

Minda Kosei Aluminum Wheel Private Limited

Statutory Audit for the year ended

31 March 2019

B S R & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Minda Kosei Aluminum Wheel Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Minda Kosei Aluminum Wheel Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Other Information

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

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

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



Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude

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that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "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 prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our



information and according to the explanations given to us:

- a) The Company does not have any pending litigations which would impact its financial position.
- b) The Company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses.
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d) The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

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

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. 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 registration number: 101248W/W-100022



Tarun Gupta

Partner

Membership No.: 507892

Place: Gurugram

Date: 6 May 2019

Annexure A referred to in our Independent Auditor's Report to the Members of Minda Kosei Aluminum Wheel Private Limited on the financial statements for the year ended 31 March 2019

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment and intangible assets).
- (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 three years. In accordance with this program, certain fixed assets were verified during the year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were observed 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 is held in the name of the Company.
- (ii) According to the information and explanations given to us, the inventories, except goods-in-transit, has been physically verified by the management during the year at reasonable intervals. In our opinion, the frequency of such verification is reasonable. For goods-in-transit, all materials were substantially received/ delivered until the date of issuance of the report. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register required under Section 189 of the Companies Act, 2013. Accordingly, para 3 (iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (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.



- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) to Section 148 of the Companies Act, 2013 in respect of any activities undertaken by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Duty of Customs, Cess and any other material statutory dues, to the extent applicable, have generally been regularly deposited 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, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues, to the extent applicable, were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, and on the basis of the records of the Company examined by us, there are no dues of Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any banks. The Company did not have any outstanding debentures or dues on account of loans or borrowings to any financial institutions or government 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) during the year. Further, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (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 managerial remuneration has been paid or provided by the Company in accordance with provisions of Section 197 read with Schedule V of the Companies Act, 2013.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.



- (xiii) According to the information and 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.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022



Tarun Gupta

Partner

Membership No.: 507892

Place: Gurugram
Date: 6 May 2019

Annexure B to the Independent Auditor's Report on the financial statements of Minda Kosei Aluminum Wheel Private Limited for the year ended 31 March 2019

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

(Referred to in paragraph (2A) 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 Kosei Aluminum Wheel Private Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of



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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

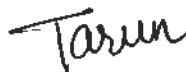
Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

For B S R & Co. LLP

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022



Tarun Gupta

Partner

Membership No.: 507892

Place: Gurugram

Date: 6 May 2019

Minda Kosei Aluminum Wheel Private Limited

Balance Sheet as at 31 March 2019

(All figures are in ₹ Million, except share data and unless otherwise stated)

CIN: U29130DL2015PTC278233

| | Note No. | As at 31 March 2019 | As at 31 March 2018 |
|--|----------|------------------------|------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4. | 4,269.9 | 3,175.1 |
| Capital work in progress | 4. | 754.6 | 1,090.1 |
| Intangible assets | 5. | 11.1 | 12.4 |
| Financial assets | | | |
| Loans | 6. | 17.4 | 5.0 |
| Other financial assets | 7. | 2.5 | 55.1 |
| Non-current tax assets(net) | 9. | 72.3 | 53.7 |
| Other non-current assets | 10. | 25.5 | 83.2 |
| Current assets | | | |
| Inventories | 11. | 764.8 | 507.4 |
| Financial assets | | | |
| Trade receivables | 12. | 699.1 | 672.6 |
| Cash and cash equivalents | 13. | 70.4 | 203.5 |
| Bank balances other than cash and cash equivalents | 14. | 46.9 | 41.9 |
| Loans | 6. | 1.5 | 1.0 |
| Other financial assets | 7. | 27.1 | 28.4 |
| Other current assets | 10. | 264.3 | 291.1 |
| TOTAL ASSETS | | 7,027.4 | 6,220.5 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 15A | 1,883.8 | 1,883.8 |
| Other equity | 15B | 1,126.7 | 555.7 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 16A. | 1,809.8 | 779.8 |
| Other financial liabilities | 16B. | 51.1 | - |
| Provisions | 17. | 321.9 | 282.3 |
| Deferred tax liabilities (net) | 8. | 93.6 | 7.4 |
| Government grants | 18. | 367.2 | 367.2 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 16A. | 152.5 | 1,003.8 |
| Trade payables | 19. | - | - |
| Total outstanding dues of micro enterprises and small enterprises | | 27.2 | 17.5 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 699.8 | 873.8 |
| Other financial liabilities | 20. | 425.5 | 350.9 |
| Other current liabilities | 21. | 67.7 | 96.5 |
| Provisions | 17. | 0.6 | 1.8 |
| TOTAL EQUITY AND LIABILITIES | | 7,027.4 | 6,220.5 |

Significant accounting policies

The notes referred to above form an integral part of these financial statements.

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm Registration No.: 101243W/W-100022

Tarun

Tarun Gupta

Partner

Membership No.: 507892

Place: Gurugram

Date: 6 May 2019

For and on behalf of the Board of Directors

of Minda Kosei Aluminum Wheel Private Limited

Rundun Kumar Jha

Rundun Kumar Jha

Managing Director

DIN No: 07137705

Place: Gurugram

Date: 6 May 2019

Yoshihiro Toda

Yoshihiro Toda

Director

DIN No: 08121667

Place: Gurugram

Date: 6 May 2019

Ankur Agrawal

Ankur Agrawal

Chief Financial Officer

Place: Gurugram

Date: 6 May 2019

Rahul Kumar

Rahul Kumar

Company Secretary

Membership No. ACS35354

Place: Gurugram

Date: 6 May 2019

Minda Kosei Aluminum Wheel Private Limited
Statement of Profit and Loss for the year ended 31 March 2019
(All figures are in ₹ Million, except share data and unless otherwise stated)
CIN: U29130DL2015PTC278233

| | Note No. | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|----------|-----------------------------|-----------------------------|
| Income | | | |
| Revenue from operations | 22 | 5,997.4 | 4,565.2 |
| Other income | 23 | 12.2 | 17.4 |
| Total income | | 6,009.6 | 4,582.6 |
| Expenses | | | |
| Cost of materials consumed | 24 | 2,963.0 | 2,325.6 |
| Changes in inventories of finished goods and work-in-progress | 25 | 8.0 | (125.7) |
| Excise duty | 22 | - | 132.0 |
| Employee benefits expense | 26 | 407.1 | 251.2 |
| Finance costs | 27 | 180.0 | 83.3 |
| Depreciation and amortisation expense | 28 | 558.6 | 349.3 |
| Other expenses | 29 | 1,083.7 | 755.1 |
| Total expenses | | 5,200.4 | 3,770.8 |
| Profit before exceptional items and tax | | 809.2 | 811.8 |
| Exceptional item | 30 | - | 318.9 |
| Profit before tax | | 809.2 | 492.9 |
| Tax expense: | | | |
| Current tax | | 178.0 | 120.4 |
| Deferred tax charge/(credit) - including minimum alternate tax credit | | 67.9 | 55.9 |
| Profit for the year | | 563.3 | 316.6 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re-measurement (losses) / gains on defined benefit plans | | (1.1) | 0.6 |
| Income tax effect | | 0.4 | (0.2) |
| Net other comprehensive income | | (0.7) | 0.4 |
| Total comprehensive income for the year | | 562.6 | 317.0 |
| Basic and diluted earnings per share (in ₹) (Face value of ₹ 10 per share) | 15 D | 2.99 | 2.62 |
| Significant accounting policies | 3 | | |
| The notes referred to above form an integral part of these financial statements. | | | |

As per our report of even date attached

For **BSR & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022



Tarun Gupta
Partner
Membership No.: 507892

Place: Gurugram
Date: 6 May 2019

For and on behalf of the Board of Directors
of Minda Kosei Aluminum Wheel Private Limited


Kiran Kumar Jha
Managing Director
DIN No: 07137705

Place: Gurugram
Date: 6 May 2019


Yoshihiro Toda
Director
DIN No: 08121667

Place: Gurugram
Date: 6 May 2019



Ankur Agrawal
Chief Financial Officer

Place: Gurugram
Date: 6 May 2019



Rahul Kumar
Company Secretary
Membership No: ACS35354
Place: Gurugram
Date: 6 May 2019

Minda Kosei Aluminum Wheel Private Limited
Statement of Cash Flow for the year ended 31 March 2019
(All figures are in ₹ Million, except share data and unless otherwise stated)
CIN: U29150DN2015PTC278233

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| A. Cash flow from operating activities | | |
| Profit for the year before tax | 809.2 | 492.9 |
| Adjustments for: | | |
| Depreciation and amortisation | 558.6 | 349.3 |
| Unrealised foreign exchange (gain) / loss | (3.6) | 20.5 |
| Loss on fixed assets sold / discarded | (0.1) | 0.1 |
| Government grant | - | (32.5) |
| Finance costs | 180.0 | 83.3 |
| Interest income | (10.4) | (16.5) |
| Operating profit before working capital changes | 724.5 | 404.2 |
| | 1,533.7 | 897.1 |
| Working capital adjustments: | | |
| Increase in inventory: | (257.4) | (232.3) |
| Increase in trade receivables | (26.5) | (391.5) |
| Decrease in loans & other financial assets | (11.1) | 3.0 |
| Decrease / (increase) in other assets | 51.3 | (269.8) |
| (Decrease) / increase in trade payable | (160.6) | 411.6 |
| Increase in other financial liabilities | 6.0 | 4.0 |
| Increase in provision | 38.5 | 270.1 |
| (Decrease) / increase in other current liabilities | (28.8) | 79.8 |
| | (388.6) | (125.1) |
| Cash generated from operations | 1,145.1 | 772.0 |
| Income tax paid | (170.9) | (194.4) |
| Net cash from operating activities (A) | 974.2 | 577.6 |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment and intangible assets | (1,317.1) | (1,888.0) |
| Proceeds from sale of property, plant and equipment | 0.2 | 0.1 |
| Fixed deposits with banks | 47.7 | (90.9) |
| Interest received | 10.0 | 15.9 |
| Net cash used in investing activities (B) | (1,259.2) | (1,962.9) |
| C. Cash flows from financing activities | | |
| Proceeds from borrowings | 1,329.9 | 442.2 |
| Repayments of borrowings | (143.5) | (28.8) |
| Proceeds from equity shares | - | 816.1 |
| (Repayments) / proceeds of borrowings (net) | (851.4) | 296.2 |
| Interest paid | (183.1) | (82.3) |
| Net cash from financing activities (C) | 151.9 | 1,443.5 |
| Net increase in cash and cash equivalents (A+B+C) | (133.1) | 58.2 |
| Cash and cash equivalents at the beginning of the year | 203.5 | 145.3 |
| Cash and cash equivalents at the end of the year | 70.4 | 203.5 |

The Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard-7 on Statement of Cash Flows as notified under section 133 of the Companies Act, 2013.
Also refer note 16A in respect of disclosure related to Ind AS 7.

