Minda Katolec Electronic Services Private Limited

Statutory Audit for the year ending 31 March 2019

B S R & Co. LLP

Chartered Accountants

Building No. 10, 8th Floor, Tower-B
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INDEPENDENT AUDITORS' REPORT

To the Members of Minda Katolec Electronics Services Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Minda Katolec Electronics Services 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 auditors' report thereon.

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

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

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

i. The Company does not have any pending litigations which would impact its financial position.

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

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the other matters to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, during the current year ended 31 March 2019, no remuneration was paid by the company to its directors. Accordingly, provisions of Section 197 of the Act is not applicable. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Tarun

Tarun Gupta

Partner
Membership No.: 507892

Place: Gurugram
Date: 30 April 2019

"Annexure A" referred to in our Independent Auditor's Report on the financial statements of Minda Katolec Electronic Services Private Limited 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 other intangible assets.

(b) According to the information and explanations given to us, the Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this program, all 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 Company does not own any immovable property. Accordingly, para 3(i)(c) of the order is not applicable.

ii. According to the information and explanation given to us, the management has conducted physical verification of inventory at reasonable intervals during the year. As informed to us, no material discrepancies were noticed on the aforesaid verification.

iii. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.

iv. According to the information and explanations given to us, the Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under Sections 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 within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, para 3(v) of the Order is not applicable.

vi. According to the information and 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 of provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, and on the basis of records of the company examined by us, there are no dues in respect of provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax, cess and other material statutory dues 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 dues to its banks or financial institutions. There are no dues to debenture holders during the year.

ix. According to the information and explanations given to us, the Company has raised money by way of term loan 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. The Company is a private limited company and accordingly, the requirements as stipulated by the provisions of section 197 read with Schedule V to the Act are not applicable. Accordingly, paragraph 3 (xi) of the Order is not applicable.

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

xiii. The company is a private company and hence the provisions of section 177 are not applicable. According to the information and explanations given to us, the company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions 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 and based on our examination of the records of the Company, 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 45-1A of the Reserve Bank of India Act, 1934, and accordingly, paragraph 3(xvi) of the Order is not applicable.

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

Tarun

Tarun Gupta

Partner
Membership No.: 507892

Place: Gurugram
Date: 30 April 2019

"Annexure B" referred to in our Independent Auditor's Report on the financial statements of Minda Katolec Electronic Services Private Limited for the year ended 31 March 2019

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

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to the financial statements of the Minda Katolec Electronic Services 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 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").

Auditors' responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures 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 the 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 the 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
Firm Registration No.: 101248W/W-100022

Tarun

Tarun Gupta

Partner
Membership No.: 507892

Place: Gurugram
Date: 30 April 2019

Minda Katolec Electronics Services Private Limited
Balance Sheet as at 31 March 2019
(All amounts in Indian ₹ lakhs, unless otherwise stated)

Particulars	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,115.23	-
Capital work-in-progress	4	1.82	-
Intangible assets	5	17.60	0.14
Financial assets			
(i) Loan	6	27.45	1.02
(ii) Other non-current financial assets	7	56.00	-
Deferred tax assets (net)	37	-	4.08
Other non-current assets	8	8.33	512.84
Total non-current assets		**2,226.43**	**518.08**
Current assets			
Inventories	9	610.75	-
Financial assets			
(i) Trade receivables	10	295.57	13.52
(ii) Cash and cash equivalents	11	5.20	220.65
(iii) Bank balances other than cash and cash equivalents	12	15.60	725.00
(iv) Other current financial assets	13	166.01	12.33
Current Tax Assets (net)		-	-
Other current assets	14	636.94	11.97
Total current assets		**1,730.07**	**983.47**
Total assets		**3,956.50**	**1,501.55**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,507.00	1,507.00
Other equity	16	(649.63)	(46.75)
Total equity		**857.37**	**1,460.25**
Liabilities			
Non-current liabilities			
Provisions	17	20.69	0.99
Total non-current liabilities		**20.69**	**0.99**
Current liabilities			
Financial liabilities			
(i) Borrowings	18	1,445.00	-
(ii) Trade payables	19		
Total outstanding dues of micro enterprises and small enterprises		15.21	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		624.39	21.64
(iii) Other financial liabilities	20	972.69	1.41
Other current liabilities	21	13.56	4.93
Provisions	22	0.76	-
Current tax liabilities (net)	23	6.83	12.33
Total current liabilities		**3,078.44**	**40.31**
Total equity and liabilities		**3,956.50**	**1,501.55**

Significant accounting policies 3
The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

Tarun

Tarun Gupta
Partner
Membership No: 507892
Place: Gurugram
Date: 30 April 2019

For and on behalf of the Board of Directors of
Minda Katolec Electronics Services Private Limited

V J Rao
Managing Director
DIN: 06963855
Place: Gurugram
Date: 30 April 2019

Takuya Honjo
Director
DIN: 08166437
Place: Gurugram
Date: 30 April 2019

Dinesh Agrawal
CFO
Place: Gurugram
Date: 30 April 2019

Amit Aswal
Company Secretary
M. No.: A50154
Place: Gurugram
Date: 30 April 2019

Minda Katolec Electronics Services Private Limited
Statement of Profit and Loss for the year ended 31 March 2019
(All amounts in Indian ₹ lakhs, unless otherwise stated)

