

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED

(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **FURUKAWA MINDA ELECTRIC PRIVATE LIMITED (FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Material uncertainty related to Going Concern

We draw attention to note 2(b) to the financial statements, which indicates that the Company has accumulated losses of Rs. 9,876.64 lakhs as at 31 March, 2020 and the Company's current liabilities exceeded its current assets by Rs. 6,688.42 lakhs. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.



Emphasis of Matter

We draw attention to note 46 to the financial statements, which describes the adverse impact on the financial performance of the Company on account of the COVID-19 pandemic. In view of the uncertainties involved in the estimation of the ultimate impact of the pandemic on the financial statements, such estimates could differ from those on the date of the approval of the financial statements.

Our report is not modified in respect of this matter.

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

- The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's 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 during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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) The matter described in the Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on 31 March, 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.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "ANNEXURE A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.

- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i). The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 33.1 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. Refer note 37 to the financial statements.
 - iii). There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer note 38 to the financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"/ "CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "ANNEXURE B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



Alka Chadha

Alka Chadha
(Partner)
(Membership No. 93474)
(UDIN: 20093474AAAABB5636)

Place: Gurugram
Date: 18 June, 2020

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **FURUKAWA MINDA ELECTRIC PRIVATE LIMITED (FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE 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.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, 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.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

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



Alka Chadha

Alka Chadha
(Partner)

(Membership No. 93474)
(UDIN: 20093474AAAABB5636)

Place: Gurugram
Date: 18 June, 2020

"ANNEXURE B" TO THE INDEPENDENT AUDITORS' REPORT

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

- i). In respect of its property, plant and equipment:
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - b) Some of the property, plant and equipment were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the property, plant and equipment at reasonable intervals and no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and the records examined by us, we report that, immovable properties of land and buildings whose title deed had been pledged as security for loan, which has been repaid, is held in the name of the Company based on the confirmation directly received by us from the lender.

The Company does not have any immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the financial statements.

- ii). In our opinion, the inventories were physically verified during the year by the Management at reasonable intervals other than for stock lying with third parties for which confirmations have been obtained and goods in transit for which subsequent receipts have been verified and no material discrepancies were noticed on physical verification.
- iii). The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv). The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- v). In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public. The Company does not have any unclaimed deposit and accordingly the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- vi). The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 . We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii). According to the information and explanations given to us and the records of the Company examined by us, in respect of statutory dues:
- a) Other than for delays in deposit of Value Added Tax and Central Sales Tax, the Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.



- b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable other than dues related to Value Added Tax and Central Sales Tax, the details of which are given below:

Name of Statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Due date*	Date of subsequent payment
CST Act, 1956	Central Sales Tax	10.97	2015-16	24 July, 2019	16 June, 2020
CST Act, 1956	Central Sales Tax	4.70	2016-17	3 July, 2019	16 June, 2020
Haryana VAT Act, 2003 and CST Act, 1956	Value Added Tax and Central Sales Tax	4.17	2017-18	16 September, 2019	16 June, 2020

* Based on notice of demand received during the year

- c) Details of dues of Income-tax which have not been deposited as on 31 March, 2020 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates*	Amount unpaid (Rs. in lakhs)
Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2009-10 to 2011-12	133.53
Income Tax Act, 1961	Income tax	Deputy Commissioner of Income Tax	2014-15	4.50
Total				138.03

* Period in respect of Income –tax represents assessment year.

There are no dues of Sales Tax, Service Tax, Goods and Service Tax , Customs Duty, Excise Duty and Value Added Tax on account of any disputes.

- viii). our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures.
- ix). The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.
- x). To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi). The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- xii). The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- xiii). In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.



Deloitte Haskins & Sells LLP

- xiv). During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- xv). In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its parent, subsidiary or associate company, as applicable, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi). The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



Alka Chadha
Partner

(Membership No. 93474)
(UDIN: 20093474AAAABB5636)

Place: Gurugram
Date: 18 June, 2020

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
BALANCE SHEET AS AT 31 MARCH, 2020

	Notes	Rs. in lakhs	
		As at 31 March, 2020	As at 31 March, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	7,784.67	7,890.72
(b) Capital work-in-progress	3	99.96	2.49
(c) Right-of-use assets	4	96.79	-
(d) Other intangible assets	5	21.57	21.89
(e) Financial assets			
i. Loans	6	2.14	-
ii. Other financial assets	7	11.95	82.36
(f) Non-current tax assets	8	731.17	523.82
(g) Other non-current assets	9	58.06	56.26
Total non-current assets		8,806.31	8,577.54
Current assets			
(a) Inventories	10	5,656.07	5,840.31
(b) Financial assets			
i. Trade receivables	11	1,079.01	2,810.49
ii. Cash and cash equivalents	12	3,084.23	2,869.95
iii. Loans	6	40.46	7.96
iv. Other financial assets	7	239.78	676.06
(c) Other current assets	9	2,676.29	3,124.76
Total current assets		12,775.84	15,329.53
Total assets		21,582.15	23,907.07
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	11,750.00	11,750.00
(b) Other equity	14	(9,875.74)	(11,457.09)
Total equity		1,874.26	292.91
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
i. Borrowings	15	-	-
(b) Provisions	17	243.63	172.96
Total non-current liabilities		243.63	172.96
Current liabilities			
(a) Financial liabilities			
i. Borrowings	19	9,423.73	12,308.64
ii. Lease liabilities	20	97.58	-
iii. Trade payables	21		
(i) total outstanding dues of micro enterprises and small enterprises		144.26	47.72
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		9,200.70	8,754.74
iv. Other financial liabilities	16	420.24	1,146.11
(b) Provisions	17	68.45	4.45
(c) Other current liabilities	18	109.30	1,179.54
Total current liabilities		19,464.26	23,441.20
Total liabilities		19,707.89	23,614.16
Total equity and liabilities		21,582.15	23,907.07

See accompanying notes to the financial statements 1-48

In terms of our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W-100919)

Alka Chadha
Partner
(Membership No. 93474)

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

NEERAJ SHARMA
Neeraj Sharma
President and
Whole Time Director

AMIT KUMAR DUBEY

Amit Dubey
Chief Financial Officer

Laxman Ramnarayan
Director

Laxman Ramnarayan
Director

KEIICHI NISHIMURA
Director

KANIKA SUKHEEJA
Kanika Sukheerja
Company Secretary

Place: **Gurgaon**
Date: **18 June, 2020**

Place: **Bawal**
Date: **18th June '2020**

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
STATEMENT OF PROFIT AND LOSS FOR YEAR 31 MARCH, 2020

	Notes	Year ended 31 March, 2020	Rs. in lakhs Year ended 31 March, 2019	
Income				
I	Revenue from operations	22	39,741.92	44,432.91
II	Other income	23	236.39	328.22
III	Total income (I + II)		39,978.31	44,761.13
IV Expenses				
(a)	Cost of materials consumed	24	26,920.39	31,607.69
(b)	Changes in inventories of finished goods and work-in-progress	25	(3.83)	160.37
(c)	Employee benefits expense	26	5,149.73	5,047.68
(d)	Finance costs	27	1,187.85	783.77
(e)	Depreciation and amortisation expense	28	1,277.99	1,253.79
(f)	Other expenses	29	3,720.74	4,011.28
	Total expenses (IV)		38,252.87	42,864.58
V	Profit before exceptional items and tax expense (III - IV)		1,725.44	1,896.55
VI	Exceptional items	30	103.94	-
VII	Profit before tax expense (V - VI)		1,621.50	1,896.55
VIII Tax expense				
	Current tax	40	-	15.43
	Deferred tax	40	-	-
	Total tax expense (VIII)		-	15.43
IX	Profit for the year (VII-VIII)		1,621.50	1,881.12
X Other comprehensive income				
	Items that will not be reclassified to profit or loss			
	- Remeasurement of the defined benefit plans		(40.15)	9.58
	Total other comprehensive income (VIII)		(40.15)	9.58
XI	Total comprehensive income for the year (VII+VIII)		1,581.35	1,890.70
X Earnings per equity share (face value of Rs. 10 each) :				
	Basic (in Rs.)	31	1.38	1.83
	Diluted (in Rs.)		1.38	1.83
	See accompanying notes to the financial statements	1-48		

In terms of our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-1000111)

Alka Chadha
Alka Chadha
Partner
(Membership No. 93474)



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

NEERAJ SHARMA
President and
Whole Time Director

Laxman Ramnarayan
Director

KEIICHI NISHIMURA
Director

AMIT KUMAR DUBEY
Chief Financial Officer

KANIKA SUKHEEJA
Company Secretary

Place: *Gurgaon*
Date: *18 June, 2020*

Place: *Bawal*
Date: *18th June '2020*

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	Year ended 31 March, 2020 Rs. in lakhs	Year ended 31 March, 2019 Rs. in lakhs
A. Cash flow from operating activities		
Profit after tax	1,621.50	1,881.12
Adjustments for :		
Income tax expense recognised in profit or loss	-	15.43
Depreciation and amortisation expense	1,277.99	1,253.79
Finance costs	1,187.85	783.77
Unrealised foreign exchange gain/ (loss)	87.68	(230.65)
Allowance for doubtful trade receivables and advances	38.80	51.47
Loss on disposal/discard of property, plant and equipment (net)	12.95	10.39
Interest income earned on financial assets not designated as at fair value through profit or loss	(33.27)	(25.83)
Unwinding of discount on security deposit and employee loans	0.09	22.86
Gain arising on derivatives designated as at FVTPL	-	(16.04)
Liabilities / provisions no longer required written back	(125.59)	(232.22)
Interest on fixed deposits	(11.09)	-
Exceptional items:		
-Provision/impairment for closure of facility	103.94	-
Operating profit before working capital changes	4,160.85	3,514.09
Changes in working capital:		
<u>Adjustments for (increase)/ decrease in operating assets:</u>		
Inventories	184.24	(943.95)
Trade receivables	1,714.60	832.74
Other current assets	430.24	(113.91)
Other non-current assets	55.00	(22.26)
Other current financial assets	435.84	(312.94)
Other non-current financial assets	68.41	155.36
<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
Trade payables	579.34	(8,195.34)
Other financial liabilities - current	15.55	336.30
Other current liabilities	(1,072.86)	640.90
Provisions - current	(39.10)	(263.81)
Provisions - non-current	70.67	(2.94)
Cash generated from/ (used in) operations	6,602.78	(4,375.76)
Net income tax refunds/(paid)	(207.35)	(259.10)
Net cash flow from/ (used in) operating activities (A)	6,395.43	(4,634.86)
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment including capital advances	(1,153.23)	(1,214.58)
Payments for purchase of other intangible assets	(17.10)	(9.00)
Proceeds from sale of property, plant and equipment	34.17	292.38
Proceeds from bank deposits/other deposits	2.00	-
Loans		
- Given	(34.64)	(6.24)
- Realised	-	20.17
Interest received	44.71	41.71
Net cash from/(used in) investing activities (B)	(1,124.09)	(875.56)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	1,900.00
Borrowings- non current		
- Proceeds	-	-
- Repayments	-	(1,253.90)
Borrowings- current		
- Proceeds	-	8,855.39
- Repayments	(3,661.40)	(1,055.79)
Repayment of lease liabilities	(202.29)	-
Finance costs	(1,193.37)	(793.13)
Net cash from/(used in) financing activities (C)	(5,057.06)	7,652.57
Net (decrease)/increase in cash and cash equivalents (A+B+C)	214.28	2,142.15
Cash and cash equivalents as at the beginning of the year	2,869.95	727.80
Cash and cash equivalents as at the end of the year (Refer note 12)*	3,084.23	2,869.95