As per our report of even date attached

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

Taran

Taran Gupta
Partner
Membership No.: 507892

Place: Gurugram
Date: 6 May 2019

For and on behalf of the Board of Directors
of Minda Kosei Aluminum Wheel Private Limited

Kundan Khandelwal
Kundan Khandelwal
Managing Director
DIN No: 07137705

Place: Gurugram
Date: 6 May 2019

Yoshihiro Toda
Yoshihiro Toda
Director
DIN No: 08121667

Place: Gurugram
Date: 6 May 2019

Ankur Agrawal

Ankur Agrawal
Chief Financial Officer

Place: Gurugram
Date: 6 May 2019

Rahul Kumar

Rahul Kumar
Company Secretary
Membership No.: ACS33354

Place: Gurugram
Date: 6 May 2019

Minda Kosei Aluminum Wheel Private Limited

Statement of Changes in equity for the year ended 31 March 2019

(All figures are in ₹ Million, except share data and unless otherwise stated)

CIN: U29130DL2015PTC278233

A. Equity share capital

| | |
|--|----------------|
| Balance as at 1 April 2017 | 1,067.6 |
| Changes in equity share capital during 2017-18 | 816.2 |
| Balance as at 31 March 2018 | 1,883.8 |
| Changes in equity share capital during 2018-19 | - |
| Balance as at 31 March 2019 | <u>1,883.8</u> |

B. Other equity

| | Attributable to equity shareholders | | |
|--|-------------------------------------|--|----------------|
| | Reserves and surplus | | Total |
| | Retained earnings | Items of OCI Remeasurement of defined benefit liability / asset | |
| As at 1 April 2017 | 238.7 | - | 238.7 |
| Profit for the year | 316.6 | - | 316.6 |
| Other comprehensive income (net of tax) | - | 0.4 | 0.4 |
| Total comprehensive income | 316.6 | 0.4 | 317.0 |
| Transferred to retained earnings | 0.4 | (0.4) | - |
| As at 31 March 2018 | 555.7 | - | 555.7 |
| Profit for the year | 563.3 | - | 563.3 |
| Other comprehensive income (net of tax) | - | (0.7) | (0.7) |
| Total comprehensive income | 563.3 | (0.7) | 562.6 |
| Additional tax benefit on employee stock options exercised during the year (refer note 38) | 8.4 | - | 8.4 |
| Transferred to retained earnings | (0.7) | 0.7 | - |
| As at 31 March 2019 | 1,126.7 | - | 1,126.7 |

The notes referred to above form an integral part of these financial statements.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration No.:101248W/W-100022

Tarun

Tarun Gupta

Partner

Membership No. : 507892

Place: Gurugram

Date: 6 May 2019

For and on behalf of the Board of Directors

of Minda Kosei Aluminum Wheel Private Limited

Kundan Kumar Dha

Kundan Kumar Dha

Managing Director

DIN No: 07137705

Place: Gurugram

Date: 6 May 2019

Ankur Agrawal

Ankur Agrawal

Chief Financial Officer

Place: Gurugram

Date: 6 May 2019

Yoshihiro Toda

Yoshihiro Toda

Director

DIN No: 08121667

Place: Gurugram

Date: 6 May 2019

Rahul Kumar

Rahul Kumar

Company Secretary

Membership No: ACS35354

Place: Gurugram

Date: 6 May 2019

1. Corporate information

Minda Kosei Aluminum Wheel Private Limited ("the Company") is a private limited company incorporated on 23 March 2015 under the Companies Act, 2013. It is a venture between Minda Industries Limited and Kosei International Trade and Investment Company Limited. The Company is primarily engaged in the business of manufacturing and supply of Aluminium alloy wheels and/or Aluminium general casting parts.

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.

Effective 1 April 2016, the Company had adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101, *First – time adoption of Indian Accounting Standards*, with 1 April 2016 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, which was the previous GAAP.

The Financial Statements are approved by the Company's Board of Directors on 6 May 2019.

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 millions 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) Certain financial assets and liabilities (including derivative instruments) | Fair value |
| (c) Other financial assets and liabilities | Amortised 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 recognised 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 8
- Estimated useful life of other intangible asset – Note 5
- Estimated useful life and residual value of property, plant and equipment – Note 4
- Recognition and measurement of provisions and contingencies – Note 31
- Estimation of defined benefit obligation – Note 32

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.

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.

An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realised 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.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation 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.



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 recognised 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.

The date of transaction which is required to determine the spot exchange rate for translation would be the earlier of:

- The date of initial recognition of the non – monetary prepayment asset or deferred income liability, and
- The date that the related item is recognised in the financial statements.

Exchange differences are recognised in profit and loss.

B. Measurement of fair values

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

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

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

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the 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 valuations meet the



requirements 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 asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

Further information about the assumptions made in measuring fair values 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 recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

ii. Classification and subsequent measurement

Financial assets

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

- a) Amortised cost; or
- b) FVTPL

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

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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

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



v. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency risk exposures.

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

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.

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 statement of profit and loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised 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, the life is based on technical evaluation and assessment.

Freehold land is not depreciated.

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 and consequent advice, the management



Minda Kosei Aluminum Wheel Private Limited

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

CIN: U29130DL2015PTC278233

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 | Useful life as per Companies Act 2013 (Years) | Management estimate of useful life (Years) |
|------------------------|---|--|
| Buildings | 30 | 30 |
| Plant and equipment | 15 | 2/3/5/6/10/15 |
| Furniture and fixtures | 10 | 10 |
| Vehicles | 8 | 8 |
| Office equipment | 5 | 5 |
| Computers | 3 | 3 |

E. Intangible assets

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 amortisation and any accumulated impairment loss, if any.

Subsequent expenditure

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

Amortisation

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

The estimated useful lives are as follows:

- Computer software 3 years

Amortisation 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 recognises loss allowances for expected credit loss on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised 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-organisation; 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 result 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 recognises 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 amortised cost are deducted from the gross carrying amount of the assets.

Write-off

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



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 recognised 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 amortisation, if no impairment loss had been recognised.

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 capitalised 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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statement of profit or loss on a straight-line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.



I. Inventories

Inventories which comprise raw materials and components, 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 and components, 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 aluminium alloy wheels. Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. 1 April 2018). The adoption of the standard did not have any material impact to the financial statements of the Company.

a) Revenue from 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 inclusive of excise duty and net of returns, trade allowances, rebates 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 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.

b) Interest income is recognized using the effective interest method.



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 Company accounts for equity settled stock options for the parent company using the fair value method.

(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) 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.

(iv) Defined benefit plan

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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 recognised 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 recognised in statement of profit and 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 recognised immediately in profit or loss. The Company recognises 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 unutilised accrued compensated absences and utilise 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 recognised in statement of profit and loss in the period in which they arise.

L. Government grants

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

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.



N. Provisions and contingent liabilities

(i) Provisions

A provision is recognised 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 recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(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.

(iii) 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.

Tax benefits of deductions earned on exercise of employee stock options in excess of compensation charged to income are credited to other comprehensive income.

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.

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

Deferred tax

Deferred tax is recognised 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 recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised 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 recognises 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 – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax 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.

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 recognised as current tax in profit or loss. The credit available under the Act in respect of MAT paid is recognised 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 recognised as deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

O. 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.

P. 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 recognised 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 recognised in the period in which the change occurs.

Q. Segment reporting

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.

The Company is engaged in the business of manufacturing and supply of aluminium alloy wheels and/or aluminium general casting parts. Accordingly, the Company's activities/ business is reviewed regularly by the Company's Board of directors from an overall business perspective, rather than reviewing its products/services as individual standalone components.

Based on the dominant source and nature of risks and returns of the Company, management has identified its business segment as its primary reporting format.



R. 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.

S. Recent accounting pronouncement

Ind AS 116, Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

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

The Company will recognise new assets and liabilities for its operating leases in respect of premises (like warehouse and guest houses etc.) (refer to note 34). The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

No significant impact is expected for the Company's finance leases.

Transition

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

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



4. Property, plant and equipment and capital work in progress

a. Reconciliation of carrying amount

| | Freehold land | Buildings | Plant and equipment* | Furniture and fixtures | Vehicles | Office equipment | Computers | Total | Capital work in progress |
|--|---------------|--------------|----------------------|------------------------|------------|------------------|-------------|----------------|--------------------------|
| Gross carrying value | | | | | | | | | |
| As at 31 March 2017 | 248.6 | 271.1 | 1,881.0 | 16.2 | 3.5 | 6.8 | 4.1 | 2,431.3 | - |
| Add: Additions made during the year | 35.3 | 438.9 | 789.4 | 17.8 | 0.1 | 8.7 | 2.3 | 1,292.5 | - |
| Less: Disposals / adjustments during the year | - | - | - | - | - | - | 0.1 | 0.1 | - |
| As at 31 March 2018 | 283.9 | 710.0 | 2,670.4 | 34.0 | 3.6 | 15.5 | 6.3 | 3,723.7 | - |
| Add: Additions made during the year | 234.8 | - | 1,400.4 | 6.3 | - | 3.2 | 4.3 | 1,649.0 | - |
| Less: Disposals / adjustments during the year | - | - | 7.3 | - | - | - | - | 7.3 | - |
| As at 31 March 2019 | 518.7 | 710.0 | 4,063.5 | 40.3 | 3.6 | 18.7 | 10.6 | 5,365.4 | - |
| Accumulated depreciation | | | | | | | | | |
| As at 31 March 2017 | - | 8.4 | 190.4 | 1.5 | 0.0 | 1.2 | 1.1 | 202.6 | - |
| Add: Depreciation charge for the year | - | 11.4 | 328.9 | 1.8 | 0.4 | 1.9 | 1.6 | 346.0 | - |
| Less: On disposals / adjustments during the year | - | - | - | - | - | - | 0.0 | 0.0 | - |
| As at 31 March 2018 | - | 19.8 | 519.3 | 3.3 | 0.4 | 3.1 | 2.7 | 548.6 | - |
| Add: Depreciation charge for the year | - | 25.7 | 520.2 | 4.0 | 0.5 | 3.4 | 2.3 | 554.1 | - |
| Less: On disposals / adjustments during the year | - | - | 7.2 | - | - | - | - | 7.2 | - |
| As at 31 March 2019 | - | 43.5 | 1,032.3 | 7.3 | 0.9 | 6.5 | 5.0 | 1,095.5 | - |
| Net carrying value | | | | | | | | | |
| As at 31 March 2019 | 518.7 | 666.5 | 3,031.2 | 33.0 | 2.7 | 12.2 | 5.6 | 4,269.9 | 754.6 |
| As at 31 March 2018 | 283.9 | 690.2 | 2,151.1 | 30.7 | 3.2 | 12.4 | 3.6 | 3,175.1 | 1,090.1 |

