

INDEPENDENT AUDITOR'S REPORT

To the Members of Minda Furukawa Electric Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Minda Furukawa Electric Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of 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 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 and Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control 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, issued by the Institute of Chartered Accountants of India, 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 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 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 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 March 31, 2017, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:



S.R. BATLIBOI & CO. LLP

Chartered Accountants

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and 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 and the Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013;
- (g) 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 2" to this report;
- (h) 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 30 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative 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.
 - iv. The Company has provided requisite disclosures in Note 37 to these financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. However, as stated in Note 37 to these financial statements amounts aggregating to Rs. 429,000 as represented to us by the Management have been utilized for other than permitted transactions and received amount aggregating Rs. 2,000 from transactions which are not permitted.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005


per **Vikas Mehra**

Partner
Membership Number: 94421

Place of Signature: New Delhi
Date: September 25, 2017



S.R. BATLIBOI & CO. LLP

Chartered Accountants

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Minda Furukawa Electric Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have not been physically verified by the management during the year, hence, we are unable to comment on the discrepancies, if any.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) The inventory has been physically verified by the management during the year. However, In our opinion, the frequency of verification including reconciliation with the books (including standard consumption) needs to be improved to make it commensurate with the size and nature of the business of the Company. Discrepancies noted on physical verification of inventories conducted at the year end were material, and have been properly dealt with in the books of account. Inventories lying with third parties have been confirmed by them as at March 31, 2017 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of wire harness (Electricals), and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a large number of cases.
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Statement of Arrears of Statutory Dues Outstanding for More than Six Months

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	TDS - Royalty u/s 194 J	7,078,527	2015-16 to September-16	7 th of subsequent month	Not yet paid

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, , service tax, duty of custom, duty of excise , value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of various expenses and transfer pricing adjustment	50,010,340	A.Y. 2010-11	ITAT

- (viii) According to the information and explanations given by the management, the Company has delayed repayment of one instalment of loans to a bank (Standard Chartered Bank) amounting to Rs. 12,919,118 by eleven days during the year. There is no default existing at the balance sheet date.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.



S.R. BATLIBOI & Co. LLP

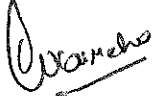
Chartered Accountants

- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



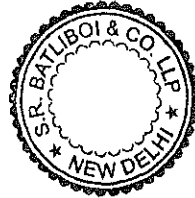
per Vikas Mehra

Partner

Membership No.: 94421

Place: New Delhi

Date: September 25, 2017



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MINDA FURUKAWA ELECTRIC PRIVATE LIMITED

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

We were engaged to audit the internal financial controls over financial reporting of Minda Furukawa Electric Private Limited ("the Company") as of March 31, 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 the 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.

Auditor's 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls over financial reporting of the Company.

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.

Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or 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. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting as at March 31, 2017 and whether such internal financial controls were operating effectively. Accordingly we do not express an opinion on Internal Financial Controls Over Financial Reporting.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of Minda Furukawa Electric Private Limited, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. We have considered the disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 financial statements of Minda Furukawa Electric Private Limited and this report does not affect our report dated September 25, 2017 on which expressed a unqualified opinion on those financial statements.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E /E300005



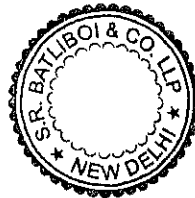
per **Vikas Mehra**

Partner

Membership Number: 94421

Place of Signature: New Delhi

Date: September 25, 2017



Minda Furukawa Electric Private Limited
Balance Sheet as at March 31, 2017

	Notes	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Equity and Liabilities			
Shareholders' fund			
Share capital	3	985,000,000	985,000,000
Reserves and surplus	4	(1,248,015,493)	(676,745,384)
		(263,015,493)	308,254,616
Non-current liabilities			
Long-term borrowings	5	202,586,284	336,193,712
Long-term provisions	6	10,904,660	6,893,721
		213,490,944	343,087,433
Current liabilities			
Short-term borrowings			
Trade payables	7	479,691,248	425,340,684
• Total Outstanding Dues of micro enterprises and small enterprises	8	-	-
• Total Outstanding dues of creditors other than micro enterprises and small enterprises	8	1,947,854,918	1,425,901,687
Other current liabilities	8	245,637,642	193,594,868
Short-term provisions	6	105,623,455	6,300,890
TOTAL		2,778,807,263	2,051,138,129
		2,729,282,714	2,702,480,178
Assets			
Non-current assets			
Fixed assets			
Property, Plant & Equipment	9	930,392,456	918,430,993
Intangible assets	9	22,774,208	30,344,403
Capital work-in-progress		6,369,720	1,081,200
Loans and advances	10	52,781,406	61,008,683
Other non-current assets	12	5,193,610	17,673,563
		1,017,511,400	1,028,538,842
Current assets			
Inventories			
Trade receivables	13	652,536,216	793,042,360
Cash and bank balances	11	449,114,166	460,259,507
Loans and advances	14	83,472,341	46,096,433
Other current assets	10	422,145,435	353,425,493
	12	104,503,156	21,117,543
TOTAL		1,711,771,314	1,673,941,336
		2,729,282,714	2,702,480,178
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co LLP
 Firm Registration no : 301003E/E300005
 Chartered Accountants

per Vikas Mittal

Partner
 Membership No: 94421

Place : New Delhi

Date : 29/09/2017



For and on behalf of the Board of Directors of
 Minda Furukawa Electric Private Limited

Naveen Sharma
 President and
 Whole time director
 DIN: 07239148

Ashok Minda
 Director
 DIN: 00054727

Masahiro Hasegawa
 Joint President

Minda Furukawa Electric Private Limited
Statement of Profit and Loss for the year ended March 31, 2017

	Notes	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
Income			
Revenue from operations (gross)	15	5,627,640,775	4,966,741,988
Less: Excise duty		(632,702,602)	(584,897,258)
Revenue from operations (net)		4,994,938,173	4,381,844,730
Other Income	16	68,011,353	(59,126,689)
Total Revenue		5,062,949,526	4,322,718,041
Expenses			
Cost of raw material and components consumed	18	3,898,813,148	3,469,934,963
Decrease/(Increase) in inventories of finished goods and work-in-progress	19	23,160,590	(44,429,170)
Employee benefits expense	20	571,625,418	492,500,024
Depreciation and amortization expense	9	132,213,322	116,376,232
Finance costs	22	130,727,652	136,171,870
Other expenses	21	567,173,955	428,701,432
Exceptional Items	17	283,901,421	(23,118,609)
Total		5,607,615,506	4,576,136,742
(Loss) before tax and prior period items		(544,665,980)	(253,418,701)
Prior period expenses/(income)	23	26,604,129	(68,907,120)
(Loss) for the year		(571,270,109)	(184,511,581)
(Loss) per equity share [nominal value of share Rs 10 (31 March 2016: 10)]			
Basic and diluted	24	(5.80)	(1.87)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Battiboi & Co LLP
 Firm Registration no : 301003E/E300005
 Chartered Accountants

per Vikas Mehta
 Partner
 Membership No: 94421



Place : New Delhi
 Date : 25/09/2017

Neeraj Sharma
 President and
 Whole time director
 DIN: 07239148

Ashok Minda
 Director
 DIN: 00054727

Masahiro Hasegawa
 Joint President

Minda Furukawa Electric Private Limited
Cash Flow Statement for the year ended March 31, 2017

