B S R & Co. LLP
Chartered Accountants

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

Telephone + 91 124 719 1000
Fax: + 91 124 235 8613

INDEPENDENT AUDITORS' REPORT

To the Members of Minda Storage Batteries Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Minda Storage Batteries Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

Ah

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

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

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

i. The Company does not have any pending litigations as at 31 March 2020 which would impact its financial position.

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

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

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

(C) With respect to the matter to be included in the Auditors' 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 year. Accordingly, the provisions of Section 197 of the Act not applicable. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Ankush Goel

Ankush Goel
Partner
Membership No. 505121
UDIN: 20505121AAAAAC4547

Place: New Delhi
Date: 15 June 2020

Annexure A referred to in our Independent Auditors' Report to the Members of Minda Storage Batteries Private Limited ("Company") as of and for the year ended 31 March 2020

(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 fixed assets by which all fixed assets are verified in a phased manner over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets (property, plant and equipment) has been physically verified by the Management during the year and no material discrepancies have been 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 deed of the immovable property as disclosed in Note 4b on fixed assets (property, plant and equipment) to the financial statements is yet to be transferred in the name of the Company which is presently in the name of Minda Industries Limited, Holding Company.

(ii) According to the information and explanations given to us, the inventories, have been physically verified by the management subsequent to the year end (refer note 9). In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its business. The discrepancies noticed on physical verification of inventories as compared to book records were not material.

(iii) According to the information and explanations given to us, the Company has granted unsecured loan to a company covered in the register maintained under Section 189 of the Act. The Company has not granted any loans, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

a) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan is not prejudicial to the Company's interest.

b) In respect of aforesaid loan, the repayment of the principal amount is as stipulated and payment of interest has been regular.

c) There are no loans granted to companies listed in the register maintained under section 189 of the Companies Act, 2013 which are outstanding for more than ninety days from the due date.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 in respect of a loan given to a Company in which directors are interested have been complied with, to the extent applicable. According to the information and explanations given to us, the Company has not made any investments, or provided any guarantee, or security as specified under Section 185 and 186 of the Companies Act, 2013.

Ah

(v) According to 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, paragraph 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company, pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under sub section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.

(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'), Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues, to the extent applicable, have been regular in depositing with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales tax, Goods and service tax ('GST'), Service tax, Duty of customs, Duty of excise, Value added tax, Cess and any other statutory dues, as applicable to the Company, were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

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

(viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has neither taken any loans or borrowings from financial institutions or government nor issued any debentures during the year.

(ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instrument) and 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 fraud by the Company or 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 requirements as stipulated by the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of paragraph 3(xii) of the Order are not applicable to the Company.

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

(xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of its shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons 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. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Ankush Goel

Ankush Goel
Partner
Membership No. 505121
UDIN: 20505121AAAAAC4547

Place: New Delhi
Date: 15 June 2020

Annexure B to the Independent Auditors' Report on the financial statements of Minda Storage Batteries Private Limited for the year ended 31 March 2020

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

Referred to in paragraph 2(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 Storage Batteries Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls system with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures

Ah

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's Registration No. 101248W/W-100022

Aakash Goel

Aakash Goel
Partner
Membership No. 505121
UDIN: 20505121AAAAAC4567

Place: New Delhi
Date: 15 June 2020

Minda Storage Batteries Private Limited
Balance Sheet as at 31 March 2020
(All amounts in ₹ lakhs, unless otherwise stated)
CIN : [illegible]

	Note No.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4a	10,313.1	11,130.4
Capital work-in-progress	4a	9.1	7.0
Right-of-use assets	4b	153.0	-
Goodwill	4c	-	-
Other intangible assets	4d	11.3	12.7
Financial assets			
(i) Loans	5	37.2	1,578.4
(ii) Other financial assets	6	[illegible]	[illegible]
Deferred tax assets (net)	7		-
Non current tax assets (net)	8A	33.7	42.7
Other non-current assets	8B	-	16.1
Total non-current assets		**10,757.9**	**12,963.6**
Current assets			
Inventories	9	1,582.1	1,855.0
Financial assets			
(i) Trade receivables	10	1,136.8	2,242.5
(ii) Cash and cash equivalents	11A	112.8	50.8
(iii) Other bank balances	11B	-	3.0
(iv) Loans	12	9.1	16.4
(v) Other financial assets	13	64.1	53.3
Other current assets	14	115.7	265.6
Total current assets		**3,020.6**	**4,486.6**
Total assets		**13,778.5**	**17,450.2**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15A	18,860.0	18,860.0
Other equity	15B	(7,404.7)	(5,948.9)
Total equity		**11,455.3**	**12,911.1**
Liabilities			
Non-current liabilities			
Provisions	16	160.7	[illegible]
Government grants	17	783.6	848.9
Total non-current liabilities		**944.3**	**1,166.8**
Current liabilities			
Financial liabilities			
(i) Borrowings	18	144.8	1,284.5
(ii) Trade payables	19		
(a) total outstanding dues of micro and small enterprises		95.7	-
(b) total outstanding dues of creditors other than micro and small enterprises		820.6	1,202.6
(iii) Other financial liabilities	20	43.9	593.7
Other current liabilities	21	71.6	80.5
Provisions	22	137.0	145.7
Government grants	17	65.3	65.3
Total current liabilities		**1,378.9**	**3,372.3**
Total equity and liabilities		**13,778.5**	**17,450.2**

Significant accounting policies 3
The notes referred to above 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 No: 101248W/W-100022

Ankush Goel

Ankush Goel
Partner
Membership No: 505121

Place: New Delhi
Date: 15 June 2020

For and on behalf of the Board of Directors of
Minda Storage Batteries Private Limited

Sudhir Jain
Director
DIN No. [illegible]

Sanjay Jain
Director
DIN No. [illegible]

Rakesh Tiwari
Company secretary
Membership No: 30566

Sanjeev Kumar Shah
Chief Financial Officer

Place: Gurugram
Date: 15 June 2020

Scanned with CamScanner

Minda Storage Batteries Private Limited
Statement of Profit and Loss for the year ended 31 March 2020
(All amounts in ₹ lakhs, unless otherwise stated)
CIN : U35900DL2011PTC228383

	Note No.	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	23	8,980.3	7,821.3
Other income	24	122.2	290.7
Total income		9,102.5	8,112.0
Expenses			
Cost of materials consumed	25	5,849.2	6,384.5
Changes in inventories of finished goods and work-in-progress	26	539.0	(688.0)
Employee benefits expense	27	1,372.3	[illegible]
Finance costs	28	136.3	110.5
Depreciation and amortization/ impairment	29	850.1	1,389.5
Other expenses	30	1,786.9	1,548.7
Total expenses		10,533.8	9,845.0
Loss before tax		(1,431.3)	(1,733.0)
Tax expense:			
Current tax		-	-
Tax relating to earlier year		-	(80.0)
Deferred tax		-	-
Loss for the year		(1,431.3)	(1,653.0)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements (losses)/gains on defined benefit plans	34	(24.5)	(1.3)
Income tax effect		-	-
Net other comprehensive income		(24.5)	(1.3)
Total comprehensive income for the year		(1,455.8)	(1,654.3)
Basic and diluted earnings per share (in ₹) (Face value of ₹ 10 per share)	31	(0.76)	(0.88)
Significant accounting policies	3		

The notes referred to above 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 No: 101248W/W-100022

Ankush Goel
Partner
Membership No. : 505121

Place: New Delhi
Date: 15 June 2020

For and on behalf of the Board of Directors of
Minda Storage Batteries Private Limited

Sudhir Jain
Director
DIN No. 00010445

Sanjay Jain
Director
DIN No. [illegible]

Rakesh Tiwari
Company secretary
Membership No. : 30566

Sanjeev Kumar Shah
Chief Financial Officer

Place: Gurugram
Date: 15 June 2020

Minda Storage Batteries Private Limited
Cash Flow Statement for the year ended 31 March 2020
(All amounts in ₹ lakhs, unless otherwise stated)
CIN: U35900DL2011PTC228383