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	Year ended 31 March, 2020 Rs. in lakhs	Year ended 31 March, 2019 Rs. in lakhs
* Comprises:		
a. Cash on hand	-	0.12
b. Balance with scheduled banks		
i. in current accounts	3,084.23	2,869.83
	<u>3,084.23</u>	<u>2,869.95</u>

See accompanying notes to the financial statements

1-48

In terms of our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018

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

Alka Chadha

Alka Chadha
Partner
(Membership No. 93474)



NEERAJ SHARMA

Neeraj Sharma
President and
Whole Time Director

Laxman Ramnarayan

Laxman Ramnarayan
Director

KEIICHI NISHIMURA

Keiichi Nishimura
Director

AMIT KUMAR DUBEY

Amit Dubey
Chief Financial Officer

KANIKA SUKHEEJA

Kanika Sukheeja
Company Secretary

Place:
Date:

Gurgaon
18 June, 2020



Place:
Date:

Bawal
18th June '2020

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH, 2020

A. Equity share capital

	Rs. in lakhs
	Amount
Balance as at 1 April, 2018	9,850.00
Add: Changes in equity share capital during the year	1,900.00
Balance as at 31 March, 2019	11,750.00
Add: Changes in equity share capital during the year	-
Balance as at 31 March, 2020	11,750.00

B. Other equity

	Notes	Reserves and surplus		Items of other comprehensive income	Rs. in lakhs
		Retained earnings / (deficit)	Deemed capital contribution (see note 42 and 43)	Remeasurement of defined benefit obligations	Total
Balance as at 1 April, 2018		(13,356.23)	5.62	2.82	(13,347.79)
Profit for the year		1,881.12	-	-	1,881.12
Other comprehensive income for the year, net of income tax		-	-	9.58	9.58
Total comprehensive income for the year		1,881.12	-	9.58	1,890.70
Employee stock compensation expenses for the year (Refer note 14.2, 42 and 43)		4.72	(4.72)	-	-
Balance as at 31 March, 2019		(11,470.39)	0.90	12.40	(11,457.09)
Profit for the year		1,621.50	-	-	1,621.50
Other comprehensive income for the year, net of income tax		-	-	(40.15)	(40.15)
Total comprehensive income for the year		1,621.50	-	(40.15)	1,581.35
Employee stock option exercised during the year (Refer note 14.2, 42 and 43)		-	-	-	-
Balance as at 31 March, 2020		(9,848.89)	0.90	(27.75)	(9,875.74)

See accompanying notes to the financial statements

1-48


In terms of our report of even date attached

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

Alka Chadha
Alka Chadha
Partner
(Membership No. 92474)




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


NEERAJ SHARMA

Neeraj Sharma
President and
Whole Time Director

Laxman Ramnarayan

Laxman Ramnarayan
Director

KEIICHI NISHIMURA

Keiichi Nishimura
Director

AMIT KUMAR DUBEY

Amit Dubey
Chief Financial Officer

KANIKA SUKHEEJA

Kanika Sukheeja
Company Secretary

Place: *Gurgaon*
Date: *18 June, 2020*

Place: *Panaji*
Date: *18th June 2020*

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements

1. Background

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED ('FMEPL' or 'the Company') (formerly MINDA FURUKAWA ELECTRIC PRIVATE LIMITED) is a private limited Company incorporated on 7th Day of November, 2006 with its registered office at A-15, Ashok Vihar, Phase -1, New Delhi - 110052. The Company is in the business of manufacturing wire harness for automobiles and has manufacturing facilities at Noida (Uttar Pradesh) and Bawal (Haryana) and warehousing facility at Vitthapur (Gujarat).

During the previous year, a fresh certificate of incorporation consequent to the change in name to FURUKAWA MINDA ELECTRIC PRIVATE LIMITED was issued by the Registrar of Companies, Delhi on 31 January, 2019 under section 13 of the Companies Act, 2013 to give effect to the change in name of the Company.

During the previous year, Minda Corporation Limited (Minda), Furukawa Automotive Systems INC. and Furukawa Electric Co., Ltd (collectively "FEC entities") and the Company entered into a Share Subscription Agreement (SSA), subsequent to which the Company became a subsidiary of Furukawa Electric Co., Ltd.

2. Significant accounting policies

(a) Statement of compliance

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

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

(b) Going concern assumption

The Company has accumulated losses as at 31 March, 2020 amounting to Rs. 9,876.64 lakhs (as at 31 March, 2019 - Rs. 11,457.99 lakhs) which have substantially eroded the net worth of the Company and the Company's current liabilities exceeded its current assets by Rs. 6,688.42 lakhs (as at 31 March, 2019 - Rs. 8,111.67 lakhs).

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on the continued financial and operational support from its Parent Company i.e. Furukawa Electric Co., Ltd. and meeting its financial obligations in the normal course of business. However, the financial statements of the Company have been prepared on the basis that the Company is a going concern as the Company does not anticipate any challenge in its ability to continue as a going concern or meeting its financial obligations, since the Parent Company has confirmed to continue to provide requisite financial and operational support for the continued operations of the Company as and



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

when required and since the management expects that based on its operations the Company will be able to meet its liabilities in the normal course of business. (Refer note 46)

Further, the Company has earned profit before tax amounting to Rs. 1,621.50 lakhs (Rs. 1,896.55 lakhs during the year ended 31 March, 2019) during the current year.

(c) Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted markets (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(d) Use of estimates and critical accounting judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of useful lives of property, plant and equipment and provision for employee benefits.

Useful lives of property, plant and equipment [Refer note 2 (e)]

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. There is no such change in the useful life of the assets

Provision for employee benefits

The policy for the employee benefits have been explained under note 2 (j). Also refer note 26 and 35.

(e) Property, plant and equipment

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

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

Freehold land is not depreciated.

Depreciation on tangible property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed based on technical advice as under taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, etc.

Category of asset	Useful life
Plant and machinery - tools and applicators	5 years
Plant and machinery - moulds	5 years
Vehicles	5 years
Leasehold improvements	Period of lease or assessed useful life, whichever is lower



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

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

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

(f) Intangible assets

Intangible assets acquired separately

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

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements

Derecognition of intangible assets

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

Useful lives of intangible assets

Estimated useful lives of intangible assets are as follows:

Software - 3 years

New product development - 5 years

(g) Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(h) Leasing

Accounting policy applicable until March 31, 2019

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

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (Refer note 2(p) below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense 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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Company as lessor

Operating lease

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income 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



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

With effect from April 1, 2019

The Company adopted Ind AS 116 "Leases" effective April 1, 2019 and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method by recognising a lease liability at the date of initial application at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and recognising a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and, therefore, continue to be reported under the accounting policies included as part of the financial statements for the year ended March 31, 2019. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 1, 2019.

The effect of the adoption of Ind AS 116 is disclosed in note 39.

The Company as a Lessee

The Company assesses, whether the contract is, or contains, a lease. A Contract is, or contains, a lease if the contract involves:

- (a) The use of an identified asset,
- (b) The right to obtain substantially all the economic benefits from use of the identified asset, and
- (c) The right to direct the use of the identified asset.

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives and receivable and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payment to be made under reasonably certain extension options are also included in the measurement of liability. The lease payments are discounted using the interest



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

rate implicit in the lease. If that rate cannot be readily determined, the lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payment made.

The right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease less any lease incentives received, any initial direct costs and restoration costs.

The right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Company applies Ind AS 36 to determine whether a right-of use asset is impaired and accounts for any identified impairment loss as specified in note (g) of the significant accounting policies.

The Company as a Lessor:

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

The respective lease assets are included in balance sheet based on their nature.

The Company did not need to make any adjustments to the accounting for assets held as lessor as result of adopting the new standard.

(i) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer 'Impairment of financial assets' below.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI, refer 'Impairment of financial assets' below.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it 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 on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss 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 Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit -adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains or losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

(j) Employee Benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each semi-annual reporting period. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Effective April 1, 2019, the Company has adopted Appendix C to Ind AS 12 – Income taxes, which clarifies how to apply the recognition and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on First-In-First-Out (FIFO) basis and includes all applicable costs incurred in bringing goods to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost of work-in-progress and finished goods include applicable manufacturing overheads.

Stores and spares are valued at cost comprising of purchase price, freight and handling charges, non- refundable taxes and duties and other directly attributable cost less provision for obsolescence.

(m) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Constructive obligation is an obligation that derives from an entity's actions where:

- by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and
- as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial assets.

(n) Revenue recognition

The Company derives revenue primarily from sale of wire harness to automobile companies.

Effective 1 April, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives had not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. Refer note 2(n) "Revenue Recognition," in the Company's 2018 Financial Statements for the policies in effect for revenue prior to April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognised net of discount upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products.

Revenue from sale of wire harness and other components is recognised when control of the products has transferred, i.e. when the products have been shipped to the customer's specific location (delivery) and in some cases when the products have been dispatched from the Company's premises (dispatch).

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which are referred to as unearned revenues) refer note 11.

In arrangements for sale of wire harness and other components, the Company has applied the guidance in Ind AS 115, Revenue from contract with customers, by applying the revenue recognition criteria for each distinct performance obligation.

For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

Disaggregated revenue information

The Company presents disaggregated revenues from contracts with customers for the year ended March 31, 2020 by customer type and performance obligation. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors (Refer note 22).