* Includes government grant in plant and equipment as on 31 March 2019; gross block: ₹ 367.2 million, accumulated depreciation: ₹ 68.0 million (refer note 18)



Minda Kosei Aluminum Wheel Private Limited**Notes to the financial statements for the year ended 31 March 2019**

(All figures are in ₹ Million, except share data and unless otherwise stated)

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4. Property, plant and equipment and capital work in progress (Contd.)**b. Security**

As at 31 March 2019, properties with a carrying amount of ₹ 4979.7 million (31 March 2018: ₹ 4,264.6 million) are subject to first pari passu charge to secure bank loans [refer to note no. 16]

c. Capital work in progress

Capital work in progress includes pre-operative expenditure of ₹ Nil (31 March 2018: ₹ 40.1 million) and borrowing costs of ₹ 1.7 million (31 March 2018: ₹ 3.1 million).

5. Intangible assets**Reconciliation of carrying amount****A. Gross carrying value****Computer software**

| | |
|---|------|
| As at 31 March 2017 | 11.2 |
| Add: Additions during the year | 6.8 |
| Less: Disposals / adjustments during the year | - |
| As at 31 March 2018 | 18.0 |
| Add: Additions during the year | 3.2 |
| Less: Disposals / adjustments during the year | - |
| As at 31 March 2019 | 21.2 |

Accumulated amortisation

| | |
|--|------|
| As at 31 March 2017 | 2.3 |
| Add: Amortisation charge for the year | 3.3 |
| Less: On disposals / adjustments during the year | - |
| As at 31 March 2018 | 5.6 |
| Add: Amortisation charge for the year | 4.5 |
| Less: On disposals / adjustments during the year | - |
| As at 31 March 2019 | 10.1 |

Net carrying value

| | |
|---------------------|------|
| As at 31 March 2019 | 11.1 |
| As at 31 March 2018 | 12.4 |



Minda Kosei Aluminum Wheel Private Limited

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6. Loans

(unsecured considered good unless otherwise stated)

Non-current

Security deposits

Current

Security deposits

Loan to employees

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| | 17.4 | 5.0 |
| | 17.4 | 5.0 |
| | - | 0.4 |
| | 1.5 | 0.6 |
| | 1.5 | 1.0 |
| | 18.9 | 6.0 |

7. Other financial assets

(unsecured considered good unless otherwise stated)

Non-current

Bank deposits (due to mature after 12 months from the reporting date)*

Current

Interest accrued on deposits

Forward contract receivable

Other receivables

- From related parties

- From other than related parties

From related parties

On account of employee benefits

| | | |
|--|------|------|
| | 2.5 | 55.1 |
| | 2.5 | 55.1 |
| | 1.6 | 1.2 |
| | 24.5 | - |
| | 0.8 | 0.6 |
| | 0.2 | 26.3 |
| | - | 0.3 |
| | 27.1 | 28.4 |

* Represents fixed deposits pledged with various government authorities and banks for various limits.



8. Deferred tax asset (net)/ Deferred tax liabilities (net)

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Current tax | 178.0 | 120.4 |
| Deferred tax charge/(credit) - including minimum alternate tax credit | 67.9 | 55.9 |
| Tax expense for the year recognised in the Statement of profit or loss | 245.9 | 176.3 |

a. Amount recognised in the Statement of profit or loss

| | | |
|--|-------|-------|
| Current tax | 178.0 | 120.4 |
| Deferred tax charge/(credit) - including minimum alternate tax credit | 67.9 | 55.9 |
| Tax expense for the year recognised in the Statement of profit or loss | 245.9 | 176.3 |

b. Income tax recognised in other comprehensive income

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|-------------------------|-----------------------------|-----------------------------|
| Before tax | | |
| Tax (expense) / benefit | 0.4 | 0.6 |
| Net of tax | (0.7) | (0.2) |
| Tax (expense) / benefit | 0.4 | 0.6 |
| Net of tax | (0.7) | (0.2) |
| Tax (expense) / benefit | 0.4 | 0.6 |
| Net of tax | (0.7) | (0.2) |

Remeasurements of defined benefit plan

c. Reconciliation of effective tax rate

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Profit before tax | 808.1 | 493.5 |
| Tax using company's domestic tax rate | 282.4 | 172.5 |
| Effect of: | | |
| Recognised in OCI during the year | 0.0 | (0.2) |
| Change in unrecognised temporary differences | (67.9) | (31.5) |
| Tax payable as per Income Tax Act | (192.6) | (119.7) |
| Non-deductible expenses / income | 1.5 | 0.2 |
| Export promotion capital grant | 0.0 | 23.0 |
| Change in tax rate | (38.0) | (24.3) |
| Others | 14.6 | 0.0 |
| Effective tax rate | 0.0% | 0.0% |



INCOME TAX (contd.)**d. Deferred tax assets / liabilities**

| | Deferred tax assets As at 31 March 2019 | Deferred tax assets As at 31 March 2018 | (Deferred tax liabilities) As at 31 March 2019 | (Deferred tax liabilities) As at 31 March 2018 | Net deferred tax assets / (liabilities) As at 31 March 2019 | Net deferred tax assets / (liabilities) As at 31 March 2018 |
|---|---|---|--|--|---|---|
| Property, plant and equipment and other intangible assets (net) | - | - | (255.5) | (164.3) | (255.5) | (164.3) |
| Provision for employee benefits | 11.6 | 7.3 | - | - | 11.6 | 7.3 |
| Provision for interest on EPCG scheme | 101.1 | 91.1 | - | - | 101.1 | 91.1 |
| Exceptional item (EPCG) | - | 8.0 | - | - | - | 8.0 |
| Other disallowances under Income Tax Act, 1961 | 19.8 | 1.4 | - | - | 19.8 | 1.4 |
| Expenditure covered by section 35D of Income-tax Act, 1961 | 0.9 | 3.8 | - | - | 0.9 | 3.8 |
| Other financial liabilities (bonus to employees) | 3.6 | 2.1 | - | - | 3.6 | 2.1 |
| | 137.0 | 113.7 | (255.5) | (164.3) | (118.5) | (50.6) |
| Carried forward tax credits | 24.9 | 43.4 | - | - | 24.9 | 43.4 |
| | 161.9 | 157.1 | (255.5) | (164.3) | (93.6) | (7.2) |
| Deferred tax liabilities | | | | | | |
| Deferred tax assets (to the extent of deferred tax liabilities) | | | (255.5) | (164.3) | (255.5) | (164.3) |
| Deferred tax assets/(liability) recognised | | | 137.0 | 113.7 | 137.0 | 113.7 |
| | | | (118.5) | (50.6) | (118.5) | (50.6) |

e. Movement of temporary differences

| | As at 1 April 2018 | Unrecognised temporary differences | Utilisation | As at 31 March 2019 |
|---|-----------------------|--|-------------|------------------------|
| Property, plant and equipment and other intangible assets (net) | (164.3) | (91.2) | - | (255.5) |
| Provision for employee benefits | 7.3 | 4.2 | - | 11.6 |
| Provision for interest on EPCG scheme | 91.1 | 10.1 | - | 101.1 |
| Exceptional item (EPCG) | 8.0 | (8.0) | - | - |
| Other disallowances under Income Tax Act, 1961 | 1.4 | 18.4 | - | 19.8 |
| Expenditure covered by section 35D of Income-tax Act, 1961 | 3.8 | (2.9) | - | 0.9 |
| Other financial liabilities (bonus to employees) | 2.1 | 1.5 | - | 3.6 |
| Carried forward tax credits | 43.4 | - | (18.5) | 24.9 |
| | (7.2) | (67.9) | (18.5) | (93.6) |

INCOME TAX (contd.)**f. Tax losses and tax credits for which no deferred tax asset was recognised expire as follows:**

| | As at 31 March 2019 | | As at 31 March 2018 | |
|--|------------------------|----------------------------|------------------------|----------------------------|
| | Gross Amount | Unrecognised tax effect | Gross Amount | Unrecognised tax effect |
| | - | 24.9 | - | 43.4 |
| | - | 24.9 | - | 43.4 |

MAT Credit



Minda Kosei Aluminum Wheel Private Limited

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

(All figures are in ₹ Million, except share data and unless otherwise stated)

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9. Non current tax assets (net) / Current tax liabilities (net)

Non-current tax assets (net)

| As at 31 March 2019 | As at 31 March 2018 |
|------------------------|------------------------|
| 72.3 | 53.7 |

10. Other assets

(Unsecured, considered good, unless otherwise stated)

Non-current

Capital advances:

- To related parties

- To other than related parties

| As at 31 March 2019 | As at 31 March 2018 |
|------------------------|------------------------|
| 7.6 | 19.0 |
| 17.9 | 64.2 |
| 25.5 | 83.2 |

Current

Balance with government authorities

Advances to suppliers:

- To other than related parties

Prepaid expenses

| | |
|--------------|--------------|
| 244.3 | 283.7 |
| 17.1 | 5.1 |
| 2.9 | 2.3 |
| 264.3 | 291.1 |
| 289.8 | 374.3 |

11. Inventories

(valued at lower of cost or net realisable value)

Raw materials and components

[Includes raw material in transit ₹ 325.7 million (31 March 2018: ₹ 69.8 million)]

Work in progress

Finished goods - Wheels

[Includes wheels in transit ₹ Nil million (31 March 2018: ₹ 29.4 million)]

Stores and spares

| As at 31 March 2019 | As at 31 March 2018 |
|------------------------|------------------------|
| 456.7 | 197.7 |
| 38.8 | 17.6 |
| 174.3 | 203.5 |
| 95.0 | 88.6 |
| 764.8 | 507.4 |

Carrying amount of inventories (included in above) hypothecated as securities for borrowings [refer to note no. 16]

| | |
|-------|-------|
| 764.8 | 507.4 |
|-------|-------|

12. Trade receivables

Unsecured - considered good

- from others

| As at 31 March 2019 | As at 31 March 2018 |
|------------------------|------------------------|
| 699.1 | 672.6 |
| 699.1 | 672.6 |



Minda Kosei Aluminum Wheel Private Limited

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

(All figures are in ₹ Million, except share data and unless otherwise stated)

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13. Cash and cash equivalents

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Balances with banks | | |
| - current account | 6.6 | 48.8 |
| - demand deposits | 63.7 | 154.4 |
| (with original maturity of less than 3 months) | | |
| Cash on hand | 0.1 | 0.3 |
| | <u>70.4</u> | <u>203.5</u> |

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 2019.

