Annexure-I to Board's Report

Management Discussion and Analysis

Economic Review

Global Economy

The global economic growth softened from a downwardly revised 3% in 2018 to 2.9% in 2019, its lowest level since 2008–09. Softening of international trade and manufacturing activity, unchanged and elevated trade tensions and substantial financial market pressures experienced by some large emerging markets are the factors behind weakening. However, on the positive side, market sentiments were boosted by signs of manufacturing activities and bottoming out of global trade, a broad-based shift toward accommodative monetary policy, intermittent favourable news on US-China trade negotiations, and diminished fears of a no-deal Brexit towards the end of 2019.

While the baseline growth projections for 2020 were weaker, there were signs of stabilisation as the link between still-resilient consumer spending and improved business spending was reinforcing. In January, when the world was slowly recovering, China was hit by coronavirus (covid-19), now a pandemic, which gradually spread out to other countries. The COVID-19 pandemic inflicted high and rising human costs worldwide, and the necessary protection measures were severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by –3 % in 2020, much worse than during the 2008–09 financial crisis. However, the recovery is likely to be robust, driven by policy stimulus measures in place but lot will depend on the COVID-19 infection curve. As lockdowns get lifted in H2-2020, manufacturing/industrial sector is expected to rebound and witness considerable level of re-stocking.

(Source: World Economic Outlook, April 2020 update)

Indian Economy

India's GDP growth rate for the year 2019-20 is estimated to be 4.2% as compared to 6.1% in 2018-19. The GDP growth decelerated for the seventh consecutive quarter. Sluggish growth of consumption and consequent decline in fixed investment led to the decline in GDP growth during the year. 2019 being a difficult year for the global economy as well, the world output growth was seen at its slowest pace of 2.9%. A weak environment for global manufacturing, trade, and demand adversely impacted the Indian economy. While India was battling with its own form of slowdown in form of liquidity crisis in NBFCs, poor consumption, weak investments, and consumer sentiments; a combination of fiscal stimulus and financial sector reforms was sought to help boost investments and consumption. Reforms to simplify taxation, lighten business regulations, lending rate cuts and upgrade infrastructure together formed India's efforts to support a recovery in growth.

The green shoots of a rebound that were observable at the end of 2019 have been overtaken by the negative impacts of the global crisis. While India's macro-economic fundamentals were strong as ever and recovery in growth was expected in the next fiscal, the covid-19 casted a long shadow over the anticipated mild recovery. With India observing a nation-wide lockdown, corporates, manufacturers, and workforce will shoulder the major brunt of the lockdown. To fight this, Government of India announced a 1.7-trillion-rupee ($22.6 billion) economic stimulus plan providing direct cash transfers and food security measures to give relief to millions of poor people hit by a nationwide lockdown over COVID-19. The Government also outlined plans for medical insurance cover of 5 million rupees ($66,000) for every frontline health worker, from doctors, nurses, and paramedics to those involved in sanitary services. (Source: economictimes.com)

Outlook

Due to extended lockdown in India, the GDP is expected contract in FY 2021 by up to 6%. Growth is expected to rebound to 8% in Fiscal 2022 (2021-22) as the impact of COVID-19 dissipates, and fiscal and monetary policy support pays off with a lag. A revival in domestic investment is likely to be delayed given enhanced risk aversion on a global scale, and renewed concerns about financial sector resilience. In its battle against covid-19, India has already made several efforts to flatten the curve. From government imposing consecutive lockdowns to introduction of fiscal stimulus in the economy, the Government has taken several initiatives. With central government deciding to set up a fund of ₹ 1 lakh crore to repay outstanding payments to micro, small and medium enterprises (MSME), this is expected to bring the much-needed liquidity for small businesses. Extending its support RBI relaxed lending norms for banks, injected cash into the system, slashed interest rates, and relaxed repayments for six months. This will help India to emerge as a strong player in the world post covid-19 situation.

