Annexure-I to Board's Report

Management Discussion and Analysis

Economic Review

Global Economy

The global economy experienced strong growth between 2016 and 2018, which was supported by advancements across all major nations. The CY18 recorded growth of 3.9%, with US outpacing all major economies. The growth is gradually slowing down with escalation of US-China trade tensions, macro-economic stress in China, Argentina and Turkey, volatility in oil prices and uncertainty over Brexit. The year 2019 is expected to record a GDP of 3.3%. However, the second half of CY19 is anticipated to witness optimism supported by accommodative monetary policy by major central banks, recovery in Turkey and Argentina and signs of positive momentum in China's economic growth.

The advanced economies saw a growth of 2.2% during CY18, compared to 2.4% in CY17. The strong growth in the US, led by pro-fiscal stimulus, was offset by disruption in the German auto market

Growth in emerging markets and developing economies continued to outpace developed nations during CY19. The growth rate for these economies was projected around 4.2% during CY18, owing to slowing external demand, rising borrowing cost and persistent policy uncertainties. However, the growth is expected to notch up the pace at 5.1% during CY19, led by a stronger growth in India and recovery in China.

(Source: World Economic Outlook, April 2019 update)

Indian Economy

India's GDP grew to 6.8% in FY19 with moderate growth of 5.8% in the quarter between January and March. The Indian economy started the fiscal year 2018–19 with a healthy 8.2% growth in the first two quarter, while easing down to 7.3% in the subsequent quarter(Source: economictimes.com). The robust growth in the 1st half can be accredited to a steady domestic resilience. On the other hand, the slowdown was a result of rising global volatility - largely financial - normalized monetary policy, externalities from trade disputes and investment rerouting. Slowdown in the fourth quarter was due to temporary factors like stress in nonbanking financial company (NBFC) sector affecting consumer finance. This sluggishness in growth is expected to remain in the 1st half of 2019 and the recovery is expected in 2nd half of the fiscal year.

The rise in domestic investments has been one of the biggest contributors of Indian growth story. Also, there was a rise in FDI, as India notched up 23 places to sit at rank 77 in 2018 from 100 in 2017 in the ease of doing business. Moving forward, a gradual pickup in price pressure in India was seen because of relatively strong demand conditions and a modest increase in food inflation from a low base. However, the growth in India is expected to remain moderate in the medium term, based on continued implementation of structural reforms and easing of infrastructure bottlenecks. Furthermore, India has already surpassed France to become the sixth-largest economy and has potential to become 5th largest by FY20.

(Source: deloitte.com)

Outlook

The Indian economy remains one of the fastest growing and is likely to sustain the rebound in the FY20. These projections could be attributed to the sustained rise in consumption and a gradual revival in investments, especially with a greater focus on infrastructure development. The improving macroeconomic fundamentals have further supported implementation of reform measures like announcement of PSU bank consolidation and recapitalisation, push to infrastructure development by giving infrastructure status to affordable housing, higher allocation of funds for highway construction and greater focus on coastal connectivity (Source : indiabudget.gov.in). This has helped foster an environment to boost investments and ease banking sector concerns. Together, these augur well for a healthy growth path for the economy.

(Source : statisticstimes.com)

Industry Structure and Developments

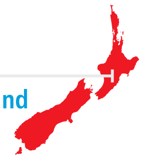
Global Automobile Industry

2018 marked a challenging year for the global car market, as sales fell for the first time since 2009. However, worldwide car sales remained near record levels. The global automotive market was affected by trade tensions between the world's biggest economies, political changes in key markets and new threats to the status quo of the industry. Overall, the strong results in India, Brazil, Russia and South East Asia offset stalling sales in Europe, China and the US. In 2018, around 86 million cars were sold in the top 54 world markets. SUVs were popular worldwide and electric car sales grew by 75%. Global car and light commercial vehicle sales in 2018 contracted by 0.5% to 86 million vehicles.

India became the world's 4th largest car market by displacing Germany to 5th position. India's growth is projected to continue over the next few years and is expected to become the third largest market by 2021.

Car penetration per 1000 individuals Country

860
New Zealand



730
Australia

650
Canada

615
Japan

173
China

22
India

(Source: auto.economictimes.com)

Global Car & LCV Sales by Region 2018

North America

20.86m	-0.2%	
USA	17.32m	0%
Canada	2.01m	-2%
Mexico	1.43m	-7%
P. Rico	108k	+28%

JAPAN

5.19m	+0.6%

South America

4.30m	-7.0%	
Brazil	2.47m	+14%
Argentina	771k	-10%
Chile	416k	+12%
Colombia	257k	+8%

EMEA

22.70m	-1.1%	
Germany	3.72m	0%
UK	2.72m	-6%
France	2.62m	+3%
Italy	2.08m	-3%
Russia	1.80m	+13%

