# Minda Autoelektrik Limited

Financial Statements

For the year ended 31 March 2019

B S R & Co. LLP
Chartered Accountants

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

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# INDEPENDENT AUDITOR'S REPORT

## To the Members of Minda Autoelektrik Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the Financial Statements of Minda Autoelektrik Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Emphasis of Matter

Attention is invited to note 2.35 to the financial statements, wherein it is mentioned that Minda Corporation Limited (hereinafter referred to as "MCL" or "holding company"), Minda Autoelektrik Limited ("Company"), Minda Automotive Solutions Limited, Minda Management Services Limited, Minda SAI Limited and Minda Telematics and Electric Mobility Solutions Private Limited ("fellow subsidiaries" and hereinafter collectively referred to as the "transferor companies") have entered into a proposed Scheme of Amalgamation., where the Company will be transferred to and be vested in MCL, as a going concern ('Proposed Scheme'). The Proposed Scheme is subject to approval of the respective Shareholders and Creditors of transferee company and transferor companies, National Company Law Tribunal and other Regulatory Authorities, as applicable.

Pending requisite approvals, effect of the aforesaid merger has not been considered in the financial statements, which have been prepared on the going concern basis. Our report is not modified in respect of this matter.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office :
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

## Other Information

The Company's management and Board of Directors are responsible for the Other Information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditors' report thereon. The Company's Annual Report is expected to be made available to us after the date of the Auditor's Report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## Management's Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal Financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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.

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

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

**Report on Other Legal and Regulatory Requirements**

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

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

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

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company did not have any pending litigations as at 31 March 2019 which would impact its Financial Position;

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

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

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

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

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

S. Agarwal

**Shashank Agarwal**
*Partner*
Membership No.: 095109

Place: Gurugram
Date: 24 May 2019

**Annexure A referred to in our Independent Auditor's Report of even date on financial statements of Minda Autoelektrik Limited on the Financial Statements for the year ended 31 March 2019**

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

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment by which all fixed assets (property, plant and equipment) are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable property are held in the name of the Company.

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

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

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not undertaken any transaction in respect of loan, guarantee and securities covered under section 185 of the Companies Act, 2013.The Company has not made any investment as referred in section 186(1) of the Act and other requirements relating to section 186 do not apply to the Company.

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

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

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

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income-tax, GST, Service tax, Duty of excise, Sales tax, Value added tax, Duty of customs and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

Also refer note 2.33, wherein, it is explained that on account of the uncertainty with respect to the applicability of the Hon'ble Supreme Court Judgement on the provident fund matter, management has not recognised and deposited any additional provident fund amount with respect to the previous years.

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

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

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans were applied for the purposes for which those were raised to the extent utilised during the year.

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

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

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

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

(xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

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

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

*For* **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm Registration Number: 101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership No.: 095109

Place: Gurugram
Date: 24 May 2019

**Annexure B to the Independent Auditor's report on the Financial Statements of Minda Autoelektrik Limited for the year ended 31 March 2019.**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

**Opinion**

We have audited the internal financial controls with reference to financial statements of Minda Autoelektrik Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial controls with Reference to Financial Statements**

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

**Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

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

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

**Shashank Agarwal**
*Partner*
Membership No.: 095109

Place: Gurugram
Date: 24 May 2019

**Minda Autoelektrik Limited**
**Balance Sheet as at 31 March 2019**

**(Rs. in million)**

| **Particulars** | **Note** | **As at 31 March 2019** | **As at 31 March 2018** |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Property, plant and equipments | 2.1 | 266 | 228 |
| Capital work-in-progress | 2.1 | 4 | 5 |
| Intangible assets | 2.1a | 2 | 1 |
| Financial assets | | | |
| i. Loans | 2.2 | 1 | - |
| ii. Other financial assets | 2.3 | - | - |
| Deferred tax assets (net) | 2.14 | 17 | 10 |
| Other non-current assets | 2.4 | - | 15 |
| | | **290** | **259** |
| **Current assets** | | | |
| Inventories | 2.5 | 82 | 59 |
| Financial assets | | | |
| i. Trade receivables | 2.6 | 261 | 254 |
| ii. Cash and cash equivalents | 2.7 | 1 | 7 |
| iii. Loans | 2.8 | - | - |
| iv. Other financial assets | 2.9 | - | 1 |
| Other current assets | 2.10 | 38 | 37 |
| | | **382** | **358** |
| TOTAL | | **672** | **617** |
| EQUITY AND LIABILITIES | | | |
| **Equity** | | | |
| Equity Share Capital | 2.11 | 85 | 85 |
| Other Equity | 2.12 | 174 | 148 |
| | | **259** | **233** |
| LIABILITIES | | | |
| **Non-current liabilities** | | | |
| Financial Liabilities | | | |
| i. Borrowings | 2.13 | 30 | 15 |
| Deferred tax liabilities (Net) | 2.14 | - | - |
| Provisions | 2.15 | 9 | 11 |
| | | **39** | **26** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| i. Borrowings | 2.16 | 102 | 133 |
| ii. Trade payables | | | |
| a) Total outstanding dues to micro and small enterprises | 2.17 | - | - |
| b) Total outstanding dues to creditors other than micro and small enterprises | 2.17 | 238 | 194 |
| iii. Other financial liabilities | 2.18 | 22 | 25 |
| Other current liabilities | 2.19 | 2 | 4 |
| Provisions | 2.15 | 7 | 2 |
| Current tax liabilities | 2.20 | 3 | - |
| | | **374** | **358** |
| | | **414** | **384** |
| TOTAL | | **672** | **617** |

Significant accounting policies
The accompanying notes from 1 to 2.36 form an integral part of the financial statements

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

**Shashank Agarwal**
*Partner*
Membership No.: 095109

Place: Gurugram
Date: 24 May 2019

**For and on behalf of the Board of Directors of Minda Autoelektrik Limited**

**Sudhir Kashyap**
*Director*
*(DIN: 06573561)*

**Aakash Minda**
*Director*
*(DIN: 06870774)*

**Priyanka Sharma**
*Company Secretary*
*Membership No.: 51720*

Place: Gurugram
Date: 22 May 2019

**Minda Autoelektrik Limited**
**Statement of Profit and Loss for the year ended 31 March 2019**

(Rs. in million)

| | Note | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 2.21 | 1,240 | 1,026 |
| Other income | 2.22 | 2 | 1 |
| **Total income** | | **1,242** | **1,027** |
| **Expenses** | | | |
| Cost of materials consumed | 2.23 | 977 | 776 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 2.24 | (19) | (1) |
| Excise duty on sales | | - | 28 |
| Employee benefits expense | 2.25 | 117 | 103 |
| Finance costs | 2.26 | 21 | 12 |
| Depreciation and amortisation expense | 2.1 | 18 | 13 |
| Other expenses | 2.27 | 103 | 79 |
| **Total expenses** | | **1,217** | **1,010** |
| **Profit before tax** | | **25** | **17** |
| Current tax | | 7 | - |
| Deferred tax charge / (Credit) | 2.14 | (7) | (1) |
| **Profit for the year** | | **25** | **18** |
| **Other comprehensive income** | | | |
| **Item that will not be reclassified subsequent to profit or loss** | | | |
| Remeasurement of defined benefit liabilities | | 1 | (1) |
| Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| **Other comprehensive income for the year, net of tax** | | 1 | (1) |
| **Total comprehensive income for the year** | | **26** | **17** |
| **Earnings per equity share of Rs. 10 per share** | | | |
| **[ Face value of Rs.10 (previous year Rs. 10) each]** | 2.12.1 | | |
| Earnings per equity share (Rs.) (Basic) | | 2.94 | 2.07 |
| Earnings per equity share (Rs.) (Diluted) | | 2.94 | 2.07 |

Significant accounting policies
The accompanying notes from 1 to 2.36 form an integral part of the financial statements
As per our report of even date attached

