# MINDA VAST ACCESS SYSTEMS PRIVATE LIMITED

# AUDIT REPORT & FINANCIALS

# FOR THE YEAR ENDED

# MARCH 31ST, 2017

B S R & Co. LLP
Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
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# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF MINDA VAST ACCESS SYSTEMS PRIVATE LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **Minda Vast Access Systems Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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, 2017, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ('Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order.

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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

(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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;

ii. The Company did not have any long term contracts including derivate contracts 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; and

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on our audit procedures and relying on the management representations, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management – Refer note 15 to the financial statements.

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

**Shashank Agarwal**
*Partner*
Membership No.: 095109

Place: Gurgaon
Date: 03 May 2017

**Annexure A referred to in our Independent Auditor's Report to the members of Minda Vast Access Systems Private Limited on the financial statements for the year ended 31 March 2017.**

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this 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 noticed on such verification and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.

(ii) The inventories, except goods in transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained. According to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Further, there are no Firms or Limited Liability Partnership covered in the register required under section 189 of the Companies Act, 2013.

(iv) According to information and explanations given to us and based on the basis of our examination of the records of the Company, the Company has not undertaken any transaction in respect of loan, guarantee and securities covered under section 185 of the Companies Act, 2013. The Company has not made any investment as referred in section 186(1) of the Act, other requirements relating to section 186 do not apply to the Company.

(v) As per 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 Companies Act, 2013 and the rules framed there under. Accordingly, para 3(v) of the order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the activities performed 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, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company 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, Service tax, Duty

of customs, Duty of excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no disputed dues in respect of Duty of customs, Duty of Excise and Value added tax which have not been deposited with the appropriate authorities. The following dues of Income tax, Service tax and Sales tax have not been deposited with the appropriate authorities on account of disputes:

| Name of the statute | Nature of the dues | Amount (Rupees in lacs)* | Period to which the amount relates | Payment under protest in (Rupees in lacs) | Forum where dispute is pending |
|---|---|---|---|---|---|
| Income-tax Act, 1961 | Income-tax | 27.18 | 2007-2008 | - | Commissioner Appeals |
| Income-tax Act, 1961 | Income-tax | 58.13 | 2010-2011 | - | Commissioner Appeals |
| Income-tax Act, 1961 | Income-tax | 138.32 | 2013-2014 | - | Assessing Officer |
| Central Excise Act, 1944 | Service tax | 31.49 | 2013-2014 | 17.03 | Commissioner Appeals |
| Central Sales Tax Act, 1956 | Sales Tax | 204.05 | 2008-2009 | 12 | Deputy Commissioner of Sales Tax |

*amount as per demand orders, including interest and penalty, wherever indicated in the said orders.

(viii) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. Further, the Company had no loans or borrowings from government at any time during the year and had not issued any debentures during the year or outstanding as at 31 March 2017.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans were applied for the purposes for which those were raised to the extent utilised during the year.

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

(xi) The Company is a private limited Company and accordingly the requirements as stipulated by the provisions of section 197 read with Schedule V to the Act are not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. 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, there are no transactions with the related parties which are not in compliance with section 188 of the Companies Act, 2013 and the details have been disclosed in

the Financial Statements, as required, by the applicable accounting standards. Further, provision of section 177 of the Act are not applicable to the Company.

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

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

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

**Shashank Agarwal**
*Partner*
Membership No.: 095109

Place: Gurgaon
Date: 03 May 2017

**Annexure B to the Independent Auditor's Report of even date on the financial statements of Minda Vast Access Systems Private Limited for the year ended 31 March 2017**

**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 over financial reporting of Minda Vast Access Systems Private Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year 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 over financial reporting 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 Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting 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.

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

**Shashank Agarwal**
*Partner*
Membership No.: 095109

Place: Gurgaon
Date: 03 May 2017

**Minda Vast Access Systems Private Limited**
**Balance Sheet as at 31 March 2017**

*(Amount in Rs.)*

| | Note | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| Share capital | 3 | 426,654,000 | 426,654,000 |
| Reserves and surplus | 4 | 338,460,457 | 214,044,258 |
| | | **765,114,457** | **640,698,258** |
| **Non-current liabilities** | | | |
| Long-term borrowings | 5 | 776,433 | 9,730,641 |
| Long-term provisions | 6 | 22,293,053 | 49,739,659 |
| | | **23,069,486** | **59,470,300** |
| **Current liabilities** | | | |
| Trade payables | 7 | | |
| - Total dues of creditors other than micro and small enterprises | | 358,720,814 | 374,018,395 |
| - Total dues of micro and small enterprises | | 8,106,786 | - |
| Other current liabilities | 8 | 134,549,773 | 71,012,388 |
| Short-term provisions | 6 | 31,102,077 | 34,353,358 |
| | | **532,479,450** | **479,384,141** |
| **TOTAL** | | **1,320,663,393** | **1,179,552,699** |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Fixed assets | 9 | | |
| -Tangible assets | | 329,367,726 | 325,071,534 |
| -Intangible assets | | 14,749,813 | 16,980,499 |
| -Capital work-in-progress | | 24,246,567 | 6,829,339 |
| Deferred Tax Assets (Net) | 10 | 15,442,123 | 30,670,000 |
| Long-term loans and advances | 11 | 22,653,669 | 9,474,344 |
| | | **406,459,898** | **389,025,716** |
| **Current assets** | | | |
| Current Investments | 12 | 100,000,000 | - |
| Inventories | 13 | 205,853,418 | 219,169,406 |
| Trade receivables | 14 | 185,464,490 | 262,715,246 |
| Cash and bank balances | 15 | 258,192,696 | 161,707,793 |
| Short-term loans and advances | 11 | 152,528,981 | 146,460,649 |
| Other current assets | 16 | 12,163,910 | 473,889 |
| | | **914,203,495** | **790,526,983** |
| **TOTAL** | | **1,320,663,393** | **1,179,552,699** |
| Significant accounting policies | 2 | | |

The accompanying notes from 1 to 40 form an integral part of the financial statements

As per our report of even date attached

*For* **B S R & Co. LLP**
*Chartered Accountants*
Firm registration number: 116231W / W-100024

Shashank Agarwal
*Partner*
Membership No.: 095109

Place: Gurgaon
Date: May 03, 2017

*For* **and on behalf of the Board of Directors of**
**Minda Vast Access Systems Private Limited**

**Ashok Minda**
Director
*(DIN 00054727)*

**Sudhir Kashyap**
Director
*(DIN 06573561)*
Place: Pune
Date: May 03, 2017

**Frank Joseph Krejci**
Director
*(DIN 07121998)*

**Mahendra Naredi**
CFO & Company Secretary
*(AEWPN9414M)*

**Minda Vast Access Systems Private Limited**
**Statement of Profit and Loss for the year ended 31 March 2017**

*(Amount in Rs.)*

| Income | Notes | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| Sale of products (gross) | 17 | 2,755,667,251 | 2,799,562,080 |
| Less: excise duty | 17 | 284,420,370 | 284,305,665 |
| Sale of products (net) | | 2,471,246,881 | 2,515,256,415 |
| Sale of service | 17 | 9,298,462 | 8,755,939 |
| | | 2,480,545,343 | 2,524,012,354 |
| Other operating revenue | 17 | 8,115,965 | 9,251,357 |
| Revenue from operations (net) | | **2,488,661,308** | **2,533,263,711** |
| Other income | 18 | 97,834,485 | 30,198,142 |
| **Total revenue** | | **2,586,495,793** | **2,563,461,853** |
| **Expenses** | | | |
| Cost of materials consumed | 19 | 1,617,227,992 | 1,686,401,240 |
| Cost of tools sold | 20 | 74,535,592 | 51,687,672 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 21 | 15,258,643 | 7,168,938 |
| Employee benefits expense | 22 | 304,295,392 | 281,527,481 |
| Finance costs | 23 | 419,302 | 3,107,009 |
| Depreciation and amortisation expense | 24 | 68,172,947 | 77,166,162 |
| Other expenses | 25 | 332,353,591 | 323,738,282 |
| **Total expenses** | | **2,412,263,459** | **2,430,796,784** |
| **Profit before tax** | | **174,232,334** | **132,665,069** |
| **Income tax expense** | | | |
| - Current tax | | 34,588,258 | 32,500,000 |
| - Deferred tax charge / (credit) | | 15,227,877 | (30,670,000) |
| **Total tax expense** | | **49,816,135** | **1,830,000** |
| **Profit for the year** | | **124,416,199** | **130,835,069** |
| **Earnings per equity share [Par value of Rs. 10 (previous year Rs. 10) per equity share]** (Basic and diluted) | 26 | 2.92 | 3.07 |
| Significant accounting policies | 2 | | |

The accompanying notes from 1 to 40 form an integral part of the financial statements

As per our report of even date attached

*For* **B S R & Co. LLP**
*Chartered Accountants*
Firm registration number: 116231W / W-100024

