Minda Katolec Electronics Services Private Limited

Statutory Audit for the year ended 31 March 2020

Minda Kaiolec Electronics Services Private Limited
Balance Sheet as at 31 March 2020
(All amounts in Indian Rs lakhs, unless otherwise stated)
CIN: [illegible]

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-Current Assets			
Property, plant and equipment	4A	1,884.99	2,115.23
Capital work-in progress	4A	22.55	1.82
Right-of-use assets	5	1,744.48	-
Intangible assets	4B	19.60	17.00
Financial assets			
Other financial assets	6	-	56.00
Deferred tax assets (net)	35	-	-
Income tax assets (net)	7	8.90	-
Other non-current assets	8	32.45	35.78
Total Non-Current Assets		3,713.03	2,220.03
Current Assets			
Inventories	9	1,107.73	810.75
Financial assets			
Trade receivables	10	773.45	295.37
Cash and cash equivalents	11	53.08	5.20
Other balances with banks	12	78.63	15.80
Other financial assets	6	185.85	168.01
Other current assets	8	710.99	838.94
Total Current Assets		2,897.74	1,738.47
TOTAL ASSETS		6,600.80	3,958.50
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	1,507.00	1,507.00
Other equity	14	(1,960.84)	(649.63)
Total Equity		(453.84)	857.37
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	1,130.30	-
Lease liabilities	16	1,019.03	-
Provisions	17	25.58	20.60
Total Non-Current Liabilities		2,174.91	20.60
Current Liabilities			
Financial liabilities			
Borrowings	15	1,510.76	1,445.00
Trade payables	18		
Total outstanding dues of micro enterprises and small enterprises		68.18	15.21
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,834.51	624.30
Other financial liabilities	19	523.77	972.00
Other current liabilities	20	15.38	13.58
Provisions	17	1.15	0.78
Current tax liabilities (net)	21	-	8.03
Total Current Liabilities		3,970.73	3,078.44
TOTAL EQUITIES AND LIABILITIES		6,600.80	3,958.50
Significant accounting policies	3		

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

As per our report of even date attached

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

Kanika Kohli
Partner
Membership No: 511565

Place: New Delhi
Date: 16 June 2020

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

V J Rao
Managing Director
DIN: 08033855

Place: Pune
Date: 16 June 2020

Masahiro Uda
Director
DIN: 08516340

Place: Tokyo, Japan
Date: 16 June 2020

Dinesh Agarwal
Chief Financial Officer

Place: Pune
Date: 16 June 2020

Amit Aswal
Company Secretary
M. No.: A50154

Place: Gurugram
Date: 16 June 2020

Minda Kaiolec Electronics Services Pvt. Ltd.

Minda Katolec Electronics Services Private Limited
Statement of Profit and Loss for the year ended 31 March 2020
(All amounts in Indian Rs. lakhs, unless otherwise stated)
CIN No.: [illegible]

Particulars	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	22	7,528.72	1,340.64
Other income	23	6.54	20.57
TOTAL INCOME		7,535.28	1,373.21
EXPENSES			
Cost of materials consumed	24	6,585.59	1,127.54
Purchase of stock in trade	25	170.34	-
Changes in inventories of finished goods and work in progress	26	(9.87)	(132.29)
Employee benefit expenses	27	368.14	211.28
Finance costs	28	475.04	63.84
Depreciation and amortization expense	29	391.64	156.59
Other expenses	30	784.04	537.96
TOTAL EXPENSES		8,765.72	1,964.30
LOSS BEFORE TAX		(1,230.46)	(588.84)
Tax expense	21		
Current tax		-	-
Tax adjustment pertaining to previous years		(17.33)	-
Deferred tax charge / (credit)		-	4.93
TOTAL TAX EXPENSE		(17.33)	4.93
LOSS FOR THE YEAR		(1,213.13)	(593.77)
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plan		5.47	(9.11)
NET OTHER COMPREHENSIVE INCOME(LOSSES)		5.47	(9.11)
TOTAL COMPREHENSIVE INCOME (LOSSES) FOR THE YEAR		(1,207.66)	(602.88)
Basic earnings/ (loss) per share (in Rs.) (Face value of Rs. 10 per share)	31	(8.06)	(3.94)
Diluted earnings/ (loss) per share (in Rs.) (Face value of Rs. 10 per share)	31	(8.05)	(3.94)
Significant accounting policies	3		

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

As per our report of even date attached

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

Kanika

Kanika Kohli
Partner
Membership No: 511565

Place: New Delhi
Date: 10 June 2020

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

V J Rao
Managing Director
DIN: 06083855

Place: Pune
Date: 10 June 2020

Masahiro Uda
Director
DIN: 08538949

Place: Tokyo, Japan
Date: 10 June 2020

Bhavesh Agrawal
Chief Financial Officer

Place: Pune
Date: 10 June 2020

Ankit Agarwal
Company Secretary
M. No.: A50154

Place: Gurugram
Date: 10 June 2020

Minda Katolec Electronics Services Pvt. Ltd.

Minda Katolec Electronics Services Private Limited
Cash Flow Statement for the year ended 31 March 2020
(All amounts in Indian Rs lakhs, unless otherwise stated)
CIN No. - U35999DL2017PTC315486

