

# B S R & Co. LLP

Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MINDA AUTOELEKTRIK LIMITED (FORMERLY KNOWN AS PANALFA AUTOELEKTRIK LIMITED)

#### Report on the Financial Statements

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

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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



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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company did not have any pending litigation which would impact its financial position;
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



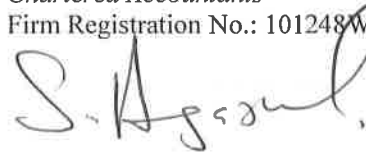
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- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on our audit procedures and relying on the management representations, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management – refer note 16 to the financial statements.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm Registration No.: 101248W/W-100022



**Shashank Agarwal**

*Partner*

Membership No.: 095109

Place: Gurgaon

Date: 23 May 2017

**Annexure A referred to in our Independent Auditor's Report to the members of Minda Autoelektrik Limited (formerly known as Panalfa Autoelektrik Limited) on the financial statements for the year ended 31 March 2017.**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification and have been properly dealt with in the books of account.
- (c) According to the information and explanations given to us, the title deeds of the immovable properties are held in the name of the Company.
- (ii) The inventories, except stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained. According to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Further, there are no Firms or Limited Liability Partnership covered in the register required under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company (in respect of products covered) pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.



- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been a slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax and Cess which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. Further, the Company had no loans or borrowings from government and financial institutions at any time during the year and had not issued any debentures during the year or outstanding as at 31 March 2017.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans were applied for the purposes for which those were raised to the extent utilized during the year.
- (x) According to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not paid or provided for any managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no transactions with the related parties which are not in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the Financial Statements, as required, by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment, private placement of shares and fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to information and explanations given to us and based on audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.



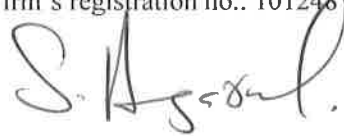
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- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

*For B S R & Co. LLP*

*Chartered Accountants*

Firm's registration no.: 101248W/W-100022



**Shashank Agarwal**

*Partner*

Membership No.: 095109

Place: Gurgaon

Date: 23 May 2017

**Annexure B to the Independent Auditor's Report of even date on the financial statements of Minda Autoelektrik Limited (formerly known as Panalfa Autoelektrik Limited) for the year ended 31 March 2017**

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

We have audited the internal financial controls over financial reporting of Minda Autoelektrik Limited (formerly known as Panalfa Autoelektrik Limited) ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



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

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm Registration No.: 101248W/W-100022



**Shashank Agarwal**

*Partner*

Membership No.: 095109

Place: Gurgaon

Date: 23 May 2017



**Minda Autoelektrik Limited**  
(Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)  
**Balance Sheet as at 31 March 2017**  
(All amounts are in Indian Rupees)

|  | Notes | As at<br>31 March 2017    | As at<br>31 March 2016    |
|--|-------|---------------------------|---------------------------|
| <b>EQUITY AND LIABILITIES</b>                                    |       |                           |                           |
| <b>Shareholders' funds</b>                                       |       |                           |                           |
| Share capital  | 3     | 85,083,330                | 58,000,000                |
| Reserves and surplus   | 4     | 119,991,107               | 12,851,558                |
|  |       | <u>205,074,437</u>        | <u>70,851,558</u>         |
| <b>Non-current liabilities</b>                                   |       |                           |                           |
| Long-term borrowings   | 5     | 32,168,343                | 34,240,106                |
| Deferred tax liabilities (net)                                   | 6     | -                         | 1,662,666                 |
| Long-term provisions   | 7     | 9,330,639                 | 7,883,322                 |
|  |       | <u>41,498,982</u>         | <u>43,786,094</u>         |
| <b>Current liabilities</b>                                       |       |                           |                           |
| Short-term borrowings  | 8     | 57,590,455                | 98,482,158                |
| Trade payables   |       |                           |                           |
| - Total dues of creditors other than micro and small enterprises | 9     | 145,074,198               | 202,759,221               |
| - Total dues of micro and small enterprises                      |       | -                         | -                         |
| Other current liabilities  | 10    | 33,028,057                | 55,265,882                |
| Short-term provisions  | 7     | 2,334,799                 | 1,807,043                 |
|  |       | <u>238,027,509</u>        | <u>358,314,304</u>        |
| <b>Total</b>   |       | <u><u>484,600,928</u></u> | <u><u>472,951,956</u></u> |
| <b>ASSETS</b>  |       |                           |                           |
| <b>Non-current assets</b>  |       |                           |                           |
| Fixed assets   |       |                           |                           |
| Tangible assets  | 11    | 233,585,515               | 241,751,801               |
| Intangible assets  | 11    | 1,980,890                 | 418,191                   |
| Long-term loans and advances                                     | 12    | 12,756,394                | 9,674,892                 |
| Other non current assets   | 13    | 100,449                   | 139,220                   |
|  |       | <u>248,423,247</u>        | <u>251,984,104</u>        |
| <b>Current assets</b>  |       |                           |                           |
| Inventories  | 14    | 49,883,473                | 41,799,051                |
| Trade receivables  | 15    | 158,708,162               | 152,429,055               |
| Cash and bank balances   | 16    | 3,672,282                 | 5,002,656                 |
| Short-term loans and advances                                    | 17    | 23,771,950                | 21,593,868                |
| Others current assets  | 18    | 141,814                   | 143,222                   |
|  |       | <u>236,177,682</u>        | <u>220,967,852</u>        |
| <b>Total</b>   |       | <u><u>484,600,929</u></u> | <u><u>472,951,956</u></u> |
| Significant accounting policies                                  | 2     |                           |                           |

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

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022



**Shashank Agarwal**

Partner

Membership No.: 095109

Place: Gurgaon

Date: 23 May 2017

For and on behalf of the Board of Directors of

**Minda Autoelektrik Limited**

(Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)



**Sudhir Kashyap**

Director

DIN: 06573561

Place: Gurgaon

Date: 23 May 2017



**A. P. Gandhi**

Director

DIN: 00161107

Place: Gurgaon

Date: 23 May 2017

**Minda Autoelektrik Limited**  
(Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)  
**Statement of Profit and Loss for the period ended 31 March 2017**  
(All amounts are in Indian Rupees)

|   | Note | For the period ended<br>31 March 2017 | For the year ended<br>31 March 2016 |
|---|------|---------------------------------------|-------------------------------------|
| <b>Revenue from operations</b>  | 19   |                                       |                                     |
| Sale of products (gross)  |      | 1,008,358,829                         | 811,730,385                         |
| Less: Excise duty   |      | (106,345,933)                         | (82,431,998)                        |
| Sale of products (net)  |      | 902,012,896                           | 729,298,387                         |
| Other operating revenues  |      | 12,028,358                            | 7,753,839                           |
|   |      | <u>914,041,254</u>                    | <u>737,052,227</u>                  |
| Other Income  | 20   | 621,004                               | 1,152,239                           |
| <b>Total revenue</b>  |      | <u>914,662,258</u>                    | <u>738,204,466</u>                  |
| <b>Expenses</b>   |      |                                       |                                     |
| Cost of materials consumed  | 21   | 701,850,041                           | 571,105,150                         |
| Changes in inventory of finished goods<br>and work-in-progress                                    | 22   | (4,627,357)                           | 2,298,420                           |
| Employee benefits   | 23   | 112,401,223                           | 103,659,718                         |
| Finance costs   | 24   | 15,666,329                            | 17,841,642                          |
| Depreciation and amortisation   | 25   | 13,096,984                            | 11,762,281                          |
| Other expenses  | 26   | 73,714,809                            | 74,134,868                          |
| <b>Total expenses</b>   |      | <u>912,102,029</u>                    | <u>780,802,080</u>                  |
| <b>Profit / (Loss) before Tax</b>   |      | 2,560,229                             | (42,597,614)                        |
| <b>Income tax expense:</b>  |      |                                       |                                     |
| Current tax   |      | -                                     | -                                   |
| Tax pertaining to earlier years   |      | -                                     | -                                   |
| Deferred tax  |      | (1,662,666)                           | 1,662,666                           |
| <b>Profit / (Loss) for the year</b>   |      | <u>4,222,895</u>                      | <u>(44,260,280)</u>                 |
| Basic and diluted earning per equity share (face value of Rs. 10 each (Previous year Rs 10 each)) | 27   | 0.50                                  | (7.63)                              |