Particulars	Note	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
Income			
Revenue from operations	24	1,346.64	11.13
Other income	25	28.57	66.66
Total income		**1,375.21**	**77.79**
Expenses			
Cost of materials consumed	26	1,127.54	-
Purchase of stock in trade		-	11.13
Changes in inventories of finished goods and work in progress	27	(132.29)	-
Employee benefit expenses	28	319.60	46.96
Finance costs	29	63.84	-
Depreciation and amortization	30	156.59	0.01
Other expenses	31	429.62	53.19
Total expenses		**1,964.90**	**111.29**
Loss for the year/ period before tax		**(589.69)**	**(33.50)**
Income tax expense	37		
Current tax		-	17.33
Deferred tax charge / (credit)		4.08	(4.08)
Tax expense		**4.08**	**13.25**
Loss for the year/ period after tax		(593.77)	(46.75)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plan		(9.11)	-
Total other comprehensive income for the year/ period		**(9.11)**	-
Total comprehensive income for the year/ period		**(602.88)**	**(46.75)**
Earnings/ (loss) per share (nominal value of share is ₹ 10)	32		
Basic		(3.94)	(0.31)
Diluted		(3.94)	(0.31)
Significant accounting policies	3		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

Tarun

Tarun Gupta
Partner
Membership No.: 507892
Place: Gurugram
Date: 30 April 2019

For and on behalf of the Board of Directors of
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Amit Aswal
Company Secretary
M. No.: A50154
Place: Gurugram
Date: 30 April 2019

Minda Katolec Electronics Services Private Limited
Cash Flow Statement for the year ended 31 March 2019
(All amounts in Indian □ lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
A. Cash flows from/ (used in) operating activities :		
Loss before tax	(589.69)	(33.50)
Adjustments for:		
Depreciation and amortisation	156.59	0.01
Finance Costs	63.84	-
Interest income on fixed deposits	(2.97)	(66.63)
Liabilities / provisions no longer required written back	(0.76)	-
Unwinding of discount on security deposits	(0.08)	-
Unrealised gain/ (loss) on Foreign currency fluctuations (net)	(25.06)	-
Operating (loss) before working capital changes	**(398.13)**	**(100.12)**
Adjustments before working capital changes:		
(Increase) in trade receivables	(282.06)	(13.52)
(Increase) in inventory	(610.75)	-
(Increase) in loan	(26.35)	(1.02)
(Increase) in other assets	(624.70)	(11.97)
Increase in trade payable	620.08	21.64
Increase in other financial liabilities	15.33	1.41
Increase in provision	12.11	0.99
Increase in other current liabilities	8.63	4.93
Cash (used in) operations	**(1,285.85)**	**(97.66)**
Income tax paid	(5.50)	(5.00)
Net Cash flows used in operating activities (A)	**-1,291.34**	**-102.66**
B. Cash flows from investing activities		
Purcahse of property, plant & equipment \ capital advance given	(1,148.72)	(512.84)
Government grant received	179.18	-
Fixed deposits made	(71.60)	(725.00)
Fixed deposits encashed	725.00	-
Loan given	-	(190.00)
Loan received back	-	190.00
Purchase of intangible assets	(18.02)	(0.15)
Interest received on fixed deposits	12.50	54.30
Net cash used in investing activities (B)	**(321.66)**	**(1,183.69)**
C. Cash flows from financing activities		
Proceeds from issue of share	-	1,507.00
Proceeds from Borrowing	1,000.00	-
Finance Costs	(47.45)	-
Net cash from financing activities (C)	**952.55**	**1,507.00**
Net increase in cash and cash equivalents(A+B+C)	**(660.45)**	**220.65**
Cash and cash equivalents as at opening	220.65	-
Cash and cash equivalents as at closing	**(439.80)**	**220.65**
i Components of cash & cash equivalents:		
Cash in hand		
Balances with banks:		
- on current accounts	**5.20**	**220.65**
- Bank Overdraft	**(445.00)**	**-**
Cash and cash equivalents at the end of the year	**(439.80)**	**220.65**

ii **Movement in financial liabilities**

Particulars	Current Borrowings	Interest expense on financial liabilities	Total
As at 3 April 2017	-	-	-
Cash flows	-	-	-
As at 31 March 2018	-	-	-
Cash flows	1,445.00	-	1,445.00
Interest expenses	-	63.84	63.84
Interest paid	-	(63.84)	(63.84)
As at 31 March 2019	**1,445.00**	-	**1,445.00**

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

Significant accounting policies 3
The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

Tarun Gupta
Partner
Membership No.: 507892
Place: Gurugram
Date: 30 April 2019

For and on behalf of the Board of Directors of
Minda Katolec Electronic Services Private Limited

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Managing Director
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CFO
Place: Gurugram
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Amit Aswal
Company Secretary
M. No.: A50154
Place: Gurugram
Date: 30 April 2019

Minda Katolec Electronics Services Private Limited
Statement of Changes in Equity for the year ended 31 March 2019
(All amounts in Indian □ lakhs, unless otherwise stated)

a) Equity share capital (refer note 15)

Equity shares of INR 10 each issued, subscribed and fully paid

	No. of Shares	Amount
Balance as at 3 April 2017	-	-
Issue of share capital	1,50,70,000	1,507.00
Balance as at 31 March 2018	**1,50,70,000**	**1,507.00**
Issue of share capital	-	-
Balance as at 31 March 2019	**1,50,70,000**	**1,507.00**

b) Other equity (refer note 16)

	Reserves and Surplus	Other comprehensive income	
Particulars	**Surplus/(loss) in the statement of profit and loss**	**Remeasurement gain / (loss) of defined benefit plan**	**Total equity**
Balance as at 3 April 2017	-	-	-
Loss for the period	(46.75)	-	(46.75)
Balance as at 31 March 2018	**(46.75)**	-	**(46.75)**
Loss for the period	(593.77)	-	(593.77)
Other comprehensive income		(9.11)	(9.11)
Transfer of other comprehensive income	(9.11)	9.11	-
Balance as at 31 March 2019	**(649.63)**	-	**(649.63)**