	March 31, 2017 Rs.	March 31, 2016 Rs.
A. Cash flow from operating activities		
(Loss) before taxation	(571,270,109)	(184,511,581)
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	132,213,322	116,376,232
Provision for doubtful debts and advances	33,002,744	903,287
Loss/(profit) on disposal of fixed assets	207,924	(15,000)
Unrealized foreign exchange (gain)/loss	(117,784,323)	36,052,283
Advances Written off	14,768,439	-
Provision for slow moving Inventory /written off	20,579,275	-
Provision for closure of facility	97,951,000	-
Fixed Assets written off	-	94,779,025
Interest expense	130,727,652	136,171,870
Operating profit before working capital changes	(259,604,076)	199,756,116
Movements in working capital:		
(Increase) in trade receivable	(14,339,949)	(126,723,401)
Decrease/(Increase) in inventories	119,926,869	(274,827,875)
(Increase)/Decrease in other current assets	(70,905,660)	109,189,492
(Increase) in loans and advances	(78,017,682)	(62,218,178)
Decrease in current liabilities	697,879,998	393,986,622
Increase/(decrease) in provisions	5,382,504	(2,181,728)
Cash generated from operations	400,322,004	236,981,048
Direct taxes paid (net of refunds)	(1,630,388)	(1,774,044)
Net cash from operating activities (A)	398,691,616	235,207,004
B. Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(148,230,947)	(96,667,035)
Proceeds from sale of fixed asset	-	15,000
Net cash (used in) investing activities (B)	(148,230,947)	(96,652,035)
C. Cash flows from financing activities		
Proceeds from short term loans (net)	61,243,018	26,037,563
Interest paid	(131,542,497)	(137,409,608)
Repayments of long term loans	(135,892,828)	(49,074,940)
Repayments of short term loans	(6,892,454)	-
Net cash (used in) financing activities (C)	(213,084,761)	(160,446,985)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	37,375,908	(21,892,016)
Cash and cash equivalents at the beginning of the year	46,096,433	67,988,449
Cash and cash equivalents at the end of the year	83,472,341	46,096,433



Minda Furukawa Electric Private Limited
Cash Flow Statement for the year ended March 31, 2017

Components of cash and cash equivalents

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Cash on hand	370,778	103,969
Balances with banks		
On current accounts	83,101,563	45,992,464
Total cash and cash equivalent (note 14)	83,472,341	46,096,433

Summary of Significant accounting policies 2.1

Notes:

1. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

As per our report of even date

For S.R. Batliboi & Co. LLP
 Firm Registration no : 301803E/E300005
 Chartered Accountants

per Vikas
 Partner

Membership No: 94421

For and on behalf of the Board of Directors of
 Minda Furukawa Electric Private Limited

Neeraj Sharma
 President and
 Whole time director
 DIN: 07239148

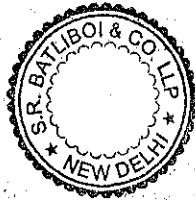
Ashok Minda
 Director
 DIN: 00054727

Masahiro Hasegawa
 Joint President

Place : New Delhi

Date :

25/09/2017



1 Corporate Information

Minda Furukawa Electric Private Limited ("the Company") was incorporated on 7th Day of November, 2006 and is in the business of manufacturing wire harness for automobiles. The registered office is situated at New Delhi. The Company has manufacturing facilities at Noida, Navalur (Chennai), Bawal (Haryana) and Mannur (Chennai). The Company is a joint venture between the Minda Corporation Limited, Furukawa Electric Co. Ltd and Furukawa Automotive Systems Inc. Japan.

2 Basis of Preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accumulated losses of the Company as at March 31, 2017 amounting to Rs.1,248,015,493 (Rs. 676,745,384 as at March 31, 2016) has resulted in erosion of net worth as on that date. Further, during the year, it has incurred cash loss of Rs. 341,105,787 (Rs. 68,135,349 as at March 31, 2016), has generated cash flow from operation of Rs. 398,691,616 (Rs. 235,207,004 as at March 31, 2016) and the current liabilities exceeded its current assets by Rs. 1,067,035,949 (Rs. 377,196,793 as at March 31, 2016).

However, during the year, the shareholders of the Company i.e. Minda Corporation Limited and Furukawa Electric Co. Ltd have entered into MOU wherein, both the shareholders have approved and agreed to business plan for next years including infusion of funds by the shareholders. Based on such business plan, the Company will continue to be able to operate as a going concern.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Property, Plant and Equipment

Property, plant and equipment, capital work in progress are stated at cost, net of 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 and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of property, plant and equipment 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.

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of profit and loss.

(a). Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis ("SLM"), at the indicative rates prescribed in Schedule II of the Companies Act, 2013 ("Act") or rates determined based on the estimated useful lives up to the estimated residual value of the depreciable assets, whichever is higher. The Company has used the following rates to provide depreciation on Plant & Machinery:

Assets	Useful lives estimated by the management (years)	Indicative useful lives as per Schedule II (years)
Office Building	60	60
Factory Building	30	30
Electrical Installation	10	10
Plant & Machinery- tools and applicators	5	15
Plant & Machinery- moulds	5	15
Plant & Machinery- Others	15	15
Office equipment	5	5
Computers	3	3
Furniture & Fixtures	10	10
Vehicles	5	8



The realisable value of the above assets has been considered NIL.

In case of double shift, the depreciation on plant and machinery (others) is increased by additional 50%.

Lease hold improvement is depreciated over the period of lease or 6 years whichever is shorter.

The reasons for considering different life and rates and value with regard to items under schedule II of Companies Act, 2013 are on the basis of technical evaluation done by technical people estimating the life and the realizable value

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(b). Intangible assets

Intangible assets 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. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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.

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.

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 5 years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortization policies applied to the company's intangible assets is as below:

Assets	Life as per Management
Development cost	5 years
Software	3 years

(c). Leases

Where the company is a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(d). Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.



(c). **Impairment of fixed assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

(g). **Inventories**

Raw materials, components are valued at 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 of raw materials, components is determined on First in first out basis.

Work-in-progress and finished Goods are valued at 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 of finished goods includes excise duty. Cost is determined on First in first out basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary 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

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable interest rate.

(i). **Foreign currency translation**

Initial recognition

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

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.

Exchange Differences

Exchange differences arising on the 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 period, or reported in previous financial statements, are recognized as income or as expenses in the period in which they arise.

(j). **Retirement and other employee benefits**

Retirement benefits in the form of Provident Fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.



(k). **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 Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

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 reassesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

(l). **Segment Reporting**

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the geographical location of the customers.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(m). **Earnings per Share**

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(n). **Provisions**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(o). **Contingent Liabilities**

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

(p). **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(q) **Derivative instrument**

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting impact of gain on underlying hedged item, is charged to statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on underlying hedged item, is ignored.