Shashank Agarwal
*Partner*
Membership No.: 095109

Place: Gurgaon
Date: May 03, 2017

*For* **and on behalf of the Board of Directors of Minda Vast Access Systems Private Limited**

**Ashok Minda**
Director
*(DIN 00054727)*

**Sudhir Kashyap**
Director
*(DIN 06573561)*

**Frank Joseph Krejci**
Director
*(DIN 07121998)*

**Mahendra Naredi**
CFO & Company Secretary
(AEWPN9414M)

Place: Pune
Date: May 03, 2017

**Minda Vast Access Systems Private Limited**
**Statement of Cash Flow for the year ended 31 March 2017**

*(Amount in Rs.)*

| | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| **Net profit before taxation** | **174,232,334** | **132,665,069** |
| **Adjustments for:** | | |
| Depreciation/Amortisation expenses | 68,172,947 | 77,166,162 |
| Interest expense | 419,302 | 4,221,416 |
| Loss on sale / discard of fixed assets | 1,797,495 | 290,598 |
| Bad debts | 12,661,684 | 18,064,379 |
| Foreign exchange differences | 697,690 | (3,222,013) |
| Interest income | (17,643,432) | (933,308) |
| Liabilities / provision no longer required written back | (68,658,423) | (24,236,677) |
| **Operating profit before working capital changes** | **171,679,597** | **204,015,626** |
| **Adjustments for:** | | |
| Decrease / (increase) in trade receivables | 60,243,872 | (7,967,545) |
| Decrease in inventories | 13,315,988 | 57,351,185 |
| (Increase) / decrease in long term / short term loans and advances | (12,525,387) | 28,637,096 |
| Increase / (decrease) in other long term / other current liabilities | 122,902,600 | (3,612,143) |
| (Decrease) / increase in trade payables | (7,626,123) | 113,470,295 |
| (Decrease) / increase in long term and short term provisions | (23,895,966) | 12,947,333 |
| Decrease / (increase) in Other Current Assets | 177,086 | 2,136,626 |
| **Cash generated from operations** | **324,271,667** | **406,978,473** |
| Income tax paid | (54,449,888) | (28,226,560) |
| **Net cash generated from operating activities (A)** | **269,821,779** | **378,751,913** |
| **B. Cash flows from investing activities** | | |
| Purchase of fixed assets | (68,806,382) | (55,005,609) |
| Sale of fixed assets | 1,863,329 | 3,451,099 |
| Purchase of current / non current investments | (2,208,000,000) | - |
| Maturity of investment / investment made in bank deposits (held for initial maturity of more than 3 months or more) (net) | 2,108,000,000 | - |
| Interest received | 5,776,325 | 933,308 |
| **Net cash (used in) / generated investing activities (B)** | **(161,166,728)** | **(50,621,202)** |
| **C. Cash flows from financing activities** | | |
| Repayment of term loans | (11,781,440) | (11,783,954) |
| Movement in working capital loan (net) | - | (152,271,855) |
| Interest paid | (388,708) | (4,731,824) |
| **Net cash used in financing activities (C)** | **(12,170,148)** | **(168,787,633)** |
| **Net decrease in cash and cash equivalents (A + B + C)** | **96,484,903** | **159,343,078** |
| **Cash and cash equivalents at the beginning of the year** | 161,707,793 | 2,364,716 |
| **Cash and cash equivalents at the end of the year** | **258,192,696** | **161,707,793** |
| **Components of cash and cash equivalents** | | |
| Cash on hand | 7,680 | 62,268 |
| Balances with banks | | |
| - On current accounts | 1,627,413 | 10,695,655 |
| - On Fixed deposit | 233,833,562 | 50,233,562 |
| - On Others | 22,724,041 | 100,716,308 |
| Total cash and cash equivalents (Note 16) | **258,192,696** | **161,707,793** |
| Summary of significant accounting policies | 2 | |

**Notes to Cash Flow Statement:**

1. All figures in the brackets indicate a cash outflow or reduction/adjustments.
2. The cash flow has been prepared under the indirect method as set out in the Accounting Standard- 3 on "Cash Flow Statement" specified under Section 133
3. Previous year's figures have been re- grouped where ever necessary to confirm to current year classification.

Significant accounting policies 2

The accompanying notes from 1 to 40 form an integral part of the financial statements

As per our report of even date attached

*For* **B S R & Co. LLP**
*Chartered Accountants*
Firm registration number: 116231W / W-100024

Shashank Agarwal
*Partner*
Membership No.: 095109

Place: Gurgaon
Date: May 03, 2017

*For* **and on behalf of the Board of Directors of**
**Minda Vast Access Systems Private Limited**

**Ashok Minda**
Director
*(DIN 00054727)*

**Frank Joseph Krejci**
Director
*(DIN 07121998)*

**Sudhir Kashyap**
Director
*(DIN 06573561)*
Place: Pune
Date: May 03, 2017

**Mahendra Naredi**
CFO & Company Secretary
(AEWPN9414M)

## 1.1. Corporate information

The Company was incorporated under the Companies Act, 1956 on 3rd January 2007.

During the financial year 2015-2016, the Company became joint venture, w.e.f 1st May,2015 between Minda Management Services Ltd and Vehicle Access Systems Technology, LLC, USA having equal share.

The Company is a market leader in security systems for the automotive industry. The Company manufactures products such as Locks and Keys, Steering Column Locks, Immobilizers, Latches, External and Internal Door Handles.

## 1.2. Basis of preparation

These financial statements have been prepared and presented on a going concern basis, under the historical cost convention on an accrual basis of accounting and comply with the Indian Generally Accepted Accounting Principles (GAAP) and comply with the accounting standards, as prescribed by the Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013 to the extent applicable, as adopted consistently by the Company. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

## 2. Summary of significant accounting policies

### a. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Examples of estimates amongst others, includes provisions of future obligations under employee benefit plans, the useful lives of fixed assets, provision for warranties and sales returns, customer claims, provision for price changes and impairment of assets. Actual result could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

**Current-non-current classification**

All assets and liabilities are classified into current and non-current.

***Assets***

An asset is classified as current when it satisfies any of the following criteria:

(i) It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

**(ii)** It is held primarily for the purpose of being traded;

**(iii)** It is expected to be realised within 12 months after the reporting date; or

**(iv)** It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

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***Liabilities***

A liability is classified as current when it satisfies any of the following criteria:

(i) It is expected to be settled in the Company's normal operating cycle;
(ii) It is held primarily for the purpose of being traded;
(iii) It is due to be settled within 12 months after the reporting date; or
(iv) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

***Operating cycle***

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

**Fixed assets**

Fixed assets are stated at cost acquisition or construction less, accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use including freight, duties, taxes and expenses incidental to acquisition and installation of fixed assets. In case of self-constructed fixed assets, appropriate overheads including salaries and wages are allocated to the cost of the asset. The cost of capital spares is capitalized along with the cost of the related asset.

Advance paid towards the acquisition of fixed assets are shown under long-term loans and advances and tangible fixed assets under construction are disclosed as capital work-in-progress. Capital work in progress includes cost of assets at site, direct and indirect expenditure incidental to construction and interest on the funds deployed for construction.

Moulds, dies and tools represent Company owned tools, dies and other items used in the manufacture of components specific to a customer. Cost includes engineering, testing and other direct expenses related to such tools.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Gains or losses arising from derecognition of fixed assets 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 when the asset is derecognized.

**b. Depreciation and amortization**

Depreciation on fixed assets is provided using the straight line method over the useful lives of the fixed assets estimated by the management. Schedule II to the Companies Act 2013 also prescribes useful life of fixed assets. Schedule II allows companies to use higher/lower useful lives on the basis of technical advice. Considering the provisions of Schedule II, the management has technically evaluated useful lives of all its fixed assets. The management believes that currently used useful

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lives fairly reflects useful lives of fixed assets, though these lives in certain cases are different from the lives prescribed under Schedule II.

Pursuant to this policy, depreciation on fixed assets has been provided at the rates based on the following useful lives of fixed assets as estimated by management:

| Category of asset | Useful life (in years) |
|---|---|
| Factory building and office building | 20 |
| Computers (includes laptops, servers and networks) | 3 |
| Plant and Machinery | 10 |
| Tools and Dies | 5 |
| Office equipment | 3 |
| Furniture and fixtures | 5 |
| Vehicles | 4 |

Depreciation on addition to fixed assets is provided on pro-rata basis from the first day of month when the assets are put to use. Depreciation on sale/deduction from fixed assets is provided for up to the date of sale or deduction as the case may be.

Premium paid on leasehold land and site development is amortized over the period of the lease. Leasehold improvements are amortized on the straight-line basis over the lower of primary period of lease and the estimated useful life of such assets.

Depreciation on leased assets is in line with the depreciation policy of the Company and is depreciated over the useful life of such assets.