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

(o) Foreign currencies

The functional currency of the Company is Indian Rupee.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. In case, there are multiple payments or receipts in advance, the Company shall determine a date of the transaction for each payment or receipt of advance consideration.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

The date of the transaction for the purpose of determining the exchange rate to be used on initial recognition of the related asset, expense or income (or part of it) is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Effective 1 April, 2018, the Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

(p) Borrowing costs

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

(q) Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(r) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value, and bank overdraft and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(s) Cash flow statement

Cash flows are reported using the indirect method, where by profit after tax 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



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
Notes to the Financial Statements**

associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(t) Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

3 Property, plant and equipment and capital work-in-progress (Refer notes below)

Carrying amounts of:

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
Freehold land	1,183.36	1,014.20
Buildings	1,137.46	1,186.23
Plant and equipment	5,181.91	5,436.22
Vehicles	120.31	69.40
Furniture and fixtures	77.08	94.04
Computers	43.42	43.01
Leasehold improvements	41.13	47.62
Office equipment	7,784.67	7,890.72
Sub-total	99.96	2.49

Capital work-in-progress (net)

	Freehold land	Buildings	Plant and equipment	Vehicles	Furniture and fixtures	Computers	Leasehold improvements	Office equipment	Total
Year ended 31 March, 2019	840.19	1,349.17	8,388.28	157.70	96.09	129.19	68.89	72.66	11,104.17
Balance as at 1 April, 2018	174.01	-	340.02	34.57	48.91	29.85	-	30.74	658.10
Additions	-	-	(570.48)	(89.34)	(0.15)	(4.05)	(30.00)	(2.28)	(696.30)
Disposals	-	-	8,157.82	102.93	146.85	154.99	38.89	101.12	11,065.97
Balance as at 31 March, 2019	1,014.20	1,349.17	8,157.82	102.93	146.85	154.99	38.89	101.12	11,065.97

Cost or deemed cost

Year ended 31 March, 2019

Balance as at 1 April, 2018	-	108.21	2,010.97	33.67	36.19	81.68	30.18	32.09	2,332.99
Depreciation charge for the year	-	54.73	1,056.56	35.06	17.40	39.84	9.50	22.70	1,235.79
Elimination on disposal of assets	-	-	(345.93)	(5.54)	(0.78)	(9.54)	(0.79)	(1.29)	(393.53)
Balance as at 31 March, 2019	-	162.94	2,721.60	33.53	52.81	111.98	38.89	53.50	3,175.25

Closing Net carrying amount

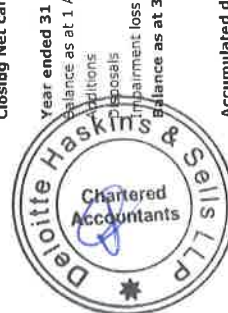
Year ended 31 March, 2020	1,014.20	1,349.17	8,157.82	102.93	146.85	154.99	38.89	101.12	11,065.97
Balance as at 1 April, 2019	169.16	6.20	636.51	137.31	12.81	32.73	-	16.36	1,011.08
Additions	-	-	(59.65)	(73.31)	(1.09)	(9.58)	-	(2.47)	(86.45)
Disposals	-	-	(25.38)	(15.24)	(25.38)	(15.24)	(38.89)	(6.29)	(145.45)
Impairment loss recognised in profit and loss (Refer note c below)	-	-	8,734.68	166.93	133.19	162.90	-	108.72	11,845.15
Balance as at 31 March, 2020	1,183.36	1,355.37	8,734.68	166.93	133.19	162.90	-	47.62	7,890.72

Accumulated depreciation and impairment

Balance as at 1 April, 2019	-	162.94	2,721.60	33.53	52.81	111.98	38.89	53.50	3,175.25
Depreciation expense	-	54.97	867.68	40.25	13.77	32.10	-	20.25	1,029.02
Elimination on disposal of assets	-	-	(27.16)	(0.48)	(9.37)	(9.37)	-	(2.32)	(39.33)
Impairment loss recognised in profit and loss (Refer note c below)	-	-	(56.51)	(27.16)	(0.48)	(9.37)	(38.89)	(3.54)	(104.46)
Balance as at 31 March, 2020	-	217.91	3,552.77	46.62	56.11	119.48	-	67.59	4,060.48

Closing Net carrying amount

Year ended 31 March, 2020	1,183.36	1,137.46	5,181.91	120.31	77.08	43.42	-	41.13	7,784.67
---------------------------	----------	----------	----------	--------	-------	-------	---	-------	----------



Notes:
1. During the previous year, property, plant and equipment with a carrying amount of Rs. 7,890.72 lakhs had been pledged against borrowings of the Company (Refer note 15 and 19).
2. Addition to freehold land is on account of compensation demanded by Haryana State Industrial and Infrastructure Development Corporation Ltd. due to enhancement in the acquisition price of land.
3. During the year, the Company decided to close its facilities in Noida and had carried out an impairment assessment of property, plant and equipment. Based on the impairment assessment, the Company recognised impairment loss of Rs. 40.65 lakhs, equivalent to the carrying amount as at the date of impairment assessment, which was disclosed in Statement of Profit and Loss as an exceptional item. (Refer note 17 and 30)

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

4 Right-of-use assets

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
Carrying amounts of:		
Right-of-use assets	96.79	-
Total	96.79	-
Year ended 31 March, 2019		Right-of-use assets
Cost or deemed cost		
Balance as at 1 April, 2018		-
Transition impact of Ind AS 116		-
Additions during the year		-
Disposals		-
Balance as at 31 March, 2019		-
Accumulated depreciation		
Balance as at 1 April, 2018		-
Depreciation charge for the year		-
Disposals		-
Balance as at 31 March, 2019		-
Closing net carrying amount		-
Year ended 31 March, 2020		Right-of-use assets
Cost or deemed cost		
Balance as at 1 April, 2019		-
Transition impact of Ind AS 116 (Refer note 39)		28.47
Additions during the year (Refer note 39)		299.87
Disposals		-
Balance as at 31 March, 2020		328.34
Accumulated depreciation		
Balance as at 1 April, 2019		-
Depreciation charge for the year (Refer note 28 and 39)		231.55
Disposals		-
Balance as at 31 March, 2020		231.55
Closing net carrying amount		96.79



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

5 Other intangible assets

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
Carrying amounts of:		
Software	20.30	16.33
New product development	1.27	5.56
Total	21.57	21.89

Year ended 31 March, 2019

	Software	New product development	Total
Cost			
Balance as at 1 April, 2018	102.38	20.81	123.19
Additions during the year	9.00	-	9.00
Disposals	(51.64)	-	(51.64)
Balance as at 31 March, 2019	59.74	20.81	80.55

Accumulated amortisation

Balance as at 1 April, 2018	82.13	10.17	92.30
Amortisation charge for the year	12.92	5.08	18.00
Disposals	(51.64)	-	(51.64)
Balance as at 31 March, 2019	43.41	15.25	58.66

Closing net carrying amount

	16.33	5.56	21.89
--	--------------	-------------	--------------

Year ended 31 March, 2020

Cost			
Balance as at 1 April, 2019	59.74	20.81	80.55
Additions during the year	17.10	-	17.10
Disposals	-	-	-
Balance as at 31 March, 2020	76.84	20.81	97.65

Accumulated amortisation

Balance as at 1 April, 2019	43.41	15.25	58.66
Amortisation charge for the year	13.13	4.29	17.42
Disposals	-	-	-
Balance as at 31 March, 2020	56.54	19.54	76.08

Closing net carrying amount

	20.30	1.27	21.57
--	--------------	-------------	--------------

Notes:

- 1 **Software:** Computer software licences are stated at cost less accumulated amortisation. These costs are amortised using the straight-line method over their estimated useful lives of three years.
- 2 **New product development:** New product development is the internally-generated intangible asset which is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. These costs are amortised using the straight-line method over their estimated useful lives of five years.



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

6 Financial assets - Loans

	Rs. in lakhs			
	As at 31 March, 2020		As at 31 March, 2019	
	Non-current	Current	Non-current	Current
(a) Unsecured, considered good				
-Loan to employees	-	32.49	-	3.18
-Loan to director	2.14	7.97	-	4.78
	2.14	40.46	-	7.96

7 Other financial assets

	Rs. in lakhs			
	As at 31 March, 2020		As at 31 March, 2019	
	Non-current	Current	Non-current	Current
(a) Security deposits				
(i) Unsecured, considered good	11.95	114.26	80.36	2.78
(ii) Unsecured, considered doubtful	-	10.00	-	10.00
	11.95	124.26	80.36	12.78
Less: Impairment allowance for doubtful security deposits	-	(10.00)	-	(10.00)
	11.95	114.26	80.36	2.78
(b) Derivatives instruments carried at fair value				
- cross currency interest rate swaps	-	-	-	45.35
(c) Unbilled revenue (Refer note 11)	-	125.48	-	62.37
(d) Advance recoverable from related parties [Refer note 41(c)]				
(i) Unsecured, considered good	-	0.04	-	565.21
(ii) Unsecured, considered doubtful	-	519.79	-	-
	-	519.83	-	565.21
Less: Allowance for doubtful advances	-	(519.79)	-	-
	-	0.04	-	565.21
(e) Deposit with banks and others with original maturity period more than 12 months	-	-	2.00	-
(f) Interest accrued on fixed deposits	-	-	-	0.35
	11.95	239.78	82.36	676.06

8 Tax assets

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
Non-current tax assets		
Advance tax and inclusive of TDS recoverable	751.40	554.90
Less: Provision for income tax	(20.23)	(31.08)
	731.17	523.82

9 Other assets

	Rs. in lakhs			
	As at 31 March, 2020		As at 31 March, 2019	
	Non-current	Current	Non-current	Current
(a) Capital advances				
- Unsecured, Considered good	57.80	-	1.00	-
	57.80	-	1.00	-
(b) Advance to suppliers				
- Unsecured, Considered good	-	112.74	-	33.83
- Unsecured, Considered doubtful	-	169.50	-	154.28
	-	282.24	-	188.11
Less: Impairment allowance	-	(169.50)	-	(154.28)
	-	112.74	-	33.83
(c) Advance to employees	-	911.33	-	527.29
(d) Prepaid expenses	0.26	48.34	55.26	21.57
(e) Balance with statutory/government authorities	-	1,603.89	-	2,542.07
	58.06	2,676.29	56.26	3,124.76



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
10 Inventories (lower of cost and net realisable value)		
(a) Raw materials and components including goods in transit Rs. 1,251.88 lakhs (As at 31 March, 2019: Rs. 1,168.45 lakhs)	4,568.79	4,742.38
(b) Work-in-progress	305.69	261.33
(c) Finished goods	579.78	620.31
(d) Stores and spares	201.81	216.29
	5,656.07	5,840.31

Notes:

- The cost of inventories recognised as expense during the year was Rs. 33,108.25 lakhs (previous year Rs. 39,037.83 lakhs).
- Mode of valuation has been stated in note 2(l).
- The cost of inventories recognised as an expense includes Rs. 50.21 lakhs (previous year Rs. 140.25 lakhs) in respect of write-downs of inventory to net realisable value.

