March 2020
Deferred Tax Assets								
Provision for lease equilisation reserve	20	1	-	21	-	(21)	-	-
Ind AS 116 impact	-	-	-	-	-	28	-	28
Others	20	(8)	(1)	11	7	-	3	21
A	**40**	**(7)**	**(1)**	**32**	**7**	**7**	**3**	**49**
Deferred Tax Liabilities								
Difference in book written down value and tax written down value of property, plant and equipment	68	(11)	-	57	(5)	-	-	52
B	**68**	**(11)**	**-**	**57**	(5)	-	-	**52**
Net deferred tax asset / (liabilities) (A)-(B)	**(28)**	**4**	**(1)**	**(25)**	**12**	7	**3**	**(3)**

Section 115BAA of the Income Tax Act, 1961 was introduced by the Taxation Laws (Amendment) Ordinance, 2019. Based on the current estimate of expected timing of exercising of the option under Section 115BAA, the Company has not availed the said option for the year ended 31 March 2020. The Company will evaluate the benefit of exercising the option in future years

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2.17 Non-current provisions

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Gratuity	12	-
Compensated absences	7	-
Provision for warranties (refer to note 2.17.1 below)	1	2
Total	**20**	**2**

2.17.1 Movement in warranty cost provision

The Company warrants that its products will perform in all material respects in accordance with the Company's standard specifications for the warranty period. Accordingly based on specific warranties, claims history, the Company provides for warranty claims. The activity in the provision for warranty costs is as follows:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	25	26
Provided during the year	9	24
Utilised during the year	(8)	(25)
Balance at the end of the year	**26**	**25**
Current portion	25	23
Non- current portion	1	2

2.18 Other non-current liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Lease equilisation reserve (refer note 2.19)	-	60
Total	-	**60**

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2.19 Leases

As a Lessee

The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1 April 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. In adopting Ind AS 116, the Company has applied the below practical expedients

The Company has applied the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17

The Company has discounted lease payments using the applicable incremental borrowing rate as at 1 April 2019, which is 9.5% for measuring the lease liability

Information about leases for which the Company is a lessee is presented below

(₹ in million)

Right-of-use assets	Buildings
Balance at 1 April 2019*	-
Transition impact of Ind AS 116	66
Additions to right-of-use assets	-
Deletion of right-of-use assets	-
Depreciation charge for the year	(11)
Balance at 31 March 2020	55

*net of reversal of lease equilisation reserve amounting to ₹ 60 million as on 1 April 2019

(₹ in million)

Lease liabilities	**As at 31 March 2020**
Balance at 1 April 2019	-
Transition impact of Ind AS 116	149
Add Interest	15
Less Repayment	26
Balance at 31 March 2020	138
Current	14
Non-current	124

(₹ in million)

Amounts recognised in Statement of Profit and Loss	**For the year ended 31 March 2020**
Interest on lease liabilities	15
Depreciation expense	11
Expenses relating to short-term leases and leases of low-value assets	-

(₹ in million)

Amounts recognised in Cash Flow Statement	**For the year ended 31 March 2020**
Repayment of lease liabilities	11
Interest paid on lease liabilities	15

The impact on the statement of profit and loss for the year ended 31 March 2020 is as follows

Particulars	**For the year ended 31 March 2020**
Rental expense is lower by	27
Depreciation is higher by	(11)
Finance cost is higher by	(15)
Profit before tax is higher/ (lower) by	1

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31 March 2019 compared to the lease liability as accounted as at 1 April 2019 is primarily due to discounting of the lease liabilities as per the requirement of Ind AS 116

Most of the leases entered by the Company are long term in nature and the underlying leased properties are being used as manufacturing plants. The Company doesn't foresee any major changes in lease terms or the leases in the foreseeable future as per current business projections after considering the impact of COVID-19

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Operating lease commitments under Ind AS 17

(₹ in million)

Non-cancellable operating lease commitments	As at 31 March 2019
-Within one year	27
-Later than one year and not later than five years	81
-Later than five years	73

