Minda Stoneridge Instruments Limited

Statutory Audit for the year ended 31 March 2019

B S R & Co. LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Minda Stoneridge Instruments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Minda Stoneridge Instruments Limited ("the Company"), which comprise the Balance Sheet as at 31 March 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.

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 board report, but does not include the Financial Statements and our auditor's report thereon.

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

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

Management's 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 disclosure 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".

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

i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its Financial Position in its Financial Statements - Refer Note 2.37 to the Financial Statements;

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

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

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.

(B) 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 number: 101248W / W-100022

Shashank Agarwal
Partner
Membership number: 095109

Place: Gurugram
Date: 21 May 2019

Annexure A referred to in our Independent Auditor's Report of even date on financial statements of Minda Stoneridge Instruments Limited on the Financial Statements for the year ended 31 March2019.

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

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment by which all fixed assets (property, plant and equipment) are verified over the period of two years. In accordance with this programme, certain fixed assets have been physically verified by the management during the current year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.

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

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

(iii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies 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 2.37, wherein, it is explained that on account of the uncertainty with respect to the applicability of the Hon'ble Supreme Court Judgement on the provident fund matter, management has not recognised and deposited any additional provident fund amount with respect to the previous years.

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

Name of the Statute	**Nature of dues**	**Financial year to which amount**	**Forum where dispute is pending**	**Amount (Rs. in million)***	**Amount paid under protest**
The Maharashtra VAT Act, 2002	Value added tax	2012-2013	Assessing Officer	1.5	-
The Maharashtra VAT Act, 2002	Value added tax	2013-2014	Assessing Officer	0.7	-
Income tax Act, 1961	Deduction u/s 35	2010-2011	High court	11.88	-

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

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

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

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

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

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

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

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

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

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

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

Shashank Agarwal
Partner
Membership number: 095109

Place: Gurugram
Date: 21 May 2019

Annexure B to the Independent Auditor's report on the financial statements of Minda Stoneridge Instruments 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 Stoneridge Instruments 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 number: 101248W / W-100022

S. Agarwal

Shashank Agarwal
Partner
Membership number: 095109

Place: Gurugram
Date: 21 May 2019

Minda Stoneridge Instruments Limited
Balance Sheet as at 31 March 2019

(₹ in million)

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1(a)	650	609
Capital work-in progress	2.1(a)	40	57
Other intangible assets	2.1(b)	29	24
Intangible assets under development	2.1(b)	2	3
Financial assets			
Loans	2.2	9	9
Income tax assets	2.3	8	-
Other non-current assets	2.4	14	7
		752	**709**
Current assets			
Inventories	2.5	345	400
Financial assets			
i. Trade receivables	2.6	814	929
ii. Cash and cash equivalents	2.7	66	32
iii. Other bank balances	2.8	434	2
iv. Loans	2.9	2	-
v. Other financial assets	2.10	12	8
Other current assets	2.11	38	24
		1,711	**1,395**
TOTAL		**2,463**	**2,104**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	2.12	119	119
Other equity	2.13	1,346	1,020
		1,465	**1,139**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	2.14	-	5
Deferred tax liabilities (net)	2.15	25	29
Provisions	2.16	2	2
Other non-current liabilities	2.17	60	61
		87	**97**
Current liabilities			
Financial Liabilities			
i. Trade payables	2.18		
- Total dues of micro and small enterprises		78	36
- Total dues of creditors other than micro and small enterprises		620	649
ii. Other financial liabilities	2.19	137	92
Other current liabilities	2.20	30	27
Provisions	2.21	27	32
Current tax liabilities	2.22	19	33
		911	**868**
TOTAL		**2,463**	**2,104**

Significant accounting policies 2

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

Shashank Agarwal
Partner
Membership No.: 095109

Place : Gurugram
Date : 21 May 2019

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

Ashok Minda
Director
(DIN 00054727)

Sanjeev Saxena
Managing Director
(DIN 07252911)

Ajay Kumar
Chief Financial Officer

Place: Pune
Date : 21 May 2019

Minda Stoneridge Instruments Limited
Statement of Profit & Loss for the year ended 31 March 2019

(₹ in million)

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	2.23	4,635	4,110
Other income	2.24	28	6
Total Income		**4,663**	**4,116**
Expenses			
Cost of materials consumed	2.25	3,055	2,570
Changes in inventories of finished goods and work-in-progress	2.26	28	(7)
Excise duty on sales		-	125
Employee benefits expense	2.27	540	524
Finance costs	2.28	7	13
Depreciation and amortisation expense	2.1	142	130
Other expenses	2.29	442	442
Total Expenses		**4,214**	**3,797**
Profit before tax		**449**	**319**
Current tax (net)	2.15	143	122
Deferred tax credit	2.15	(4)	(20)
Tax for earlier years	2.15	(14)	-
Profit for the year		**324**	**217**
Other comprehensive income			
Item that will not be reclassified subsequent to profit or loss			
Re-measurements of defined benefit liabilities		3	1
Income tax relating to items that will not be reclassified to profit or loss		(1)	-
Other comprehensive income for the year, net of tax		2	1
Total comprehensive income for the year		**326**	**218**
Earnings per equity share [Par value of Rs.10 (previous year Rs.10) per	2.30		
Earnings per share (₹) (Basic)		27.23	18.24
Earnings per share (₹) (Diluted)		27.23	18.24

Significant accounting policies 2

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

Shashank Agarwal
Partner
Membership No.: 095109

Place : Gurugram
Date : 21 May 2019

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

Ashok Minda
Director
(DIN 00054727)

Sanjeev Saxena
Managing Director
(DIN 07252911)

