Minda Katolec Electronics Services Private Limited

Statutory Audit for the year ended

31 March 2018

B S R & Co. LLP
Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

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INDEPENDENT AUDITOR'S REPORT

To the Members of Minda Katolec Electronics Services Private Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Minda Katolec Electronics Services Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the period then ended and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive incomes, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its loss and other comprehensive income, changes in equity and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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

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

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

   e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

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

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since, they do not pertain to the financial year ended 31 March 2018. Further, since the Company was incorporated on 3 April 2017, reporting under this clause was not applicable to the Company in the previous year as well.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Tarun

Tarun Gupta
Partner
Membership No.: 507892

Place: Gurugram
Date: 27 April 2018

Annexure A referred to in our Independent Auditor's Report to the Members of Minda Katolec Electronics Services Private Limited on the Ind AS financial statements for the period ended 31 March 2018

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (intangible assets).

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this program, fixed assets were verified during the period. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were observed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no immovable properties were owned by the Company during the period.

(ii) According to the information and explanations given to us, the inventories, have been physically verified by the management during the period at reasonable intervals. In our opinion, the frequency of such verification is reasonable. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.

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

(iv) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, there were no loans, investment, guarantees and securities, where provisions of Section 185 and 186 of the Act were required to be complied with, except in case of a loan made during the period for which the provisions of Section 186 are complied with.

(v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) to Section 148 of the Companies Act, 2013 in respect of any activities undertaken by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Goods and Service Tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues, to the extent applicable, have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Goods and Service Tax, Service tax, Duty of Customs, Duty of Excise, Value Added tax, Cess and other material statutory dues, to the extent applicable, were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, and on the basis of the records of the Company examined by us, there are no dues of Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanations given to us, the Company did not have any loans or borrowings from banks or financial institutions or government and there are no dues to debenture holders during the period.

(ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instrument) or term loans during the period. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with provisions of Section 197 read with Schedule V of the Companies Act, 2013.

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

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable, and the details have been disclosed in the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of its shares or fully or partly convertible debentures during the period. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Tarun

Tarun Gupta
Partner
Membership No.: 507892

Place: Gurugram
Date : 27 April 2018

Annexure B to the Independent Auditor's Report of even date on the Ind AS financial statements of Minda Katolec Electronics Services Private Limited for the period ended 31 March 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Minda Katolec Electronics Services Private Limited,("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on 'Audit of Internal Financial Controls over Financial Reporting' issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control over financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:101248W/W-100022

Tarun

Tarun Gupta
Partner
Membership No.: 507892

Place: Gurugram
Date: 27 April 2018

Minda Katolec Electronics Services Private Limited
Balance Sheet as at 31 March 2018
(All amounts in Indian ₹ lakhs, unless otherwise stated)
CIN: U35999DL2017PTC315486

	Note	As at 31-Mar-18
ASSETS		
Non-current assets		
Intangible assets	4	0.14
Financial assets		
(i) Loan	5	1.02
Deferred tax assets (net)	27	4.08
Other non-current assets	6	512.84
Total non-current assets		**518.08**
Current assets		
Financial assets		
(i) Trade receivables	7	13.52
(ii) Cash and cash equivalents	8	220.65
(iii) Bank balances other than cash and cash equivalents	9	725.00
(iv) Other current financial assets	10	12.33
Other current assets	11	11.97
Total current assets		**983.47**
Total assets		**1,501.55**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	12	1,507.00
Other equity		(46.75)
Total equity		**1,460.25**
Liabilities		
Non-current liabilities		
Provisions	13	0.99
Current liabilities		
Financial liabilities		
(i) Trade payables	14	
Total outstanding dues of micro enterprises and small enterprises		-
Total outstanding dues of creditors other than micro enterprises and small enterprises		21.64
(ii) Other financial liabilities	15	1.41
Other current liabilities	16	4.93
Current tax liabilities (net)	17	12.33
Total current liabilities		**41.30**
Total equity and liabilities		**1,501.55**