(₹ in million)

Particulars	For the year ended 31 March 2019
Lease rent recognised in the Statement of profit and loss (Refer note 2.31)	27

2.20 Trade payables

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
- Total outstanding dues of micro enterprises and small enterprises (refer note 2.20.1)	125	78
- Trade outstanding dues of creditors other than micro and small enterprises	579	574
- Trade payables to related parties (Refer note 2.41)	94	46
Total	**798**	**698**

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

Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures as required by section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

(₹ in million)

S.No. Particulars	As at 31 March 2020	As at 31 March 2019
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of period:		
- Principal amount	120	74
- Interest thereon	-	-
	120	**74**
(ii) the amount of interest paid in terms of section 16, along with the amounts of the payment made to the suppliers beyond the appointed day:		
- Principal amount	462	397
- Interest thereon	-	-
	-	-
(iii) the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	5	4
	5	**4**
(iv) the amount of interest accrued and remaining unpaid	5	4
	5	**4**

2.21 Other financial liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of non current borrowings	-	6
Salaries, wages and bonus payable	51	53
Creditors for capital items	2	78
Total	**53**	**137**

2.22 Other current liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory dues payable	12	19
Advances from customers	27	11
Total	**39**	**30**

2.23 Provisions

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits (refer note 2.42)		
-Gratuity	-	2
-Compensated absence	-	2
Others		
-Provision for warranties (refer note 2.17.1)	25	23
Total	**25**	**27**

2.24 Current tax liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for income tax (net of advance tax)	-	19
Total	-	19

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2.25 Revenue from operations

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products		
- Manufactured goods	3,740	4,594
Other operating revenue		
- Technical know-how and service income	41	31
- Sale of scrap	5	10
- Export incentives	24	6
	70	**47**
Total	**3,810**	**4,641**

2.26 Other income

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on fixed deposits	36	12
Profit on sale/discard of property, plant and equipment (net)	-	6
Provision/ liabilities no longer required written back	24	4
Total	**60**	**22**

2.27 Cost of materials consumed

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Raw materials consumed		
Opening stock	210	238
Add: Purchases during the year	2,585	3,027
	2,795	3,265
Less: Closing stock	229	210
	2,566	**3,055**

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2.28 Changes in inventories of finished goods and work-in-progress

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Finished goods		
Opening stock	67	78
Less: Closing stock	114	67
	(47)	11
Work-in-progress		
Opening stock	61	78
Less: Closing stock	85	61
	(24)	17
	(71)	**28**

2.29 Employee benefits expense

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages, bonus and allowances	463	481
Contribution to provident fund and other funds	38	35
Employees stock compensation expense	-	-
Staff welfare expenses	15	24
Total	**516**	**540**

2.30 Finance Costs

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expenses	6	5
Interest expense on lease liabilities	15	-
Other borrowing costs	1	2
Total	**22**	**7**

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2.31 Other Expenses

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Jobwork charges	2	2
Consumption of stores and spare parts and packing materials	78	74
Power and fuel (net of recovery)	33	42
Rental charges (refer note 2.19)	-	27
Repair and maintenance		
- Plant and machinery	12	16
- Building	3	6
- Others	10	8
Travelling and conveyance	25	34
Legal and professional fees (refer to note 2.31.1)	28	20
Communication expenses	4	3
Management fees	56	69
Insurance	5	5
Rates and taxes	2	4
Exchange fluctuation (net)	10	9
Warranty expenses	10	24
Advertisement and Business promotion	-	1
Freight and forwarding	43	48
Corporate social responsibility (refer to note 2.38)	6	4
Design and development	29	24
Printing and stationery	-	1
Miscellaneous	21	21
Total	**377**	**442**

2.31.1 Auditors' remuneration (excluding GST)

Legal and professional expense includes auditors' remuneration as follows:

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Statutory audit	2	2
Others	-	-
Total	**2**	**2**