Ajay Kumar
Chief Financial Officer

Place: Pune
Date : 21 May 2019

Minda Stoneridge Instruments Limited
Statement of Cash Flow for the year ended 31 March 2019

(₹ in million)

		Note	For the year ended 31 March 2019	For the year ended 31 March 2018
A	**Cash flow from operating activities**			
	Net profit before taxation		449	319
	Adjustments for :-			
	Depreciation and amortisation expense		142	130
	Interest Expense		7	13
	Interest Income		(12)	-
	(Profit)/loss on sale/discard of property, plant and equipment (net)		(6)	16
	Employee stock compensation expense		-	2
	Operating profit before working capital changes		**580**	**479**
	Adjustments for:			
	Decrease/(increase) in trade receivables		115	(181)
	Decrease/(increase) in inventories		55	(81)
	Increase in loans, other financial assets and other assets		(13)	(8)
	Decrease in other financial liabilities and other liabilities		(2)	(44)
	Decrease in provisions		(5)	(1)
	Increase in trade payables		13	149
	Cash generated from operations		**743**	**313**
	Income tax paid		(151)	(63)
	Net cash generated from operating activities (A)		**592**	**250**
B	**Cash flow from investing activities**			
	Purchase of property, plant and equipment and intangibles assets		(130)	(103)
	Sale of property, plant and equipment		13	35
	Investment made in bank deposits (held for initial maturity of more than 3 months or more) (net)		(432)	(2)
	Net cash (used in) investing activities (B)		**(549)**	**(70)**
C	**Cash flow from financing activities**			
	Repayment of short term borrowings (net)		-	(152)
	Repayment of long term borrowings		(8)	(10)
	Interest received		6	-
	Interest paid		(7)	(14)
	Net cash (used in) financing activities (C)		**(9)**	**(176)**
	Net increase in cash and cash equivalents (A + B + C)		**34**	**4**
	Cash and cash equivalents at the beginning of the year		**32**	**28**
	Cash and cash equivalents as at the end of the year		**66**	**32**
	Significant accounting policies	2		

Notes to Cash Flow Statement:

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

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

3 Refer note 2.14.2 for change in liabilities arising from financing activities.

The accompanying notes from 1 to 2.43 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 : 21 May 2019

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

Ashok Minda
Director
(DIN 00054727)

Sanjeev Saxena
Managing Director
(DIN 07252911)

Ajay Kumar
Chief Financial Officer

Place: Pune
Date : 21 May 2019

Minda Stoneridge Instruments Limited
Statement of Changes in Equity for the year ended 31 March 2019

A. Equity share capital

(₹ in million)

Particulars	Amount
Balance as at 1 April 2017	119
Changes in equity share capital during the year	-
Balance as at 31 March 2018	**119**
Balance as at 1 April 2018	119
Changes in equity share capital during the year	-
Balance as at 31 March 2019	**119**

B. Other equity

(₹ in million)

Particulars	Reserves and surplus (i)			Items of Other Comprehensive Income (i)	Total
	Capital reserve	Securities premium reserve	Retained earnings	Remeasurement of defined benefit obligations	
As at 1 April 2017	-	40	763	(3)	800
Profit for the year	-	-	217	-	217
Other comprehensive income	-	-	-	1	1
Total comprehensive income for the year	-	-	217	1	218
Amount transferred to Employee stock compensation during the year	2	-	-	-	2
As at 1 April 2018	2	40	980	(2)	1,020
Profit for the year	-	-	324	-	324
Other comprehensive income	-	-	-	2	2
Total comprehensive income for the year	2	40	1,304	-	1,346
Amount transferred to Employee stock compensation during the year	-	-	-	-	-
As at 31 March 2019	2	40	1,304	-	1,346

Notes:
(i) Refer note 2.13 for nature and purpose of other equity.

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

Shashank Agarwal
Partner
Membership No.: 095109

Place : Gurugram
Date : 21 May 2019

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

8.00

Ashok Minda
Director
(DIN 00054727)

Sanjeev Saxena
Managing Director
(DIN 07252911)

Ajay Kumar
Chief Financial Officer

Place: Pune
Date : 21 May 2019

1. Reporting entity

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

2. Significant accounting policies

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

A. Basis of preparation

(i) Statement of compliance

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

For all the periods up to and including 31 March 2017, the financial statements were prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act ("Previous GAAP"). The financial statements for the year ended 31 March 2018 are the Company's first financial statements prepared in accordance with Ind AS, therefore, Ind AS 101, First time adoption of Indian Accounting standards has been applied. An explanation of how the transition to Ind AS has effected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 2.43.

These financial statements were authorized for issue by the Company's Board of Directors on 21 May 2019.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

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

(iii) 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.

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

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

- Leases: whether an arrangement contains a lease.
- Lease classification – Note 2.36.

Assumptions and estimation uncertainties

- Recognition and estimation of tax expense including deferred tax– Note 2.15
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2.1(a)
- Estimation of obligations relating to employee benefits: key actuarial assumptions –Note 2.42
- Valuation of inventories – Note 2.5
- Share based payments – Note 2.39
- Recognition and measurement of provisions and contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 2.37
- Fair value measurement – Note 2.31

iv) Measurement of fair values

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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 categorized 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 recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Also, fair value of financial instruments measured at amortised cost is disclosed in Note 2.31.

B. Current-non-current classification

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

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Assets:

An asset is treated as current when it satisfies any of the following criteria:
(1) It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
(2) It is held primarily for the purpose of being traded;
(3) It is expected to be realised within 12 months after the reporting date; or
(4) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

The Company classifies all other assets as non-current.

Liabilities:

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

The Company classifies all other liabilities as non-current.

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

C. Summary of significant accounting policies

i) Foreign currency transactions and translations

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.