Significant accounting policies **3**
The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

Tarun Gupta
Partner
Membership No.: 507892
Place: Gurugram
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For and on behalf of the Board of Directors of
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V J Rao
Managing Director
DIN: 06963855
Place: Gurugram
Date: 30 April 2019

Takuya Honjo
Director
DIN: 08166437
Place: Gurugram
Date: 30 April 2019

Dinesh Agrawal
CFO
Place: Gurugram
Date: 30 April 2019

Amit Aswal
Company Secretary
M. No.: A50154
Place: Gurugram
Date: 30 April 2019

1. Corporate information

Minda Katolec Electronics Services Private Limited ('the Company') is a private limited company incorporated in India. It was incorporated on 03 April 2017 under the provisions of the Companies Act, 2013. The Company is a subsidiary of Minda Industries Limited. It is primarily involved in the manufacturing of auto components including electrical parts and its accessories.

2. Basis of preparation

A. Statement of compliance

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

The financial statements were authorized for issue by the Company's Board of Directors on 30 April 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 (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs and two decimal places, unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared in accordance with the historical cost basis except for the following items:

(a) Financial assets and liabilities	Amortized cost
(b) Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

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

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

Critical estimates and judgements
Areas involving critical estimates or judgements are:

- Estimation of income tax (current and deferred) – Note 3(o)
- Estimated useful life of intangible assets – Note 3(f)
- Estimated useful life and residual value of property, plant and equipment – Note 3(e)
- Estimation of defined benefit obligation – Note 3(n)
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources – Note 3(m)

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.

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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 of the Company 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 the statement of profit or loss.

ii. Measurement at reporting date

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

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c. Financial instruments

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

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

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

- Amortized cost;
- 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 amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the Statement of profit or loss.

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

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iii. Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.
If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

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

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

v. Impairment of financial assets

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

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

d. Current versus non-current classification

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

Operating cycle

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

An asset is treated as current when it is:

(a) expected to be realised in, or is intended to be sold or consumed in normal operating cycle;
(b) held primarily for the purpose of being traded;
(c) expected to be realised within 12 months after the reporting date; or
(d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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All other assets are classified as non-current.

A Liability is current when:

(a) It is expected to be settled in normal operating cycle;
(b) It is held primarily for the purpose of being traded;
(c) It is due to be settled within 12 months after the reporting date; or
(d) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

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

e. Property, plant and equipment and capital-work-in progress

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 and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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.

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.

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.

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

ii. Subsequent expenditure

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

iii. Depreciation

Depreciation on items of property, plant and equipment (except plant and equipment including tools and dies) is provided as per straight-line method (SLM) 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. Depreciation on plant and equipment including tools and dies is provided as per written down method (WDV) basis as per useful life prescribed under Schedule II except in the case of tools and dies, where the life is based on technical evaluation and assessment.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

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Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. In case of a revision, the unamortized depreciable amount is charged over the revised remaining useful life. Based on internal assessment and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Losses arising from retirement or gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognized in the Statement of Profit and Loss.

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

Particulars	**Management estimate of useful life (years)**
Plant and machinery	15/ 10
Office Equipment	05
Computer Hardware	03

f. Intangible assets

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

Subsequent expenditure

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

Amortization

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

i) Computer software: Amortized over a period of 6 years.

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

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and disposal.

Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

g. Impairment

i. Impairment of financial instruments

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

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

Evidence that 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 amortized cost are deducted from the gross carrying amount of the assets.

Write-off

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

ii. Impairment of non-financial assets

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

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs).

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).

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

h. 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. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

i. Leases

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

j. Inventories

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

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, weighted average cost method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

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.

Appropriate adjustments are made to the carrying value of damaged, slow moving and obsolete inventories based on management's current best estimate.

k. Revenue recognition

The Company earns revenue primarily from sale of PCB boards. Effective April 1, 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. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. There is no impact of the adoption of the standard on the financial statements of the Company.

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Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

a) Revenue from the sale of product is recognized upfront at the point in time when the product is delivered to the customer. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

b) Revenue from services is recognized in accordance with the terms of contract when the services are rendered and the related costs are incurred.
c) Interest Income is recognized using the effective interest method.

Revenue from related party is recognized based on transaction price which is at arm's length.

Use of significant judgments in revenue recognition

a) The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgments to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

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 the attached conditions. The carrying amount of property, plant and equipment is reduced by the amount of such government grant received by the company.

m. Provisions and contingencies

(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.

Warranty

A provision for warranties is recognized when the underlying products are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all the possible outcomes by their associated probabilities.

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(ii) Contingencies

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

n. 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) 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 and ESI 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.

(iii) Defined benefit plan

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.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest), 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 profit or loss.

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

(iv) 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 to such extent is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method. Actuarial gains and losses are recognized in the Statement of Profit and Loss.

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o. 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.

(i) 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 recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

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

Deferred tax assets are recognized to the extent that it is probable that future taxable 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 a history of recent losses, the company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized.

Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit 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 liabilities are offset 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 authority.

p. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. 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.

q. 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.

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r. 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 of automotive parts and accessories. 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.

s. 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.

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

Standards issued but not yet effective:
The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 116, Leases
The Company is required to adopt Ind AS 116, Leases from 1 April 2019. The Company has assessed the estimated impact that initial application of Ind AS 116 will have on its financial statements which is not significant.

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.

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.