ASIA-PACIFIC

10.65m	-3.3%	
India	3.92m	+9%
Australia	1.11m	-3%
Indonesia	1.03m	+5%
Thailand	1.01m	+20%
Malaysia	581k	+4%

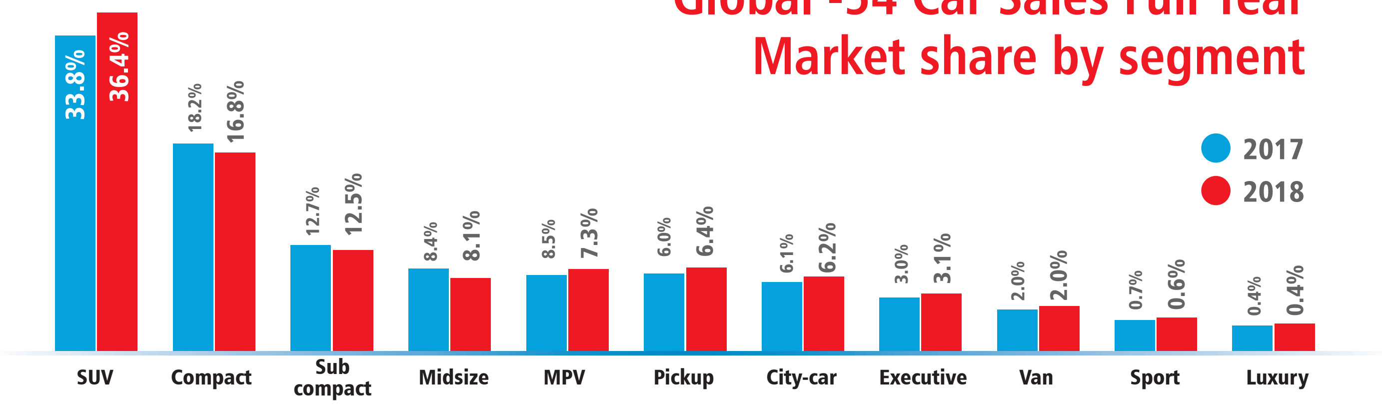
CHINA

28.08m	-2.8%

S. KOREA

1.78m	+1.4%

Global -54 Car Sales Full Year Market share by segment



Indian Automotive Industry

The Indian automotive industry expanded by 6.26% to reach 30,915,420 (units) p.a. Additionally, the Indian automotive industry (including component manufacturing) is expected to reach ₹16.16-18.18 trillion by 2026. However, a significant increase in insurance expenses, fuel costs and liquidity tightening after the IL&FS crisis, affected demand in the second half of the year. The growth is expected to revive in second half of FY20. The customers are expected to make deferred purchases in anticipation of BS VI vehicles. With the BS VI norms kicking in from April, 2020 the automakers are also planning to pre-launch vehicles which will lead to a spur in the automobile sales. Lastly it is anticipated that growth will be driven by attractive prices for vehicles certified with BS IV ahead of BS VI norms, as the sale of these cars will be restricted post April 2020.

Overall vehicle sales reached a total of 2,62,67,783 units in FY19 and exports crossed the 46,29,054 units mark. In 2018-19, commercial vehicles recorded the fastest pace of growth in domestic sales at 17.56% year-on-year, followed by 3-Wheelers at 10.27% Y-O-Y.

India overtook Germany as the 4th largest global automotive market. The passenger and commercial vehicle sales crossed 4.02 million units, while total sales, including 2-Wheelers and 3-Wheelers, reached almost 25 million units.

Advantage India

Growing Demand

- Domestic automobile sales increased at 9.2% CAGR between FY14-19
- Domestic 2-Wheeler industry is expected to grow at 6-8% during FY20
- Indian automobile retail has grown by 5.1% in FY19 at 12,86,471 vehicles

Opportunities

- Focus shifting on electric cars to reduce emissions
- Innovation is likely to intensify among engine technology and alternative fuels
- Government's aim to build India as a R&D hub