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
11 Trade receivables		
Trade receivables	1,147.77	2,185.49
Receivables from related parties [Refer note 41 (c)]	71.23	708.17
Less: Allowance for doubtful debts (expected credit loss allowance)	(139.99)	(83.17)
Total receivables	1,079.01	2,810.49
Current portion	1,079.01	2,810.49
Non-current portion	-	-
Break-up of trade receivables		
- Secured, considered good	-	-
- Unsecured, considered good	1,079.01	2,810.49
- Credit impaired	139.99	83.17
Total	1,219.00	2,893.66
Allowance for doubtful debts (expected credit loss allowance)	(139.99)	(83.17)
Total trade receivables	1,079.01	2,810.49

Notes:

- The average credit period on sale of goods is 15 to 90 days.
- The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss (%)
Within the credit period	0.01% - 0.50%
0-90 days past due	0.50% - 1.00%
91-180 days past due	1.00% - 2.00%
More than 181 days past due	2.00% - 25.00%

- Age of receivables:

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
Within the credit period	912.86	1,966.16
0-90 days past due	88.46	216.80
91-180 days past due	0.37	317.77
More than 181 days past due	77.32	309.76



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

1,079.01 2,810.49

	Rs. in lakhs	
	Year ended 31 March, 2020	Year ended 31 March, 2019
d) Movement in the expected credit loss allowance (net)		
Balance as at the beginning of the year	(83.17)	(91.45)
Movement in expected credit loss allowance on trade receivables	(56.82)	8.28
Balance at the end of the year	(139.99)	(83.17)

e) Of the trade receivables balance as at the year end, the Company's largest customers who represents more than 10% of the total balance of trade receivables as at 31 March, 2020 are as follows:

Particulars	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
Trade receivables		
Customer A	456.75	1,077.72
Customer B	240.54	362.01
Customer C	225.69	317.11
Customer D	65.28	365.22
Customer E	57.38	342.44
	1,045.64	2,464.50

f) **Contract balances**

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
Trade receivables	1,079.01	2,810.49
Contract asset (Unbilled revenue) (Refer note 7)	125.48	62.37
Contract liability (Unearned income) (Refer note 16)	351.85	336.30

Movement in contract balances during the year:	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
A. Contract assets		
Opening balance	62.37	317.35
Add: Addition during the year	125.48	62.37
Less: Receipt during the year	62.37	317.35
Closing balance	125.48	62.37
B. Contract liabilities		
Opening balance	336.30	-
Add: Addition during the year	35.11	336.30
Less: Adjusted during the year	19.56	-
Closing balance	351.85	336.30

12 Cash and cash equivalents

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
(a) Cash on hand	-	0.12
(b) Balances with scheduled banks		
- in current accounts	3,084.23	2,869.83
Cash and cash equivalents as per the Cash Flow Statement	3,084.23	2,869.95



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
13 Equity share capital		
Equity share capital	11,750.00	11,750.00
	11,750.00	11,750.00
Authorised share capital		
117,500,000 fully paid equity shares of Rs. 10 each (As at 31 March, 2019 : 117,500,000 fully paid equity shares of Rs. 10 each)	11,750.00	11,750.00
Issued and subscribed capital		
117,500,000 fully paid equity shares of Rs. 10 each (As at 31 March, 2019 : 117,500,000)	11,750.00	11,750.00
	11,750.00	11,750.00

13.1 Fully paid equity shares

	Numbers	Rs. in lakhs
Balance as at 31 March, 2018	98,500,000	9,850
Issued during the year [Refer note 41(b)]	19,000,000	1,900
Balance as at 31 March, 2019	117,500,000	11,750
Issued during the year	-	-
Balance as at 31 March, 2020	117,500,000	11,750

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

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

	As at 31 March, 2020		As at 31 March, 2019	
	Numbers	% holding	Numbers	% holding
Fully paid equity shares				
Minda Corporation Limited, [Entity having significant influence (upto 27 December, 2018 a Joint Venturer)]	29,375,000	25.0%	29,375,000	25.0%
Furukawa Electric Co., Ltd. [Parent company (upto 27 December, 2018 a Joint Venturer)]	52,875,000	45.0%	52,875,000	45.0%
Furukawa Automotive Systems INC. [Fellow Subsidiary (upto 27 December, 2018 a Joint Venturer)]	35,250,000	30.0%	35,250,000	30.0%

13.3 The Company was a joint venture between Minda Corporation Limited (Minda), Furukawa Electric Co., Ltd and Furukawa Automotive Systems Inc. (collectively "FEC entities"). During the previous year, FEC entities and Minda entered into a Share Purchase Agreement, pursuant to which, Minda sold 20,860,000 fully paid-up equity shares to the FEC entities on 28 December, 2018. Consequently the shareholding of FEC entities in the Company increased from 49% to 70% and the Company became a subsidiary of Furukawa Electric Co., Ltd. Further, the Company received share application money of Rs. 1,900 lakhs from the FEC entities on 28 December, 2018 and issued and allotted 19,000,000 equity shares of Rs. 10 each during the previous year which resulted in an increase in the shareholding of the "FEC entities" to 75 %. Further, consequent to the above mentioned change, the original joint venture agreement was amended and a revised agreement was entered into during the previous year.

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
14 Other equity		
Retained earnings / (deficit)	(9,876.64)	(11,457.99)
Deemed capital contribution (Refer note 14.2)	0.90	0.90
	(9,875.74)	(11,457.09)



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
14.1 Retained earnings / (deficit)		
Balance at the beginning of the year	(11,457.99)	(13,353.41)
Profit for the year	1,621.50	1,881.12
Transfer from deemed capital contribution (Refer note 14.2)	-	4.72
Other comprehensive income for the year, net of income tax	(40.15)	9.58
Balance at the end of the year	(9,876.64)	(11,457.99)

Note:

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on requirements of the Companies Act, 2013.

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
14.2 Deemed capital contribution (Refer note 42 and 43)		
Opening balance	0.90	5.62
Add: Changes during the year	-	-
Less: Transferred to retained earnings during the year	-	4.72
Closing balance	0.90	0.90

Note:

During the year ended 31 March, 2017, under the employee share based payment plans, an employee of the Company was granted stock options of Minda Corporation Limited. The plan was assessed, managed and administered by Minda Corporation Limited. The plans granted to the employee was equity-settled. Till the year ended March 31, 2018, the Company accounted for these grants as equity settled by debiting employee stock compensation expense and crediting deemed capital contribution in equity. Further, during the previous year, the unvested stock options were forfeited and the related balance had been transferred to retained earnings. (Refer note 42 and 43)



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS**

	As at 31 March, 2020	Rs. in lakhs As at 31 March, 2019
15 Borrowings (Non-current)		
Term loans - from banks		
Secured - at amortised cost		
- Standard Chartered Bank (ECB-2) (Refer note a)	-	488.27
	-	488.27
Less: Current maturities of long term debt (Refer note 16)	-	(488.27)
(A)	-	-
Unsecured - at amortised cost		
- Mizuho Bank Limited (Refer note b)	-	172.94
- The Bank of Tokyo-Mitsubishi UFJ, Ltd (Refer note c)	-	115.28
	-	288.22
Less: Current maturities of long term debt (Refer note 16)	-	(288.22)
(B)	-	-
(A+B)	-	-

Notes:

- a. The term loan was secured by first pari passu charge of immovable property of the Company including freehold land, freehold buildings and plant and equipment attached to earth or permanently fastened to anything attached to the earth (both present and future) lying/situated at plot No 325-326 sector-3, IGC, Bawal, Haryana and all present and future movable properties of the Company. The charge has been released on repayment of the loan during the current year. The loan had carried an interest rate of 3 months USD LIBOR + 3.25% per annum and was fixed at 12.30% per annum through cross currency interest rate swap.
- b. The term loan was repaid during the year and had carried interest rate of 11.00 % per annum and was backed by corporate guarantee from Furukawa Electric Co., Ltd. (Parent Company).
- c. The term loan was repaid during the year and had carried interest rate of 10.20 % per annum and was backed by corporate guarantee from Furukawa Electric Co., Ltd. (Parent Company).



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

	Rs. in lakhs	
	Year ended 31 March, 2020	Year ended 31 March, 2019
16 Other financial liabilities		
Current		
i. Current maturities of long term debt	-	776.49
ii. Interest accrued but not due on borrowings	9.53	15.05
iii. Payables for purchase of property, plant and equipment and capital work-in-progress	58.86	18.27
iv. Unearned revenue (Refer note 11)	351.85	336.30
	420.24	1,146.11
17 Provisions		
Non-current		
Employee benefits		
i. Provision for compensated absences	80.22	62.64
ii. Provision for gratuity (net) (Refer note 35)	163.41	110.32
	243.63	172.96
Current		
(a) Employee benefits		
i. Provision for compensated absences	2.46	2.29
ii. Provision for gratuity (net) (Refer note 35)	3.04	2.16
(b) Provision for closure of facility (Refer notes below)	62.95	-
	68.45	4.45
	Year ended 31 March, 2020	Year ended 31 March, 2019
Carrying amount at the beginning of the year (Refer notes below)	-	263.50
Add: Additional provisions made during the year	62.95	-
Less: Amounts used during the year	-	(180.36)
Less: Provision written back	-	(83.14)
Carrying amount at the end of the year	62.95	-

Notes :

(a) During the current year, the Company had decided to close its Noida facility. The management had worked on disposal/installation of assets/shifting of inventory and assets/compensation and had estimated an amount of Rs. 62.95 lakhs towards provision for closure of facility which had been provided for in the books of account as on 31 March, 2020. [Refer note 3 (c) and 30]

(b) The Company had decided to close its Chennai facility during the year ended 31 March, 2017, which subsequently got closed on 31 May, 2017. During the year ended 31 March, 2017, the management had worked on disposal/usage of facilities/assets/inventory/compensation and had estimated a loss of Rs. 460.00 lakhs towards provision for closure of facility which had been provided for in the books of account as on 31 March, 2017. Post settlement, the balance provision of Rs. 83.14 lakhs has been written back during the previous year.



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

18 Other liabilities	Rs. in lakhs	
	Year ended 31 March, 2020	Year ended 31 March, 2019
Current		
i. Statutory liabilities	86.54	688.96
ii. Advance from customers	22.76	490.58
	109.30	1,179.54

19 Borrowings (Current)	Rs. in lakhs	
	Year ended 31 March, 2020	Year ended 31 March, 2019
Unsecured - at amortised cost		
i. Working capital loan repayable on demand (Refer note a)	6.33	2,048.24
ii. Short term loans from banks (Refer note b)	9,417.40	10,260.40
	9,423.73	12,308.64

Notes :

- a Working capital loan from a bank is backed by corporate guarantee from Furukawa Electric Co., Ltd. (Parent Company). It is repayable on demand and carries interest rate of 7.55% to 11.80% per annum (31 March, 2019: 10.55% to 11.75% per annum).
- b Short term loans from banks is backed by corporate guarantee from Furukawa Electric Co., Ltd. (Parent Company). It is repayable on demand and carried interest rate of 7.30% to 10.00% per annum (31 March, 2019: 8.05% to 10.00% per annum)

20 Lease liabilities (Current)

	Rs. in lakhs	
	Year ended 31 March, 2020	Year ended 31 March, 2019
i. Lease liabilities (Refer note 39)	97.58	-
	97.58	-

21 Trade payables

	Rs. in lakhs	
	Year ended 31 March, 2020	Year ended 31 March, 2019
Trade payables		
i. Total outstanding dues of micro, small and medium enterprises (Refer note i below)	144.26	47.72
ii. Total outstanding dues of creditors other than micro, small and medium enterprises (Refer note ii below)	9,200.70	8,754.74
	9,344.96	8,802.46

Notes:

- i. The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:
- | | | |
|---|--------|-------|
| (a) (i) the principal amount remaining unpaid to any supplier | 144.26 | 47.72 |
| (ii) interest due thereon | - | - |
| (b) Interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day | - | 7.53 |
| (c) interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| (d) interest accrued and remaining unpaid | | |



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

- (e) further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

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

- ii. The average credit period is upto 0-90 days for the Company. Interest is paid / payable on the overdue amount as per the contract terms, if any.