Industry Structure and Developments

Global Automobile Industry

The global automotive industry moved into a challenging phase in 2019, with OEMs especially facing multiple obstacles all over the world. China faced its first ever decline in vehicles sales in over 20 years, the USA market grew marginally, the shockwaves of Brexit and USMCA deal are expected impact global markets and coupled with the new US-China trade war. US and China relations have started to deteriorate Hence, geo-political risks could start to weigh on sentiment in a run-up to the US Presidential elections .However, the encouraging sign has been that policy response so far has been focused on non-tariff barriers than tariff barriers in the latest tussle

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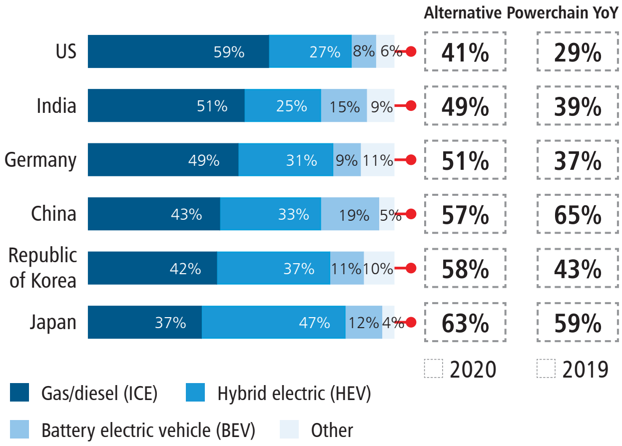
The global automotive industry has evolved significantly over the past decade. Digital technology change in customer sentiment and economic health have played a vital role in this evolution. OEMs and other key industry players are taking note of this evolution and investing heavily in non-commercial business practices of manufacturing vehicles.

The popular trends suggest interest in EVs continues to grow , however the investments will come down in emerging technologies briefly, due to pandemic imposed lockdown.



(Source: deloitte.com)

Indian Automotive Industry

The auto industry in India had been under recessionary conditions between July 2018 to January 2020 due to various factors viz., regulatory changes, the call to shift to electric vehicles and changes in consumer preferences. Having been in lockdown since mid-March, India the world's fifth largest vehicle market has been hit significantly with the market facing a complex environment even prior to COVID-19 due to the new BS VI regulation which was set to come into force from 1 April 2020. The regulation already had an impact on production. The transition directly from BS IV to BS VI, meant that BS IV models could no longer be registered, and many manufacturers were left with unsold factory and dealer stock. The industry anticipated a pre buying behaviour in BS IV models ahead of the BS VI mandate, would compensate for year-long tepid sales. However, PV sales crashed because of the fast-deteriorating consumer sentiment, sluggish economic growth and the uncertainty brought about by the shift to BS VI.

According to SIAM data, sales of PVs – cars, utility vehicles (UVs) and vans – fell 17.87 % to 27,73,571 units in the year ended March 2020. The hardest blow was felt in March as volumes saw sharp decline of 51 % due to the lockdown.

Cumulative sales across all vehicle types (PVs, CVs, 2W and 3W) declined 17.97 % to 21,546,390 units, a stark contrast from driving past the 25-million-vehicle mark for the first time in FY19.

Meanwhile, sales of electric four-wheelers declined to 200 units from 3,400 units, according to the Society of Manufacturers of Electric Vehicles (SMEV).

% share of each segment in total production volume in 2018-19

Category	% share
Passenger vehicle	13%
Commercial vehicle	3%
Three-Wheelers	3%
Two-Wheelers	81%

SIAM proposal to revive domestic automobile sector:

- Reduction in GST rate by 10% across all vehicle categories and auto-components
- Introduction of incentive-based vehicle scrappage scheme
- 50 % rebate in GST, road tax and registration charges
- Expediting the release of all pending payments to vehicle manufacturers

Segment-wise automobile production trends in 2019-20

Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Passenger vehicles	32,21,419	34,65,045	38,01,670	4,020,267	4,028,471	3,434,013
Commercial vehicles	6,98,298	7,86,692	8,10,253	895,448	1,112,405	752,022
Three-Wheelers	9,49,019	9,34,104	7,83,721	1022,181	1,268,833	1,133,858
Two-Wheelers	1,84,89,311	1,88,30,227	1,99,33,739	23,154,838	24,499,777	21,036,294
Grand total	**2,33,58,047**	**2,40,16,068**	**2,53,29,383**	**29,094,447**	**30,914,874**	**26,362,282**

(Source: SIAM)

Annexure-I to Board's Report (Contd.)

Outlook

The festive season did bring some respite, aided by discounts and schemes. While the industry was on track to recovery, the coronavirus pandemic sent the country into a lockdown, forcing carmakers to halt production and clobbering sales further. Demand is likely to slow down further, with non-availability of labour, concerns on health and safety management on the shop-floor due to the covid-19 crisis adding to the sector's pressure. The automotive industry had a loss of production of 750,000 units in March 2020 alone, which is around 1 % of the total units produced in 2019, because of the countrywide lockdown. Even after the lockdown is lifted, it will take 6-9 months for demand to pick up.