The intangible assets are amortized over a period of five years, which in the management's view represents the economic useful life. Amortization expense is charged on a pro-rata basis for assets purchased during the year. The appropriateness of the amortization period and the amortization method is reviewed at each financial year-end.

**c. Intangible assets**

Intangible assets (comprising computer software and technical know-how acquired for internaluse)acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from derecognition 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 when the asset is derecognized.

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**Research and development costs**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.
- Research and development cost expenditure of capital nature is added to fixed assets. All other research and development expenditure is charged off in profit and loss account during the year as revenue expenses.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of ten years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

**d. Leases**

**Where the Company is lessee**

Assets taken on lease by the Company in the capacity of a lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at the lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating leases. Lease rentals under operating leases are recognized in the statement of profit and loss on a straight line basis.

**Where the Company is the lessor**

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investments in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The

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interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs etc, are recognized immediately in the statement of profit and loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on operating lease is recognized in the statement of profit and loss on a straight line basis over the lease term. Costs including depreciation are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc, are recognized immediately in the statement of profit and loss.

**e. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of those assets which necessarily takes a substantial period of time to get ready for their intended use are capitalized as part of the cost of the respective asset.. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Other borrowing costs are recognized as an expense in the statement of profit and loss in the year in which they are incurred.

**f. Impairment of tangible and intangible assets**

The carrying amounts of assets are reviewed at each reporting date in accordance with Accounting Standard - 28 on ' Impairment of assets' to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognized 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. An impairment loss is reversed 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.

**g. Inventories**

Inventories are valued as follows:

| | |
|---|---|
| Raw materials and components | Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on first in first out basis. |
| Work–in-progress and finished goods | Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on first in first out basis. Cost of finished goods includes excise duty. |
| Tools held for sale | Lower of cost and net realizable value. Cost is determined on the basis of landed cost of purchase. Cost is determined on first in first out basis. |

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Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion to make the sale.

**h. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

**Sale of goods**

Sales include sale of manufactured goods, stock-in-trade, tools, moulds and dies. Revenue from sales of goods is recognized on transfer of all significant risks and rewards of ownership to the ~~buyer~~ customers.Sale of goods is inclusive of excise duty and is net of sales tax, value added tax, applicable discounts and rebates granted and allowances and sales returns.

**Export Incentive**

Export incentive entitlements are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no uncertainty regarding the ultimate collection of the relevant export proceeds.

**Other operating income**

Service income including job work income is recognized as per the terms of contracts with customers when the related services are rendered. Income from royalty, technical know-how arrangements is recognized on an accrual basis in accordance with the terms of the relevant agreement.

**Dividend and interest income**

Dividend income is recognized when the right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on the time proportion method taking into account the amount outstanding and the interest rate applicable.

**i. Foreign currency translation**

Foreign currency transactions and balances

i. Initial Recognition

Foreign currency transactions are recorded in reporting currency, by applying to the foreign currency amount the exchange rate between reporting currency and foreign currency at the date of the transaction.

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ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange Differences

Exchange differences arising on settlement of monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**j. Government grant and subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply all the conditions attached with them; and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholder's funds.

**k. Employee Benefits**

**Short term employee benefits**

All employee benefits payable / available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognized in the statement of profit and loss in the period in which the employee renders the related service.

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**Defined contribution plan**

**Provident fund:** Eligible employees receive benefits from the provident fund, which is a defined contribution plan. Both the employees and the Company make monthly contributions to the provident fund (with Regional Provident Fund Commissioner) equal to specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions.

**Defined benefit plan**

**Gratuity:** The Company provides for gratuity, a defined benefit retirement Plan (the "Gratuity Plan") covering eligible employees. The Plan provides payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. Liabilities related to the Gratuity Plan are determined by actuarial valuation as at the balance sheet date.

**Other long term employee benefit**

**Compensated absences:** Un-availed leaves for the year are accumulated and allowed to be carried over to the next year and within service period of the employees in accordance with the service rules of the Company. Provision for compensated absences is made by the Company based on the amount payable as per the above service, based on actuarial valuation as at the balance sheet date.

**Actuarial valuation:** The liability in respect of all defined benefit plans and other long term employee benefit is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary primarily using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the statement of profit and loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

**l. Accounting for warranty**

Warranty costs are estimated by the management on the basis of technical evaluation and past experience of costs. Provision is made for the estimated liability in respect of warranty costs in the year of recognition of revenue and is included in the statement of profit and loss. The estimates used for accounting for warranty costs are reviewed periodically and revisions are made, as and when required.

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**m. Investments**

Investments that are readily realisableand intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as noncurrent investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/ non-current classification scheme of Schedule III.

Long term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments i.e., equity shares, preference shares, convertible debentures etc.

Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the statement of profit and loss.

**n. Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date.

Deferred income taxes reflects the impact of timing difference between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonable certain or virtually certain as the case may be that sufficient taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, in accordance with the provisions contained in the Guidance Note on Accounting for Credit Available under Minimum Alternative Tax, issued by the ICAI, the said asset is created by way of a credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT, if required.

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## o. Segment reporting

**Identification of segments:**

**Business Segment:**

The entire operation is governed by the same set of risk and returns and hence considered as representing a single primary segment and not analyzed separately.

**Geographical Segment**

The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

## p. 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.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

## q. Provisions, contingent liabilities and contingent assets

A provision is created when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are not discounted to its present value, and are determined based on themanagement's best estimate of the amount of obligation required at the year end. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provision for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

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The Company does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, subsequently, if it becomes virtually certain that an inflow of economic benefits will arise, asset and related income is recognized in the financial statements of the period in which the change occurs.

**r. Cash and cash equivalents**

Cash and cash equivalents comprise cash balances on hand, cash balance with bank, and highly liquid investments with maturity period of three months or less from the date of investment.

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## 3 SHARE CAPITAL

| Particulars | As at 31 March 2017 Rs. | As at 31 March 2016 Rs. |
|---|---|---|
| **Authorised** | | |
| 50,000,000 equity shares of Rs.10 each (previous year 50,000,000 equity shares of Rs.10 each) | 500,000,000 | 500,000,000 |
| **Issued, subscribed and fully paid- up shares** | | |
| 42,665,400 equity shares of Rs.10 each (previous year 42,665,400 equity shares of Rs.10 each) | 426,654,000 | 426,654,000 |
| | **426,654,000** | **426,654,000** |

### 3(a) Reconciliation of share capital outstanding as at the beginning and at the end of the year

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---|---|---|---|
| | Number of shares | Amount (Rs.) | Number of shares | Amount (Rs.) |
| **Equity Shares** | | | | |
| At the commencement of the year | 42,665,400 | 426,654,000 | 42,665,400 | 426,654,000 |
| At the end of the year | **42,665,400** | **426,654,000** | **42,665,400** | **426,654,000** |

### 3(b) Terms / rights attached to equity shares

The Company has a single class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. During the year ended March 31, 2017 the company did not recognise dividend as distributions to equity shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 3(c) Details of shareholders holding more than 5% shares in the Company

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---|---|---|---|
| | Number of shares | % holding in the class | Number of shares | % holding in the class |
| Minda Management Services Limited, India | 213,327,000 | 50% | 213,327,000 | 50% |
| Vehicle Access Systems Technology LLC, USA | 213,327,000 | 50% | 213,327,000 | 50% |
| | **426,654,000** | **100%** | **426,654,000** | **100%** |

## 4 RESERVES AND SURPLUS

| Particulars | As at 31 March 2017 Rs. | As at March 31, 2016 Rs. |
|---|---|---|
| **Securities premium account** | | |
| Opening Balance | 124,913,000 | 124,913,000 |
| **Closing Balance** | **124,913,000** | **124,913,000** |
| **Surplus (Profit and loss balance)** | | |
| Opening Balance | 89,131,258 | (41,703,811) |
| Add: Net profit for the year | 124,416,199 | 130,835,069 |
| **Closing balance** | **213,547,457** | **89,131,258** |
| **Total reserves and surplus** | **338,460,457** | **214,044,258** |