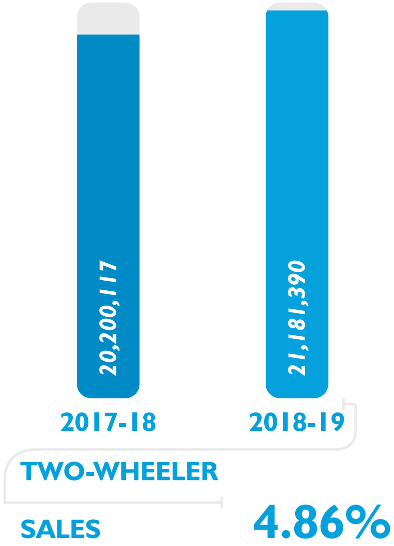
Rising Investments

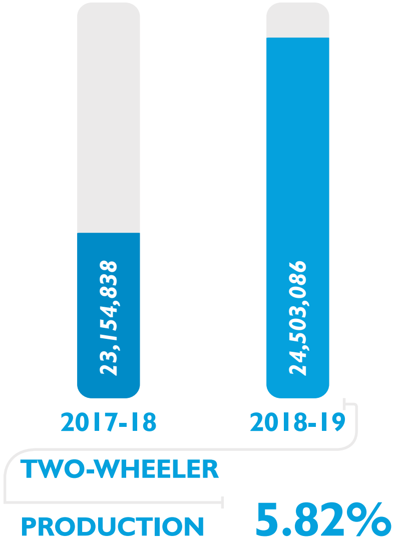
- India has significant cost advantages; auto firms save 10-25% on operations vis-à-vis Europe and Latin America
- Cumulative FDI inflows of around US$ 20.85 billion in automobiles sector between April 2000 – December 2018
- The Government of India expects automobile sector to attract US$ 8-10 billion in local and foreign investments by 2023

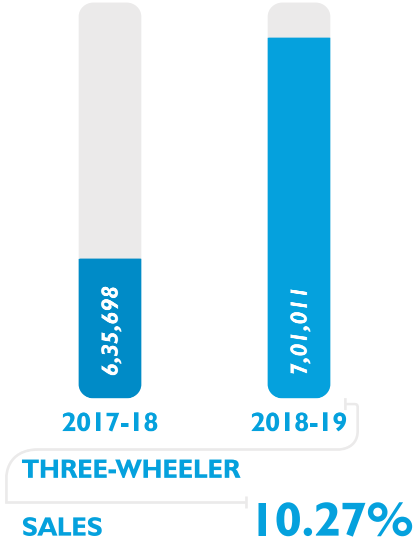
Policy support

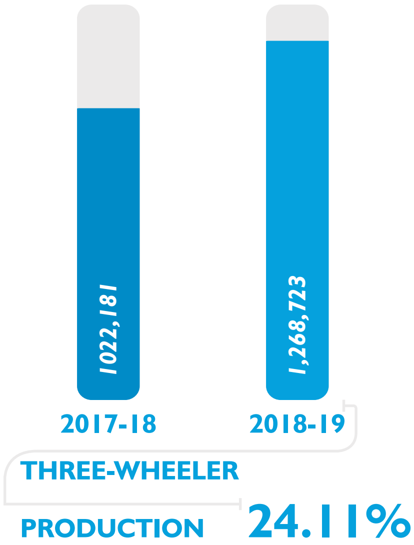
- Automotive Mission Plan: 2016-26 shows clear vision of Government
- The Government aims to develop India as a global manufacturing centre
- Reforms like tax concession on R&D of 150% to help boost the sector's growth
- Incubation centre to be set up for startups working in electric vehicles space
- GoI has approved the FAME-II scheme with a fund outlay of ₹10,000 crore