The current stress on liquidity and factory operations due to the disruption caused by COVID-19 will most certainly accelerate the digitization of shop floors. It will also enable auto manufacturers to become proactive, agile, flexible, and adaptive. A stage wise approach is expected of manufacturers to achieve digital maturity at a faster pace.

With launch timelines already out of order, automakers are forced to revisit strategies to resume operations. With 'social distancing' being the new normal in India, PV dealers will have to increase their online presence substantially. The focus is already on improving the digital purchase experience, with carmakers rolling out portals to that effect. While consumers might not shift to a complete online purchase immediately, the presence of such platforms could reduce the need to visit a showroom.

Moreover, the ensuing financial strain on the economy and disposable income of consumers will extend the purchase timelines and shrink the allocated budget for some car buyers. The latter could possibly even see buyers settling for a lower-segment model than originally planned, potentially shifting more demand to the mid/entry-level segment.

With April 2020 being a washout month and May also witnessing reduced production, there's little doubt FY21 is going to be a difficult fiscal. However, it could still spring up a surprise or two. With commuters likely to shun shared mobility and public transport for some time, the demand for personal vehicles could go up. Also, demand for SUVs, in line with global trends, is not going to go away very soon either, and with a gaggle of new products lined up this year from brands old and new, expect the UV segment to again perform the sales buffering act.

Auto component industry

The dynamics of the automotive market went through a significant transformation as the industry strived to become compliant with various regulations related to emissions, safety, and environment, including the transition from BSIV to BSVI. That apart, key trends such as vehicle connectivity, electrification of vehicles, shared mobility, Industry 4.0 among others are also redefining mobility. To support the changing customer needs and to stay relevant, the auto component sector needs to be encouraged with supportive government policies.

The domestic auto-components industry is driven by strategic technological alliance and in-house R&D setup of the industry players. This building relationship and innovation has led the industry to grow into a massive one. The industry now contributes 2.3% to the total GDP. Despite weak turnover, the auto-components exports rose by 2.7% to $7.5 billion in H1 FY20 from the previous year. Wherein, the Europe accounted for 32% of exports followed by the North America and Asia. The H2 FY20 was expected to be smooth, but it suffered a demand shock both in domestic and overseas market. Majorly, this shock was caused by the Covid-19 outbreak across the globe in the Q4 of 2019-20. The lockdown led to shutdown of factories and supply chain disruption. Given the current slowdown, auto-components makers are expected to be piled up with inventories for a couple of more quarters. However, in medium-term export opportunities, competencies and policy support is expected to be played in India's favour. The COVID-19 crisis presents an opportunity for the Indian auto components sector to become the manufacturing Centre for the world.

E-Vehicles - an opportunity

Changing dynamics

Mega Trends such as urbanization, congestion, pollution, and energy security are driving electrification in India. Around 33% of Indians prefer using a 2-Wheeler to commute to work, with even a majority of car owners preferring to use 2 Wheelers for their work commute. In addition to the middle and lower middle-class population segments, the use of motorcycles and scooters will continue to expand among the upper middle-class segment as well, by 2025. Demographics, therefore, favour the electrification of this segment.

Working class

India's working age population constitutes 68% of the population and will continue to be the biggest consumer of motorcycles and scooters. Meanwhile, with 42.5 million job opportunities in both rural and urban areas, women will become a significant part of the workforce and an important consumer of motorcycles and scooters.

Government support

Electrification in India will be fuelled by government incentives like FAME II and the concerted Government push towards cleaner fuels. The growing need for clean and shared transport, paralleled by stringent emission norms with higher compliance costs for IC engines, will add further impetus to India's electric vehicle market.