**Significant accounting policies**

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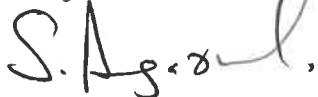
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W/V-100022



Shashank Agarwal

Partner

Membership No.: 095109

Place: Gurgaon

Date: 23 May 2017

For and on behalf of the Board of Directors of

**Minda Autoelektrik Limited**

(Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)



Sudhir Kashiya

Director

DIN: 06573561

Place: Gurgaon

Date: 23 May 2017



A. P. Gandhi

Director

DIN: 00161107

Place: Gurgaon

Date: 23 May 2017

**Minda Autoelektrik Limited**  
(Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)  
**Cash Flow Statement for the year ended 31 March 2017**  
(All amounts are in Indian Rupees)

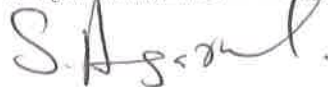
|  | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 |
|--|-------------------------------------|-------------------------------------|
| <b>A. Cash flows from operating activities</b>   |                                     |                                     |
| Profit/(Loss) before tax   | 2,560,229                           | (42,597,614)                        |
| <b>Adjustments for:</b>  |                                     |                                     |
| Unrealised foreign exchange differences  | (1,003,241)                         | 3,018,482                           |
| Depreciation and amortisation expense  | 13,096,984                          | 11,762,281                          |
| Loss on sale of fixed asset  | 520,250                             | -                                   |
| Interest income  | (103,729)                           | (59,851)                            |
| Provision for doubtful receivables   | -                                   | 207,543                             |
| Provision for doubtful advances  | -                                   | 621,172                             |
| Provision for slow moving inventory  | -                                   | 1,688,411                           |
| Provision for warranty   | 1,554,285                           | 685,729                             |
| Liabilities written back   | -                                   | (751,024)                           |
| Excise duty provision on closing stock of finished goods                                   | (293,703)                           | (54,834)                            |
| Bad debts written off  | -                                   | 163,924                             |
| Finance costs  | 15,079,829                          | 16,879,797                          |
| Other borrowing costs  | 586,500                             | 961,845                             |
|  | <b>31,997,404</b>                   | <b>(7,474,138)</b>                  |
| <b>Operating profit before working capital changes</b>                                     |                                     |                                     |
| Decrease/ (Increase) in trade receivables  | (6,115,183)                         | (29,064,487)                        |
| Decrease/ (Increase) in inventory  | (6,157,142)                         | 10,163,510                          |
| Decrease/ (Increase) in loans and advances   | 5,049,685                           | (2,772,479)                         |
| Decrease/ (Increase) in other assets   | (0)                                 | -                                   |
| Increase/ (Decrease) in trade payables, other liabilities and provisions                   | (61,749,805)                        | 92,730,766                          |
| <b>Cash used/ generated in operations</b>  | <b>(36,975,042)</b>                 | <b>63,583,172</b>                   |
| Income-tax refund (paid), net  | (3,663)                             | (5,988)                             |
| <b>Net cash used/ generated in operating activities (A)</b>                                | <b>(36,978,705)</b>                 | <b>63,577,184</b>                   |
| <b>B Cash flows from investing activities</b>  |                                     |                                     |
| Purchase of fixed assets   | (3,299,753)                         | (22,814,979)                        |
| Sale of fixed assets   | 745,000                             | -                                   |
| Investment made in bank deposits (held for initial maturity of more than 3 months or more) | -                                   | -                                   |
| Interest received  | 143,909                             | 5,988                               |
| <b>Net cash used in operating activities (B)</b>   | <b>(2,410,845)</b>                  | <b>(22,808,991)</b>                 |
| <b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                                     |                                     |
| Proceeds from long-term borrowings   | 59,704,022                          | 30,000,000                          |
| Repayment of long-term borrowings  | (64,145,987)                        | (11,471,508)                        |
| Proceeds from increase in share capital  | 27,083,330                          | -                                   |
| Proceeds from loan taken from Director/promoter  | 130,000,000                         | 28,500,000                          |
| Repayment of loan taken from Director  | (130,000,000)                       | (6,000,000)                         |
| Proceeds/ (repayment) of cash credit (net of repayments)                                   | 39,608,295                          | (69,898,922)                        |
| Finance costs paid   | (23,603,984)                        | (8,262,296)                         |
| Other borrowing costs  | (586,500)                           | (961,845)                           |
| <b>Net cash provided/ (used) by financing activities (B)</b>                               | <b>38,059,176</b>                   | <b>(38,094,571)</b>                 |
| <b>Net decrease in cash and cash equivalents (A+B+C)</b>                                   | <b>(1,330,373)</b>                  | <b>2,673,622</b>                    |
| <b>Cash and cash equivalents at the beginning of the year</b>                              | <b>4,502,656</b>                    | <b>1,860,180</b>                    |
| Effect of exchange differences on cash and cash equivalents held in foreign currency       | -                                   | (31,147)                            |
| <b>Cash and cash equivalents at the end of the year:</b>                                   | <b>3,172,283</b>                    | <b>4,502,656</b>                    |
| <b>Note:</b>   |                                     |                                     |
| 1 Components of cash and cash equivalents (Refer to Note 16):                              |                                     |                                     |
| Cash in hand   | 268,451                             | 143,125                             |
| Balance with banks - on current account  | 2,903,831                           | 4,359,531                           |
|  | <b>3,172,282</b>                    | <b>4,502,656</b>                    |

2 The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 "Cash Flow Statement" specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

As per our report of even date attached

For BSR & Co. LLP  
Chartered Accountants

Firm registration number: 101248W/W-100022



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

Place: Gurgaon

Date: 23 May 2017

For and on behalf of the Board of Directors of

**Minda Autoelektrik Limited**

(Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)



**Sudhir Kashyap**  
Director  
DIN: 06573561

Place: Gurgaon

Date: 23 May 2017



**A. P. Gandhi**  
Director  
DIN: 00161107

Place: Gurgaon

Date: 23 May 2017

**Minda Autoelektrik Limited**  
*(Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)*  
Notes to financial statements for the year ended 31 March 2017

**1. Company Overview**

Minda Autoelektrik Limited (*formerly known as Panalfa Autoelektrik Limited upto 2 June 2016*) (“the Company”) was formed as an Indo Czech joint venture promoted by Panalfa Automotive Private Limited) and Magneton a.s. (a Czech Company) as a limited liability Company incorporated on 15 March 2007.

The Company is primarily engaged in the business of manufacture of automotive components primarily “starter motors” and “alternators”.

**2. Significant Accounting Policies**

**(i) Basis of accounting**

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

**(ii) Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the financial statements, and reported amounts of income and expenses during the reporting period. Examples of estimates include useful life of fixed assets, retirement benefits, provision for warranties, provision for inventory obsolescence, provision for doubtful debts and loans and advances. Actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in current and future periods.

**(iii) Current–non-current classification**

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

*Assets*

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

1. it is expected to be realised in, or is intended for sale or consumption in, the Company’s normal operating cycle;
2. it is held primarily for the purpose of being traded;
3. it is expected to be realised within 12 months after the reporting date; or
4. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.



**Minda Autoelektrik Limited**  
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Notes to financial statements for the year ended 31 March 2017

*Liabilities*

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

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

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

*Operating cycle*

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

**(iv) Fixed Assets**

*Tangible fixed assets*

Tangible fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation, less accumulated depreciation and impairment losses, if any. Cost is inclusive of freight, duties (except for refundable duties), taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use. Fixed assets under construction are disclosed as capital work in progress.

*Intangible fixed assets*

Intangible assets are recognized only if acquired and it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of assets can be measured reliably. The intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortisation and impairment losses, if any.

**(v) Depreciation and amortisation**

Depreciation on fixed assets is provided on the straight-line method at rates based on estimated useful lives, as determined by the management.

Based on internal technical evaluation, the management has estimated below useful lives which differs from useful lives specified in the Act. Management believes that the useful lives as considered for arriving at depreciation rates, best represent the period over which management expects to use these assets.

| <b>Block of Assets</b>                | <b>Estimated life (Years)</b> |
|---------------------------------------|-------------------------------|
| Plant and machinery                   | 21                            |
| Factory Building                      | 40                            |
| Furniture                             | 16                            |
| Vehicles                              | 11                            |
| Office equipment                      | 21                            |
| Electrical installations and fittings | 21                            |
| Computers                             | 6                             |



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Notes to financial statements for the year ended 31 March 2017

Leasehold improvements are amortized on the straight-line basis over the lower of primary period of lease and the estimated useful life of such assets.