2.30 Earnings per share

Basic and diluted earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity share outstanding for the year

(₹ in million)

Particulars	Units	Year ended 31st March 2020	Year ended 31st March 2019
Profit after tax attributable to equity shareholders	₹	223	324
Number of weighted average equity share of ₹ 10 each			
Number of share at the end of the year	No.	11,900,000	11,900,000
Basic and diluted earning per equity share of face value of ₹ 10 each	₹	18.74	27.23

2.31 Financial Instruments - Fair values and risk management

a. Financial instruments – by category and fair values hierarchy

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

i. As on 31 March, 2020

(₹ in million)

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
(i) Loans	-	-	9	9	-	-	-
(ii) Other Financial Asset	-	-	20	20	-	-	-
Current							
(i) Trade receivables	-	-	693	693	-	-	-
(ii) Cash and cash equivalents	-	-	194	194	-	-	-
(iii) Other bank balances			526	526	-	-	-
(iv) Loans	-	-	2	2	-	-	-
(v) Other financial assets	-	-	14	14	-	-	-
Total	-	-	**1,458**	**1,458**			
Financial liabilities							
Non-current							
(i) Borrowings	-	-	-	-	-	-	-
(i) Lease liability	-	-	124	124	-	-	-
Current							
(i) Lease liability	-	-	14	14	-	-	-
(ii) Trade payables	-	-	798	798	-	-	-
(iii) Other financial liabilities	-	-	53	53	-	-	-
Total	-	-	**989**	**989**			

ii. As on 31 March, 2019

(₹ in million)

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
(i) Loans	-	-	9	9	-	-	-
Current							
(i) Trade receivables	-	-	814	814	-	-	-
(ii) Cash and cash equivalents	-	-	66	66	-	-	-
(iii) Other bank balances	-	-	434	434	-	-	-
(iv) Loans	-	-	2	2	-	-	-
(v) Other financial assets	-	-	12	12	-	-	-
Total	-	-	**1,337**	**1,337**			
Financial liabilities							
Non-current							
(i) Borrowings	-	-	-	-	-	-	-
Current							
(i) Trade payables	-	-	698	698	-	-	-
(ii) Other financial liabilities	-	-	137	137	-	-	-
Total	-	-	**835**	**835**			

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

2.31 Financial Instruments - Fair values and risk management (continued)

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale
There have been no transfers between Level 1, Level 2 and Level 3 for the years ended 31 March 2020 and 31 March 2019

Valuation technique used to determine fair value
Specific valuation techniques used to value non current financial assets and liabilities for whom the fair values have been determined based on present values and the appropriate discount rates of the Company at each balance sheet date The discount rate is based on the incremental borrowing rate of the Company at each balance sheet date

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

2.32 Financial risk management

The Company has exposure to the following risks arising from financial instruments
- Credit risk,
- Liquidity risk, and
- Market risk - Foreign exchange,
- Market risk - Interest rate

Risk management framework

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

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

(i) Credit risk
The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables	693	814
Cash and cash equivalents	194	66
Other bank balances	526	434
Loans	9	9
Other financial assets	34	12

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

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

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

Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business 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 and unbilled revenues The provision matrix takes into account available external and internal credit risk factors such as Company's historical experience for customers The reversal for lifetime expected credit loss on customer balances for the year ended 31 March 2020 and 31 March 2019 was ₹ Nil

Movement in the loss allowance in respect of trade receivables:

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	-	-
Impairment loss recognised / (reversed)	-	-
Amount written off	-	-
Balance at the end of the year	-	-

2.32 Financial risk management (continued)

a) Expected credit loss for loans and security deposits

As at 31 March 2020

(₹ in million)

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Loans to employee	2	0%	-	2
		Security Deposits	11	0%	-	11
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit -impaired	NA	NA	NA	NA	NA

As at 31 March 2019

(₹ in million)

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Loans to employee	4	0%	-	4
		Security Deposits	11	0%	-	11
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit -impaired	NA	NA	NA	NA	NA