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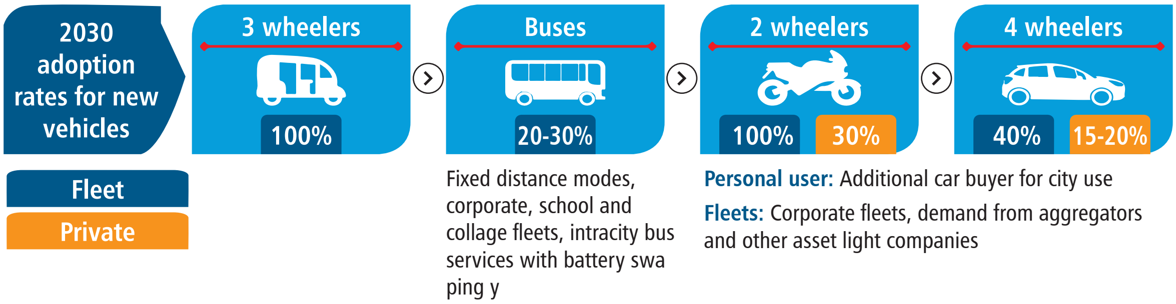
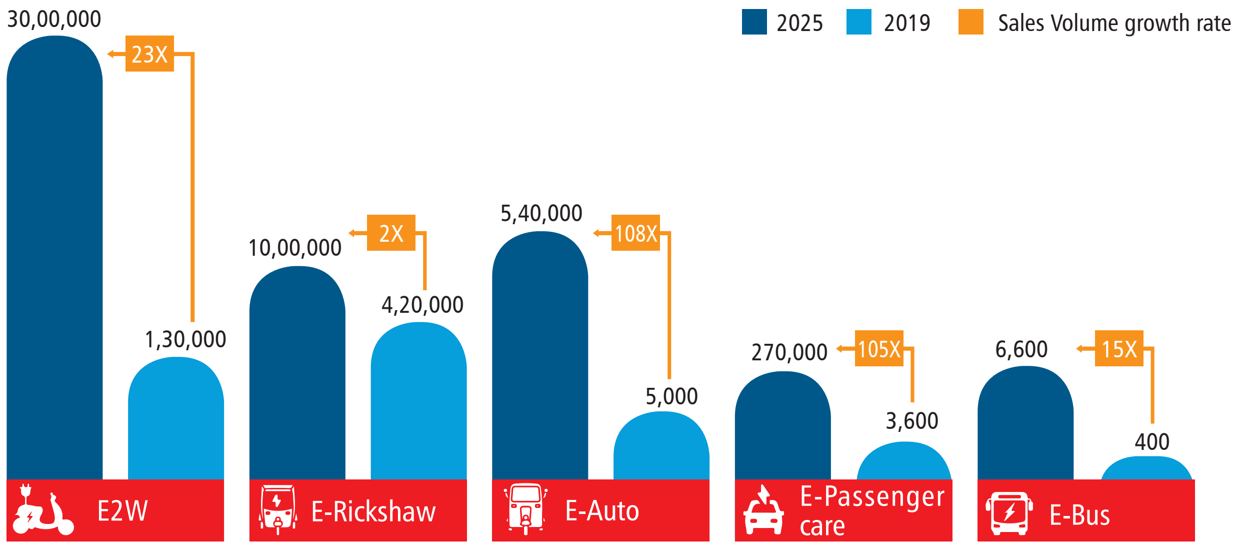
ELECTRIFICATION ROADMAP FOR INDIA – VISION 2030

Last mile connectivity modes like 3W to be fully electrified by 2030, expect fleet segment to be electrified more due to a combination of lower cost of ownership and regulatory intervention



MARKET FORECAST TO 2025



These trends will be reinforced by newer business models that lower the operational cost of electric vehicles. Based on market potential, vehicle utilization, OEM investments, and ease of charging, 2 and 3-Wheeler will be the key target segments for electrification in India. By 2025, e-rickshaws are anticipated to dominate the Indian electric vehicle market with more than 80% market share.

Threats

Weakening economic growth

India has seen a sharp deceleration in GDP growth owing to liquidity crisis, agrarian community stress, complication in adapting to new policies and the most recent COVID-19 outbreak. If the overall economy continues facing setbacks at the same pace, a pick-up in the auto sector would be delayed.

Discretionary nature of the industry

Auto industries are discretionary in nature. Amidst slowdown, spending on new vehicles is often curtailed or postponed by user, making the industry a cyclical.

Increasing vehicle cost

The e-mobility push, BS–VI norms compliance, rising input and insurance costs are together pushing the overall vehicle price. As a result, consumers may take some time to accept the increased pricing.