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

Intangible fixed assets (computer software) are amortized on a straight line basis over its estimated useful life of 3 years.

The appropriateness of depreciation/amortization period and depreciation/amortization method is reviewed by the management each financial year.

**(vi) Inventories**

Inventories are valued as follows:

*Raw materials, stores and spares and packing material:*

Lower of cost and net realisable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished goods in which they will be used are expected to be sold at or above cost. Cost is determined on First in First out basis (FIFO basis).

*Work-in-progress and finished goods:*

Lower of cost and net realisable 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.

Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and cost incurred to make the sale.

**(vii) Expenditure**

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities.

**(viii) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

*Sale of Goods*

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount recognised as revenue is exclusive of sales tax and value added taxes (VAT), and is net of returns, trade discounts and quantity discounts.

*Export Incentives*

Export incentives available under the prevalent scheme are accrued in the year when the right to receive credit as per the terms of the scheme is established and these are accounted to the extent there is no significant uncertainty about the measurability and ultimate utilization of such duty credit.



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Notes to financial statements for the year ended 31 March 2017

*Interest*

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

**(ix) Foreign exchange transactions**

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rates of exchange prevailing on that date. All exchange differences are recognized in the Statement of Profit and Loss.

The Company uses forward contracts to hedge its foreign currency risk exposures relating to firm commitments and highly probable transactions.

Exchange difference on a forward exchange contract is the difference between:

- (a) the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period; and
- (b) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date.

These exchange differences are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

At the balance sheet date the forward contracts are mark to market. Keeping in view the principle of prudence as enunciated by Accounting Standard 1 "Disclosure of Accounting Policies", a provision (with a corresponding debit to the Statement of Profit and Loss) is recognized for the overall loss on the portfolio of open forward contracts. If there is an overall profit, it is not recognized.

**(x) Employee benefits**

Short - term employee benefits

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

Defined benefit plan

Defined benefit plan of the Company comprises of gratuity.

The Company has an obligation towards gratuity, a defined benefit plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service.

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



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Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. The gratuity plan of the Company is unfunded.

Defined contribution plan

Under the provident fund, a defined contribution plan, the Company pays fixed contributions to the appropriate government authorities and has no obligation to pay further amounts. Such fixed contributions are recognised in the Statement of Profit and Loss on accrual basis in the financial year to which they relate.

Other long term benefits

Benefits under compensated absences constitute other long-term employee benefits. The liability in respect of compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the year-end using the Projected Unit Credit Method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

**(xi) Impairment of assets**

The carrying value of assets is reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the amount recoverable towards such assets is estimated. An impairment loss is recognised whenever the carrying amount of an asset, or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss is reversed if there is a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent the carrying amount of the asset does not exceed the carrying amount that would have been determined net off depreciation or amortisation, if no impairment loss had been recognised.

**(xii) Provisions, contingent liabilities and contingent assets**

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**(xiii) Income taxes**

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income-tax law) and deferred tax charge or credit. Income taxes are accrued in the same period the related revenues and expenses arise.

The differences that result between the income considered for income taxes and the income as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on tax rates that have been enacted or substantially enacted by the Balance Sheet date.

Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In other situations, deferred





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tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

**(xiv) Earnings per Share**

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year.

**(xv) Borrowing Cost**

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing cost directly attributable to acquisition of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Other borrowing costs are recognized as an expense in the statement of profit and loss in the year in which they are incurred.



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**Notes to the financial statements for the year ended 31 March 2017**  
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**3 Share capital**

|  | As at<br>31 March 2017 | As at<br>31 March 2016 |
|--|------------------------|------------------------|
| <b>Authorised</b>  |                        |                        |
| 9,000,000 (previous year 6,000,000) equity Shares of Rs.10 each                | 90,000,000             | 60,000,000             |
| <b>Issued, subscribed and fully paid up</b>                                    |                        |                        |
| 85,08,333 (previous year 5,800,000) equity shares of Rs.10 each, fully paid up | 85,083,330             | 58,000,000             |
|  | <b>85,083,330</b>      | <b>58,000,000</b>      |

**3(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

|                                 | As at<br>31 March 2017 |                   | As at<br>31 March 2016 |                   |
|---------------------------------|------------------------|-------------------|------------------------|-------------------|
|                                 | Number                 | Amount            | Number                 | Amount            |
| <b>Equity shares</b>            |                        |                   |                        |                   |
| At the commencement of the year | 5,800,000              | 58,000,000        | 5,800,000              | 58,000,000        |
| Issued during the year          | 2,708,333              | 27,083,330        | -                      | -                 |
| <b>At the end of the year</b>   | <b>8,508,333</b>       | <b>85,083,330</b> | <b>5,800,000</b>       | <b>58,000,000</b> |

**3(b) Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares having a par value of Rs.10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The voting rights of an equity shareholder are in proportion to its share of the paid up equity share capital of the Company.

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

|                                    | As at<br>31 March 2017 |                           | As at<br>31 March 2016 |                           |
|------------------------------------|------------------------|---------------------------|------------------------|---------------------------|
|                                    | Number of<br>shares    | % holding in<br>the class | Number of<br>shares    | % holding in<br>the class |
| Pankaj Raghbeer                    | -                      | 0.00%                     | 1,468,000              | 25.31%                    |
| Panalfa Automotive Private Limited | -                      | 0.00%                     | 1,485,000              | 25.60%                    |
| Pankaj Raghbeer Trust              | -                      | 0.00%                     | 2,842,000              | 49.00%                    |
| Minda Corporation Ltd              | 8,508,333              | 100.00%                   | -                      | 0.00%                     |
|                                    | <b>8,508,333</b>       | <b>100%</b>               | <b>5,795,000</b>       | <b>100%</b>               |

**4 Reserves and surplus**

|  | As at<br>31 March 2017 | As at<br>31 March 2016 |
|--|------------------------|------------------------|
| Share premium account                              | 102,916,654            | -                      |
|  | <b>102,916,654</b>     | <b>-</b>               |
| <b>Surplus in the Statement of Profit and Loss</b> |                        |                        |
| At the commencement of the year                    | 12,851,558             | 57,111,838             |
| Profit/ (Loss) for the year                        | 4,222,895              | (44,260,280)           |
|  | <b>17,074,453</b>      | <b>12,851,558</b>      |
| <b>Total reserves and surplus</b>                  | <b>119,991,107</b>     | <b>12,851,558</b>      |



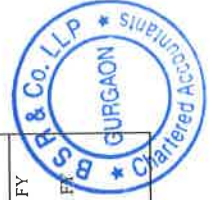
5 Long-term borrowings

Secured  
Term loan from bank

|  | Non-current portion |                     | Current portion*    |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2017 | As at 31 March 2016 |
|  | 32,168,343          | 34,240,106          | 16,984,674          | 19,160,000          |
|  | <u>32,168,343</u>   | <u>34,240,106</u>   | <u>16,984,674</u>   | <u>19,160,000</u>   |