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2.32 Financial risk management (continued)

b) Expected credit loss for trade receivables under simplified approach

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

(₹ in million)

Particulars	Gross carrying amount	
	As at 31 March 2020	As at 31 March 2019
Current (not past due)	547	723
1 to 30 days past due	101	68
31 to 60 days past due	21	2
61 to 90 days past due	5	4
More than 90 days past due*	18	17
Carrying amount of trade receivables (net of impairment)	**693**	**814**

*The Company believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full, based on historical payment behavior

2.32 Financial risk management (continued)

(ii) Liquidity risk

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

The Company believes that its liquidity position, including total cash and cash equivalent and bank balances other than cash and cash equivalent of ₹ 740 millions as at 31 March 2020 (31 March 2019: ₹ 500 millions), anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Company believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

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

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

I. Financing arrangements

The company had access to undrawn borrowing facilities of ₹ 320 million (31 March 2019 ₹ 800 million) at the end of the reporting period.

II. Maturities of financial liabilities

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

(₹ in million)

As at 31 March 2020	Carrying amount	Contractual cash flows					
		6 months or less	6-12 months	1–2 years	2–5 years	More than 5 years	Total
Non-current liabilities							
Lease liability*	124	-	-	29	77	95	201
Current liabilities							
Lease liability	14	7	7	-	-	-	14
Trade payables	798	798	-	-	-	-	798
Other financial liabilities	53	53	-	-	-	-	53
Total	**989**	**858**	7	**29**	77	**95**	**1,066**

* Carrying value represents discounted value as at 31 March 2020

2.32 Financial risk management (continued)

(₹ in million)

As at 31 March 2019	Carrying amount	Contractual cash flows					
		6 months or less	6-12 months	1–2 years	2–5 years	More than 5 years	Total
Non-current liabilities							
Borrowings	-	-	-	-	-	-	-
Current liabilities							
Borrowings	-	-	-	-	-	-	-
Trade payables	698	698	-	-	-	-	698
Other financial liabilities	137	137	-	-	-	-	137
Total	**835**	**835**	-	-	-	-	**835**

(iii) Market risk

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

Currency risk

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

Exposure to currency risk

The summary of quantitative data about the Company's exposure to currency risk, as expressed in Indian Rupees, as at 31 March 2020 and 31 March 2019 are as below:

(₹ in million)

As at 31 March 2020	As at 31 March 2020		
	USD	EURO	JPY
Financial assets			
Trade receivables	72	12	-
Exchange earners foreign currency (EEFC) account	2	-	-
Financial liabilities			
Trade payables	229	2	5

(₹ in million)

As at 31 March 2019	As at 31 March 2019		
	USD	EURO	JPY
Financial assests			
Trade receivables	83	3	-
Exchange earners foreign currency (EEFC) account	66	-	-
Financial liabilities			
Trade payables	186	2	-

2.32 Financial risk management (continued)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2020 (previous year ended as on 31 March 2019) would have affected the measurement of financial instruments denominated in functional 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.

(₹ in million)

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
1% depreciation / appreciation in Indian Rupees against following foreign currencies				
For the year ended 31 March 2020				
USD	2	(2)	1	(1)
EUR	-	-	-	-
JPY	-	-	-	-
	2	(2)	1	(1)
For the year ended 31 March 2019				
USD	-	-	-	-
EUR	-	-	-	-
JPY	-	-	-	-
	-	-	-	-

USD: United States Dollar, EUR: Euro, JPY: Japanese Yen

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2.33 Capital management

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

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

The Company monitors capital on the basis of the debt to capital ratio, which is calculated as interest-bearing debts (including lease liabilities) divided by total capital (equity attributable to owners of the parent plus interest-bearing debts).