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| 14. Bank balances other than cash and cash equivalents | | |
| Bank deposits (due to mature within 12 months of the reporting date)* | 46.9 | 41.9 |
| | <u>46.9</u> | <u>41.9</u> |

* Represents fixed deposits pledged with government authorities amounts to ₹ 9.1 million (31 March 2018: ₹ 9.1 million)



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

(All figures are in ₹ Million, except share data and unless otherwise stated)

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15 A. Share capital

a) Details of share capital

Authorised share capital

189,000,000 (31 March 2018: 189,000,000) equity shares of ₹ 10 each

| As at 31 March 2019 | As at 31 March 2018 |
|------------------------|------------------------|
| 1,890.0 | 1,890.0 |

Issued, subscribed and paid up

188,380,000 (31 March 2018: 188,380,000) equity shares of ₹ 10 each
fully paid up

| | |
|----------------|----------------|
| 1,883.8 | 1,883.8 |
| 1,883.8 | 1,883.8 |

b) Reconciliation of outstanding equity shares at the beginning and at the end of the reporting period

| | Number of shares | Amount (` in millions) |
|------------------------------------|---------------------|---------------------------|
| As at 31 March 2017 | 106,760,000 | 1,067.6 |
| Add: Shares issued during the year | 81,620,000 | 816.2 |
| As at 31 March 2018 | 188,380,000 | 1,883.8 |
| Add: Shares issued during the year | - | - |
| As at 31 March 2019 | 188,380,000 | 1,883.8 |
| | 188,380,000 | 1,883.8 |

c) Shareholders holding more than 5% shares in the Company

| Name of the shareholder | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Minda Industries Limited, India (Holding Company) | 131,861,100 | 131,861,100 |
| Minda Industries Limited, India (% held) | 69.997% | 69.997% |
| Kosei International Trade and Investment Company Limited, Hong Kong | 56,514,000 | 56,514,000 |
| Kosei International Trade and Investment Company Limited, Hong Kong (% held) | 30.000% | 30.000% |

d) 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.

During the year no interim/ final dividend has been paid or proposed by the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) There are no bonus issue or buy back of equity shares since the incorporation of the Company.



Minda Kosei Aluminum Wheel Private Limited**Notes to the financial statements for the year ended 31 March 2019**

(All figures are in ₹ Million, except share data and unless otherwise stated)

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15 B. Other equity

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Retained earning | | |
| Balance at the beginning of the year | 555.7 | 238.7 |
| Profit for the year | 563.3 | 316.6 |
| Other comprehensive income (net of tax) | (0.7) | 0.4 |
| Additional tax benefit on employee stock options exercised during the year (refer note 38) | 8.4 | - |
| Total | 1,126.7 | 555.7 |

15 C. Capital management

The Company's objectives when managing capital are 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.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt, consistent with others in the industry. The Company monitors capital using a gearing ratio, which is calculated as:

Net debt (total borrowings net of cash and cash equivalents) divided by "Total equity" (as shown in the Balance Sheet).

| | As at 31 March 2019 | As at 31 March 2018 |
|---------------------------------------|------------------------|------------------------|
| Interest bearing loans and borrowings | 2,210.7 | 1,851.3 |
| Less: Cash and cash equivalents | (70.4) | (203.5) |
| Total debts | 2,140.3 | 1,647.8 |
| Equity share capital | 1,883.8 | 1,883.8 |
| Other equity | 1,126.7 | 555.7 |
| Total equity | 3,010.5 | 2,439.5 |
| Debt to equity ratio | 0.7 | 0.7 |

15 D. Earning per share

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Profit for the year attributable to the equity shareholders (₹ in millions) | 563.3 | 316.6 |
| Weighted average number of equity shares outstanding | 188,380,000 | 120,668,261 |
| Basic and diluted earnings per share (face value ₹ 10 per share) (in ₹) | 2.99 | 2.62 |



16A. Borrowings

Non-current borrowings

Secured

Rupee loan from banks

Foreign currency loan from bank

Less: Amount included under 'other financial liabilities'

Current borrowings

Secured

Buyer's credit from banks

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Rupee loan from banks | 1,643.3 | 717.4 |
| Foreign currency loan from bank | 415.0 | 130.1 |
| Less: Amount included under 'other financial liabilities' | 248.5 | 67.7 |
| | 1,809.8 | 779.8 |
| Current borrowings | | |
| Secured | | |
| Buyer's credit from banks | 152.5 | 1,003.8 |
| | 152.5 | 1,003.8 |
| | 1,962.3 | 1,783.6 |

a. Terms repayment schedule and security

| Nature of security | Terms of repayment and rate of interest |
|--|---|
| Yes Bank Rupee loan from banks amounting to ₹ 295.9 million (31 March 2018: ₹ 227.3 million) is secured by: - First pari passu charge on all movable property, plant and equipment (PPE) (both present and future) and immovable PPE of Bawal plant. - Second pari passu charge on all current assets. | Rate of interest - 11% for first year and thereafter floating @ Yes Bank base rate plus 0.50% per annum. Currently 9.80% at 31 March 2019, (31 March 2018: 8.75%) Maximum tenor of loan is for 96 months from the date of first disbursement. Principal amount is repayable in 24 quarterly instalments after a moratorium period of 24 months from the date of first disbursement. First disbursement of the loan was in year 2015-16. |
| Yes Bank Rupee loan from banks amounting to ₹ 121.7 million (31 March 2018: ₹ Nil) is secured by: - First pari passu charge on all movable property, plant and equipment (PPE) (both present and future) and immovable PPE of Bawal plant. - Second pari passu charge on all current assets. | Rate of interest - floating @ Yes Bank base rate 6 month MCLR plus 0.25% per annum. Currently 9.95% at 31 March 2019, (31 March 2018: not applicable) Maximum tenor of loan is for 72 months including moratorium period of 12 months from date of first disbursement. Principal amount is repayable in 20 quarterly instalments after a moratorium period of 12 months from the date of first disbursement. First disbursement of the loan was in year 2018-19. |
| IndusInd Bank Rupee loan from banks amounting to ₹ 96.8 million (31 March 2018: ₹ Nil) is secured by: - First pari passu charge by way of equitable mortgage on immovable property (land and building) located at Bawal, Haryana and by way of hypothecation on all present and future moveable PPE. - Second pari passu charge by way of hypothecation on all the present and future current assets. | Rate of interest - floating @ IndusInd Bank base rate 6 month MCLR. Currently 9.75% at 31 March 2019, (31 March 2018: not applicable) Maximum tenor of loan is for 96 months from the date of first disbursement. Principal amount is repayable in 24 quarterly instalments after a moratorium period of 24 months from the date of first disbursement. First disbursement of the loan was in year 2018-19. |
| IndusInd Bank Rupee loan from banks amounting to ₹ 401.3 million (31 March 2018: ₹ 253.1 million) is secured by: - First pari passu charge by way of equitable mortgage on immovable property (land and building) located at Bawal, Haryana and by way of hypothecation on all present and future moveable PPE. - Second pari passu charge by way of hypothecation on all the present and future current assets. | Rate of interest - floating @ IndusInd Bank base rate 6 month MCLR. Currently 10.00% at 31 March 2019, (31 March 2018: 9.4%) Maximum tenor of loan is for 96 months from the date of first disbursement. Principal amount is repayable in 24 quarterly instalments after a moratorium period of 24 months from the date of first disbursement. First disbursement of the loan was in year 2015-16. |
| SCB Bank Foreign currency loan from banks amounting to ₹ 415.0 million (31 March 2018: ₹ 130.1 million) is secured by: - First pari passu charge on all movable PPE (both present and future) of Gujarat plant. - Second pari passu charge on current assets. | Cost of funds + Bank's margin of 1.50%. Currently 8.55% at 31 March 2019, (31 March 2018: 8.55%) Maximum tenor of loan shall not exceed 7 years from the date of first disbursement. Principal amount is repayable in 20 equal quarterly instalments after a moratorium period of 24 months from the date of first disbursement, with first repayment date to not go beyond 31 December 2019. |



| | |
|--|---|
| HDFC Bank Rupce loan from banks amounting to ₹ 550.0 million (31 March 2018: ₹ 237.0 million) is secured by: - First pari passu charge on equitable mortgage over immovable PPE (land and building of Gujarat Plant) and movable PPE (plant and equipment of Gujarat plant and Bawal Phase 1 plant) - Second pari passu charge on stock and book debts | Rate of interest - floating @ HDFC Bank base rate 6 month MCLR. Currently 9.3 % as at 31 March 2019 Maximum tenor of loan is for 84 months from the date of first disbursement. Principal amount is repayable in 20 quarterly instalments after a moratorium period of 24 months from the date of first disbursement. First disbursement of the loan was in year 2017-18. |
| HDFC Bank Rupce loan from banks amounting to ₹ 177.6 million (31 March 2018: ₹ Nil) is secured by: - Exclusive charge over immovable PPE (land and building) both present and future of Bawal phase 2. - First pari passu charge on equitable mortgage over movable PPE (plant and equipment of Gujarat plant, Bawal phase 1 plant and MFA to be created in Bawal phase 2) - Second pari passu charge on stock and book debts | Rate of interest - floating @ HDFC Bank base rate 6 month MCLR. Currently 9.05 % as at 31 March 2019 Maximum tenor of loan is for 84 months from the date of first disbursement. Principal amount is repayable in 20 quarterly instalments after a moratorium period of 24 months from the date of first disbursement. First disbursement of the loan was in year 2018-19. |
| Buyers credit facility The company has availed Supplier's credit from banks (amounting to ₹ 152.5 million (31 March 2018: ₹ 1,003.8 million) from whom it has availed rupee loan, the terms and conditions of which are same as specified for term loan and are considered as co-terminus with term loan. | Rate of interest for is based on LIBOR + specified rate, which changes from time to time and is mutually decided as the time of taking/renewal of Buyers' credit Maximum tenor of loan shall not exceed the dates of term loan and each buyer's credit is due for payment (either by roll forward or by payment) in less than 1 year. |