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES :		
Loss before tax	(1,230 46)	(589 69)
Adjustments for:		
Depreciation and amortization expense	391 64	156 59
Finance costs	475.04	63 84
Interest income on fixed deposits	(5 98)	(2 97)
Liabilities / provisions no longer required written back	-	(0 76)
Unwinding of discount on security deposits	(0 56)	(0 08)
Unrealised gain/ (loss) on foreign currency fluctuations (net)	104 48	(25 06)
Operating (loss) before working capital changes	**(265.84)**	**(398.13)**
Working capital adjustments :		
(Increase) in other financial assets	0 16	-
(Increase) in trade receivables	(477 88)	(282.06)
(Increase) in inventories	(496 98)	(610 75)
(Increase) in other assets	(70 47)	(651.06)
Increase in trade payables	1,178 61	620 08
Increase in other financial liabilities	(11.32)	15 33
Increase in provisions	10 75	12.11
Increase in other current liabilities	19 13	8 63
	152.00	**(887.72)**
Cash generated used in operations	**(113.84)**	**(1,285.85)**
Income taxes paid	(15.73)	(5.50)
Net Cash flows used in operating activities (A)	**(129.57)**	**(1,291.34)**
B. CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of property, plant and equipment and capital work-in-progress	(1,122 80)	(1,148.72)
Government grant received	178 20	179 18
Fixed deposits made	(76 63)	(71.60)
Fixed deposits encashed	71 60	725.00
Interest on income tax refund	0.57	-
Purchase of intangible assets	(5 82)	(18.02)
Interest received on fixed deposits	5.41	12.50
Net cash used in investing activities (B)	**(949.47)**	**(321.66)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Rent paid on leasehold asset	(118 50)	-
Repayment of borrowing	(841.90)	-
Proceeds from borrowing	1,807.00	1,000 00
Finance costs	(285 43)	(47.45)
Net cash generated from financing activities (C)	**561.17**	**952.55**
Net increase/ (decrease) in cash and cash equivalents(A+B+C)	**(517.87)**	**(660.45)**
Cash and cash equivalents at the beginning of the year	**(439.80)**	**220.65**
Cash and cash equivalents at the end of the year	**(957.67)**	**(439.80)**

Notes to cash flow statement:

(i) Components of cash & cash equivalents:	As at 31 March 2020	As at 31 March 2019
Cash in hand		
Balances with banks:		
- on current accounts	53 09	5.20
- Bank overdraft	(1,010 76)	(445.00)
Cash and cash equivalents at the end of the year	**(957.67)**	**(439.80)**

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Minda Katolec Electronics Services Pvt. Ltd.

Minda Katolec Electronics Services Private Limited
Cash Flow Statement for the year ended 31 March 2020
(All amounts in Indian Rs. lakhs, unless otherwise stated)
CIN No. - U35999DL2017PTC315486

Cash Flow Statement (Contd.)

(ii) The Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard-7 on Statement of Cash flows as notified under section 133 of the Companies Act, 2013.

Significant accounting policies 3

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

As per our report of even date attached

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

Kanika Kohli
Partner
Membership No: 511565

Place: New Delhi
Date: 16 June 2020

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

V J Rao
Managing Director
DIN: 06963855

Place: Pune
Date: 16 June 2020

Masahiro Uda
Director
DIN: 08576349

Place: Tokyo, Japan
Date: 16 June 2020

Dinesh Agrawal
Chief Financial Officer

Place: Pune
Date: 16 June 2020

Amit Aswal
Company Secretary
M. No.: A50154

Place: Gurugram
Date: 16 June 2020

Minda Katolec Electronics Services Pvt. Ltd.

Minda Katolec Electronics Services Private Limited
Statement of Changes in equity for the year ended 31 March 2020
(All amounts in Indian Rs. lakhs, unless otherwise stated)
CIN No. U35296DL2017FTC315498

a) Equity share capital (refer note 13)

Equity shares of Rs. 10 each issued, subscribed and fully paid

	No. of Shares	Amount
Balance as at 31 March 2018		-
Issue of share capital	15,070,000	1,507.00
Balance as at 31 March 2019	**15,070,000**	**1,507.00**
Issue of share capital	-	-
Balance as at 31 March 2020	15,070,000	1,507.00

b) Other equity (refer note 14)

Particulars	Reserves and Surplus	Other comprehensive income	Total equity
	Surplus/(loss) in the Statement of Profit and Loss	Remeasurement gain / (loss) of defined benefit plan	
Balance as at 31 March 2018	(46.75)	-	(46.75)
Loss for the period	(593.77)	-	(593.77)
Other comprehensive income/ (losses)	-	(9.11)	(9.11)
Transfer of other comprehensive income	(9.11)	9.11	-
Balance as at 31 March 2019	**(649.63)**	-	**(649.63)**
Loss for the period	(1,213.13)	-	(1,213.13)
Lease adjustment as per Ind AS 116	(103.55)	-	(103.55)
Other comprehensive income/ (losses)	-	5.47	5.47
Transfer of other comprehensive income	5.47	(5.47)	-
Balance as at 31 March 2020	**(1,960.84)**	-	**(1,960.84)**

Significant accounting policies 3

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

As per our report of even date attached

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

Kanika Kohli
Partner
Membership No: 511565

Place: New Delhi
Date: 16 June 2020

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

V J Rao
Managing Director
DIN: 08963855

Place: Pune
Date: 16 June 2020

Masahiro Uda
Director
DIN: 08576340

Place: Tokyo, Japan
Date: 16 June 2020

Dinesh Agrawal
Chief Financial Officer

Place: Pune
Date: 16 June 2020

Amit Aswal
Company Secretary
M. No.: A50154

Place: Gurugram
Date: 16 June 2020

Minda Katolec Electronics Services Pvt. Ltd.

1. Corporate information

Minda Katolec Electronics Services Private Limited ("the Company") is a private limited company incorporated on 03 April 2017 under the provisions of the Companies Act, 2013. The Company is a joint venture between Minda Industries Limited and Katolec Corporation (Japan). The Company is primarily involved in the manufacturing of auto components including electrical parts and its accessories.

The registered office of the Company is located at B-64/1, Wazirpur Industrial Area, Delhi - 110052.

The financial statement of the company for the year ended March 31, 2020 are authorised for issue in accordance with a resolution of the Board of Directors on June 16, 2020.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Companies Act 2013 (the "accounting principles generally accepted in India").

The financial statements for the year ended 31 March 2020 have been prepared as per the requirements of Schedule III of the Companies Act, 2013.