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Debt	138	6
Less : Cash and cash equivalents	(194)	(66)
Net debt	**(56)**	**(61)**
Total equity	**1,667**	**1,465**
Net debt to equity ratio	**(0.03)**	**(0.04)**

2.34 Research and development expenses

The Company has incurred following expenditure on its inhouse R&D center :

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
On revenue account		
Employee benefits expense	71	50
Other expenses	47	26
	118	**76**
On capital account	4	11
	122	**87**

* Excluding finance cost, depreciation, amortisation and impairment

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Notes to the financial statements for the year ended 31 March 2020

2.35 Segment information

As per Ind-AS 108, Operating segments have been defined based on the regular review by the Company's Chief Operating Decision Maker to assess the performance of each segment and to make decision about allocation of resources. The group's business activities fall within single primary business segment, viz. manufacturing of Automobile Components and Parts thereof. Accordingly, disclosures under Ind AS 108, Operating Segments are not required to be made. Details of revenue from operation at year end, property, plant and equipment and intangible assets are as follows:

(₹ in million)

Location	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operation		
Domestic	3,388	4,118
Overseas :		
Outside India	**422**	**523**
Asia (excluding domestic)	125	160
America	279	347
Europe	18	16

Carrying amount of assets

(₹ in million)

Location	As at 31 March 2020	As at 31 March 2019
Domestic	2,658	2,376
Asia (excluding domestic)	29	46
America	43	38
Europe	12	3
Total	**2,742**	**2,463**

Additions of Property, plant and equipment and intangible assets

(₹ in million)

Location	For the year ended 31 March 2020	For the year ended 31 March 2019
Domestic		
- Property, plant and equipment	147	181
- Intangible fixed assets	4	14
Total	**151**	**195**

Segment revenue in the geographical segments considered for disclosure is as follows:-
Revenue within India (Domestic) include sale to customers located within India; and
Revenue outside India (Overseas) include sale of products manufactured in India and outside India to customers located outside India

Segment assets in the geographical segments considered for disclosure represents assets locate outside India and sundry debtor balances against export sales from India operations.

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2.36 Capital and other commitments

a. Capital Commitments : Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 8 million (net of advances) (31 March 2019 ₹ 18 million)

2.37 Contingent Liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Claims against the Company disputed by the Company not acknowledged as debt:		
a) Value Added Tax	7	2
b) Bonus payable for financial year 2014-15 as per payment of Bonus Act, 1965	1	1
c) Income tax	12	12

a. Pursuant to recent judgement by the Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages for the purpose of provident fund, to include special allowances which are common for all employees. However there is uncertainty with respect to the applicable of the judgement and period from which the same applies. The Company has estimated the impact of the same from 01 March 2019 to 31 March 2019 based on a prospective approach and has recognized the same in the financial statements.
Owing to the aforesaid uncertainty and pending clarification from the authority in this regard, the Company has not recognized any provision for the previous years. Further management also believes that the impact of the same on the Company will not be material.

b. Additionally, the Company is involved in other disputes, lawsuits, claims, governmental and/ or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business.

The company believes that none of above matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements.

2.38 During the current year, as required under section 135 of the Act, the Company has spent ₹ 6 million (previous year ₹ 4 million) towards the corporate social responsibility (CSR activity). Relevant disclosures for amount to be spent vis a viz amount spent during the year are as below :

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Gross amount required to be spent by the Company	6	4
Amount spent during the year	6	4

(₹ in million)

Project/ Activity	31 March 2020			31 March 2019		
	Paid in cash	Yet to be paid	Total	Paid in cash	Yet to be paid	Total
Construction of Urinal, Toilets and Washrooms at Donde Village	-	-	-	1	-	1
Promoting Healthcare & sanitation and preventing disabilities through Spark Minda Foundation	6	-	6	3	-	3
Total	6	-	6	4	-	4

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2.39 Employee share - based payment plans

The members of Minda Corporation Limited (MCL) had approved 'Employee Stock Option Scheme, 2017' through Postal Ballot on 10 February, 2017. The plan envisaged grant of stock options to eligible employees at reserve price equal to the latest available closing price discounted by 50% or such other percentage as may be decided by the Nomination and Remuneration Committee of MCL.