Reconciliation of movements of liabilities to cash flows arising from financing activities

| | As at 31 March 2019 | | As at 31 March 2018 | |
|--|----------------------------|-----------------------|----------------------------|-----------------------|
| | Non-current borrowings* | Current borrowings | Non-current borrowings* | Current borrowings |
| Balance as at the beginning of the year | 847.5 | 1,003.8 | 433.9 | 698.4 |
| Changes from financing cash flows | | | | |
| Proceeds from non-current borrowings | 1,329.8 | - | 442.4 | - |
| Repayment of non-current borrowings | (143.5) | - | (28.8) | - |
| Proceeds from/repayments of current borrowings (net) | - | (851.3) | - | 296.2 |
| Impact of foreign exchange | 24.5 | - | - | 9.2 |
| Balance as at the end of the year | <u>2,058.3</u> | <u>152.5</u> | <u>847.5</u> | <u>1,003.8</u> |

* Includes current portion of non current borrowings.

16B. Other financial liabilities

Payables for property, plant and equipment
- from others

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| | 51.1 | - |
| | <u>51.1</u> | <u>-</u> |



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* includes amount recoverable from related parties ₹ nil million (31 March 2018: ₹ 0.3 million)

(ii) Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company is as follows:



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20 . Other financial liabilities

Current maturities of long term borrowings (refer to note no. 16)
Employee related payables
Interest accrued on borrowings
Payables for property, plant and equipment
- from related parties
- from others

| As at 31 March 2019 | As at 31 March 2018 |
|------------------------|------------------------|
| 248.5 | 67.7 |
| 14.8 | 8.8 |
| 0.2 | 3.3 |
| 115.3 | 31.5 |
| 46.7 | 239.6 |
| 425.5 | 350.9 |

21 . Other current liabilities

Statutory dues

| As at 31 March 2019 | As at 31 March 2018 |
|------------------------|------------------------|
| 67.7 | 96.5 |
| 67.7 | 96.5 |



Minda Kosei Aluminum Wheel Private Limited**Notes to the financial statements for the year ended 31 March 2019**

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| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---------------------------------------|-----------------------------|-----------------------------|
| 22. Revenue from operations | | |
| Sale of products | | |
| Finished goods | | |
| Sale of aluminium wheels | 5,939.4 | 4,493.8 |
| | <u>5,939.4</u> | <u>4,493.8</u> |
| Other operating revenue: | | |
| Scrap sales | 58.0 | 38.9 |
| Government grants (refer note no. 30) | - | 32.5 |
| | <u>58.0</u> | <u>71.4</u> |
| | <u>5,997.4</u> | <u>4,565.2</u> |

Consequent to the introduction of Goods and Services Tax (GST) with effect from July 2017, VAT/Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly the same is not presented as part of sales as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current year in comparison to the sales reported under the pre-GST structure i.e. period till June 2017. Accordingly, financial statements for the year ended 31 March 2019 and in particular, sales and ratios in percentage of sales, are not comparable with the figures of the previous year.

23. Other income

| | | |
|--|-------------|-------------|
| Interest income on bank deposit and others | 10.4 | 16.5 |
| Miscellaneous income | 1.8 | 0.9 |
| | <u>12.2</u> | <u>17.4</u> |



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24 . Cost of materials consumed

Opening stock of raw materials and components
Add : Purchases of raw materials and components

Less : Closing stock of raw materials and components

| Year ended 31 March 2019 | Year ended 31 March 2018 |
|-----------------------------|-----------------------------|
| 197.7 | 151.7 |
| 3,222.0 | 2,371.6 |
| 3,419.7 | 2,523.3 |
| 456.7 | 197.7 |
| 2,963.0 | 2,325.6 |

25 . (A) Changes in inventories of finished goods and work-in-progress

Opening stock
- Work in progress
- Finished goods

Closing stock
- Work in progress
- Finished goods

| Year ended 31 March 2019 | Year ended 31 March 2018 |
|-----------------------------|-----------------------------|
| 17.6 | 44.7 |
| 203.5 | 50.7 |
| 221.1 | 95.4 |
| 38.8 | 17.6 |
| 174.3 | 203.5 |
| 213.1 | 221.1 |

Changes in inventories of finished goods and work in progress

- Work in progress
- Finished goods

| | |
|--------|---------|
| (21.2) | 27.1 |
| 29.2 | (152.8) |
| 8.0 | (125.7) |

26 . Employee benefits expense

Salaries, wages and bonus
Contribution to provident and other funds (refer to note no. 32)
Employee stock option expenses (refer to note no. 38)
Staff welfare expenses

| Year ended 31 March 2019 | Year ended 31 March 2018 |
|-----------------------------|-----------------------------|
| 357.9 | 214.0 |
| 20.1 | 15.3 |
| - | 3.0 |
| 29.1 | 18.9 |
| 407.1 | 251.2 |

27 . Finance costs

Interest on borrowings
Interest under export promotion capital goods scheme
Interest on income tax
Exchange fluctuations regarded as an adjustment to borrowing cost
Other charges

| Year ended 31 March 2019 | Year ended 31 March 2018 |
|-----------------------------|-----------------------------|
| 151.6 | 51.6 |
| 26.4 | - |
| 0.4 | 0.6 |
| - | 23.8 |
| 1.6 | 7.3 |
| 180.0 | 83.3 |

28 . Depreciation and amortisation expense

Depreciation on property, plant and equipment
Amortisation on intangible assets

| Year ended 31 March 2019 | Year ended 31 March 2018 |
|-----------------------------|-----------------------------|
| 554.1 | 346.0 |
| 4.5 | 3.3 |
| 558.6 | 349.3 |



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29. Other expenses

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---------------------------------------|-----------------------------|-----------------------------|
| Stores and packing materials consumed | 217.9 | 174.7 |
| Power and fuel | 398.0 | 237.9 |
| Repairs and maintenance | | |
| - Plant and equipment | 19.5 | 12.7 |
| - Building | 2.0 | 2.7 |
| - Others | 22.3 | 13.1 |
| Freight expense | 29.2 | 24.2 |
| Testing expense | 9.0 | 17.8 |
| Insurance | 7.3 | 3.6 |
| Travelling and conveyance | 34.1 | 21.8 |
| Legal and professional | 18.8 | 11.3 |
| Rent (refer to note no. 34) | 7.5 | 5.8 |
| Rates and taxes | 3.3 | 9.3 |
| Auditor's remuneration | | |
| - Statutory audit | 1.8 | 2.3 |
| - Other services | 0.4 | 0.3 |
| - Reimbursement of expenses | 0.2 | 0.2 |
| Foreign exchange fluctuation | 78.3 | 33.4 |
| Information technology expenses | 24.2 | - |
| Management fees | 87.0 | 80.6 |
| Royalty expense | 89.6 | 82.9 |
| Miscellaneous expenses # | 33.3 | 21.5 |
| | 1,083.7 | 755.1 |

Detail of corporate social responsibility expenditure

| | | |
|---|-----|-----|
| a. Amount required to be spent by the Company during the year | 4.9 | 2.5 |
| b. Amount spent in cash during the year on | | |
| (i) Construction / acquisition of assets | - | - |
| (ii) On purpose other than (i) above | 4.9 | 2.5 |

30. Exceptional item

Expense relating to export promotion capital goods scheme (see note below)

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| | - | 318.9 |
| | - | 318.9 |

The Company had imported duty free capital goods under Export Promotion Capital Goods Scheme (EPCG) scheme. Liability of customs duty towards export obligation undertaken by the Company amounts to ₹ 367.2 million (31 March 2018: ₹ 367.2 million). Under the said scheme, the Company has the obligation to export the goods equivalent to 6 times of the amount of custom duty saved i.e., ₹ 2203.2 million (31 March 2018: ₹ 2203.2 million) within a period of 6 years (Block year 1st to 4th - 50% and 5th to 6th - 50%).

For 31 March 2018, exceptional item comprises of following:

- Interest expense 31 March 2018: ₹ 263.1 million in respect of duty saved
- Reversal of amortised grant released to Statement of profit and loss of ₹ 55.7 million recognised upto 31 December 2017 in financial year 2017-18.

Liability in respect of duty saved shown under non-current government grants of ₹ 367.2 million. (31 March 2018: ₹ 367.2 million). In absence of confirmed export orders, as a matter of abundant caution, the Company is not recognizing income relating to aforesaid duty and also providing interest thereon.