Transactions and Balances

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 (other than investment in subsidiaries and joint ventures) 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 (other than investment in subsidiaries and joint ventures) classified as FVOCI are recognized in other comprehensive income.

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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. The following specific recognition criterion must also be met before revenue is recognised:

Sale of goods
Sales include sale of manufactured goods, traded goods, tools, moulds and dies. Revenue is recognized on transfer of significant risks and rewards of ownership to the customers. and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of products as well as regarding its collection. Sale of goods is inclusive of excise duty and is net of sales tax, GST, value added tax, applicable discounts and allowances and sales returns, if any.

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

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

iii) Property, plant and equipment

(a) Recognition and measurement

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

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.

(b) Transition to Ind AS

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

(c) Subsequent costs

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

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

(d) Derecognition

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

(e) Depreciation

Depreciation on property, plant and equipment is provided on the straight-line method at the rates reflective of the estimated useful life of the assets estimated by the management.
Depreciation on addition to property, plant and equipment is provided on pro-rata basis, on cost as reduced by scrap value, from the beginning of the month in which the assets are ready to put to use. Depreciation on sale/deduction from property, plant and equipment is provided upto the month in which the asset is sold, discarded or deduction as the case may be.

Premium paid on leasehold land and site development is amortised over the period of lease. Leasehold improvements are amortised on the straight-line basis over the lower of primary period of lease.

Depreciation on leased assets is in line with the depreciation policy of the Company and is depreciated over the lower of useful life of such assets and the lease period.

iv) Intangible Asset

a) Recognition and measurement

Intangible assets comprises computer software and patents at cost less accumulated amortization and accumulated impairment, if any.

Cost of intangible assets under development as at the reporting date are disclosed as intangible assets under development.

b) Transition to Ind AS

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

c) Subsequent costs

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

(d) Derecognition

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

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(e) Amortisation

The intangible assets are amortised over the period of five years or less, which in the management's view represent the economic useful life. Amortisation expense is charged on a pro-rata basis on cost as reduced by scrap value from the beginning of the month in which the assets are ready to put to use. Amortization on sale/deduction from intangible asset is provided upto the month in which the asset is sold, discarded or deduction as the case may be. The amortization period and the amortization method for an intangible asset are reviewed at the end of each reporting period.

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

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

vii) Impairment of non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

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

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

viii) Research and Development

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

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

ix) Government Grant and Subsidies

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

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

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

x) 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.

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

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Defined benefit plan:

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

Other long term employee benefit:

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

xi) Accounting for warranty

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

xii) Leases

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

a) Determining whether an arrangement contains a lease

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

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other

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elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the incremental borrowing rate.

Where the Company is lessee

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

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

Where the Company is lessor

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

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

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

xiii) Income taxes

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

(a) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

(b) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred

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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.

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 consolidated 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.

xiv) 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 and share split. 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. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

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

xv) 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

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obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

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

xvi) Cash and cash equivalents

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

xvii) 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.

Initial recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised 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.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at
- amortised cost;
- Fair value through profit and loss (FVTPL)

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

A financial asset is measured at amortised 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 on the principal amount outstanding. Financial assets are measured at FVTPL. This includes all derivatives financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised

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cost or at FVOCi as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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

For the purposes 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 this assessment, the Company considers:
- contingent events that would change the amount or timing 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 par amount, a 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.

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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 amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised 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 recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derecognition

Financial Assets

The Company derecognises 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 recognised 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 derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises 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 recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

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.

Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. 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.

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

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Compound financial instruments - convertible preference shares

Compound financial instruments issued by the Company comprise of convertible preference shares that can be converted to equity shares of the Company. Convertible preference shares are bifurcated into liability and equity components based on the terms of the contract.

The liability component of convertible preference shares is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of convertible preference shares is not remeasured subsequently.

Interest related to the liability component is recognised in Statement of Profit and Loss. On conversion, the liability component is reclassified to equity and no gain or loss is recognised.

Impairment of financial assets

The Company recognises loss allowances for expected credit losses on:
– financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost. 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:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This include both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.
The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is 90 days or more past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to 'investment grade' e.g. BBB or higher as per rating agency [S&P and/ or CRISIL].

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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 the Company's procedures for recovery of amounts due.

a. Employee stock option schemes

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

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

xviii) Recent accounting pronouncements

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

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

The Company has adopted Ind AS 115 on accounting policies followed in its financial statements for the year ended 31 March 2019.

Sale of goods

For the sale of products, revenue is currently recognized when customer obtains control of the goods, which is taken to be the point in time at which the goods are delivered to the customers' premises and customer accepts the goods and its effective control. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no management's control upon the goods.

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

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

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

(₹ in million)

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

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

(₹ in million)

Particulars	Gross block				Accumulated depreciation				Net block
	Balance as at 1 April 2017	Additions	Disposals	Balance as at 31 March 2018	Balance as at 1 April 2017	Depreciation for the year	On disposals	Balance as at 31 March 2018	Balance as at 31 March 2018
	(a)	(b)	(c)	(d) = (a+b-c)	(e)	(f)	(g)	(h) = (e+f-g)	(i) = (d-h)
Freehold land	2	-	-	2	-	-	-	-	2
Leasehold land	37	-	37	-	-	-	-	-	-
Buildings	188	-	13	175	12	12	2	22	153
Plant and equipment	492	99	1	590	80	94	-	174	416
Furniture and fixtures	18	1	-	19	7	4	-	11	8
Vehicles	20	8	2	26	5	5	-	10	16
Office equipment	11	-	-	11	3	3	-	6	5
Computer hardware	14	1	-	15	3	3	-	6	9
Total (A)	**782**	**109**	**53**	**838**	**110**	**121**	**2**	**229**	**609**
Capital work-in-progess	59	107	109	57	-	-	-	-	57
Total (B)	**59**	**107**	**109**	**57**	-	-	-	-	**57**
Total (A+B)	**841**	**216**	**162**	**895**	**110**	**121**	**2**	**229**	**666**