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

		Rs. in lakhs	
		Year ended 31 March, 2020	Year ended 31 March, 2019
22	Revenue from operations		
i.	Sales of products	39,559.52	44,222.74
ii.	Other operating revenue : - Scrap sales	182.40	210.17
		39,741.92	44,432.91
	Disaggregation of revenue		
a.	Customer type		
(i)	Non-Government		
	- Customer A	28,601.12	32,326.74
	- Customer B	5,003.25	5,153.26
	- Others	5,955.15	6,742.74
(ii)	Government	-	-
	Total	39,559.52	44,222.74
b.	Performance obligation		
	- Delivery	35,348.39	38,409.76
	- Dispatch	4,211.13	5,812.98
	Total	39,559.52	44,222.74
	Note: Control in all revenue transactions is transferred at a point in time		
	Reconciliation of revenue		
	Gross revenue	39,717.70	44,509.19
	Less: Discount	158.18	286.45
	Net revenue from contract with customers	39,559.52	44,222.74
23	Other income		
	Interest income earned on financial assets not designated as at fair value through profit or loss		
i.	Other financial assets (carried at amortised cost)	33.27	25.83
	(A)	33.27	25.83
	Other gains and losses		
i.	Gain arising on derivatives designated as at FVTPL	-	16.04
ii.	Liabilities / provisions no longer required written back	125.59	232.22
iii.	Interest on fixed deposits	11.09	-
iv.	Miscellaneous income	66.44	54.13
	(B)	203.12	302.39
	(A+B)	236.39	328.22
		Rs. in lakhs	
		Year ended 31 March, 2020	Year ended 31 March, 2019



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

24 Cost of materials consumed

Opening stock	4,742.38	3,607.87
Add: Purchases	26,746.80	32,742.20
	31,489.18	36,350.07
Less: Closing stock (Refer note 10)	4,568.79	4,742.38
Total cost of materials consumed	26,920.39	31,607.69

25 Changes in inventories of finished goods and work in progress

Inventories at the beginning of the year (A):

Finished goods	620.31	659.96
Work-in-progress	261.33	382.05

Inventories at the end of the year (B):

Finished goods	579.78	620.31
Work-in-progress	305.69	261.33

Net increase / (decrease) (B-A)

	3.83	(160.37)
--	-------------	-----------------

26 Employee benefit expense

i. Salaries and wages	4,592.43	4,493.40
ii. Contribution to provident and other funds (Refer note 35)	162.44	151.50
iii. Gratuity expense (Refer note 35)	42.41	33.45
iv. Staff welfare expenses	352.45	369.33
	5,149.73	5,047.68

27 Finance costs

i. Interest costs:		
- Interest on short term borrowings	999.90	511.40
- Interest on term loans	47.31	167.50
- Interest expense on lease	17.28	-
- Loan guarantee fee	31.05	-
- Other interest expense	92.31	104.87
	1,187.85	783.77



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

	Rs. in lakhs	
	Year ended 31 March, 2020	Year ended 31 March, 2019
28 Depreciation and amortisation expense		
i. Depreciation of plant, property and equipment	1,029.02	1,235.79
ii. Amortisation of intangible assets	17.42	18.00
iii. Depreciation of right-of-use assets (Refer note 4 and 39)	231.55	-
	1,277.99	1,253.79

	Rs. in lakhs	
	Year ended 31 March, 2020	Year ended 31 March, 2019
29 Other expenses		
i. Jobwork charges	717.47	888.68
ii. Consumption of stores and spare parts	230.80	208.60
iii. Power and fuel	140.82	191.73
iv. Rent (Refer note 39)	151.63	280.86
v. Repairs and maintenance		
- Buildings	15.52	23.86
- Plant and Machinery	143.59	140.54
- Others	171.96	158.76
vi. Travelling and conveyance	143.31	305.76
vii. Legal and professional fees	181.46	163.30
viii. Communication expenses	15.66	18.17
ix. Insurance	59.40	60.01
x. Rates and taxes	238.40	120.58
xi. Advertisement and business promotion	49.33	49.91
xii. Royalty	695.44	633.71
xiii. Freight and forwarding charges	193.64	250.66
xiv. Bank charges	9.38	30.54
xv. Allowance for doubtful trade receivables and advances	38.80	51.47
xvi. Loss on disposal/discard of property, plant and equipment (net)	12.95	10.39
xvii. Payment to auditors (Refer note below)	152.02	141.49
xviii. Printing and stationery	25.07	28.92
xix. Net loss on foreign currency transactions and translation	200.93	88.74
xx. Miscellaneous expenses#	133.16	164.60
Total	3,720.74	4,011.28

Does not include any item of expenditure with a value of more than 1% of the revenue from operations

I. Payment to the Auditors (net of input tax credit)		
i. For audit	116.00	102.80
ii. For taxation matters	6.00	5.50
iii. For other services	22.78	29.18
iv. Reimbursement of expenses	7.24	4.01
Total	152.02	141.49

	Rs. in lakhs	
	Year ended 31 March, 2020	Year ended 31 March, 2019

30 Exceptional items		
Provision/impairment for closure of facility (Refer note below)	103.94	-

During the year, the Company had decided to close its Noida facility. The Company recognised an estimated loss of Rs. 103.94 lakhs comprising Rs. 40.99 lakhs on account of impairment of property, plant and equipment and Rs. 62.95 lakhs on account of provision for closure of facility. [Refer note 3(c) and 17]



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

31 Earnings per equity share

	Year ended 31 March, 2020	Year ended 31 March, 2019
	Rs. per share	Rs. per share
Basic/diluted earnings per equity share	1.38	1.83
	1.38	1.83

31.1 Basic/diluted earnings per equity share

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

	Year ended 31 March, 2020	Rs. in lakhs Year ended 31 March, 2019
Profit for the year attributable to the equity shareholders of the Company	1,621.50	1,881.12
Earnings used in the calculation of basic/diluted earnings per share (Rs. lakhs)	1,621.50	1,881.12
Weighted average number of equity shares for the purposes of basic/diluted earnings per equity share	117,500,000	102,872,603

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

32 Capital and other commitments

	As at 31 March, 2020	Rs. in lakhs As at 31 March, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	541.26	557.99

33 Contingent liabilities

	As at 31 March, 2020	Rs. in lakhs As at 31 March, 2019
Claims against the Company not acknowledged as debts*		
Income tax	133.53	127.37

Further, there are various labour cases pending against the Company and amounts in respect of the same are not ascertainable. The Company is contemplating appropriate action and does not believe any material liability devolving against the Company in this regard.

* Based on the discussions with the solicitor/expert opinions taken/status of the case, the management believes that the Company has strong chances of success in above mentioned cases and hence no provision is considered necessary at this point in time as the likelihood of liability devolving on the Company is less than probable.

33.1 Pending litigations

(a) During the current year, a draft assessment order was issued by the assessing officer for the assessment year 2016-17, whereby adjustments amounting to Rs. 2,706.08 lakhs were made on account of transfer pricing adjustments which could result in reduction of brought forward losses. The Company had approached the Dispute Resolution Panel (DRP) and filed an objection application against the order of the assessing officer.

Due to the lockdown imposed by the Government of India, the scheduled hearing could not take place post the year end. The management is of view that the Company has strong chances of success and the grounds of the draft assessment order are not tenable.

(b) During the previous year, the Company had received a notice dated 3 February, 2019 from the Office of Directorate General of Goods & Services Tax Intelligence, Gurugram Zonal Unit contending to show cause why the valuation of the goods should not be re-determined as per the Central Excise Valuation (Determination of Price of Excise Goods) Rules, 2002, Excise duty (including cess) for an amount of Rs. 960.20 lakhs and interest and penalty there-on should not be levied.

The matter is pending for adjudication and based on the solicitor/ expert opinion taken, the management believes that the grounds of the show cause notice are not tenable and hence no provision is considered necessary.

34 Segment information

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

Information about major customers:

Customers who contributed more than 10% revenue to company are as:

	Year ended 31 March, 2020	Rs. in lakhs Year ended 31 March, 2019
Customer A	28,601.12	32,326.74
Customer B	5,003.25	5,153.26

No other single customer contributed 10% or more to the Company's revenue for 2019-20 and 2018-19.