31. Contingent liabilities and commitments
(to the extent not provided for)

Contingent liabilities

- (a) The Company has made sales to various customers against C-form issued under Central Sales Tax Act, 1956 on account of which the Company has paid 2% sales tax in place of 14.5%. Total outstanding forms amounts to ₹ 1.29 million (31 March 2018: ₹ 308.6 million). If the Company does not collect the forms in prescribed time, then the Company may have to pay differential tax, including interest and penalty thereon. On the basis of current status of the pending C forms, the Company believes that it will be able to collect the pending C Forms and the probability of liability devolving on the Company is low.
- (b) As per Industrial Policy 2015 of Government of Gujarat, the Company is eligible for claiming incentive for its newly established plant in Gujarat. The Company has received registration certificate under the scheme & has applied for registration for provision eligibility, which is yet to be issued by the authority. As per the scheme, subject to fulfillment of other conditions, Company is eligible for 90% of the net State Goods and Services Tax (SGST) paid to State Government as subsidy; subject to maximum of one tenth of the eligible fixed investment in a particular year. Apart from other conditions, the filling of application for subsidy claim is subject to getting provisional eligibility and payment of net SGST. Since, Company has not yet received the provisional eligibility certificate, no accounting adjustments is required in the financial year 2018-19.

Capital commitments (net of advance)

Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances ₹ 268.5 million (31 March 2018: ₹ 261.7 million).



32. Employee Benefits

a) Assets and liabilities relating to employee benefits

Non-current

Net defined benefit liability - Gratuity
Provision for compensated absences

Current

Net defined benefit liability - Gratuity
Provision for compensated absences
Total employee benefit liabilities

Total

| As at 31 March 2019 | As at 31 March 2018 |
|------------------------|------------------------|
| (18.2) | (11.4) |
| (14.2) | (7.8) |
| (32.4) | (19.2) |
| (0.2) | (0.1) |
| (0.4) | (1.7) |
| (0.6) | (1.8) |
| (33.0) | (21.0) |

The benefit valued in this report are summarised below :

| Type of Plan | Defined benefit |
|---|--|
| Employer's Contribution | 100% |
| Employee's Contribution | 100% |
| Salary for calculation of gratuity | Last drawn salary |
| Normal Retirement Age | Expat employees : 3 years from DOJ Other employees : 58 Years |
| Vesting Period | 5 Years |
| Benefit on normal retirement | Same as per the provisions of the payment of gratuity act, 1972 (as amended from time to time) |
| 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 |
| Limit | ₹ 2 million |
| Gratuity Formula | 15/26 * last drawn salary * number of completed years |

In case of employees with age above the retirement age indicated above, the retirement is assumed to happen immediately and valuation is done accordingly.

b) Defined benefit plan - Gratuity

The Company has a defined benefit gratuity plan, governed by the Payment of Gratuity Act, 1972. 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 equivalents to meet the liabilities or holding of illiquid assets not being sold in time.

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.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods.

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 (e.g. increase in the maximum limit on gratuity of ₹ 20 million).

Reconciliation of the net defined benefit (asset)/liability

Fair value of plan assets
Defined benefit obligation
Defined benefit liability

| As at 31 March 2019 | As at 31 March 2018 |
|------------------------|------------------------|
| - | - |
| 18.5 | 11.5 |
| 18.5 | 11.5 |

Reconciliation of present value of defined benefit obligation

Balance at the beginning of the year
Current service cost
Past service cost
Interest cost
Benefits paid
Actuarial gain (loss) recognised in other comprehensive income
- experience adjustments
- changes in financial assumptions
Acquisition adjustment*
Balance at the end of the year

| Year ended 31 March 2019 | Year ended 31 March 2018 |
|-----------------------------|-----------------------------|
| 11.5 | 6.4 |
| 5.2 | 4.1 |
| - | 0.9 |
| 0.9 | 0.5 |
| (0.2) | (0.1) |
| 1.2 | 0.1 |
| (0.1) | (0.7) |
| - | 0.3 |
| 18.5 | 11.5 |

* In the previous year, few employees transferred from other group companies, the liability on account of gratuity for employee upto date of transfer will be borne by the respective companies



Employee Benefits (Contd.)

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Expense recognised in profit or loss | | |
| Current service cost | 5.2 | 4.1 |
| Interest cost | 0.9 | 0.5 |
| Past service cost | - | 0.9 |
| | 6.1 | 5.5 |
| Remeasurements recognised in other comprehensive income | | |
| Actuarial (gain) / loss arising during the year | 1.1 | (0.6) |
| Return on plan assets (greater) / less than discount rate | - | - |
| | 1.1 | (0.6) |

Defined benefit obligations

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Actuarial assumptions | | |
| Discount rate (per annum) | 7.75% | 7.80% |
| Future salary growth rate (per annum) | 8.00% | 8.00% |
| Mortality rate (% of IALM 06-08) | 100.00% | 100.00% |
| Attrition rate | | |
| upto 30 years | 3.00% | 3.00% |
| from 31-44 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, seniority, promotions, 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.

As at 31 March 2019, the weighted average duration of the defined benefit obligation was 29.29 years (31 March 2018: 30.47 years).

Sensitivity analysis

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

| | Year ended 31 March 2019 | | Year ended 31 March 2018 | |
|---|-----------------------------|-------------|-----------------------------|-------------|
| | Increase to | Decrease to | Increase to | Decrease to |
| Discount rate (1% movement) | 16.1 | 21.4 | 10.1 | 13.3 |
| Future salary growth rate (1% movement) | 21.1 | 16.4 | 13.2 | 10.1 |
| Attrition rate (50% of attrition rates) | 18.2 | 18.7 | 11.3 | 11.7 |
| Mortality rate (10% of mortality rates) | 18.5 | 18.5 | 11.5 | 11.5 |

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 and 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

Effect of plan on Company's future cash flows

a) Funding arrangements and funding Policy

The scheme is managed on unfunded basis

b) Expected benefit payments

Undiscounted amount of expected benefit payments for next 10 years are as follows:

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--------------------|-----------------------------|-----------------------------|
| Within 1 year | 0.2 | 0.1 |
| 2-5 years | 6.2 | 1.9 |
| 6-10 years | 7.8 | 6.7 |
| More than 10 years | 67.1 | 40.6 |

c) Defined contribution plans

The Company makes contribution towards employees' provident fund and employees' state insurance plan scheme. 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 ₹ 20.1 million (31 March 2018 ₹ 15.3 million) during the year as expense towards contribution to these plans.

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|-----------------------------------|-----------------------------|-----------------------------|
| Provident fund | 16.5 | 12.5 |
| Employees' state insurance scheme | 3.6 | 2.8 |
| | 20.1 | 15.3 |



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33. Financial Instruments - Fair Values And Risk Management

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 -

| | Note No. | 31 March 2019 Amortised cost | 31 March 2018 Amortised cost |
|--|----------|---------------------------------|---------------------------------|
| Financial assets | | | |
| Non-current | | | |
| Loans | 6. | 17.4 | 5.0 |
| Other financial assets | 7. | 2.5 | 55.1 |
| Current | | | |
| Trade receivables | 12. | 699.1 | 672.6 |
| Loans | 6. | 1.5 | 1.0 |
| Cash and cash equivalents | 13. | 70.4 | 203.5 |
| Bank balances other than cash and cash equivalents | 14. | 46.9 | 41.9 |
| Other financial assets | 7. | 27.1 | 28.4 |
| | | 864.9 | 1,007.5 |
| Financial liabilities | | | |
| Non-current | | | |
| Borrowings | 16A. | 1,809.8 | 779.8 |
| Other financial liabilities | 16B. | 51.1 | - |
| Current | | | |
| Borrowings | 16A. | 152.5 | 1,003.8 |
| Trade payables | 19. | 727.0 | 891.3 |
| Other financial liabilities | 20. | 425.5 | 350.9 |
| | | 3,165.9 | 3,025.8 |

Assets and liabilities which are measured at amortised cost

1. Fair value of trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, current loans, 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 long term borrowings (including current maturities) and other non current financial liabilities are equivalent to the market rate of interest. Accordingly, the carrying value of such borrowings approximates fair value.

3. Fair value of fixed deposits pledged with various government authorities included in non-current other financial assets is equivalent to their carrying amount, as the interest rate on them is equivalent to market rate.

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

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2019 and 31 March 2018.



Financial Instruments - Fair Values And Risk Management (Contd.)

b. Financial risk management

The Company, as active suppliers for the automobile industry expose its business and products to various market risks, credit risk and liquidity risk. The Company's management structure with the main activities make necessary organised risk management system. The regulations, instructions, implementation rules and in particular, the regular communication throughout the tightly 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:

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivable from customers. The carrying amount of financial assets represent the maximum credit risk exposure.

Trade receivables

The Company primarily has the exposure from Original Equipment Manufacturer (OEM).

The Company's expected probability of default is nil and all major payments are received on due dates without any significant delays, hence no loss allowance has been provided in trade receivables.

The Company's exposure to credit risk for trade receivable by the type of customers is as follows:

| | 31 March 2019 | 31 March 2018 |
|-----|---------------|---------------|
| OEM | 699.1 | 672.6 |

Ageing in respect of trade receivables is as follows:

31 March 2019

| | Total | Less than 3 months | 3 -12 months | 1-5 years | Carrying amount |
|-------------------|-------|--------------------|--------------|-----------|-----------------|
| Trade receivables | 699.1 | 699.1 | - | - | 699.1 |
| | 699.1 | 699.1 | - | - | 699.1 |

31 March 2018

| | Total | Less than 3 months | 3 -12 months | 1-5 years | Carrying amount |
|-------------------|-------|--------------------|--------------|-----------|-----------------|
| Trade receivables | 672.6 | 672.6 | - | - | 672.6 |
| | 672.6 | 672.6 | - | - | 672.6 |



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Financial Instruments - Fair Values And Risk Management (Contd.)

Loans and other financial assets

a) The Company has given security deposits to Government departments and vendors for securing services from them. As these are well established organisations and have strong capacity to meet the obligations, risk of default is negligible or nil.

b) The Company provides loans to employees for their personal needs and repayment by deduction from the salary of the employees. Loans are given only to those employees who have served a minimum period as per the approved policy of the Company. The expected probability of default is negligible or nil.

The Company's exposure to credit risk for loans and other financial assets is as follows:

| | Carrying amount | |
|---|-----------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Security deposits | 17.4 | 5.4 |
| Loan to employees | 1.5 | 0.6 |
| Bank deposits (due to mature after 12 months from the reporting date) | 2.5 | 55.1 |
| Interest accrued on deposits | 1.6 | 1.2 |
| Other receivables | 1.0 | 27.3 |
| | 24.0 | 89.6 |

Cash and cash equivalents

Credit risk on cash and cash equivalents and bank balances other than cash and cash equivalents is limited as the Company generally invests in deposits with international and domestic banks with high repute.