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

(₹ in million)

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

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

(₹ in million)

Particulars	Gross block				Accumulated amortisation				Net block
	Balance as at 1 April 2017	Additions	Disposals	Balance as at 31 March 2018	Balance as at 1 April 2017	Amortisation for the year	On disposals	Balance as at 31 March 2018	Balance as at 31 March 2018
	(a)	(b)	(c)	(d) = (a+b-c)	(e)	(f)	(g)	(h) = (e+f-g)	(i) = (d-h)
Intangible Assets									
Computer Software	37	5	-	42	9	9	-	18	24
Total (A)	**37**	**5**	**-**	**42**	**9**	**9**	**-**	**18**	**24**
Intangible assets under development	3	5	5	3	-	-	-	-	3
Total (B)	**3**	**5**	**5**	**3**	**-**	**-**	**-**	**-**	**3**
Total (A+B)	**40**	**10**	**5**	**45**	**9**	**9**	**-**	**18**	**27**

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2.2 - Loans (unsecured, considered good unless otherwise stated)

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Security deposits	9	9
Total	**9**	**9**

2.3 - Income tax assets

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance income tax	8	-
	8	**-**

2.4 - Other non-current assets

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital advances	14	5
Prepaid expenses	-	2
	14	**7**

2.5 - Inventories

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials (including packing materials)	210	238
Work-in-progress	61	78
Finished goods	13	17
Add: Goods-in-transit	54	61
Stores and spares	7	6
	345	**400**

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2.6 - Trade receivables

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured and considered good		
Trade receivables	742	889
Receivables from related parties (refer note 2.41)	72	40
	814	**929**

2.7 - Cash and cash equivalents

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash in hand	-	-
Balance with bank		
-Deposits with original maturity of 3 months or less*	4	-
-On current accounts	51	31
-Other bank balances (EEFC Accounts)	11	1
	66	**32**

*Deposits consists ₹ 4 million (31 March 2018: Nil) being deposits held as margin money.

2.8 - Other bank balances

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Deposits due to mature within 12 months of the reporting date**	434	2
	434	**2**

**Deposits include ₹ 1 million (31 March 2018: ₹ 2 million) being deposits held as margin money.

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Minda Stoneridge Instruments Limited
Notes to the financial statements for the year ended 31 March 2019

2.9 - Loans (unsecured, considered good unless otherwise stated)

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposits	2	-
	2	**-**

2.10 - Other financial assets

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Interest accrued on fixed deposits	6	-
Loans to employees	4	-
Others	2	8
	12	**8**

2.11 - Other current assets

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance with government authorities	18	4
Prepaid expenses	5	4
Advances to suppliers	15	16
	38	**24**

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2.12 Share capital

(₹ *in million*)

Particulars	As at 31 March 2019	As at 31 March 2018
2.12..1 Authorised		
12,000,000 (31 March 2018: 12,000,000) equity shares of ₹. 10 each	120	120
	120	**120**
Issued, subscribed and fully paid- up		
11,900,000 (31 March 2018: 11,900,000) equity shares of ₹ 10 each (31 March 2018: ₹ 10 each)	119	119
	119	**119**

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

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	(₹ in million)	Number of shares	(₹ in million)
Balance as at the beginning of the year	1,19,00,000	119	1,19,00,000	119
Balance as at the end of the year	**1,19,00,000**	**119**	**1,19,00,000**	**119**

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

Name of shareholders	As at 31 March 2019		As at 31 March 2018	
	% of holdings	Number of shares held	% of holdings	Number of shares held
(i) Stoneridge Inc	49.00%	58,31,000	49.00%	58,31,000
(ii) Minda SAI Limited	51.00%	60,68,995	51.00%	60,68,995
		1,18,99,995		**1,18,99,995**

2.12.4 Rights attached to Equity Shareholders

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

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2.13 Other equity

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital reserve**		
Balance as at the beginning of the year	2	-
Add: Adjustment on account of employee stock option	-	2
Balance as at the end of the year	**2**	**2**
Securities premium account *		
Balance as at the beginning of the year	40	40
Balance as at the end of the year	**40**	**40**
Retained Earnings		
Balance as at the beginning of the year	980	763
Add: Net profit for the year	324	217
Balance as at the end of the year	**1,304**	**980**
Other comprehensive income - Remeasurement of net defined benefit plans, net #		
Opening balance	(2)	(3)
Add : Remeasurement of define benefit obligation	2	1
Closing balance	**-**	**(2)**
Total	**1,346**	**1,020**

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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2.14 Non-Current Borrowings

(₹ in million)

Particulars	Foot note	Non-current borrowings As at 31 March 2019	Non-current borrowings As at 31 March 2018	Current maturities As at 31 March 2019	Current maturities As at 31 March 2018
2.14.1 Unsecured					
Deferred sales tax liabilities	[1]	-	5	6	9
		-	**5**	**6**	**9**
Less: Amount shown under other current financial liabilities		-	-	(6)	(9)
		-	**5**	-	-

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	Government of Maharashtra	• Repayment terms : Yearly • Date of maturity : 1 April 2019	6	14	Unsecured

* includes current maturities of non-current borrowings

2.14.2 Movement in current and non current borrowings

(₹ in million)

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

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2.15 Income tax and deferred tax

A. Amounts recognised in statement of profit and loss

(₹ in million)