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

**Shashank Agarwal**
*Partner*
Membership No.: 095109

Place: Gurugram
Date: 24 May 2019

**For and on behalf of the Board of Directors of Minda Autoelektrik Limited**

**Sudhir Kashyap**
*Director*
*(DIN: 06573561)*

**Aakash Minda**
*Director*
*(DIN: 06870774)*

**Priyanka Sharma**
*Company Secretary*
*Membership No.: 51720*

Place: Gurugram
Date: 22 May 2019

**Minda Autoelektrik Limited**
**Statement of Cash Flow for the year ended 31 March 2019**

(Rs. in million)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net Profit before taxation | 25 | 17 |
| **Adjustments for:** | | |
| Unrealised foreign exchange differences | (2) | - |
| Depreciation and amortisation expense | 18 | 13 |
| Interest income | - | - |
| Provision for doubtful debts | 6 | - |
| Provision for warranty | 7 | 8 |
| Finance costs | 21 | 12 |
| | 75 | **49** |
| **Operating profit before working capital changes** | | |
| Increase in trade receivables | (11) | (96) |
| Decrease/ (Increase in inventory | (22) | (10) |
| Increase in loans and other financial asset | (1) | (21) |
| Increase in other assets | (1) | (1) |
| Increase in trade payables, other liabilities and provision | 42 | 49 |
| **Cash used in operations** | **82** | **(30)** |
| Income-tax refund (paid), net | (3) | - |
| **Net cash from operating activities (A)** | **79** | **(30)** |
| **Cash flows from investing activities** | | |
| Purchase of fixed assets | (42) | (14) |
| Investment made in bank deposits | 1 | 1 |
| **Net cash from investing activities (B)** | **(41)** | **(13)** |
| **Cash Flows from Financing Activities** | | |
| Proceeds from long-term borrowings | 14 | - |
| Repayment of long-term borrowings | - | (17) |
| Proceeds from loan taken from Director/ Group Companies | - | 23 |
| Proceeds/ (repayment) of cash credit (net of repayments) | (32) | 53 |
| Finance costs paid | (26) | (12) |
| **Net cash from financing activities (C)** | **(44)** | **47** |
| **Net decrease in cash and cash equivalents (A+B+C)** | **(6)** | **4** |
| **Cash and cash equivalents at the beginning of the year** | **7** | **3** |
| **Cash and cash equivalents at the end of the year** | **1** | **7** |

Significant accounting policies and note to accounts 1-2.36

**Notes to Cash Flow Statement:**

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

2. Cash and cash equivalents consists of cash in hand and balances with scheduled banks. Refer note 2.7

3. Refer note 2.13.1 for change in liabilities arising from financing activities.

As per our report of even date attached

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

**Shashank Agarwal**
*Partner*
*Membership No. 095109*

Place: Gurugram
Date: 24 May 2019

**For and on behalf of the Board of Directors of Minda Autoelektrik Limited**

**Sudhir Kashyap**
*Director*
*(DIN: 06573561)*

**Aakash Minda**
*Director*
*(DIN: 06870774)*

**Priyanka Sharma**
*Company Secretary*
*Membership No.: 51720*

Place: Gurugram
Date: 22 May 2019

**Minda Autoelektrik Limited**
**Statement of Changes in Equity for the year ended 31 March 2019**

**A. Equity share capital**

(Rs. in million)

| Particulars | Amount |
|---|---|
| **Balance as at April 1, 2017** | 85 |
| Changes in equity share capital during the year | - |
| **Balance as at 31 March 2018** | 85 |
| Changes in equity share capital during the year | - |
| **Balance as at 31 March 2019** | 85 |

**B. Other Equity**

(Rs. in million)

| Particulars | Other equity | | | | Items of Other Comprehensive Income | Total |
|---|---|---|---|---|---|---|
| | Capital reserve | Securities premium reserve | Share based payment reserve | Retained earnings | Remeasurement of defined benefit obligations | |
| **As at 1 April 2017** | 1 | 103 | - | 28 | (2) | 130 |
| Profit/(loss) for the year | - | - | - | 18 | - | 18 |
| Other comprehensive income | - | - | - | - | (1) | (1) |
| **Total comprehensive income for the year** | - | - | - | 18 | (1) | 17 |
| Financial assitance fees | 1 | - | - | - | - | 1 |
| **As at 31 March 2018** | 2 | 103 | - | 46 | (3) | 148 |
| | | | | | | |
| **As at 1 April 2018** | 2 | 103 | - | 46 | (3) | 148 |
| Profit/(loss) for the year | - | - | - | 25 | - | 25 |
| Other comprehensive income | - | - | - | - | 1 | 1 |
| **Total comprehensive income for the year** | - | - | - | 25 | 1 | 26 |
| Financial assitance fees | - | - | - | - | - | - |
| Interim dividend | - | - | - | - | - | - |
| Tax on dividend | - | - | - | - | - | - |
| **As at 31 March 2019** | 2 | 103 | - | 71 | (2) | 174 |

**Notes:**
(1) Refer note 2.12.2 for nature and purpose of other equity.

The accompanying notes from 1 to 2.36 form an integral part of the financial statements
As per our report of even date attached

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

**Shashank Agarwal**
*Partner*
Membership No.: 095109

Place: Gurugram
Date: 24 May 2019

**For and on behalf of the Board of Directors of Minda Autoelektrik Limited**

**Sudhir Kashyap**
*Director*
*(DIN: 06573561)*

**Aakash Minda**
*Director*
*(DIN: 06870774)*

**Priyanka Sharma**
*Company Secretary*
*Membership No.: 51720*

Place: Gurugram
Date: 22 May 2019

## 1. Reporting entity

Minda Autoelektrik Limited ("the Company") is a company domiciled in India with its registered office situated at A-15, Phase -I Ashok Vihar, Delhi – 110052.The Company is primarily engaged in the business of manufacture of automotive components primarily "starter motors" and "alternators".

## 2. Significant accounting policies

### A. Basis of preparation

**(i) Statement of compliance**

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

Effective 1 April 2016, the Company transitioned to Ind AS while the Financial Statements were being prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP) till 31 March 2017 and the transition was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". While carrying out transition, in addition to the mandatory exemptions, the Company had elected to certain exemption which are listed as below:

(a) Deemed cost exemption on Property, Plant and Equipment

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

(b) Leases:

Ind AS 101 permits that if there is any land lease newly classified as finance lease then the first time adopter may recognise assets and liability at fair value on that date; and any difference between those fair values is recognized in retained earnings.

Company has therefore classified land leases with multi decade lease periods as finance lease as on transition date.

**(ii) Functional and presentation currency**

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

**(iii) Basis of measurement**

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

| **Items** | **Measurement Basis** |
|---|---|
| Certain financial assets and liabilities (including | Fair Value |

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| | |
|---|---|
| derivatives instruments) | |
| Net defined benefit (asset)/ liability | Fair value of plan assets less present value of defined benefit obligations |

**(iv) Use of estimates and judgement**

In preparation of these financial statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized prospectively. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements is included in the following notes.

**Assumptions and estimation uncertainties**

- Recognition and estimation of tax expense including deferred tax– Note 2.14
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2.1
- Estimation of obligations relating to employee benefits: key actuarial assumptions –Note 2.30
- Valuation of Inventories – Note 2.5
- Recognition and measurement of provisions and contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 2.28
- Fair value measurement – Note 2.32
  leases: whether an arrangement contains a lease – point xiii
- lease classification – point xiii

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Where the normal operating cycle cannot be identified, it is assumed to have a duration of twelve months.

**v) Measurement of fair values**

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

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 2.32 – Financial instrument .

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### B. Changes in significant accounting policies

The Company has initially applied Ind AS 115 from 1 April 2018.

Due to the transition methods chosen by the company in applying the above standard, comparative information throughout these Financial Statements has not been restated to reflect the requirements of the new standard.

There is no significant impact of transition from Ind AS 18 to Ind AS 115 in recognizing revenue by the Company.

Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced Ind AS 18 Revenue Recognition, Ind AS 11 Construction Contracts and related interpretations. Under Ind AS 115, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgment.

The Company has adopted Ind AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for 2017-18 has not been restated - i.e. it is presented, as previously reported, under Ind AS 18, Ind AS 11 and related interpretations. Additionally, the disclosure requirements in Ind AS 115 have not generally been applied to comparative information.

### C. Summary of significant accounting policies

#### i) Foreign currency transactions and translations

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

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

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

#### ii) Revenue Recognition

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

However, sales tax/ value added tax (VAT)/ Goods and Services Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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

Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for

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determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the Statement of Profit and Loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. Refer note 2.2 (i) – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended 31 March 2018, for the revenue recognition policy as per Ind AS 18. The impact of the adoption of the standard on the Financial Statements of the Company is insignificant.

**Sale of goods**

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

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligation in contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

Unearned or deferred revenue is recognised when there is billings in excess of revenues.

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

Use of significant judgements in revenue recognition:

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

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

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

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

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

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

### iii) Property, plant and equipment

#### (a) Recognition and measurement

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

Cost of an item of property, plant and equipment includes its purchase price, import duties and non-refundable purchase taxes, duties or levies, after deducting trade discounts and rebates, any other directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to note 2.1 regarding significant accounting judgements, estimates and assumptions.

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

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

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

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

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

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

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

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

**(c) Subsequent costs**

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

**(d) Depreciation**

Depreciation on property, plant and equipment is provided on the straight-line method at the rates reflective of the estimated useful life of the assets estimated by the management.
The identified components are depreciated over their useful life, the remaining asset is depreciated over the life of the principal asset. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Leasehold land is amortized on a straight line basis over the period of the lease

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

| **Asset category** | **Useful lives estimated by the management (years)** |
|---|---|
| Plant and machinery | 21 |
| Factory Building | 40 |
| Furniture | 16 |
| Vehicles | 11 |
| Office equipment | 21 |
| Electrical installations and fittings | 21 |
| Computers | 6 |

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

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

**iv) Intangible Asset**

**a) Recognition and measurement**

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

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

**b) Subsequent costs**

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

**c) Amortisation**

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

- **Software**: Software purchased by the Company are amortized on a straight line basis in three years.