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

In terms of our report attached

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

Tarun

Tarun Gupta
Partner
Membership No: 507892

Place: Gurgaon
Date: 27th April.,2018

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

V J Rao
Managing Director
DIN: 06963855

Shinichi Sano
Shinichi Sano
Director
DIN: 07759487

Anil Aswal
Company Secretary
M.No: A50154

Minda Katolec Electronics Services Private Limited
Statement of Profit and Loss for the period ended 31 March 2018
(All amounts in Indian ₹ lakhs, unless otherwise stated)
CIN: U35999DL2017PTC315486

	Note	Period from 3 April 2017 to 31 March 2018
Income		
Revenue from operations	18	11.13
Other income	19	66.66
Total income		77.79
Expenses		
Purchase of stock in trade		11.13
Changes in inventories of finished goods, work in progress and stock in trade	20	-
Employee benefit expenses	21	46.96
Depreciation and amortization	22	0.01
Other expenses	23	53.19
Total expenses		111.29
Loss for the period before tax		(33.50)
Income tax expense	27	
Current tax		17.33
Deferred tax credit		4.08
Tax expense		**13.25**
Loss for the period after tax		(46.75)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit liability (asset)		-
Other comprehensive income for the period, net of income tax		-
Total comprehensive income for the period		**(46.75)**
Earnings/ (loss) per equity share in ₹ [nominal value of share ₹ 10	**24**	
Basic		(0.31)
Diluted		(0.31)

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

In terms of our report attached

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

Tarun

Tarun Gupta
Partner
Membership No.: 507892

Place: Gurgaon
Date: 27th April.,2018

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Company Secretary
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Minda Katolec Electronics Services Private Limited
Cash Flow Statement for the period ended 31 March 2018
(All amounts in Indian ₹ lakhs, unless otherwise stated)
CIN: U35999DL2017PTC315486

	Period from 3 April 2017 to 31 March 2018
Cash flows from/ (used in) operating activities :	
Profit before tax	-33.50
Adjustments for:	
Depreciation and amortisation	0.01
Interest income on fixed deposits	-66.66
Operating (loss) before working capital changes	-100.14
Adjustments before working capital changes:	
(Increase) in other current financial assets	-12.33
(Increase) in trade receivables	-13.52
(Increase) in financial asset	-1.02
(Increase) in other current assets	-11.97
Increase in trade payable	21.64
Increase in other financial liabilities	1.41
Increase in non current provision	0.99
Increase in other current liabilities	4.93
Adjustments of working capital changes:	-9.87
Cash generated (used in) operations	-110.02
Income tax paid	-5.00
Net Cash flows used in operating activities (A)	**-115.02**
B. Cash flows from investing activities	
Advance for property, plant & equipment	-512.84
Fixed deposits	-725.00
Loan given	-190.00
Loan received back	190.00
Purchase of intangible assets	-0.15
Interest received on fixed deposits	66.66
Net cash used in investing activities (B)	**-1,171.33**
C. Cash flows from financing activities	
Proceeds from issue of share	1,507.00
Net cash from financing activities (C)	**1,507.00**
Net increase/ (decrease) in cash and cash equivalents(A+B+C)	**220.65**
Cash and cash equivalents as at opening	-
Cash and cash equivalents as at closing	**220.65**
Balances with banks:	
- on current accounts	220.65
Cash and cash equivalents at the end of the year	**220.65**

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

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

In terms of our report attached

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

Tarun

Tarun Gupta
Partner
Membership No.: 507892

Place: Gurgaon
Date: 27th April.,2018

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

V J Rao
Managing Director
DIN: 06963355

Shinichi Sano
Director
DIN: 07759487

Ankit Aswal
Company Secretary
M.No. A50154

Minda Katolec Electronics Services Private Limited
Statement of Changes in Equity
(All amounts in Indian ₹ lakhs, unless otherwise stated)
CIN: U35999DL2017PTC315486

a) Equity share capital

Particulars	Note	
Changes in equity share capital during the period	13	1,507.00
Balance as at 31 March 2018		**1,507**

b) Other equity

Particulars	Note	Retained earnings	Total equity
Loss for the period	13	(46.75)	(46.75)
Balance as at 31 March 2018		**(46.75)**	**(46.75)**