	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flows from operating activities :		
Loss before tax	(1,431 3)	(1,733 0)
Adjustments for:		
Depreciation and amortisation/ impairment	850 1	1,389 5
Finance costs	136 3	110.5
Interest income on fixed deposits	(18.3)	(18 4)
Interest income on government grants	(65.3)	(65 3)
Interest income on loans	(92 7)	(173 3)
Exchange (gain)/ loss on foreign currency fluctuations (net)	(7.5)	7.4
Property plant and equipment scrapped/ written off	1 0	-
Operating profit before changes in assets and liabilities	(627 7)	(482 6)
Adjustments for changes in assets and liabilities:		
Decrease in loans	5 8	24 5
Decrease / (increase) in inventories	272.9	(901 5)
Decrease / (increase) in trade receivables	1,114 5	(1,809 3)
Decrease in other financial assets	2 0	1 0
Decrease in other current assets	149 9	196 3
(Decrease)/ increase in trade payables	(287 5)	716 0
(Decrease)/ increase in other current liabilities	(8 9)	69 4
(Decrease)/ increase in other financial liabilities	(508 8)	515 1
(Decrease)/ increase in provisions	(190 4)	235 9
Cash generated from operations	(78 2)	(1,435 2)
Income tax (paid) / refund	(11 0)	5 3
Net cash used in operating activities (A)	(89.2)	(1,429.9)
B. Cash flows form investing activities		
Purchase of property, plant and equipment and other intangible assets	(242 1)	(266 2)
Sale of property plant and equipment	29.6	54 9
Proceeds from/ (granted) loan to related parties	1,542 6	(225 0)
Loans repaid by related parties	-	876 2
Interest received on fixed deposits	4 4	4 2
Interest received on loan to related parties	92 7	173 3
Net cash from investing activities (B)	1,427.2	617.4
C. Cash flows from financing activities		
(Decrease)/ increase in borrowings	(1,139 7)	908 9
Interest paid on borrowings	(136 3)	(110 5)
Net cash (used in)/ from financing activities (C)	(1,276.0)	798.4
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	62.0	(14.1)
Cash and cash equivalents as at opening	50 8	64 9
Cash and cash equivalents as at closing	112.8	50.8
Balances with banks		
On current accounts	112 4	50 1
Cash on hand	0 4	0 7
Cash and cash equivalents at the end of the year	112.8	50.8

Significant accounting policies
The accompanying notes form an integral part of the financial statements

The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, as specified under the section 133 of the Companies Act, 2013

As per our report of even date attached

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

Ankush Goel

Ankush Goel
Partner
Membership No 505121

Place New Delhi
Date 15 June 2020

For and on behalf of the Board of Directors of
Minda Storage Batteries Private Limited

Sudhir Jain
Director
DIN No 00010445

Sanjay Jain
Director
DIN No 03364405

Rajesh Tiwari
Company secretary
Membership No 30566

Sanjeev Kumar Shah
Chief Financial Officer

Place: Gurugram
Date: 15 June 2020

Minda Storage Batteries Private Limited
Statement of changes in Equity for the year ended 31 March 2020
(All amounts in ₹ lakhs, unless otherwise stated)
CIN : U35900DL2011PTC228383

a) Equity share capital

Particulars	Amount
Balance as at 1 April 2018	18,860
Changes in equity share capital during 2018-19	-
Balance as at the 31 March 2019	18,860
Changes in equity share capital during 2019-20	-
Balance as at 31 March 2020	18,860

b) Other equity

	Amount
As at 1 April 2018	(4,294.6)
Profit/(loss) for the year	(1,653.0)
Other comprehensive income (net of tax)	(1.3)
As at 31 March 2019	(5,948.9)
Profit/(loss) for the year	(1,431.3)
Other comprehensive income (net of tax)	(24.5)
Total comprehensive income	(1,455.8)
As at 31 March 2020	(7,404.7)

Significant accounting policies
The notes referred to above 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 No. 101248W/W-100022

Ankush Goel

Ankush Goel
Partner
Membership No. 505121

Place: New Delhi
Date: 15 June 2020

For and on behalf of the Board of Directors of
Minda Storage Batteries Private Limited

Sudhir Jain
Director
DIN No. 00010445

Sanjay Jain
Director
DIN No. 03364405

Rajesh Tiwari
Company secretary
Membership No. 30566

Sanjeev Kumar Shah
Chief Financial Officer

Place: Gurugram
Date: 15 June 2020

1. Corporate information

Minda Storage Batteries Private Limited is a private limited company and it is a 100% subsidiary of Minda Industries Limited with effect from 23 September 2016. The Company is into the business of manufacturing lead acid storage batteries for automotive and industrial application.

2. Basis of preparation

A. Statement of compliance

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

The Financial Statements are approved by the Company's Board of Directors on 15 June 2020.

Details of the Company's accounting policies are included in Note 3.

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs and one decimal thereof, unless otherwise indicated.

C. Basis of measurement

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

Items	Measurement Basis
(a) Net defined benefit (asset)/ liability	Present value of defined benefit obligations
(b) Other financial assets and liabilities	Amortized cost

D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Judgements

The areas involving critical estimates or judgements are:

- Estimation of income tax (current and deferred) – Note 7

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

- Estimated useful life of other intangible assets – Note 4d

The Company amortizes intangible assets on a straight-line basis over estimated useful lives of the assets. The useful life is estimated based on a number of factors including the effects of obsolescence, demand, competition and other economic factors such as the stability of the industry and known technological advances and the level of maintenance expenditures required to obtain the expected future cash flows from the assets. The estimated useful life is reviewed at least annually.

- Estimated useful life and residual value of property, plant and equipment – Note 4a

The Company depreciates property, plant and equipment on a straight-line basis over estimated useful lives of the assets except certain plant and equipment on which depreciation is provided on written down value basis. The charge in respect of periodic depreciation is derived based on an estimate of an asset's expected useful life and the expected residual value at the end of its life. The life is based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The estimated useful life is reviewed at least annually.

- Impairment assessment of property plant and equipment- Note 4

The Company periodically reviews the impairment indicators and assesses whether there is any indication that an asset may be impaired. In assessing recoverable amount, the Company has used independent valuer to determine fair value of the assets and then compared it with the carrying value of the fixed assets. The estimation of fair value involves significant judgements and estimates.

- Recognition and measurement of provisions– Note 36

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial periods. Management estimate the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

- Estimation of defined benefit obligation – Note 34

The cost of the defined benefit plans, compensated absences and]the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

Minda Storage Batteries Pvt Ltd

E. Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification. The Company as presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by the Ministry of Corporate Affairs.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liability as current and non-current.

An asset is classified as current when it is:

a) Expected to be realized or intended to be sold or consumed in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Expected to be realized within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) It is expected to be settled in normal operating cycle,
b) It is held primarily for the purpose of trading,
c) It is due to be settled within twelve months after the reporting period, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

A. Foreign currency transactions

i. Initial recognition and settlement

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are generally recognized in profit or loss.

ii. Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences on restatement/settlement of all monetary items are recognised in profit or loss.

B. Measurement of fair values

A number of the accounting policies and disclosure required measurement of fair values, for Both financial and non- financial asset and liabilities.

Fair value is categorised in to different levels in a fair value of hierarchy based on the inputs used in the valuation techniques as follows -:

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

The Company has an established control frame work with respect to the measurement of fair values. This include a finance team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to chief financial officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuation meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes.

C. Financial instruments

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

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

a. Amortised cost:- These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gains or loss or derecognition is are recognized in profit or loss.

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Ah

Minda Storage Batteries Pvt. Ltd.

method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

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

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

Financial liabilities

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

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

iii. 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 realize the asset and settle the liability simultaneously.

iv. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

D. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use.

Storage Batteries Pvt. Ltd.

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

Property, plant and equipment under construction are disclosed as capital work-in-progress. Cost of construction that relate directly to specific property, plant and equipment and that are attributable to construction activity in general are included in capital work-in-progress.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii.Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation on items of property, plant and equipment is provided as per straight-line method basis, as per useful life of the assets estimated by the management, which is equal to the useful life prescribed under Schedule II of the Companies Act, 2013 except in the case of certain plant and equipment, depreciation on which is provided as per the written down value method basis and the life is based on technical evaluation and assessment.

Leasehold land is amortised on a straight line basis over the period of lease or their useful lives, whichever is shorter.

Depreciation on additions/ (disposals) is provided on a pro-rata basis i.e. from / (upto) the date on which asset is ready for use/ (disposed of). Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on internal assessment, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognized in the Statement of Profit and Loss.