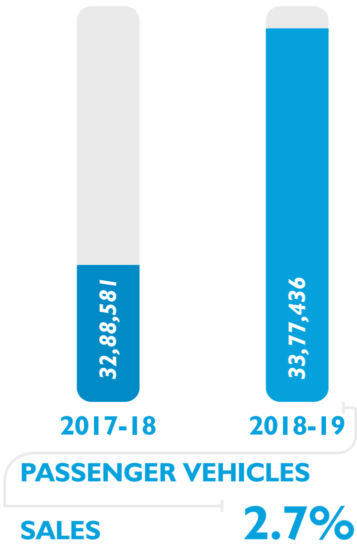
Domestic trends

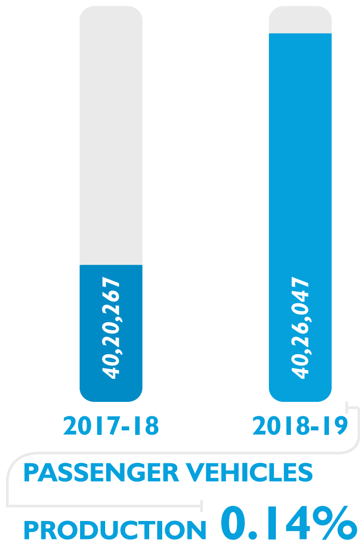


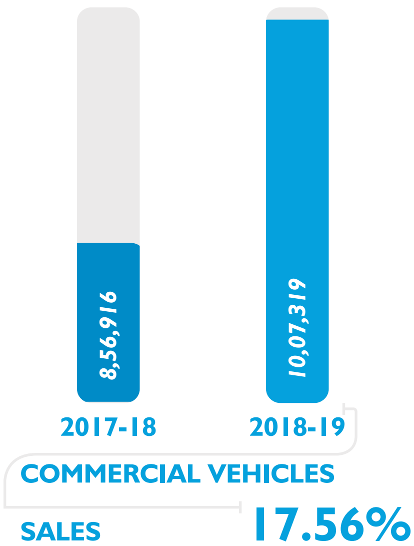


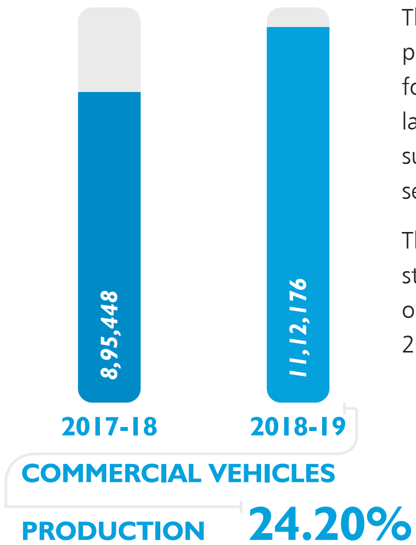












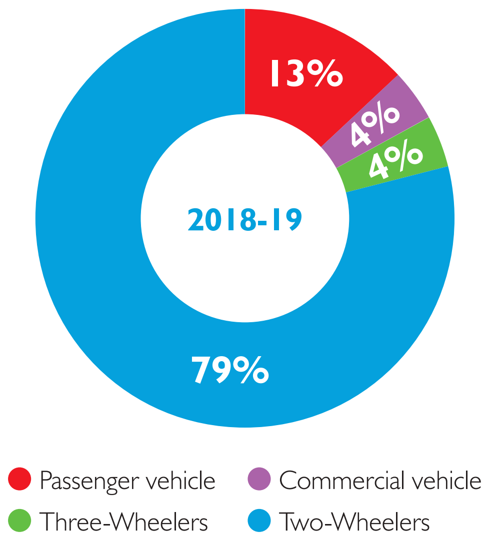
The growth was supported by increase in per capita income, improved farm sentiment following near-normal monsoon over the last three financial years, higher minimum support price (MSP) and farm loan waiver in select states.

The commercial vehicle segment posted strong double-digit growth. It also crossed one million sales mark for the first time in 2018-19.

Segment-wise automobile production trends in 2018-19

Category	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Passenger vehicles	30,87,973	32,21,419	34,65,045	38,01,670	40,10,373	4,026,047
Commercial vehicles	6,99,035	6,98,298	7,86,692	8,10,253	8,94,551	1,112,176
Three-Wheelers	8,30,108	9,49,019	9,34,104	7,83,721	10,21,911	1,268,723
Two-Wheelers	1,68,83,049	1,84,89,311	1,88,30,227	1,99,33,739	2,31,47,057	24,503,086
Grand total	**2,15,00,165**	**2,33,58,047**	**2,40,16,068**	**2,53,29,383**	**2,90,73,892**	**30,915,420**

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



Industry trends

Low-cost electrical vehicle

Government's vision of 100% electrical mobility by 2030

Voluntary Vehicle Fleet Modernization Programme (V-VMP)

Offers tax benefits and discounts on replacing old vehicles with new ones

Bharat Stage VI norms by 2020

India aims to reduce its carbon footprint by 33-35% by 2030. It is likely to adopt BS-VI from 1 April 2020, after which all vehicles manufactured will be required to comply with higher emission standards.

Industry positives

Tight Liquidity Conditions to Ease Out: The tight liquidity conditions among NBFCs, which triggered after difficulties at Infrastructure Leasing and Financial Services Ltd (IL&FS), led to a decline in the auto sales volume, particularly CV during October-December 2018, amid weak credit availability. The liquidity crisis is likely to prevail and impact FY20 sales volume as around 70% of 2-Wheeler sales and 60% of Commercial Vehicles sales are financed by NBFCs, according to Society of Indian Automobile Manufacturers (SIAM). The NBFCs liquidity is expected to improve by FY20, which will simultaneously improve the funding availability. As a result, sales volumes will enhance from current levels. However, growth rate is expected to remain moderate.

Stabilizing Interest Rates: FY19 saw a volatility in fuel cost, rising interest rates as well as increased upfront insurance cost. These factors dampened consumer sentiments, which resulted in subdued demand across all the vehicle segments. With stabilisation of fuel prices and interest cost, consumer sentiments are expected to improve moderately, especially in the Passenger Vehicle (PV) and 2-Wheeler (2W) segments.

Regulatory Norms: The evolving emissions and safety regulatory norms, along with a trend towards premiumization and electronification, are likely to increase the content per vehicle, thus driving growth among auto ancillaries.

Regulatory norms to particularly impact the sector in FY20:

1) Emissions: The industry will continue equipping itself to adopt the BS-VI fuel emission norms. BS-VI compliant components will also drive exports growth.

2) Safety: Increased focus on road safety the Ministry of Road Transport and Highway has made it mandatory, for all new cars, to be equipped with airbags, seat-belt reminders, reverse parking sensors and a manual override for the central locking system for emergencies by July 1, 2019.