## 5 LONG TERM BORROWINGS

| Particulars | Long term maturities | | Current maturities | |
|---|---|---|---|---|
| | As At 31 March 2017 | As At 31 March 2016 | As At 31 March 2017 | As At 31 March 2016 |
| | Rs. | Rs. | Rs. | Rs. |
| **Secured** | | | | |
| **Term loans** | | | | |
| from banks | 776,433 | 9,730,641 | 8,152,484 | 11,248,577 |
| Less: Amount shown under other current liabilities (refer to note 8) | - | - | (8,152,484) | (11,248,577) |
| | **776,433** | **9,730,641** | - | - |

| S. No. | Lender | Terms of repayment | Loan outstanding as at 31 March 2017 | Loan outstanding as at 31 March 2016 | Details of security / guarantee |
|---|---|---|---|---|---|
| 1 | Axis Bank Foreign Currency Term Loan I | Repayment terms: Monthly equal 60 instalment<br>Amount of Instalment- Euro 12143<br>Balance Instalment - NIL<br>Rate of Interest- 6 month LIBOR + 3% | - | 2,455,309 | The loan is secured by first hypothecation charge on entire movable fixed assets of the Company, both present and future and equitable mortgage on factory land and building. Further the loan is also secured by a second charge on entire current assets of the Company, both present and future on pari pasu basis with Standard Chartered Bank and Yes Bank Limited. |
| 2 | Axis Bank Foreign Currency Term Loan II | Repayment terms Montly equal 56 instalment<br>Amount of Instalment- Euro 9810.79<br>Balance Instalment - 13 no.<br>Rate of Interest- 6 month LIBOR + 3% | 8,928,917 | 18,523,909 | The loan is secured by first hypothecation charge on entire movable fixed assets of the Company, both present and future and equitable mortgage on factory land and building. Further the loan is also secured by a second charge on entire current assets of the Company, both present and future on pari pasu basis with Standard Chartered Bank and Yes Bank Limited. |

## 6 PROVISIONS

| Particulars | Long Term | | Short Term | |
|---|---|---|---|---|
| | As At March 31, 2017 | As At March 31, 2016 | As At March 31, 2017 | As At March 31, 2016 |
| | Rs. | Rs. | Rs. | Rs. |
| **Provision for employee benefits** | | | | |
| -Gratuity* | 1,861,562 | 24,337,500 | 2,824,362 | 2,352,875 |
| -Compensated absence | 10,577,853 | 11,398,465 | 2,396,487 | 2,950,933 |
| **Other provisions** | | | | |
| Provision for warranties | 9,853,638 | 14,003,694 | 19,707,276 | 16,073,678 |
| Provision for income tax Provision for taxation [net of advance tax Rs.36,405,999 (previous year Rs.62,104,079)] | - | - | 6,173,952 | 12,975,872 |
| | **22,293,053** | **49,739,659** | **31,102,077** | **34,353,358** |

*refer to note 28

**Provision for Warranties**

Warranty cost are estimated on the basis of a technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the year of sale of goods and is included in the statement of profit and loss. The estimate used for accounting for warranty cost are reviewed periodically and revisions are made, as and when required. The activity in the provision for warranty costs is as follows:

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| | Rs. | Rs. |
| At the beginning of the year | 30,077,372 | 22,688,204 |
| Add: arising during the year | 33,637,574 | 24,891,988 |
| Less: utilized during the year | (34,154,031) | (17,502,819) |
| At the end of the year | **29,560,915** | **30,077,372** |

## 7 TRADE PAYABLES

| Particulars | As At 31 March 2017 | As At 31 March 2016 |
|---|---|---|
| | Rs. | Rs. |
| Trade payables (dues to micro and small enterprises excluded refer to note below) | 358,720,814 | 374,018,395 |
| Dues to micro and small enterprises (refer to note below) | 8,106,786 | - |
| | **366,827,600** | **374,018,395** |

Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006

Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures as required by section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

| S.No. Particulars | As at 31 March 2017 Rs. | As at 31 March 2016 Rs. |
|---|---|---|
| (i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year | | |
| - Principal amount | 7,356,744 | 10,176,600 |
| - Interest thereon | 750,042 | |
| | **8,106,786** | **10,176,600** |
| (ii) the amount of interest paid in terms of section 16, along with the amounts of the payment made to the suppliers beyond the appointed day: | | |
| - Principal amount | 62,130,151 | 71,298,298 |
| - Interest thereon | - | |
| | **62,130,151** | **71,298,298** |
| (iii) the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act | 750,042 | - |
| | **750,042** | - |
| (iv) the amount of interest accrued and remaining unpaid. | 750,042 | - |
| | **750,042** | - |
| (v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act | 750,042 | - |
| | **750,042** | - |

## 8 OTHER CURRENT LIABILITIES

| Particulars | As At 31 March 2017 | As At 31 March 2016 |
|---|---|---|
| | Rs. | Rs. |
| Current maturities of long term borrowings (refer note 5) | 8,152,484 | 11,248,577 |
| Interest accrued but not due on borrowings | 23,475 | - |
| Interest accrued and due on borrowings | - | 54,069 |
| Statutory dues payable | 6,051,691 | 13,854,856 |
| Advances from customers | 79,893,500 | 24,004,626 |
| Salaries, wages and bonus payable ## | 21,787,800 | 18,855,901 |
| Creditors for capital items | 18,137,854 | 1,913,854 |
| Royalty payable | 502,969 | 1,080,505 |
| | **134,549,773** | **71,012,388** |
| ## Includes amount due to Managing Director | **24,137** | **1,800,000** |

**Minda Vast Access Systems Private Limited**
**Notes to the financial statements for the year ended 31st March 2017**

## 9 FIXED ASSETS

**Fixed assets schedule for the year 2016-17**

| Particulars | Gross block | | | | Accumulated depreciation | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 1 April 2016 | Additions | Disposals | Balance as at 31 March 2017 | Balance as at 1 April 2016 | Depreciation / Amortisation for the year (refer to note 25) | On disposals | Balance as at 31 March 2017 | Balance as at 31 March 2017 |
| | (a) | (b) | (c) | (d) = (a+b-c) | (e) | (f) | (g) | (h) = (e+f-g) | (i) = (d-h) |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Tangible assets** | | | | | | | | | |
| Leasehold land | 20,137,349 | 9,724,500 | - | 29,861,849 | 1,997,478 | 324,292 | - | 2,321,770 | 27,540,079 |
| Buildings | 168,401,919 | 1,891,544 | 3,200 | 170,290,263 | 58,112,190 | 9,595,818 | 3,200 | 67,704,808 | 102,585,455 |
| Plant and Equipment | 502,728,042 | 54,110,821 | 14,961,492 | 541,877,371 | 318,211,273 | 46,148,610 | 12,757,341 | 351,602,542 | 190,274,829 |
| Furniture and fixture | 14,243,724 | 701,419 | 1,016,452 | 13,928,691 | 11,311,340 | 1,065,445 | 881,987 | 11,494,798 | 2,433,893 |
| Computer hardware | 29,260,325 | 777,158 | 469,668 | 29,567,815 | 27,083,047 | 2,537,197 | 431,367 | 29,188,877 | 378,938 |
| Office equipment | 12,473,275 | 2,223,966 | 861,484 | 13,835,757 | 7,152,198 | 1,570,494 | 788,466 | 7,934,226 | 5,901,531 |
| Vehicles | 2,892,748 | 67,854 | 2,534,898 | 425,704 | 1,198,323 | 359,538 | 1,385,158 | 172,703 | 253,001 |
| **Subtotal (A)** | **750,137,382** | **69,497,262** | **19,847,194** | **799,787,450** | **425,065,849** | **61,601,394** | **16,247,519** | **470,419,724** | **329,367,726** |
| **Intangible assets** | | | | | | | | | |
| Computer software | 25,172,462 | 4,402,018 | 64,869 | 29,509,611 | 12,606,320 | 3,992,283 | 3,720 | 16,594,883 | 12,914,727 |
| Product development | 94,156,390 | - | - | 94,156,390 | 89,742,033 | 2,579,270 | - | 92,321,303 | 1,835,086 |
| Technical knowhow | 3,434,424 | - | - | 3,434,424 | 3,434,424 | - | - | 3,434,424 | - |
| **Subtotal (B)** | **122,763,274** | **4,402,018** | **64,869** | **127,100,425** | **105,782,777** | **6,571,553** | **3,720** | **112,350,611** | **14,749,813** |
| **Grand total (A+B)** | **872,900,657** | **73,899,280** | **19,912,063** | **926,887,875** | **530,848,625** | **68,172,947** | **16,251,239** | **582,770,334** | **344,117,539** |