The accounting policies are applied consistently to all the periods presented in the financial statements.

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

(b) Functional and presentation currency

These financial statements are presented in Indian rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs up to two place of decimal, 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:

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

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(d) Use of estimates and judgements

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

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

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

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- Estimation of income tax (current and deferred) – Note 21 and 35

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

- Estimated useful life of intangible assets – Note 4B

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

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

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

- Estimation of defined benefit obligation – Note 39

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

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Minda Katolec Electronics Services Pvt. Ltd.

- Expected credit losses on financial assets: Note 37

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

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

(e) Measurement of fair values

A number of the Company's 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 and 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)

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely 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 changes have occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:
- Note 40– fair value measurements

(f) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification as per the 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 classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

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

3. Significant accounting policies

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. 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.

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ii. **Classification and subsequent measurement**

Financial assets

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

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

   Any gain or loss or derecognition is are recognized in profit or loss.

b. **FVTPL** :- These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in 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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Minda Katolec Electronics Services Pvt. Ltd.

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.

i. 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.

ii. 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.

c. Property, plant and equipment

i. Recognition and measurement

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

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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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.

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).

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

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d. 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.

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

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

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

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.

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f. 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.

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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). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or 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).

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

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.

g. Borrowing cost

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

h. 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.

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(iii) Defined benefit plan

Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation is present value of the defined benefit obligation for the eligible employees at the end of the reporting period.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are 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.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

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.

i. 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(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.

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j. Taxes

The Government of India, on September 20, 2019, vide Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAB in the Income Tax Act, 1961, which gives option to the Company to pay Income Tax at reduced rates as per the provisions/ conditions defined in the said section. The Company is in the process of evaluating the impact of this Ordinance.

Current income tax

Current income 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.

Appendix C to Ind AS 12, Income Taxes dealing with accounting for uncertainty over income tax treatments is applicable from accounting periods beginning on or after 1 April 2019. It does not have any material impact on financial statements of the Company.

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.

Goods and Services Tax (GST) paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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k. Revenue recognition

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:

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. Leases

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

Company as a lessee.

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date.

The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company presents right-of-use assets separately in 'non-current assets' and lease liabilities in 'financial liability' in the balance sheet. The lease payments have been classified as financing cash flows.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

m. 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.

n. 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.

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o. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements

p. Contingent assets

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

q. Segment reporting

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

The Company is engaged in the business of manufacturing 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.

r. Cash and cash equivalents

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

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

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

Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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4A Property, plant and equipment and capital work-in-progress (refer notes below)

Particulars	Plant and machinery	Office equipment	Computer	Total	Capital work-in-progress	Grand total
Gross carrying amount						
Balance at 31 March 2018	-	-	-	-	-	-
Additions	2,225.52	4.86	40.88	2,271.26	1.82	2,273.08
Deductions/ Adjustments	-	-	-	-	-	-
Balance at 31 March 2019	**2,225.52**	**4.86**	**40.88**	**2,271.26**	**1.82**	**2,273.08**
Balance at 1 April 2019	2,225.52	4.86	40.88	2,271.26	1.82	2,273.08
Additions	86.51	0.62	5.91	93.04	22.55	115.59
Transfer/disposal	-	-	-	-	(1.82)	(1.82)
Balance at 31 March 2020	**2,312.03**	**5.48**	**46.79**	**2,364.30**	**22.55**	**2,386.85**
Accumulated depreciation						
Balance at 31 March 2018	-	-	-	-	-	-
Depreciation for the year	152.30	0.49	3.24	156.03	-	156.03
Disposals	-	-	-	-	-	-
Balance at 31 March 2019	**152.30**	**0.49**	**3.24**	**156.03**	-	**156.03**
Balance at 1 April 2019	152.30	0.49	3.24	156.03	-	156.03
Depreciation for the year	311.31	0.99	10.98	323.28	-	323.28
Balance at 31 March 2020	**463.61**	**1.48**	**14.22**	**479.31**	-	**479.31**
Net carrying amounts						
At 31 March 2019	**2,073.22**	**4.37**	**37.64**	**2,115.23**	**1.82**	**2,117.05**
At 31 March 2020	**1,848.42**	**4.00**	**32.57**	**1,884.99**	**22.55**	**1,907.54**

Notes:

a) The government has sanctioned a grant to the Company under Modified Special Incentive Package Scheme (M-SIPS) as at 31 March 2020 amounting to Rs. 520.58 lakhs (31 March 2019: Rs 342.38 lakhs). The amount of additions in property, plant and equipments is disclosed after netting off of such grant.

b) Refer note 15 for information regarding security given against all borrowings including property, plant and equipments

4B Intangible assets

Particulars	Computer Software
Gross carrying amount	
Balance at 31 March 2018	0.15
Additions	18.02
Balance at 31 March 2019	18.17
Additions	5.82
Balance at 31 March 2020	23.99
Accumulated depreciation	
Balance at 31 March 2018	0.01
Amortisation for the year	0.56
Balance at 31 March 2019	0.57
Amortisation for the period	3.73
Balance at 31 March 2020	4.30
Net carrying amounts	
At 31 March 2019	17.60
At 31 March 2020	19.69

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5 Transition to Ind AS 116

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendments Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases, and other interpretations Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosures of leases for both lessees and lessors It introduces a single, on-balance sheet lease accounting model for lessees

For transition, the Company has used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 It has therefore, not reassessed whether a contract, is or contains a lease, at the date of initial application; relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review; excluded initial direct costs from measuring the right-of-use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease The Company has used a single discount rate to a portfolio of leases with similar characteristics

The Company has adopted Ind AS 116 , effective period beginning from 1 April 2019 and applied the standard to its leases, using the modified retrospective approach Accordingly, the Company has not restated comparative information