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Business overview

Honourable National Company Law Tribunal, Special Bench, New Delhi (NCLT) has sanctioned the Scheme of Amalgamation of wholly owned subsidiary companies namely

(1) M J Casting Ltd

(2) Minda Distribution and Services

(3) Minda Auto Components Ltd

(4) Minda Rinder Pvt. Ltd. into Minda Industries Ltd

This merger is expected to bring more efficiency across function and to strengthen the balance sheet of flagship company.

Final outcome of the Harita Seatings System Ltd. Merger with Minda industries limited is still awaited.

Switch Business:

Over the years, MIL has emerged as one of the world's largest manufacturer of switching systems and handle-bar solutions for 2Ws and 3Ws. The Company has been consistently maintaining its leadership position in India. The Company has consistently delivered value at desired cost -rich experience has helped it gain trust amongst customers. The Company serves almost all major OEMs and develops switching solutions for off-road vehicle segments. This division is operated through the Company's 5 plants spread across the country and the manufacturing facilities of its 100% subsidiaries in Indonesia (PTMA) and Vietnam (MIVCL). The Company also owns a state-of-the-art office in Japan that focuses on designing and developing latest switching solutions.

The Company's rich clientele speaks of the trust it has earned with its service over the years. It includes Bajaj, Honda Motorcycles, Hero Motocorp, Royal Enfield, Yamaha Motors and Piaggio, among others. The Company envisions sustaining its global leadership position and continuing as the most preferred supplier of switch systems to 2Ws and off-road vehicles across the globe. With this aim in mind, the division clearly works towards and focuses on developing cost-effective, innovative, and quality solutions.

The 4W switching business is under a subsidiary named Mindarika Pvt. Ltd. It has 4 manufacturing locations at Manesar, Pune, Chennai & Ahemdabad and has its own dedicated R&D center. Tokai Rika is the joint venture partner for this business for last 27 years. The Company supplies to major OEM's including Maruti, Toyota, MSIL, Tata, M&M, Hyundai, among others.

The business registered a revenue of ₹ 2,014 Crs for FY20 as against ₹ 2,237 Crs for FY19, contributing to about 37% of the total consolidated turnover.

Sensor Business:

The Sensors and Controllers (SAC) division has come a long way from its inception in 2005 to being a leading supplier of electronic components to major Indian OEMs. The state-of-the-art production facility at Pune, manufactures products that meet customer' requirements and expectations. The division deals in Start Stop Sensors, Contact and Non – Contact type Speed Sensors, HID Ballast, TPMS (Tyre Pressure Monitoring System), EAPM (Electronic Accelerator Pedal Module), DC-DC Converter.

The Company, over the years, has built a loyal customer base which boasts of names such as General Motors, Mahindra, Volvo Eicher, Royal Enfield, Tata, and Bajaj. Last year MIL entered a distribution agreement with Sensata Technologies, USA. A new plant is under commissioning stage, which will cater to BS-VI high end sensors using advanced Magnetic Speed and Position technology, is underway. The sensors will find application in transmission system of the vehicle. The division also has access to Wheel speed sensor technology which will find application across all PV platforms.

Controllers and Telematics Business:

The controller division has pioneered the lamp Leveling motor solutions and is a leader in this product category with major OEMS as its customers. The Company has also acquired knowledge of AIS 140 for this technology from the KPIT Engineering for design of IVTS and OBITS. controller division is augured well to meet the rising demand of the evolving technology in controller and telematics space. I SYS RTS, Germany, a 100% subsidiary of MIL is closely working with this division to ensure the product offerings are of global standards.

Lighting Business:

As one of the country's leading manufacturers of the automobile lamps and signaling devices, MIL is renowned for its lighting solutions. Designing, R&D, manufacturing and delivering end-to-end solutions to the country's leading OEMs is what the Company specializes in. The division operates across its plants at Manesar, Pune and Chennai. The Company produces premium lights for 2-Wheelers, 3-Wheelers, and 4-Wheelers, as well as off-road vehicles. MIL enjoys a considerable hold in the aftermarket and replacement market as well. MIL's lighting business is also present in Indonesia through its subsidiary PTMA where it serves some key Japanese OEM's in PV segment. In 2016, the Company acquired the global lighting business of the Rinder Group, based in Spain, and renamed to Minda Rinder. Minda Rinder is spread across its facilities at Bahadurgarh, Pune, Hosur and Sonipat. This acquisition has strengthened expansion of the Company's presence in 2W segment, well