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

In terms of our report attached

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

Tarun Gupta
Partner
Membership No.: 507892

Place: Gurgaon
Date: 27th April.,2018

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

V J Rao
Managing Director
DIN: 06963855

Shinichi Sano
Director
DIN: 07759487

Amit Aswal
Company Secretary
M.No. A50154

1. Corporate information

Minda Katolec Electronics Services Private Limited ('the Company') is a private limited company domiciled in India. It was incorporated on 3 April 2017 under the Companies Act, 2013. It is a venture between Minda Industries Limited and Katolec Corporation Japan. The Company is engaged in the business of manufacturing of auto components including auto electrical parts and its accessories.

2. Basis of preparation

A. Statement of compliance

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

The financial statements were authorized for issue by the Company's Board of Directors on 27 April 2018.

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

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, and two decimal, unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

(a) Certain financial assets and liabilities	Amortized cost

D. Use of estimates and judgements

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

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

<u>Judgements</u>

The areas involving critical estimates or judgements are:

- Estimation of current tax and deferred tax – Note 3(k)
- Estimated useful life of intangible asset – Note 3(d)
- Recognition and measurement of provisions and contingencies – Note 3(i)

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

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Minda Katolec Electronics Services Pvt. Ltd.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

a. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at 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 recognized in profit or loss.

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 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.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at
- amortized cost;
- FVTPL

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

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

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

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

Minda Katolec Electronics Services Pvt. Ltd. ★

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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 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 profit or loss. Any gain or loss on derecognition is recognized in 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 profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is 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 profit or loss.

Minda Katolec Electronics Services Pvt. Ltd.

iv. Offsetting

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

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c. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

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

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

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

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 identified twelve months as its operating cycle.

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, if any.

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, and is included in amortization expense in profit or loss.

The estimated useful lives are as follows:

Computer software 6 years

Amortisation method, useful life 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.

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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. Impairment

i. Impairment of financial assets

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.

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 recognizes 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.

a. 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).

b. 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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c. Write-off

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

ii. Impairment of non-financial assets

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

Assets that do not generate independent cash flows are grouped together into cash generating units (CGU).

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

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

f. Leases

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

g. Inventories

Inventories comprise stock-in-trade are carried at the lower of cost and net realisable value.

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

In determining the cost, weighted average cost method is used.

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 comparison of cost and net realisable value is made on an item-by-item basis.

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h. Revenue recognition

(i) Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. The amount recognized as revenue is inclusive of excise duty and exclusive of sales tax, value added taxes (VAT), goods & service tax (GST). This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

(ii) Interest income is recognized using the effective interest method.

i. Provisions

A provision is recognized if, as a result of a past event, the Company has a present 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 determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) 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. Expected future operating losses are not provided for.

j. Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund and ESI to Government administered fund which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

(iii) Defined benefit plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

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

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expense (income) on the net defined benefit liability 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, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Other long term employee benefits

Compensated absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit to such extent is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement.

The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method. Actuarial gains and losses are recognised in Statement of Profit and Loss in the period in which they arise.

k. Income taxes

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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

(ii) Deferred tax

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

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the company recognizes a deferred tax asset only to the extent that it has

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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 on the same taxable entity.

l. Earnings per share

Basic earnings/ (loss) 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. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed to be converted as of the beginning of the period, unless they have been issued at a later date.

m. Contingent liabilities

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized 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 recognized in the period in which the change occurs.

n. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker (CODM) is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

o. 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, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

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p. Recent accounting pronouncement

Standards issued but not yet effective

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not reasonably estimable as at present.

(i) Sales of goods

For the sale of goods, revenue is currently recognised when the goods are delivered, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership are transferred. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under Ind AS 115, revenue will be recognised when a customer obtains control of the goods. The revenue from these contracts will be recognised as the products are being manufactured. The Company's initial assessment indicates that this will result in revenue, and some associated costs, for these contracts being recognised earlier than at present – i.e. before the goods are delivered to the customers' premises.

(ii) Transition

The Company plans to apply Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018) in retained earnings. As a result, the Company will not present relevant individual line items appearing under comparative period presentation.