\* Current portion of long-term borrowings is disclosed under the head "other current liabilities". Refer note 10

| S. No. | Lender    | Terms of repayment  | Loan outstanding as at 31 March 2017 | Loan outstanding as at 31 March 2016 | Details of security / guarantee   |
|--------|-----------|---|--------------------------------------|--------------------------------------|---|
| 1      | Axis Bank | <ul style="list-style-type: none"> <li>Repayment terms : Quarterly instalments</li> <li>Rate of interest (For INR loan) : Base plus 3%. The Company has the option to convert INR loan into Foreign currency/ loan under which Rate of interest shall be LIBOR plus basis points as mutually agreed between the parties at the time of rollover of the loan</li> <li>Period / date of maturity : December 2018</li> <li>Number of instalments : Total instalments: 20</li> <li>Amount of instalments : First 4 instalments at Rs. 4,000,000 and next 16 instalments at Rs. 2,300,000</li> </ul> <p>[Note:- The loan has been fully prepaid during the year]</p> | -                                    | 24,230,106                           | <p>Term Loan is secured by exclusive first hypothecation charge of the entire moveable fixed assets of the Company both present and future other than vehicles. Term loan is also secured by the collateral security of extension of exclusive first charge on the entire current assets of the Company both present and future.</p> <p>Further, the term loan is secured by the following collateral security:</p> <ol style="list-style-type: none"> <li>Equitable mortgage of land and building at Industrial Plot at Bawal measuring 8000 sq meters, belonging to Minda Autoelektrik Limited (formerly known as Panalafa Autoelektrik Limited) (Industrial Plot No. 355, Sector-3, Phase-II, at Growth Centre, Bawal of 7875 sq mtrs allotted by HSIIDC at Bawal).</li> <li>Corporate guarantee of Panalafa Automotive Private Limited.</li> <li>Pledge of shares of Minda Autoelektrik Limited (formerly known as Panalafa Autoelektrik Limited) held by Panalafa Automotive Private Limited and its affiliates equivalent to 30% of total holding of 1st phase of project i.e. share value of Rs. 17,400,000.</li> </ol> <p>During the year end, pursuant to the acquisition by Minda Corporation Limited, the Company has repaid the entire loan and therefore the above security/ guarantee terms stands cancelled.</p> |
| 2      | Axis Bank | <ul style="list-style-type: none"> <li>Repayment terms : Monthly instalments</li> <li>Rate of interest: Base plus 3%</li> <li>Period / date of maturity : February 2019</li> <li>Number of instalments : Total instalments: 36</li> <li>Amount of instalments : First 35 instalment at Rs. 830,000, Last instalment at Rs. 950,000</li> </ul> <p>[Note:- The loan has been fully prepaid during the year]</p>   | -                                    | 29,170,000                           | <p>Term Loan is secured by exclusive first charge on the entire current assets of the Company, both present and future. Further, the term loan is secured by the collateral security of exclusive first hypothecation charge of the entire moveable fixed assets of the Company both present and future other than vehicles.</p> <p>Further, the term loan is secured by the following collateral security:</p> <ol style="list-style-type: none"> <li>Equitable mortgage of land and building at Industrial Plot at Bawal measuring 8000 sq meters, belonging to Minda Autoelektrik Limited (formerly known as Panalafa Autoelektrik Limited) (Industrial Plot No. 355, Sector-3, Phase-II, at Growth Centre, Bawal of 7875 sq mtrs allotted by HSIIDC at Bawal).</li> <li>Corporate guarantee of Panalafa Automotive Private Limited.</li> <li>Pledge of shares of Minda Autoelektrik Limited (formerly known as Panalafa Autoelektrik Limited) held by Panalafa Automotive Private Limited and its affiliates equivalent to 30% of total holding of 1st phase of project i.e. share value of Rs. 17,400,000.</li> </ol> <p>During the year end, pursuant to the acquisition by Minda Corporation Limited, the Company has repaid the entire loan and therefore the above security/ guarantee terms stands cancelled.</p>     |
| 3      | HDFC Bank | <ul style="list-style-type: none"> <li>Repayment terms : Quarterly instalments</li> <li>Rate of interest: 11.50%</li> <li>Period / date of maturity : April 2019</li> <li>Number of instalments : Total instalments: 12, Balance instalments: 9</li> <li>Amount of instalments : Rs. 2,058,668.58</li> </ul>  | 18,328,017                           | -                                    | <p>Exclusive charge on the entire current assets of the Company both present and future with value of Rs. 194.99 million as on FY 2014-15.</p> <p>Exclusive charge on the entire moveable and immovable fixed assets of the Company with WDV of Rs 240.00 million as on FY 2014-15.</p> <p>Corporate guarantee of Minda Corporation Limited with Audited NTW of Rs 3314.79Mn as on FY 14-15.</p>  |
| 4      | HDFC Bank | <ul style="list-style-type: none"> <li>Repayment terms : Quarterly instalments</li> <li>Rate of interest: 10.80%</li> <li>Period / date of maturity : August 2020</li> <li>Number of instalments : Total instalments: 16, Balance instalments: 14</li> <li>Amount of instalments : Rs. 2,187,500</li> </ul>   | 30,625,000                           | -                                    | <p>Exclusive charge on the entire current assets of the Company both present and future with value of Rs. 194.99 million as on FY 2014-15.</p> <p>Exclusive charge on the entire moveable and immovable fixed assets of the Company with WDV of Rs 240.00 million as on FY 2014-15.</p> <p>Corporate guarantee of Minda Corporation Limited with Audited NTW of Rs 3314.79Mn as on FY 14-15.</p>  |



**Minda Autoelektrik Limited**  
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**Notes to the financial statements for the year ended 31 March 2017**  
**(All amounts are in Indian Rupees)**

**6 Deferred tax liabilities (net)**

|   | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---|------------------------|------------------------|
| <b>Deferred tax liability</b>                             |                        |                        |
| Difference between book and tax depreciation              | 21,678,234             | 16,627,859             |
|   | (A) <u>21,678,234</u>  | <u>16,627,859</u>      |
| <b>Deferred tax assets</b>                                |                        |                        |
| Provision for gratuity                                    | 2,869,650              | 1,803,721              |
| Provision for compensated absences                        | 410,914                | 988,053                |
| Provision for doubtful receivables and loans and advances | -                      | 882,292                |
| Unabsorbed business losses and depreciation               | 21,129,397             | 11,291,127             |
|   | (B) <u>24,409,961</u>  | <u>14,965,193</u>      |
| <b>Deferred tax (Asset)/ liabilities (net) (A) - (B)</b>  | <u>(1,662,666)</u>     | <u>1,662,666</u>       |
| <b>Net deferred tax (Asset)/ Liability</b>                | -                      | 1,662,666              |

In the absence of virtual certainty, deferred tax asset has been recognised only to the extent of deferred tax liability.

**7 Provisions**

|  | Long-term              |                        | Short-term             |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>31 March 2017 | As at<br>31 March 2016 |
| <b>Provision for employee benefits</b> |                        |                        |                        |                        |
| Gratuity (refer note 35)               | 8,217,844              | 5,177,206              | 626,816                | 382,112                |
| Compensated absences                   | 1,112,795              | 2,706,116              | 153,698                | 339,202                |
| <b>Other provisions</b>                |                        |                        |                        |                        |
| Provision for warranty                 | -                      | -                      | 1,554,285              | 1,085,729              |
| Provision for Income Tax               |                        |                        | -                      |                        |
|  | <u>9,330,639</u>       | <u>7,883,322</u>       | <u>2,334,799</u>       | <u>1,807,043</u>       |

Additional Disclosure in respect of provision made as per AS-29

|                                    | As at<br>31 March 2017 | As at<br>31 March 2016 |
|------------------------------------|------------------------|------------------------|
| <b>Provision for Warranty</b>      |                        |                        |
| Opening Balance                    | 1,085,729              | 400,000                |
| Provision made during the year     | 1,554,285              | 685,729                |
| Provision utilised during the year | 1,085,729              | -                      |
| Closing Balance                    | <u>1,554,285</u>       | <u>1,085,729</u>       |

The Company provides warranty on the sales made during the year for a period of 12 months from the date of sale for manufacturing defects



8 Short-term borrowings

Cash credit from bank (secured)  
Loan from Director (unsecured)

|  | As at<br>31 March 2017 | As at<br>31 March 2016 |
|--|------------------------|------------------------|
|  | 57,590,455             | 17,982,158             |
|  |                        | 80,500,000             |
|  | <b>57,590,455</b>      | <b>98,482,158</b>      |