Minda Furukawa Electric Private Limited
Notes to financial statements for the year ended March 31, 2017

3 Share capital

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Authorized shares		
98,500,000 (31 March 2016: 98,500,000) equity shares of Rs. 10/- each	985,000,000	985,000,000
Issued, subscribed and fully paid up shares		
98,500,000 (31 March 2016: 98,500,000) equity shares of Rs. 10/- each	985,000,000	985,000,000

n. Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period
Equity Shares

	March 31, 2017		March 31, 2016	
	Numbers	Rs.	Numbers	Rs.
At the beginning of the year	98,500,000	985,000,000	98,500,000	985,000,000
Outstanding at the end of the period	98,500,000	985,000,000	98,500,000	985,000,000

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

As per Joint Venture agreement executed in 2014-15, the Furukawa Electric Company and its group entities (FEC group) have transferred two percent of the entire shareholding of Minda Furukawa Electric Private Limited (the Company) in favour of Minda or any of its nominees (Minda Group) resulting into effective shareholding of 49% in the Company of the FEC group and 51% shareholding of Minda group (Joint venturer). Consequently, the rights and obligations of the joint venture parties under agreement have been switched between the parties and now Minda group is entitled to exercise the rights which were previously available to FEC group and perform the obligations which were applicable to FEC group under the Joint venture agreement as a 51% shareholder.

c. Shares held by holding company, ultimate holding company and their subsidiaries

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Minda Corporation Limited, the holding company 50,235,000 (31 March 2016: 50,235,000) equity shares of Rs. 10 each fully paid up	502,350,000	502,350,000
Furukawa Electric Co. Ltd, Japan, Co-Venturer 28,959,000 (31 March 2016: 28,959,000) equity shares of Rs. 10 each fully paid up	289,590,000	289,590,000
Furukawa Automotive Systems Inc., Japan, Co- Venturer 19,306,000 (31 March 2016: 19,306,000) equity shares of Rs. 10 each fully paid up	193,060,000	193,060,000

d. Details of shareholders holding more than 5% shares in the company, each of them are co venturer, as per joint venture agreement

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	Numbers	% Holding	Numbers	% Holding
Equity shares of Rs. 10 each fully paid.				
Minda Corporation Limited, holding company	50,235,000	51.00%	50,235,000	51.00%
Furukawa Electric Co. Limited, co-venturer	28,959,000	29.40%	28,959,000	29.40%
Furukawa Automotive Systems Inc., co-venturer	19,306,000	19.60%	19,306,000	19.60%

As per the records of the company, including its register of shareholders, the above shareholding represents legal ownership of shares.

4 Reserves and surplus

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
(Deficit) in the statement of profit and loss		
Balance as per the last financial statements	(676,745,384)	(492,233,803)
(Loss) for the year	(571,270,109)	(184,511,581)
Net (deficit) in the statement of profit and loss	(1,248,015,493)	(676,745,384)



Minda Furukawa Electric Private Limited
Notes to financial statements for the year ended March 31, 2017

5 Long term borrowings

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Term loans		
Indian rupee loan from banks (secured) (refer note a and b below)	86,469,855	115,293,971
Foreign currency loan from banks (secured) (refer note c and d below)	244,105,462	351,174,174
Less: Current maturities of long term borrowings (refer note 8)	<u>(127,989,033)</u>	<u>(130,274,433)</u>
	<u>202,586,284</u>	<u>336,193,712</u>
The above amount includes		
Secured borrowings (refer note c and d below)	244,105,462	351,174,174
Unsecured borrowings (refer note a and b below)	86,469,855	115,293,971
Total	<u>330,575,317</u>	<u>466,468,145</u>
Amount disclosed under the head "other current liabilities" (refer note 8)	<u>(127,989,033)</u>	<u>(130,274,433)</u>
Net amount	<u>202,586,284</u>	<u>336,193,712</u>

- a. Term loan amounting to Rs 34,587,500 (previous year Rs 46,117,500) is repayable in 12 (previous year 16) quarterly instalments of Rs. 2,882,500 each beginning from March 31, 2016. It carries interest rate of 10.20% and is secured by Corporate Guarantee from Furukawa Electric Co Ltd, Japan.
- b. Term loan amounting to Rs 51,882,355 (previous year Rs 69,176,471) is repayable in 12 (previous year 16) quarterly instalments of Rs. 4,323,529 each beginning from March 31, 2016. It carries interest rate of 10.20% and is secured by Corporate Guarantee from Furukawa Electric Co Ltd, Japan.
- c. Term loan amounting to Rs. 1,06,792,987 (previous year Rs. 16,38,81,280) is secured by first pari passu charge of immovable property of the Company including freehold/leasehold land, buildings and plant & machinery attached to earth or permanently fastened to anything attached to the earth (both present and future) lying/situated at plot No 325-326 sector -3, IGC, Bawal, Haryana and all present and future movable properties of the Company. The loan is repayable in 17 equal instalments starting from 12th month of term loan amount from drawdown i.e. January 2014. It carried interest rate of 12.50%.
- d. Term loan amounting to Rs. 1,37,305,270 (previous year Rs. 187,292,894) is secured by first pari passu charge of immovable property of the Company including freehold/leasehold land, buildings and plant & machinery attached to earth or permanently fastened to anything attached to the earth (both present and future) lying/situated at plot No 325-326 sector -3, IGC, Bawal, Haryana and all present and future movable properties of the Company. The loan is repayable in 17 equal instalments starting from 12th month of term loan amount from drawdown i.e. February 2016. It carried interest rate of 12.30%.

6 Provisions

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Long term		
Provision for employee benefits		
Provision for gratuity (Refer note 25)	10,904,660	6,893,721
	<u>10,904,660</u>	<u>6,893,721</u>
Short term		
Provision for employee benefits		
Provision for leave benefits	7,502,814	6,181,010
Provision for gratuity (Refer note 25)	169,641	119,880
Other Provisions		
Provision for closure of facility (Refer Note below)	97,951,000	-
	<u>105,623,455</u>	<u>6,300,890</u>

Provision for closure of facility

During the year, the Company has decided to close its Chennai facility, which subsequently got closed on May 31, 2017. While the management is still working on disposal/usage of facilities/assets/inventory/compensation has estimated a loss of Rs.97,951,000 which has been provided in books as on March 31, 2017 as a provision for closure of facility, which it considers adequate to cover losses on account of same.

Movement of provision for closure of facility

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
At the beginning of the year	-	-
Arising during the year	97,951,000	-
At the end of the year	<u>97,951,000</u>	<u>-</u>

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7 Short-terms borrowings

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Short term loans from banks (secured) (refer note a)	140,500,000	100,500,000
Working capital loan from a bank (unsecured) (refer note b below)	217,948,230	224,840,684
Packing Credit facility (secured) (refer note c below)	100,000,000	100,000,000
Overdraft (secured) (refer note d)	21,243,018	-
	479,691,248	425,340,684
The above amount includes		
Secured borrowings (Refer note a,c and d below)	261,743,018	200,500,000
Unsecured borrowings (Refer note b below)	217,948,230	224,840,684
Total	479,691,248	425,340,684

- a The Short term loans from banks are secured by second charge on current assets, movable fixed assets including plant and machinery of the Company both present and future and Immovable property at Bawal. These are repayable within 1 year and interest is based on market rates, currently 10.80% (previous year 10.80%).
- b Overdraft Limit from a bank amounting to Rs. 21,79,48,230 (previous year Rs.224,840,684) is secured by corporate guarantee by Furukawa Electric Co Limited (Joint Venture Partner). It is repayable on demand and carried interest rate of 10.50% p.a. (previous year 10.50% p.a.).
- c Packing credit loan from bank Rs. 100,000,000 (previous year Rs.100,000,000) is secured by First charge on current assets, movable fixed assets including plant and machinery of the Company both present and future and Immovable property at Bawal. The loan is repayable in demand and carries interest rate of Base Rate + Margin, currently 10.45% (previous year 13.5%).
- d Bank overdraft amounting to Rs. 2,12,13,492 (previous year Nil) is secured by first pari passu charge on current assets of the Company and on movable fixed assets including plant and machinery and on immovable property situated at plot No 325-326 sector -3, IGC, Bawal, Haryana and also by corporate guarantee of Minda Corporation limited. It is repayable on demand and carries interest rate of 10% to 13.5% p.a. (previous year 13.50% p.a.).