This has resulted in recognizing a right-of-use asset of Rs 1,814 93 lakhs and a corresponding lease liability of Rs 1,918 47 lakhs as at 1 April 2019 The cumulative effect on transition in retained earnings (net of taxes) is Rs 103.55 lakhs The nature of expenses in respect of operating leases has changed from lease rent in the previous periods to depreciation cost for right-of-use asset and finance cost for the interest accrued on lease liability The principle portion of the lease payments have been disclosed under cash flow from financing activities The lease payments for operating leases as per Ind AS 17 Leases, were earlier reported under cash flow from operating activities The weighted average incremental borrowing rate of 9 45% has been applied to lease liabilities recognised in the balance sheet at the date of initial application

Following are the changes in the carrying value of right-of-use assets for the year ended 31 March 2020 :

Particulars	As at 31 March 2020
Balance at 1 April 2019	-
Additions to right-of-use assets	1,814 93
Deletions/adjustments	(6 12)
Depreciation charge for the year	(64 64)
Security deposit discounting adjustment	0.31
Balance at 31 March 2020	**1,744.48**

The aggregate depreciation expense on right-of-use assets is included under depreciation and amortisation expense in the Statement of Profit and Loss

The following is the breakup of current and non-current lease liabilities as at 31 March 2020 :

Particulars	As at 31 March 2020
Current lease liabilities	1,919 03
Non- Current lease liabilities	59 53
Total	**1,978.56**

The following is the movement in lease liabilities during the year ended 31 March 2020 :

Particulars	As at 31 March 2020
Balance at 1 April 2019	-
Additions	1,918.48
Finance cost accrued during the period	184.70
Adjustments during the period	(6 12)
Payment of lease liabilities	(118 50)
Balance at 31 March 2020	**1,978.56**

The table below provides details regarding future lease payments as at 31 March 2020 on an undiscounted basis :

Particulars	For the year ended 31 March 2020
Not later than 1 year	105 28
Later than 1 year but not later than 5 years	592.97
More than 5 year	6,517 26
Total	**7,215.51**

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Notes to the financial statements for the year ended 31 March 2020
(All amounts in Indian Rs lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
6 Other financial assets		
Non-current		
Bank deposits with more than 12 months maturity (refer note below)	-	56.00
	-	56.00
Current		
Interest accrued on fixed deposits	2.65	2.81
Others:		
Government grants	163.20	163.20
	165.85	166.01

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

	As at 31 March 2020	As at 31 March 2019
7 Income tax assets (net)		
Advance income tax (including taxes deducted at source)	8.90	-
	8.90	-

	As at 31 March 2020	As at 31 March 2019
8 Other assets		
(Unsecured, considered good unless otherwise stated)		
Non-current		
Prepaid expense	9.19	8.33
Security deposits	23.26	27.45
	32.45	35.78
Current		
Balances with government authorities	707.15	635.41
Prepaid expense	3.40	1.24
Advances to employees	0.44	0.29
	710.99	636.94

	As at 31 March 2020	As at 31 March 2019
9 Inventories		
(Valued at the lower of cost and net realisable value)		
Raw materials [Goods in transit Rs. 0.18 lakhs (31 March 2019 : Rs. Nil)]	943.47	420.89
Work-in-progress	44.34	29.24
Finished goods	97.62	103.05
Stores, spares and consumables	14.44	27.87
Loose tools	7.86	29.70
	1,107.73	610.75

Notes:
a) Refer note 15 for information regarding security given against all borrowings including inventories.

b) Due to Covid 19, physical verification of inventory was carried out subsequent to year end in month of May 2020

	As at 31 March 2020	As at 31 March 2019
10 Trade receivables		
(Unsecured, considered good unless otherwise stated)		
Receivables from related parties (refer note 36)	530.00	274.68
Receivables from others	243.45	20.89
	773.45	295.57

Notes:
a) The Company's exposure to market risk, liquidity risk and credit risks related to the above assets is disclosed in note 37

b) Refer note 15 for information regarding security given against all borrowings including trade receivables.

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

	As at 31 March 2020	As at 31 March 2019
11 Cash and cash equivalents		
Balances with banks		
On current accounts	53.09	5.20
	53.09	**5.20**
a) Cash and cash equivalents as per cash flow statement :		
Cash and cash equivalents as per balance sheet	53.09	5.20
Bank overdrafts (refer note 15)	(1,010.76)	(445.00)
	(957.67)	**(439.80)**

b) Disclosure on specified bank notes (SBNs)

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

	As at 31 March 2020	As at 31 March 2019
12 Other balances with banks		
Fixed deposits (maturity within 12 months of the reporting date) (refer note below)	76.63	15.60
	76.63	**15.60**

Note:
Refer note 15 for information regarding security given against all borrowings including fixed deposits

	As at 31 March 2020	As at 31 March 2019
13 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 outstanding equity shares at the beginning and at the end of the reporting period

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning and end of the year	15,070,000	1,507.00	15,070,000	1,507.00
Add: issued during the period - fresh issue	-	-	-	-
Balance at the beginning and end of the year	**15,070,000**	**1,507.00**	**15,070,000**	**1,507.00**

(d) Details of shares held by shareholders holding more than 5% shares of the aggregate shares in the company

	As at 31 March 2020		As at 31 March 2019	
Class of shares / Name of shareholder	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares of Rs. 10 each fully paid				
Minda Industries Limited (including nominee shareholders), India (holding company)	7,685,700	51.00%	7,685,700	51.00%
Katolec Corporation, Japan	7,384,300	49.00%	7,384,300	49.00%

(e) 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 amount 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

(f) There are no shares reserved for issue under options and contracts/commitments for sale of shares/ disinvestment.