Appendix B to Ind AS 21, foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

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

4 Intangible assets

Particulars	Computer Software	Total
Additions during the period	0.15	0.15
Balance at 31 March 2018	**0.15**	**0.15**
Amortisation for the period	0.01	0.01
Balance at 31 March 2018	**0.01**	**0.01**
Carrying amount (net)		
At 31 March 2018	**0.14**	**0.14**

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

	As at 31 March 2018
5 Loan	
Security deposits	1.02
	1.02

	As at 31 March 2018
6 Other non-current assets	
Capital advances	504.23
Prepaid expense	8.61
	512.84

	As at 31 March 2018
7 Trade receivables *	
(Unsecured, considered good unless otherwise stated)	
Unsecured considered good	13.52
	13.52
Less: Provision for doubtful receivables	-
	13.52

*The Company's exposure to market risk, liquidity risk and credit risks related to the above financial assets is disclosed in Note 29

	As at 31 March 2018
8 Cash and cash equivalents	
- Balances with banks	
On current accounts	220.65
	220.65

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

	As at 31 March 2018
10 Other current financial assets	
Interest receivable	12.33
	12.33

	As at 31 March 2018
11 Other current assets (unsecured, considered good unless otherwise stated)	
Advance to supplier	1.33
Balances with government authorities	10.34
Prepaid expense	0.30
	11.97

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Minda Katolec Electronics Services Pvt. Ltd.

Minda Katolec Electronics Services Private Limited
Notes forming part of the financial statements for the period ended 31 March 2018
(All amounts in Indian ₹ lakhs, unless otherwise stated)

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

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

	Number	Amount
Equity shares		
Opening balance	-	-
Add: Issued during the period	15,070,000	1,507.00
Closing balance	15,070,000	1,507.00

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

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion of the number of equity shares held by the shareholders.

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

	As at 31 March 2018	
Class of shares / Name of shareholder	**Number of shares held**	**% holding in that class of shares**
Equity shares of Rs. 10 each fully paid		
Minda Industries Limited (including nominee shareholders), holding company	7,685,700	51.00%
Katolec Corporation	7,384,300	49.00%

Minda Katolec Electronics Services Private Limited
Notes forming part of the financial statements for the period ended 31 March 2018
(All amounts in Indian ₹ lakhs, unless otherwise stated)

	As at 31 March 2018
13 Provisions	
Gratuity (refer to note 31)	0.45
Compensated absence	0.54
	0.99

	As at 31 March 2018
14 Trade payables	
Trade payables	
Total outstanding dues of micro enterprises and small enterprises*	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	21.64
	21.64

* For dues to micro and small enterprises refer to note 26.
The Company's exposure to market risk, liquidity risk and credit risks related to the above financial assets is disclosed in Note 29

	As at 31 March 2018
15 Other financial liabilities	
Others	
- Payable to employees	1.41
	1.41

	As at 31 March 2018
16 Other current liabilities	
Statutory dues	4.93
	4.93

	As at 31 March 2018
17 Current tax liabilities (net)	
Provision for tax (net of advance tax ₹ 5.00 lacs)	12.33
	12.33

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Minda Katolec Electronics Services Pvt. Ltd.

Minda Katolec Electronics Services Private Limited
Notes forming part of the financial statements for the period ended 31 March 2018
(All amounts in Indian ₹ lakhs, unless otherwise stated)

18 Revenue from operations

	Period from 3 April 2017 to 31 March 2018
Sale of products	
Traded goods	11.13
	11.13

19 Other income

	Period from 3 April 2017 to 31 March 2018
Interest income on fixed deposits and others	66.63
Miscellaneous income	0.03
	66.66

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Minda Katolec Electronics Services Pvt. Ltd.