8 Other current liabilities

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Trade payables		
• total outstanding dues of micro enterprises and small enterprises (refer note 31 for details of dues to micro and small enterprises)	-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note 39)	1,947,854,918	1,425,901,687
Other Liabilities		
Current maturities of long term borrowings (refer note 5)	127,989,033	130,274,433
Interest accrued but not due on borrowings	4,491,889	5,306,734
Creditors for fixed assets	12,084,152	14,346,507
Others		
Advance from customers	14,460,464	4,970,646
TDS payable	35,616,824	6,195,326
Excise duty payable	18,264,017	10,112,535
Service Tax payable	10,836,370	9,901,367
VAT/CST payable	13,075,719	6,866,320
Other Payable	8,819,174	5,621,000
	245,637,642	193,594,868

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9 Property, Plant & Equipment and Intangible Fixed Assets

Particulars	Property, Plant & Equipment										Intangible Assets			Grand Total	
	Land (Freshold)	Lease hold Improvement	Buildings	Plant And Equipment	Office Equipment	Computers	Furniture and Fixtures	Vehicles	Total	Software	New Product Development				
Cost															
At 1-Apr-2015	84,019,315	21,168,561	171,717,623	1,054,336,918	13,319,178	17,140,142	19,828,492	9,247,681	1,390,777,972	17,819,843	-	-	-	1,408,297,755	
Additions	-	-	3,925,207	114,309,026	4,791,289	4,999,063	2,233,165	-	136,257,748	5,501,595	22,679,115	-	-	158,438,458	
Disposals	-	-	-	95,183,367	-	-	-	-	95,511,080	-	-	-	-	95,511,080	
As at 31-Mar-2016	84,019,315	21,168,561	175,642,832	1,073,462,577	18,110,467	22,139,205	22,061,655	327,713	1,425,524,380	23,321,438	22,679,115	-	-	1,471,525,133	
Additions	-	-	880,242	125,265,214	1,743,708	4,934,973	1,937,833	-	134,781,972	2,030,542	-	-	-	136,812,514	
Disposals/Deletions	-	-	-	229,586	-	-	-	-	229,386	-	-	-	-	229,386	
As at 31-Mar-2017	84,019,315	21,168,561	176,523,074	1,198,498,405	19,854,175	27,074,178	24,019,490	8,919,968	1,560,077,166	25,351,980	22,679,115	-	-	1,608,108,261	
Depreciation															
As at 1-Apr-2015	-	5,099,527	34,361,474	322,749,356	9,627,735	10,576,628	9,446,005	5,254,657	397,115,382	9,990,178	-	-	-	407,105,560	
Additions	-	4,903,816	5,918,347	90,417,684	1,434,038	4,476,058	2,425,236	1,134,861	110,710,260	4,345,110	1,320,862	-	-	116,376,232	
Disposals	-	-	-	404,542	-	-	-	-	732,055	-	-	-	-	732,055	
As at 31-Mar-2016	-	10,003,343	40,280,021	412,762,698	11,061,793	15,052,686	11,871,241	6,061,805	507,093,587	14,335,288	1,320,862	-	-	522,749,737	
Additions	-	4,000,023	6,113,323	102,570,198	2,030,887	4,415,092	2,551,302	1,131,760	122,612,365	5,064,914	4,535,823	-	-	132,213,322	
Disposals/Deletions	-	-	-	21,462	-	-	-	-	21,462	-	-	-	-	21,462	
As at 31-Mar-2017	-	14,003,366	46,393,344	515,111,434	13,092,680	19,467,778	14,422,543	7,193,565	628,684,710	19,400,202	5,856,685	-	-	654,941,597	
As at 31-Mar-2017	84,019,315	7,165,195	130,129,730	683,386,971	6,761,495	7,606,400	9,596,947	1,726,403	930,392,456	5,951,778	16,822,430	-	-	953,156,664	
As at 31-Mar-2016	84,019,315	11,165,218	135,562,811	660,699,879	7,948,674	7,086,319	10,190,214	2,858,103	918,430,993	8,986,150	21,358,253	-	-	948,775,396	



Minda Furukawa Electric Private Limited
Notes to financial statements for the year ended March 31, 2017

10 Loans and advances

		As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Non Current			
Capital advances			
Unsecured, considered good		965,134	4,832,692
Doubtful		3,675,804	-
Provision for doubtful capital advances		4,640,938	4,832,692
		(3,675,804)	-
	A	965,134	4,832,692
Security deposits			
Unsecured considered good		27,211,900	33,202,007
Doubtful		420,000	-
Provision for doubtful security deposit		27,631,900	33,202,007
		(420,000)	-
	B	27,211,900	33,202,007
Other loans and advances Unsecured, considered good			
Advance income-tax (net of provision for taxation)	C	24,604,372	22,973,984
	D=(A+B+C)	52,781,406	61,008,683
Current			
Loans and advances to related parties			
Unsecured, Considered good		4,581,515	4,801,100
	E	4,581,515	4,801,100
Advances recoverable in cash or kind			
Unsecured, Considered good		27,016,531	31,873,458
Doubtful		4,158,720	-
Provision for Doubtful Advances		31,175,251	31,873,458
		(4,158,720)	-
	F	27,016,531	31,873,458
Security deposits			
	G	5,500,000	100,000
Other loans and advances unsecured considered good			
Balance with statutory/government authorities	H	385,047,389	316,650,935
	I=(F+G+H)	422,145,435	353,425,493

11 Trade receivables

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good (refer note 40)	134,501,926	6,719,409
Doubtful	26,244,489	1,496,269
Provision for doubtful receivables	160,746,415	8,215,678
	(26,244,489)	(1,496,269)
	134,501,926	6,719,409
Others receivables		
Unsecured, considered good	314,612,240	453,540,098
Doubtful	490,904	490,904
Provision for doubtful receivables	315,103,144	454,031,002
	(490,904)	(490,904)
	314,612,240	453,540,098
	449,114,166	460,259,507

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Minda Furukawn Electric Private Limited
Notes to financial statements for the year ended March 31, 2017

12 Other assets

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Non current		
Unsecured Considered good unless otherwise stated		
Non current bank balance (refer note 14)	200,000	200,000
Forward contract (asset)	4,993,610	17,473,563
	<u>5,193,610</u>	<u>17,673,563</u>
Current		
Unbilled revenue*	99,559,060	14,792,483
Interest accrued on fixed deposit	62,978	62,978
Forward contract (asset)	4,881,118	6,262,082
	<u>104,503,156</u>	<u>21,117,543</u>

*Unbilled revenue represent price increase and tooling development revenue received by the company from its customers

13 Inventories (valued at lower of cost and net realizable value)

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Raw materials and components (includes in transit Rs. 110,722,828, 31 March 2016 Rs. 126,934,125) (refer note 18)	520,600,100	637,905,436
Work-in-progress (refer note 19)	26,199,731	48,085,690
Finished goods (includes in transit Rs. 1,640,597, 31 March 2016 Rs. 4,332,383) (refer note 19)	85,017,981	86,292,612
Stores and spares	20,718,404	20,758,622
	<u>652,536,216</u>	<u>793,042,360</u>