Particulars	For the period ended 31 March 2019	For the year ended 31 March 2018
Current tax		
Current year	143	122
Adjustment for prior years	(14)	-
	129	**122**
Deferred tax		
Origination and reversal of temporary differences	(4)	(20)
	(4)	**(20)**
Income tax expense reported in the statement of profit and loss	**125**	**102**

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

(₹ in million)

Particulars	For the period ended 31 March 2019	For the year ended 31 March 2018
Remeasurement of post employment benefit obligation	(1)	-
Income tax charges to other comprehensive income	**(1)**	-

C. Reconciliation of effective tax rate

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

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Rate	(₹ in million)	Rate	(₹ in million)
Profit before tax from continuing operations		**449**		**319**
Tax using the Company's domestic tax rate	34.94%	157	34.61%	110
Tax effect of:				
Non-deductible expenses	0.18%	1	2.13%	7
Incremental allowance for research and development expenditure	-3.41%	(15)	-4.50%	(14)
Tax incentives - 80 IA deduction	-3.21%	(14)	0.00%	-
Others	-0.62%	(3)	-0.19%	(1)
Effective tax	**27.88%**	**125**	**32.05%**	**102**

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D Movement of temporary differences

(₹ in million)

Particulars	As at 1 April 2017	Recognised in profit or loss during 2017-18	Recognised in OCI during 2017-18	As at 1 April 2018	Recognised in profit or loss during 2018-19	Recognised in OCI during 2018-19	As at 31 March 2019
Deferred Tax Assets							
MAT credit entitlement	21	(21)	-	-		-	-
Provision for lease equilisation reserve	20	(20)	-	-		-	-
Others	17	22	-	39	(7)	-	32
A	**58**	**(19)**	-	**39**	(7)	-	**32**
Deferred Tax Liabilities							
Difference in book written down value and tax written down value of property, plant and equipment	85	(17)	-	68	(11)	-	57
B	**85**	**(17)**	-	**68**	(11)	-	**57**
Net deferred tax asset / (liabilities) (A)-(B)	**(27)**	**(2)**	-	**(29)**	4	-	**(25)**

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2.16 Non-current provisions

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for warranties (refer to note 2.16.1 below)	2	2
	2	**2**

2.16.1 Movement in warranty cost provision

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

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	26	17
Provided during the year	24	22
Utilised during the year	(25)	(13)
Balance at the end of the year	**25**	**26**
Current portion	23	24
Non- current portion	2	2

2.17 Other non-current liabilities

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Lease equilisation reserve	60	58
Deferred revenue liabilities	-	3
	60	**61**

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2.18 Trade payables

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade Payables		
- Trade Payables of micro and small enterprises (refer note 2.18.1)	78	36
Trade Payables of creditors other than micro and small enterprises	574	600
- Trade payables to related parties (Refer note 2.41)	46	49
	698	**685**

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

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

(₹ in million)

S.No.	Particulars	As at 31 March 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	74	36
	- Interest thereon	4	-
(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	4	-
(iv)	the amount of interest accrued and remaining unpaid.	4	-

2.19 Other financial liabilities

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Current maturities of non current borrowings (refer to note 2.14)	6	9
Salaries, wages and bonus payable	53	62
Creditors for capital items	78	21
	137	**92**

2.20 Other current liabilities

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Statutory dues payable	19	9
Advances from customers	11	18
	30	**27**

2.21 Provisions

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
-Gratuity	2	8
-Compensated absence	2	-
Others		
-Provision for warranties (refer note 2.16.1)	23	24
	27	**32**

*refer to note 2.42

2.22 Current tax liabilities

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for income tax [net of Advance tax for ₹ 19 million]	19	32
	19	**32**

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2.23 Revenue from operations

(₹ in million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of products		
- Manufactured goods	4,594	4,074
	4,594	4,074
Other operating revenue		
- Technical know-how and service income	31	26
- Sale of scrap	10	7
- Other operative income	-	3
Total other operating revenue	**41**	**36**
Revenue from operations	**4,635**	**4,110**

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 (uptill 30 June 2017). The comparative revenue from operations of the Company is given below:

(₹ in million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations (as reported)	4,594	4,074
Less: Excise duty on sales	-	125
Revenue from operations (net of excise duty)	**4,594**	**3,949**

2.24 Other income

(₹ in million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest received	12	-
Government grants	6	2
Profit on sale/discard of property, plant and equipment (net)	6	-
Miscellaneous income	4	4
	28	**6**

2.25 Cost of materials consumed

(₹ in million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Raw materials consumed (includes packing material and components)		
Opening stock	238	167
Add: Purchases during the year	3,027	2,641
	3,265	2,808
Less: Closing stock	210	238
	3,055	**2,570**

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

(₹ in million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Finished goods		
Opening stock	78	88
Less: Closing stock	67	78
	11	10
Work-in-progress		
Opening stock	78	61
Less: Closing stock	61	78
	17	(17)
Increase / (decrease) in inventories	**28**	**(7)**

2.27 Employee benefits expense

(₹ in million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages, bonus	478	458
Contribution to		
- Provident fund and other funds	35	32
- Gratuity fund (refer note 2.42)	3	8
Employees stock compensation expense	-	2
Staff welfare expenses	24	24
	540	**524**

2.28 Finance Costs

(₹ in million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expenses	5	10
Other finance costs	2	3
	7	**13**