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY KNOWN AS MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS**

35. Employee benefits

i. Defined contribution plan

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

The total expense recognised in profit or loss of Rs. 144.07 lakhs (for the year ended 31 March, 2019: Rs. 128.00 lakhs) for provident fund contribution and Rs. 18.37 lakhs (Previous year: Rs. 23.50 lakhs) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. As at 31 March, 2020, contributions of Rs. 26.20 lakhs (as at 31 March, 2019: Rs. 20.62 lakhs) due in respect of 2019-2020 (2018-2019) reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the respective reporting periods.

ii. Defined Benefit plan

a. Gratuity plan

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

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

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

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

In respect of the plan in India, the most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at 31 March, 2020 by Charan Gupta Consultants Private Limited, Fellow, Institute of Actuaries of India. The present value of defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY KNOWN AS MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

Principal actuarial assumptions:

S. No.	Particulars	See Note below	Year ended 31 March, 2020	Year ended 31 March, 2019
i.	Discount rate (p.a.)	1	6.80%	7.66%
ii.	Salary escalation rate (p.a.)	3	6.00%	6.00%

Note:

1. The discount rate is based on the prevailing market yields of India Government securities as at the balance sheet date for the estimated term of obligations.
2. The gratuity plan is unfunded.
3. The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

Demographic assumptions:

S. No.	Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
1.	Retirement age	58/60 years	58/60 years
2.	Mortality table	Indian Assured Lives Mortality (2012-14) modified Ult.	Indian Assured Lives Mortality (2006-08) modified Ult.
3.	Withdrawal rate		
	Up to 30 Years	3%	3%
	31 to 44 years	2%	2%
	Above 44 years	1%	1%

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

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

Particulars	Year ended 31 March, 2020 Rs. in lakhs	Year ended 31 March, 2019 Rs. in lakhs
Current service cost	33.79	24.47
Net interest expenses	8.62	8.98
Components of defined benefit costs recognised in profit or loss	42.41	33.45



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY KNOWN AS MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

ii. Remeasurement on the net defined benefit liability:

Particulars	Year ended 31 March, 2020 Rs. in lakhs	Year ended 31 March, 2019 Rs. in lakhs
Actuarial (gains) / loss arising from changes in demographic assumptions	(0.08)	-
Actuarial (gain)/loss on arising from change in financial assumption	20.69	2.36
Actuarial (gain)/loss on arising from experience adjustment	19.54	(11.94)
Component of defined benefit costs recognised in other comprehensive income	40.15	(9.58)

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

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

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

Particulars	As at 31 March, 2020 Rs. in lakhs	As at 31 March, 2019 Rs. in lakhs
Present value of defined benefit obligation	(166.45)	(112.48)
Fair value of plan assets	-	-
Funded status surplus/(deficit)	(166.45)	(115.13)

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

Particulars	Year ended 31 March, 2020 Rs. in lakhs	Year ended 31 March, 2019 Rs. in lakhs
Opening defined benefit obligation	112.48	115.13
Current service cost	33.79	24.47
Interest cost on defined benefit obligation	8.62	8.98
Actuarial (gains) / loss arising from changes in demographic assumptions	40.15	(9.58)
Benefits paid	(28.59)	(26.52)
Closing defined benefit obligations	166.45	112.48



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY KNOWN AS MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

Particulars	Year ended	Year ended
	31 March, 2020	31 March, 2019
	Rs. in lakhs	Rs. in lakhs
- Non-current portion	163.41	110.32
- Current portion	3.04	2.16

v. Sensitivity Analysis

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

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

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Rs. in lakhs		Rs. in lakhs	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+50bps) (% change compared to base due to sensitivity)	14.34	(12.85)	9.16	(8.36)
Salary Growth Rate (-/+50bps) (% change compared to base due to sensitivity)	(11.82)	12.64	(8.52)	9.09

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

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

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

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

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



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY KNOWN AS MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS**

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

	31 March, 2020	31 March, 2019
	Rs. in lakhs	Rs. in lakhs
Within 1 year	3.04	2.16
Between 1-2 years	2.84	1.65
Between 2-3 years	3.03	1.89
	31 March, 2020	31 March, 2019
	Rs. in lakhs	Rs. in lakhs
Between 3-4 years	3.13	1.97
Between 4-5 years	6.22	3.67
Beyond 5 years	148.16	101.14

b. Actuarial assumptions for compensated absences

S. No.	Particulars	Refer Note below	Year ended 31 March, 2020	Year ended 31 March, 2019
i.	Discount rate (p.a.)	1	6.80%	7.66%
ii.	Expected rate of return on assets (p.a.)	2	-	-
iii.	Salary escalation rate (p.a.)	3	6.00%	6.00%

Note:

1. The discount rate is based on the prevailing market yields of India Government securities as at the balance sheet date for the estimated term of obligations.
2. The compensated absences plan is unfunded.
3. The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

36. Financial instruments

36.1 Capital management

The Company has accumulated losses as at 31 March, 2020 amounting to Rs. 9,876.64 lakhs (As at 31 March, 2019: Rs. 11,457.99 lakhs).

However, the Parent Company has confirmed to provide requisite financial and operational support for the continued operations of the Company as and when required. The Parent Company and fellow subsidiary had infused share capital amounting to Rs. 1,900.00 lakhs during the previous year.

The Capital structure of the Company consists of net debt (borrowings as detailed in notes 15, 16 and 19 offset by cash and cash equivalents) and equity share capital.

The management reviews the capital structure of the Company on a periodic basis. As part of this review, the management considers cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
Debt (i)	9,423.73	13,085.13
Cash and cash equivalents	(3,084.23)	(2,869.95)
Net debt	6,339.50	10,215.18
Total equity	1,874.26	292.91
Net debt to equity ratio	3.38	34.87
Debt		
Current maturities of long term debt (Refer note 16)	-	776.49
Borrowings (Current) (Refer note 19)	9,423.73	12,308.64
	9,423.73	13,085.13
Total equity		
Equity share capital	11,750.00	11,750.00
Other equity	(9,875.74)	(11,457.09)
	1,874.26	292.91

(i) Debt is defined as long-term and short-term borrowings, as described in notes 15, 16 and 19.

36.2 Categories of financial instruments

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
Financial assets		
Measured at amortised cost		
(a) Trade receivables	1,079.01	2,810.49
(b) Cash and cash equivalents	3,084.23	2,869.95
(c) Loans	42.60	7.96
(d) Other financial assets	251.73	713.07
	4,457.57	6,401.47
Measured at fair value through profit and loss		
(a) Other financial assets	-	45.35
Total	4,457.57	6,446.82
Financial liabilities		
Measured at amortised cost		
(a) Borrowings	9,423.73	12,308.64
(b) Lease liabilities	97.58	-
(c) Trade payables	9,344.96	8,802.46
(d) Other financial liabilities	420.24	1,146.11

36.3 Financial risk management

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

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

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



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

36.4 Market risk

Market risk is the risk that the expected cash flows or fair value of a financial instrument could change owing to changes in market prices. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- (i) forward foreign exchange contract to hedge the exchange rate risk arising on the foreign currency outstanding; and
- (ii) cross currency interest rate swaps to mitigate the risk of rising currency and interest rates.

36.5 Interest rate risk management

The Company is exposed to interest rate risk as the Company borrows funds at both fixed and floating interest rates. The Company manages the risk by maintaining an appropriate mix between fixed and floating rate borrowings, and by use of cross currency interest rate swaps. (Refer note 15, 16 and 19)

Interest rate sensitivity analysis

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

For the year ended 31 March, 2020 and 31 March, 2019, every percentage point depreciation / appreciation in the interest rate will affect the Company's profit before tax by Rs. 123.35 lakhs for the year ended 31 March, 2020 and profit before tax by Rs. 64.91 lakhs for the year ended 31 March, 2019.

Foreign exchange risk

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

Particulars	Currency	Rs. in lakhs	
		As at 31 March, 2020	As at 31 March, 2019
Trade receivables	JPY	76.52	545.56
	Equivalent INR	53.30	341.08
Trade receivables	USD	0.22	0.72
	Equivalent INR	16.87	50.08
Trade payables	EURO	1.47	1.75
	Equivalent INR	122.48	136.33
Trade payables	JPY	5,632.18	5,885.38
	Equivalent INR	3,922.82	3,679.54
Trade payables	USD	2.34	4.98
	Equivalent INR	176.21	344.79

For the year ended 31 March, 2020 and 31 March, 2019, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and USD/ EURO/ JPY, will affect the Company's profit before tax by Rs. 41.51 lakhs for the year ended 31 March, 2020 and profit before tax by Rs. 37.90 lakhs for the year ended 31 March, 2019.



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

36.6 Fair value measurements

36.6.1 Fair value of the Company's financial assets and liabilities that are measured at fair value on a recurring basis

(Rs. In lacs)

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	31 March, 2020	31 March, 2019		
- Cross currency interest rate swaps	-	45.35	Level 2	The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

36.6.2 Fair value of the financial assets and liabilities that are not measured at fair value (but fair value disclosures are required)

	As at 31 March, 2020		As at 31 March, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at amortised cost:				
- Trade receivables	1,079.01	1,079.01	2,810.49	2,810.49
- Loans	42.60	42.60	7.96	7.96
- Other financial assets	251.73	251.73	713.07	713.07
Financial liabilities				
Financial liabilities held at amortised cost:				
- Borrowings	9,423.73	9,423.73	12,308.64	12,308.64
- Lease liabilities	97.58	97.58	-	-
- Trade payables	9,344.96	9,344.96	8,802.46	8,802.46
- Other financial liabilities	420.24	420.24	1,146.11	1,146.11

Fair value hierarchy

Financial assets

Financial assets at amortised cost:

- Trade receivables
- Loans
- Other financial assets
- Cash and cash equivalents

Total

Financial liabilities

Financial liabilities held at amortised cost:

- Borrowings
- Lease liabilities
- Trade payables
- Other financial liabilities

Total

Fair value hierarchy as at 31 March, 2020			
Level 1	Level 2	Level 3	Total
-	-	1,079.01	1,079.01
-	-	42.60	42.60
-	-	251.73	251.73
-	-	3,084.23	3,084.23
-	-	4,457.57	4,457.57
-	-	9,423.73	9,423.73
-	-	97.58	97.58
-	-	9,344.96	9,344.96
-	-	420.24	420.24
-	-	19,286.51	19,286.51

Financial assets

Financial assets at amortised cost:

- Trade receivables
- Loans
- Other financial assets
- Cash and cash equivalents

Total

Financial liabilities

Financial liabilities held at amortised cost:

- Borrowings
- Trade payables
- Other financial liabilities

Total

Fair value hierarchy as at 31 March, 2019			
Level 1	Level 2	Level 3	Total
-	-	2,810.49	2,810.49
-	-	7.96	7.96
-	45.35	713.07	758.42
-	-	2,869.95	2,869.95
-	45.35	6,401.47	6,446.82
-	-	12,308.64	12,308.64
-	-	8,802.46	8,802.46
-	-	1,146.11	1,146.11
-	-	22,257.21	22,257.21



A

FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

36.7 Credit risk management

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

Apart from the customers as disclosed in note 11(e), the Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk as specified in note 11(e) did not exceed 24% of gross monetary assets as at the year end.

36.8 Liquidity risk management

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

The Company manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows. The Company generates sufficient cash flows from current operations which together with the available cash and cash equivalents provide liquidity both in the short-term as well as in the long-term. Note 36.8.2 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

36.8.1 Expected maturity for financial liabilities

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

	0-1 year	1-2 years	2-5 years	5+ years	Rs. in lakhs Total
31 March, 2020					
Non-derivative financial liabilities					
Borrowings*	9,423.73	-	-	-	9,423.73
Lease liabilities	97.58	-	-	-	97.58
Trade payables	9,344.96	-	-	-	9,344.96
Other financial liabilities					
- Current maturities of long term debt*	-	-	-	-	-
- Interest accrued	9.53	-	-	-	9.53
- Payables for purchase of property, plant and equipment and capital work-in-progress	58.86	-	-	-	58.86
- Unearned revenue	351.85	-	-	-	351.85
31 March, 2019					
Non-derivative financial liabilities					
Borrowings*	12,340.47	-	-	-	12,340.47
Trade payables	8,802.46	-	-	-	8,802.46
Other financial liabilities					
- Current maturities of long term debt*	800.00	-	-	-	800.00
- Interest accrued	15.05	-	-	-	15.05
- Payables for purchase of property, plant and equipment and capital work-in-progress	18.27	-	-	-	18.27
- Unearned revenue	336.30	-	-	-	336.30

*includes undiscounted interest.