14 Cash and bank balances

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Cash and cash equivalents		
Balances with banks		
On current accounts	83,101,563	45,992,464
Cash on hand	370,778	103,969
	<u>83,472,341</u>	<u>46,096,433</u>
Other bank balances		
Margin money deposits	200,000	200,000
Amount disclosed under non current assets (refer note 12)	(200,000)	(200,000)
	<u>-</u>	<u>-</u>
	<u>83,472,341</u>	<u>46,096,433</u>

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15 Revenue from operations

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
Revenue from operations		
Sales of products		
Finished goods	5,565,631,270	4,858,292,369
Tooling sales	29,667,406	98,362,295
Other operating revenues		
Scrap sales	32,342,099	10,087,324
Revenue from operations (gross)	5,627,640,775	4,966,741,988
Less: Excise duty*	(632,702,602)	(584,897,258)
Revenue from operations (net)	4,994,938,173	4,381,844,730

* Excise duty on sales amounting to Rs. 632,702,602 (March 31, 2016: Rs. 584,897,258) has been reduced from sales in profit and loss account and excise duty on increase/decrease in stock amounting to Rs. 297,200 (March 31, 2016: Rs. 3,514,521) has been considered as expense in note no. 21. of financial statements.

Details of Finished goods sold

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
Wire harness	4,325,467,342	3,099,834,433
SRC	254,363,104	113,358,227
Tooling	28,557,406	98,362,295
Other Components	357,952,171	1,060,202,452
Scrap sales	28,598,150	10,087,323
	4,994,938,173	4,381,844,730

16 Other income

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
Gain on Sale of Fixed Assets	-	15,000
Inventory Carrying Cost Recovered	-	8,754,274
Management Support Services	-	4,680,000
Miscellaneous Income	2,359,872	551,958
Exchange difference (net)	65,651,481	(73,127,921)
	68,011,353	(59,126,689)

17 Exceptional Item (Expense)

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
Compensation from a customer (refer note a below)	-	(23,118,609)
Provision for doubtful claims (refer note a below)	23,118,609	-
Settlement with import vendor (refer note b below)	131,652,443	-
Orgadam project closure (refer note c below)	31,179,369	-
Provision for closure of facility (refer note 6)	97,951,000	-
	283,901,421	(23,118,609)

- a) During the previous year, the Company had recorded an income of Rs. 23,118,609 based on confirmation from the customer. However, during the year, the customer re-negotiated the claim of the Company while the company is still negotiating, it has made provision against the same.
- b) Till the last year, the company and the Joint venturer had a reconciliation difference which has been disputed by company and such dispute agreed by the joint venturer. During the current year, the company has settled such reconciliation and accordingly agreed to pay Rs.13.16 crore to the joint venturer for various expenditures.
- c) The Company was planning to set up a new production facility, which it later decided not to go through with. Accordingly, a loss of Rs. 31,179,369 has been recognised as an exceptional item pertaining to Rent (Rs. 14,241,064), Capital work in progress (16,057,051) Other (Rs.881,254) in relation to the project



18 Cost of raw material and components consumed

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
Inventory at the beginning of the year		
Add: Purchases	637,905,436	411,195,324
	3,781,507,812	3,696,645,075
Less: Inventory at the end of the year	4,419,413,248	4,107,840,399
Cost of Raw materials and components consumed	520,600,100	637,905,436
	3,898,813,148	3,469,934,963

Details of Raw material and components consumed

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
Raw materials and components		
Connectors		
Wire	687,260,122	995,794,287
Terminals	1,143,743,813	566,558,303
Others	671,765,974	286,911,818
	1,396,043,239	1,620,670,555
	3,898,813,148	3,469,934,963

Details of Inventory

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Connectors		
Wire	97,805,676	157,587,294
Terminals	77,036,603	87,024,636
Others	86,238,665	119,510,460
	259,519,156	273,783,046
	520,600,100	637,905,436

19 Decrease/(Increase) in inventories

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
Inventories at the beginning of the year		
Work-in-progress	48,085,690	17,335,424
Finished goods	86,292,612	72,613,708
	134,378,302	89,949,132
Inventories at the end of the year		
Work in progress	26,199,731	48,085,690
Finished goods	85,017,981	86,292,612
	111,217,712	134,378,302
	23,160,590	(44,429,170)

Details of Inventory

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Work-in-progress		
Connectors		
Wire	759,790	2,424,414
Terminals	8,388,056	10,036,713
Others	5,160,377	7,543,735
	11,891,508	28,080,828
	26,199,731	48,085,690
Finished Goods		
Wire harness	80,952,192	83,581,853
Wire Components	1,717,189	2,417,193
SRC	2,348,600	293,566
	85,017,981	86,292,612

20 Employee benefits expense

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
Salaries, wages and bonus	502,247,045	431,895,703
Contribution to provident and other fund	16,769,444	18,518,756
Gratuity expense (refer note 25)	4,569,967	1,657,598
Staff welfare expenses	48,038,962	40,427,967
	571,625,418	492,500,024



21 Other expenses

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
Consumption of stores and spare parts	26,194,605	10,428,913
Increase in excise duty on finished goods	297,200	3,514,521
Power and fuel	33,307,981	28,055,355
Freight and forwarding charges	28,408,001	25,342,850
Rent	52,230,383	36,506,929
Rates and taxes	8,987,522	5,028,382
Insurance	5,924,812	5,225,300
Repairs and maintenance		
- Plant and Machinery	24,008,485	20,792,129
- Buildings	2,332,778	4,019,797
- Others	9,941,409	8,784,244
Business promotion	3,118,651	4,265,140
Travelling and conveyance	65,795,456	51,520,386
Communication expenses	4,589,472	4,673,936
Printing and stationery	7,464,771	7,202,387
Legal and professional fees	28,266,816	12,291,337
Payment to Auditor (Refer detail below)	4,505,528	4,200,000
Cash Discounts	23,471,759	24,637,267
Bank charges	1,568,478	2,569,937
Jobwork charges	89,897,062	71,959,215
Housekeeping expenses	10,988,592	9,777,724
Royalty	68,545,240	60,313,437
Provision for Bad & Doubtful Debts / Advances	9,884,135	903,287
Advances Written off	14,768,439	-
Loss on Sale of Asset	207,924	-
Provision for slow moving inventory /written off	20,579,275	-
Miscellaneous expenses	21,889,181	26,688,959
	567,173,955	428,701,432

Payment to auditor

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
As Auditor		
Audit fee	4,000,000	4,000,000
Tax audit fee	100,000	200,000
In other capacity		
Other Matters	100,000	-
Reimbursement of expenses	305,528	-
	4,505,528	4,200,000

22 Finance costs

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
Interest on:		
- Working capital facilities	15,007,196	13,530,195
- Short term and working capital loans	37,897,320	34,703,977
- Long term borrowings	45,801,602	63,813,516
- Bills discounted	32,021,534	24,124,182
	130,727,652	136,171,870

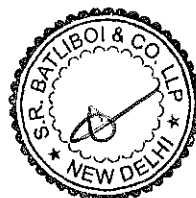
23.1 Prior period expenses

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
Deduction by customers#	26,604,129	-
	26,604,129	-

#Pertains to claims of the customer not recorded erroneously

23.2 Prior period income

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
Prior Period Income (refer note 40)	-	68,907,120
	-	68,907,120



24 Earnings per share (EPS)

	For the year ended March 31, 2017 Rs.	For the year ended March 31, 2016 Rs.
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net (loss) after tax	(571,270,109)	(184,511,581)
Weighted average number of equity shares in calculating basic and diluted EPS	98,500,000	98,500,000
Basic and diluted (loss) per share	(5.80)	(1.87)

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25 Gratuity and other post-employment benefit plan

The Company has a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed at least five years or more of service shall be paid gratuity at the time of separation from the Company from the period starting with the date of joining till the date of relieving at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss account and the amounts recognized in the balance sheet.