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2.29 Other Expenses

(₹ in million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Jobwork charges	2	2
Consumption of stores and spare parts and packing materials	74	85
Power and fuel (net of recovery)	42	41
Rental charges (refer to note 2.36(b))	27	27
Repair and maintenance		
- Plant and machinery	16	13
- Building	6	3
- Others	8	6
Travelling and conveyance	34	37
Legal and professional fees (refer to note 2.29.1)	20	22
Communication expenses	3	4
Management fees	69	59
Insurance	5	4
Rates and taxes	4	7
Exchange fluctuation (net)	9	7
Warranty expenses	24	22
Loss on sale/discard of property, plant and equipment (net)	-	16
Advertisement and business promotion	1	1
Freight and forwarding	48	42
Corporate social responsibility (refer to note 2.38)	4	3
Design and development	24	17
Printing and stationery	1	1
Miscellaneous	21	23
	442	**442**

2.29.1 Auditor's remuneration (excluding GST)

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

(₹ in million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Statutory audit	2	2
Certification	-	-
	2	**2**

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2.30 Earnings per share

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

(₹ in million)

Particulars	Units	Year ended 31 March 2019	Year ended 31 March 2018
Profit after tax attributable to equity shareholders	Rs.	324	217
Number of weighted average equity share of 10 each :			
Number of share at the end of the year	No.	1,19,00,000	1,19,00,000
Basic and diluted earning per equity share of face value of 10 each	Rs.	27.23	18.24

2.31 Financial Instruments - Fair values and risk management

a. Financial instruments – by category and fair values hierarchy

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

i. As on 31 March, 2019

(₹ in million)

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
(i) Loans	-	-	-	-	-	-	-
Current							
(i) Trade receivables	-	-	-	-	-	-	-
(ii) Cash and cash equivalents	-	-	-	-	-	-	-
(iii) Other bank balances	-	-	-	-	-	-	-
(iv) Loans	-	-	-	-	-	-	-
(v) Other financial assets	-	-	-	-	-	-	-
Total	-	-	-	-			
Financial liabilities							
Non-current							
(i) Borrowings	-	-	-	-	-	-	-
Current							
(i) Trade payables	-	-	-	-	-	-	-
(ii) Other financial liabilities	-	-	-	-	-	-	-
Total	-	-	-	-			

ii. As on 31 March, 2018

(₹ in million)

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
(i) Loans	-	-	-	-	-	-	-
Current							
(i) Trade receivables	-	-	-	-	-	-	-
(ii) Cash and cash equivalents	-	-	-	-	-	-	-
(iii) Other bank balances			-	-			
(iv) Other financial assets	-	-	-	-	-	-	-
Total	-	-	-	-			
Financial liabilities							
Non-current							
(i) Borrowings	-	-	-	-	-	-	-
Current				-			
(i) Trade payables	-	-	685	685	-	-	-
(ii) Other financial liabilities	-	-	92	92	-	-	-
Total	-	-	777	777			

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.

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

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

There have been no transfers between Level 1, Level 2 and Level 3 for the years ended 31 March 19, and 31 March 18.

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.

2.32 Financial risk management

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

Risk management framework

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

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

(i) Credit risk

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

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables	-	-
Cash and cash equivalents	-	-
Other bank balances	-	-
Loans	-	-
Other financial assets	-	-

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

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

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

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

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2.32 Financial risk management (continued)

a) Expected credit loss for loans and security deposits

As at 31 March 2019

(₹ 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	Loans to employee	4	0%	-	4
		Security Deposits	11	0%	-	11
		Loan to related parties	-	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

As at 31 March 2018

(₹ 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	-	-	-	-
		Security Deposits	9	0%	-	9
		Loan to related parties	-	-	-	-
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit -impaired	NA	NA	NA	NA	NA

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2.32 Financial risk management (continued)

b) Expected credit loss for trade receivables under simplified approach

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

(₹ in million)

Particulars	Gross carrying amount	
	As at 31 March 2019	As at 31 March 2018
Current (not past due)	(91)	734
1 to 30 days past due	68	100
31 to 60 days past due	2	36
61 to 90 days past due	4	26
More than 90 days past due *	17	33
Carrying amount of trade receivables (net of impairment)	-	**929**

* 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

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2.32 Financial risk management (continued)

(ii) Liquidity risk

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

The Company believes that its liquidity position, including total cash and cash equivalent and bank balances other than cash and cash equivalent of ₹ 500 millions as at 31 March 2019 (31 March 2018 ₹ 34 millions), anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Company believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

Number of share at the end of the year
- 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:

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
From Banks - Short Term	200	200
From Banks - Long Term	-	-
From others - Short Term	100	100
From others - Long Term	600	-

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

(₹ in million)

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

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2.32 Financial risk management (continued)

(₹ in million)

As at 31 March 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	-	-	-	-	-	-	-
Current liabilities							
Trade payables	685	685	-	-	-	-	685
Other financial liabilities	92	92	-	-	-	-	92
Total	777	777	-	-	-	-	777

(iii) Market risk

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

Currency risk

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

Exposure to currency risk

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

(₹ in million)

As at 31 March 2019	As at 31 March 2019		
	USD	EURO	JPY
Financial assests			
Trade receivables	83	3	-
EEFC Account	66	-	-
Financial liabilities			
Trade payables	186	2	-

(₹ in million)

As at 31 March 2018	As at 31 March 2018		
	USD	EURO	JPY
Financial assests			
Trade receivables	96	8	1
EEFC Account	1	-	-
Financial liabilities			
Trade payables	167	-	-

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2.32 Financial risk management (continued)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2019 (previous year ended as on 31 March 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.