**v) Borrowing Cost**

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

**vi) Inventories**

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

| | | |
|---|---|---|
| Raw materials, components and stores and spares and stock in trade | : | Cost is determined on First In First Out (FIFO) basis. |
| Finished goods | : | Material cost plus appropriate share of labour and production overheads. Cost of finished goods includes excise duty, wherever applicable. |
| Work in progress | : | Material cost plus appropriate share of the labour and production overheads depending upon the stage of completion, wherever applicable. |

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products.

The comparison of cost and net realizable value is made on an item-by-item basis

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**vii) Impairment of non-financial assets**

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

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

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

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

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

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

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

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

**viii) Cash flow statement**

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

**ix) Recognition of interest expense**

Interest expense is recognized using effective interest method.

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

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

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

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

**xi) Employee Benefits**

**Short – term employee benefits**

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

**Defined contribution plan:**

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

**Defined benefit plan:**

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

**Other long term employee benefit:**

**Compensated absence:** Un-availed leaves for the year are accumulated and allowed to carried over to the next year and are within service period of the employees in accordance with the service rules of the Company.

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Provision for compensated absence is made by the Indian entities based on the amount payable as per the above service, based on actuarial valuation as at the balance sheet date.

**Other employee benefit plans:**

**Actuarial valuation:**

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

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

**xii) Leases**

*(i) Determining whether an arrangement contains a lease*

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

*(ii) Assets held under lease*

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note 2.4d). Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policies applicable to similar owned assets. Assets held under leases that do not transfer to the Company substantially all the risk and rewards of ownership (i.e. operating lease) are not recognized in the Company's Balance Sheet.

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Payments made under operating leases are generally recognized in the Statement of Profit and Loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase. Lease incentive received are recognized as an integral part of the total lease expense over the term of the lease.

Payments made under finance lease are allocated between the outstanding liability and finance cost. The finance cost is charged to the statement of profit and 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.

**xvi) Segment reporting**

Basis for segmentation

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

**(xv) Income taxes**

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

**(a) Current tax**

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

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

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

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

**(b) Deferred tax**

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

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

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

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

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

**(xvi) Earnings per Share**

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**(xvii) Provisions, contingent liabilities and contingent assets**

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

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

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

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

**xviii) Cash and cash equivalents**

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

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

**xix) Financial instruments**

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

***i. Recognition and initial measurement***

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

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

***ii. Classification and subsequent measurement***

*Financial assets*

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

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

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

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

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Equity investments*

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

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

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

*Financial assets: Business model assessment*

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

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

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

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

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

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

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

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

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

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

*Financial assets: Subsequent measurement and gains and losses*

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

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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***iii. Derecognition***

*Financial assets*

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

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

*Financial liabilities*

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

***iv. Offsetting***

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

***v. Derivative financial instruments***

The Company uses derivative instruments such as foreign exchange forward contracts and currency swaps to hedge its foreign currency and interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognized in profit and loss.

*Impairment of financial assets*

The Company recognizes loss allowances for expected credit losses on:
- Financial assets measured at amortized cost; and
- Financial assets measured at FVOCI – debt instruments.

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

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

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

*Measurement of expected credit losses*

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

*Presentation of allowance for expected credit losses in the balance sheet*

Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to the Statement of the Profit and Loss and is recognized in OCI.

*Write-off*

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

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

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

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

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

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

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

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

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

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

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

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- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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

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

**D. Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from 1 April 2019:

1. **Ind AS 116 - 'Leases'**

Ind AS 116 sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. This new standard provides two approaches to transition:

1. Full retrospective approach- Under this approach, the lessee applies the new standard retrospectively to each prior period presented and recognised an adjustment in equity at the beginning of the earliest period presented in accordance with Ind AS -8.
2. Modified retrospective approach- Under this approach, the lessee applies the new standard from the beginning of the current period and recognised an adjustment in equity at the beginning of the current and does not restate its prior financial information.

The effective date for adoption of this standard is annual period beginning on or after 1 April 2109. The Company will adopt this standard using modified retrospective approach effective 1 April 2019 for transition to IND AS 116 and will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

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

The Company has completed an initial assessment of the potential impact on its Financial Statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the Financial Statements in the period of initial application is not reasonably estimable as at present.

(2) **Amendment to Ind AS 19 – 'Employee benefits'**

The amendments to Ind AS 19, clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its Financial Statements.

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(3) **Amendments to Ind AS 12 - 'Income taxes'**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

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**Minda Autoelektrik Limited**
**Notes to the financial statements for the year ended 31 March 2019**

**2.1 Property, plant and equipment**

(Rs. in million)

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2018 | Additions | Deletions/ Adjustments | As at 31 March 2019 | As at 1 April 2018 | Depreciation for the year | Deletions/ Adjustments | As at 31 March 2019 | As at 31 March 2019 |
| | ( a ) | ( b ) | ( c ) | ( d ) = ( a+b-c) | ( e ) | ( f ) | ( g ) | ( h ) = (e+f-g) | ( I ) = ( d-h ) |
| Freehold Land | 15 | 3 | - | 18 | - | - | - | - | 18 |
| Building | 100 | 3 | - | 103 | 5 | 3 | - | 8 | 95 |
| Plant and machinery | 114 | 45 | - | 159 | 16 | 9 | - | 25 | 134 |
| Electrical installations and fittings | 9 | - | - | 9 | 1 | 2 | - | 3 | 6 |
| Office equipment | 3 | 0 | - | 3 | - | 1 | - | 1 | 2 |
| Computers | 3 | 1 | - | 4 | 2 | 1 | - | 3 | 1 |
| Furniture and fixtures | 7 | - | - | 7 | - | 1 | - | 1 | 6 |
| Vehicles | 1 | 3 | - | 4 | 0 | - | - | - | 4 |
| **Total** | **252** | **55** | - | **307** | **24** | **17** | - | **41** | **266** |
| Capital Work in progress | 5 | - | 1 | 4 | - | - | - | - | 4 |
| | **257** | **55** | **1** | **311** | **24** | **17** | - | **41** | **270** |

(Rs. in million)

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2017 | Additions | Deletions/ Adjustments | As at 31 March 2018 | As at 1 April 2017 | Depreciation for the year | Deletions/ Adjustments | As at 31 March 2018 | As at 31 March 2018 |
| | ( a ) | ( b ) | ( c ) | ( d ) = ( a+b-c) | ( e ) | ( f ) | ( g ) | ( h ) = (e+f-g) | ( I ) = ( d-h ) |
| Freehold Land | 15 | - | - | 15 | - | - | - | - | 15 |
| Building | 100 | - | - | 100 | 2 | 3 | - | 5 | 95 |
| Plant and machinery | 109 | 5 | - | 114 | 8 | 8 | - | 16 | 98 |
| Electrical installations and fittings | 9 | - | - | 9 | 1 | - | - | 1 | 8 |
| Office equipment | 3 | - | - | 3 | - | - | - | - | 3 |
| Computers | 2 | 1 | - | 3 | 1 | 1 | - | 2 | 1 |
| Furniture and fixtures | 7 | - | - | 7 | - | - | - | - | 7 |
| Vehicles | 1 | - | - | 1 | - | - | - | - | 1 |
| *Total (A)* | **246** | **6** | - | **252** | **12** | **12** | - | **24** | **228** |
| Capital work-in-progress | - | 5 | - | 5 | - | - | - | - | 5 |
| *Total (B)* | - | **5** | - | **5** | - | - | - | - | **5** |
| *Total ( A+B )* | **246** | **11** | - | **257** | **12** | **12** | - | **24** | **233** |

Minda Autoelektrik Limited
Notes to the standalone financial statements for the year ended 31 March 2019

## 2.1a Intangible Assets

(Rs. in million)

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2018 | Additions | Deletions/ Adjustments | As at 31 March 2019 | As at 1 April 2018 | Depreciation for the year | Deletions/ Adjustments | As at 31 March 2019 | As at 31 March 2019 |
| | ( a ) | ( b ) | ( c ) | ( d ) = ( a+b-c) | ( e ) | ( f ) | ( g ) | ( h ) = (e+f-g) | ( I ) = ( d-h ) |
| Computer software | 3 | 2 | - | 5 | 2 | 1 | - | 3 | 2.40 |
| **Total** | **3** | **2** | **-** | **5** | **2** | **1** | **-** | **3** | **2** |

(Rs. in million)

| Particulars | Gross Block | | | | Accumulated amortisation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2017 | Additions | Deletions/ Adjustments | As at 31 March 2018 | As at 1 April 2017 | Depreciation for the year | Deletions/ Adjustments | As at 31 March 2018 | As at 31 March 2018 |
| | ( a ) | ( b ) | ( c ) | ( d ) = ( a+b-c) | ( e ) | ( f ) | ( g ) | ( h ) = (e+f-g) | ( I ) = ( d-h ) |
| Computer software | 3 | - | - | 3 | 1 | 1 | - | 2 | 1 |
| **Total** | **3** | **-** | **-** | **3** | **1** | **1** | **-** | **2** | **1** |