Statement of Profit and Loss

Net employee benefit expense recognized in Employee Cost

	Gratuity	
	March 31, 2017	March 31, 2016
	Rs.	Rs.
Current service cost	2,880,853	2,667,748
Interest cost on benefit obligation	556,880	632,774
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognized in the year/ period	1,132,234	(1,642,924)
Net benefit expense	4,569,967	1,657,598

Balance Sheet

Benefit liability

	Gratuity	
	March 31, 2017	March 31, 2016
	Rs.	Rs.
Present value of defined benefit obligation	11,074,301	7,013,601
Fair value of plan assets	-	-
Plan liability	11,074,301	7,013,601

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity	
	March 31, 2017	March 31, 2016
	Rs.	Rs.
Opening defined benefit obligation	7,013,601	8,091,743
Current service cost	2,880,853	2,667,748
Interest cost	556,880	632,774
Benefit paid	(509,267)	(2,735,740)
Actuarial losses/(gain) on obligation	1,132,234	(1,642,924)
Closing defined benefit obligation	11,074,301	7,013,601

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	Gratuity	
	March 31, 2017	March 31, 2016
	Rs.	Rs.
Discount rate	7.36%	7.94%
Increase in Compensation cost	6.00%	6.00%
Mortality table	IALM (2006-08) Ultimate	
Employee turnover		
	Age	Rate
	Upto 30 years	3%
	From 31 to 44 years	2%
	Above 44 years	1%

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
	Rs	Rs	Rs	Rs	Rs
Defined benefit obligation	11,074,301	7,013,601	8,091,743	4,993,422	4,331,867
Plan assets	-	-	-	-	-
Surplus / (deficit)	(11,074,301)	(7,013,601)	8,091,743	4,993,422	(4,331,867)
Experience adjustments on plan liabilities	(109,856)	1,492,301	(1,206,068)	(533,452)	(302,706)
Experience adjustments on plan assets	-	-	-	-	-



26 Leases

Operating lease: company as lessee

The Company has taken Noida, Navalur (Chennai), and Mannur (Chennai) plant under operating lease agreements. The rental expense under this agreement during the period ended March 31, 2017 is Rs.52,230,383 (Previous year: Rs 36,506,929).

Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2017 Rs.	March 31, 2016 Rs.
Within one year	22,020,291	40,997,691
After one year but not more than five years	26,304,794	70,829,315
More than five years	Nil	Nil

27 Segment Information

The Company's business activity falls within a single business segment i.e. "manufacturing of wire harness for automobiles" which is considered to be the only reportable business segment. Therefore, business segment reporting in terms of Accounting Standard 17 is not applicable.

Further, exports sales being less than 10% of total Sales, geographical segment reporting is also not applicable.

28 Related Party Disclosure

Name of related parties and related party relationship

Related parties where control exists

Holding Company	Minda Corporation Ltd.(w.e.f. Oct 1, 2014)
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Related parties under AS 18 with whom transactions have taken place during the year

Nature of relationship	Name of Related Parties
Holding Company	Minda Corporation Limited
Joint Venture Stakeholders	Furukawa Automotive Systems INC., Japan Furukawa Electric Co. Limited, Japan
Companies under common control	Minda Automotive Solutions Ltd. Minda Management Services Limited, India Minda Sai Limited, India
Key Managerial Personnel and their relatives	Mr. Kanwal Deep Singh (till 31-08-2015) Mr. Neeraj Sharma, Director (W.e.f 01-07-2015)
Enterprises owned or significantly influenced by shareholders or key management personnel or their relatives	Mindarika Pvt. Ltd.
	Tokai Riki Minda India Private Limited, India
	Minda Industries Ltd.
	Minda Capital Limited
	Furukawa Automotive Systems (Thailand) Co. Ltd.
	Furukawa Electric (Shenzhen) Co., Ltd.
	Furukawa Automotive Systems Indonesia
	Furukawa Electric Autoparts Philippines, Inc.
	Furukawa Sangyo Kaisha India Pvt. Ltd.
	Permintex Furukawa Autoparts Malaysia SDN BHD
	Furukawa Automotive System (Hamamatsu)
Furukawa Autoparts (Huizhou) Ltd.	



Minda Furukawa Electric Private Limited
Notes to financial statements for the year ended March 31, 2017

Transactions with Related Parties during the year

Particulars	Holding Company		Co Venturers		Companies under common control		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Purchase of raw material and other components	-	-	-	-	-	-	-	-	-	-
Minda Corporation Ltd	-	-	-	-	-	-	-	-	-	-
Furukawa Automotive Systems INC., Japan	-	-	1,179,809,869	1,003,130,022	-	-	-	-	1,179,809,869	1,003,130,022
Furukawa Electric (Shenzhen) Co., Ltd	-	-	-	-	-	-	-	-	-	-
Furukawa Automotive Systems (Thailand) Co. Ltd.	-	-	-	-	-	-	32,432	32,432	-	32,432
Furukawa Electric Co. Limited, Japan	-	-	188,795	-	-	-	96,896,508	292,914,506	86,896,508	292,914,506
Minda Sai Limited	-	-	-	-	103,659,703	52,318,312	-	-	188,795	-
Furukawa Electric Autoparts Philippines, Inc	-	-	-	-	-	-	-	-	103,659,703	52,318,312
Furukawa Sangyo Kaisha India	-	-	-	-	-	-	96,654,641	46,276,509	96,654,641	46,276,509
Minda Automotive Solutions Ltd	-	-	-	-	-	-	25,544,269	12,207,859	25,544,269	12,207,859
Purchase of plant and machinery (including Capital work in progress)	-	-	-	-	7,931	-	-	-	7,931	-
Furukawa Automotive Systems INC., Japan	-	-	65,840,918	26,744,668	-	-	-	-	65,840,918	26,744,668
Minda Sai Limited	-	-	-	-	-	841,124	-	-	-	841,124
Reimbursement of Salary	-	-	-	-	-	-	-	-	-	-
Minda Management Services Limited	-	-	-	-	-	5,200,649	-	-	-	5,200,649
Repair and Maintenance Plant and Machinery, Consumables	-	-	-	-	-	-	-	-	-	-
Furukawa Automotive Systems INC., Japan	-	-	3,891,345	502,245	-	-	-	-	3,891,345	502,245
Expenses incurred on behalf of the company	-	-	-	-	-	-	-	-	-	-
Minda Corporation Ltd	-	130,000	-	-	-	-	-	-	-	130,000
Furukawa Automotive Systems INC., Japan (Bill Discounting)	-	-	32,087,855	-	-	-	-	-	32,087,855	-
Furukawa Automotive Systems INC., Japan (Evaluation Test Expenses)	-	-	4,453,270	-	-	-	-	-	4,453,270	-
Furukawa Automotive Systems INC., Japan (Service Fees)	-	-	12,728,858	-	-	-	-	-	12,728,858	-
Furukawa Automotive Systems INC., Japan (Freight Expense)	-	-	13,591,187	-	-	-	-	-	13,591,187	-
Minda Sai Limited (Labour Charges, Power & Fuel, Water Charges)	-	-	-	-	709,962	-	-	-	709,962	-
Minda Management Services Limited, India (Other Expenses)	-	-	-	-	221,885	-	-	-	221,885	-
Furukawa Life Services (Travelling Expenses)	-	-	-	-	-	-	260,862	-	260,862	-
Expenses incurred by the company on behalf of Related party	-	-	-	-	-	-	-	-	-	-
Minda Management Services Limited, India	-	-	3,800	-	-	-	-	-	3,800	-
Total	-	-	-	-	-	-	1,638,530	1,377,650	1,638,530	1,377,650