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

	Period from 3 April 2017 to 31 March 2018
20 Changes in inventories of finished goods, work in progress and stock in trade	
Inventories at the end of the period	-
	-
Inventories at the beginning of the period	-
Net (increase)/ decrease in stock	-

	Period from 3 April 2017 to 31 March 2018
21 Employee benefits expense	
Salaries, wages and bonus	45.55
Contribution to provident fund	1.07
Staff welfare expense	0.34
	46.96

	Period from 3 April 2017 to 31 March 2018
22 Depreciation and amortisation	
Amortisation on intangible assets	0.01
	0.01

	Period from 3 April 2017 to 31 March 2018
23 Other expenses	
Rates and taxes	6.02
Legal and professional charges	29.80
Insurance	0.55
Payment to auditors*	8.15
Directors sitting fees	1.20
Bank charges	0.13
Miscellaneous expenses	7.34
	53.19
Note:	
* Payments to auditors (excluding goods and service tax)	
Audit	6.00
Other services	2.00
Outlays	0.15
	8.15

	Period from 3 April 2017 to 31 March 2018
24 Earnings/ (loss) per share	
Net loss after tax as per Statement of Profit and loss	(46.75)
Net profit/ (loss) attributable to equity shares	(46.75)
Weighted average number of Equity Shares (in Nos.):	
for Basic EPS	14,987,425
for Diluted EPS	14,987,425
Basic earnings/ (loss) per share in rupees	(0.31)
Diluted earnings/ (loss) per share in rupees	(0.31)

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

25 **Operating lease :**

The Company has taken premises on operating lease.

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

Particulars	31-Mar-18
Payable within one year	103.69
Payable between one to five years	469.26
Payable after five years	5,889.25
Total	**6,462.20**

The Company has taken the premises on operating lease during the period, however, rental expense will commence from next financial year.

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

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

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

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

		Period ended 31 March 2018
27	**Income taxes :**	
A	Amount recognised in Statement of Profit and Loss	
	Current tax	
	Current period (a)	17.33
	Deferred tax asset (net) (b)	
	Attributable to:	
	- deduction allowable u/s 35 D (preliminery expenses)	4.08
	Tax expense	**13.25**

		31-Mar-18		
		Before tax	**Tax (expense)/ benefit**	**Net of tax**
B	**Income tax recognised in other comprehensive income**			
	Remeasurements of defined benefit liability (asset)	-	-	-
		-	-	-

		Period ended 31 March 2018
C	**Reconciliation of effective tax reco**	
	(Loss) before tax	**(33.50)**
	Enacted tax rates in India	**26.00%**
	Computed tax expense	(8.71)
	Tax effect of expenses that are not deductible for tax purposes	26.04
	Deferred tax assets	(4.08)
	Income tax expense	**13.25**

		As at 31 March 2018
D	**Recognised deferred tax assets (net)**	
	Deferred tax assets are attributable to the following:	
	- deduction allowable u/s 35 D (preliminery expenses)	4.08
	Deferred tax assets (net)	**4.08**

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

Nature of related party transaction	Name of related party
Joint Venturers	Minda Industries Limited Katolec Corporation, Japan
Fellow subsidiaries with whom transactions have taken place	Mindarika Private Limited Rinder India Private Limited
Key management personnel	V J Rao (With effect from 3 April 2017) Shinichi Sano (With effect from 3 April 2017) Keiji Nakajima (With effect from 27 September 2017) Deepali Chandoke (With effect from 27 September 2017)
Entities over which key management personnel has influence	Minda Investments Limited

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

(b) Details of transactions / balances with related parties:

Related party	Nature of transaction	For the period ended 31 March 2018
Transactions during the period		
Minda Industries Limited	Purchase of stock-in-trade	11.13
Mindarika Private Limited	Sale of products	3.98
Rinder India Private Limited	Sale of products	7.14
Minda Investments Limited	Loan Given	190.00
	Loan Repaid	190.00
	Interest Received	4.54
	Security Deposit given	10.00

Related party	As at March 31, 2018
Balance as at period end	
Trade payables	
Minda Industries Limited	13.53
Trade receivables	
Mindarika Private Limited	5.09
Rinder India Private Limited	8.43
Loan	
Minda Investments Limited	10.00

(c) Key mangerial personnel compensation

Particulars	**31-Mar-18**
Directors sitting fees	1.20
Total compensation	**1.20**

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29 Financial risk management