Financial Instruments - Fair Values And Risk Management (contd.)
Financial risk management (contd.)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities, when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Long term cash flow requirement is monitored through long term plans. In the line of long term planning, short term plans are reviewed on quarterly basis and compared with actual position on monthly basis to assess the performance of the Company and liquidity position.

The Company monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities. In addition to this, the Company maintains the following line of credit:

- The Company is having credit limit from banks on account of borrowings, working capital, cash credit etc., of USD 8.5 million and ₹ 2,630 million. (31 March 2018: USD 8.5 million and ₹ 2,050 million).

Exposure to liquidity risk

The following are the remaining undiscounted contractual maturities of financial liabilities including interest at the reporting date:

31 March 2019

| | Contractual cash flow | | | | | | Carrying amount |
|---|-----------------------|-----------|--------------------|--------------|----------------|-------------------|-----------------|
| | Total | On demand | Less than 3 months | 3 -12 months | 1-5 years | More than 5 years | |
| Non derivative financial liabilities | | | | | | | |
| Foreign currency loan from bank | 415.0 | - | - | 41.6 | 331.9 | 41.5 | 415.0 |
| Ruppee loan from banks | 1,643.3 | - | 42.2 | 167.2 | 1,235.0 | 198.9 | 1,643.3 |
| Secured buyer's credit from banks | 152.5 | - | - | 152.5 | - | - | 152.5 |
| Employee related payables | 14.8 | - | 14.8 | - | - | - | 14.8 |
| Interest accrued on borrowings | 0.2 | - | - | 0.2 | - | - | 0.2 |
| Payable for property, plant and equipment | 213.1 | - | 133.9 | 28.1 | 51.1 | - | 213.1 |
| Trade payables | 727.0 | - | 724.1 | 2.9 | - | - | 727.0 |
| | 3,165.9 | - | 915.0 | 392.5 | 1,618.0 | 240.4 | 3,165.9 |
| Derivative instruments | | | | | | | |
| Forward contracts | 414.9 | - | - | - | - | - | 414.9 |

31 March 2018

| | Contractual cash flow | | | | | | Carrying amount |
|---|-----------------------|-----------|--------------------|--------------|--------------|-------------------|-----------------|
| | Total | On demand | Less than 3 months | 3 -12 months | 1-5 years | More than 5 years | |
| Non derivative financial liabilities | | | | | | | |
| Foreign currency loan from bank | 130.1 | - | - | - | 91.1 | 39.0 | 130.1 |
| Ruppee loan from banks | 717.4 | - | 13.0 | 54.7 | 590.5 | 59.2 | 717.4 |
| Secured buyer's credit from banks | 1,003.8 | - | 307.2 | 696.6 | - | - | 1,003.8 |
| Employee related payables | 8.8 | - | 2.8 | 6.0 | - | - | 8.8 |
| Interest accrued on borrowings | 3.3 | - | 1.8 | 1.5 | - | - | 3.3 |
| Payable for property, plant and equipment | 271.1 | - | 254.5 | 16.6 | - | - | 271.1 |
| Trade payables | 891.3 | - | 742.3 | 149.0 | - | - | 891.3 |
| | 3,025.8 | - | 1,321.6 | 924.4 | 681.6 | 98.2 | 3,025.8 |

* Contractual cash flows in respect to forward contracts represents the hedging cost to be paid in subsequent periods. These cash flows have been given for contracts disclosed under financial assets and financial liabilities.



Financial Instruments - Fair Values And Risk Management (Contd.)**Financial risk management (contd.)****(iii) Market risk**

Market risk is the risk that changes in market prices - such as pricing, currency risk and interest rate risk- will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Company.

Price risk

Fluctuation in commodity price in market affects directly and indirectly the price of raw material and components used by the Company.

The key raw material for the Company's is aluminium. The Company has arrangements with its major customers for passing on the price impact.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and functional currency of the Company, i.e. INR (₹). The currencies in which these transactions are primarily denominated are US dollar, Japanese Yen and Euro. The Company uses forward exchange contracts and currency swap contracts to hedge its currency risk as per the approved policy of the Company. The Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rate when necessary to address short term imbalances. However, the Company has not designated these derivatives as hedge relationship.

Details of hedged foreign currency exposures:

| Particulars | As at 31 March 2019 | | |
|---------------------------------|---------------------|---|-----------------------|
| | Currency | Amount In Foreign Currency (in million) | Amount in ₹ (million) |
| Foreign currency loan from bank | USD | 6.0 | 414.9 |

Hedge ratio:

| Particulars | As at 31 March 2019 |
|----------------------|---------------------|
| | USD in millions |
| Borrowings | 6.0 |
| Derivative contracts | 6.0 |
| Net exposure | - |
| Hedge ratio | 1:1 |

Details of unhedged foreign currency exposures:**Exposure to currency risk****31 March 2019**

| | USD | JPY | EUR |
|---|-------|---------|--------|
| Borrowings | (6.0) | - | - |
| Trade payables and other financial liabilities | (3.8) | (247.5) | (0.03) |
| Less: Forward contract outstanding | 6.0 | - | - |
| Net exposure of recognised financial assets/(liabilities) | (3.8) | (247.5) | (0.03) |

31 March 2018

| | USD | JPY | EUR |
|---|-------|-----------|-------|
| Borrowings | (2.5) | (1,425.0) | (0.6) |
| Trade payables and other financial liabilities | (6.9) | (255.0) | - |
| Less: Forward contract outstanding | - | - | - |
| Net exposure of recognised financial assets/(liabilities) | (9.4) | (1,680.0) | (0.6) |

Sensitivity analysis

A reasonably possible strengthening/ (weakening) of USD, JPY and EURO against INR (₹) at the end of the year, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

| | Profit / (Loss) ₹ in million | |
|----------------------|------------------------------|-----------|
| | Strengthening | Weakening |
| 31 March 2019 | | |
| USD (0.5% movement) | (1.3) | 1.3 |
| JPY (0.5% movement) | (0.8) | 0.8 |
| EURO (0.5% movement) | (0.01) | 0.01 |
| 31 March 2018 | | |
| USD (0.5% movement) | (3.1) | 3.1 |
| JPY (0.5% movement) | (5.2) | 5.2 |
| EURO (0.5% movement) | (0.2) | 0.2 |

USD: US Dollar, JPY: Japanese Yen, Euro: Euro



Financial Instruments - Fair Values And Risk Management (Contd.)
Financial risk management (contd.)

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 exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The Company tries to manage the risk partly by entering into fixed-rate instruments and partly by borrowing at a floating rate.

Exposure to Interest rate risk

The Company has the following exposure in interest bearing borrowings as on reporting date:

| | As at 31 March 2019 | As at 31 March 2018 |
|------------------------------|------------------------|------------------------|
| Fixed interest borrowings | 567.5 | 1,133.9 |
| Variable interest borrowings | 1,643.3 | 717.4 |

The Company's fixed rate borrowings are carried at amortised cost. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Variable interest borrowings include rupee loan from banks which carry MCLR based interest rate.

Sensitivity analysis

A reasonably possible change of 1% in interest rate at the reporting date, would have affected profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

| Year ended | Profit / (Loss) | |
|---------------|-----------------|-------------|
| | 1% increase | 1% decrease |
| 31 March 2019 | 1.9 | (1.9) |
| 31 March 2018 | 0.7 | (0.7) |

34. Operating Leases

Leases as lessee

The Company enters into operating lease arrangements for warehouse and guest houses. Some of the significant terms and conditions for the arrangements are:

- agreements may generally be terminated by either party by serving one to three month's notice / mutual consent i.e. all the leases are cancellable.
- the lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement.
- no subletting of the premises or any part thereof is permissible without the prior written consent of lessor.

(a) Amount recognised in profit or loss:

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|----------------------------|-----------------------------|-----------------------------|
| Lease expense for the year | 7.5 | 5.8 |



Minda Kosei Aluminum Wheel Private Limited
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35. Related Parties

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

A) Ultimate Holding Company and Holding company : Minda Industries Limited, India

Other related parties with whom transactions have taken place during the year/previous period:-

B) Other enterprise over which Key Management personnel is able to exercise significant influence

- 1 Kosei Minda Aluminum Company Private Limited

C) Joint Venture partner

- 1 Kosei International Trade and Investment Company Limited

D) Associate companies

- 1 Kosei North Aluminum Hokkaido Co Limited
- 2 Minda Projects Limited
- 3 Kosei Aluminium Thailand Co Limited
- 4 Kosei Aluminium Co Limited
- 5 Minda Nex Gen Tech Pvt Limited
- 6 Kosei Minda Mould Pvt Ltd
- 7 Mindarika Pvt Ltd
- 8 Minda Distribution Service Private Limited

E) Key management personnel

- 1 Naveesh Garg (Non executive Director) (upto 10 April 2017)
- 2 Kundan Kumar Jha (Managing Director) (wef 10 April 2017)
- 3 Yoshiyuki Nomura (Whole time Director) (upto 5 May 2018)
- 4 Nirmal Kumar Minda (Non executive Director)
- 5 Deepali Chandhoke (Independent- Non Executive Director)
- 6 Vikrama Singh (Independent- Non Executive Director)
- 7 Yoshihiro Toda (Whole time Director) (wef 5 May 2018)
- 8 Shunkichi Kamiya (Non Executive Director)

F) Other related parties

- 1 Pallak Minda (Relative of director)
- 2 Paridhi Minda Jindal (Relative of director)
- 3 Suman Minda (Relative of director)

Transactions with related parties

A. Holding company

- a) Purchase of other intangible assets
- b) Employee benefits expense
- c) Other expenses
 - Repairs and maintenance
 - Miscellaneous expenses
 - Information technology expenses
 - Management fees

Year ended
31 March 2019

Year ended
31 March 2018

| | | |
|------|--|------|
| | | |
| | | 4.1 |
| 1.0 | | 3.0 |
| | | 3.5 |
| 3.9 | | - |
| 24.2 | | - |
| 87.0 | | 80.6 |



Related Parties (contd.)