(₹ in million)

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

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

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2.33 Capital management

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

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

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

(₹ in million)

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Borrowings -Long Term (Including current maturities)	6	14
Less : Cash and cash equivalents	-	-
Total equity	-	-
Adjusted net debt to adjusted equity ratio	**#DIV/0!**	**#DIV/0!**

2.34 Research and development expenses

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

(₹ in million)

Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
On revenue account		
Employee benefits expense	50	60
Other expenses*	26	19
	76	79
On capital account	11	4
	87	83

*Excluding finance costs, depreciation, amortisation and impairment

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2.35 Segment information

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

(₹ in million)

Location	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operation		
Domestic	4,112	3,777
Overseas :		
Outside India	523	333
Asia (excluding domestic)	160	99
America	347	221
Europe	16	13

Carrying amount of assets

(₹ in million)

Location	As at 31 March 2019	As at 31 March 2018
Domestic	2,376	2,000
Asia (excluding domestic)	46	50
America	38	46
Europe	3	8
Total	**2,463**	**2,104**

Additions of Property, plant and equipment and intangible assets

(₹ in million)

Location	For the year ended 31 March 2019	For the year ended 31 March 2018
Domestic		
- Property, plant and equipment	181	107
- Intangible fixed assets	29	-
Total	**210**	**107**

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

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

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

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

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2.36 Capital and other commitments

a. Capital Commitments : Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 18 million (net of advances) (31 March 2018: ₹ 28 million)

b. Leases

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Lease rentals recognized in the Statement of Profit and Loss during the year	27	27

The future minimum lease payments under non-cancellable operating leases are as follows:

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Not later than one year	27	27
Later than one year but not later than five years	81	94
Later than five years	73	87
	181	**208**

2.37 Contingent Liabilities

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Claims against the Company disputed by the Company not acknowledged as debt:		
a) Value Added Tax	2	1
b) Bonus payable for financial year 2014-15 as per payment of Bonus Act, 1965	1	1
c) Income tax	12	1

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

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

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

2.38 During the current year, as required under section 135 of the Act, the Company has spent ₹ 4 million (previous year ₹ 3 million) towards the corporate social responsibility (CSR activity). Relevant disclosures for amount to be spent vis a viz amount spent during the year are as below :

(₹ in million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Gross amount required to be spent by the Company	4	3
Amount spent during the year	4	3

(₹ in million)

Project/ Activity	31 March 2019			31 March 2018		
	Paid in cash	Yet to be paid	Total	Paid in cash	Yet to be paid	Total
Solar System	-	-	-	1	-	1
Construction of Urinal, Toilets and Washrooms	1	-	1	-	-	-
Contribution to Company formed under section 8 of Companies Act 2013 for the purpose, including promoting and preventing Health care & sanitation	3	-	3	2	-	2
Total	**4**	**-**	**4**	**3**	**-**	**3**

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

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

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

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

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

Particulars	For the year ended 31 Mar 2019		For the year ended 31 Mar 2018	
	Number of options	Weighted average exercise price (Rs)	Number of options	Weighted average exercise price (Rs)
Outstanding at the beginning of the year	1,80,000	50	1,80,000	50
Granted during the year	-	-	-	-
Excercised during the year	(6,000)	50	-	-
Forfieted during the year	-	-	-	-
Options transferred to group compamy	(1,50,000)	50	-	-
Outstanding at the end of the year	24,000	50	1,80,000	50
Exercisable at the end of the year	-	-	-	-

Stock compensation expense in relation to stock options granted to employee of the company is Nil million (31 March 2018 : ₹2 million)

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

Particulars	For the year ended 31 March 2019
Expected volatility	47.58%
Risk free interest rate	7.15%
Exercise price (Rs)	50
Expected dividend yield	0.54%
Life of options (years)	4
Weighted average fair value of options as at the grant date (Rs)	93

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

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Note Particulars

2.41 Related party transactions, as required by Ind AS 24, "Related party disclosures" are given below

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

Description of relationship	**Names of related parties**
Joint Venturers (JV) Partners	Minda SAI Limited (MSL) Stoneridge Inc. (SI)
Ultimate Holding Company of Joint Venturers (MSL)	Minda Corporation Limited (MCL)
Entity over which JV Partner (SI) have significant influence	Stoneridge Asia Pacific
Entity over which JV Partner (MSL) or Key Managerial Personnel and their relatives, its holding Company or Key Managerial Personnel and their relatives, are able to exercise significant influence	Minda Automotive Solutions Limited (MASL) Minda Management Services Limited (MMSL) PT Minda Automotive Trading (PTM)
Key Management Personnel (KMP)	Mr. N.K. Modi, Managing Director (upto 30.04.2017) Mr. Sanjeev Saxena, Managing Director (w.e.f 07.06.2017) Mr. Rakesh Kalra, Independent Director Ms. Rita Pani, Independent Director Mr. Ajay Kumar, Chief Financial Officer Ms. Kanika Jain, Company Secretary (upto 20.04.2019)

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Minda Stoneridge Instruments Limited
Notes to the financial statements for the year ended 31 March 2019

B) Transactions during the year entered with related parties

(₹ in million)

Nature of transaction	Year	Minda Corporation Limited	Minda Management Services Limited	Minda SAI Limited	Minda Automotive Solutions Limited	Stoneridge Inc	Stoneridge Asia Pacific	PT Minda Automotive Trading	Mr. NK Modi	Mr. Ajay Kumar	Ms. Kanika Jain
Sales of manufactured goods	2018-19	5	-	17	113	345	-	31	-	-	-
	2017-18	6	-	15	88	1	-	14	-	-	-
Sales of Services	2018-19	-	3	-	-	2	-	1	-	-	-
	2017-18	-	1	-	-	-	-	-	-	-	-
Purchases of goods	2017-18	-	-	1	-	16	87	-	-	-	-
	2017-18	-	-	1	-	8	96	-	-	-	-
Management fees paid	2018-19	-	45	-	-	22	-	-	-	-	-
	2017-18	-	48	-	-	20	-	-	-	-	-
Reimbursement of expenses (received)	2018-19	-	2	-	-	3	-	-	-	-	-
	2017-18	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses (paid))	2018-19	8	8	5	-	6	-	-	-	-	-
	2017-18	-	-	5	-	9	-	-	-	-	-
Managerial remuneration paid to key management personnel	2018-19	-	-	-	-	-	-	-	-	4	1
	2017-18	-	-	-	-	-	-	-	3	3	-
Sitting Fees paid	2018-19	-	-	-	-	-	-	-	-	-	-
	2017-18	-	-	-	-	3	-	-	-	-	-