(g) There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

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	As at 31 March 2020	As at 31 March 2019
14 Other equity*		
Retained earnings	(1,960.84)	(649.63)
Total	**(1,960.84)**	**(649.63)**

* For movement in other equity, refer Statement of changes in equity

	As at 31 March 2020	As at 31 March 2019
15 Borrowings		
Non-current		
Term loans From banks (secured)	1,465.10	-
Less: Current maturities of long term borrowings disclosed under current liabilities (refer note 19)	334.80	-
	1,130.30	-
Current		
Other loans (unsecured)	500.00	1,000.00
Bank overdraft (secured)	1,010.76	445.00
	1,510.76	**1,445.00**

Movement in financial liabilities

Particulars	**Cash and bank overdrafts**	**Borrowings**
As at 1 April 2018	220.65	-
Cash flows	(660.45)	1,000.00
Interest expenses	-	63.84
Interest paid	-	(47.45)
As at 31 March 2019	**(439.80)**	**1,016.39**
Cash flows	(517.87)	965.10
Interest expenses	-	290.34
Interest paid	-	(285.43)
As at 31 March 2020	**(957.67)**	**1,986.40**

The companies exposure to currency, liquidity and interest risks related to the above liabilities is disclosed in note 37.

Nature of security	**Terms of repayment and rate of interest**
HDFC Bank Ltd Term loan from banks amounting to Rs 1,507 lakhs (31 March 2019: Rs. Nil) is secured by: -Exclusive hypothecation on stock in trade, book debts and receivables, plant and machinery, fixed deposits and movable assets (both present and future).	Rate of interest at 9.45 % on 31st March 2020. Capex loan sanction amounting to Rs. 1,507 lakhs for fund based having tenure of 5 years including moratorium of 6 months.
HDFC Bank Ltd Working capital loan from banks amounting to Rs. Nil (31 March 2019: Rs 445 Lakhs) is secured by: Exclusive hypothecation on stock in trade, book debts and receivables, plant and machinery, fixed deposits and movable assets (both present and future).	Rate of interest at 9.4 % on 31st March 2020. Working capital loan sanction amounting to Rs 500 lakhs for fund based and non fund based.
HDFC Bank Ltd Buyer's Credit outstanding from banks amounting to Rs 523.54 lakhs (31 March 2019: Rs Nil) is secured by: Exclusive hypothecation on stock in trade, book debts and receivables, plant and machinery, fixed deposits and movable assets (both present and future).	Rate of interest at LIBOR+250 basis points on 31st March 2020. Buyer's credit loan sanction amounting to Rs. 500 lakhs for fund based and non fund based.
HDFC Bank Ltd Bills payable outstanding from banks amounting to Rs. 487.22 lakhs (31 March 2019: Rs. Nil) is secured by: Exclusive hypothecation on stock in trade, book debts and receivables, plant and machinery, fixed deposits and movable assets (both present and future).	Rate of interest at 8.5 % on 31st March 2020. Bills payable sanction amounting to Rs. 500 lakhs for fund based and non fund based

16 Lease liabilities		
Lease liabilities*	1,978.56	-
Less: Current maturities of long term borrowings disclosed under current liabilities (refer note 19)	59.53	-
	1,919.03	-

* For movement in lease liabilities, refer note 5 on "Transition to Ind AS 116")

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

	As at 31 March 2020	As at 31 March 2019
17 Provisions		
Non-current		
Provision for employee benefits (refer note 39)		
Provision for gratuity	19 20	9.34
Provision for compensated absences	6 38	11.35
	25.58	20.69
Current		
Provision for employee benefits (refer note 39)		
Provision for gratuity	0 20	0 19
Provision for compensated absences	0 95	0.57
	1.15	0.76

	As at 31 March 2020	As at 31 March 2019
18 Trade payables		
Trade payables from related parties (refer note 36)	596 72	142 29
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (refer note 34)	68 18	15 21
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,257 79	482.10
	1,922.69	639.60

Note:
The Company's exposure to market risk, liquidity risk and credit risks related to the above liabilities is disclosed in note 37

	As at 31 March 2020	As at 31 March 2019
19 Other financial liabilities		
Current maturities of lease liabilities	59.53	-
Current maturities of term loans (refer note 15)	334 80	-
Interest accrued on borrowing	21 30	16 39
Interest accrued on others	0 47	-
Payables for capital goods		
-to related parties	108.27	-
-to others	0.45	939.56
Employee related payable	4.95	16.74
	529.77	972.69

	As at 31 March 2020	As at 31 March 2019
20 Other current liabilities		
Statutory dues	15.36	13.56
	15.36	13.56

	As at 31 March 2020	As at 31 March 2019
21 Current tax liabilities (net)		
Provision for tax	-	6 83
	-	6.83

	For the year ended 31 March 2020	For the year ended 31 March 2019
Income taxes :		
A Amount recognised in Statement of Profit and Loss		
Current tax		
Current period (a)	-	-
Deferred tax asset (net) (b)		
Attributable to : deduction allowable	-	4.08
Tax expense	-	4.08

B **Income tax recognised in other comprehensive income**	As at 31 March 2020		
	Before tax	Tax (expense)/ benefit	Net of tax
Remeasurements of defined benefit liability (asset)	5.47	-	5.47
	5.47	-	5.47

C **Reconciliation of effective tax rate**	For the year ended 31 March 2020	For the year ended 31 March 2019
(Loss) before tax	(1,230 46)	(589.69)
Enacted tax rates in India	26 00%	26 00%
Computed tax expense	(319.92)	(153 32)
Tax effect of expenses that are not deductible for tax purposes	43 40	(118.51)
Deferred tax assets	276.52	275 91
Income tax expense	0.00	4.08

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22 Revenue from operations

	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products		
- Finished goods	7,297.81	1,296.34
- Traded goods	172.21	-
Other operating revenues		
- Scrap sales	1.13	0.32
- Development cost recovery	57.57	49.98
	7,528.72	1,346.64

23 Other income

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on fixed deposits	5.41	2.97
Net gain on foreign currency fluctuations	-	24.76
Unwinding of discount on security deposits	0.56	0.08
Other non-operating income:		
- Liabilities / provisions no longer required written back	-	0.76
- Interest on income tax refund	0.57	-
	6.54	28.57