| S. No. | Lender             | Terms of repayment   | Loan outstanding as at 31 March 2017 | Loan outstanding as at 31 March 2016 | Details of security / guarantee  |
|--------|--------------------|--|--------------------------------------|--------------------------------------|--|
| 1      | Axis Bank          | <ul style="list-style-type: none"> <li>Repayment term: On demand</li> <li>Rate of interest: Bank base rate plus 3%</li> </ul>      | 58,492                               | 17,982,158                           | <p>The cash credit is secured by exclusive first charge on the entire current assets of the Company, both present and future. Further, cash credit is secured by the collateral security of exclusive first hypothecation charge of the entire moveable fixed assets of the Company both present and future other than vehicles.</p> <p>Further, cash credit is secured by the following collateral security:</p> <ol style="list-style-type: none"> <li>Equitable mortgage of land and building at Industrial Plot at Bawal measuring 8000 sq meters, belonging to Minda Autoelektrik Limited (formerly known as Panalfa Autoelektrik Ltd) (Industrial Plot No. 355, Sector-3, Phase-II, at Growth Centre, Bawal of 7875 sq mtrs allotted by HSIIDC at Bawal).</li> <li>Corporate guarantee of Panalfa Automotive Private Limited.</li> <li>Pledge of shares of Minda Autoelektrik Limited (formerly known as Panalfa Autoelektrik Limited) held by Panalfa Automotive Private Limited and its affiliates equivalent to 30% of total holding of 1st phase of project i.e. share value of Rs. 17,400,000.</li> </ol> |
| 2      | HDFC Bank          | <ul style="list-style-type: none"> <li>Repayment term: On demand</li> <li>Rate of interest: 10.80%</li> </ul>                      | 57,531,963                           | -                                    | <p>Exclusive charge on the entire current assets of the company both present and future with value of Rs 194.99Mn as on FY 14-15.</p> <p>Exclusive charge on the entire moveable and immovable fixed assets of the company with WDV of Rs 240.00 Mn</p> <p>CG of Minda Corporation Limited with Audited NTW of Rs 3314.79Mn as on FY 14-15.</p>  |
| 3      | Loan from Director | <ul style="list-style-type: none"> <li>Repayment term: On demand</li> <li>Rate of interest: Bank base rate plus 3% p.a.</li> </ul> | -                                    | 80,500,000                           | <p>Unsecured.</p> <p>During the year end, pursuant to the acquisition by Minda Corporation Limited, the Company has repaid the entire loan from Director.</p>  |



Minda Autoelektrik Limited  
(Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)  
Notes to the financial statements for the year ended 31 March 2017  
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9 Trade payables

|  | As at<br>31 March 2017 | As at<br>31 March 2016 |
|--|------------------------|------------------------|
| - Micro and small enterprises, registered under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED")* | -                      | -                      |
| - Others   | 145,074,198            | 202,759,220            |
|  | <b>145,074,198</b>     | <b>202,759,221</b>     |

\* The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, there are no dues outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act.

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

10 Other current liabilities

|   | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---|------------------------|------------------------|
| Current maturities of long-term borrowings (refer note 5)         | 16,984,674             | 19,160,000             |
| Interest accrued but not due on long-term borrowings              |                        | 368,852                |
| Interest accrued and due on short-term borrowings (refer note 37) | 4,415,260              | 12,570,563             |
| Advance from customers  | 1,400,969              | 701,134                |
| Employee related payables   | 433,060                | 6,166,543              |
| Creditors for capital goods                                       | 2,176,454              | 6,529,131              |
| Retention monies payable  | 2,421,657              | 4,921,657              |
| Security deposits   | 200,000                | 2,200,000              |
| Other payables:   |                        |                        |
| Tax deducted at source  | 1,255,214              | 1,235,920              |
| Employees state insurance   | 39,390                 | 46,428                 |
| Provident fund  | 772,798                | 599,887                |
| Excise duty on finished goods                                     | 458,694                | 752,397                |
| Labour welfare fund   | 10,950                 | 13,370                 |
| Others  | 2,458,937              | -                      |
|   | <b>33,028,057</b>      | <b>55,265,882</b>      |



Note 11 Fixed assets

| Particulars                           | Gross Block                           |                  |                           | Depreciation/ amortisation |                       |                   | Net Block<br>As at 31 March<br>2017 |
|---------------------------------------|---------------------------------------|------------------|---------------------------|----------------------------|-----------------------|-------------------|-------------------------------------|
|                                       | Current year<br>As at<br>1 April 2016 | Additions        | Deletions/<br>adjustments | As at<br>31 March<br>2017  | As at<br>1 April 2016 | For the year      |                                     |
| <b>ASSETS IN INDIA</b>                |                                       |                  |                           |                            |                       |                   |                                     |
| <b>Tangible fixed assets</b>          |                                       |                  |                           |                            |                       |                   |                                     |
| Land                                  | 15,344,288                            | -                | -                         | 15,344,288                 | -                     | -                 | 15,344,288                          |
| Building                              | 102,549,044                           | -                | -                         | 102,549,044                | 2,072,498             | 2,563,726         | 97,912,820                          |
| Leasehold improvements                | 250,481                               | -                | -                         | 250,481                    | 250,481               | -                 | -                                   |
| Plant and machinery                   | 135,448,947                           | 4,569,762        | -                         | 140,018,708                | 32,141,004            | 7,708,598         | 100,169,106                         |
| Electrical installations and fittings | 13,232,478                            | -                | -                         | 13,232,478                 | 4,079,406             | 571,150           | 8,581,922                           |
| Office equipment                      | 4,132,191                             | -                | -                         | 4,132,191                  | 853,292               | 189,303           | 3,089,596                           |
| Computers                             | 4,069,947                             | 499,185          | -                         | 4,569,132                  | 3,273,389             | 422,663           | 873,080                             |
| Furniture and fixtures                | 9,205,124                             | 346,954          | -                         | 9,552,078                  | 2,217,095             | 567,059           | 6,767,925                           |
| Vehicles                              | 3,125,865                             | -                | 1,613,360                 | 1,512,505                  | 719,399               | 294,438           | 846,778                             |
| <b>Sub Total</b>                      | <b>287,358,365</b>                    | <b>5,415,901</b> | <b>1,613,360</b>          | <b>291,160,905</b>         | <b>45,606,564</b>     | <b>12,316,937</b> | <b>233,585,515</b>                  |
| <b>Intangible assets</b>              |                                       |                  |                           |                            |                       |                   |                                     |
| Computer software                     | 1,292,547                             | 2,342,747        | -                         | 3,635,294                  | 874,357               | 780,047           | 1,980,890                           |
| <b>Sub Total</b>                      | <b>1,292,547</b>                      | <b>2,342,747</b> | <b>-</b>                  | <b>3,635,294</b>           | <b>874,357</b>        | <b>780,047</b>    | <b>1,980,890</b>                    |
| <b>GRAND TOTAL</b>                    | <b>288,650,912</b>                    | <b>7,758,648</b> | <b>1,613,360</b>          | <b>294,796,199</b>         | <b>46,480,920</b>     | <b>13,096,984</b> | <b>235,566,405</b>                  |



Note 11 Fixed assets (continued)

| Particulars                           | Gross block        |                    |                        | Depreciation/ amortisation |                   |                           | Net block as at 31 March 2016 |
|---------------------------------------|--------------------|--------------------|------------------------|----------------------------|-------------------|---------------------------|-------------------------------|
|                                       | As at 1 April 2015 | Additions          | Deletions/ adjustments | As at 31 March 2016        | For the year      | on deletions/ adjustments |                               |
| <b>ASSETS IN INDIA</b>                |                    |                    |                        |                            |                   |                           |                               |
| <b>Tangible fixed assets</b>          |                    |                    |                        |                            |                   |                           |                               |
| Land                                  | 15,344,288         | -                  | -                      | 15,344,288                 | -                 | -                         | 15,344,288                    |
| Building                              | -                  | 102,549,044        | -                      | 102,549,044                | 2,072,498         | -                         | 100,476,546                   |
| Leasehold improvements                | 250,481            | -                  | -                      | 250,481                    | -                 | -                         | -                             |
| Plant and machinery                   | 74,622,564         | 60,826,383         | -                      | 135,448,947                | 6,978,609         | -                         | 103,307,943                   |
| Electrical installations and fittings | 10,780,130         | 2,452,348          | -                      | 13,232,478                 | 542,585           | -                         | 9,153,072                     |
| Office equipments                     | 2,338,205          | 1,793,986          | -                      | 4,132,191                  | 137,348           | -                         | 3,278,899                     |
| Computers                             | 3,662,456          | 407,491            | -                      | 4,069,947                  | 834,471           | -                         | 796,558                       |
| Furniture and fixtures                | 4,079,884          | 5,125,240          | -                      | 9,205,124                  | 432,123           | -                         | 6,988,029                     |
| Vehicles                              | 2,179,590          | 946,275            | -                      | 3,125,865                  | 266,245           | -                         | 2,406,466                     |
|                                       | 113,257,599        | 174,100,767        | -                      | 287,358,365                | 11,263,879        | -                         | 241,751,801                   |
| <b>Intangible assets</b>              |                    |                    |                        |                            |                   |                           |                               |
| Computer softwares                    | 861,087            | 431,460            | -                      | 1,292,547                  | 259,519           | -                         | 418,190                       |
|                                       | 861,087            | 431,460            | -                      | 1,292,547                  | 259,519           | -                         | 418,190                       |
| <b>Total</b>                          | <b>114,118,687</b> | <b>174,532,227</b> | <b>-</b>               | <b>288,650,912</b>         | <b>11,523,398</b> | <b>-</b>                  | <b>242,169,991</b>            |
| <b>ASSETS OUTSIDE INDIA</b>           |                    |                    |                        |                            |                   |                           |                               |
| <b>Tangible fixed assets</b>          |                    |                    |                        |                            |                   |                           |                               |
| Computers                             | 703,893            | -                  | 703,893                | 0                          | 187,521           | 406,970                   | 0                             |
| Furniture and fixtures                | 47,819             | -                  | 47,819                 | -                          | 41,997            | 47,819                    | (0)                           |
|                                       | 751,712            | -                  | 751,712                | 0                          | 229,518           | 454,789                   | (0)                           |
| <b>Intangible Assets</b>              |                    |                    |                        |                            |                   |                           |                               |
| Computer softwares                    | 26,093             | -                  | 26,093                 | 0                          | 9,365             | 26,093                    | 0                             |
|                                       | 26,093             | -                  | 26,093                 | 0                          | 9,365             | 26,093                    | 0                             |
| <b>Total assets outside India</b>     | <b>777,805</b>     | <b>-</b>           | <b>777,805</b>         | <b>0</b>                   | <b>238,883</b>    | <b>480,882</b>            | <b>0</b>                      |
| <b>GRAND TOTAL</b>                    | <b>114,896,492</b> | <b>174,532,227</b> | <b>777,805</b>         | <b>288,650,912</b>         | <b>11,762,281</b> | <b>480,882</b>            | <b>242,169,991</b>            |