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supported by Rinder's extensive R&D centre in Spain. The clientele includes the world's renowned OEM brands like Maruti, Renault Nissan, M&M, Royal Enfield, Yamaha, Tata, Suzuki, Swaraj Mazda and New Holland, Bajaj, Triumph, KTM and ISUZU among others

Important acquisition:

MIL acquired 100% interest in Delvis Gmbh, a complete system developer for automotive lightings. Delvis has proven capabilities in design, development, and manufacturing of innovative lighting solution for next generation vehicles. Delvis focuses on Exterior & Interior lighting, lighting electronics and testing services. It offers full range of products, from cost-optimized basic headlights and design solutions up to adaptive LED headlight systems with dynamic lighting functions Interior lighting solutions include overhead control units, ambient lighting, indicator and locator lighting and LCD backlights. It has two 100% Subsidiaries: Delvis Products & Delvis Solution. The consolidated turnover of the Delvis is Euro ~34Mn for CY19

Delvis is among the top players with state-of-the-art lighting technology and works closely with German OEMs (VW / Audi/ Porche) in pre-development activities for high end platforms, which deploy the next level of technologies. This acquisition is expected to deliver considerable synergies for growth of lamp business in India and enhance its product offerings to OEMs, across segment and product categories.

Lighting Business achieved revenue of ₹ 1,223 Crs for FY20 as compared to ₹ 1,293 Crs in FY19, contributing 23% to our total turnover.

Acoustic Business:

Over the years, MIL has emerged as the market leader in automotive horn manufacturing segment catering 2Ws, 4Ws, off-road and CVs in India. The division, with its manufacturing units at Manesar and Pantnagar, is well supported by a dedicated R&D team in the design, development, and production. Together, these helps deliver extremely durable and high-quality automotive horns with optimum performance. The marque clientele includes Maruti Suzuki, Renault, Nissan, Tata Motors, Bajaj Auto Limited, Honda Motorcycles and Scooters, Hyundai, and Royal Enfield.

The Company acquired Spain-based Clarton Horns S.A.U. It is a leading manufacturer of electronic automotive horns, trumpet horns and disc horns. With Clarton's manufacturing facilities situated at Spain, Mexico, and Morocco It is amongst the top two global players in automotive acoustics, giving the Company an access to leading European and American OEMs.

MIL, along with its subsidairy Clarton Horn, is world's second largest manufacturer of automotive horns

Acoustic Business recorded revenue of ₹ 653 Crs for FY20, contributing 12% to our total turnover as against ₹ 717 Crs in FY19.

Light Metal Business:

Minda Kosei is a leading and the largest Indian manufacturer of alloy wheels. With its manufacturing facility at Bawal, Haryana and Gujarat, it has a current installed capacity of approximately 1,80,000 wheels per month. The Greenfield project was completed at the Gujarat plant with planned capacity of 60,000 per month.

Partnership with Dayou Global, South Korea has enabled the group to expand its portfolio, it will start supplying LPDC wheels to a leading Korean OEM by FY 2021-22.

MIL is commissioning stage of 2W alloy wheels plant with proposed capacity of 3.6 Mn wheels per annum. The plant is expected to commence in Q2 of FY 2020-21.

The aluminum die casting business under MJCL, now casting business is also part of this business. It has an installed capacity of ~ 10000 TPM.

LMT Business achieved revenue of Rs. 781 crores in FY 20 as compared to 908 crores in FY 2019 contributing 14 % of our Total turnover

Other Business:

The Company through its subsidiaries and associates is also engaged in manufacturing of general aluminum die casting, blow moulding, hoses (breaks and fuel), fuel caps, air filters, air bags, CNG and LPG kits, speakers, and infotainment, among others.

The Company has approved an investment of ₹ 33.5 Cr. in TG Minda, a 49.9% Joint venture of UNO MINDA and Toyoda Gosei, Japan (TG). The proceeds of the investment will be used to consolidate the Business of TG in India by transferring the shares of Toyoda Gosei South India Ltd. (TG SIN) to TG Minda. TG SIN is a 95% subsidiary of TG. The transaction is subject to customary regulatory approvals, if any.