The following tables detail the Company's remaining expected maturity financial assets. The tables have been drawn up based on the undiscounted cash flows of financial assets.



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

Expected maturity for financial assets:

					Rs. In lakhs
	0-1 year	1-2 years	2-5 years	5+ years	Total
31 March, 2020					
Financial assets					
Trade receivables	1,079.01	-	-	-	1,079.01
Cash and cash equivalents	3,084.23	-	-	-	3,084.23
Loans	40.46	2.14	-	-	42.60
Other financial assets	239.78	-	-	11.95	251.73

					Rs. in lakhs
	0-1 year	1-2 years	2-5 years	5+ years	Total
31 March, 2019					
Financial assets					
Trade receivables	2,810.49	-	-	-	2,810.49
Cash and cash equivalents	2,869.95	-	-	-	2,869.95
Loans	7.96	-	-	-	7.96
Other financial assets	676.06	-	62.98	19.38	758.42

36.8.2 Financing facilities

	Rs. In lakhs	
	As at 31 March, 2020	As at 31 March, 2019
Unsecured working capital loan facility:		
- amount used	6.33	2,048.24
- amount unused	2,543.67	501.76
	2,550.00	2,550.00
Unsecured short term loan from banks:		
- amount used	9,417.40	10,260.40
- amount unused	843.00	-
	10,260.40	10,260.40
Secured term loan:		
- amount used	-	488.27
- amount unused	-	-
	-	488.27
Unsecured term loan:		
- amount used	-	288.22
- amount unused	-	-
	-	288.22

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

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



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

39

Leases

i) Transition to Ind AS 116

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" to its leases, which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases using the modified retrospective approach with the option to measure the right to use assets at an amount equal to the lease liabilities (i.e. as per para C8(c) (ii) of Ind AS 116), adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's weighted average discount rate as of April 1 2019.

The Company recognised lease liabilities measured at the present value of the remaining lease payments. The right-of-use assets are recognised at cost, which comprises the amount of the measurement of the lease liabilities adjusted for any lease payments made at or before the inception date of the lease. Accordingly, right-of-use assets of Rs. 299.87 lakhs and corresponding lease liabilities of Rs. 299.87 lakhs have been recognised. There has been no impact on the retained earnings due to application of the standard.

Extension and termination options are included in property leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are generally exercisable only by the Company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercising a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated)

For leases of buildings, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The Company has applied the new standard to building leases to evaluate whether these contracts contains lease or not. Based on evaluation of the terms and conditions of the arrangements, the Company has evaluated such arrangements to be leases. Under the new standard, all lease contracts, with limited exceptions, are recognised in the financial statements by way of right-of-use assets and corresponding lease liabilities.

When measuring lease liabilities, the weighted average discount rate used to calculate the lease liabilities in the opening balance under Ind AS 116 on April 1, 2019 was 8.55%.

The application of the new standard has a significant impact on the classification of expenditure and cash flow statement. It has impacted the timing of expenses recognised in the Statement of Profit and Loss. Expenses were previously recognised as rental expense and for the current period rental expense is being replaced by depreciation charge on right-of-use assets amounting to Rs. 231.55 lakhs which is included under depreciation and amortisation expense in the Statement of Profit and Loss and finance cost on lease liabilities amounting to Rs 17.28 lakhs. Further the effect of this adoption has resulted in the following:

On transition on 1 April, 2019, the adoption of the new standard resulted in reclassification of Rs. 21.56 lakhs from prepaid expenses - Other non-current assets to right-of-use assets, reclassification of Rs. 6.91 lakhs from prepaid rent- Other current assets to right-of-use assets.

During the year, the Company has recognised depreciation on right-of-use assets amounting to Rs. 231.55 Lakhs and interest expense on lease liabilities amounting to Rs. 17.28 lakhs, as against lease rent of Rs. 219.57 lakhs, which would have otherwise been recognised under the erstwhile standard Ind AS 17 as an expense in the current year. Consequently, profit before tax for the year ended is lower by Rs. 29.26 lakhs.

The Company has cash outflows for lease of underlying assets amounting to Rs. 371.20 lakhs for the year ended March 31, 2020 out of which rent charges is amounting to Rs. 151.63 lakhs which includes rentals for short term lease.

The following is the summary of practical expedients elected on initial application:

ii) Measurement of lease liabilities

	Rs. in lakhs
	Year ended
	31 March, 2020
Lease liabilities recognised as at 1 April, 2019	299.87
These comprise:	
Current lease liabilities	202.29
Non-current lease liabilities	97.58
Total	299.87

The weighted average discount rate applied to lease liabilities as at April 1, 2019 is 8.55% for the remaining lease term.



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

iii) Amounts recognised in the Statement of Profit and Loss

The Statement of Profit and Loss shows the following amount relating to leases for the year ended 31 March, 2020

	Rs. in lakhs
	Year ended
	31 March, 2020
Depreciation of right-of-use assets (Refer note 28)	231.55
Interest on lease liabilities	17.28
Short term lease expenses	151.63

iv) Changes in the carrying value of right- of- use assets for the year ended 31 March, 2020

	Rs. in lakhs
	Year ended
	31 March, 2020
Balance as at 1 April, 2019	-
Transition impact of Ind AS 116	28.47
Additions during the year	299.87
Deletions during the year	-
Depreciation	231.55
Balance as at 31 March, 2020	96.79

The depreciation expense on right-of-use assets is included under depreciation and amortisation expense in the Statement of Profit and Loss.

v) Movement in lease liabilities during the year ended 31 March, 2020

	Rs. in lakhs
	Year ended
	31 March, 2020
Balance as on 1 April, 2019	299.87
Additions/(deletions)	-
Finance cost accrued during the period	17.28
Payment of lease liabilities (including interest)	219.57
Balance as on 31 March, 2020	97.58

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Less than one year	97.58
One to two years	-
Two to five years	-
More than five years	-
Balance as on March 31, 2020	97.58

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following is the break-up of current and non-current lease liabilities as at March 31, 2020.

	Rs. in lakhs
	Year ended
	31 March, 2020
Current lease liabilities	97.58
Non-current lease liabilities	-



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

	Rs. in lakhs	
	Year ended 31 March, 2020	Year ended 31 March, 2019
40 Income taxes		
40.01 Income tax recognised in profit or loss		
Current tax		
In respect of the current year	-	-
In respect of the prior years	-	15.43
Total	-	15.43
Deferred tax		
In respect of the current year	-	-
Deferred tax reclassified from equity to profit or loss	-	-
Adjustments to deferred tax attributable to changes in tax rates and laws	-	-
Total	-	-
Total tax expense / (income) recognised in profit or loss	-	15.43
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	1,621.50	1,896.55
Income tax expense calculated at 31.20% (2018-19: 31.20%)	505.91	591.72
Effect of expenses that are not deductible in determining taxable profit	40.29	700.32
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(546.20)	(1,292.04)
Effect of tax expense in relation to prior years	-	15.43
	-	15.43

The tax rate used for the financial years 2019-2020 and 2018-2019 reconciliations above is the corporate tax rate of 31.20% and 31.20% respectively payable by corporate entities in India on taxable profits under the Indian tax law.

	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
40.02 Deferred tax assets / (liabilities) (net)		
Deferred tax assets / (liability) consists of		
a) Book/ tax depreciation difference	(444.78)	(499.92)
b) Employee benefits	77.73	55.35
c) Carry forward of business loss	-	154.47
d) Unabsorbed depreciation	1,001.90	1,572.44
e) Allowance for doubtful trade receivables and advances	43.68	23.85
f) Others	19.64	(14.15)
Deferred tax assets (net)	698.17	1,292.04
Deferred tax assets / (liability) recognised	-	-

Note:

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

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

Particulars	Rs. in lakhs	
	As at 31 March, 2020	As at 31 March, 2019
With no expiry date	2,237.72	3,646.06
With expiry date*	-	495.10
	2,237.72	4,141.16

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

(b) Effective April 1, 2019, the Company has adopted Appendix C to Ind AS 12 - Income taxes retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives. The effect on account of initial application of this amendment is Nil. The effect of adoption of this amendment in the current year is also Nil.

* As at 31 March, 2019, the expiry was between 31 March, 2024 and 31 March, 2025.



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS**

41 Related Party Disclosures

a. List of related parties (Refer note 13.3)

Parent Company

Furukawa Electric Co., Ltd.

Fellow Subsidiaries

Furukawa Automotive Systems INC.
Furukawa Automotive Systems (Thailand) Co. Ltd.
Furukawa Automotive Systems Indonesia
Furukawa Electric Autoparts Philippines, Inc
Furukawa Sangyo Kalsha India Private Limited

Entity with significant influence over the entity

Minda Corporation Limited

Enterprises owned or significantly influenced by shareholders or key management personnel or their relatives

Minda Automotive Solutions Limited (Refer note a)
Minda Management Services Limited (Refer note a)
Minda Sai Limited (Refer note a)
Minda Autoelektrik Ltd. (Refer note a)
Minda Stoneridge Instruments Ltd
Mindarika Private Limited
Dorsetkaba Security Systems Pvt Ltd.

Key management personnel

Mr. Neeraj Sharma, President and Whole Time Director
Mr. Masahiro Hasegawa, Joint President (upto 6 March, 2020)
Mr. Masahiro Kuroki, Joint President (from 6 March, 2020)
Mr. Shigenobu Abe, Director
Mr. Amit Kumar Dubey, Chief Financial Officer #
Ms. Kanika Sukheeja ##
Mr. Laxman Ramnarayan
Mr. Keiichi Nishimura

KMP upto 20 May 2019 and w.e.f from 6 March, 2020

Company Secretary w.e.f. 20 May, 2019

Note:

(a) Pursuant to the Scheme of Amalgamation ('Scheme') under the provisions of Section 230 to 232 of the Companies Act, 2013, for amalgamation of wholly owned subsidiaries of Minda Corporation Limited i.e. Minda SAI Limited, Minda Automotive Solutions Limited, Minda Management Services Limited, Minda Autoelektrik Limited and Telematics and Electric Mobility Solutions Private Limited (formerly EL Labs India Private Limited) (together referred to as "transferor companies"), into Minda Corporation Limited ("transferee company") as approved by the Hon'ble National Company Law Tribunal vide its order dated 19 July, 2019, all the assets, liabilities, reserves and surplus of the transferor companies have been transferred to and vested in the transferee company without any consideration on 1 April, 2019. The transferee company had received the certified copy of the order and had filed order copy with ROC, Delhi on 1 September, 2019.