The Company, as an active supplier for the automobile industry expose its business and products to various market risks, liquidity risk and credit risk. The regulations, instructions, implementation rules and in particular, the regular communication throughout the tightly controlled management process consisting of planning, controlling and monitoring collectively form the risk management system used to define, record and minimise operating, financial and strategic risks. Below notes explain the sources of risks in which the Company is exposed to and how it manages the risks:

a) Market risk

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

(i) Foreign currency risk

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

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Particulars of un-hedged foreign currency exposure

Currency	As at 31 March 2018		
	Foreign currency Amount	Exchange rate (in `)	Rupees in Lakhs
Capital advances			
USD	61,425	65.31	40.12
JPY	75,075,000	0.62	464.11

Foreign currency risk sensitivity
The following tables demonstrate the sensitivity to a reasonably possible change in USD, Euro 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 2018	
Particulars	**Change +1%**	**Change -1%**
Capital advances		
USD	(0.40)	0.40
JPY	(4.64)	4.64

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 2018	On demand	Less than 3 months	3 to 12 months	1-5 Years	More than 5 Years	Total
Trade payable	-	21.64	-	-	-	21.64
Other financial liabilities	-	1.41	-	-	-	1.41

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c. Credit risk

Credit risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade receivables

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

An impairment analysis is performed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of financial assets (trade receivable) disclosed in Note 7. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are operating in different segments. Since, the Company is in its first year of operations. Hence, no past records of bad debts have been observed.

The table below summarises the ageing bracket of trade recievables.

Particulars	Carrying Amount 31-Mar-18
Current (not past due)	13.52
1-30 days past due	
31-60 days past due	
61-90 days past due	
More than 90 days past due	

(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.

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30 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. Since, the Company is cash positive, it deposits the excess cash in bank deposits.

31 Employee benefits

a) Assets and liabilities relating to employee benefits	As at 31 March 2018
Non-current	
Gratuity (refer to note 31)	0.45
Compensated absence	0.54
	0.99

(b) Defined benefit plans

Considering the current operations, the Company has made provision for gratuity on an arithmetic basis. As per the Company's assessment, the difference between the arithmetic provision vis-a-vis actuarial valuation should not be significant for the defined benefit obligation. Further, the requisite details required for defined benefit plans as required by Indian Accounting Standard - 19 'Employee Benefits' is not available with the Company.

Funding

This is an unfunded benefit plan for qualifying employees.

(c)Defined contribution plans

The Company makes contribution towards employees' provident fund. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme, to these defined contribution schemes. The Company has recognised Rs 1.07 lakhs during the year as expense towards contribution to these plans.

	As at 31 March 2018
Provident fund	1.07
	1.07

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

32 Fair value measurements

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, 2018	
	Carrying Value	Amortized cost
1) Financial assets at amortized cost		
Trade receivables	13.52	13.52
Cash and cash equivalents	220.65	220.65
Other bank balances	725.00	725.00
Security deposit (Non Current)	1.02	1.02
Interest receivable	12.33	12.33
Total	**972.52**	**972.52**
2) Financial liabilities at amortized cost		
Trade payables	21.64	21.64
Other financial liabilities	1.41	1.41
Total	**23.04**	**23.04**

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

33 Operating Segments

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, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Board of Directors and the Company has only one reportable business segment i.e. Automotive Electrical parts.

Segment reporting - Geographical segments

Segment information for the period ended

Revenue from operations

Particulars	For the period ended 31 March 2018
India	11.13
Outside India	-
Total	**11.13**

Trade receivables

Particulars	For the period ended 31 March 2018
India	13.52
Outside India	-
Total	**13.52**

Non-current assets

Particulars	For the period ended 31 March 2018
India	514.00
Outside India	-
Total	**514.00**

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34 The Company was incorporated on 3 April 2017 and hence, the financial statements pertain to the period from 3 April 2017 to 31 March 2018. Being the first year of incorporation, previous year figures are not available.

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

Tarun

Tarun Gupta
Partner
Membership No. 507892
Place : Gurgaon
Date : 27th April.,2018

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

V J Rao

V J Rao
Managing Director
DIN: 06963855

Shinichi Sano

Shinichi Sano
Director
DIN: 07759487

Amit Aswal
Company Secretary
M.No. A50154