Product -wise revenue

Division	Switches	Lighting	Acoustics	LMT	Others
%	37%	23%	37%	14%	14%

Market-wise revenue contribution

Domestic	81%
International	19%

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Financial Performance

	2018-19	2019-20	% change
Debtors Turnover	52	54	4%

	2018-19	2019-20	% change
Inventory Turnover	34	40	16%

	2018-19	2019-20	% change
Current Ratio	1.17	1.08	-8%

	2018-19	2019-20	% change
Operating Profit Margin (%)	8.3%	5.8%	(250)bps

	2018-19	2019-20	% change
Net Debt Equity Ratio	0.5	0.4	-17%

	2018-19	2019-20	% change
Cash flow from operations (₹)	413.97	965.11	133%

	2018-19	2019-20	% change
Interest as a % of sale	1.07%	1.65%	58 bps

	2018-19	2019-20	% change
Depreciation as a % of sale	3.97%	5.52%	155bps

Risks and mitigation

A well-defined risk management framework forms an integral part of our business strategy. MIL has an independent and dedicated Enterprise Risk Management (ERM) system to identify, manage and mitigate business risks. The team has established a risk policy and developed processes for risk evaluation and measurement, whereas business units focus on developing and implementing mitigation measures, while taking controlled risks. Specific risk approaches are in place for financial and non-financial businesses. Risk management, internal controls and assurance processes are embedded into all activities of the Company.

Risk	Impact	Mitigation strategy
Economic situation	Vehicles are an integral part of our business and their demand is affected by the nation's economic situation. Therefore, economic recession and an ensuing decline in market demand could have a negative impact on the Company's performance and financial position.	1. Liquidity build up 2. Securing credit lines for future use.
Pandemic	Pandemic causes severe damage to the society overall. Today, Covid-19 has put several economies in a bad shape and has disrupted global supply chains. A pandemic can bring the whole global economy to a screeching halt, which can further impact the business functionality while challenging the whole demand and supply. Such crisis can temporarily impact the Company's functioning by further imposing a threat on its performance and financial position.	1. Social distancing at Work place 2. Enabling work from Home
Industry transition	The Indian automotive industry is in a transitional phase. The decision by the supreme court in 2018 on ban of sale of BS IV vehicles with effect from 1 April 2020, forced industry to prepare and introduce BS VI vehicles. This sudden transition and adoption of new emission norms disrupted the whole supply chain as companies started getting prepared for BS VI.	The Company's foresightedness and proactiveness, clubbed with its technological prowess has helped mitigate the risk by launching new products and modifying the existing ones.

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Risk	Impact	Mitigation strategy
Competition	The highly competitive Indian automotive industry poses India as a potential automotive hub and attracts more and more automotive leaders around the world. This can result in these global automotive leaders setting up facilities here to make India their manufacturing base	The Company enjoys a rich lineage of over six decades. Its experience in the Indian auto space and years-long relationship with OEMs suppliers helps keep the Company firmly rooted, building world class manufacturing facilities, distribution, marketing, and focused R&D initiatives. The Company strives to maintain its position as a market leader in switches, automotive lamps, horns, and other light metal parts for several years now. Entrenched relationship with automobile makers' pulse gives the Company an advantage over competition.
Cheaper imports	Importing helps find low-cost supplies while enabling a Company's ability to be more competitive. Availability of automotive components at cost-effective prices can drive away our customers while adversely affecting margins. The market has various other competitors who provide quality products with cost benefit to the customers due to their lower operating costs.	The Company enjoys long-standing relations with the leading OEMs in India. This has helped gain confidence by constantly exceeding customer's expectations by focusing on investment in technology, defect-free manufacturing capability, on-time product delivery and the proximate location of our plants to our customers.
Quality	Quality is one of the major reasons behind gaining or losing customers. Good quality standards must always be maintained. Failure to do so may pave way for significant risks. The Company is constantly required to upgrade its quality and follow changing norms diligently.	We have robust standardisation techniques to ensure quality improvements. The Company supplies to leading OEMs and is required to strictly follow and adhere to stringent norms. This helps the Company to strictly control and maintain its quality processes.
Dependence on major customers	MIL supplies and sells its auto components to OEMs in the Indian automotive industry. Sales to these OEMs are affected by fluctuations in production and sales at these customer companies and other factors over which MIL has no control, and therefore they could have a negative impact on the Company's performance and financial position.	MIL caters to a large share of OEMs in the industry, offering a wide range of product portfolio. While meeting the domestic demand, MIL also exports products to global OEMs. It also serves the aftermarket sales of the industry, thereby building a rich portfolio of revenue streams.
Research and development	The business environment in which MIL operates, reflects intense competition. It also shows the diversification of product needs among individual customers. Failure or delay in achieving the required level of technological sophistication or assessing market needs properly could have a negative impact on the Company's performance and financial position.	To prosper in this environment while pursuing a manufacturing business, MIL undertakes research and development initiatives to meet the needs of advanced technologies and products, based on a precise understanding of the market needs. It has 4 R&D centres in various geographies of the world to remain upbeat with the global trends.
Operational accidents	In automotive manufacturing, operational risks that go unaddressed can lead to missed production targets, safety incidents and product recalls. Safety hazards, ageing assets and security threats can negatively impact a business, including employees, revenue, plants, intellectual property, vehicle quality and customers. They also risk tarnishing a company's brand and reputation – potentially to the point where they erode customer trust or loyalty.	At MIL, we invest in workers' health and safety by introducing occupational health and safety management systems. It is aimed at reducing the number of accidents and occupational diseases, as well as developing training programmes on health and safety.