Automobile Export Growth to Continue in 2W/3W: With stabilising macro-economic conditions in African, ASEAN and LATAM countries, the exports in these segments are likely to grow in FY20. However, exports in PV segment are likely to remain sluggish due to trade restrictions from Indonesia and weaker demand from Sri Lanka – the two major PV export markets for India.

Electric vehicles: FY20 will be crucial in terms of rolling out policies such as faster adoption and manufacturing of Hybrid and Electric Vehicles (EV) and EV charging infrastructure policy. This would provide the required impetus and clarity to OEMs to manufacture EVs. Although the majority of OEMs have announced capex to launch EVs and have also entered into technical collaborations, lack of a proper EV policy and other cleaner technologies such as hybrid, compressed natural gas, fuel cell and methanol, have shied OEMs away from making huge investments on the EV platform. The Government's commitment towards EV is also visible from the reduction in import duty on EV parts and components from 15%-30% to 10%-15%.

EV penetration is likely to be faster in public transportation such as buses, 3-Wheelers (3W) than private vehicles. Also, it is likely to be faster in 2W (especially scooters) due higher economic viability and easier charging options.

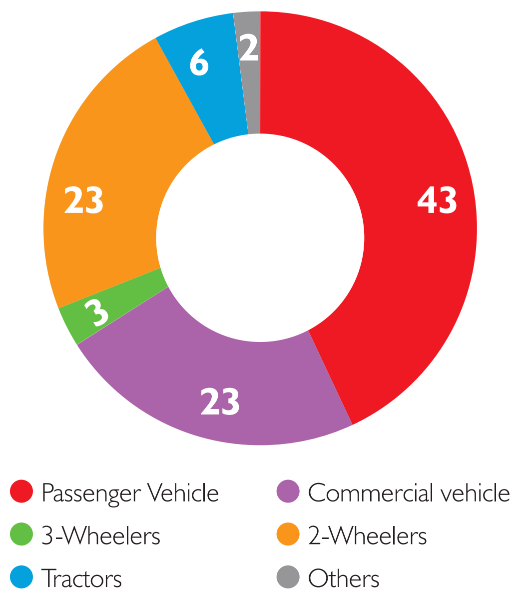
Auto component industry

India's automotive components industry forms the backbone of the robust automobile sector. It contributes 75% of the total sales generated in the country. The growing presence of global automobile Original Equipment Manufacturers (OEMs) in the Indian manufacturing landscape has significantly increased the localization of their components in the country. India has become the preferred designing and manufacturing base for most global auto OEMs for local sourcing and exports.

The Indian auto components industry, currently at $ 51.2 billion, is expected to register robust growth in the coming years, backed by strong exports. The overall production is expected to expand by 5%-6% in FY20, supported by healthy demand from OEM and exports.. Auto components industry exports, currently valued at $13.5 billion, are expected to grow at an annual rate of 23.9% to reach $ 80 billion by 2026. USA, Germany, Turkey, UK and Italy remain the top destinations for exports. India is expected to be the fourth-largest automobile producer globally by 2020 after China, the US and Japan. Also, the auto components industry is expected to become the third-largest by 2025. (source: ibef.org)

As per the CII report, the domestic automotive aftermarket, which has advanced at 14% CAGR during the last five years, is expected to touch ₹75,000 crore by 2020. The growth is expected to come from healthy volume growth in 2Ws, CVs and tractor segment. MDSL, an aftermarket arm, will benefit substantially and enhance suitably to profitability.

Auto Component Usage by OEMs (%)



Outlook

The automotive industry, not only in India but also globally, is undergoing transformational changes. These changes are largely led by the central themes of electric vehicles, shared mobility and safety and the adjacent themes of light weighting, fuel efficiency, tighter emission norms and connected cars.

It is expected that the minimum base rate, improvement in trade norms and stable conditions of other macroeconomic factors, such as crude oil prices, will help in boosting the performance of auto sector in FY20. Demand for 2Ws and PV would continue to be driven by the increasing disposable income. Here, motorcycles are anticipated to outpace the growth rate in scooters, primarily due to a favorable monsoon, increase in rural income including ₹ 6,000 per family as announced by the Government.

Opportunities

Increasing disposable income: Disposable personal income (DPI) increased $31.3 billion in February 2019. When disposable income increases, households have more money to either save or spend, leading to a growth in consumption. As incomes rise, people may wish to buy more automobile (not necessarily more units, but more in terms of features). Also there has been a rising demand for high-end luxurious and premium cars in developed and developing countries. Along with this, increasing disposable income among consumers and technological advancement in automotive industries are key factors driving the global automotive market's growth. (Source : bea.gov)

Emerging markets: With the momentum of growth continuing in emerging markets, the automotive industry's economic center of gravity will continue shifting in the same direction. This can be accredited to two prime factors: cost and demand. As compared to developed or developing countries, the labour cost in emerging markets is only about a fraction, making these markets extremely lucrative for manufacturers. They benefit from the expanding population in emerging markets. Ultimately bringing them closer to their new customers. With a rise in volumes of cars sold in these emerging markets, it will be increasingly necessary for OEMs to move closer to the demand centers.