The estimated useful lives of items of property, plant and equipment are as follows:

Particulars	**Management estimate of useful life (years)**	**Companies Act useful life (years)**
Buildings	15 / 30	30
Plant and equipment	2/3/5/6/7/8/9/10/15/21	15
Furniture and fixtures	5/8/9/10	10
Vehicles	8	8
Office equipment	5	5
Computers	3	3

Minda Storage Batteries Pvt. Ltd.

E. Goodwill and other intangible assets

i. Goodwill

For measurement of goodwill that arises on a business combination measured at fair value. Any goodwill that arises is tested annually for impairment. Subsequent measurement is at cost less any accumulated impairment losses.

ii. Other intangible assets

Other intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, other intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization

Amortization is calculated to write off the cost of other intangible assets over their estimated useful lives using the straight-line method, and is included in amortization expense in profit or loss.

The estimated useful lives are as follows:

- Software 6 years

Amortization method, useful life and residual values are reviewed at the end of each financial year and adjusted if appropriate.

F. Impairment

i. Impairment of financial instruments

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

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

Evidence that the financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 90 days or more;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- The disappearance of 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:

- 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.

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 results

Minda Storage Batteries Pvt. Ltd

from all possible default events over the expected life of a financial instrument. The Company follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

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 Company 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 includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortized 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.

ii. Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the asset's recoverable amount is estimated.

Assets that do not generate independent cash flows are grouped together into cash generating units (CGU).

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

G. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs).

For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period.

All other borrowing costs are expensed in the period in which they occur.

H. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Determining whether a contract contains lease

At inception of a contract, the Company determines whether the contract is, or contains, a lease. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset or assets for a period of time in exchange for consideration, even if that right is not explicitly specified in a contract.

At inception or on reassessment of a contract that contains lease component and one or more additional lease or non-lease components, the Company separates payments and other consideration required by the contract into those for each lease component on the basis of their relative stand-alone price and those for non-lease components on the basis of their relative aggregate stand-alone price. If the Company concludes that it is impracticable to separate the payments reliably, then ROU asset and Lease liability are recognised at an amount equal to the present value of future lease payments; subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Company as a lessee

At inception, the Company assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on an identified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of that asset.
The Company has elected to separate lease and non-lease components of contracts, wherever possible.
The Company recognizes a right of use (ROU) asset and a lease liability at the transition date/ lease commencement date. The ROU is initially measured based on the present value of future lease payments, plus initial direct costs, and cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, and lease payments made at or before the commencement date, less any incentives received. The ROU is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU is subject to testing for impairment if there is an indicator for impairment.

At the commencement date, the Company measures the lease liability at the present value of the future lease payments that are not yet paid at that date discounted using interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or for leases of low value assets. The payments for such leases are recognized in the statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an underlying assets are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments are structured to increase in line with the general inflation to compensate for the lessor's expected inflationary cost increase. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards incidental to ownership of underlying asset is transferred from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Transition to IND AS 116

This standard replaces Ind AS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The main effect on the Company is that Ind AS 116 introduces a single lease accounting model for lessees and requires a lessee to recognize assets and liabilities for almost all leases and therefore resulted in an increase of ROU asset and total financial liability at 1 April 2019. This standard is mandatory for the accounting period beginning on 1 April 2019. The Company adopted it on 1 April 2019 under the modified retrospective approach, utilizing the practical expedient to not reassess whether a contract contains a lease. Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019.

The Company has elected for recognition exemption for short term leases and leases for which the underlying asset is of low value.

I. Inventories

Inventories which comprise raw materials, work-in-progress, finished goods and stores and spares are carried at the lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase (net of recoverable taxes, where applicable), costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The basis of determining costs for various categories of inventories are as follows: -

Raw materials, stores and spares	-	Weighted average cost
Work-in-progress and finished goods	-	Material cost plus appropriate share of labour, manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

J. Revenue recognition

The Company earns revenue primarily from sale of storage batteries and allied products.

(i) Sale of goods:

Revenue is measured at the fair value of the consideration received or receivable. Sales are recognized when the significant risks and rewards of ownership are transferred to the buyer as per the terms of contract and are recognized. Amounts disclosed as revenue are net of returns, trade allowances, rebates, taxes and amounts collected on behalf of third parties.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met.

Storage Batteries India Pvt. Ltd.

for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(ii) Interest income is recognized using the effective interest method.

(iii) Duty drawback and export incentives- Income from duty drawback and export incentives is recognized on an accrual basis.

K. Employee benefits

(i) Short term employee benefits

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

(ii) Share-based payment transactions

The employees of the Company are entitled to Minda Industries Limited (holding Company) Employee Stock option scheme 2019. The cost of equity-settled transactions is determined by the holding Company using the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. The holding Company recharges the cost on regular basis to the Company on regular basis.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards Employee Provident Fund (EPF), Employee Pension scheme (EPS) and Employees' State Insurance to Government administered fund which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Defined benefit plan

Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation is present value of the defined benefit obligation for the eligible employees at the end of the reporting period. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized in Other Comprehensive Income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

(v) Other long term employee benefits

Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since, the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method. Actuarial gains and losses are recognized in profit or loss in the period in which they arise.

L. Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a systematic basis over the expected lives of the related assets and presented within other operating revenue.

M. Provisions and contingencies

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Minda Storage Batteries India Pvt. Ltd.

(ii) Contingencies

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

N. Income taxes

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income. In cases where the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of the ESOP related cumulative remuneration expense, the excess of the associated current or deferred tax are recognised directly in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax return with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized to the extent that it is probable that future profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized.

Deferred tax assets are reviewed at each reporting date and are recognized / reduced to the extent that it is probable / no longer probable respectively that the related tax benefits will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the 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.

Minda Storage Batteries India Pvt. Ltd.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities.

Minimum Alternative tax ('MAT') under the provisions of Income-tax Act, 1961 is recognized as current tax in profit or loss. The credit available under the Act in respect of MAT paid is recognized as deferred tax asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

N. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

O. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

P. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components, and for which discrete financial information is available.

Q. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above.

R. Standards issued but not yet effective up to the date of Financial Statements

Standards issued but not yet effective:
Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Storage Batteries India Pvt. Ltd

Minda Storage Batteries Private Limited
Notes to the financial statements for the year ended 31 March 2020
(All amounts in ₹ lakhs, unless otherwise stated)
CIN : U35900DL2011PTC228383

Note 4 Property, plant and equipment and Capital work-in-progress

a. Reconciliation of carrying amount

Particulars	Leasehold land #	Buildings	Plant and equipment *	Furniture and fixtures	Vehicles	Office equipment	Computers	Total (A)	Capital work-in-progress
Balance at 31 March 2018	159.0	2,295.5	9,585.7	17.7	32.2	7.9	32.0	12,130.0	54.9
Additions	-	-	209.9	11.5	-	26.3	27.2	274.9	-
Deductions/ Adjustments	-	-	-	-	-	-	-	-	-
Balance at 31 March 2019	159.0	2,295.5	9,795.6	29.2	32.2	34.2	59.2	12,404.9	7.0
Adjustments on account of IND AS 116 (refer accounting policy note 3(h))	(159.0)	-	-	-	-	-	-	(159.0)	-
Additions	-	-	215.8	4.3	-	-	0.8	220.9	-
Deductions/ Adjustments	-	-	23.8	2.0	-	17.5	9.9	53.2	-
Balance at 31 March 2020	-	2,295.5	9,987.6	31.5	32.2	16.7	50.1	12,413.6	9.1
Accumulated depreciation									
Balance at 31 March 2018	2.0	32.0	381.5	3.4	10.1	4.2	3.5	436.7	
Depreciation for the year	2.0	76.7	735.6	2.9	6.9	2.9	10.8	837.8	
Disposals	-	-	-	-	-	-	-	-	
Balance at 31 March 2019	4.0	108.7	1,117.1	6.3	17.0	7.1	14.3	1,274.5	
Adjustments to IND AS 116 (refer accounting policy note 3(h))	(4.0)	-	-	-	-	-	-	(4.0)	
Depreciation for the year	-	76.1	731.5	3.6	4.8	6.8	20.4	843.2	
Disposals	-	-	3.8	0.2	-	4.2	5.1	13.2	
Balance at 31 March 2020	-	184.8	1,844.8	9.7	21.8	9.7	29.6	2,100.5	
Carrying amounts (net)									
At 31 March 2020	-	2,110.7	8,142.8	21.8	10.4	7.0	20.5	10,313.1	9.1
At 31 March 2019	155.0	2,186.8	8,678.5	22.9	15.2	27.1	44.9	11,130.4	7.0