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MCA has also notified Companies (Indian Accounting Standard) Second Amendment Rules, 2019 which includes the following:

Appendix C to Ind AS 12, Income taxes (corresponding to IFRIC 23, Uncertainty over Income Tax Treatments issued by IASB)
Amendments to Ind AS 12, Income taxes
Amendments to Ind AS 19, Employee Benefits
Amendments to Ind AS 23, Borrowing Costs
Amendments to Ind AS 28, Investments to Associates and Joint Ventures
Amendments to Ind AS 103, Business Combinations
Amendments to Ind AS 109, Financial Instruments
Amendments to Ind AS 111, Joint Arrangements

The Company has evaluated the effect of these, which are applicable on the financial statements and the impact is not material.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. Minda Katolec Electronics Services Private Limited does not expect any impact from this amendment.

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

Particulars	Plant and machinery	Office equipment	Computer	Total	CWIP	Grand total
Gross carrying amount						
Balance at 3 April 2017	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Balance at 31 March 2018	-	-	-	-	-	-
Additions	2,225.52	4.86	40.88	2,271.26	1.82	2,273.08
Balance at 31 March 2019	**2,225.52**	**4.86**	**40.88**	**2,271.26**	**1.82**	2,273.08
Accumulated depreciation						
Balance at 3 April 2017	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-
Balance at 31 March 2018	-	-	-	-	-	-
Depreciation for the year	152.30	0.49	3.24	156.03	-	156.03
Balance at 31 March 2019	**152.30**	**0.49**	**3.24**	**156.03**	-	156.03
Net carrying amounts						
At 31 March 2018	-	-	-	-	-	-
At 31 March 2019	**2,073.22**	**4.37**	**37.64**	**2,115.23**	**1.82**	**2,117.05**

The government has sanctioned a grant to the Company under Modified Special Incentive Package Scheme (M-SIPS) in the current year amounting to INR 342.38 lakhs (31 March 2018: INR Nil). The amount of additions in property, plant and equipments is disclosed after netting off of such grant.

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5 Intangible assets

Particulars	Computer Software	Total
Gross carrying amount		
Balance at 3 April 2017	-	-
Additions	0.15	0.15
Balance at 31 March 2018	**0.15**	**0.15**
Additions	18.02	18.02
Balance at 31 March 2019	**18.17**	**18.17**
Accumulated depreciation		
Balance at 3 April 2017	-	-
Amortisation for the year	0.01	0.01
Balance at 31 March 2018	**0.01**	**0.01**
Amortisation for the period	0.56	0.56
Balance at 31 March 2019	**0.57**	**0.56**
Net carrying amounts		
At 31 March 2018	**0.14**	**0.14**
At 31 March 2019	**17.60**	**17.60**

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(All amounts in Indian ₹ lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
6 Loan		
Security deposits	27.45	1.02
	27.45	**1.02**

	As at 31 March 2019	As at 31 March 2018
7 Other non-current financial assets		
Bank deposits with more than 12 months maturity*	56.00	-
	56.00	**-**

*Fixed deposits are pledged against letter of credit, buyer's credit and bank guarantee issued by bank.

	As at 31 March 2019	As at 31 March 2018
8 Other non-current assets		
Capital advances	-	504.23
Prepaid expense	8.33	8.61
	8.33	**512.84**

	As at 31 March 2019	As at 31 March 2018
9 Inventories		
(At lower of cost and net realisable value, unless otherwise stated)		
Raw materials	420.89	-
Work-in-progress	29.24	-
Finished goods	103.05	-
Stores, spares and consumables	27.87	-
Loose Tools	29.70	-
	610.75	**-**

	As at 31 March 2019	As at 31 March 2018
10 Trade receivables *		
(Unsecured, considered good unless otherwise stated)		
Receivables from related parties (refer note 38)	274.68	13.52
Receivables from others	20.89	-
	295.57	**13.52**

*The Company's exposure to market risk, liquidity risk and credit risks related to the above financial assets is disclosed in note 39

	As at 31 March 2019	As at 31 March 2018
11 Cash and cash equivalents		
Balances with banks		
On current accounts	5.20	220.65
	5.20	**220.65**

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 and 31 March 2018.

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Minda Katolec Electronics Services Private Limited
Notes forming part of the financial statements for the year ended 31 March 2019
(All amounts in Indian □ lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
12 Bank balances other than cash and cash equivalents		
Fixed deposits (due for realisation within 12 months of the reporting date)*	15.60	725.00
	15.60	**725.00**

*Fixed deposits are pledged against letter of credit, buyer's credit and bank guarantee issued by bank.

	As at 31 March 2019	As at 31 March 2018
13 Other current financial assets		
Interest accrued on fixed deposits	2.81	12.33
Others:		
Government grants	163.20	-
	166.01	**12.33**

	As at 31 March 2019	As at 31 March 2018
14 Other current assets		
(unsecured, considered good unless otherwise stated)		
Advance to supplier	-	1.33
Balances with government authorities	635.41	10.34
Prepaid expense	1.24	0.30
Advances to employees	0.29	-
	636.94	**11.97**

	As at 31 March 2019	As at 31 March 2018
15 Equity share capital		
(a) Authorised share capital		
15,070,000 (15,070,000) equity shares of Rs. 10 each	1,507.00	1,507.00
	1,507.00	**1,507.00**
(b) Issued, subscribed and fully paid up		
Equity share capital		
15,070,000 (15,070,000) equity shares of Rs. 10 each	1,507.00	1,507.00
	1,507.00	**1,507.00**

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

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
Opening balance	1,50,70,000	1,507.00	-	-
Add: Issued during the period	-	-	1,50,70,000	1,507.00
Closing balance	**1,50,70,000**	**1,507.00**	**1,50,70,000**	**1,507.00**

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

The Company has a single class of equity shares having par value of Rs. 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/her share of the paid up equity share capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently has not been paid. Failure to pay any amuount called up on shares may lead to forfeiture.