All-electric vehicles: The world is gradually moving towards an 'all-electric vehicles' future. The automakers around the globe are developing more electric vehicles and improving the charging infrastructure to smoothen its mass adoption. Further, enhanced focus on safety and quality of transportation services and an increased environmental awareness to reduce fuel consumption and carbon footprints is also driving automotive players towards embracing this technology.

Urbanization: Urbanization is one of the biggest influencers of the automobile industry. As the population density of towns and cities increases so does the demand for vehicles. Increased economic prosperity, providing more purchasing power and improved developments in infrastructure, further paves way for the automobile sector in India.

Shared mobility: India is expected to be a leader in shared mobility by 2030, as rising share of electric and autonomous vehicles will improve shared mile economics. (Source: Morgan Stanley report) India's young demographic, rising real incomes and large population clusters are among the driving factors of shared mobility.

Threats

Regulations: The Government of India (GoI) and the State Governments can majorly impact the Indian economy and our business in several ways. Even a small change in either existing or new policies, capable of affecting our operations and business, can impact the supply/demand balance, our cost structure and competition, negatively. Further, environment-related regulations like emission norms and safety norms can inhibit the Company's operations or demand modification to products and facilities. This can affect our returns and profitability. The Company ensures to compliance to requirement of the regulatory.

Slowdown in automobile industry: Development of economy and Automobile Sector's growth plays a determining role in the automotive component industry's demand. Any kind of slowdown experienced in the sector's growth, across regions, is likely to affect the industry's future.

Government Initiatives

The Government aims to develop India as a global manufacturing center and hub for R&D. Recent initiatives and developments undertaken by the Government in favour of the automotive industry's potential growth:

- Under NATRIP, the Government of India is planning to set up R&D centers at a total cost of US$ 388.5 million – enabling the industry to be at par with global standards.
- The Ministry of Heavy Industries and GoI, have shortlisted 11 cities in the country for introducing electric vehicles (EVs) in their public transport systems under the FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) scheme. The Government will also set up incubation center for start-ups working in electric vehicles space.
- In FY19, the Government of India approved the FAME-II scheme with a fund outlay of ₹10,000 crore (US$ 1.39 billion) up to FY22.

Business overview

Switch & Handle-Bar Systems Division:

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 consistently maintained its leadership position in India. The Company's experience has helped it gain trust amongst customers. The Company serves almost all major OEMs and also develops switching solutions for off-road vehicle segments. This division has 5 plants spread across the country and 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, Gujarat and Chennai and has its own dedicated R&D centre. Tokai Rika is the joint venture partner for this business for last 27 years. The Company supplies to major OEM's including Toyota, MSIL, Tata, M&M, Hyundai among others.

The business registered a revenue of ₹2,237 Crs for FY19 as against ₹1,475 Crs for FY18, contributing to about 37.9% of the total consolidated turnover. The EBITDA margin stood at around 12.6% in FY19 up from 11.9 % in FY18 .

Sensors and Controllers Division:

The Sensors Actuators 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 customers' 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 and Head lamp levelling motors, among others.

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 into a distribution agreement with Sensata Technologies, USA. A new plant is under construction, which will cater to BSVI high end sensors using advanced MSP technology. The Company has also acquired knowledge of AIS 140 for this technology from the KPIT Engineering for design of IVTS and OBITS. These transactions will help ensure that the Company responds to the rising demand of the evolving technology in sensor space and controller space.

Important acquisitions

In the month of September 2018 MIL acquired iSYS RTS GmbH which develops embedded systems as well as hardware and software components for Global vehicle makers. The company offers Engineering Services and also manufacturers Automotive Electronic Control Units ('ECU's).

Lighting Division

As one of the country's leading manufacturers of the automobile lamps and signaling devices, MIL is known for its lighting solutions. Designing, R&D, manufacturing and delivering end-to-end solutions to the country's leading OEMs is what the Company specialises in. The division has manufacturing locations 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 which was renamed as 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 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

Lighting division achieved revenue of ₹1,293 Crs for FY19 as compared to ₹1,159 Crs in FY18, contributing 21.9 % to our total turnover. The EBITDA margin in this segment was around 10.2 % in FY19 as against 9.8 % in FY18.

Acoustic Division

Over the years, MIL has emerged as the market leader in automotive horn manufacturing segment catering 2Ws, 4Ws, off-road and CVs. 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 help deliver extremely durable and high quality automotive horns with optimum performance. The marque clientele include 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; this acquisition has catapulted Minda into a global player, becoming no. 2 player. It is amongst the top two global players in automotive acoustics, giving the Company an access to leading European and American OEMs.