**Minda Autoelektrik Limited**  
(Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)  
Notes to the financial statements for the year ended 31 March 2017  
(All amounts are in Indian Rupees)

**12 Long term loans and advances**  
*(Unsecured and considered good)*

|   | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---|------------------------|------------------------|
| <b>To parties other than related parties</b>  |                        |                        |
| Capital advances  |                        |                        |
| -Considered good  | 621,600                | 519,000                |
| -Considered doubtful  | -                      | 101,052                |
| Less: provision for doubtful advances   | -                      | (101,052)              |
|   | 621,600                | 519,000                |
| Security deposits   | 168,530                | 199,530                |
| Advance income tax (net of provision for income tax<br>Rs 53,889,503 (previous year Rs. 53,889,503) | 327,684                | 324,021                |
| VAT refundable  | 10,465,776             | 7,459,537              |
| TDS Recoverable   | 1,172,804              | 1,172,804              |
|   | <b>12,756,394</b>      | <b>9,674,892</b>       |

**13 Other non current assets**  
*(Unsecured, considered good)*

|  | As at<br>31 March 2017 | As at<br>31 March 2016 |
|--|------------------------|------------------------|
| Bank deposits (due to mature after 12 months from reporting date) (refer note 16)* | 100,000                | 100,000                |
| Interest accrued on fixed deposits   | 449                    | 39,220                 |
|  | <b>100,449</b>         | <b>139,220</b>         |

\*Bank deposits include Rs.100,000 (previous year Rs 100,000) being fixed deposit placed as lien with Sales tax authorities.

**14 Inventories**

|   | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---|------------------------|------------------------|
| Raw materials                             | 27,889,081             | 26,532,200             |
| Work-in-progress                          | 5,835,335              | 8,632,475              |
| Finished goods                            | 4,279,663              | 6,771,573              |
| Goods In Transit                          | 9,622,704              | -                      |
| Packing materials                         | 462,567                | 145,831                |
| Stores and spares                         | 1,794,123              | 1,405,383              |
| Less: Provision for slow moving inventory | -                      | (1,688,411)            |
|   | <b>49,883,473</b>      | <b>41,799,051</b>      |

**Additional disclosures regarding inventories**

|                       | As at<br>31 March 2017 | As at<br>31 March 2016 |
|-----------------------|------------------------|------------------------|
| <b>Finished goods</b> |                        |                        |
| Starter motor         | 1,865,487              | 3,336,318              |
| Alternator            | 965,898                | 2,120,732              |
| Others*               | 1,448,278              | 1,314,523              |
|                       | <b>4,279,663</b>       | <b>6,771,573</b>       |

\* These items do not include any individual items accounting for 10% or more in total value



**Minda Autoelektrik Limited**  
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Notes to the financial statements for the year ended 31 March 2017  
(All amounts are in Indian Rupees)

**15 Trade receivables**

(Unsecured, considered good unless otherwise stated)

|   | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---|------------------------|------------------------|
| Receivables outstanding for a period exceeding six months from the date they became due for payment |                        |                        |
| Considered good   | 634,405                | 522,921                |
| Considered doubtful   | 409,764                | 409,764                |
| Less: Provision for doubtful receivables  | (409,764)              | (409,764)              |
| Other receivables   |                        |                        |
| Considered good   | 158,073,757            | 151,906,134            |
|   | <u>158,708,162</u>     | <u>152,429,055</u>     |

**16 Cash and bank balances**

|  | As at<br>31 March 2017 | As at<br>31 March 2016 |
|--|------------------------|------------------------|
| <b>Cash and cash equivalents</b>   |                        |                        |
| Cash in hand   | 268,451                | 143,125                |
| Balance with banks   |                        |                        |
| -on current accounts   | 2,903,831              | 4,359,531              |
|  | 3,172,282              | 4,502,656              |
| Other bank balances  | 500,000                | 500,000                |
|  | <u>3,672,282</u>       | <u>5,002,656</u>       |
| <b>Details of bank balance deposits</b>  |                        |                        |
| Bank deposits (with original maturity of more than 3 months) due to mature within 12 months of the reporting date included under 'other bank balances' | 500,000                | 500,000                |
| Bank deposits due to mature after 12 months of the reporting date included under 'other non-current assets', (refer note 13)                           | 100,000                | 100,000                |
|  | <u>600,000</u>         | <u>600,000</u>         |

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

| Particulars  | Specified<br>Bank Notes | Other<br>Denominations Note | Total         |
|--|-------------------------|-----------------------------|---------------|
| Closing cash in hand as on 8 November 2016         | 642,500                 | 180,049                     | 822,549       |
| Permitted receipts                                 | -                       | 368,447                     | 368,447       |
| Permitted payments                                 | 47,500                  | 459,805                     | 507,305       |
| Amount deposited in banks                          | 595,000                 | -                           | 595,000       |
| <b>Closing cash in hand as on 30 December 2016</b> | <b>-</b>                | <b>88,691</b>               | <b>88,691</b> |

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

**17 Short-term loans and advances**

(Unsecured, considered good unless otherwise stated)

|  | As at<br>31 March 2017 | As at<br>31 March 2016 |
|--|------------------------|------------------------|
| <b>To parties other than related parties</b> |                        |                        |
| Advance to employees                         | 60,000                 | 179,800                |
| Security deposits                            | -                      | 239,400                |
| Advance to suppliers                         | 206,187                | 1,040,572              |
| Balance due from excise authorities          | 10,890,724             | 13,398,880             |
| Prepaid expenses                             | 383,065                | 609,313                |
| Export incentives receivable                 | 10,270,842             | 5,844,331              |
| Other advances                               |                        |                        |
| -Considered good                             | 1,961,132              | 281,572                |
| -Considered doubtful                         | 520,120                | 520,120                |
| Less: provision for doubtful advances        | (520,120)              | (520,120)              |
|  | <u>23,771,950</u>      | <u>21,593,868</u>      |

**18 Other current assets**

(Unsecured, considered good)

|                                   | As at<br>31 March 2017 | As at<br>31 March 2016 |
|-----------------------------------|------------------------|------------------------|
| Interest accrued on bank deposits | 141,814                | 143,222                |
|                                   | <u>141,814</u>         | <u>143,222</u>         |