**2.2 Loans (unsecured, considered good, unless otherwise stated)** (Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Non-current** | | |
| Security deposits | 1 | - |
| | **1** | **-** |

**2.3 Other financial assets** (Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Other non current assets** | | |
| Balance with Banks | | |
| - Deposits due to mature after 12 months from the reporting date | - | - |
| Interest accrued on fixed deposits | - | - |
| | - | - |

**2.4 Other non-current assets (unsecured, considered good, unless otherwise stated)** (Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Capital advances | - | 15 |
| | - | **15** |

**2.5 Inventories** (Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Raw materials (including packing materials) | 40 | 37 |
| Work-in-progress | 23 | 17 |
| Finished goods | 5 | 3 |
| Add: Goods In Transit | 12 | - |
| | 17 | 3 |
| Stores and spares | 2 | 2 |
| | **82** | **59** |

**2.6 Trade receivables** (Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| (Unsecured and current) | | |
| Trade receivables | 229 | 238 |
| Receivable from related parties (refer note 2.31) | 32 | 16 |
| **Total** | **261** | **254** |

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**2.7 Cash and cash equivalents**

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash in hand | - | - |
| **Balance with banks** | | |
| - On current accounts | 1 | 7 |
| | **1** | **7** |

**2.8 Loans**

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Security deposits | - | - |
| | - | - |

**2.9 Other financial assets**

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Advance to employees | - | - |
| Fixed Deposit with bank | - | 1 |
| **Total** | - | **1** |

**2.10 Other current assets**

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Advance to suppliers | 1 | - |
| Balance with government authorities | 35 | 34 |
| Prepaid expenses | 1 | - |
| Others | 1 | 3 |
| | **38** | **37** |

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(Rs. in million)

## 2.11 Share Capital

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Authorised** | | |
| 9,000,000 (March 31, 2018 : 9,000,000) equity Shares of Rs.10 each | 90 | 90 |
| **Issued, subscribed and fully paid up** | | |
| 8,508,333 (March 31, 2018 : 8,508,333) equity Shares of Rs.10 each | 85 | 85 |
| | **85** | **85** |

## 2.11(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

(Rs. in million)

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| **Equity shares** | | | | |
| Balance as at the beginning of the year (face value Rs. 10 per | 85,08,333 | 85 | 85,08,333 | 85 |
| Add: Issued during the year (face value Rs. 10 per share) | - | - | - | - |
| Balance as at the end of the year [face value of Rs. 10 each (March 31, 2018: Rs. 10 each)] | **85,08,333** | **85** | **85,08,333** | **85** |

## 2.11(b) Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares having a par value of Rs.10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The voting rights of an equity shareholder are in proportion to its share of the paid up equity share capital of the Company.

## 2.11(c) Details of shareholders holding more than 5% shares in the Company

**i) Equity shares of Rs. 10 each (March 31, 2018: Rs. 10 each) fully paid up**

| Name of Shareholder | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Number of shares | % holding in the class | Number of shares | % holding in the class |
| Minda Corporation Limited | 85,08,333 | 100% | 85,08,333 | 100% |
| **Total** | **85,08,333** | **100%** | **85,08,333** | **100%** |

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## 2.12 Other Equity

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Share premium reserve** | | |
| Opening Balance | 103 | 103 |
| **Closing Balance** | **103** | **103** |
| **Capital Reserve** | | |
| Opening Balance | 2 | 1 |
| Add: Amount transfer from surplus during the year | - | 1 |
| **Closing Balance** | **2** | **2** |
| **Retained Earings** | | |
| At the commencement of the year | 46 | 28 |
| Add: Net profit for the year | 25 | 18 |
| | 71 | 46 |
| **Other comprehensive Income - Remeasurement of net defined benefit plans, net** | | |
| Opening Balance | (3) | (2) |
| Add/ (Less): Remeasurement of defined benefit liabilities | 1 | (1) |
| Closing Balance | (2) | (3) |
| **Total Other equity** | **174** | **148** |

## 2.12.1 Earning per share

(Rs. in million)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Net profit attributable to equity shareholders** | | |
| **Profit after tax** | **25** | **18** |
| **Number of weighted average equity shares** | | |
| Basic | 8,50,83,330 | 8,50,83,330 |
| Diluted | 8,50,83,330 | 8,50,83,330 |
| Nominal value of equity share (Rs.) | 10 | 10 |
| Earnings per share (Rs.) (Basic) | **2.94** | **2.07** |
| Earnings per share (Rs.) (Diluted) | **2.94** | **2.07** |

## 2.12.2 Nature and purpose of other equity

**Securities premium reserve**

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

**Capital reserve**

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

**Remeasurements of defined benefit obligation**

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

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## 2.13 Borrowings

(Rs. in million)

| Particulars | Footnote | Long Term maturities | | Current maturities* | |
|---|---|---|---|---|---|
| | | As at 31 March 2019 | As at 31 March 2018 | As at 31 March 2019 | As at 31 March 2018 |
| ***Secured*** | | | | | |
| Term loan from bank | 1 | 30 | 15 | 16 | 17 |
| | | **30** | **15** | **16** | **17** |

* Current portion of long-term borrowings is disclosed under the head "other current financials liabilities". Refer note 2.18

**Footnotes :**

(Rs. in million)

| S. No. | Lender | Terms of repayment | Loan outstanding as at 31 March 2019 | Loan outstanding as at 31 March 2018 | Details of security / guarantee |
|---|---|---|---|---|---|
| 1 | HDFC Bank | • Repayment terms : Quarterly instalments<br>• Rate of interest: 10.80% in april and may'17 to mar'18 @ 9.50%<br>• Period / date of maturity : April 2019<br>• Number of instalments : Total instalments: 12, Balance instalments: 1<br>• Amount of instalments : Rs. 2,058,668.58 | 2 | 10 | Exclusive charge on the entire current assets of the Company both present and future with value of Rs. 194.99 million as on FY 2014-15.<br>Exclusive charge on the entire moveable and immovable fixed assets of the Company with WDV of Rs 240.00 million as on FY 2014-15.<br>Corporate guarantee of Minda Corporation Limited with Audited NTW of Rs 3314.79Mn as on FY 2014-15, release from Sep' 2018. |
| | HDFC Bank | • Repayment terms : Quarterly instalments<br>• Rate of interest: 10.80% in april and may'17 to mar'18 @ 9.50%<br>• Period / date of maturity : August 2020<br>• Number of instalments : Total instalments: 16, Balance instalments: 6<br>• Amount of instalments : Rs. 2,187,500 | 13 | 22 | Exclusive charge on the entire current assets of the Company both present and future with value of Rs. 194.99 million as on FY 2014-15.<br>Exclusive charge on the entire moveable and immovable fixed assets of the Company with WDV of Rs 240.00 million as on FY 2014-15.<br>Corporate guarantee of Minda Corporation Limited with Audited NTW of Rs 3314.79Mn as on FY 2014-15, release from Sep' 2018. |
| | Kotak | • Repayment terms : Quarterly instalments, will start from July'2019<br>• Rate of interest: @ 9.50%<br>• Period / date of maturity : August' 2024<br>• Number of instalments : Total instalments: 60 Balance instalments: 60 | 31 | - | Exclusive charge on the entire current assets of the Company both present and future with value of Rs. 194.99 million as on FY 2014-15.<br>Exclusive charge on the entire moveable and immovable fixed assets of the Company with WDV of Rs 240.00 million as on FY 2014-15.<br>Corporate guarantee of Minda Corporation Limited with Audited NTW of Rs 3314.79Mn as on FY 2014-15, release from Sep' 2018. |
| | | **Total** | **46** | **32** | |

### 2.13.1 Movement in current and non-current borrowings

(Rs. in million)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Borrowings as the beginning of the year | 32 | 49 |
| Movement due to cash transactions | 118 | (17) |
| **Borrowings at the end of the year** | **150** | **32** |

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## 2.14 Deferred tax liabilities (Net)

**A. Amounts recognised in statement of profit and loss**

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Current tax** | | |
| Current year | 7 | - |
| Adjustment for prior years | - | - |
| | 7 | - |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | (7) | (1) |
| | (7) | (1) |
| **Income tax expense reported in the statement of profit and loss** | - | (1) |

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

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Remeasurement of post employment benefit obligation | - | - |
| **Income tax recognised in other comprehensive income/(expense)** | - | - |

**C. Reconciliation of effective tax rate**

Reconciliation of tax expense and the accounting profit/ (loss) multiplied by India's domestic tax rate for the year ended March 31, 2019 and March 31, 2018:

(Rs. in million)