Acoustic Division recorded revenue of ₹717 Crs for FY19, contributing 12.1 % to our total turnover as against ₹671 Crs in FY18. The EBITDA margin in this segment was around 9.4% in FY19 as compared to 8.1 % in FY18.

Light Metal Technology (LMT) Domain

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 of which 30,000 WPM is operational.

MIL has announced to set up of 2W alloy wheels plant with proposed capacity of 3.6 Mn wheels per annum. It will be established as division of MIL. The plant is expected to commence operations by April 2020.

Newly constructed plant of Minda Kosei Aluminium Pvt. Ltd., Gujarat

In addition the Company recorded sale of ₹908 Cr. in FY 2018-19 as compared to ₹585 Cr. in FY2017-18. This business also does general Aluminum die-casting products with a capacity of 12,000 tonnes p.a. and has manufacturing facilities at Hosur & Bawal.

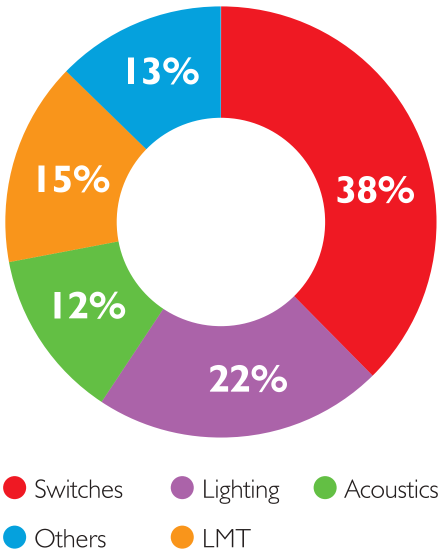
Other Business

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

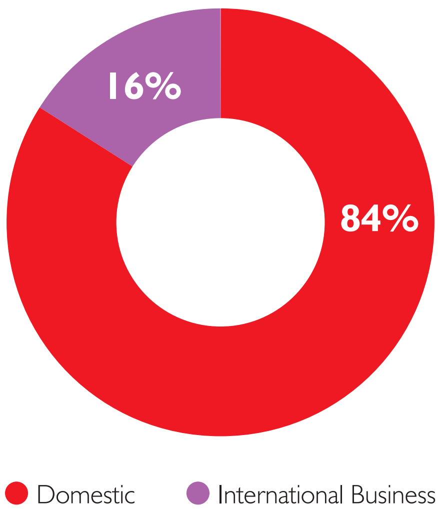
Important acquisitions

MIL Board has in its meeting held in February 14, 2019 approved to acquire Harita Seating Systems Limited (HSSL) by way of amalgamation. The amalgamation is subject to approval of SEBI, NCLT and other applicable authorities. HSSL provides complete seating solutions for driver and cabin seating for CVs , Tractors and OR , as well as passenger seats for buses across all segments through its 12 manufacturing facilities. This acquisition will help MIL in broadening its product portfolio thereby improving realisation per vehicle (Kit Value) across all segments and also improve revenue mix in CV segment.

Product-wise revenue



Market-wise revenue contribution



Financial Performance

At a consolidated level, during FY19, the Company registered a revenue of ₹5908 Cr, with a growth of 32% Y-O-Y from ₹4471 Cr in FY18.

EBITDA was at ₹725 Crs, growing by 36% y-o-y from ₹534 Crs in FY18. EBITDA margin was at 12.3% in FY19; as compared to 11.9% in FY18; i.e., an expansion of 33 bps. These margins have been achieved on the back of Lower RMC on consolidated basis & higher capacity utilization in new businesses like MKA, MRPL, Minda Rinder and recovery at Clarton Horn.

PBT before exceptional item for FY19 was at ₹455 Crs, growing by 24% Y-o-Y from ₹367 Crs in FY18. PAT attributable to MIL grew by 12% to ₹286 Crs in FY19 as against ₹256 Cr in FY18. These numbers are Normalized/ adjusted for exceptional items.

MIL Consolidated	2017-18	2018-19	% change
Debtors Turnover (days)	52	52	(1%)

MIL Consolidated	2017-18	2018-19	% change
Inventory Turnover (days)	51	58	13%

MIL Consolidated	2017-18	2018-19	% change
Current Ratio	1.12	1.17	5

MIL Consolidated	2017-18	2018-19	% change
Net Debt Equity Ratio	0.30	0.50	67

MIL Consolidated	2017-18	2018-19	change
EBITDA Margin (%)	11.9	12.3	33 bps

MIL Consolidated	2017-18	2018-19	change
Net Profit Margin (%)	5.7	4.8	90 bps

MIL Consolidated	2017-18	2018-19	% change
Cash flow from operations (₹ cr)	362.06	413.97	14.34%

MIL Consolidated	2017-18	2018-19	change
Interest as a % of sale	0.77	1.07	30 bps

MIL Consolidated	2017-18	2018-19	change
Depreciation as a % of sale	3.69	3.97	28 bps

Risks and mitigation

Effective risk management is a crucial part of our Company's success. Our ability to identify opportunities and strengths helps leverage them efficiently. We have an elaborate risk management procedure in place that helps us identify, evaluate and mitigate major risks to our businesses. It helps us address these issues in an organised and systematic manner by planning our mitigating actions on a continuous basis. The Management monitors potential risks and works towards their mitigating actions as well.