**Minda Autoelektrik Limited**  
(Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)  
Notes to the financial statements for the year ended 31 March 2017  
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**19 Revenue from operations**

|  | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 |
|--|-------------------------------------|-------------------------------------|
| <b>Sale of products</b>                                      |                                     |                                     |
| Finished goods (gross)                                       | 1,008,358,829                       | 811,730,385                         |
| Less: Excise duty  | (106,345,933)                       | (82,431,998)                        |
|  | <u>902,012,896</u>                  | <u>729,298,387</u>                  |
| <b>Additional disclosures in respect of sale of products</b> |                                     |                                     |
| Starter motor  | 723,197,619                         | 540,692,220                         |
| Alternators  | 142,052,592                         | 138,944,415                         |
| Others*  | 36,762,685                          | 49,661,752                          |
|  | <u>902,012,896</u>                  | <u>729,298,387</u>                  |
| <br>   |                                     |                                     |
| <b>Other operating revenue</b>                               |                                     |                                     |
| Export incentives  | 11,053,363                          | 6,528,157                           |
| Scrap Sale   | 974,995                             | 1,225,682                           |
|  | <u>12,028,358</u>                   | <u>7,753,839</u>                    |

\* These items do not include any individual items accounting for 10% or more in total value

**20 Other income**

|                            | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 |
|----------------------------|-------------------------------------|-------------------------------------|
| Interest income            | 103,729                             | 59,851                              |
| Liabilities written back   | -                                   | 751,024                             |
| Miscellaneous income (net) | 517,275                             | 341,364                             |
|                            | <u>621,004</u>                      | <u>1,152,239</u>                    |

**21 Cost of materials consumed**

|  | Raw material       | Packing material  | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 |
|--|--------------------|-------------------|-------------------------------------|-------------------------------------|
| Inventory at the beginning of the year | 24,843,789         | 145,831           | 24,989,620                          | 34,254,455                          |
| Purchases                              | 694,468,533        | 10,743,535        | 705,212,069                         | 563,528,726                         |
| Inventory at the end of the year       | 27,889,081         | 462,567           | 28,351,648                          | 26,678,031                          |
|  | <u>691,423,241</u> | <u>10,426,800</u> | <u>701,850,041</u>                  | <u>571,105,150</u>                  |

**Break-up of cost of raw materials and packing material consumed**

|          |                    |                    |
|----------|--------------------|--------------------|
| Copper   | 103,617,206        | 88,012,331         |
| Brackets | 97,041,040         | 87,336,326         |
| Others*  | 501,191,795        | 395,756,493        |
|          | <u>701,850,041</u> | <u>571,105,150</u> |

**Details of closing stock of raw materials (including Packing materials)**

|          |                   |                   |
|----------|-------------------|-------------------|
| Bearings | 2,964,512         | 3,800,006         |
| Brackets | 3,202,204         | 3,557,637         |
| Shafts   | 1,121,846         | 2,613,800         |
| Copper   | 3,146,411         | -                 |
| Others   | 17,916,675        | 16,706,588        |
|          | <u>28,351,648</u> | <u>26,678,031</u> |

\* These items do not include any individual items accounting for 10% or more in total value



**Minda Autoelektrik Limited**  
**(Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)**  
**Notes to the financial statements for the year ended 31 March 2017**  
**(All amounts are in Indian Rupees)**

**22 Changes in inventory of finished goods and work in progress**

|   | <b>For the year ended<br/>31 March 2017</b> | <b>For the year ended<br/>31 March 2016</b> |
|---|---|---|
| Work-in-progress                                      |   |   |
| Closing stock   | 5,835,335                                   | 8,632,475                                   |
| Less: Opening stock                                   | 8,632,475                                   | 10,497,328                                  |
|   | <u>2,797,140</u>                            | <u>1,864,854</u>                            |
| Finished goods  |   |   |
| Closing stock   | 13,902,367                                  | 6,771,573                                   |
| Less: Opening stock                                   | 6,771,573                                   | 7,259,974                                   |
|   | <u>(7,130,794)</u>                          | <u>488,400</u>                              |
| Impact of excise duty on (decrease) in finished goods | (293,703)                                   | (54,834)                                    |
|   | <u>(4,627,357)</u>                          | <u>2,298,420</u>                            |

**Details of Inventory of Work in progress**

|                | <b>As at 31 March 2017</b> | <b>As at 31 March 2016</b> |
|----------------|----------------------------|----------------------------|
| Starter Motors | 3,432,981                  | 3,041,619                  |
| Alternators    | 883,838                    | 1,451,561                  |
| Armatures      | 321,416                    | 1,755,042                  |
| Bendix         | -                          | 857,220                    |
| Others         | 1,197,100                  | 1,527,033                  |
|                | <u>5,835,335</u>           | <u>8,632,475</u>           |

**Details of Inventory of Finished goods**

|                | <b>As at 31 March 2017</b> | <b>As at 31 March 2016</b> |
|----------------|----------------------------|----------------------------|
| Starter Motors | 1,865,487                  | 3,336,318                  |
| Alternators    | 965,898                    | 2,120,732                  |
| Others         | 1,448,278                  | 1,314,523                  |
| GIT            | 9,622,704                  | -                          |
|                | <u>13,902,367</u>          | <u>6,771,573</u>           |

**23 Employee benefits**

|   | <b>For the year ended<br/>31 March 2017</b> | <b>For the year ended<br/>31 March 2016</b> |
|---|---|---|
| Salaries, wages and bonus                 | 103,741,355                                 | 93,674,484                                  |
| Contribution to provident and other funds | 4,775,894                                   | 4,030,429                                   |
| Compensated absences                      | (721,803)                                   | 1,184,186                                   |
| Staff welfare expenses                    | 4,605,777                                   | 4,770,619                                   |
|   | <u>112,401,223</u>                          | <u>103,659,718</u>                          |



**Minda Autoelektrik Limited**  
**(Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)**  
**Notes to the financial statements for the year ended 31 March 2017**  
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**24 Finance costs**

|                       | <b>For the year ended<br/>31 March 2017</b> | <b>For the year ended<br/>31 March 2016</b> |
|-----------------------|---|---|
| Interest expense      |   |   |
| - term loan           | 4,769,823                                   | 1,517,512                                   |
| - cash credit         | 5,626,515                                   | 5,762,764                                   |
| - others              | 4,683,491                                   | 9,599,521                                   |
| Other borrowing costs | 586,500                                     | 961,845                                     |
|                       | <b>15,666,329</b>                           | <b>17,841,642</b>                           |

**25 Depreciation and amortisation**

|   | <b>For the year ended<br/>31 March 2017</b> | <b>For the year ended<br/>31 March 2016</b> |
|---|---|---|
| Depreciation of tangible fixed assets   | 12,316,937                                  | 11,493,397                                  |
| Amortisation of intangible fixed assets | 780,047                                     | 268,884                                     |
|   | <b>13,096,984</b>                           | <b>11,762,281</b>                           |



**Minda Autoelektrik Limited**  
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**Notes to the financial statements for the year ended 31 March 2017**  
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**26 Other expenses**

|  | <b>For the year ended<br/>31 March 2017</b> | <b>For the year ended<br/>31 March 2016</b> |
|--|---|---|
| Consumption of stores and spare parts                | 3,115,290                                   | 5,272,810                                   |
| Power and fuel                                       | 12,852,237                                  | 12,017,973                                  |
| Other manufacturing expenses                         | 5,979,829                                   | 3,011,766                                   |
| Repairs and maintenance                              |   |   |
| - Plant and machinery                                | 2,719,057                                   | 953,595                                     |
| - Building   | 53,929                                      | 38,512                                      |
| - Others   | 4,834,323                                   | 3,859,644                                   |
| Rent (refer note 29)                                 | 490,000                                     | 3,305,972                                   |
| Business support services                            | -   | 600,000                                     |
| Management consultancy services                      | 9,009,707                                   | -   |
| Rates and taxes                                      | 1,498,027                                   | 1,571,021                                   |
| Insurance  | 1,160,969                                   | 1,418,280                                   |
| Travelling and conveyance                            | 5,607,002                                   | 7,731,255                                   |
| Business promotion expenses                          | 230,979                                     | 1,935,889                                   |
| Security expenses                                    | 1,612,746                                   | 1,775,812                                   |
| Communication costs                                  | 568,007                                     | 912,297                                     |
| Printing and stationery                              | 786,133                                     | 1,042,339                                   |
| Legal and professional                               | 2,292,411                                   | 1,781,573                                   |
| Payment to auditors (refer note below)               | 825,000                                     | 770,481                                     |
| Provision for doubtful receivables                   | -   | 207,543                                     |
| Provision for doubtful advances                      | -   | 621,172                                     |
| Provision for slow moving inventory                  | -   | 1,688,411                                   |
| Net loss on account of foreign exchange fluctuations | 931,437                                     | 2,310,511                                   |
| Loss on sale of Assets                               | 520,250                                     | -   |
| License fee  | -   | 3,075,953                                   |
| Sales and distribution expenses                      | 9,097,155                                   | 11,140,451                                  |
| Bad debts written off                                | -   | -   |
| Less: Charge against opening provision               | -   | 163,924                                     |
| Warranty   | 5,593,369                                   | 4,460,907                                   |
| Bank charges   | 1,968,006                                   | 348,288                                     |
| Postage and telegram                                 | 1,563,845                                   | 1,774,424                                   |
| Recruitment charges                                  | 364,401                                     | 103,082                                     |
| Miscellaneous  | 40,700                                      | 240,983                                     |
|  | <b>73,714,809</b>                           | <b>74,134,868</b>                           |
| <b>Payment to auditors</b>                           |   |   |
| As auditor:  |   |   |
| -Statutory audit                                     | 650,000                                     | 500,000                                     |
| -Tax audit   | 175,000                                     | 175,000                                     |
| Out of pocket expenses                               | -   | 95,481                                      |
| <b>Total</b>   | <b>825,000</b>                              | <b>770,481</b>                              |