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Rate | Amount | Rate | Amount |
| **Profit before tax from continuing operations** | | 24 | | 17 |
| Tax using the Company's domestic tax rate | 27.82% | 7 | 34.61% | 6 |
| Tax effect of: | | | | |
| Unabsorbed Depreciation | 27.82% | (7) | 34.61% | (6) |
| **Effective tax rate** | 0% | - - | 0% | - |

**D. Movement of temporary differences**

| Particulars | 1 April 2017 | Recognised in profit or loss during 2017-18 | Recognised in OCI during 2017-18 | As at 31 March 2018 | Recognised in profit or loss during 2018-19 | Recognised in OCI during 2018-19 | As at 31 March 2019 |
|---|---|---|---|---|---|---|---|
| **Deferred tax liability** | | | | | | | |
| Difference between book and tax depreciation | 23 | (23) | - | 1 | - | - | 1 |
| | 23 | (23) | - | 1 | - | - | 1 |
| **Deferred tax assets** | | | | | | | |
| Provision for gratuity | 3 | (3) | - | - | - | - | - |
| MAT credit entitlement | - | - | - | - | 7 | - | 7 |
| Unabsorbed business losses and depreciation | 30 | (19) | - | 11 | - | - | 11 |
| | 33 | (22) | - | 11 | 7 | - | 18 |
| **Net Deferred tax liabilities /(assets) (A) - (B)** | (10) | (1) | - | (10) | (7) | - | (17) |

In the absence of virtual certainty, deferred tax asset has been recognised only to the extent of deferred tax liability.

**E. Tax losses and tax credits for which no deferred tax asset was recognised expire as follows:**

| Expire Year | As at 31 March 2019 Gross Amount | As at 31 March 2019 Unrecognised tax effect | As at 31 March 2018 Gross Amount | As at 31 March 2018 Unrecognised tax effect |
|---|---|---|---|---|
| **Business Loss** | | | | |
| 2014-2015 | - | - | - | - |
| 2015-2016 | - | - | - | - |
| 2016-2017 | - | - | - | - |
| **Unabsorbed depreciation (never expired)** | | | | |
| 2014-2015 | - | - | 8 | 3 |
| 2015-2016 | 26 | 7 | 27 | 9 |
| 2016-2017 | 8 | 2 | 8 | 3 |
| | 34 | 9 | 43 | 15 |

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**Notes to the financial statements for the year ended 31 March 2019**

**(Rs. in million)**

## 2.15 Provisions

| | Non-current portion | | Current portion | |
|---|---|---|---|---|
| | As at 31 March 2019 | As at 31 March 2018 | As at 31 March 2019 | As at 31 March 2018 |
| **Provision for employee benefits** | | | | |
| Gratuity (refer note 2.30) | 6 | 8 | - | 1 |
| Compensated absences | 3 | 3 | - | - |
| **Other provisions** | | | | |
| Provision for warranty | - | - | 7 | 1 |
| | 9 | 11 | 7 | 2 |

### 2.15.1 Movement in warranty cost provision

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

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Opening Balance | 1 | 2 |
| Provision made during the year | 7 | 8 |
| Provision utilised during the year | (1) | (9) |
| Closing Balance | 7 | 1 |

The Company provides warranty on the sales made during the year for a period of 12 months from the date of sale for manufacturing defects

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(Rs. in million)

**2.16 Borrowings**

| Particulars | Footnote | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| **2.17.1 Secured** | | | |
| Cash credit from bank | [ 1 ] | 99.31 | 111 |
| Vehicle Loan from Kotak | [ 2 ] | 3 | - |
| **2.17.2 Unsecured** | | | |
| Loan from Others (refer to note 2.31) | [ 3 ] | - | 22 |
| **Total** | | 102 | 133 |

(Rs. in million)

**Footnotes:**

| S. No. | Lender | Terms of repayment | Loan outstanding as at 31 March 2019 | Loan outstanding as at 31 March 2018 | Details of security / guarantee |
|---|---|---|---|---|---|
| 1 | HDFC Bank | • Repayment term: On demand<br>• Rate of interest : 9.50% | 23 | 80 | The cash credit is secured by exclusive first charge on the entire current assets of the Company, both present and future. Further, cash credit is secured by the collateral security of exclusive first hypothecation charge of the entire moveable fixed assets of the Company both present and future other than vehicles.<br>Further, cash credit is secured by the following collateral security:<br>1. Equitable mortgage of land and building at Industrial Plot at Bawal measuring 8000 sq meters, belonging to Minda Autoelektrik Limited (formerly known as Panalfa Autoelektrik Ltd) (Industrial Plot No. 355, Sector-3, Phase-II, at Growth Centre, Bawal of 7875 sq mtrs allotted by HSIIDC at Bawal). |
| | Kotak Mahindra Bank | • Repayment term: On demand<br>• Rate of interest : 9.50% | 31 | 31 | Exclusive charge on the entire current assets of the company both present and future with value of Rs 194.99 Mn as on FY 2014-15.<br>Exclusive charge on the entire moveable and immovable fixed assets of the company with WDV of Rs 240.00 Mn<br>CG of Minda Corporation Limited with Audited NTW of Rs 3,314.79 Mn as on FY 2014-15. |
| | HDFC Bank | • Repayment term: On demand<br>• Rate of interest : 9.50% | 20 | - | The cash credit is secured by exclusive first charge on the entire current assets of the Company, both present and future. Further, cash credit is secured by the collateral security of exclusive first hypothecation charge of the entire moveable fixed assets of the Company both present and future other than vehicles.<br>Further, cash credit is secured by the following collateral security:<br>1. Equitable mortgage of land and building at Industrial Plot at Bawal measuring 8000 sq meters, belonging to Minda Autoelektrik Limited (formerly known as Panalfa Autoelektrik Ltd) (Industrial Plot No. 355, Sector-3, Phase-II, at Growth Centre, Bawal of 7875 sq mtrs allotted by HSIIDC at Bawal). |
| | HDFC Bank | • Repayment term: On demand<br>• Rate of interest : 6.50% | 25 | - | The cash credit is secured by exclusive first charge on the entire current assets of the Company, both present and future. Further, cash credit is secured by the collateral security of exclusive first hypothecation charge of the entire moveable fixed assets of the Company both present and future other than vehicles.<br>Further, cash credit is secured by the following collateral security:<br>1. Equitable mortgage of land and building at Industrial Plot at Bawal measuring 8000 sq meters, belonging to Minda Autoelektrik Limited (formerly known as Panalfa Autoelektrik Ltd) (Industrial Plot No. 355, Sector-3, Phase-II, at Growth Centre, Bawal of 7875 sq mtrs allotted by HSIIDC at Bawal). |
| 2 | Kotak Mahindra Prime Ltd. | • Repayment term: On demand<br>• Rate of interest : 9.5% | 3 | - | Exclusive charge on the entire current assets of the company both present and future with value of Rs 194.99 Mn as on FY 2014-15.<br>Exclusive charge on the entire moveable and immovable fixed assets of the company with WDV of Rs 240.00 Mn<br>CG of Minda Corporation Limited with Audited NTW of Rs 3,314.79 Mn as on FY 2014-15. |
| 3 | Loan from Other | • Repayment term: On demand<br>• Rate of interest : 12.0% | - | 22 | Unsecured<br>Short term demand loan against supplies, re-paid in 12 monthly instalments from sale proceeds. |

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**2.17 Trade payables**

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| - Total outstanding dues of micro enterprises and small enterprises (refer to note 2.17.1) | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 231 | 187 |
| - Trade payables to related parties (refer to note 2.31) | 7 | 7 |
| | 238 | 194 |

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

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

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| (i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year | | |
| - Principal amount | - | - |
| - Interest thereon | - | - |
| | - | - |
| (ii) the amount of interest paid in terms of section 16, along with the amounts of the payment made to the suppliers beyond the appointed day: | | |
| - Principal amount | - | - |
| - Interest thereon | - | - |
| | - | - |
| (iii) the amount of interest due and payable for the year of delay in making payment ( which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act | - | - |
| | - | - |
| (iv) the amount of interest accrued and remaining unpaid. | - | - |
| | - | - |

**2.18 Other financial liabilities**

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Current maturities of long-term borrowings (refer note 2.13) | 16 | 17 |
| Interest accrued but not due on borrowings (refer note 2.31) | - | 5 |
| Salary, wages & bonus payable | 5 | 2 |
| Creditors for capital items | 1 | 1 |
| | 22 | 25 |

**2.19 Other current liabilities**

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Advance from customers | - | 1 |
| Retention monies payable | - | 2 |
| Security deposits | - | - |
| Statutory dues payable | 2 | 1 |
| | 2 | 4 |

**2.20 Current tax liabilities**

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Provision for income tax [net of advance income tax Rs. 4 million (March 31, 2018: Rs. Nil)] | 3 | - |
| | 3 | - |

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## 2.21 Revenue from Operations