**Minda Vast Access Systems Private Limited**
**Notes to the financial statements for the year ended 31st March 2017**

## 9 FIXED ASSETS

**Fixed assets schedule for the year 2015-16**

| Particulars | Gross block | | | | Accumulated depreciation | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 1 April 2015 | Additions | Disposals | Balance as at 31 March 2016 | Balance as at 1 April 2015 | Depreciation / Amortisation for the year (refer to note 25) | On disposals | Balance as at 31 March 2016 | Balance as at 31 March 2016 |
| | (a) | (b) | (c) | (d) = (a+b-c) | (e) | (f) | (g) | (h) = (e+f-g) | (i) = (d-h) |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Tangible assets** | | | | | | | | | |
| Leasehold land | 20,137,349 | - | - | 20,137,349 | 1,552,541 | 444,937 | - | 1,997,478 | 18,139,871 |
| Buildings | 164,544,866 | 3,857,053 | | 168,401,919 | 46,630,568 | 11,481,622 | - | 58,112,190 | 110,289,729 |
| Plant and Equipment | 462,852,573 | 46,689,592 | 6,814,123 | 502,728,042 | 270,687,052 | 50,729,469 | 3,205,248 | 318,211,273 | 184,516,769 |
| Furniture and fixture | 13,570,834 | 877,725 | 204,835 | 14,243,724 | 10,560,039 | 956,136 | 204,835 | 11,311,340 | 2,932,384 |
| Computer | 30,326,131 | 2,252,397 | 3,318,203 | 29,260,325 | 26,369,493 | 4,005,032 | 3,291,478 | 27,083,047 | 2,177,278 |
| Office equipment | 10,300,149 | 2,561,355 | 388,229 | 12,473,275 | 6,113,366 | 1,418,857 | 380,025 | 7,152,198 | 5,321,078 |
| Vehicles | 2,486,389 | 708,666 | 302,307 | 2,892,748 | 747,879 | 752,751 | 302,307 | 1,198,323 | 1,694,424 |
| **Subtotal (A)** | 704,218,291 | 56,946,788 | 11,027,697 | 750,137,382 | 362,660,937 | 69,788,804 | 7,383,893 | 425,065,848 | 325,071,534 |
| **Intangible assets** | | | | | | | | | |
| Computer software | 21,869,519 | 4,194,389 | 891,446 | 25,172,462 | 10,281,409 | 3,118,464 | 793,553 | 12,606,320 | 12,566,142 |
| Product development | 94,156,390 | - | - | 94,156,390 | 85,483,139 | 4,258,894 | - | 89,742,033 | 4,414,357 |
| Technical knowhow | 3,434,424 | - | - | 3,434,424 | 3,434,424 | - | - | 3,434,424 | - |
| Subtotal (B) | 119,460,332 | 4,194,388 | 891,446 | 122,763,274 | 99,198,972 | 7,377,358 | 793,553 | 105,782,777 | 16,980,499 |
| **Grand total (A+B)** | 823,678,623 | 61,141,176 | 11,919,143 | 872,900,657 | 461,859,909 | 77,166,162 | 8,177,446 | 530,848,625 | 342,052,033 |

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## 10 DEFERRED TAX ASSETS (NET)

| Particulars | As At 31 March 2017 Rs. | As At 31 March 2016 Rs. |
|---|---|---|
| Deferred tax assets | | |
| -Excess of book depreciation over tax depreciation | - | 14,830,000 |
| -Provision for employee benefits | 6,111,864 | 10,380,000 |
| -Provision for doubtful recoverables | 417,360 | 5,460,000 |
| -Provision for warranties | 10,230,441 | - |
| -Expenses disallowable under section 43B | 1,044,455 | - |
| | **17,804,120** | **30,670,000** |
| Deferred tax liabilities | | |
| -Excess of tax depreciation over book depreciation | 2,361,997 | - |
| | **2,361,997** | **-** |
| | **15,442,123** | **30,670,000** |

## 11 LOANS AND ADVANCES

| Particulars | Long Term | | Short Term | |
|---|---|---|---|---|
| | As At 31 March 2017 Rs. | As At 31 March 2016 Rs. | As At 31 March 2017 Rs. | As At 31 March 2016 Rs. |
| **Unsecured, considered good unless otherwise stated** | | | | |
| Capital advances | - | - | 658,694 | 6,944,820 |
| Security deposits | 3,693,690 | 3,488,690 | - | - |
| Loans and advances to employees | - | - | 696,061 | 1,492,749 |
| Balances with excise, customs and sales tax authorities | - | - | 106,173,977 | 99,146,730 |
| Prepaid expenses | 1,051,651 | 1,060,721 | 4,988,219 | 5,632,464 |
| Advance to Suppliers | - | - | 29,059,216 | 12,725,932 |
| Advance recoverable in cash or kind | 40,000 | 65,000 | 10,952,814 | 20,517,954 |
| Income tax [net of provision Rs. 69,412,792 (previous year Rs.2,324,534 )] | 17,868,328 | 4,859,933 | - | - |
| | **22,653,669** | **9,474,344** | **152,528,981** | **146,460,649** |

## 12 CURRENT INVESTMENTS

*(Valued at lower of cost and fair value)*

| Particulars | As At 31 March 2017 Rs. | As At 31 March 2016 Rs. |
|---|---|---|
| ***Investments in mutual funds - unquoted*** | | |
| 89,074 (previous year: Nil) units of Kotak Low Duration Fund-Regular Plan Weekly Dividend, fully paid up | 90,000,000 | - |
| 843,032 (previous year: Nil) units of Kotak Equity Saving Fund -Growth, fully paid up | 10,000,000 | - |
| | **100,000,000** | **-** |
| Aggregate book value of unquoted other current investments | 100,000,000 | - |
| Aggregate book value of unquoted investments (both current and non current) | 100,000,000 | - |

## 13 INVENTORIES

| Particulars | As At 31 March 2017 Rs. | | As At 31 March 2016 Rs. | |
|---|---|---|---|---|
| Raw materials and components | 85,349,506 | | 90,528,120 | |
| Add: Materials-in-transit | 18,118,742 | 103,468,248 | 8,349,102 | 98,877,222 |
| Work-in-progress | | 37,077,017 | | 34,241,383 |
| Finished goods | 11,711,484 | | 13,387,649 | |
| Add: Goods-in-transit | 27,324,605 | 39,036,089 | 44,393,964 | 57,781,613 |
| Stores and spares | | 2,023,294 | | 395,339 |
| Tools | | 24,248,770 | | 27,873,849 |
| | | **205,853,418** | | **219,169,406** |

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## 14 TRADE RECEIVABLES

| Particulars | | As At 31 March 2017 Rs. | | As At 31 March 2016 Rs. |
|---|---|---|---|---|
| Trade receivables outstanding for a period exceeding six months from the date they became due for payment | | | | |
| Unsecured, considered good | - | | 1,340,480 | |
| Unsecured, considered doubtful | 1,205,964 | | 17,654,389 | |
| Provision for doubtful receivables | (1,205,964) | | (17,654,389) | |
| | | - | | 1,340,480 |
| Other trade receivables | | | | |
| Unsecured, considered good | | 185,464,490 | | 261,374,766 |
| | | **185,464,490** | | **262,715,246** |

## 15 CASH AND CASH EQUIVALENTS

| Particulars | As At 31 March 2017 Rs. | As At 31 March 2016 Rs. |
|---|---|---|
| Cash and cash equivalents | | |
| Cash on hand | 7,680 | 62,268 |
| Balance with bank | | |
| -On current accounts | 1,627,413 | 10,695,655 |
| -Other bank balances | 22,724,041 | 100,716,308 |
| | 24,359,134 | 111,474,231 |
| Other bank balances | | |
| Balance with bank | | |
| -Deposits due to mature within 12 month on the reporting date** | 233,833,562 | 50,233,562 |
| | 233,833,562 | 50,233,562 |
| | **258,192,696** | **161,707,793** |

** Rs. 233,562 pledged with bank against guarantee given to sales tax department

**Information pursuant to G.S.R. 308 ( E) dated 30 March 2017 issued by Ministry of corporate affairs:**

| | Specified Bank Notes | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 8 November 2016 | 281,000 | 150 | 281,150 |
| Permitted receipts | - | 243,157 | 243,157 |
| Permitted payments | - | (90,600) | (90,600) |
| Amount deposited in banks | (281,000) | - | (281,000) |
| Closing cash in hand as on 30 December 2016 | - | 152,707 | 152,707 |

Note: For the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.".

## 16 OTHER CURRENT ASSETS

| Particulars | As At 31 March 2017 Rs. | As At 31 March 2016 Rs. |
|---|---|---|
| Interest accured | | |
| on fixed deposits with bank | 12,001,442 | 101,803 |
| on deposit with MSEB | 162,468 | 195,000 |
| Other receivables | - | 177,086 |
| | **12,163,910** | **473,889** |

## 17 REVENUE FROM OPERATIONS

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| Sale of products | | |
| -Manufactured goods | 2,659,626,105 | 2,738,851,081 |
| -Tool Moulds | 96,041,146 | 60,710,999 |
| | 2,755,667,251 | 2,799,562,080 |
| Less: Excise duty | 284,420,370 | 284,305,665 |
| Sale of products (Net) | 2,471,246,881 | 2,515,256,415 |
| Sale of Service | 9,298,462 | 8,755,939 |
| | 2,480,545,343 | 2,524,012,354 |
| **Other operating revenues** | | |
| -Scrap sales | 2,871,451 | 3,049,575 |
| - Exchange fluctuations (net) | 4,173,618 | 3,222,014 |
| -Export incentives | 1,070,896 | 2,979,768 |
| **Other operating revenues** | 8,115,965 | 9,251,357 |
| **Revenue from operation (net)** | **2,488,661,308** | **2,533,263,711** |