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Human Resources

We continued and further strengthened our focus on Talent Development. This year we specifically focused on making our talent pipeline more robust by having custom made and curated development programmes for all sections of our talent pipeline. The talent pipeline starts from our Operator/Associate levels, where we pre-identify future staff members and then start augmenting their critical for success capabilities along with a strong mentoring process. Then we have defined developmental programmes from our GET levels right up to our Presidents. Due to all the above, we could maintain a high degree of internal talent readiness, as well as onboarding of few, but critical resources from external eco-system. Two developmental programmes, got institutionalised when they entered their second year of running – TRANSFOR-M & M-LEAP.

To further strengthen our Brand as a preferred employer, our HR team initiated a Campus engagement programme called UNO MINDS. This was a knowledge evaluation based initiative with three scholarships as reward. This initiative received a tremendous reception and more than 10,000 students, across the country, participated. For the first time, we focused on adding young Finance professionals into the organization by adding 12 Chartered Accountants.

With a view to bring in more objectivity into our talent assessment process, we successfully conducted specialised assessment centres, run by external experts.

We also added to our talent management process, by launching career ladder process. A career ladder for entry level (GETs) has been created as well as a Tech-Ladder, for technical / design-based employees has been launched in this year.

Renewed focus on enhancing functional skills has been launched with L&D leading this initiative with complete support of all the functions. The idea behind this is to remain ahead on the skill curve as well as to keep our employees relevant in this rapidly changing times.

To create a more agile and prompt workplace, we launched the eHRM module- 'Success Factors', an SAP product suite to provide a cloud-based solution to manage various HR functions through modules like Employee Central and People Performance. This makes employee data available on a click, which will help the organization to move towards more objective and data driven decision making process.

This year was full of challenges for the HR team, we started the year with a clear focus on HR Goals for 2024-25 and suddenly in the last quarter due to outbreak of COVID 19, the HR focus shifted primarily to three important areas: Employee safety & wellbeing, Effective Communication and Managing teams & work remotely.

Environment, health, and safety (EHS)

Our endeavour is towards better management of our sustainability drivers, including safety, health, and environment of our assets. This includes several community initiatives that help develop our workforce and the communities around us. These communities include areas around the MIL facilities, consumers, investors, and other stakeholders.

Internal Control Systems

MIL is a system-driven company. Our effective internal control system plays a crucial role in our efficient daily operations. The Company follows a systematic method of financial reporting of various transactions, efficiency of operations, safeguarding of assets and compliance with applicable statute and regulations. Our structured audit system is an on-going process. It forms a basis for reviewing the adequacy of internal control systems. Our internal control is aptly designed, ensuring reliability of financial and other records necessary for the preparation of financial information and other related data.

Our exhaustive budgetary monitoring control system helps evaluate the performance. This evaluation is done with reference to budgeted performance by the management review committee daily. The discrepancies, if any, with actual performance and the budgets are methodically analysed regularly. The Management Review Committee, in consultation with the Audit Review Committee, then suggests possible remedial actions.

The internal audit is carried by Internal Auditors, one of the big Four, of the Company. The reports, thereby prepared, are reviewed in the Audit Committee meetings. Corrective measures to strengthen the internal controls are suggested and taken in consideration. Further, the suggestions by Internal Audit Committee are reviewed and considered by Audit Committees. This is done on a quarterly basis. The motto here is improvement of internal controls and systems within the Group.

The Board then reviews the Internal Audit Committee's suggestions. Post reviewing, the Board approves suggestion and the resultant reports are reviewed by the Audit Committee and the Board members together.