Carrying amount of property, plant and equipment (shown above) pledged as securities for borrowings to the extent of borrowing limits.(refer note 18)

* Includes government grant in Plant and equipment as on 31 March 2020: gross block: ₹ 979.5 Lakhs (previous year: ₹ 979.5 Lakhs), accumulated depreciation: ₹ 130.6 Lakhs, (previous year: 65.3 Lakhs) (refer note 17)

Title deed is in the name of the Minda Industries Limited, holding company which is yet to be registered in the name of the Company. Leasehold land charged to all lenders of Minda Industries Limited on pari passu basis. The leasehold land has been reclassified as Right-of-use-assets due to implementation of Ind AS 116 effective 1 April 2019. (Also refer note 4b relating to Right to Use Asset)

b. Right-of-use-assets (Refer 4a)

	As at 31 March 2020
Carrying amount of:	153.0
Right of use (leasehold land)	153.0

	Right of use (leasehold land)
Cost	-
As at 1 April 2019	155.0
Adjustment on account of Ind AS 116	-
Additions	-
Disposal / derecognized during the year	155.0
Balance at 31 March 2020	
Accumulated depreciation	-
Balance at 1 April 2019	2.0
Depreciation expense	-
Disposal / derecognized during the year	2.0
Balance at 31 March 2020	
Balance at 31 March 2020	153.0
Balance at 1 April 2019	-

Other leases

The Company has paid lease rent amounting to Rs. 43.4 lakhs for warehouses which has closed during the year.

c. Goodwill

Balance at 31 March 2018	549.5
Additions	-
Balance at 31 March 2019	549.5
Additions	-
Balance at 31 March 2020	-
Accumulated amortisation and impairment losses	
Balance at 31 March 2018	-
Amortisation/ impairment for the year	549.5
Balance at 31 March 2019	549.5
Amortisation/ impairment for the year	-
Balance at 31 March 2020	-
Carrying amount (net)	
At 31 March 2020	-
At 31 March 2019	-

As at 31 March 2019, the estimated cash flows for the period of 5 years were developed using internal forecasts, and a post-tax discount rate of 16%. The cash flows beyond 5 years have been extrapolated assuming 5% growth rates. Goodwill has been tested for impairment and since the carrying amount is exceeding the recoverable amount hence expense has been recognised.

Ah

Minda Storage Batteries India Pvt. Ltd. *

Minda Storage Batteries Private Limited
Notes to the financial statements for the year ended 31 March 2020
(All amounts in ₹ lakhs, unless otherwise stated)
CIN : U35900DL2011PTC228383

d. Other intangible assets

	Software
Balance at 1 April 2018	7.1
Additions	9.3
Balance at 31 March 2019	16.4
Additions	3.5
Deductions/ Adjustments	0.1
Balance at 31 March 2020	19.8
Accumulated amortisation	
Balance at 31 March 2018	1.5
Amortisation for the year	2.2
Balance at 31 March 2019	3.7
Amortisation for the year	4.9
Disposals	0.1
Balance at 31 March 2020	8.5
Carrying amount (net)	
At 31 March 2020	11.3
At 31 March 2019	12.7

	As at 31 March 2020	As at 31 March 2019
5 Loans		
(unsecured considered good unless otherwise stated)		
Security deposits	37.2	35.8
Loans to related party #	-	1,542.6
	37.2	1,578.4

The loan has been repaid in current year and carries an interest rate 9.21%

	As at 31 March 2020	As at 31 March 2019
6 Other financial assets		
(unsecured considered good unless otherwise stated)		
Bank deposits (due to mature after 12 months from the reporting date)*	180.5	176.3
	180.5	176.3

* Bank deposits includes Rs. 176.3 lakhs (31 March 2019 : Rs. 176.3 lakhs) being fixed deposits pledged with various government authorities

Minda Storage Batteries Private Limited
Notes to the financial statements for the year ended 31 March 2020
(All amounts in ₹ lakhs, unless otherwise stated)
CIN : [illegible]

7. Deferred tax assets (net) / Deferred tax liabilities (net)

	For the year ended 31 March 2020	For the year ended 31 March 2019
a. Amounts recognised in the Statement of profit or loss		
Current tax		
Tax relating to earlier year	-	
Deferred tax		(90.3)
Tax expense for the year recognised in the Statement of profit or loss	-	(90.3)

b. Income tax recognised in other comprehensive income

	For the year ended 31 March 2020			For the year ended 31 March 2019		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Remeasurement of defined benefit plan	(24.7)		(24.7)	(1.3)	-	(1.3)
	(24.7)	-	(24.7)	(1.3)	-	(1.3)

c. Reconciliation of effective tax rate

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Rate (%)	Amount	Rate (%)	Amount
Loss before tax		(1,424.3)		(1,733.0)
Tax using company's domestic tax rate #	26.0%	(372.3)	31.2%	(540.7)

In the absence of reasonable certainty of sufficient future taxable profits, deferred tax asset has been recognised only to the extent of deferred tax liability.

AG

Minda Storage Batteries India Pvt Ltd

nda Storage Batteries Private Limited
tes to the financial statements for the year ended 31 March 2020
ll amounts in ₹ lakhs, unless otherwise stated)
Deferred tax assets (net)/ Deferred tax liabilities (net) (contd.)

d. Deferred tax assets / liabilities

	Deferred tax assets		(Deferred tax liabilities)		Net deferred tax assets / (liabilities)	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Property, plant and equipment and other intangible assets (net)	-	-	(839.1)	(776.0)	(839.1)	(776.0)
Provision for employee benefits	41.8	12.2	-	-	41.8	12.2
Other financial liabilities	5.5	5.3	-	-	5.5	5.3
Provision for warranty	35.6	29.1	-	-	35.6	29.1
Carried forward losses and unabsorbed depreciation	2,146.9	1,435.5	-	-	2,146.9	1,435.5
	2,229.8	1,482.1	(839.1)	(776.0)	1,390.7	706.1

Deferred tax liabilities	(839.1)	(776.0)
Deferred tax assets (to the extent of deferred tax liabilities)	(839.1)	(776.0)
Deferred tax assets (liability) recognised	-	-

As at 31 March 2020, the Company has unabsorbed depreciation/business losses as per Income tax Act, 1961. In the absence of reasonable certainty of sufficient future taxable profits, deferred tax asset has been recognised only to the extent of deferred tax liability

e. Movement of temporary differences

Net deferred tax assets / (liabilities)

	As at 1 April 2018	Unrecognised temporary differences	Unrecognised tax losses	As at 31 March 2019	Unrecognised temporary differences	Unrecognised tax losses	As at 31 March 2020
Property, plant and equipment and other intangible assets (net)	(194.4)	(581.6)	-	(776.0)	(63.1)	-	(839.1)
Provision for employee benefits	25.7	(13.5)	-	12.2	29.6	-	41.8
Other financial liabilities	10.5	(5.1)	-	5.3	0.2	-	5.5
Provision for warranty	-	29.1	-	29.1	6.5	-	35.6
Carried forward losses and unabsorbed depreciation	365.7	-	1,069.8	1,435.5	-	711.4	2,146.9
	207.6	(571.2)	1,069.8	706.2	(26.8)	711.4	1,390.7

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

	As at 31 March 2020		As at 31 March 2019	
Expire year	Gross Amount	Unrecognised tax effect	Gross Amount	Unrecognised tax effect
Business Loss	3,185.8	828.3	900.9	281.1
Unabsorbed depreciation	5,071.4	1,318.6	3,700.2	1,154.5
	8,257.2	2,146.9	4,601.1	1,435.5

8A Non current tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Advance tax	53.7	42.7
Less: Provision for tax	-	-
	53.7	42.7

8B Other non-current assets
(unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Capital advances	-	16.1
	-	16.1

9 Inventories*
(Valued at lower of cost or net realisable value)

	As at 31 March 2020	As at 31 March 2019
Raw materials	920.3	643.3
Work-in-progress	513.7	874.3
Finished goods	97.8	276.2
Stores and spares	50.3	61.2
	1,582.1	1,855.0

*Carrying amount of inventories (shown above) pledged as securities for borrowings to the extent of borrowing limits (refer note 18)

The write down of inventories to net realisable value during the year amounted to 45.4 lacs (As at 31 March 2019: 24.9 lacs). The write down is included in cost of material consumed or changes in inventories of finished goods and work-in-progress

Due to Covid'19 lock down, physical verification of inventory was conducted by the management subsequent to the year end in April 2020

10 Trade receivables
(Unsecured, considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Unsecured considered good		
- From related parties	612.8	-
- From other than related parties	524.0	2,242.5
	1,136.8	2,242.5

a) Trade receivable includes amount due from companies having common directors as follows:

	As at 31 March 2020	As at 31 March 2019
Minda Distribution Services Ltd	612.8	-

b) The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note no 37

11A Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Balances with banks		
On current accounts	112.4	50.1
Cash on hand	0.4	0.7
	112.8	50.8

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2020

11B Other bank balances

	As at 31 March 2020	As at 31 March 2019
- Balances with banks		
Term deposits*	-	3.0
	-	3.0

* Represents fixed deposits pledged with various government authorities.