**Details of goods sold**

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| Lock kits | 1,446,341,215 | 1,446,341,215 |
| Door handle | 678,778,492 | 678,778,492 |
| Switches and other components | 534,506,398 | 613,731,374 |
| | **2,659,626,105** | **2,738,851,081** |

## 18 OTHER INCOME

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| Interest | | |
| - on Fixed Deposit with Bank | 17,480,964 | 738,308 |
| - on Security Deposit with MSEB | 162,468 | 195,000 |
| Liabilities/Provision no longer required written back | 68,658,423 | 24,236,677 |
| Rental Income | 138,000 | 388,440 |
| Cash Discount Received | 339,648 | 308,472 |
| Dividend on Mutual Fund | 4,497,779 | 3,255,259 |
| Gain on redemption of Mutual Fund | 56,291 | 990,606 |
| Miscellaneous income | 6,500,912 | 85,380 |
| | **97,834,485** | **30,198,142** |

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## 19 COST OF MATERIALS CONSUMED

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| Raw materials consumed (includes packing material and components) | | |
| Opening stock | 90,528,120 | 134,566,283 |
| Add: Purchases during the year | 1,612,049,378 | 1,642,363,077 |
| | **1,702,577,498** | **1,776,929,360** |
| Less: Closing stock | 85,349,506 | 90,528,120 |
| | **1,617,227,992** | **1,686,401,240** |

**Detail of raw material and components consumed**

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| Zinc in brick form | 3,770,522 | 18,047,399 |
| Plastic powder | 108,887,547 | 169,700,108 |
| Components and others | 1,504,569,923 | 1,498,653,733 |
| | **1,617,227,992** | **1,686,401,240** |

## 20 DETAILS OF COST OF TOOLS SOLD

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| Tools / Moulds | 74,535,592 | 51,687,672 |
| | **74,535,592** | **51,687,672** |

## 21 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| **Finished goods and stock in trade** | | |
| Closing stock | 39,036,089 | 57,781,613 |
| Less: Opening stock | 57,781,613 | 60,080,838 |
| | (18,745,526) | (2,299,225) |
| Impact of excise duty on (decrease) in finished goods | 651,249 | (577,080) |
| Work in progress | | |
| Closing stock | 37,077,017 | 34,241,383 |
| Less: Opening stock | 34,241,383 | 38,534,016 |
| | 2,835,634 | (4,292,633) |
| Increase / (Decrease) in inventories | **(15,258,643)** | **(7,168,938)** |

## 22 EMPLOYEE BENEFITS EXPENSE

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| Salaries and wages | 265,183,136 | 247,160,106 |
| Contribution to | | |
| - Provident fund and other funds | 14,058,064 | 12,543,794 |
| - Gratuity fund (refer to note 28) | 8,084,764 | 7,447,643 |
| Staff welfare | 16,969,428 | 14,375,937 |
| | **304,295,392** | **281,527,481** |

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## 23 FINANCE COSTS

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| Interest expense | | |
| - Term Loan | 419,302 | 1,371,537 |
| - Cash Credit | - | 1,735,472 |
| | **419,302** | **3,107,009** |

## 24 DEPRECIATION AND AMORTISATION EXPENSE

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| Depreciation of tangible fixed assets (refer note 9) | 61,601,394 | 69,788,804 |
| Amortisation of intangible fixed assets (refer note 9) | 6,571,553 | 7,377,358 |
| | **68,172,947** | **77,166,162** |

## 25 OTHER EXPENSES

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| Jobwork charges | 22,415,506 | 23,411,137 |
| Consumption of stores and spare parts | 13,920,873 | 15,421,743 |
| Packing charges | 24,363,689 | 32,637,123 |
| Testing and designing expenses | 10,025,449 | 9,136,781 |
| Power and fuel | 27,853,093 | 27,908,267 |
| Rent (refer to note 33) | 18,135,907 | 10,430,273 |
| Repairs- buildings | 8,587,082 | 6,540,271 |
| Repairs- plant and machinery | 10,772,218 | 8,973,443 |
| Repairs others | 5,943,914 | 8,611,122 |
| Travelling and conveyance | 30,536,678 | 25,449,574 |
| Legal and professional charges | 16,957,985 | 10,956,532 |
| Communication expense | 3,292,576 | 3,073,573 |
| Bad debts | 12,661,684 | 18,064,379 |
| Management fees | 35,807,931 | 34,385,176 |
| Insurance | 4,770,815 | 4,369,276 |
| Rates and taxes, excluding taxes on income | 3,195,736 | 3,608,816 |
| Warranty expenses | 33,637,574 | 24,891,988 |
| Loss on sale/discard of fixed assets (net) | 1,797,495 | 290,598 |
| Advertisement and business promotion | 1,392,412 | 1,074,950 |
| Royalty | 5,834,744 | 5,811,642 |
| Cash discount | 2,731 | 701,518 |
| Freight and forwarding | 23,123,800 | 33,936,146 |
| Bank Charges | 1,257,780 | 1,166,059 |
| Corporate social responsibility (refer to note 2..) | 2,046,201 | 554,636 |
| Printing and stationery | 6,032,077 | 5,420,535 |
| Sale Service Expenses | 3,671,609 | 3,472,220 |
| Miscellaneous expenses | 4,316,032 | 3,440,504 |
| | **332,353,591** | **323,738,282** |

**Payment to auditors**

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 # Rs. |
|---|---|---|
| **As auditor** | | |
| -Statutory audit | 1,000,000 | 900,000 |
| -Tax audit | - | 375,000 |
| -Reimbursement of expenses | 52,712 | 20,614 |
| **In other capacity:** | | |
| -For income tax | - | 135,675 |
| | **1,052,712** | **1,431,289** |

# Represents the audit fees paid to erstwhile auditor.

## 26 EARNINGS PER SHARE

| Particulars | As At 31 March 2017 | As At 31 March 2016 |
|---|---|---|
| | Rs. | Rs. |
| Net profit for the year attributable to the equity shareholders | 124,416,199 | 130,835,069 |
| Weighted average number of equity shares outstanding during the year | 42,665,400 | 42,665,400 |
| Nominal value of equity share | 10 | 10 |
| **Basic and diluted earning per share** | **2.92** | **3.07** |

## 27 CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 6,220,439 (previous year Rs. 25,426,313).

## 28 CONTINGENT LIABILITIES

| Particulars | As At 31 March 2017 | As At 31 March 2016 |
|---|---|---|
| | Rs. | Rs. |
| **Claims against the Company not acknowledged as debts** | | |
| a) Income-tax (Refer Note a below) | 26,259,219 | 15,916,000 |
| b) Sales tax/ VAT (Refer Note b below) | 20,827,277 | 24,839,985 |
| c) Excise duty / Service Tax | 355,066 | - |

a. Contingent liability represents disputed income tax demands pertaining to AY 2008-2009, 2010-11, 2011-12 and 2014-15 arising from disallowances of the Company's claim of certain expenses and penelty imposed there on under Income Tax Act, 1961. The Company believes that such claims are allowable and has filed the necessary appeals with relevant authorities.

b. Contingent liability represents disputed Sales tax demands pertaining to FY 2008-2009 and 2009-10 for Pune arising from Vat credit disallowances under Maharastra Sales Tax Act and non submission of statutory forms. The Company believes that such claims are allowable as company is in process of collecting such forms and has filed the necessary appeals with relevant authorities.

While the ultimate outcome of the above mentioned appeals cannot be ascertained at this time, based on current knowledge of the applicable law, management believes that these law suits should not have a material adverse effect on the Company's financial statements or its business operations.

| | | |
|---|---|---|
| Bank guarantee's | | |
| - To customers against advances | 7,200,000 | 2,850,000 |
| - To MNGL for piped gas connection | 200,000 | 200,000 |
| - To MPCB for consent renewal | - | 500,000 |

## 29 UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars of unhedged foreign currency exposure as at the reporting date

| | | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---|---|---|---|---|
| | Foreign Currency | Amount (in Foreign Currency) | Amount (in Rs.) | Amount (in Foreign Currency) | Amount (in Rs.) |
| Payables | Euro | 2,522 | 174,647 | 58,689 | 4,407,257 |
| | USD | 146,920 | 9,526,079 | 184,313 | 12,225,990 |
| | JPY | - | - | 704,000 | 415,782 |
| Receivables | Euro | 57,835 | 4,004,952 | 121,268 | 9,106,681 |
| | USD | 291,618 | 18,908,094 | 198,416 | 13,161,518 |

30 The company has cenvat and service tax recoverable balances aggregating to Rs. 98,535,013 (Previous year Rs. 96,142,000) on account of manufactured goods and capital purchases and services availed. These amount of input credit have been accumulating due to inadequate utilisation currently against the duties payable on finished goods.- (Refer note no 13)

As per its business plans, the company intends to indigenize a significant part of the component required which will reduce the incidence of input credit. Secondly, company will utilise this amount against GST payable in next year. as per the prevalant legal framework, there is no time limit for utilisation of the above credit.