Under the Plan, each option, upon vesting, shall entitle the holder to acquire one equity share of ₹ 2 each. The options granted will vest gradually over a period not earlier than one year and not later than five years from the date of grant of such Options. Vesting of Options is a function of achievement of performance criteria or any other criteria, as specified by the Committee and communicated in the grant letter.

Summary of vesting and lock-in provisions are given below:

Sr. No.	Vesting Schedule		
	% of options scheduled to vest	Vesting date	Lock-in period
1	20%	1 April 2018	Nil
2	20%	1 April 2019	Nil
3	20%	1 April 2020	Nil
4	40%	1 April 2021	Nil

The movement in the stock options under the Plan, during the year, is set out below:

Particulars	For the year ended 31 Mar 2020		For the year ended 31 Mar 2019	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	24,000	50	180,000	50
Granted during the year	-	-	-	-
Exercised during the year	(6,000)	50	(6,000)	50
Forfeited during the year	(18,000)	50	-	-
Options transferred to Intercompany	-	-	(150,000)	50
Outstanding at the end of the year	-	-	24,000	50
Exercisable at the end of the year	-	-	-	-

Stock compensation expense in relation to stock options granted to employee of the company is ₹ 0.30 million (31 March 2019 : ₹ 0.32 million)

Stock compensation expense under the Fair Value Method has been determined based on fair value of the stock options. The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions:

Particulars	Employee stock option scheme 2017
Expected volatility	47.58%
Risk free interest rate	7.15%
Exercise price (₹)	50
Expected dividend yield	0.54%
Life of options (years)	4
Weighted average fair value of options as at the grant date (₹)	93

2.40 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by due date as required under the law. The management is of the opinion that its transactions with the associated enterprises are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Minda Stoneridge Instruments Limited
Notes to the financial statements for the year ended 31 March 2020

Note	Particulars	
2.41	**Related party transactions, as required by Ind AS 24, "Related party disclosures" are given below**	
A)	**Related parties and nature of related party relationship with whom transactions have taken place during the year**	
	Description of relationship	**Names of related parties**
	Joint Venturers (JV) Partners	Minda Corporation Limited (MCL)* Stoneridge Inc. (SI)
	Entity over which JV Partner (SI) have significant influence	Stoneridge Asia Pacific
	Entity over which JV Partner (MCL) or Key Managerial Personnel and their relatives, its holding Company or Key Managerial Personnel and their relatives, are able to exercise significant influence	Minda Automotive Solutions Limited (MASL)* Minda Management Services Limited (MMSL)* PT Minda Automotive Trading (PTM) Minda Capital Limited (MCAPL)
	Key Management Personnel (KMP)	Mr. Naresh Kumar Modi, Director (w.e.f 8 October 2019) Mr. Ajay Kumar Choudhary, Chief Financial Officer (w.e.f 19 November 2019) Mr. Chaitanya Mundra, Company Secretary (w.e.f 19 November 2019) Mr. Sanjeev Saxena, Managing Director (upto 15 August 2019) Mr. Ajay Kumar, Chief Financial Officer (upto 31 July 2019) Ms. Kanika Jain, Company Secretary (upto 20 April 2019)

*Minda SAI Limited, Minda Automotive Solutions Limited (MASL), Minda Management Services Limited (MMSL) have been merged with Minda Corporation Limited (MCL) vide order dated 19 July 2019.