Transactions with Related Parties during the year

Particulars	Holding Company		Co Ventures		Companies under common control		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Sales (including scrap sales)	-	-	-	-	-	-	-	-	-	-
Furukawa Automotive Systems INC., Japan	-	-	11,209,225	4,329,810	-	-	-	-	11,209,225	4,329,810
Furukawa Electric (Shenzhen) Co., Ltd.	-	-	-	-	-	-	553,046	229,878	553,046	229,878
Furukawa Automotive Systems (Thailand) Co. Ltd.	-	-	-	-	-	-	4,426,042	3,659,180	4,426,042	3,659,180
Minda Sai Limited	-	-	-	-	11,556,928	3,627,317	-	-	11,556,928	3,627,317
Furukawa Automotive Systems Indonesia	-	-	-	-	-	-	5,948,852	4,531,983	5,948,852	4,531,983
Minda Industries Ltd, India	-	-	-	-	-	-	23,387	23,387	-	23,387
Mindarika Pvt. Limited	-	-	-	-	-	-	83,286	178,030	83,286	178,030
Tokai R&D Minda India private Limited	-	-	-	-	-	-	263,044,530	197,347,076	263,044,530	197,347,076
Furukawa Electric Autoparts Philippines, Inc	-	-	-	-	-	-	-	1,020	-	1,020
Furukawa Automotive System (Hamamatsu)	-	-	-	-	-	-	129,425	15,439	129,425	15,439
Job Work Charges	-	-	-	-	-	-	-	-	-	-
Minda Sai Limited	-	-	-	-	59,607,654	57,645,234	-	-	59,607,654	57,645,234
Royalty expense	-	-	-	-	-	-	-	-	-	-
Furukawa Automotive Systems INC., Japan	-	-	64,806,034	57,441,370	-	-	-	-	64,806,034	57,441,370
Rent expense	-	-	-	-	-	-	-	-	-	-
Minda Capital Limited	-	-	-	-	-	-	2,629,100	-	2,629,100	-
Balance receivable as at year end	-	-	-	-	-	-	-	-	-	-
Furukawa Automotive Systems INC., Japan	-	-	3,255,137	-	-	-	-	-	3,255,137	-
Furukawa Electric (Shenzhen) Co., Ltd.	-	-	-	-	-	-	195,017	-	195,017	-
Minda Sai Limited	-	-	-	-	9,965,238	1,912,929	-	-	9,965,238	1,912,929
Minda Corporation Limited, India	-	-	-	-	-	-	-	-	-	-
Minda Management Services Limited	-	-	-	-	4,585,315	4,801,100	-	-	4,585,315	4,801,100
Mindarika Pvt. Limited	-	-	-	-	-	-	80,753	-	80,753	-
Furukawa Electric Autoparts Philippines, Inc	-	-	-	-	-	-	-	1,020	-	1,020
Tokai R&D Minda India private Limited	-	-	-	-	-	-	36,692,486	17,381,056	36,692,486	17,381,056
Furukawa Automotive Systems Indonesia	-	-	-	-	-	-	4,117,707	2,729,169	4,117,707	2,729,169
Furukawa Automotive Systems (Thailand) Co. Ltd.	-	-	-	-	-	-	8,534,625	4,259,739	8,534,625	4,259,739
Furukawa Automotive System (Hamamatsu)	-	-	-	-	-	-	26,140	13,973	26,140	13,973



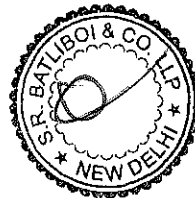
Minda Furukawa Electric Private Limited
Notes to financial statements for the year ended March 31, 2017

Transactions with Related Parties during the year

Particulars	Holding Company		Co Ventures		Companies under common control		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Balance payable as at year end										
Minda Corporation Ltd	30,000	130,000	-	-	-	-	-	-	30,000	130,000
Furukawa Electric Co., Limited, Japan	-	-	17,095,650	259,382	-	-	-	-	17,095,650	259,382
Furukawa Automotive Systems Inc., Japan	-	-	1,163,657,628	611,313,364	-	-	-	-	1,163,657,628	611,313,364
Furukawa Electric (Shenzhen) Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Fermentex Furukawa Autoparts Malaysia SDN BHD	-	-	-	-	-	-	197,089	23,470	197,089	23,470
Furukawa Automotive Parts (Hong Kong) Ltd.	-	-	-	-	-	-	-	236,545	-	236,545
Furukawa Automotive Systems (Thailand) Co. Ltd.	-	-	-	-	-	-	-	117,425	-	117,425
Minda Sai Limited	-	-	-	-	-	-	20,350,460	62,684,228	20,350,460	62,684,228
Minda Automotive Solutions Ltd (M)	-	-	-	-	152,166,072	72,402,725	-	-	152,166,072	72,402,725
Furukawa Electric Autoparts Philippines, Inc	-	-	-	-	7,931	-	-	-	7,931	-
Furukawa Sangyo Kaisha, India	-	-	-	-	-	-	55,365,262	32,462,352	55,365,262	32,462,352
	-	-	-	-	-	-	10,199,112	3,992,239	10,199,112	3,992,239

Key Managerial Personnel and their relatives

Name of KMP	March 31, 2017	March 31, 2016
Mr. Kanwal Deep Singh, Director	-	2,670,260
Mr. Neeraj Sharma, Whole time Director	6,239,243	8,656,416



29 Capital and other commitments:

- a) At March 31, 2017, the Company has Rs. 4,385,403 (previous year: Rs. 6,557,457) as estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances).
b) For commitments relating to lease arrangements, please refer note 26.

30 Contingent Liabilities

	March 31, 2017 Rs.	March 31, 2016 Rs.
Service tax demands (Note 1 Below)		
Income Tax (AY 2009-10) (Note 2 Below)	763,726	763,726
Income Tax (AY 2010-11) (Note 3 Below)	-	-
Expense claims against the company not acknowledged as debts (note 4 below)	50,010,340	50,010,340
Deduction by Customer / vendors not acknowledged by the Company (note 5 below)	-	109,857,384
	7,900,452	19,463,411

Note 1:- Service tax demand comprises show-cause notice received from the excise authorities on account of allegedly wrong credit taken by the Company for services which did not fall in the preview of input services as defined under rule 2(i) of Cenvat Credit Rules 2004.

Note 2:- In respect of Assessment Year 2009-10, the loss return originally filed has been reduced by Rs. 285,901,344 resulting into a net loss of Rs. 75,954,577 vide order under section 143(3) of the Income Tax Act, 1961 on account of Transfer pricing adjustments and disallowance of various expenditure by the assessing officer. The Company has filed an appeal before ITAT.