In view of the above, the management considers the above balances as good and recoverable, and accordingly no provision is considered necessary at this stage.

## 31 DETAILS OF IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED DURING THE YEAR

| | For the year ended 31 March 2017 | | For the year ended 31 March 2016 | |
|---|---|---|---|---|
| Particulars | % of total consumption | Amount (in Rs.) | % of total consumption | Amount (in Rs.) |
| **Raw material and components** | | | | |
| -Imported | 17% | 268,069,897 | 18% | 305,658,451 |
| -Indigenously obtained | 83% | 1,349,158,095 | 82% | 1,380,742,789 |
| | **100%** | **1,617,227,992** | **100%** | **1,686,401,240** |
| **Spare parts** | | | | |
| -Imported | 0% | 37,600 | 4% | 688,000 |
| -Indigenously obtained | 100% | 13,883,273 | 96% | 14,733,743 |
| | **100%** | **13,920,873** | **100%** | **15,421,743** |

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## 32 EMPLOYEE BENEFITS

### a) Defined contribution plans

The Company's employee provident fund and Employee's state insurance schemes are defined contribution plans. The following amounts have been recognised as expense for the year and shown under Employee benefits expense in note 22.

| Particulars | As At 31 March 2017 Rs. | As At 31 March 2016 Rs. |
|---|---|---|
| Contribution towards | | |
| -Provident fund | 13,557,712 | 12,543,794 |
| -Employee state insurance | 500,352 | - |
| | 14,058,064 | 12,543,794 |

### b) Defined benefit plans Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity as a defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested period of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India by whom the plan assets are maintained.

| Particulars | As At 31 March 2017 Rs. | As At 31 March 2016 Rs. |
|---|---|---|
| **Changes in the present value of the defined benefit** | | |
| Present value of defined benefit obligation at the beginning of the year | 26,690,375 | 22,223,934 |
| Interest cost | 2,053,699 | 1,737,162 |
| Current service cost | 3,269,589 | 3,553,197 |
| Benefits paid | (3,089,215) | (2,981,202) |
| Actuarial loss / (gain) on obligation | 2,762,476 | 2,157,284 |
| Present value of defined benefit obligation at the end of the year | **31,686,924** | **26,690,375** |
| **Changes in the present value of the plan asset is as follows:** | | |
| Fair value of plan asset at the beginning of the year | - | - |
| Return on plan asset | - | - |
| Contributions | 27,000,000 | - |
| Benefits paid | - | - |
| Actuarial (gain) / loss on obligation | - | - |
| Fair value of plan asset at the end of the year | **27,000,000** | - |
| **Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:** | | |
| Present value of defined benefit obligation at the end of the year | 31,686,924 | 26,690,375 |
| Fair value of plan asset at the end of the year | 27,000,000 | - |
| Net liability as at the close of the year | **4,686,924** | **26,690,375** |
| **Expenses recognized in the statement of profit and loss:** | | |
| Current service cost | 3,268,589 | 3,553,197 |
| Interest cost | 2,053,699 | 1,737,162 |
| Expected return on plan assets | - | - |
| Net actuarial loss / (gain) | 2,725,344 | 2,157,284 |
| Expenses recognized in the statement of profit and loss: | **8,047,632** | **7,447,643** |
| **Experience Adjustment loss / (gain):** | | |
| On defined benefit obligation | 1,340,114 | 1,916,499 |
| On plan assets | - | - |
| **Actuarial assumptions:** | | |
| Discount rate | 7.40% | 7.70% |
| Expected rate of return on plan assets | - | - |
| Expected salary increase rates | 10% for first 3 years, 8% for next 2 years, 6.5% thereafter | 10% for first 3 years, 8% for next 2 years 6.5% thereafter |
| Mortality | 100% of IALM 2006-08 | 100% of IALM 2006-08 |
| Employee attrition rate | | |
| -Up to 30 years of age | 12.00% | 12.00% |
| -From 31 years of age to 44 years of age | 8.00% | 8.00% |
| -Above 44 years of age | 5.00% | 5.00% |

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**Note:**
The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The discount rate is estimated based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligation.

**Experience gain / (loss) on PBO and Plan Assets**

| Particulars (Rs.) | 31 March 2013 | 31 March 2014 | 31 March 2015 | 31 March 2016 | 31 March 2017 |
|---|---|---|---|---|---|
| On Plan Present Value of Obligation | (1,737,462) | 639,530 | (1,420,345) | 1,916,499 | 1,340,114 |
| On Plan Assets | - | - | - | - | - |

**c) Other long term benefit - Compensated absences**

The Company operates compensated absences plan, where in every employee is entitled to the benefit as per the policy of the Company in this regard. The salary for calculation of earned leave is last drawn salary. The same is payable during the service, early retirement, withdrawal of scheme, resignation by employee and upon death of employee.

An actuarial valuation of Compensated absence has been carried out by an independent actuary on the basis of the following assumptions:

| Particulars | As At 31 March 2017 Rs. | As At 31 March 2016 Rs. |
|---|---|---|
| Discount rate | 7.40% | 7.70% |
| Expected salary increase rates | 10% for first 3 years, 8% for next 2 years, 6.5% thereafter | 10% for first 3 years, 8% for next 2 years 6.5% thereafter |
| Mortality | 100% of IALM 2006-08 | 100% of IALM 2006-08 |
| Employee attrition rate | | |
| -Up to 30 years of age | 12.00% | 12.00% |
| -From 31 years of age to 44 years of age | 8.00% | 8.00% |
| -Above 44 years of age | 5.00% | 5.00% |

The other long-term benefit of compensated absence in respect of employees of the Company as at 31 March 2017 amounts to Rs. 12,974,340 (previous year Rs.14,349,398) and the expense recognised in the statement of profit and loss during the year for the same amounts to Rs. 1,608,565 (previous year Rs.4,313,929) [Gross payment of Rs 2,983,623 (previous year 3,222,205)]

**33 LEASES**

Rental expenses in respect of operating leases are recognized as an expense in the statement of profit and loss.

**Operating Lease (for assets taken on lease)**

The Company has entered into operating lease arrangement for godowns, and factory premises. There are no non cancellable lease agreements entered by the company. These agreements are cancellable and impose no restrictions on the Company. Lease rent charged for the period amounting to Rs. 13,453,016 (previous year Rs. 2,709,917) is recognized in the statement of profit and loss.

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## 34 RESEARCH AND DEVELOPMENT EXPENDITURE**

The total Research and Development expenses incurred by the Company are as under

The Company has incurred following expenditure on its inhouse R & D Center :

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| | Rs. | Rs. |
| Salaries and allowances | 17,694,966 | 37,230,764 |
| Travelling and conveyance | 2,597,768 | 3,004,022 |
| Testing expenses | 6,596,459 | 9,136,781 |
| Miscellaneous | 504,832 | - |
| | **27,394,025** | **49,371,566** |

** Excluding finance costs, depreciation, amortisation and impairment. Capital expenditure incurred on approved R & D center during current financial year is Rs.6,038,535 (previous year Rs.2,470,508).

## 35 SEGMENT INFORMATION

Identification of Segments:

**(i) Primary Segment -Business Segment:**

Based on similarity of activities/products, risk and reward structure, organization structure and internal reporting systems, the Company has structured its operation into one reportable segment since the Company is engaged in the business of manufacturing automotive components which have same risks and rewards. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard 17 on Segmental Reporting as issued by Institute of Chartered Accountants of India and as notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

**(ii) Secondary Segment Geographical Segments**

Secondary segmental reporting is identified on the basis of the geographical location of the customers. The Company has identified India and Rest of the World as the two geographical segments for secondary segmental reporting.

Geographical sales are segregated based on the location of the customer who is invoiced or in relation to which the sale is otherwise recognized. Assets other than receivables used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as these are used interchangeably between segments. All assets other than receivables are located in India. Similarly, capital expenditure is incurred towards fixed assets located in India.