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B) Transactions during the year entered with related parties

(₹ in million)

Nature of transaction	Year	Minda Management Services Limited	Minda SAI Limited	Minda Automotive Solutions Limited	Minda Corporation Limited	Stoneridge Inc.	Stoneridge Asia Pacific	PT Minda Automotive	Minda Capital Limited	Mr. Ajay Kumar Choudhary	Mr. Chaitanya Mundra	Mr. Ajay Kumar	Ms. Kanika Jain
Sales of manufactured goods	2019-20	-	-	-	113	279	-	21	-	-	-	-	-
	2018-19	-	17	113	5	345	-	31	-	-	-	-	-
Sales of Services including job work	2019-20	1	-	-	1	-	-	-	-	-	-	-	-
	2018-19	3	-	-	-	2	-	1	-	-	-	-	-
Purchases of goods	2019-20	-	1		5	6	110	-	-	-	-	-	-
	2018-19	-	1	-	-	16	87	-	-	-	-	-	-
Management fees paid	2019-20	16			37	8	-	-	-	-	-	-	-
	2018-19	45	-	-	-	22	-	-	-	-	-	-	-
Rent paid	2019-20	-	-	-	-	-	-	-	13	-	-	-	-
	2018-19	-	-	-	-	-	-	-	12	-	-	-	-
Reimbursement of expenses (received)	2019-20	1	-		1	-	-	-	-	-	-	-	-
	2018-19	2	-	-	-	3	-	-	-	-	-	-	-
Reimbursement of expenses (paid)	2019-20	1	5		34	6			-	-	-	-	-
	2018-19	8	5	-	8	6	-	-	-	-	-	-	-
Managerial remuneration paid to key management personnel	2019-20	-	-	-	-	-	-	-	-	2	-	3	-
	2018-19	-	-	-	-	-	-	-	-	-	-	4	1
Sale of property, plant and equipment	2019-20	-	-	-	-								
	2018-19	-	-	-	-	-	-	-	-	-	-	-	-
Loan granted during the year	2019-20	-	-	-	-	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-	-	-	-	-	-

C) Outstanding balances as at year end

(₹ in million)

Account head	Balance as on	Minda Management Services Limited	Minda SAI Limited	Minda Automotive Solutions Limited	Minda Corporation Limited	Minda Vietnam Automotive	Stoneridge Inc.	Stoneridge Asia Pacific	PT Minda Automotive	Mr. Ajay Kumar	Total
Trade receivable	31 March 2020				26	-	35	-	7	-	68
	31 March 2019	-	5	19		-	38	-	10	-	72
Trade payables	31 March 2020	1	1		13	-	13	67	-	-	94
	31 March 2019	6	1	-	7	-	13	19	-	-	46
Loans receivable	31 March 2020	-	-	-	-	-	-	-	-	-	-
	31 March 2019	-	-	-	-	-	-	-	-	-	-

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2.42 Employee benefits

a) Defined contribution plans

The Company's employee provident fund and Employee's state insurance schemes are defined contribution plans. The following amounts have been recognised as expense for the year and shown under Employee benefits expense in note 2.29

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Contribution towards		
-Provident fund	24	22
-Employee state insurance	2	2

b) Defined benefit plans Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity as a defined benefit plan. The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary (includes dearness allowance) last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death whichever is earlier. The benefits vest after five years of continuous service. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year after considering the amount lying in planed assets maintained with Life Insurance Corporation of India

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Changes in the present value of the defined benefit obligation is as follows		
Present value of defined benefit obligation at the beginning of the year	38	38
Interest cost	3	3
Current service cost	8	6
Past service cost	-	-
Benefits paid	(3)	(5)
Actuarial loss / (gain) on obligation	7	(4)
Present value of defined benefit obligation at the end of the year	**53**	**38**
Changes in the present value of the plan asset is as follows		
Fair value of plan asset at the beginning of the year	36	32
Return on plan asset	3	2
Contributions	2	7
Benefits paid	-	(5)
Fund management charge	(1)	(1)
Actuarial (gain) / loss on obligation	1	1
Fair value of plan asset at the end of the year	**41**	**36**
Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:		
Present value of defined benefit obligation at the end of the year	53	38
Fair value of plan asset at the end of the year	41	36
Net liability as at the close of the year	**(12)**	**(2)**
Expenses recognized in the statement of profit and loss and other comprehensive income		
Current service cost	8	6
Past service cost	-	-
Interest cost	3	3
Expected return on plan assets	(3)	(2)
Net actuarial loss / (gain)	8	(4)
Expenses recognized in the statement of profit and loss:	**16**	**3**