On winding up of the Company, the holders of the equity shares will be entitled to receive assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

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Minda Katolec Electronics Services Private Limited
Notes forming part of the financial statements for the year ended 31 March 2019
(All amounts in Indian □ lakhs, unless otherwise stated)

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

Class of shares / Name of shareholder	As at 31 March 2019 Number of shares held	As at 31 March 2019 % holding in that class of shares	As at 31 March 2018 Number of shares held	As at 31 March 2018 % holding in that class of shares
Equity shares of Rs. 10 each fully paid				
Minda Industries Limited (including nominee shareholders), India (holding company)	76,85,700	51.00%	76,85,700	51.00%
Katolec Corporation, Japan	73,84,300	49.00%	73,84,300	49.00%

	As at 31 March 2019	As at 31 March 2018
16 Other equity		
Retained earnings	(649.63)	(46.75)
Total	**(649.63)**	**(46.75)**
Retained earnings		
Opening balance	(46.75)	-
Loss during the year	(593.77)	(46.75)
Item of other comprehensive income recognized directly in retained earnings		-
- Remeasurement gain / (loss) of defined benefit plan	(9.11)	
Closing balance	**(649.63)**	**(46.75)**

	As at 31 March 2019	As at 31 March 2018
17 Long-term provisions		
Provision for employee benefits		
Gratuity (refer note 41)	9.34	0.45
Compensated absence	11.35	0.54
	20.69	**0.99**

	Interest Rate	Maturity	As at 31 March 2019	As at 31 March 2018
18 Borrowings				
Term loan from others (Unsecured)	8.50%	On demand	1,000.00	-
Bank Overdraft (secured)*	MCLR+0.7%	On demand	445.00	-
			1,445.00	-

*Bank overdraft is secured against all stock in trade, moveable assets, both present and future, plant and machinery, book debts and receivables and fixed deposits of Rs. 90 Lakhs

	As at 31 March 2019	As at 31 March 2018
19 Trade payables		
Trade payables from related parties (refer note 38)	142.29	13.53
Trade payables		
Total outstanding dues of micro enterprises and small enterprises*	15.21	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	482.10	8.11
	639.60	**21.64**

* For details of dues to micro and small enterprises refer to note 36.
The Company's exposure to market risk, liquidity risk and credit risks related to the above financial assets is disclosed in note 39

	As at 31 March 2019	As at 31 March 2018
20 Other financial liabilities		
Interest accrued on borrowing	16.39	-
Other payables for		
Capital goods	939.56	-
Payable to employees	16.74	1.41
	972.69	**1.41**

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Minda Katolec Electronics Services Private Limited
Notes forming part of the financial statements for the year ended 31 March 2019
(All amounts in Indian □ lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
21 Other current liabilities		
Statutory Dues		
PF Payable	2.02	0.38
ESIC Payable	0.09	-
TDS Payable	10.69	2.10
Professional Tax Payable	0.76	0.06
GST Payable	-	2.39
	13.56	**4.93**

	As at 31 March 2019	As at 31 March 2018
22 Short-term provisions		
Provision for employee benefits		
Gratuity (refer note 41)	0.19	-
Compensated absence	0.57	-
	0.76	**-**

	As at 31 March 2019	As at 31 March 2018
23 Current tax liabilities (net)		
Provision for tax (net of advance tax)	6.83	12.33
	6.83	**12.33**

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Minda Katolec Electronics Services Private Limited
Notes forming part of the financial statements for the year ended 31 March 2019
(All amounts in Indian ₹ lakhs, unless otherwise stated)

	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
24 Revenue from operations		
Sale of products		
- Finished goods	1,296.34	11.13
Other operating revenues		
- Scrap sales	0.32	-
- Development Cost Recovery	49.98	-
	1,346.64	**11.13**

	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
25 Other income		
Interest income on fixed deposits	2.97	66.63
Net gain on foreign currency fluctuations	24.76	-
Unwinding of discount on security deposits	0.08	-
Other non-operating income		
- Liabilities / provisions no longer required written back	0.76	-
- Miscellaneous income	-	0.03
	28.57	**66.66**

	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
26 Cost of materials consumed		
Opening inventories	-	-
Purchases	1,548.43	-
Closing inventories	420.89	-
	1,127.54	**-**

	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
27 Changes in inventories of finished goods and work in progress		
Inventories at the end of the period	-	-
Work-in-progress	29.24	-
Finished goods	103.05	-
	132.29	**-**
Inventories at the beginning of the period	-	-
Work-in-progress	-	-
Finished goods	-	-
	-	-
Net (increase)/ decrease in stock	**(132.29)**	**-**

	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
28 Employee benefit expenses		
Salaries, wages and bonus	282.35	45.55
Contribution to provident and other funds	19.05	1.07
Staff welfare expense	18.20	0.34
	319.60	**46.96**

	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
29 Finance costs		
Interest on		
Overdraft	23.39	-
Term Loans	40.45	-
	63.84	**-**

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(All amounts in Indian □ lakhs, unless otherwise stated)

	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
30 Depreciation and amortisation		
Depreciation on tangible fixed assets	156.03	-
Amortisation on intangible assets	0.56	0.01
	156.59	**0.01**

	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
31 Other expenses		
Consumption of stores and spare parts	34.97	-
Power and fuel	55.56	-
Rent	104.57	-
Repairs and maintenance	25.66	-
Rates and taxes	1.94	6.02
Travelling and conveyance	30.97	-
Legal and professional charges	85.06	29.80
Shared services - management and administrative cost	6.23	-
SAP License fee & Other Charges	12.81	-
Insurance	2.21	0.55
Freight and other distribution overheads	7.99	-
Printing and stationery	17.54	-
Payment to auditors*	18.02	8.15
Directors sitting fees	3.37	1.20
Bank charges	10.72	0.13
Miscellaneous expenses	12.00	7.34
	429.62	**53.19**
Note:		
* Payments to auditors (excluding goods and service tax)		
Audit	12.00	6.00
Reimbursement of expenses		
Other services	5.00	2.00
Outlays	1.02	0.15
	18.02	**8.15**