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| (d) Reimbursements | | |
| Expenses recovered / received | 2.8 | - |
| Expense re-imbursed / paid | 1.3 | 3.6 |
| (e) Issue of share capital | - | 571.4 |
| (f) Sale of property, plant and equipment | - | 0.1 |
| | As at 31 March 2019 | As at 31 March 2018 |
| (a) Balance outstanding as at the year end | | |
| Payables | 47.0 | 88.9 |
| Receivables / advances | - | 0.1 |
| | Year ended 31 March 2019 | Year ended 31 March 2018 |
| B. Other enterprise over which Key Management personnel is able to exercise significant influence | | |
| (a) Purchase of raw material, components and parts | - | 262.0 |
| (b) Purchase of property, plant and equipment | - | 23.5 |
| (c) Other operating revenue / income | - | 0.1 |
| (d) Other expenses | | |
| Testing expenses | - | 9.1 |
| | As at 31 March 2019 | As at 31 March 2018 |
| (a) Balance outstanding as at the year end | | |
| Payables | - | 65.6 |
| Receivables / advances | 0.1 | 0.1 |
| | Year ended 31 March 2019 | Year ended 31 March 2018 |
| C. Joint venture partner | | |
| (a) Purchase of raw material, components and parts | 1,872.0 | 1,538.5 |
| (b) Purchase of property, plant and equipment | 437.6 | 937.0 |
| (c) Reimbursements | | |
| Expenses recovered / received | 0.1 | - |
| Employee benefits recovered / received | 0.5 | - |
| Expense re-imbursed / paid | 0.1 | 0.5 |
| (d) Issue of share capital | - | 244.9 |
| (e) Employee benefits (net off from expenses) | 2.2 | 0.3 |
| (f) Capital advances | 7.6 | 19.0 |
| (g) Other expenses | | |
| Testing expenses | 0.2 | 1.6 |
| Legal and professional | 4.2 | 0.2 |
| Repairs and maintenance | - | 0.3 |
| Royalty expenses | 24.3 | 22.5 |
| | As at 31 March 2019 | As at 31 March 2018 |
| (a) Balance outstanding as at the year end | | |
| Payables | 139.8 | 655.5 |
| Receivables / advances | 8.9 | - |
| | As at 31 March 2019 | As at 31 March 2018 |
| D. Associate companies | | |
| a) Sale of goods | | |
| - Kosei North Aluminum Hokkaido Co Limited | - | 0.3 |
| - Minda Distribution Service Private Limited | 0.2 | - |
| b) Purchase of property, plant and equipment | | |
| - Minda Projects Limited | 322.4 | 663.5 |
| c) Capital advances | | |
| - Minda Projects Limited | 10.0 | - |
| d) Loans received | | |
| Kosei Minda Mould Pvt Ltd | 9.8 | - |
| e) Reimbursements | | |
| Expenses recovered / received | | |
| - Minda Projects Limited | 0.01 | - |
| - Mindarika Pvt. Ltd | 1.2 | - |
| - Kosei Minda Mould Pvt Ltd | 1.8 | - |
| f) Other expenses | | |
| Testing expenses | | |
| - Kosei Aluminium Thailand Co Limited | - | 0.2 |
| Interest paid | | |
| - Kosei Minda Mould Pvt Ltd | 0.3 | - |
| Royalty expense | | |
| - Kosei Aluminium Co Limited | 43.5 | 40.3 |
| - Kosei Aluminium Thailand Co Limited | 21.8 | 20.1 |



Related Parties (contd.)

| | As at 31 March 2019 | As at 31 March 2018 |
|---|--------------------------------|-------------------------------------|
| (a) Balance outstanding as at the year end | | |
| Payables | | |
| Kosei Aluminum Co Limited | 8.8 | 36.1 |
| Minda Projects Limited | 115.3 | 27.0 |
| Kosei Aluminium Thailand Co Limited | 4.4 | 18.2 |
| Kosei Minda Mould Pvt Limited | 0.2 | - |
| Receivables / Advances | | |
| Kosei North Aluminium Hokkaido Co Limited | 0.3 | 0.3 |
| Minda Nex Gen Tech Pvt Limited | 0.3 | 0.3 |
| Mindarika Pvt. Ltd | 0.03 | - |
| E. Other related parties | As at 31 March 2019 | As at 31 March 2018 |
| (a) Other expenses | | |
| Rent expenses | | |
| - Pallak Minda | 0.9 | 2.4 |
| - Paridhi Minda Jindal | 0.9 | 2.8 |
| - Suman Minda | 0.3 | - |
| (a) Balance outstanding as at the year end | | |
| Payables | | |
| Pallak Minda | - | 0.1 |
| Paridhi Minda Jindal | - | 0.1 |
| F. Key management personnel | As at 31 March 2019 | Year ended 31 March 2018 |
| Managerial remuneration * | | |
| Short term employee benefits | | |
| Yoshiyuki Nomura | - | 4.2 |
| Kundan Kumar Jha | 23.6 | 21.7 |
| Yoshihiro Toda | 5.2 | - |
| Share based payment (including perquisite value as per tax) | | |
| Kundan Kumar Jha | 26.8 | 3.0 |
| Sitting fees | 0.2 | 0.3 |

* Does not include provisions/ contributions towards gratuity, compensated absences for all directors, as such provisions/ contributions are for the Company as a whole.

36. Operating Segments

a. Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available.

The Company is engaged in the business of manufacturing of alloy wheels which constitutes a single business segment, accordingly, disclosure requirement of Ind AS 108, "Operating Segments" are not required to be given. The Company operates within one geography i.e., India and all the non-current assets (excluding Deferred tax asset and Income tax asset) lies in India. Therefore, disclosure for geographical segment is also not required. Results of the Company are reviewed regularly by the Company's Board of Directors to assess the performance of the Company and to make decisions accordingly.

b. Major customer

Revenue from two customers of the Company are more than 95% of the Company's total revenue for current and previous year.



Minda Kosei Aluminum Wheel Private Limited**Notes to the financial statements for the year ended 31st March 2019**

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37. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under Sections 92-92F of the Income-tax Act, 1961. Since, the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation to determine whether the transactions entered into with the associated enterprises during the financial year on an arm's length basis. The management is of the opinion that such transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

38. Share-based compensation

The Company had participated in the Minda Industries Limited Employee Stock Option Scheme 2016 and during the year ended 31 March 2017, the Nomination & Remuneration Committee of Minda Industries Limited ('the Parent Company') had approved the grant of equity shares of face value of Rs. 2/- to certain deputed employees of the Company in terms of the Employee Stock Option Scheme 2016. The scheme is monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors of Minda Industries Limited in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments thereof from time to time.

The Company accounts for Equity Stock Options of the Parent Company as per the accounting treatment prescribed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (as amended from time to time) and the Ind AS - 102 on Share Based Payment.

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

| Scheme | Year | Date of Grant | Number of options granted | Vesting conditions | Exercise period | Exercise price (₹) per share |
|---|---------|---------------|---------------------------|---|---------------------------------|------------------------------|
| Minda Employee Stock Option Scheme 2016 | 2016-17 | 21-Mar-17 | 40,000 | Achieving target of market capitalization of parent Company on or before 31 March, 2018 | 1 Year from the date of vesting | 392 |

The number of share options under stock benefit plan is as follows:

| Scheme | Year | Outstanding at the beginning of the year 01 April 2018 | Granted during the year | Forfeited/lapsed/ expired during the year | Exercised during the year | Exercisable at the end of the year 31 March 2019 | Outstanding at the end of the year 31 March 2019 |
|---|---------|--|-------------------------|---|---------------------------|--|--|
| Minda Employee Stock Option Scheme 2016 | 2016-17 | 40,000 | - | - | 40,000 | - | - |

| Scheme | Year | Outstanding at the beginning of the year 01 April 2017 | Granted during the year | Forfeited/lapsed/ expired/transferred during the year | Exercised during the year | Exercisable at the end of the year 31 March 2018 | Outstanding at the end of the year 31 March 2018 |
|---|---------|--|-------------------------|---|---------------------------|--|--|
| Minda Employee Stock Option Scheme 2016 | 2016-17 | 90,000* | - | 50,000 | - | 40,000 | 40,000 |

Fair valuation

The parent company has provided the fair value of Share based payment cost that have been done by an independent valuer on the date of grant using the Black-Scholes Model.



Minda Kosei Aluminum Wheel Private Limited
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The following assumptions were used for calculation of fair value of grants:

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Risk-free interest rate (%) | 6.13%- 6.15 % | 6.13%- 6.15 % |
| Expected life of options (years) [(year of vesting) +(contractual option term)/2] | 1.53 year - 1.85 years | 1.53 year - 1.85 years |
| Expected volatility (%) | 27.92% - 43.62 % | 27.92% - 43.62 % |
| Dividend yield | 4.61%- 6.90% | 4.61%- 6.90% |

The risk free interest rates are determined based on the zero-coupon yield curve for Government Securities or Government bonds with maturity equal to the expected term of the option. Volatility calculation is based on annualized standard deviation of the continuously compounded rate of return of the stock over a period of time. The historical period taken into account to match the expected life of the option. Dividend yield has been arrived by dividing the dividend for the period with the current market price.

During the year, one of the director of the Company exercised the equity share options under stock benefit plan. The additional tax benefit on employee stock options exercised during the year emerged from the said exercise is disclosed under other equity.

The aforesaid tax benefit is calculated by taking the tax effect of the difference between the market price on grant date and exercise date of equity shares.

* Out of total 0.90 lakhs options outstanding as on 01 April 2017, 0.50 lakhs options granted to Mr. Naveesh Garg, has been transferred to parent Company on 01 April 2017.

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

As per our report of even date attached

For **BSR & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022



Tarun Gupta
Partner
Membership No. : 507892

Place: Gurugram
Date: 6 May 2019

For and on behalf of the Board of Directors
of Minda Kosei Aluminum Wheel Private Limited




Kundan Kumar Jha
Managing Director
DIN No: 07137705

Place: Gurugram
Date: 6 May 2019



Yoshihiro Toda
Director
DIN No: 08121667

Place: Gurugram
Date: 6 May 2019



Ankur Agrawal
Chief Financial Officer

Place: Gurugram
Date: 6 May 2019



Rahul Kumar
Company Secretary
Membership No: ACS35354

Place: Gurugram
Date: 6 May 2019