2.42 Employee benefits (continued)

	As at 31 March 2020	As at 31 March 2019
Actuarial assumptions		
Discount rate	6.79%	7.65%
Expected rate of return on plan assets	6.79%	7.65%
Expected salary increase rates	6.50%	6.50%
Mortality	100% of IALM 2012-14	100% of IALM 2006-08
Employee attrition rate		
-Up to 30 years of age	3.00%	3.00%
-From 31 years of age to 44 years of age	2.00%	2.00%
-Above 44 years of age	1.00%	1.00%

Note:

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

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

Experience gain / (loss) on PBO and Plan Assets

(₹ in million)

Particulars	31 March 2020	31 March 2019
On Plan Present Value of Obligation	7	4
On Plan Assets	1	(1)

Sensitivity analysis:

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

(₹ in million)

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50%)	(4)	4	(3)	3
Future salary growth (0.50%)	4	(4)	3	(3)

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

Maturity profile:

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

(₹ in million)

	As at 31 March 2020	As at 31 March 2019
1 year	1	1
2 to 5 years	5	3
5 to 6 years	1	1
More than 6 years	47	33

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2.42 Employee benefits (continued)

c) Other long term benefit - Compensated absences

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

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

Assumptions	As at 31 March 2020	As at 31 March 2019
Discount rate	6.79%	7.65%
Expected salary increase rates	6.50%	6.50%
Mortality	100% of IALM 2012-14	100% of IALM 2006-08
Employee attrition rate		
-Up to 30 years of age	3.00%	3.00%
-From 31 years of age to 44 years of age	2.00%	2.00%
-Above 44 years of age	1.00%	1.00%

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

(₹ in million)

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50%)	(2)	2	(1)	1
Future salary growth (0.50%)	2	(2)	1	(1)

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

Maturity profile:

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

(₹ in million)

	As at 31 March 2020	As at 31 March 2019
1 year	-	-
2 to 5 years	2	1
5 to 6 years	-	-
More than 6 years	20	14

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

2.42 Employee benefits (continued)

d) Risk Exposure
Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below
i) Asset volatility

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

ii) Changes in discount rate

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

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

iv) Life expectancy

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

The Company ensures that the investment positions are managed within an asset- liability matching (ALM) framework that has been developed to achieve long term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Company's ALM objective is to match assets to the obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.
The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company uses derivatives to manage some of its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

2.43 In March 2020, the World Health Organisation declared COVID 19 to be a pandemic. Consequent to this, Government of India declared a national lockdown on 25 March 2020, which has impacted the business activities of the Company. The Company has assessed the impact that may result from this pandemic on its liquidity position, carrying amounts of receivables, inventories, tangible and intangible assets, investments, and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has considered internal and external information available till the date of approval these financial statements and has assessed its situation.

In that context and based on the current estimates, the Company believes that COVID 19 is not likely to have any material impact on its financial statements, liquidity or ability to service its debts and other obligations. However, the overall economic environment, being uncertain due to COVID 19, may affect the underlying assumptions and estimates in future, which may differ from those considered as at the date of approval of these financial statements. The Company would closely monitor such developments in future economic conditions and consider their impact on the financial statements of the relevant periods.

2.44 The previous year figures have been reclassified (wherever required) to confirm to current year classification.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm registration number 101248W/W-100022

Shashank Agarwal
Partner
Membership No. 095109

Place: Gurugram
Date: 23 June 2020

For **and on behalf of the Board of Directors of**
Minda Stoneridge Instruments Limited

Ashok Minda
Director
(DIN 00054727)

Ajay Kumar Choudhary
Chief Financial Officer

Place: Pune
Date: 23 June 2020

N.K. Modi
Director
(DIN 00089536)

Place: Gurugram
Date: 23 June 2020

Chaitanya Mundra
Company Secretary
Membership No. A57832

Place: Pune
Date: 23 June 2020