	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018

32 Earnings/ (loss) per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting impact on profit of dilutive potential equity shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
Net loss after tax as per Statement of Profit and loss	(593.77)	(46.75)
Net loss attributable to equity shares for basic and diuted earnings	**(593.77)**	**(46.75)**
Weighted average number of Equity Shares :		
for Basic EPS	1,50,70,000	1,49,87,425
for Diluted EPS	1,50,70,000	1,49,87,425
Basic earnings/ (loss) per share of INR 10 each (In INR)	**(3.94)**	**(0.31)**
Diluted earnings/ (loss) per share of INR 10 each (In INR)	**(3.94)**	**(0.31)**

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33 Capital commitments and contingent liabilities

Capital Commitments (net of advance)

Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31 March 2019 aggregates to INR 34.54 lakhs (31 March 2018: Nil).

Contingent liabilities

The Company has availed MSIP Incentive from the Ministry of Electronics amounting to INR 342.38 lakhs (31 March 2018: Nil). In accordance with the MSIP guidelines, the amount may be refundable to the Government if the specified conditions are not fulfilled within the prescribed time.

34 Segment Information

Operating segments are defined as components of an enterprise for which discrete financial information is available, that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and assessing performance. The Company's CODM is the Board of Directors and the Company has only one reportable business segment i.e. Automotive Electrical parts since the risk and rewards from these services are not different from one another.

Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:

The following table shows the distribution of the Company's operating revenue by geographical location of customers, regardless of where the goods were produced/services were rendered from:

Particulars		For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
Revenue from operations	Within India	1,346.64	11.13
	Outside India	-	-

Information about major customers (from external customers)

Revenue from customer which is more than 10% of Company's total revenue :

Customer	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
Customer A	1,261.15	7.14
Customer B	-	3.98

The following table shows the carrying amounts of non-current segment assets by geographical area in which the assets are located:

Particulars		As at 31 March 2019	As at 31 March 2018
Non-current assets	Within India	2,226.43	514.00
	Outside India	-	-

35 Operating lease :

The Company's significant leasing arrangements are in respect of operating leases of premises for offices. Thes leasing arrangement, which is non-cancellable, is renewable on mutually agreeable terms.

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows.

Particulars	As at 31 March 2019	As at 31 March 2018
Payable within one year	124.79	103.69
Payable between one to five years	728.82	469.26
Payable after five years	6,490.50	5,889.25
Total	**7,344.11**	**6,462.20**

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

(iii) Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company which is relied upon by the auditors is as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
The amounts remaining unpaid to suppliers as at the end of the year - Principal - Interest	 15.21 -	
The amount of payments made to the supplier under the Act beyond the appointed day during the year	-	-
The amount of interest paid by the buyer under the act beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the Act	-	-

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(All amounts in Indian ₹ lakhs, unless otherwise stated)

37 Income taxes :

A Amount recognised in Statement of Profit and Loss

	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
Current tax		
Current period (a)	-	17.33
Deferred tax asset (net) (b)		
Attributable to:		
- deduction allowable	4.08	(4.08)
Tax expense	**4.08**	**13.25**

B Income tax recognised in other comprehensive income

	As at 31 March 2019		
	Before tax	Tax (expense)/ benefit	Net of tax
Remeasurements of defined benefit liability (asset)	(9.11)	-	(9.11)
	(9.11)	-	(9.11)

C Reconciliation of effective tax rate

	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
(Loss) before tax	**(589.69)**	**(33.50)**
Enacted tax rates in India	**26.00%**	**26.00%**
Computed tax expense	(153.32)	(8.71)
Tax effect of expenses that are not deductible for tax purposes	(118.51)	26.04
Deferred tax assets	275.91	(4.08)
Income tax expense	**4.08**	**13.25**

D Recognised deferred tax assets (net)

	As at 31 March 2019	As at 31 March 2018
Deferred tax assets are attributable to the following:		
- deduction allowable	-	4.08
- Expenditure covered by section 43 B	5.58	-
- Carried forward business loss and unabsorbed Depreciation	280.56	-
Deferred tax liabilites are attributable to the following:		
-Depreciable assets	(124.10)	-
Deferred tax assets (net)	**162.03**	**4.08**
Deferred tax assets not recognised*	(162.03)	
Deferred tax assets (net)	**-**	**4.08**

*Deferred income tax assets are recognised for all deductible temporary differences only if it is probable that future taxable profits will be available against which deductible temporary differences and tax losses can be utilized. Hence, management has not recognised Deferred tax asset considering the carried forward losses and no probable taxable profits in near future.

38 Related party transactions

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures', names of the related parties, related party relationship, transactions and

outstanding balances including commitments where control exits and with whom transactions have taken place during reported periods are:

(a) Related parties and the nature of related party relationship:

Nature of related party transaction	Name of related party
Holding Company	Minda Industries Limited
Enterprise having significant influence	Katolec Corporation, Japan
Fellow subsidiaries with whom transactions have taken place	Mindarika Private Limited Rinder India Private Limited
Key management personnel	V J Rao (With effect from 3 April 2017) Okomato (With effect from 3 April 2017) J K Menon (With effect from 3 April 2017) Takuya Honjo (With effect from 1 July 2018) Shinichi Sano (With effect from 3 April 2018 to 30 June 2018) Keiji Nakajima (With effect from 27 September 2017) Deepali Chandoke (With effect from 27 September 2017) Paridhi Minda (With effect from 01 November 2018) Dinesh Prakash Agrawal, CFO Amit Aswal (Company Secretary)
Entities over which key management personnel has influence	Minda Investments Limited Singhal Fincap Limited