**Information pertaining to Secondary segment:**

Sales revenue by geographical segment

| | Segment Revenue | | Segment Trade Receivable | |
|---|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| | Rs. | Rs. | Rs. | Rs. |
| India | 2,407,774,201 | 2,355,817,453 | 163,196,291 | 240,447,047 |
| Rest of the world | 80,887,107 | 171,244,476 | 22,268,199 | 22,268,199 |
| **Total** | **2,488,661,308** | **2,527,061,929** | **185,464,490** | **262,715,246** |

## 36 RELATED PARTY DISCLOSURES

a) Names of related parties and nature of relationship where transaction have taken place during the year:

| | |
|---|---|
| **Key Management Personnel -** | Mr. Himanshu Jain - ( President from 28 April 2016 ) |
| | Mr. Mahendra Naredi ( CFO & Company Secretary) |
| | Mr Kishor D. Karnataki - (Managing Director upto 19 April 2016) |
| **Enterprise in which directors of the Company and their relatives are able to exercise significant influence:** | Minda Corporation Limited, India |
| | Minda Silca Engineering Limited, India |
| | Minda Stoneridge Instruments Limited, India |
| | Minda Sai Limited, India |
| | Minda Automotive Solutions Limited, India |
| | O'Z Minda LLC, Uzbekistan |
| | PT. Minda Automotive- Indonesia |
| **Joint Venture** | Minda Management Services Limited, India |
| | Vehicle Access Systems Technology LLC, USA |

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**Minda Vast Access Systems Private Limited**
**Notes to the financial statements for the year ended 31st March 2017**

**b) Details of related party transactions during the year and outstanding balance at the year end :**

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| | Rs. | Rs. |
| **A) Revenue** | | |
| **Enterprise in which directors of the Company and their relatives are able to exercise significant influence:** | | |
| **Sale of goods** | | |
| - Minda Corporation Limited | 15,541,524 | 23,874,045 |
| - Minda Silca Engineering Limited | 25,813,004 | 6,353,061 |
| - Minda Automotive Solution Limited | 465,081 | 772,705 |
| - O'Z Minda LLC, Uzbekistan. | 621,823 | 46,206,836 |
| - PT. Minda Automotive- Indonesia | 3,428,073 | - |
| **Reimbursement of expenses received** | | |
| - Minda Corporation Limited | 1,552,027 | 411,460 |
| - Minda Stoneridge Instruments Limited | - | 286,867 |
| - Minda Silca Engineering Limited | 590,650 | - |
| - Minda Management Services Limited | 74,900 | - |
| - PT. Minda Automotive- Indonesia | 408,065 | - |
| **Key Management Personnel:** | | |
| **Sale of fixed assets** | | |
| - Mr. Kishor D. Karnataki (Managing Director upto 18 Aug 2016) | 1,232,348 | - |
| **B) Expenses** | | |
| **Enterprise in which directors of the Company and their relatives are able to exercise significant influence:** | | |
| **Purchase of goods** | | |
| - Minda Corporation Limited | 251,494,979 | 232,949,356 |
| - Minda Silca Engineering Limited | 66,527,172 | 67,124,927 |
| - Minda Sai Limited | 354,733 | 319,903 |
| **Repair & Maintenance** | | |
| - Minda Corporation Limited | 162,000 | 70,000 |
| - Minda Silca Engineering Limited | - | 5,100 |
| **Job work charges** | | |
| - Minda Silca Engineering Limited | 26,404,840 | 29,467,877 |
| **Legal and professional fees** | | |
| - Minda Corporation Limited | 8,173,836 | 621,000 |
| - Minda Stoneridge Instruments Limited | - | 155,147 |
| - Minda Automotive Solution Limited | 3,638,254 | 3,465,001 |
| **Reimbursement of expenses** | | |
| - Minda Corporation Limited | 805,995 | - |
| - Minda Stoneridge Instruments Limited | - | 1,510,113 |

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| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| **Joint Venture :** | | |
| **Management fees** | | |
| - Minda Management Services Limited, India | 17,903,965 | 18,458,739 |
| -Vehicle Access Systems Technology LLC, USA | 17,903,965 | 15926436.62 |
| **Legal and professional fees** | | |
| - Minda Management Services Limited | 1,078,273 | 2,467,506 |
| **Reimbursement of expenses** | | |
| - Minda Management Services Limited | 93,361 | 53,111 |
| **Key Management Personnel:** | | |
| **Remuneration** | | |
| - Mr. Himanshu Jain* | 4,585,384 | - |
| - Mr. Manhendra Naredi* | 3,497,203 | 3,171,852 |
| - Mr. Kishor D. Karnataki (Managing Director upto 19 April 2016)* | 612,655 | 8,220,000 |

* Excluding value of prequisites of telephone at residence, Car and reimbursement of expenses on conveyance, professional pursuit and uniform.
Exclusive of provision for future liabilies in respect of gratuity and leave encashment which are based on acturial valuation done on overall company basis.

**C) Outstanding Balances pertaining to related parties**

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| **Enterprise in which directors of the Company and their relatives are able to exercise significant influence:** | | |
| **Trade receivables** | | |
| - Minda Corporation Limited | 824,970 | 2,563,173 |
| - Minda Automotive Solution Limited | 114,708 | 213,557 |
| - O'Z Minda LLC, Uzbekistan | - | 14,675,069 |
| - Minda Sai Limited | 719,518 | - |
| - PT. Minda Automotive- Indonesia | 3,020,008 | - |
| **Key Management Personnel:** | | |
| -Mr. Himanshu Jain | 15,450 | |
| -Mr. Mahendra Naredi | 80,441 | 295,976 |
| **Trade payables** | | |
| - Minda Corporation Limited | 61,435,123 | 33,334,958 |
| - Minda Silca Engineering Limited | 6,012,191 | 17,153,362 |
| - Minda Sai Limited | - | 102,822 |
| - Minda Automotive Solution Limited | 955,041 | 301,744 |
| **Joint Venture :** | | |
| **Trade payables** | | |
| - Minda Management Services Limited | 5,251,618 | 5,369,306 |
| -Vehicle Access Systems Technology LLC, USA | 4,702,449 | 15,899,699 |
| **Key Management Personnel:** | | |
| - Mr. Mahendra Naredi | 50,642 | |
| - Mr. Kishor D Karnataki | 24,137 | 2,925,000 |

## 37 VALUE OF IMPORTS CALCULATED ON CIF BASIS

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| Raw materials, components and spare parts | 256,900,642 | 273,189,758 |
| Tools | 2,832,160 | 12,377,732 |
| Capital goods | 3,850,090 | 12,082,477 |
| Development Cost | - | 2,084,353 |
| | 263,582,892 | 299,734,320 |

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## 38 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| Legal and professional expense | - | 180,657 |
| Travelling and conveyance | 1,814,259 | 2,776,531 |
| Management fees | 17,903,965 | 15,926,437 |
| Development Cost | - | 2,040,000 |
| Royalty | 6,353,354 | 5,811,642 |
| Testing and designing expenses | 135,242 | - |
| | **26,206,820** | **26,735,267** |

## 39 EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)

| Particulars | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|---|---|
| Exports at F.O.B value | 80,009,223 | 170,277,029 |

40 The previous period figures have been audited by another firm of Chartered Accountants. Further, previous period figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

| Sr. No. | Financials statement captions | Sub head | 31 March 2016 (As per current year classification) | 31 March 2016 (As per audited accounts of previous period) |
|---|---|---|---|---|
| (a) | Short term provisions | Provision for income tax (net of tax paid) | (12,975,872) | (8,115,939) |
| | Long term loans and advances | Advance income tax | 4,859,933 | - |
| (b) | Revenue from operations (other operating revenues) | Exchange fluctuations (net) | 3,222,014 | - |
| | Revenue from operations (other operating revenues) | Export incentives | 2,979,768 | - |
| | Other Income | Exchange fluctuations (net) | - | 4,982,608 |
| | Finance Costs | Net loss on foreign currency transctions | - | (1,760,595) |
| | Other Income | Export incentives | - | 2,979,768 |
| (c) | Other Expenses | Increase/(Decrease) in excise duty on inventory | - | (577,080) |
| | Change In Inventories Of Finished Goods And Work In Progress | Impact of excise duty on (decrease) in finished goods | (577,080) | - |
| (d) | Other Expenses | Bank Charges | (1,166,059) | - |
| | Finance Costs | Bank Charges | - | (1,166,059) |
| (e) | Finance Costs | Interest to others | - | (1,114,408) |
| | Other Expenses | Rates and taxes, excluding taxes on income | (1,114,408) | - |
| (f) | Finance Costs | Cash Discount | - | (701,518) |
| | Other Expenses | Cash Discount | (701,518) | - |
| (g) | Other Expenses | Sales Tax/Service tax/Excise Expenses | - | (1,945,521) |
| | Other Expenses | Rates and taxes, excluding taxes on income | (1,945,521) | - |
| (h) | Other Expenses | Miscellaneous expenses | | (1,074,950) |
| | Other Expenses | Advertisement and business promotion | (1,074,950) | |

*For* **B S R & Co. LLP**
*Chartered Accountants*
Firm registration number: 116231W / W-100024

Shashank Agarwal
*Partner*
Membership No.: 095109

Place: Gurgaon
Date: May 03, 2017

*For* **and on behalf of the Board of Directors of**
**Minda Vast Access Systems Private Limited**

**Ashok Minda**
Director
*(DIN 00054727)*

**Sudhir Kashyap**
Director
*(DIN 06573561)*
Place: Pune
Date: May 03, 2017

**Frank Joseph Krejci**
Director
*(DIN 07121998)*

**Mahendra Naredi**
CFO & Company Secretary
*(AEWPN9414M)*