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

b. Transactions with related parties

Particulars	Parent Company		Joint ventures		Follow subsidiaries		Entity with significant influence over the entity		Enterprises owned or significantly influenced by shareholders or key management personnel or their relatives				Key management personnel			Total
	Year ended 31 March 2020	With effect from 28 December, 2018 till 31 March, 2019	Year ended 31 March 2020	With effect from 28 December, 2018 till 31 March, 2019	Year ended 31 March 2020	With effect from 28 December, 2018 till 31 March, 2019	Year ended 31 March 2020	With effect from 28 December, 2018 till 31 March, 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019		
Purchase of plant and machinery (including capital work in progress)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Automotive Systems Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loans given to key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mr. Hasey Sharma, President and Whole Time Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mr. Anil Kumar Dubey, Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loans repaid by key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mr. Hasey Sharma, President and Whole Time Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mr. Anil Kumar Dubey, Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds from issue of equity shares	1,140.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Electric Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Automotive Systems Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sales (including scrap sales)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
From Furukawa Automotive Systems Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Automotive Systems Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Automotive Systems (Thailand) Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Minda SSI Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Automotive Systems India Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Indraprastha Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Electric Automats Philippines, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of raw materials and other components	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Automotive Systems Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Automotive Systems (Thailand) Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Minda Supersteel Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Electric Automats Philippines, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Shuangyuan Kaisha Trade Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Compensation of key managerial personnel's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short-term employee benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mr. Hasey Sharma, President and Whole Time Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mr. Anil Kumar Dubey, Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mr. Anil Kumar Dubey, Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mr. Hasey Sharma, President and Whole Time Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mr. Anil Kumar Dubey, Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mr. Anil Kumar Dubey, Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Electric Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Automotive Systems Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest on bank loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Legal and professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Electric Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repairs and maintenance of plant and machinery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furukawa Automotive Systems Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repairs and maintenance expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
MINDS SA Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Minda Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	



**FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS**

c. Balance at the year end

Particulars	Parent Company		Fellow Subsidiary		Key management personnel of the entity			Entity with significant influence over the entity			Enterprises owned or significantly influenced by shareholders or key management personnel or their relatives	
	As on March 31, 2020	As on March 31, 2019	As on 31 March, 2020	As on 31 March, 2019	As on 31 March, 2020	As on 31 March, 2019	As on 31 March, 2020	As on 31 March, 2019	As on 31 March, 2020	As on 31 March, 2019	As on 31 March, 2020	As on 31 March, 2019
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Trade receivables												
Furukawa Automotive Systems INC.	-	-	60.38	358.45	-	-	-	-	-	-	-	317.11
Minda Sai Limited	-	-	0.26	-	-	-	-	-	-	-	-	-
Furukawa Electric Autoparts Philippines, Inc.	-	-	10.49	20.07	-	-	-	-	-	-	-	-
Furukawa Automotive Systems Indonesia	-	-	-	12.51	-	-	-	-	-	-	-	0.01
Furukawa Automotive Systems (Thailand) Co. Ltd.	-	-	-	-	-	-	-	-	-	-	-	0.02
Mindarka Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.10
Dorsetkaba Security Systems Pvt. Ltd.	-	-	71.13	391.03	-	-	-	-	-	-	-	317.14
Loan to Key management personnel												
Mr. Jeevan Sharma, President and Whole Time Director	-	-	-	-	10.11	4.78	-	-	-	-	-	-
Mr. Amit Kumar Dubey, Chief Financial Officer	-	-	-	-	6.50	4.78	-	-	-	-	-	-
Advance recoverable from related party												
Furukawa Automotive Systems INC.	-	-	519.79	519.79	-	-	-	-	-	-	-	-
Minda Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	0.04
Minda Management Services Limited	-	-	519.79	519.79	-	-	-	-	-	-	-	45.42
Allowance for doubtful advances from related party												
Furukawa Automotive Systems INC.	-	-	(519.79)	-	-	-	-	-	-	-	-	-
Advances from customers												
Minda Stoneridge Instruments Ltd	-	-	-	-	-	-	-	-	-	-	-	0.25
Trade payables												
Minda Corporation Limited	11.87	-	-	-	-	-	-	-	-	-	-	-
Furukawa Electric Co., Ltd.	-	-	4,259.31	4,007.75	-	-	-	-	-	-	-	548.05
Furukawa Automotive Systems INC.	-	-	-	-	-	-	-	-	-	-	-	-
Minda Sai Limited	-	-	-	-	-	-	-	-	-	-	-	-
Minda Automotive Solutions Limited	-	-	1.01	243.13	-	-	-	-	-	-	-	-
Furukawa Electric Autoparts Philippines, Inc.	-	-	223.02	140.25	-	-	-	-	-	-	-	-
Furukawa Sanjaya Kalaba India Private Limited	-	-	4,483.34	4,391.13	-	-	-	-	-	-	-	548.43
	11.87		4,483.34	4,391.13								

Furukawa Electric Co., Ltd. has given corporate guarantees in respect of sanction amount of Rs. 12,655.40 lakhs (As at 31 March, 2019; Rs. 13,085.12 lakhs) for term loans, working capital loan and cash credit obtained by the Company. Outstanding amount in respect thereof as at the year end aggregates to Rs. 9,423.73 lakhs (As at 31 March, 2019; Rs. 12,596.86 lakhs).



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

- 42 Under the employee share based payment plans, certain employees of the Company were granted stock options of Minda Corporation Limited ('MCL'). The plan was assessed, managed and administered by the MCL. All of the plans granted to employees were equity-settled.

The Company applied Ind AS 102 - Share based payments, ('Ind AS 102') to share based payment transactions. Pursuant to this standard, stock options granted to the employee by MCL were measured at fair value and recognised in the Statement of Profit and Loss over the vesting period of the options and crediting deemed capital contribution in other equity. The fair value of stock options was determined by the MCL using the Black Scholes option pricing model.

Under the Plan, upto 5,341,840 stock options could have been issued to eligible employees of MCL and its subsidiaries, whether working in India or out of India, including any Director of MCL and its subsidiaries, whether whole time or otherwise excluding the Independent Directors. Options were to be granted at 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. Under the Plan, each option, upon vesting, entitled the holder to acquire one equity share of Rs. 2 each. The options granted were to 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 was a function of achievement of performance criteria or any other criteria, as specified by the Committee and communicated in the grant letter.

The vested options were exercised during the previous year. Further, during the previous year, this employee share based payment plan for the employees stands terminated due to change in the shareholding pattern of the Company / vesting conditions not being met as a result thereof. Accordingly, as per IND AS 102, amounts in respect of the remaining unvested options were transferred from deemed capital contribution to retained earnings.

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-Apr-18	Nil
2	20%	1-Apr-19	Nil
3	20%	1-Apr-20	Nil
4	40%	1-Apr-21	Nil

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

Particulars	For the year ended 31 March, 2020		For the year ended 31 March, 2019	
	Number of option	Weighted average exercise price (Rs.)	Number of option	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	-	-	50,000	50
Granted during the year	-	-	-	-
Forfeited during the year	-	-	42,000	50
Exercised during the year	-	-	8,000	50
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Employee stock compensation expense in relation to stock options granted to employee of companies is Nil [Previous year Rs. Nil]

- 43 Employee stock compensation expense under the Fair Value Method had been determined based on fair value of the stock options. The fair value of stock options during the previous year was determined using the Black Scholes option pricing model with the following assumptions:

Particulars

Grant date	7 March, 2017
Expected volatility	47.58%
Risk free interest rate	7.15%
Exercise price (Rs.)	50.00
Expected dividend yield	0.54%
Life of options (years)	4.07
Weighted average exercise price	50.00
Weighted average fair value of options as at the grant date (Rs.)	92.90
Expected option life	The expected option life is assumed to be mid-way between the option vesting and expiry.
Expected volatility	Volatility was calculated using standard deviation of daily change in stock price. The historical period considered for volatility match the expected life of the option.
Model used	Black-Scholes Method
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	The following factors had been considered: (a) Share price (b) Exercise prices (c) Historical volatility (d) Expected option life (e) Dividend yield



FURUKAWA MINDA ELECTRIC PRIVATE LIMITED
(FORMERLY MINDA FURUKAWA ELECTRIC PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

44 Reconciliation of liabilities arising from financing activities

The table below details the changes in Company's liabilities arising from financing activities, including both cash and non-cash

Particulars	Rs. in lakhs			
	As at 31 March, 2018	Cash Flow	Non-cash Changes	As at 31 March, 2019
Non-current borrowings	2,030.39	(1,253.90)	(776.49)	-
Current borrowings	4,509.04	7,799.60	776.49	13,085.13
Total liabilities from financing activities	6,539.43	6,545.70	-	13,085.13

Particulars	Rs. in lakhs			
	As at 31 March, 2019	Cash Flow	Non-cash Changes	As at 31 March, 2020
Non-current borrowings	-	-	-	-
Current borrowings	13,085.13	(3,661.40)	-	9,423.73
Total liabilities from financing activities	13,085.13	(3,661.40)	-	9,423.73

- 45** Management has assessed impairment based on the future cash flows of the Company in accordance with Ind AS 36 (Impairment of Assets). Based on such workings, there is no impairment required to be recorded.
- 46** World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, the Government of India declared lockdown on March 24, 2020 and the Company temporarily suspended the operations in both the manufacturing facilities at Noida (Uttar Pradesh) and Bawal (Haryana) of the Company in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has adversely impacted the normal business operations of the Company by way of interruption in production, closure / lock down of manufacturing facilities etc, during the lock-down period which had been extended. However, production at partial capacity commenced subsequently during the month of May 2020 and supply of goods was resumed after obtaining permissions from the appropriate government authorities.

In evaluating the impact of COVID-19 on its ability to continue as a going concern [Refer note 2(b)], possible impact on its business operations, its overall liquidity position and in assessing the recoverability of the receivables, inventories, tangible and intangible assets, financial assets and other current/ non-current assets, the Company has considered internal and external information including economic forecasts available. The Company has performed sensitivity analysis on the assumptions used and based on such information and assessment, the Company expects to recover the carrying amount of these assets. The impact of the pandemic may differ from that estimated as at the date of approval of these financial statements. Such changes, if any, will be prospectively recognised. The Company will continue to closely monitor any material changes to future economic conditions.

47 Approval of financial statements

The financial statements were approved by the Board of Directors on 18 June, 2020

48 Previous period figures

Previous year figures have been regrouped, rearranged or reclassified wherever necessary to make them comparable with current year's figures.



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

NEERAJ SHARMA

Neeraj Sharma
President and
Whole Time Director

AMIT KUMAR DUBEY

Amit Dubey
Chief Financial Officer

Laxman Ramnarayan

Laxman Ramnarayan
Director

KANIKA SUKHEEJA

Kanika Sukheeja
Company Secretary

KEIICHI NISHIMURA

Keiichi Nishimura
Director

Place: *Bawal*
Date: *18th June '2020*