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(All amounts in Indian ₹ lakhs, unless otherwise stated)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year in continuation with the previous page

Related party	Nature of transaction	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
Minda Industries Limited	Sale of components	13.29	-
	Purchase of goods	127.99	11.13
	Legal and professional charges	70.43	-
	Shared services - management and administrative cost	3.11	-
	SAP License fee & Other Charges	12.81	-
Mindarika Private Limited	Sale of products	41.94	3.98
	Development Cost Recovery	13.43	-
	Purchase of stock-in-trade	8.39	-
Rinder India Private Limited	Sale of products	1,237.06	7.14
	Development Cost Recovery	24.09	-
	Purchase of stock-in-trade	504.40	-
Katolec Corporation	Shared services - management and administrative cost	3.11	-
	Purchase of Fixed asset	64.15	-
Minda Investments Limited	Loan Given	-	190.00
	Loan Repaid	-	190.00
	Interest Received	-	4.54
	Security Deposit given	-	10.00
	Rent Paid	99.83	-
Singhal Fincap Limited	Loan taken	1,000	-
Keiji Nakajima	Directors sitting fees	1.90	0.40
Deepali Chandoke	Directors sitting fees	1.47	0.80
Dinesh Prakash Agrawal	Short term benefits	15.69	-
Amit Aswal	Short term benefits	3.67	-

The following table provides the total amount of balances outstanding at the year end with related parties for the relevant financial year.

Related party	As at March 31 2019	As at March 31 2018
Trade payables		
Minda Industries Limited	66.39	13.53
Mindarika Private Limited	0.98	-
Rinder India Private Limited	7.10	-
Katolec Corporation	67.82	-
Trade receivables		
Minda Industries Limited	15.70	-
Mindarika Private Limited	21.60	5.09
Rinder India Private Limited	237.38	8.43
Loan Oustanding		
Singhal Fincap Limited	1,000.00	-
Loan - Security deposit given		
Minda Investments Limited	10.00	10.00
Salary payable		
Dinesh Prakash Agrawal	1.43	-
Amit Aswal	0.35	-

Note

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties INR Nil (31 March 2018: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related parties.

The remuneration to the key managerial personnel as disclosed above does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

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(All amounts in Indian □ lakhs, unless otherwise stated)

39 Financial risk management

The Company, as an active supplier for the automobile industry expose its business and products to various market risks, liquidity risk and credit risk. 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:

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises currency rate risk. The sensitivity analyses in the following sections relate to the position as at 31 March 2019 and 31 March 2018.

(i) Foreign currency risk

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

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

Particulars of un-hedged foreign currency exposure

Currency	As at 31 March 2019			As at 31 March 2018		
	Foreign currency Amount in absolute terms	Exchange rate (in INR)	Amount	Foreign currency Amount in absolute terms	Exchange rate (in INR)	Amount
Trade & Capital Creditors						
USD	3,88,640	69.17	268.83	61,425	65.31	40.12
JPY	10,93,77,000	0.63	683.83	7,50,75,000	0.62	464.11
SGD	75,400	51.23	38.63	-	-	-

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, SGD and JPY exchange rates, with all other variables held constant. The impact on the Company profit or loss due to changes in the fair value of monetary assets and liabilities.

Exposure gain/(loss)	31 March 2019		31 March 2018	
Particulars	Change +1%	Change -1%	Change +1%	Change -1%
Trade & Capital Creditors				
USD	(2.69)	2.69	(0.40)	0.40
JPY	(6.84)	6.84	(4.64)	4.64
SGD	(0.39)	0.39	-	-

b) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system.

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

As at 31 March 2019	On demand	Less than 3 months	3 to 12 months	1-5 Years	More than 5 Years	Total
Trade payable	-	639.60	-	-	-	639.60
Other financial liabilities	-	972.69	-	-	-	972.69
As at 31 March 2018	**On demand**	**Less than 3 months**	**3 to 12 months**	**1-5 Years**	**More than 5 Years**	**Total**
Trade payable	-	21.64	-	-	-	21.64
Other financial liabilities	-	1.41	-	-	-	1.41

c) Credit risk

Credit risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk

from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of financial assets (trade receivable) disclosed in **note 10**. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are operating in different segments. Since, the Company is in its first year of operations. Hence, no past records of bad debts have been observed.

The table below summarises the ageing bracket of trade recievables.

Particulars	Carrying Amount 31 March 2019	Carrying Amount 31 March 2018
Current (not past due)	178.62	13.52
1-30 days past due	98.49	-
31-60 days past due	7.00	-
61-90 days past due	7.54	-
More than 90 days past due	3.92	-

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(All amounts in Indian □ lakhs, unless otherwise stated)

(ii) Financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are

made in bank deposits and other risk free securities. All balances with banks and financial institutions is subject to low credit risk due to good credit ratings assigned to the Company.

d) 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 short-term debt obligations with floating interest rates.

The Senior Management of the Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings. present rate is MCLR plus 0.7%. the impact of change in rate is as follows:

Interest rate sensitivity is calculated on borrowing. The impact of change in interest rate is given below:-

	Increase/decrease in basis points	Effect on profit before tax
31 March 2019	50	(7.23)
		7.23
31 March 2018	50	-
		-

40 Capital management

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

Consistent with others in the industry, the Company monitors net debt to EBITDA ratio i.e net debt (total borrowings net of cash and cash equivalents) divides by EBITDA (profit before tax and exceptional items plus depreciation and amortization expense plus finance cost minus other income). The company's strategy is to ensure that the net debt to EBITDA is managed at an optimum level considering the above factors. The net debt to EBITDA ratios are as follows:

	As at 31 March 2019	As at 31 March 2018
Adjusted net debt*	1,439.80	-
EBITDA	(397.83)	(100.14)
Ratio	**(3.62)**	-

*Adjusted net debt of previous year was negative and hence considered NIL.