12 Loans
(unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Loan to employees	9.1	16.4
	9.1	16.4

13 Other financial assets
(unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Interest accrued on fixed deposits	63.4	49.4
Export benefit receivable	0.7	3.9
	64.1	53.3

14 Other current assets
(unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	23.6	35.6
Advance to suppliers		
- To related parties	-	52.7
- To others	39.5	119.6
Balances with government authorities	33.9	77.5
Insurance claim receivable	18.4	-
Others	0.3	0.2
	115.7	285.6

Minda Storage Batteries India Pvt. Ltd.

Scanned with CamScanner

Minda Storage Batteries Private Limited
Notes to the financial statements for the year ended 31 March 2020
(All amounts in ₹ lakhs, unless otherwise stated)
CIN : U31900DL2011PTC218383

15A Equity share capital

(a) Authorised

	As at 31 March 2020 Number	As at 31 March 2020 Amount	As at 31 March 2019 Number	As at 31 March 2019 Amount
Equity shares of ₹10/- each (previous year ₹10/- each)	190,000,000	19,000	190,000,000	19,000
	190,000,000	19,000	190,000,000	19,000

(b) Issued, subscribed and fully paid up

	Number	Amount	Number	Amount
Equity share capital				
Equity shares of ₹10/- each (previous year ₹10/- each)	188,600,000	18,860	188,600,000	18,860
	188,600,000	18,860	188,600,000	18,860

(c) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	Number	Amount	Number	Amount
Equity shares				
Opening balance	188,600,000	18,860	188,600,000	18,860
Add: Shares issued during the year	-	-	-	-
Closing balance	188,600,000	18,860	188,600,000	18,860

(d) (i) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company may declare and pay dividends in Indian rupees. The final dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(e) Details of shareholders holding more than 5% shares in the Company:

Class of shares / Name of shareholder	As at 31 March 2020 Number of shares held	As at 31 March 2020 % holding in that class of shares	As at 31 March 2019 Number of shares held	As at 31 March 2019 % holding in that class of shares
Minda Industries Limited (including six nominee shareholders)	188,600,000	100%	188,600,000	100%

(f) Also refer note 39 of the financial statements

15B Other equity

	As at 31 March 2020	As at 31 March 2019
Retained earning		
Balance at the beginning of the year	(5,948.9)	(4,294.6)
Loss for the year	(1,431.3)	(1,653.0)
Other comprehensive income, net of tax	(24.5)	(1.3)
	(7,404.7)	(5,948.9)

16 Long-term provisions

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Gratuity (refer note 34)	105.7	130.6
Compensated absences	30.9	84.6
	136.6	215.2
Others		
Provision for warranty*	24.1	102.7
	160.7	317.9

* The Company has made a warranty provision on account of sale of products with warranty clause. These provisions are based on management's best estimate and past trends. Actual expenses for warranty are charged directly against the provision. Un-utilised provision is reversed on expiry of the warranty period (refer note 36).

17 Government grants

	As at 31 March 2020	As at 31 March 2019
Export promotion capital grant scheme		
Current portion	65.3	65.3
Non current portion	783.6	848.9
	848.9	914.2
Opening balance	914.2	979.5
Add: Grants received during the year	-	-
Less: Released to profit or loss	65.3	65.3
Closing balance	848.9	914.2

Minda Storage Batteries India Pvt. Ltd.

	As at 31 March 2020	As at 31 March 2019
18 Short-term borrowings		
Secured cash credit from banks	144.8	1,284.5
	144.8	1,284.5

a. Terms repayment schedule and security

Nature of security	Terms of repayment and rate of interest
Axis Bank Rupee cash credit from banks amounting to ₹ 144.8 Lakhs (31 March 2019: ₹ 290.5 Lakhs) is secured by: Primary:- First pari passu charge on entire current assets of the Company, both present and future. Secondary:- Second Pari Passu charge on entire movable property, plant and equipment of the Company, both present and future.	Floating @ MCLR rate plus 75 bps current 8.73% (previous year 9.30%) Maximum tenor of loan is for 1 year from the date of first disbursement. Principal amount is repayable on demand.
HDFC Bank Rupee cash credit from banks amounting to Nil Lakhs (31 March 2019: ₹ 994.0 Lakhs) is secured by: Primary:- First pari passu charge on entire current assets of the Company, both present and future; Secondary:- Second Pari Passu charge on entire movable property, plant and equipment of the Company, both present and future.	Interest rate is 9.20% (previous year 9.20%). There is no outstanding amount as on 31 March 2020 Principal amount is repayable on demand.

	As at 31 March 2020 Current borrowings	As at 31 March 2019 Current borrowings
Balance as at the beginning of the year	1,284.5	375.6
Proceeds from/repayments of current borrowing (net)	(1,139.7)	908.9
Balance as at the end of the year	144.8	1,284.5

	As at 31 March 2020	As at 31 March 2019
Net debt reconciliation		
Borrowings	144.8	1,284.5
Finance costs	136.3	110.5
Finance cost paid	(136.7)	(110.5)
Cash and cash equivalents	(112.8)	(50.8)
Net Debt	32.0	1,233.7

	As at 31 March 2020	As at 31 March 2019
19 Trade payables		
Trade payables (refer note 35)		
(a) total outstanding dues of micro and small enterprises	95.7	-
(b) total outstanding dues of creditors other than micro and small enterprises	820.6	1,202.6
	916.3	1,202.6

a) The Company's exposure to currency and liquidity risks related to trade payables are disclosed in note no 37.

	As at 31 March 2020	As at 31 March 2019
20 Other financial liabilities		
Payable to employees	29.8	64.7
Payable for property, plant and equipment	-	41.0
Security deposits from customers	14.1	-
Payable for other purchases		
- To related parties	-	488.0
	43.9	593.7

	As at 31 March 2020	As at 31 March 2019
21 Other current liabilities		
Advance from customers		
- From related parties	-	44.0
- From others	57.9	7.8
Statutory dues	13.7	28.7
	71.6	80.5

	As at 31 March 2020	As at 31 March 2019
22 Short-term provisions		
Provision for employee benefits		
Gratuity (refer note 34)	1.5	11.8
Compensated absences	22.8	5.4
	24.3	17.2
Others		
Provision for warranty	112.7	128.5
	112.7	128.5
	137.0	145.7

Storage Batteries India Pvt. Ltd.