(Rs. in million)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Sale of products** | | |
| - Manufatured Goods | 1,223 | 1,016 |
| | **1,223** | **1,016** |
| **Other operating revenue** | | |
| - Export incentives | 11 | 9 |
| - Exchange fluctuations (net) | 4 | - |
| - Scrap Sale | 2 | 1 |
| | **17** | **10** |
| **Revenue from Operations** | **1,240** | **1,026** |

Revenue from operations, computed in accordance with Ind AS 115 'Revenue from contracts with customers', for the current year is not comparable with previous year since the same is net of Goods and Service Tax (GST) whereas excise duty form part of expenses in previous year and current year (uptill 30 June 2017). The comparative revenue from operations of the Company is given below:

(Rs. in million)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Revenue from operations (as reported) | 1,223 | 1,016 |
| Less: Excise duty on sales | - | (28) |
| **Revenue from operations (net of excise duty)** | **1,223** | **988** |

## 2.22 Other income

(Rs. in million)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Interest on fixed deposits | - | - |
| Miscellaneous income | 2 | 1 |
| | **2** | **1** |

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## 2.23 Cost of Materials Consumed

(Rs. in million)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Raw materials consumed** | | |
| Opening stock | 37 | 29 |
| Add: Purchases during the year | 980 | 784 |
| | 1,017 | 813 |
| Less: Closing stock | 40 | 37 |
| | 977 | 776 |

## 2.24 Changes in inventory of finished goods and work in progress

(Rs. in million)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Finished goods and stock in trade** | | |
| Opening stock | 4 | 14 |
| Less: Closing stock | 17 | 4 |
| | **(13)** | **10** |
| **Work in progress** | | |
| Opening stock | 17 | 6 |
| Less: Closing stock | 23 | 17 |
| | **(6)** | **(11)** |
| | **(19)** | **(1)** |

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**(Rs. in million)**

### 2.25 Employee Benefits Expenses

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Salaries and wages | 105 | 93 |
| Contribution to Provident and other funds | | |
| - Provident fund and other funds | 5 | 5 |
| - Gratuity fund (refer to note 2.30) | - | 1 |
| Staff welfare | 7 | 4 |
| | **117** | **103** |

**(Rs. in million)**

### 2.26 Finance Cost

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Interest expense : | | |
| - On borrowings from bank | 13 | 10 |
| - On borrowings from others (refer to note 2.31) | 7 | 1 |
| Other borrowing costs | 1 | 1 |
| | **21** | **12** |

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## 2.27 Other expenses

(Rs. in million)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Consumption of stores and spare parts | 5 | 5 |
| Power and fuel | 12 | 10 |
| Other manufacturing expenses | 4 | 4 |
| Repairs and maintenance : | | |
| - Plant and machinery | 4 | 4 |
| - Building | - | - |
| - Others | 4 | 3 |
| Management Consultancy Services (refer to note 2.31) | 12 | 10 |
| Business Support Services (refer to note 2.31) | 6 | - |
| Rates and taxes | - | - |
| Insurance | 1 | 1 |
| Travelling and conveyance | 6 | 7 |
| Advertisement and Business promotion expenses | - | 1 |
| Communication expenses | - | 1 |
| Legal and professional (refer note 2.27.1) | 4 | 6 |
| Provision for doubtful receivables | 6 | - |
| Net loss on account of foreign exchange fluctuations | - | 1 |
| Sales and distribution expenses | 21 | 13 |
| Warranty | 11 | 8 |
| Bank charges | 1 | 1 |
| Postage and telegram | 1 | 1 |
| Recruitment charges | 2 | - |
| Miscellaneous | 3 | 3 |
| | **103** | **79** |

## 2.27.1 Auditor's Remuneration (Excluding Goods and Service Tax)

Legal and professional expenses includes auditor's remuneration as follows:

(Rs. in million)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| -Statutory audit | 1 | 1 |
| -Tax audit | - | - |
| -Out of pocket expenses | - | - |
| **Total** | **1** | **1** |

## 2.28 Capital commitments

Capital Commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 1 million (31 March 2018: Rs. 15 million)

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**2.29** As per Ind-AS 108, Operating segments have been defined based on the regular review by the Company's Chief Operating Decision Maker to assess the performance of each segment and to make decision about allocation of resources. The Company business activities fall within single primary business segment, viz, manufacturing of Automobile Components and Parts thereof. Accordingly, disclosures under Ind AS 108, Operating Segments are not required to be made.

Detail of revenue from operation at year end, property, plant and equipment and intangible assets are as follows:

**a) Revenue from operation** **(Rs. in million)**

| Location | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Domestic | 915 | 780 |
| Overseas | | |
| Asia (excluding domestic) | - | - |
| Europe | 326 | 236 |
| **Total** | 1,241 | 1,016 |

**b) Carrying amount of assets** **(Rs. in million)**

| Location | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Domestic | 665 | 604 |
| Overseas | | |
| Asia (excluding domestic) | - | - |
| Europe | 7 | 15 |
| **Total** | 672 | 619 |

**c) Addition of Property, plant and equipment and intangible assets** **(Rs. in million)**

| Location | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Domestic | | |
| - Property, plant and equipment | 56 | 12 |
| - Intangible fixed assets | 2 | - |
| | **58** | **12** |
| Overseas | | |
| - Property, plant and equipment | - | - |
| - Intangible fixed assets | - | - |
| | - | - |

Segment revenue in the geographical segments considered for disclosure is as follows:-

-Revenue within India ( Domestic) include sale to customers located within India, and

-Revenue outside India (Overseas) include sale of products manufactured in india to customers located outside India

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

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## 2.30 Employee benefits

**a) Defined contribution plans:**
The Company's employee provident fund and Employee's state insurance schemes are defined contribution plans. The following amounts have been recognised as expense for the year and shown under the Employee benefits expenses in note 2.25

(Rs. in million)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Contribution towards | | |
| -Provident fund | 5 | 5 |
| -Employee state insurance | 1 | - |
| **Total** | 6 | 5 |

**b) Defined benefit plans:**
The Company provides for gratuity, a defined benefit plan covering all employees of the Company. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service at the time of retirement / exit. Liability with regard to gratuity and compensated absences is accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary. The gratuity plan is an unfunded obligation, and accordingly disclosures with respect to the plan assets are not applicable.

**Changes in the present value of the defined benefit obligation during the year** (Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Present value of obligation as at the beginning of the year | 8 | 8 |
| Current service cost | 1 | 1 |
| Interest cost | 1 | 1 |
| Change in demographic assumptions | - | - |
| Change in financial assumptions | - | - |
| Actuarial loss/ (gain) on obligation | - | 1 |
| Benefits paid | (2) | (3) |
| **Present value of obligation as at the end of the year** | 8 | 8 |

**Reconciliation of the present value of defined benefit obligation** (Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Present value of obligation as at the end of the year | 8 | 8 |
| Fair value of plan assets | - | - |
| Unfunded liability / provision in Balance Sheet | 8 | 8 |

**Expenses recognised in the Statement of Profit and Loss** (Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Current service cost | 1 | 1 |
| Interest cost on benefit obligation | 1 | 1 |
| | 2 | 2 |

**Amount recognized in current year and previous four years:**

| Particulars | As at 31 March 2019 | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 |
|---|---|---|---|---|---|
| Present value of obligation as on the end of year | 8 | 8 | 9 | 6 | 6 |
| Fair value of plan assets at the end of the year | - | - # | - # | - # | - |
| Surplus/ ( Deficit) | (8) | (8) # | (9) # | (6) # | (6) |
| Experience adjustment on plan liabilities (loss)/gain | - | 1 | - | - | - |
| Experience adjustment on plan assets (loss)/gain | - | - # | - # | - # | - |

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**Acturial Assumptions**

| Particulars | | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| Discount rate (p.a.) | | 7.50% | 7.80% |
| Salary escalation rate (p.a.) | First 3 years | 10.00% | 10.00% |
| | Next 2 years | 8.00% | 10.00% |
| | Thereafter | 7.00% | 10.00% |
| Normal Retirement age | | 60 years | 60 years |
| Mortality rate (% of IALM 06-08) | | 100% | 100% |
| Attrition rate | | | |
| - Upto 30 years of age | | 12.00% | 10.00% |
| - From 31 years of age to 44 years of age | | 8.00% | 10.00% |
| - Above 44 years of age | | 5.00% | 10.00% |

**Note:**
The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
The discount rate is estimated based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligation.

**Sensitivity Analysis:**
Significant acturial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible change of the assumptions occuring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate ( + / - 0.50%) | 7 | 7 | 8 | 9 |
| | -4.6% | 5.0% | -4.0% | 4.3% |
| Future Salary Growth rate ( + / - 0.50%) | 7 | 7 | 9 | 8 |
| | 4.2% | -4.0% | 4.2% | 4.3% |

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

Sensitivities due to mortality & withdrawals are not material and hence impact of change due to these not calculated.
Sensitivities as rate of increase of pensions in payments, rate of increase of pensions before retirement & life expectancy are not applicable.