Competition risk: 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.

Mitigation: 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 continuing it's 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.

Mitigation: The Company enjoys long-standing relations with the leading OEMs in India. This has helped gain confidence by constantly exceeding customer's expectations. The Company's focused investment in technology, defect free manufacturing capability, on-time product delivery and further the proximate location of our plants to our customers. However, the Government bodies and forums like ACMA and SIAM must put efforts and continue supporting the industry by providing adequate support through incentives and protection of subsidised imports. Through this, localization of components can be given an impetus.

Quality risk: Quality is one of the major reasons behind gaining or losing customers. Good quality standards must be maintained at all times. Failure to do so may pave way for a significant risk. The Company is constantly required to upgrade its quality and follow changing norms diligently.

Mitigation : 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.

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 on a regular basis. The discrepancies, if any, with actual performance and the budgets are thoroughly analysed regularly. The Management Review Committee, in consultation with the Audit Review Committee, then suggests possible remedial actions.

The internal audit is carried by the M/s Grant Thornton, Internal Auditors of the Company. The reports, thereby prepared, are reviewed in the Audit Committee meetings. Corrective measures to strengthen the internal controls are suggested and also taken in consideration. Further, the suggestions by Internal Auditors 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.

Human Resources

As the Company moves closer to realising its Vision and achieving the Group Goals, the HR is focussed on developing a Leadership pipeline and an Eco-System to support the Company's ambitious journey. HR has made an impactful beginning in the year 2018-19 for the Leadership Development Programs, i.e. Transfor-M & M-LEAP. Talent and capability building has been made more robust by effective job-rotations both inter and intra domains/businesses. The highest number of job-rotations of key talent was recorded in the year 2018-19, thus creating an eco-system of learning and experiential capability enhancement.

The Leadership Development programs are a yearlong activity and these programmes are curated for the Middle to Senior Leadership level. Through these initiatives the Company is taking strides to realize the goal of the organisation which is to minimise lateral hiring and give more & more opportunities to internal talent pool. The TRANSFOR-M & M-LEAP enter their second phase in 2019-20.

In order to fulfil this goal, the Company is focussed to create a strong talent pool & pipeline by inducting trainees (GETs & MTs) from campuses across India and preparing them for future roles. Last year HR has re-mapped the career growth path for trainees to them with the right opportunities at the right time in the organization. The Company has revised its focus on taking operators to staff levels and is ensuring, through relevant L&D initiatives, to help them make this transition easy and successful.

With a view to create an Eco-system for sustaining success, HR recently conducted WOW (Ways of Working) workshop. Apart from many other takeaways, a list of 10 demonstrable behaviours was prepared and later announced to the entire Organization. The Leadership Team has committed to adopt these behaviours and lead by example to foster a positive cascade across Organization.

Outlook

The Indian Auto Component industry enjoys being amongst the few sectors with distinct global competitive advantage of cost and quality. The focus of UNO MINDA is on providing end-to-end product solutions for the OEMs, right from product development to manufacturing. The Company promises reliability and works towards development and advancement of technology. UNO MINDA also offers aftermarket services at competitive prices in India and abroad. The Company's clear position as a technology leader across product lines is aptly supported by its strong R&D and strategic JVs with leading technology partners across segments. The Company's constant upgradation of products with enhancement of features and innovation on a continuous basis forms its core business strategy. The demand environment for auto-component is currently subdued,. However, the sector is expected to continue its growth momentum in medium to long term. This especially holds true for the PV sector which has significantly lower per capita penetration in India as compared to the developing and developed countries.

The Indian Automotive market is experiencing an increased participation of global players currently. However, the shortened product life cycles are opening up newer avenues with bigger opportunities for Indian OEMs to become global players in the true sense. This presents itself as an opportunity for India to become a global hub for automotive components.

A host of regulatory changes are likely to be seen in the Indian Auto Component market. The emphasis here would be on mandatory vehicular safety features such as air bags and reverse parking sensor systems. This will result in the current premium features becoming a part of the standard kit, in the years to come. At MIL, we work hard towards evaluating our product portfolio on a regular basis. The Company evaluates its products to assess its future readiness in terms of technology to face the challenges thrown up by the emerging and disruptive technologies. We have always put our customers first and built long standing relationships with them. MIL has demonstrated remarkable responsiveness to its clients' for their evolving needs and has earned their valued trust & is a partner of choice.