C) Outstanding balances as at year end

(₹ in million)

Account head	Balance as on	Minda Corporation Limited	Minda Management Services Limited	Minda SAI Limited	Minda Automotive Solutions Limited	Stoneridge Inc	Stoneridge Asia Pacific	PT Minda Automotive Trading	Total
Trade receivable	31 March 2019	-	-	5	19	38	-	10	72
	31 March 2018	1	-	4	24	1	-	10	41
Trade payables	31 March 2019	7	6	1	-	13	19	-	46
	31 March 2018	5	13	-	-	23	8	-	49

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2.42 Employee benefits

a) Defined contribution plans

The Company's employee provident fund and Employee's state insurance schemes are defined contribution plans. The following amounts have been recognised as expense for the year and shown under Employee benefits expense in note 2.27.

(₹ in million)

Number of share at the end of the year	For the year ended 31 March 2019	For the year ended 31 March 2018
Contribution towards		
-Provident fund	22	21
-Employee state insurance	2	2

b) Defined benefit plans Gratuity

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

(₹ in million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Changes in the present value of the defined benefit obligation is as follows:		
Present value of defined benefit obligation at the beginning of the year	38	34
Interest cost	3	3
Acquisition Adjustment	-	-
Current service cost	6	6
Past service cost	-	1
Benefits paid	(5)	(4)
Actuarial loss / (gain) on obligation	(4)	(1)
Present value of defined benefit obligation at the end of the year	**38**	**39**
Changes in the present value of the plan asset is as follows:		
Fair value of plan asset at the beginning of the year	32	17
Return on plan asset	2	1
Contributions	7	17
Benefits paid	(5)	(4)
Fund management charge	(1)	-
Actuarial (gain) / loss on obligation	1	-
Fair value of plan asset at the end of the year	**36**	**31**
Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:		
Present value of defined benefit obligation at the end of the year	38	39
Fair value of plan asset at the end of the year	36	31
Net liability as at the close of the year	**(2)**	**(8)**
Expenses recognized in the statement of profit and loss:		
Current service cost	6	6
Past service cost	-	1
Interest cost	3	3
Expected return on plan assets	(2)	(1)
Net actuarial loss / (gain)	(4)	(1)
Expenses recognized in the statement of profit and loss:	**3**	**8**

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2.42 Employee benefits (continued)

	As at 31 March 2019	As at 31 March 2018
Actuarial assumptions:		
Discount rate	7.65%	7.80%
Expected rate of return on plan assets	7.65%	7.80%
Expected salary increase rates	6.50%	6.50%
Mortality	100% of IALM 2006-08	100% of IALM 2006-08
Employee attrition rate		
-Up to 30 years of age	3.00%	3.00%
-From 31 years of age to 44 years of age	2.00%	2.00%
-Above 44 years of age	1.00%	1.00%

Note:

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

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

Experience gain / (loss) on PBO and Plan Assets

(₹ in million)

Particulars	31 March 2019	31 March 2018
On Plan Present Value of Obligation	4	-
On Plan Assets	(1)	-

Sensitivity analysis:

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

(₹ in million)

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50%)	(3)	3	(3)	3
Future salary growth (0.50%)	3	(3)	3	(3)
Rate of return on plan assets (1%)	(3)	3	(2)	2
Change in attrition rate (1%)	1	(1)	-	-

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

Maturity profile:

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

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
1 year	1	2
2 to 5 years	3	3
5 to 10 years	6	6
More than 10 years	28	28

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2.42 Employee benefits (continued)

c) Other long term benefit - Compensated absences

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

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

Assumptions	**As at 31 March 2019**	**As at 31 March 2018**
Discount rate	7.65%	7.80%
Expected salary increase rates	6.50%	6.50%
Mortality	100% of IALM 2006-08	100% of IALM 2006-08
Employee attrition rate		
-Up to 30 years of age	3.00%	3.00%
-From 31 years of age to 44 years of age	2.00%	2.00%
-Above 44 years of age	1.00%	1.00%

The other long- term benefit of compensated absence in respect of employees of the Company as at 31 March 2019 ₹ Nil (31 March 2018: ₹ Nil)

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

(₹ in million)

	For the year ended 31 March 2019		**For the year ended 31 March 2018**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (0.50%)	(1)	1	(1)	1
Future salary growth (0.50%)	1	(1)	1	(1)
Rate of return on plan assets (1%)	(1)	1	-	-
Change in attrition rate (1%)	-	-	-	-

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

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

(₹ in million)

	As at 31 March 2019	**As at 31 March 2018**
1 year	-	-
2 to 5 years	1	1
5 to 10 years	6	6
More than 10 years	8	7

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

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2.42 Employee benefits (continued)

d) Risk Exposure

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

i) Asset volatility

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

ii) Changes in discount rate

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

iii) Inflation risks

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

iv) Life expectancy

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

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

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

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

Shashank Agarwal
Partner
Membership No.: 095109

Place : Gurugram
Date : 21 May 2019

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

Ashok Minda
Director
(DIN 00054727)

Sanjeev Saxena
Managing Director
(DIN 07252911)

Ajay Kumar
Chief Financial Officer

Place: Pune
Date : 21 May 2019