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

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| 1 year | - | 1 |
| 1 to 2 years | - | 1 |
| 2 to 3 years | 1 | 1 |
| 3 to 4 years | 1 | 1 |
| 4 to 5 years | 1 | 1 |
| 5 to 6 years | 1 | 1 |
| 6 years onwards | 13 | 4 |

**Other long-term employee benefits: Compensated absences**

The Company operates a compensated absences plan wherein every employee is entitled to the benefit equivalent to 26 days leave salary for every completed year of service up to a maximum accumulation of leaves of 56 days. The salary for calculation of earned leave is last drawn basic salary. The same is payable during the service, early retirement, withdrawal of scheme, resignation by employee and upon death of employee.

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

**Changes in the present value of the defined benefit obligation during the year**

| Particulars | | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| Discount rate (p.a.) | | 7.50% | 7.80% |
| Salary escalation rate (p.a.) | First 3 years | 10.00% | 10.00% |
| | Next 2 years | 8.00% | 10.00% |
| | Thereafter | 7.00% | 10.00% |
| Normal Retirement age | | 60 years | 60 years |
| Mortality rate (% of IALM 06-08) | | 100% | 100% |
| Attrition rate | | | |
| - Upto 30 years of age | | 12.00% | 10.00% |
| - From 31 years of age to 44 years of age | | 8.00% | 10.00% |
| - Above 44 years of age | | 5.00% | 10.00% |

The other long- term benefit of compensated absence in respect of employees of the Company as at 31 March 2019 amounts to Rs. 3 million (31 March 2018: Rs. 3 million) and the expense recognised in the statement of profit and loss during the year for the same amounts to Rs. 1 million (31 March 2018: Rs. 4 million) [Gross payment of Rs 2 million (31 March 2018: Rs 2 million)]

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**Sensitivity Analysis:**
Resaonably possible change at the reporting date to one of the relevant acturial assumptions, holding other assumption constant, would have affected the defined

| Particulars | For the year ended 31 March 2019 | | For the year ended 31 March 2018 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Deerease |
| Discount rate ( + / - 0.50%) | 3 | 3 | - | - |
| Future Salary Growth rate ( + / - 0.50%) | 3 | 3 | - | - |

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

Sensitivities due to mortality & withdrawals are not material and hence impact of change due to these not calculated.
Sensitivities as rate of increase of pensions in payments, rate of increase of pensions before retirement & life expectancy are not applicable.

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

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| 1 year | - | - |
| 1 to 2 years | - | - |
| 2 to 3 years | - | - |
| 3 to 4 years | - | - |
| 4 to 5 years | - | - |
| 5 to 6 years | - | - |
| 6 years onwards | 6 | 2 |

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

**c) Risk Exposure**
Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:
**a) Asset volatility**
The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimize risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Company intends to maintain the above investment mix in the continuing years.

**b) Changes in discount rate**
A decrease in discount rate will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.
**c) Inflation risks**
In the plans, the payment are not linked to the inflation so this is a less material risk.
**d) Life expectancy**
The plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

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

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**2.31 Related party disclosures, as required by Ind AS 24, "Related party disclosures" are given below**

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

| Description of relationship | Name of the related party |
|---|---|
| Ultimate Holding Company | Minda Corporation Limited |
| Entity over which the Company or Key Managerial Personnel and their relatives, its holding Company or Key Managerial Personnel and their relatives, are able to exercise significant influence | Minda Management Services Limited<br>Minda Automotive System Limited |

**b) Transactions with related parties:** (Rs. in million)

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|
| **Management fee** | | |
| Minda Management Services Limited | 12 | 10 |
| Minda Automotive System Limited | 6 | - |
| **Loan received during the year** | | |
| Minda Automotive System Limited | - | 30 |
| **Finance costs** | | |
| Minda Automotive Solution Limited - Interest on Loan | 1 | 1 |
| Minda Automotive Solution Limited- Bill Discounting | - | 1 |
| **Other Expenses** | | |
| Minda Corporation Limited - Audit Fee | 1 | - |
| **Sales** | | |
| Minda Automotive Solutions Limited | 98 | 83 |
| **Purchase** | | |
| Minda Corporation Limited | 3 | - |

**c) Balances outstanding:** (Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Trade payables** | | |
| Minda Corporation Limited (Interest account) | - | 4 |
| Minda Corporation Limited (Current account) | 5 | 5 |
| Minda Management Services Limited | 2 | 2 |
| **Short-term borrowings** | | |
| Minda Automotive System Limited | - | 23 |
| **Trade Receivables** | | |
| Minda Automotive Solutions Limited | 32 | 16 |

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**2.32 Financial instruments – Fair values and risk management**

**a. Financial instruments – by category and fair values hierarchy**

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

**I. As on March 31, 2019**

| Particulars | Carrying value | | | | Fair value measurement using | | |
|---|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost | Total | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | | |
| **Non-current** | | | | | | | |
| (i) Loans | 1 | - | - | 1 | - | - | - |
| (ii) Other financial assets | - | - | - | - | - | - | - |
| | - | | | | | | |
| **Current** | - | | | | | | |
| (i) Trade receivables | 261 | - | - | 261 | - | - | - |
| (ii) Cash and cash equivalents | 1 | - | - | 1 | - | - | - |
| (iii) Loans | - | - | - | - | - | - | - |
| (vi) Other financial assets | - | - | - | - | - | - | - |
| **Total** | 263 | - | - | 263 | | | |
| **Financial liabilities** | | | | | | | |
| **Non-current** | | | | | | | |
| (i) Borrowings | 30 | - | - | 30 | - | - | 30 |
| | - | | | - | | | |
| **Current** | - | | | - | | | |
| (i) Borrowings | 101 | - | - | 101 | - | - | - |
| (ii) Trade payables | 239 | - | - | 239 | - | - | - |
| (iii) Other financial liabilities | 23 | - | - | 23 | - | - | - |
| **Total** | 393 | - | - | 393 | | | |

**II. As on March 31, 2018**

(Rs. in million)

| Particulars | Carrying value | | | | Fair value measurement using | | |
|---|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost | Total | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | | |
| **Non-current** | | | | | | | |
| (i) Investments | | | | | | | |
| Equity instrument | - | - | - | - | - | - | - |
| Prefernce shares | - | - | - | - | - | - | - |
| (ii) Loans | - | - | - | - | - | - | - |
| (iii) Other financial assets | - | - | - | - | - | - | - |
| **Current** | | | | | | | |
| (i) Investments | | | | | | | |
| Equity instrument | - | - | - | - | - | - | - |
| Prefernce shares | - | - | - | - | - | - | - |
| (ii) Trade receivables | 254 | - | - | 254 | - | - | - |
| (iii) Cash and cash equivalents | 7 | - | - | 7 | - | - | - |
| (iv) Bank balances other than (iii) above | - | - | - | - | - | - | - |
| (v) Loans | - | - | - | - | - | - | - |
| (vi) Other financial assets | 1 | - | - | 1 | - | - | - |
| | 262 | - | - | 262 | | | |
| **Financial liabilities** | | | | | | | |
| **Non-current** | | | | | | | |
| (i) Borrowings | 15 | - | - | 15 | - | - | 15 |
| (ii) Trade payables | - | - | - | - | - | - | |
| (iii) Other financial liabilities | - | - | - | - | - | - | - |
| **Current** | | | | | | | |
| (i) Borrowings | 133 | - | - | 133 | - | - | - |
| (ii) Trade payables | 194 | - | - | 194 | - | - | - |
| (iii) Other financial liabilities | 25 | - | - | 25 | - | - | - |
| **Total** | 368 | - | - | 368 | | | |

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

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

There have been no transfers between Level 1, Level 2 and Level 3 for the years ended March 31, 2019, March 31, 2018.