41 Employee benefits

a) Assets and liabilities relating to employee benefits	As at 31 March 2019	As at 31 March 2018
Non-current		
Gratuity (refer note 17)	9.34	0.45
Compensated absence	11.35	0.54
	20.69	**0.99**
Current		
Gratuity (refer note 22)	0.19	-
Compensated absence	0.57	-
	0.76	**-**

(b) Defined benefit plans

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 or death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

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 falls the defined benefit obligation will tend to increase.

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. The funds are managed by specialised team of Life Insurance Corporation of India.

Funding

This is an unfunded benefit plan for qualifying employees.

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(All amounts in Indian ₹ lakhs, unless otherwise stated)

Reconciliation of the net defined benefit (asset) / liability

Reconciliation of present value of defined benefit obligation

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	0.45	-
Current service cost	2.77	-
Past service cost	-	-
Interest cost	0.04	-
Benefits paid		-
Actuarial gain (loss) recognised in other comprehensive income		-
- experience adjustments	6.27	-
- changes in financial assumptions	-	-
Acquisition adjustment	-	-
Balance at the end of the year	**9.53**	**-**

Current financial assets

Particulars	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
Expense recognised in profit or loss		
Current service cost	2.78	-
Interest cost	0.04	-
Past service cost	-	-
	2.82	**-**
Remeasurements recognised in other comprehensive income		
Actuarial (gain) / loss arising during the year	6.27	-
Return on plan assets (greater) / less than discount rate	-	-
	6.27	**-**
	9.09	**-**

Defined benefit obligations

	As at 31 March 2019	As at 31 March 2018
Actuarial assumptions		
Discount rate (per annum)	7.75%	0.00%
Future salary growth rate (per annum)	8.00%	0.00%
Attrition rate		
upto 30 years	3.00%	0.00%
from 31- 44 years	2.00%	0.00%
above 44 years	1.00%	0.00%
Assumptions regarding future mortality are based on Indian Assured Lives Mortal		(IALM) (2006-08) rates.

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:

	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	8.13	11.27	-	-
Future salary growth rate (1% movement)	11.25	8.12	-	-
Attrition rate (50% of attrition rates)	9.43	9.65	-	-
Mortality rate (10% of mortality rates)	9.54	9.53	-	-

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. Inpractice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivityof the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefitobligation calculated with the projected unit credit method at the end of the reporting period) has been applied as whencalculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Expected benefit payments

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

	As at 31 March 2019	As at 31 March 2018
Within 1 year	0.19	-
2-5 years	0.81	-
6-10 years	1.30	-
More than 10 years	39.65	-

(c)Defined contribution plans

The Company makes contribution towards employees' provident fund. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme, to these defined contribution schemes.

	For the year ended 31 March 2019	Period from 3 April 2017 to 31 March 2018
Provident fund	9.03	1.07
Employees' state insurance scheme	0.93	-
	9.96	**1.07**

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In February 2019, Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of Supreme Court order.

42 Fair value measurements

A. Financial instruments by category

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Category	As at 31 March 2019		As at 31 March 2018	
	Carrying Value	Amortized cost	Carrying Value	Amortized cost
1) Financial assets				
Trade receivables	295.57	295.57	13.52	13.52
Cash and cash equivalents	5.20	5.20	220.65	220.65
Other bank balances	15.60	15.60	725.00	725.00
Loan (security deposit)	27.45	27.45	1.02	1.02
Other non current financial assets (Bank deposits)	56.00	56.00	-	-
Other current financial assets (interst accrued on fixed deposit)	166.01	166.01	12.33	12.33
Total	**565.83**	**565.83**	**972.52**	**972.52**
2) Financial liabilities				
Borrowing	1,445.00	1,445.00	-	-
Trade payables	639.60	639.60	21.64	21.64
Other financial liabilities	972.69	972.69	1.41	1.41
Total	**3,057.29**	**3,057.29**	**23.05**	**23.05**

Note- Management has assessed that trade receivables, cash and cash equivalents, other bank balances, security deposit, other financial assets, borrwowings, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
The fair value of security deposit received has been estimated using DCF method.

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under Ind AS 113. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March 2019	Quoted price in active markets Level 1	Significant oberservers inputs Level 2	Significant unoberservers inputs Level 3	Total
Loan (security deposit)	-	-	27.45	27.45

As at 31 March 2019	Quoted price in active markets Level 1	Significant oberservers inputs Level 2	Significant unoberservers inputs Level 3	Total
Loan (security deposit)	-	-	1.02	1.02

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-thecounter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for security deposits, etc.

There are no transfers between level 1 and leve 2 during the year.

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Valuation process

The finance department of the Company performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Financial Director. Discussions of valuation processes and results are held between the Financial Director and the finance team at least once every year in line with the Company's reporting periods.

42 The company was incorporated on 3 April 2017 and previous year figures pertains to period beginning from 3 April 2017 to 31 March 2018. Due to this the previous year figures are not comparable.

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: 30 April 2019

V J Rao
Managing Director
DIN: 06963855
Place: Gurugram
Date: 30 April 2019

Takuya Honjo
Director
DIN: 08166437
Place: Gurugram
Date: 30 April 2019

Dinesh Agrawal
CFO
Place: Gurugram
Date: 30 April 2019

Amit Aswal
Company Secretary
M. No.: A50154
Place: Gurugram
Date: 30 April 2019