Minda Storage Batteries Private Limited
Notes forming part of the financial statements
(All amounts in ₹ lakhs, unless otherwise stated)
CIN : U35900DL2011PTC228383

	For the year ended 31 March 2020	For the year ended 31 March 2019
23 Revenue from operations		
Sale of products	8,863.2	7,703.5
Finished goods		
Other operating revenues	21.2	14.3
Scrap sales	30.6	38.2
Export benefits	65.3	65.3
Government grants	8,980.3	7,821.3

	For the year ended 31 March 2020	For the year ended 31 March 2019
24 Other income		
Interest income on fixed deposits	18.3	18.4
Interest income on loans	92.7	173.3
Net gain on foreign currency fluctuations	11.1	-
Miscellaneous income	0.1	99.0
	122.2	290.7

	For the year ended 31 March 2020	For the year ended 31 March 2019
25 Cost of materials consumed		
Opening stock of raw materials	643.3	436.2
Purchases	6,126.2	6,591.6
Closing stock of raw materials	(920.3)	(643.3)
	5,849.2	6,384.5

	For the year ended 31 March 2020	For the year ended 31 March 2019
26 Changes in inventories of finished goods and work in progress		
Inventories at the end of the year		
Work-in-progress	513.7	874.3
Finished goods	97.8	276.2
	611.5	1,150.5
Inventories at the beginning of the year		
Work-in-progress	874.3	453.0
Finished goods	276.2	8.6
	1,150.5	461.6
Net increase/(decrease) in stocks	539.0	(688.9)

	For the year ended 31 March 2020	For the year ended 31 March 2019
27 Employee benefits expense		
Salaries, wages and bonus	1,221.2	962.4
Expense on employee stock option schemes (refer note 41)	3.1	-
Contribution to provident and other funds	78.3	61.6
Staff welfare expense	69.7	76.7
	1,372.3	1,100.7

...age Batteries India Pvt Ltd

(All amounts in ₹ lakhs, unless otherwise stated)

28 Finance costs

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest on borrowings	122.7	108.3
Bank charges	12.9	2.2
Interest on amounts remaining unpaid to micro and small suppliers	0.7	-
	136.3	110.5

29 Depreciation and amortisation

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property plant and equipment	843.2	837.8
Amortisation/ impairment of goodwill and other intangible assets	4.9	551.7
Depreciation on right-of-use-assets	2.0	-
	850.1	1,389.5

30 Other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of stores and spare parts	162.7	134.1
Power and fuel	394.5	405.5
Rent (refer note 4b)	43.4	13.9
Repairs and maintenance	144.1	123.5
Travelling and conveyance	178.2	120.0
Legal and professional	57.4	15.6
Payments to auditors*	19.8	18.3
Freight	310.3	196.8
Warranty (net)	193.6	178.9
Net loss on foreign currency fluctuations	-	2.3
Management and administrative expenses	10.3	109.5
SAP license fee	57.2	41.7
Sales promotion	24.9	70.8
Miscellaneous expenses	190.1	112.8
	1,786.9	1,548.7

As the Company is into losses, therefore no Corporate Social Responsibility (CSR) amount is required to be spent as per the requirements of Section 135 of the Companies Act, 2013.

Note:

* Payments to the auditors (excluding goods and service tax)		
Statutory audit	15.0	15.0
Other services	3.0	3.0
Reimbursement of expenses	1.8	0.3
	19.8	18.3

31 Earnings per share

	For the year ended 31 March 2020	For the year ended 31 March 2019
Net loss after tax as per Statement of Profit and loss	(1,431.3)	(1,653.0)
Net loss attributable to equity shares	(1,431.3)	(1,653.0)
Weighted average number of equity shares (in Nos.):		
for Basic EPS	188,600,000	188,600,000
for Diluted EPS	188,600,000	188,600,000
Basic earnings per share in rupees	(0.76)	(0.88)
Diluted earnings per share in rupees	(0.76)	(0.88)

Minda Storage Batteries India Pvt. Ltd

32 (a) Contingent liabilities

The Company had imported capital goods under EPCG (Export Promotion Capital Goods) Scheme and saved custom duty to the tune of ₹ 979.5 lakhs until 2015-16. As per the EPCG terms and conditions, the Company needs to export goods 6 times of duty saved on import of Capital goods on FOB basis within a period of 6 years (Block year 1st to 4th - 50% and 5th to 6th - 50%). The Company has exported ₹ 3,939.9 lakhs (50% of duty saved ₹ 2,938.6 lakhs for the 1st to 4th 50% block). The balance export obligation of Rs. 1937.3 lakhs is pending to be exported by the Company. In case, the Company is unable to export goods with in the prescribed timeframe, then the Company may have to pay duty on import of capital goods, including interest and penalty thereon.
Considering the past trends and internal assessment done by the Company, the management is of the view that the required export obligation will be achieved within the prescribed time and hence no provision is required at this stage.

There are no litigations outstanding as at 31 March 2020 (Previous Rs. Nil)

32 (b) Capital and other commitments

There are no capital and other commitments outstanding as at 31 March 2020 (previous year : Nil)

33 Segment information

Operating segments

a. Basis for segmentation
The chief operating decision maker (CODM) examines the Company's performance from a product business perspective and has identified 'Storage batteries and allied products' as a single operating segment. Accordingly, no disclosures are made for operating segments as per Ind AS 108 in the financial statements.

b. Geographical Information

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e. India) and outside India. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets which have been based on the geographical location of the assets.

(i) Revenues	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
India	7,900.3	6,580.1
Outside India	1,080.0	1,241.2
	8,980.3	7,821.3

(ii) Non-current assets#	**As at 31 March 2020**	**As at 31 March 2019**
India	10,540.2	11,208.9
Outside India	-	-
Total	10,540.2	11,208.9

Non-current assets excludes financial assets.

(iii) Trade receivable	**As at 31 March 2020**	**As at 31 March 2019**
India	971.7	1893.4
Outside India	165.1	349.1
Total	1,136.8	2242.5

c. Major customer

Revenue from two customers of the Company are more than 34% (31 March 2019 revenue from two customers more than 56%) of the Company's total revenue.

34 Disclosure pursuant to Ind AS 19 on "Employee Benefits"

a) Assets and liabilities relating to employee benefits

	As at 31 March 2020	**As at 31 March 2019**
Non-current		
Provision for Gratuity	105.7	130.6
Provision for compensated absences	30.9	84.6
	136.6	215.2
Current		
Provision for Gratuity	1.5	11.8
Provision for compensated absences	22.8	5.4
Total employee benefit liabilities	24.3	17.2
Total	160.9	232.4

Defined benefit plan - Gratuity :

Salary for calculation of gratuity	Last drawn salary
Normal Retirement Age	58 Years
Vesting Period	5 Years
Benefit on normal retirement	As per the provisions of the Payment of Gratuity Act, 1972
Benefit on early retirement / termination / resignation/ withdrawal	Same as normal retirement benefit based on the service upto the date of exit
Benefit on death in service	Same as normal retirement benefit and no vesting period conditions applies
Maximum limit	Rs. 20,00,000
Gratuity Formula	15/26 * Last drawn salary * Number of completed years

Batteries India Pvt. Ltd.

(All amounts in ₹ lakhs, unless otherwise stated)

The company has a defined benefit gratuity plan, governed by the payment of gratuity act. The scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. The above defined benefit plan exposes the Company to following risks:

Interest rate risk :
The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, there shall be an increase in ultimate cost of providing the above benefit and thus, the defined benefit obligation will tend to increase.

Liquidity risk:
This is the risk that the Company is not able to meet the short term gratuity payouts. This may arise due to non availability of enough cash /cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Inherent Risk
The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, this exposes the Company to actuarial risk such as adverse salary growth, change in demographic experience. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

Salary inflation risk
Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk:
This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Regulatory risk:
Gratuity benefit is paid in accordance with the requirements of the Payments of Gratuity Act,1972(as amended from time to time) There is risk of change in regulations requiring higher gratuity payouts (Maximum limit; Rs. 20,00,000.)

Gratuity

(i) Changes in present value of obligation:

Particulars	As at 31 March 2020	As at 31 March 2019
Present value of obligation as at the beginning of the year	142.5	59.1
Interest cost	11.1	4.6
Current service cost	20.3	26.5
Benefits paid	(11.7)	(6.9)
Actuarial (gain)/loss on obligation	24.5	1.3
Transfer in/(out) liability	(79.5)	57.8
Present value of obligation as at the end of year	107.2	142.4
- Long term	105.7	130.6
- Short term	1.5	11.8

(ii) The amounts recognized in the Balance Sheet are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Present value of obligation as at the end of the year	107.2	142.4
Net (asset)/liability recognized in balance sheet	107.2	142.4

(iii) Expenses recognized in the Statement of Profit and Loss:

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Current service cost	20.3	26.5
Interest cost	11.1	4.6
Expenses recognized in the Statement of Profit and Loss	31.4	31.1

(iv) Re-measurements recognised in other Comprehensive Income (OCI):

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Changes in Financial Assumption	13.3	1.0
Experience Adjustments	11.2	0.3
Amount recognized in other Comprehensive (Income)/ loss (OCI)	24.5	1.3

(v) Maturity profile of defined benefit obligation:

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Within next 12 Months	1.5	11.8
Between 2 and 5 years	9.3	14.3
Between 6 and 10 years	52.0	69.5
More than 10 years	312.6	453.0

As at 31 March 2020, the weighted average duration of the defined benefit obligation was 16 years (31 March 2019: 15 years)

Minda Storage Batteries India Pvt. Ltd.