24 Cost of materials consumed

	For the year ended 31 March 2020	For the year ended 31 March 2019
Raw materials consumed (including packing materials)		
Inventory at the beginning of the year	420.89	-
Add : Purchases during the year	7,107.99	1,548.43
Less : Inventory at the end of the year	943.29	420.89
	6,585.59	1,127.54

25 Purchase of stock in trade

	For the year ended 31 March 2020	For the year ended 31 March 2019
- Traded goods	170.34	-
	170.34	-

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(All amounts in Indian Rs. lakhs, unless otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
26 Changes in inventories of finished goods and work in progress		
Stock at the end of the period:		
Work-in-progress	44.34	29.24
Finished goods	97.62	103.05
	141.96	**132.29**
Stock at the beginning of the period:		
Work-in-progress	29.24	-
Finished goods	103.05	-
	132.29	-
Net (increase)/ decrease in stock	**(9.67)**	**(132.29)**

	For the year ended 31 March 2020	For the year ended 31 March 2019
27 Employee benefit expenses		
Salaries, wages and bonus	318.78	174.01
Contribution to provident and other funds	25.94	19.05
Staff welfare expense	23.42	18.20
	368.14	**211.26**

	For the year ended 31 March 2020	For the year ended 31 March 2019
28 Finance costs		
Interest on		
- Overdraft	115.45	23.39
- Term loans	174.89	40.45
- Lease liabilities	184.70	-
	475.04	**63.84**

	For the year ended 31 March 2020	For the year ended 31 March 2019
29 Depreciation and amortisation expense		
Depreciation on property, plant and equipment (refer note 4A)	387.91	156.03
Amortisation on intangible assets (refer note 4B)	3.73	0.56
	391.64	**156.59**

(All amounts in Indian Rs. lakhs, unless otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
30 Other expenses		
Consumption of stores and spare parts	24.68	34.97
Casual labour	156.69	108.34
Power and fuel	114.82	55.56
Rent	16.87	104.57
Repairs and maintenance	18.92	20.73
Rates and taxes	0.76	1.94
Travelling and conveyance	42.76	30.97
Legal and professional charges	98.53	85.06
Shared services - management and administrative cost	-	6.23
SAP license fee & other charges	19.20	12.81
Insurance	5.76	2.21
Net loss on foreign currency fluctuations	155.23	-
Housekeeping expenses	8.58	4.93
Security expenses	14.20	5.43
Interest cost	3.92	-
Freight and other distribution overheads	56.01	7.99
Printing and stationery	6.21	17.54
Payment to auditors*	16.26	18.02
Directors sitting fees	4.05	3.37
Bank charges	11.16	10.72
Miscellaneous expenses	10.03	6.57
	784.64	**537.96**

* Payments to auditors (excluding Goods and service tax)		
Statutory audit	12.00	12.00
Other services	3.00	5.00
Reimbursement of expenses	1.26	1.02
	16.26	**18.02**

31 Earnings/ (loss) per share (EPS)

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 2020	For the year ended 31 March 2019
Net loss after tax as per Statement of Profit and Loss	(1,213.13)	(593.77)
Net loss attributable to equity shares for basic and diluted earnings	**(1,213.13)**	**(593.77)**
Weighted average number of equity shares :		
for Basic EPS	15,070,000	15,070,000
for Diluted EPS	15,070,000	15,070,000
Basic earnings/ (loss) per share of Rs. 10 each (in Rs.)	**(8.05)**	**(3.94)**
Diluted earnings/ (loss) per share of Rs. 10 each (in Rs.)	**(8.05)**	**(3.94)**

32 Capital commitments and contingent liabilities

a) Capital commitments (net of advance)

Estimated amount of contracts remaining to be executed on capital account and not provided for amounts to Rs 7.87 lakhs (net of advances Rs Nil); 31 March 2019: Rs 34.54 lakhs (net of advances of Rs Nil)

b) Contingent liabilities

The Company has availed MSIP Incentive from the Ministry of Electronics as at 31 March 2020 amounting to Rs 520.58 lakhs (31 March 2019 : Rs 342.38 lakhs). 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.

c) There are no litigations as at 31 March 2020

33 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 and related development services since the risk and rewards from these activities 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		As at 31 March 2020	As at 31 March 2019
Revenue from operations	Within India	7,528.72	1,346.64
	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 2020	For the year ended 31 March 2019
Customer A	1,649.28	1,261.15
Customer B	5,412.91	-

*The Company has opted not to disclose the identity of the customer.

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 2020	As at 31 March 2019
Non-current assets	Within India	3,713.06	2,226.43
	Outside India	-	-

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

Based on the information available from the vendors, the Company has identified and disclosed information under the Micro, Small and Medium Enterprises Development Act, 2006 is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
The amounts remaining unpaid to suppliers as at the end of the year		
- Principal	68.18	15.21
- Interest	0.47	-
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	-	-

The Company's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 37

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(All amounts in Indian Rs. lakhs, unless otherwise stated)

35 Deferred tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Deferred tax assets are attributable to the following:		
- Expenditure covered by section 43B	2.77	5.58
- Carried forward business loss and unabsorbed depreciation	556.48	280.56
- Excess disallowance for Right-of-use assets	60.86	-
- Excess disallowance for amortisation of security deposit	0.14	-
Deferred tax liabilities are attributable to the following:		
- Depreciable assets	(114.12)	(124.10)
Deferred tax assets (net)	**506.12**	**162.04**
Deferred tax assets not recognised*	(506.12)	(162.04)
Deferred tax liabilities (net)	-	-

*Deferred 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.