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

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

**b. Financial risk management**

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

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

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

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**b. Financial risk management (continued)**

**(i) Credit risk**

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

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Trade receivables | 261 | 254 |
| Cash and cash equivalents | 1 | 7 |
| Balances other than cash and cash equivalents | - | - |
| Loans | 1 | - |
| Other financial assets | - | 1 |

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans. Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

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

Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss (ECL) model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as Company's historical experience for customers. The reversal for lifetime expected credit loss on customer balances for the year ended March 31, 2019 is Rs 6 million and year ended March 31, 2018 were ₹ Nil

**Movement in the loss allowance in respect of trade receivables:**

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Balance at the beginning of the year | - | - |
| Impairment loss recognised / (reversed) | 6 | - |
| Amount written off | - | - |
| **Balance at the end of the year** | 6 | - |

**a) Expected credit loss for loans and security deposits**

**As at 31 March 2019**

(Rs. in million)

| Number of share at the end of the year | | Asset Group | Estimated gross carrying amount at default | Expected probability of default | Expected credit loss | Carrying amount net of impairment provision |
|---|---|---|---|---|---|---|
| Loss allowance measured at 12 month expected credit loss | Financial assets for which credit risk has not increased significantly since initial recognition | Security deposit | 1 | 0% | - | 1 |
| Loss allowance measured at life-time expected credit loss | Financial assets for which credit risk has increased significantly and not credit -impaired | NA | NA | NA | NA | NA |
| | Financial assets for which credit risk has increased significantly and credit -impaired | NA | NA | NA | NA | NA |

**As at 31 March 2018**

(Rs. in million)

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

b) Expected credit loss for trade receivables under simplified approach

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

| Particulars | Gross carrying amount | |
|---|---|---|
| | As at 31 March 2019 | As at 31 March 2018 |
| Current (not past due) | 199 | 176 |
| 1 to 30 days past due | 51 | 51 |
| 31 to 60 days past due | 5 | 8 |
| 51 to 90 days past due | 2 | 5 |
| More than 90 days past due * | 4 | 14 |
| | **261** | **254** |

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

**b. Financial risk management (continued)**

**(ii) Liquidity risk**

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

The Company believes that its liquidity position, including total cash and cash equivalent and bank balances other than cash and cash equivalent of Rs Nil as at March 31, 2019 (March 31, 2018 Rs.7 million ), anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Company believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

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

**I. Financing arrangements**

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

(Rs. in million)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| From Banks - Short Term | 29 | 4 |

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

(Rs. in million)

| As at March 31, 2019 | Carrying amount | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|---|
| | | 6 months or less | 6-12 months | 1–2 years | 2–5 years | More than | Total |
| **Non-current liabilities** | | | | | | | |
| Borrowings - Long Term | 30 | - | - | 14 | 16 | - | 30 |
| Trade payables | - | - | - | - | - | - | - |
| Other financial liabilities | - | - | - | - | - | - | - |
| **Current liabilities** | | | | | | | |
| Borrowings - Long Term | 16 | 6 | 5 | 5 | - | - | 11 |
| Borrowings - Short Term | 101 | 101 | - | - | - | - | 101 |
| Trade payables | 239 | 239 | - | - | - | - | 239 |
| Other financial liabilities | 23 | 23 | - | - | - | - | 23 |
| **Total** | **409** | **369** | **5** | **19** | **16** | **-** | **405** |

(Rs. in million)

| As at March 31, 2018 | Carrying amount | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|---|
| | | 6 months or less | 6-12 months | 1–2 years | 2–5 years | More than 5 years | Total |
| **Non-current liabilities** | | | | | | | |
| Borrowings - Long Term | 15 | - | - | 15 | - | - | 15 |
| Preference share capital | - | - | - | - | - | - | - |
| Trade payables | - | - | - | - | - | - | - |
| Other financial liabilities | - | - | - | - | - | - | - |
| **Current liabilities** | | | | | | | |
| Borrowings - Long Term | 17 | 8 | 8 | - | - | - | 17 |
| Borrowings - Short Term | 133 | 133 | - | - | - | - | 133 |
| Trade payables | 194 | 194 | - | - | - | - | 194 |
| Other financial liabilities | 25 | 25 | - | - | - | - | 25 |
| **Total** | **385** | **361** | **8** | **15** | **-** | **-** | **385** |

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**b. Financial risk management (continued)**

**(iii) Market risk**

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

**Currency risk**

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

**Exposure to currency risk**

The summary of quantitative data about the Company's exposure to currency risk, as expressed in Indian Rupees, as at March 31, 2019 and March 31, 2018 are as below:

**(Rs. in million)**

| Particulars | As at 31 March 2019 | |
|---|---|---|
| | USD | EURO |
| **Financial assets** | | |
| Trade receivables | - | 7 |
| | - | 7 |
| **Financial liabilities** | | |
| Borrowings | - | - |
| Trade payables | 6 | - |
| Acceptances | - | - |
| | 6 | - |

| Particulars | As at 31 March 2018 | |
|---|---|---|
| | USD | EURO |
| **Financial assets** | | |
| Trade receivables | - | - |
| | - | - |
| **Financial liabilities** | | |
| Borrowings | - | - |
| Trade payables | 5 | - |
| Acceptances | - | - |
| | 5 | - |

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at March 31, 2019 (previous year ended as on March 31, 2018) would have affected the measurement of financial instruments denominated in functional currency and affected equity and profit or loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Particulars | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| 1% depreciation / appreciation in Indian Rupees against following foreign currencies: | | | | |
| **For the year ended 31 March 2019** | | | | |
| USD | - | - | - | - |
| EUR | - | - | - | - |
| GBP | - | - | - | - |
| CHF | - | - | - | - |
| JPY | - | - | - | - |
| | - | - | - | - |
| **For the year ended 31 March 2018** | | | | |
| USD | - | - | - | - |
| EUR | - | - | - | - |
| GBP | - | - | - | - |
| CHF | - | - | - | - |
| JPY | - | - | - | - |
| | - | - | - | - |

USD: United States Dollar, EUR: Euro,
** Being Carried forward losses, no regular taxes due therefore taxes impact is nil

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**b. Financial risk management (continued)**

**(iii) Market risk**

**Interest rate risk**
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

**Exposure to interest rate risk**
The Company's interest rate risk arises majorly from the term loans from banks carrying floating rate of interest. These obligations exposes the Company to cash flow interest rate risk. The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

(Rs. in million)

| Variable-rate instruments | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Non current borrowings | 30 | 15 |
| Current borrowings | 98 | 111 |
| Current maturities of non-current borrowings | 16 | 17 |
| **Total** | **145** | **143** |

**Cash flow sensitivity analysis for variable-rate instruments**
A reasonably possible change of 100 basis points (bps) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

| Particulars | Profit or loss | | Equity, net of tax ** | |
|---|---|---|---|---|
| | 50 bps increase | 50 bps decrease | 50 bps increase | 50 bps decrease |
| **Interest on term loans from banks** | | | | |
| For the year ended March 31, 2019 | 1 | 1 | 1 | 1 |
| For the year ended March 31, 2018 | 1 | 1 | 1 | 1 |
| **Interest on public deposits** | | | | |
| For the year ended March 31, 2019 | - | - | - | - |
| For the year ended March 31, 2018 | - | - | - | - |

1. **Capital management**

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

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

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

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Current borrowings | 101 | 111 |
| Non-current borrowings (including current maturities) | 46 | 32 |
| Less : Cash and cash equivalent | (1) | (7) |
| **Adjusted net debt (A)** | 147 | 136 |
| **Total equity (B)** | 259 | 234 |
| **Adjusted net debt to adjusted equity ratio (A/B)** | **56.7%** | **58.0%** |

**2.33** Pursuant to recent judgement by the Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages for the purpose of provident fund, to include special allowances which are common for all employees. However there is uncertainty with respect to the applicable of the judgement and period from which the same applies. The Company has estimated the impact of the same from 1 March 2019 to 31 March 2019 based on a prospective approach and has recognized the same in the financial statements.
Owing to the aforesaid uncertainty and pending clarification from the authority in this regard, the Company has not recognised any provision for the previous years. Further management also believes that the impact of the same on the Company will not be material.

**2.34 Hedging and derivative instruments**

**Derivative contracts outstanding as at balance sheet date**

Forward contracts in respect of foreign currency outstanding as at 31 March 2019: Rs. Nil (31 March 2018: Rs. 40.67 million) for all year has been taken to hedge the foreign currency exposure for amount payable against the export of goods.

**2.35** Minda Corporation Limited ("MCL" or "holding company") (hereinafter referred to as the "transferee company") and its wholly owned subsidiary companies, namely, Minda Autoelectrik Limited ("Company"), Minda SAI Limited, Minda Automotive Solutions Limited, Minda Management Services Limited and Minda Telematics and Electric Mobility Solutions Private Limited ("fellow subsidiaries" and hereinafter collectively referred to as the "transferor companies") have entered into a proposed Scheme of Amalgamation filed with NCLT on 24 October 2018. As per the said Scheme, the transferor companies will be transferred to and be vested in the transferee company, as a going concern, without any further deed or act, together with all the properties, assets, rights, liabilities, benefits and interests therein. The Scheme is subject to approval of the respective Shareholders and Creditors of the transferee company and transferor companies, National Company Law Tribunal and other Regulatory Authorities, as applicable.

Pending requisite approvals, effect of the aforesaid merger has not been considered in the financial statements of the Company. As the transferor companies will be transferred to and be vested in the transferee company, as a going concern, without any further deed or act, together with all the properties, assets, rights, liabilities, benefits and interest therein, Management has prepared and presented the financial statements on a going concern basis.

**2.36** The previous year figures have been reclassified to conform to current year classification.

As per our report of even date attached

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

**Shashank Agarwal**
*Partner*
Membership No.: 095109

Place: Gurugram
Date: 24 May 2019

**For and on behalf of the Board of Directors of Minda Autoelektrik Limited**

**Sudhir Kashyap**
*Director*
*(DIN: 06573561)*

**Aakash Minda**
*Director*
*(DIN: 06870774)*

**Priyanka Sharma**
*Company Secretary*
*Membership No.: 51720*

Place: Gurugram
Date: 22 May 2019