Note 3:- In respect of Assessment Year 2010-11, Rs 50,010,340 (March 31, 2016: Rs 50,010,340) vide order under section 143(3) of the Income Tax Act on account of transfer pricing adjustment and disallowance of various expenditure by the assessing officer. The company has filed an appeal before ITAT.

Note 4:- During the previous year, expense claims against the company were not acknowledged as debts represents amount debited by the Joint Venture Partners for various expenses/ or service charges. During the current year company has booked all such expenses.

Note 5:- During the previous year, a customer has made a deduction against receivable to the extent of Rs. 19,463,411. During the year, the company has booked the same as an expense in statement of profit & loss. Refer Note 23.1. Current year amount represent amounts of deductions/claims by Vendors/Customers of the Company not acknowledged by the Company.

Note 6:- There are various labour cases pending against the Company. The Company is contemplating appropriate action and does not believe any material liability devolving against the Company in this regard.

*In respect of above matters, the management is hopeful for a favourable outcome and does not anticipate any material liability in this regard.

31 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

32 Derivative Instruments and unhedged foreign currency exposure

a) Derivatives outstanding as at the balance sheet date

Particulars	Purpose
Forward Contract to buy US\$ US\$ 3,764,706 (March 31, 2016 : US\$ 5,294,118)	Hedge of External Commercial Borrowing
Interest rate swap Notional amount US\$ 1,647,059 (March 31, 2016 : US\$ 2,470,588)	Hedge against exposure to variable interest flow on loans. Swap to pay fixed @ 12.50% for US\$ 1,647,059 and receive variable interest @ LIBOR+349 bps on notional amount.
Interest rate swap Notional amount US\$ 2,117,647 (March 31, 2016 : US\$ 2,823,529)	Hedge against exposure to variable interest flow on loans. Swap to pay fixed @ 12.30% for US\$ 2,117,647 and receive variable interest @ LIBOR+325 bps on notional amount.



b) Particulars of unhedged foreign currency exposure as at the reporting date.

Particulars	Amount
Import Trade Payable (JPY)	JPY 1,927,508,503 (March 31, 2016: JPY 1,054,946,271) [Rs. 1,117,183,929 (March 31, 2016: Rs. 623,051,268)]
Import Trade Payable (USD)	USD 450,624 (March 31, 2016: USD 141,282) [Rs. 29,217,857 (March 31, 2016: Rs. 9,371,951)]
Import Trade Payable (EURO)	EURO 835,054 (March 31, 2016: EURO 794,768) [Rs. 57,825,499 (March 31, 2016: Rs. 59,684,209)]
Import Trade Payable (THB)	THB 10,967,997 (March 31, 2016: THB 32,424,090) [Rs. 20,715,650 (March 31, 2016: Rs. 61,002,682)]
Trade receivable (JPY)	JPY 638,708 (March 31, 2016: JPY 638,708) [Rs. 370,195 (March 31, 2016: Rs. 377,221)]
Trade receivable (USD)	USD 243,041 (March 31, 2016: USD 141,213) [Rs. 15,758,433 (March 31, 2016: Rs. 9,367,089)]
Trade receivable (EURO)	EURO 78,490 (March 31, 2016: EURO 11,213) [Rs. 5,435,216 (March 31, 2016: Rs. 842,031)]

33 Value of imports calculated on CIF basis

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Raw materials, components and spares	1,737,703,555	1,512,303,492
Capital goods including intangibles	78,227,844	30,003,400
	<u>1,815,931,399</u>	<u>1,542,306,892</u>

34 Imported and indigenous raw materials, components and stores, spares consumed

	For the year ended March 31, 2017		For the period ended March 31, 2016	
	% of total consumption	Value	% of total consumption	Value
Raw materials and components				
Imported	52.23%	2,036,346,191	52.17%	1,810,305,561
Indigenous	47.77%	1,862,466,957	47.83%	1,659,629,402
	<u>100%</u>	<u>3,898,813,148</u>	<u>100%</u>	<u>3,469,934,963</u>
Stores and spare parts				
Imported	23%	4,288,817	0%	-
Indigenous	77%	14,713,812	100%	10,428,913
	<u>100%</u>	<u>19,002,629</u>	<u>100%</u>	<u>10,428,913</u>

35 Expenditure in foreign currency (accrual basis)

	For the year ended March 31, 2017	For the year ended March 31, 2016
	Rs.	Rs.
Travelling Expenses - Foreign	4,736,134	1,944,505
Repairs & Maintenance - Plant & Machinery	3,555,684	1,276,673
Repairs & Maintenance - Others	122,762	71,663
Sales Promotion	99,703	-
Settlement with import vendor (Interest)	28,790,236	-
Settlement with import vendor (Evaluation test)	4,453,270	-
Settlement with import vendor (Service fees)	12,728,858	-
	<u>54,486,647</u>	<u>3,292,841</u>

36 Earnings in foreign currency (accrual basis)

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Exports at FOB Value	31,922,589	31,063,668

37 As required by Clause X of para 6 of General instructions in Part I of Schedule III, the details of Holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 are as follows.

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1,177,500	18,988	1,196,488
Add: Withdrawal from Banks Accounts	-	50,000	50,000
Add: Receipts for permitted transactions	-	100	100
Add: Receipts for non permitted transactions	2,000	-	2,000
Less: Paid for permitted transactions	-	57,164	57,164
Less: Paid for non permitted transactions	429,000	-	429,000
Less: Deposited in Bank	703,500	-	703,500
Closing cash in hand as on 30.12.2016	<u>47,000</u>	<u>11,924</u>	<u>58,924</u>



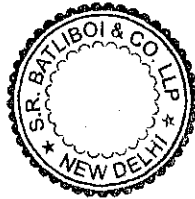
- 38 In view of the principal of virtual certainty as laid down in the Accounting Standard 22 notified by Companies Accounting Standards Rules, 2006, as amended, deferred tax asset has not been recognized.
- 39 Trade payables include foreign currency payables amounting to Rs 213,997,500 which are aged more than one year. The Company is hopeful that it shall be able to obtain necessary approvals for the remittance once it shall apply for payment of these amounts. In view of this no adjustment is considered necessary in the financial statements for this
- 40 During the year 2014-15, one of the customers has asked the Company to develop Junction box locally for it and accordingly committed to reimburse an amount of Rs. 163,686,145 irrespective of the volume of Sales done by the Company. During the year company has received Rs.56,560,000 from/through the customer. The company has obtained confirmation from the customer basis which it is confident of recovery of balance amount of Rs.107,240,000 on March 31, 2017
- 41 While the company is in process of complying with the certain requirements of Companies Act, 2013 including formation of various committees such as audit committee etc, it is confident that it will not have a material effect on these financial statements
- 42 Management has assessed impairment based on future cash flows of the company in accordance with AS-28 - Impairment of Assets. Based on such working there is no impairment required to be recorded.
- 43 Previous period's figures have been regrouped where necessary to confirm to this year's classification.

As per our report of even date

For S.R. Batliboi & Co LLP
Firm Registration No : 301003E/E300005
Chartered Accountants

Per *S.R. Batliboi*
Partner
Membership No: 94421

Place : New Delhi
Date :



For and on behalf of the Board of Directors of
Minda Furukawa Electric Private Limited

Neejaj Sharma
Neejaj Sharma
President and
Whole time director
DIN: 07239148

Ashok Miinda
Ashok Miinda
Director
DIN: 00054727

Masahiro Hasegawa
Masahiro Hasegawa
Joint President