36 Related party disclosures

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 exists 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 relationship	**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 Minda Rinder Private Limited
Key management personnel	V J Rao (w.e.f. 3 April 2017) Okomato (w.e.f. 3 April 2017) J K Menon (w.e.f. 3 April 2017) Keiji Nakajima (w.e.f. 27 September 2017) Masahiro Uda (w.e.f. 8 October 2019) Paridhi Minda (w.e.f. 01 November 2018) Dinesh Prakash Agrawal, Chief Financial Officer Amit Aswal, Company Secretary
Entities over which key management personnel has influence	Minda Investments Limited Singhal Fincap Limited Minda TTE Daps Private Limited

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36 Related party disclosures (Contd.)

(b) Transactions with related parties:

Related party	Nature of transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
Minda Industries Limited	Sale of components	219.59	13.29
	Purchase of goods	186.83	127.99
	Legal and professional charges	74.15	70.43
	Shared services - management and administrative cost	-	3.11
	Guest house charges	1.04	
	Services rendered	6.78	-
	Development cost recovery	8.64	
	Reimbursement of expenses	2.53	-
	SAP license fee & other charges	19.20	12.81
Mindarika Private Limited	Sale of products	178.08	41.94
	Development cost recovery	1.21	13.43
	Shared services	10.21	-
	Reimbursement of expenses	0.86	-
	Purchase of goods	130.73	8.39
Minda Rinder Private Limited	Sale of products	1,649.02	1,237.06
	Development cost recovery	0.26	24.09
	Purchase of goods	655.02	504.40
Minda TTE Daps Private Limited	Sale of products	29.33	-
	Development cost recovery	29.45	-
	Purchase of goods	57.83	-
Katolec Corporation	Shared services - management and administrative cost	-	3.11
	Purchase of fixed asset	46.46	64.15
Minda Investments Limited	Loan given	-	-
	Loan repaid	-	-
	Interest received	-	-
	Security deposit given	-	-
	Rent paid	118.61	99.83
Singhal Fincap Limited	Loan taken	300.00	1,000.00
	Loan repaid	800.00	-
	Interest paid	54.38	-
Keiji Nakajima	Directors sitting fees	1.75	1.90
Deepali Chandoke	Directors sitting fees	1.10	1.47
Anil Kalra	Directors sitting fees	1.20	-
Dinesh Prakash Agrawal	Short term benefits	18.52	15.69
Amit Aswal	Short term benefits	5.06	3.67

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(All amounts in Indian Rs. lakhs, unless otherwise stated)

36 Related party disclosures (Contd.)

(c) Outstanding balances as at period end:

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables		
Minda Industries Limited	153.12	66.39
Mindarika Private Limited	108.93	0.98
Minda Rinder Private Limited	137.52	7.10
Katolec Corporation	108.27	67.82
Minda Investments Limited	20.41	-
Minda TTE Daps Private Limited	68.46	-
Trade receivables		
Minda Industries Limited	35.60	15.70
Mindarika Private Limited	139.37	21.60
Minda Rinder Private Limited	318.07	237.38
Minda TTE Daps Private Limited	36.96	-
Loan outstanding		
Singhal Fincap Limited	500.00	1,000.00
Interest accrued and due on loan		
Singhal Fincap Limited	9.54	-
Loan - Security deposit given		
Minda Investments Limited	10.00	10.00
Salary payable		
Dinesh Prakash Agrawal	-	1.43
Amit Aswal	-	0.35

Notes:

a) Based on the analysis done by the independent consultant and internal evaluation, the Company has concluded that all related party transactions are carried out on arms length basis.

b) 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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37 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 changes in market prices - such as pricing, currency risk and interest rate risk- will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.
The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 31 March 2019

(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 2020			As at 31 March 2019		
	Foreign currency Amount in absolute terms	Exchange rate (in Rs.)	Amount	Foreign currency Amount in absolute terms	Exchange rate (in Rs.)	Amount
Trade & Capital creditors						
USD	1,340,186	75.39	1,010.31	388,640	69.17	268.83
JPY	16,839,800	0.70	117.29	109,377,000	0.63	683.83
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 2020		31 March 2019	
Particulars	Change +1%	Change -1%	Change +1%	Change -1%
Trade & Capital Creditors				
USD	(10.10)	10.10	(2.69)	2.69
JPY	(1.17)	1.17	(6.84)	6.84
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 2020	On demand	Less than 3 months	3 to 12 months	1-5 Years	More than 5 Years	Total
Borrowings	1,510.76	83.70	251.10	1,130.30	-	2,975.86
Lease liabilities	-	15.14	44.38	224.12	1,694.91	1,978.56
Trade payables	-	1,596.06	326.63	-	-	1,922.69
Other financial liabilities	-	529.77	-	-	-	529.77
As at 31 March 2019	**On demand**	**Less than 3 months**	**3 to 12 months**	**1-5 Years**	**More than 5 Years**	**Total**
Borrowings	1,445.00	-	-	-	-	1,445.00
Lease liabilities	-	-	-	-	-	-
Trade payables	-	639.60	-	-	-	639.60
Other financial liabilities	-	972.69	-	-	-	972.69

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.

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

37 Financial risk management (Contd.)

(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. There have been no bad debts observed during previous years

The table below summarises the ageing bracket of trade receivables.

	Carrying Amount 31 March 2020	Carrying Amount 31 March 2019
Current (not past due)	301 37	178 62
1-30 days past due	428 48	98 49
31-60 days past due	42 20	7 00
61-90 days past due	-	7 54
More than 90 days past due	1 40	3 92

(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 of 0 5 % in interest rates on that portion of borrowings affected, with all other variables held constant, the Company's profit/ (loss) before tax is affected through the impact on floating rate borrowings (refer note 15 for present rate of borrowings), 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:-

Particulars	Impact on profit/ (loss) 31 March 2020	31 March 2019
Increase by 0.5%	(14 88)	(7 23)
Decrease by 0.5%	14 88	7 23

38 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/loss before tax and exceptional items plus depreciation and amortization expense plus finance costs) The company's strategy is to ensure that the net debt to EBITDA is managed at an optimum level considering the above factors The net debt to EBITDA ratios are as follows:

	As at 31 March 2020	As at 31 March 2019
Adjusted net debt	2,587 97	1,439 80
EBITDA	(363 78)	(369 25)
Ratio	**(7.11)**	**(3.90)**

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Minda Katolec Electronics Pvt Ltd

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

39 Employee benefits

(a) Assets and liabilities relating to employee benefits

	As at 31 March 2020	As at 31 March 2019
Non-current		
Gratuity (refer note 17)	19.20	9.34
Compensated absence	6.38	11.35
	25.57	**20.69**
Current		
Gratuity (refer note 17)	0.20	0.19
Compensated absence	0.95	0.57
	1.14	**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

Funding

This is an unfunded benefit plan for qualifying employees

Reconciliation of the net defined benefit (asset) / liability

Reconciliation of present value of defined benefit obligation

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	9.53	0.45
Current service cost	6.28	2.77
Interest cost	0.74	0.04
Benefits paid	(5.04)	-
Actuarial (gain)/ loss recognised in other comprehensive income		
- experience adjustments	(6.04)	6.27
- changes in financial assumptions	2.82	-
- changes in demographic assumptions	0.01	-
Transfer in liability*	11.10	-
Balance at the end of the year	**19.40**	**9.53**

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

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

39 Employee benefits (Contd.)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Expense recognised in Statement of Profit and Loss		
Current service cost	6.28	2.78
Interest cost	0.74	0.04
	7.02	**2.82**
Remeasurements recognised in other comprehensive income		
Actuarial (gain) / loss arising during the year	(3.22)	6.27
	3.80	**9.09**

Defined benefit obligations	As at 31 March 2020	As at 31 March 2019
Actuarial assumptions		
Discount rate (per annum)	6.85%	7.75%
Future salary growth rate (per annum)	8.00%	8.00%
Attrition rate		
upto 30 years	3.00%	3.00%
from 31 - 44 years	2.00%	2.00%
above 44 years	1.00%	1.00%
Assumptions regarding future mortality are based on Indian Assured Lives Mortality	(IALM) (2012-14) rates	(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:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	16.32	23.25	8.13	11.27
Future salary growth rate (1% movement)	23.17	16.32	11.25	8.12
Attrition rate (50% of attrition rates)	18.88	19.99	9.43	9.65
Mortality rate (10% of mortality rates)	19.40	19.42	9.54	9.53

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

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 2020	As at 31 March 2019
Within 1 year	0.20	0.19
2-5 years	1.26	0.81
6-10 years	2.41	1.30
More than 10 years	74.33	39.65

(c) Defined contribution plans

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

	For the year ended 31 March 2020	For the year ended 31 March 2019
Provident fund	17.54	9.03
Employees' state insurance scheme	1.37	0.93
	18.91	**9.96**

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.

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

40 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 2020		As at 31 March 2019	
	Carrying value	Amortized cost	Carrying value	Amortized cost
1) Financial assets				
Trade receivables	773 45	773 45	295 57	295 57
Cash and cash equivalents	53 09	53 09	5 20	5 20
Other balances with banks	76 63	76 63	15 60	15 60
Other non current financial assets	-	-	56 00	56.00
Other current financial assets	165 85	165 85	166 01	166.01
Total	**1,069.02**	**1,069.02**	**538.38**	**538.38**
2) Financial liabilities				
Borrowings	2,641 06	2,641 06	1,445 00	1,445
Lease liabilities	1,978 56	1,978 56	-	-
Trade payables	1,922.69	1,922 69	639 60	639 60
Other financial liabilities	470 24	470 24	972.69	972.69
Total	**7,012.55**	**7,012.55**	**3,057.29**	**3,057.29**

Note- Management has assessed that trade receivables, cash and cash equivalents, other bank balances, security deposit, other financial assets, borrowings, 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

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

Level 1: Level I 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-the counter 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

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

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

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Minda Katolec Electronics Services Pvt. Ltd.

Minda Katolec Electronics Services Private Limited
Notes to the financial statements for the year ended 31 March 2020
(All amounts in Indian Rs. lakhs, unless otherwise stated)

41 Impact of COVID-19 on financial statements:

In view of the pandemic relating to COVID-19, the Company has considered internal and external information and has performed an analysis based on current estimates while assessing the recoverability of property plant and equipment, right-of-use assets, trade receivables, other current and financial assets, for any possible impact on the financial statements. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial reporting controls etc. and is of the view that based on its present assessment, this situation does not materially impact the financial statements. Further, Reserve Bank of India has granted relief to borrowers by way of moratorium of interest and principal instalments falling due to banks and financial institutions. This will largely mitigate any stress on cash flows.

However, the actual impact of COVID-19 on the financial statement may differ from that estimated due to unforeseen circumstances and the Company will continue to closely monitor any material changes to future economic conditions.

42 As at 31 March 2020, the Company's net worth has been completely eroded and it has accumulated losses of Rs. 1,207.66 lakhs (31 March 2019 : Rs. 602.88 lakhs) and its current liabilities exceeded its current assets by Rs. 1,091.99 lakhs. The Company has received letters from the shareholders of the Company for financial and operational support for a period of next twelve months. Further, the shareholders have committed to infuse additional share capital of Rs. 2,000 lakhs by June 2020. In view of future business plan and continued support from the shareholder, the financial statements have been prepared on a going concern basis.

As per our report of even date attached

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

Kanika Kohli
Partner
Membership No: 511565

Place: New Delhi
Date: 16 June 2020

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

V J Rao
Managing Director
DIN: 06963855

Place: Pune
Date: 16 June 2020

Masahiro Uda
Director
DIN: 08576349

Place: Tokyo, Japan
Date: 16 June 2020

Dinesh Agrawal
Chief Financial Officer

Place: Pune
Date: 16 June 2020

Amit Aswal
Company Secretary
M. No.: A50154

Place: Gurugram
Date: 16 June 2020

Minda Katolec Electronics Services Pvt. Ltd.