(vi) **Principal actuarial assumptions at the balance sheet date are as follows:**

a) **Economic assumptions:**

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate taking account of inflation, seniority, promotion and other relevant factors on long term basis.

Particulars	As at 31 March 2020	As at 31 March 2019
Discount rate	6.85%	7.75%
Future salary increase	8.00%	8.00%

b) **Demographic assumptions:**

Particulars	As at 31 March 2020	As at 31 March 2019
i) Retirement Age (Years)	58	58
ii) Mortality Table	100%	100%
iii) Ages		
Up to 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on yields/ rates available on applicable bonds as on the current valuation date. The salary growth rate as indicated above is Company's best estimate of an increase in salary of the employees in future years determined considering the general trend in inflation, promotions, seniority, past experience and other relevant factors such as demand and supply in employment market, etc. Attrition rate indicated above represents the Company's best estimate of Employee Turnover in future(other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (IALM) (2006-2008) rates.

(vii) **Sensitivity analysis for significant assumptions:**

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

Increase/(Decrease) on present value of defined benefits obligation at the end of the year

Particulars	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1%)	92.4	125.2	124.3	164.5
Salary escalation rate (1%)	124.8	92.5	163.1	125.0
Attrition rate (50%)	105.2	109.3	141.5	143.1
Mortality rate (10%)	107.1	107.2	142.5	142.4

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely that the change in assumption to occur in isolation, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation and the related Current Service Cost and, where applicable, past service cost calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. It should be noted that valuations do not affect the ultimate cost of the plan, only timing of when the benefit cost are recognised.
The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Asset Liability Matching Strategies
The scheme is managed on unfunded basis

(viii) Enterprise best estimate of contribution during the next year

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Gratuity	-	34.2

(c) Defined contribution plan
The Company makes contribution towards employees' provident fund, employees' state insurance plan scheme, pension fund and superannuation fund. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme, to these defined contribution schemes. The Company has recognised ₹ 78.3 lakhs (31 March 2019 ₹ 61.6 Lakhs) during the year as expense towards contribution to these plans

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Provident fund	43.3	32.0
Employees' state insurance scheme	7.3	9.0
Pension fund	27.7	19.3
Superannuation fund	-	1.3
Total	78.3	61.6

Minda Storage Batteries India Pvt. Ltd

(All amounts in ₹ lakhs, unless otherwise stated)

35 Information pursuant to the provisions of Section 22 of Micro, Small and Medium Enterprises Development Act, 2006.

Based on the information available with the Company, the disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 is as follows :-

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	95.0	-
- Interest	0.7	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act 2006)	-	-
The Amounts of the payments made to micro and small suppliers beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-
The amount of interest accrued and remaining unpaid at the end of the year	0.7	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act 2006	-	-

36 Provision

(i) Warranty

The following disclosures have been made in accordance with the provisions of Ind AS 37 - 'Provisions, Contingent Liabilities and Contingent Assets'

Particulars	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	231.2	137.9
Add: Provision made during the year	193.6	178.9
Less: Utilized during the year	287.9	85.6
Balance as at the end of the year	136.8	231.2
Non current	24.1	102.7
Current	112.7	128.5

Scanned with CamScanner

37 Financial risk management objectives

The Company, as an active supplier for the automobile industry expose its business and products to various market risks, credit risk and liquidity risk. The Company's decentralised management structure with the main activities in the plant make necessary organised risk management system. The regulations, instructions, implementation rules and in particular, the regular communication throughout the controlled management process consisting of planning, controlling and monitoring collectively form the risk management system used to define, record and minimise operating, financial and strategic risks. Below notes explain the sources of risks in which the Company is exposed to and how it manages the risks:

a) Market risk

Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks. The sensitivity analyses in the following sections relate to the position as at Balance sheet date The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions, and the non-financial assets and liabilities

(i) Price risk

Fluctuation in commodity price affects directly and indirectly the price of raw material and components used by the company in its various products. Substantial pricing pressure from major after market customers to provide price cuts and inability to pass on the increased cost to customers may also affect the profitability of the Company.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company transacts business in local currency as well as in foreign currency. The Company has foreign currency trade payables and trade receivables and is therefore, exposed to foreign exchange risk.

Particulars of un-hedged foreign currency exposure

Currency	As at 31 March 2020			As at 31 March 2019		
	Foreign currency amount in lakhs	Exchange rate (in ₹)	₹ in lakhs	Foreign currency amount in lakhs	Exchange rate (in ₹)	₹ in lakhs
Trade receivables						
USD	1.9	75.39	141.9	5.0	69.17	349.1
Trade payables						
USD	0.5	75.39	37.9	0.6	69.17	42.5

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the company profit before tax is due to changes in the fair value of monetary assets and liabilities :-

Exposure gain/(loss)	As at 31 March 2020		As at 31 March 2019	
Particulars	**Change +1%**	**Change -1%**	**Change +1%**	**Change -1%**
Trade receivables				
USD	1.4	(1.4)	3.5	(3.5)
Trade payables				
USD	(0.4)	0.4	(0.4)	0.4

Minda Storage Batteries India Pvt. Ltd.

(iii) a) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from borrowings with variable rates, which exposes the Company to cash flow interest rate risk.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Variable rate borrowings	144.8	1,284.5
Total	144.8	1,284.5

For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

Particulars	Impact on profit before tax	
	As at 31 March 2020	As at 31 March 2019
Increase by 0.5%	(0.7)	(6.4)
Decrease by 0.5%	0.7	6.4

Variable interest borrowings includes loan from banks which carry interest rate of 8.75% (previous year 9.30%)

b) Liquidity risk
Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans from banks at an optimised cost.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1-5 Years	More than 5 Years	Total
As at 31 March 2020						
Interest bearing borrowings	144.8	-	-	-	-	144.8
Trade payable	-	916.3		-	-	820.6
Other financial liabilities	-	43.9	-		-	43.9
As at 31 March 2019						
Interest bearing borrowings	1,284.5	-	-	-	-	1,284.5
Trade payable	-	1,202.6			-	1,202.6
Other financial liabilities	-	552.0	41.7	-	-	593.7

The undrawn borrowing facilities as per the banking arrangements amounts to Rs. 1,671.7 lakhs as at 31 March 2020. (previous year: Rs. 715.5 lakhs)

Minda Storage Batteries India Pvt. Ltd

(All amounts in ₹ lakhs, unless otherwise stated)

c) Credit risk
Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customers. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and customer profile.

The Customers are subjected to credit assessments as a precautionary measure, and the adherence of all clients to payment due dates is monitored on an on-going basis, thereby practically reducing the risk of default.

The Company's review also includes financial statements, industry information, promoter's background and in some cases bank references.

Expected credit loss on trade receivable :
The Company's expected probability of default is not significant and all major payments are received on due dates without ant significant delays. Based on internal assessment which is driven by historical experience / current facts available in relation to default in collection thereof, the expected credit loss for trade receivables is estimated to be not significant.
Further, the impact of delay risk is not considered to be material.

The table below summarises the ageing bracket of trade receivables.

Particulars	Gross carrying amount	
	31 March 2020	31 March 2019
Current (not past due)	790.8	1,535.6
1-30 days past due	85.6	369.7
31-60 days past due	65.7	184.3
61-90 days past due	52.6	152.9
91-120 days past due	5.8	-
121-360 days past due	136.3	-
Total	1,136.8	2,242.5

(ii) Others
Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made in bank deposits and other risk free securities. All balances with banks and financial institutions is subject to low credit risk due to good credit ratings assigned to these banks and no historical issues noted in these arrangements.

(iii) Cash and cash equivalents
Credit risk on cash and cash equivalents is limited as the company generally invests in deposits with banks with high repute.

Minda Storage Batteries India Pvt. Ltd

Minda Storage Batteries Private Limited
Notes forming part of the financial statements for the year ended 31 March 2020
(All amounts in ₹ lakhs, unless otherwise stated)
CIN : U35900DL2011PTC228383

38 Related Party Transactions

Related party and nature of related party relationship where control exists:-

Nature of relationship	Name of related party
Holding Company	Minda Industries Limited

(a) Related parties with whom transactions have taken place during the year/ previous year and the nature of related party relationship:

Nature of relationship	Name of related party
Fellow Subsidiaries	Minda Distribution Services Limited
Fellow Subsidiaries	M J Casting limited
Fellow Subsidiaries	MI Torica India Private Limited
Fellow Subsidiaries	MITIL Polymers Private Limited
Enterprises in which directors/members of the Company can exercise significant influence	Minda Onkyo India Private Limited
A firm in which a director of Holding Company is a partner	Minda Industries (Firm)
Key management personnel	Satish Sekhri Sudhir Jain Paridhi Minda (From 26 February 2019) Sanjay Jain Seema Gupta (Upto 26 February 2019)

(b) Details of related parties with whom transactions have taken place

Related party	Nature of transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
Transactions during the year			
Minda Industries Limited	Other expenses	165.9	301.2
	Interest income on loans	-	18.6
	Loan repaid	-	406.8
	Sale of products	0.5	-
M J Casting Limited	Interest income on loans	92.7	154.7
	Loan repaid by related party	1,525.0	500.0
	Loan given to related party	-	225.0
MI Torica India Private Limited	Purchases	67.8	202.8
MITIL Polymers Private Limited	Purchases	208.6	26.3
Minda Distribution and Services Limited	Sale of products	2,501.4	2,999.3
	Reimbursement of expenses	-	6.1
	Other purchases	-	488.0
	Sale of property, plant and equipment	29.5	-
	Employee liability transferred	91.6	-
	Transfer of loan to employees	9.5	-
Minda Onkyo India Private Limited	Sale of assets	-	54.9
Minda Industries (Firm)	Rent Paid	6.7	-

Related party	Nature of transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
Balance as at year end			
Minda Industries Limited	Trade payables	27.6	160.3
M J Casting Limited	Loans	-	1,525.0
Minda Distribution Services Limited	Trade receivables	612.8	-
	Other financial liabilities	-	488.0
	Other current liabilities	-	44.0
MI Torica India Private Limited	Advance to suppliers	-	52.7
MITIL Polymers Private Limited	Trade payables	16.3	-

(c) Key managerial personnel compensation

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Directors sitting fee	2.7	2.5
Total compensation	2.7	2.5

All transactions with these related parties are priced on an arm's length basis. None of the balances are secured.

Minda Storage Batteries India Pvt. Ltd.

(All amounts in ₹ lakhs, unless otherwise stated)

39 Capital management

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Company monitors Net Debt to EBITDA ratio i.e. Net debt (total borrowings net of cash and cash equivalents) divided by EBITDA (Profit before tax plus depreciation and amortization expense plus finance costs). The Company's strategy is to ensure that the Net Debt to EBITDA is managed at an optimal level considering the above factors. The Net Debt to EBITDA ratios were as follows:

	31 March 2020	31 March 2019
Net Debt	32.0	1,233.7
EBITDA	(444.8)	(233.0)
Net Debt to EBITDA	(0.1)	(5.3)

The company monitors the debt covenants time to time.

40 Fair value measurements

a. Financial instruments by category and fair values

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

Category	Level of hierarchy	As at 31 March 2020	As at 31 March 2019
		Amortised cost	Amortised cost
1) Financial assets at amortized cost			
Trade receivables		1,136.8	2,242.5
Loans		46.4	1,594.8
Cash and cash equivalents		112.8	50.8
Bank deposits		180.5	179.3
Other financial assets		64.1	53.3
Total		1,540.6	4,120.7
2) Financial liabilities at amortized cost	3		
Borrowings		144.8	1,284.5
Trade payables		916.3	1,202.6
Other financial liabilities		43.9	593.7
Total		1,105.0	3,080.8

Assets and liabilities which are measured at amortised cost

1. Fair value of trade receivables, loans, cash and cash equivalents, bank deposits, other current financial assets, trade payables, other current financial liabilities and borrowings approximate their carrying amount, largely due to the short-term nature of these instruments.

2. Interest rates on borrowings are equivalent to the market rate of interest. Accordingly, the carrying value of such borrowings approximates fair value.

3. Fair value of all other non-current assets have not been disclosed as the change from carrying amount is inconsequential.

4. There are no financial assets and liabilities valued at Fair value through profit and loss (FVTPL) and Fair value through other comprehensive income (FVOCI).

There are no transfer between level 1, Level 2 and Level 3 during the year ended 31 March 2020 and 31 March 2019.

Storage Batteries India Pvt Ltd

(All amounts in ₹ lakhs, unless otherwise stated)

41 Share based payments

The Company had participated in the Minda Industries Limited (MIL) Minda Employee Stock Option Scheme - 2019 (herein referred as [illegible] ESOS 2019) and during the current year, the Nomination & Remuneration Committee of Minda Industries Limited ("the Parent Company") had approved the grant of [illegible] equity shares of face value of Rs. 2/- [illegible]. The scheme is monitored and allocated to key of the employees in terms of the UNO Minda Employee Stock Option Scheme - 2019 (herein referred as UNOMINDA ESOS 2019), supervised by the Nomination and Remuneration Committee of the Board of Directors of Minda Industries Limited and amendments thereof from time to time.

The terms and conditions related to the grant of the share options are as follows:

Particulars	As at 31 March 2020
Scheme	Minda Employee Stock Option Scheme 2019
Year	2019
Date of Grant	15 May 2019
Number of Options granted	10,12,259 options of Equity shares of face value of Rs. 2/- each
Vesting Condition	Achieving target market capitalization of the Group on or before 31 May 2022
Exercise Period	2 Year from the date of vesting
Exercise Price (INR) per share	325
Fair value of the option on the date of grant (₹) per share	41.31

Particulars	As at 31 March 2020
Scheme	Minda Employee Stock Option Scheme 2019
Year	2019
Forfeited /expired during the year	
Exercised during the year	-
Outstanding at the end of the year	10,12,259 options of Equity shares of face value of Rs. 2/- each

Fair valuation

The parent company has provided the fair valuation report done by an independent firm of valuers on the date of grant using the Binomial Model. The cost is recharged to the Company by the holding Company.

The following assumptions were used for calculation of fair value of grants:

Particulars	As at 31 March 2020
Risk - free interest rate (%)	7.13%
Expected life of options (years) [(year of vesting) +(contractual option term)/2]	4 years
Expected volatility (%)	41%
Dividend yield	0.63%

The risk free rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities or 10 years Government bonds. Volatility calculation is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the period. The measure volatility is used in option-pricing model is the annualized standard deviation of the continuously compounded rate of the return of the stock over a period of time. The dividend yield for the year is derived by dividing the dividend for the period with the current market price.

The above disclosure is based on the information, to the extent available with the Company.

Minda Storage Batteries India Pvt. Ltd.

Minda Storage Batteries Private Limited
Notes forming part of the financial statements for the year ended 31 March 2020
(All amounts in ₹ lakhs, unless otherwise stated)
CIN : U35900DL2011PTC228383

42 In view of the pandemic relating to COVID-19, the Company has considered internal and external information and has performed an analysis based on current estimates while assessing the provision towards employee benefits and recoverability of right-of-use assets, trade receivables and other current and non current assets, for any possible impact on the Financial Statements. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial reporting controls etc. and is of the view that based on its present assessment this situation does not materially impact the financial statements. However, the actual impact of COVID19 on the financial statement may differ from that estimated due to unforeseen circumstances and the Company will continue to closely monitor any material changes to future economic conditions.

43 The accumulated losses of the Company aggregates to Rs 7404.7 lakhs (Previous Rs. 5941.9 lakhs) and the net worth of the Company is Rs. 11,453.3 lakhs (Previous year Rs 12,911.1 lakhs). Based on the future cash flow projections and continued financial support from the Holding Company, the Company considers it appropriate to prepare the financial statements on a going concern basis.

As per our report of even date attached

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

Ankush Goel

Ankush Goel
Partner
Membership No.: 505121

Place: New Delhi
Date: 15 June 2020

For and on behalf of the Board of Directors of
Minda Storage Batteries Private Limited

Sudhir Jain
Director
DIN No. 00010445

Sanjay Jain
Director
DIN No. 01364405

Rajesh Tiwari
Company secretary
Membership No.: 30566

Sanjeev Kumar Shah
Chief Financial Officer

Place: Gurugram
Date: 15 June 2020