**Minda Autoelektrik Limited**  
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**Notes to the financial statements for the year ended 31 March 2017**  
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**27 Profit/ (Loss) per share**

|  | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 |
|--|-------------------------------------|-------------------------------------|
| Net profit/ (loss) for the year attributable to equity shareholders (A)  | 4,222,895                           | (44,260,280)                        |
| Weighted average number of equity shares outstanding during the year (B) | 8,508,333                           | 5,800,000                           |
| Nominal value of equity share  | 10                                  | 10                                  |
| <b>Basic and diluted loss per equity share [(A) / (B)]</b>               | <b>0.50</b>                         | <b>(7.63)</b>                       |

**28 Capital commitments**

|  | For the year ended<br>31 March 2017 | For the year ended<br>31 March 2016 |
|--|-------------------------------------|-------------------------------------|
| Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of capital advance) | 2,288,611                           | 532,000                             |
|  | <u><u>2,288,611</u></u>             | <u><u>532,000</u></u>               |

29 The Company had taken and vacated office premises on cancellable operating leases. Minimum lease payments charged during the year to the Statement of Profit and Loss amounted to Rs. 490,000 (previous year Rs. 3,305,972).

30 Details of imported and indigenous raw materials, components and spare parts consumed during the year

**(i) Raw material and packing material consumed**

|              | For the Year ended 31 March 2017 |                    | For the Year ended 31 March 2016 |                    |
|--------------|----------------------------------|--------------------|----------------------------------|--------------------|
|              | Amount                           | Percentage         | Amount                           | Percentage         |
| Imported     | 51,677,173                       | 7%                 | 37,769,144                       | 6%                 |
| Indigenous   | 650,172,868                      | 93%                | 533,336,006                      | 94%                |
| <b>Total</b> | <u><u>701,850,041</u></u>        | <u><u>100%</u></u> | <u><u>571,105,150</u></u>        | <u><u>100%</u></u> |

**(ii) Stores and spare parts consumed**

|              | For the Year ended 31 March 2017 |                    | For the Year ended 31 March 2016 |                    |
|--------------|----------------------------------|--------------------|----------------------------------|--------------------|
|              | Amount                           | Percentage         | Amount                           | Percentage         |
| Imported     | -                                | -                  | -                                | -                  |
| Indigenous   | 3,115,290                        | 100%               | 5,272,810                        | 100%               |
| <b>Total</b> | <u><u>3,115,290</u></u>          | <u><u>100%</u></u> | <u><u>5,272,810</u></u>          | <u><u>100%</u></u> |



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**31 Earnings in foreign currency**

|                         | <b>For the year ended<br/>31 March 2017</b> | <b>For the year ended<br/>31 March 2016</b> |
|-------------------------|---|---|
| F.O.B. value of exports | 278,923,245                                 | 165,389,706                                 |
|                         | <b>278,923,245</b>                          | <b>165,389,706</b>                          |

**32 Expenditure in foreign currency**

|                           | <b>For the year ended<br/>31 March 2017</b> | <b>For the year ended<br/>31 March 2016</b> |
|---------------------------|---|---|
| Travelling and conveyance | 248,260                                     | 323,821                                     |
| Warranty expenses         | 3,360,304                                   | 4,460,907                                   |
|                           | <b>3,608,564</b>                            | <b>4,784,729</b>                            |

**33 C.I.F. value of imports**

|               | <b>For the year ended<br/>31 March 2017</b> | <b>For the year ended<br/>31 March 2016</b> |
|---------------|---|---|
| Raw materials | 52,631,741                                  | 35,904,726                                  |
|               | <b>52,631,741</b>                           | <b>35,904,726</b>                           |

**34 Segment information**

*Business segment*

Management has evaluated and concluded that since the Company is engaged in the business of manufacture of automotive components primarily "starter motors" and "alternators" which is the primary segment for the Company, it constitutes a single business segment. Accordingly, disclosure requirements of Accounting standard 17 "Segment reporting" prescribed by the Companies (Accounts) Rules 2014 in relation to primary segments are not required.

*Geographical segment*

As the Company exports its products and sells in the domestic region as well, the analysis of geographical segment (secondary segment) is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.





**Minda Autoelektrik Limited**  
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Financial information relating to the secondary business segments is as follows:

**(a) Revenue as per geographical markets:**

|               | <b>For the year ended<br/>31 March 2017</b> | <b>For the year ended<br/>31 March 2016</b> |
|---------------|---|---|
| Within India  | 623,089,651                                 | 563,908,681                                 |
| Outside India | 278,923,245                                 | 165,389,706                                 |
| <b>Total</b>  | <b>902,012,896</b>                          | <b>729,298,387</b>                          |

**(b) Carrying amount of segment assets**

|               | <b>As at<br/>31 March 2017</b> | <b>As at<br/>31 March 2016</b> |
|---------------|--------------------------------|--------------------------------|
| Within India  | 483,338,407                    | 472,696,021                    |
| Outside India | 1,262,522                      | 255,934                        |
|               | <b>484,600,929</b>             | <b>472,951,956</b>             |

**(c) Capital expenditure**

|               | <b>For the year ended<br/>31 March 2017</b> | <b>For the year ended<br/>31 March 2016</b> |
|---------------|---|---|
| Within India  | 7,758,648                                   | 28,453,312                                  |
| Outside India | -   | -   |
|               | <b>7,758,648</b>                            | <b>28,453,312</b>                           |

**Segment accounting policies**

The accounting principles consistently used in the preparation of the financial statements and consistently applied to record revenue and expenditure in individual segments are as set out in Note 2 to this schedule on significant accounting policies. The description of segment assets and the accounting policies in relation to segment accounting are as under:

**i. Segment assets**

Segment assets in the geographical segments considered for disclosure represent sundry debtor balance. Since all the business activities of the Company are conducted from locations within India, all the remaining assets are attributable to the Indian operations.

**ii. Segment revenue**

Segment revenues are directly attributable to the segment and have been allocated to various segments on the basis of specific identification.



**Minda Autoelektrik Limited**  
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**35 Employee benefits**

**Defined contribution plans:**

Provident fund:- The Company makes contributions, determined as specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contributions to Provident Fund for the year aggregated to Rs. 4,365,316 (previous year Rs. 3,597,496).

Employees' State Insurance: The Company also makes contributions, determined as specified percentage of employee salaries, in respect of qualifying employees towards State insurance Scheme which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The Contributions are charged to Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contributions to Employees' State Insurance for the year aggregated to Rs. 378,778 (previous year Rs. 396,273).

**Defined benefit plans:**

Gratuity: The Company provides for gratuity, a defined benefit plan covering all employees of the Company. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service at the time of retirement / exit. Liability with regard to gratuity and compensated absences is accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary. The gratuity plan is an unfunded obligation, and accordingly disclosures with respect to the plan assets are not applicable.

The following table sets forth the status of the gratuity plan of the Company and the amounts recognized in the Balance Sheet and the Statement of Profit and Loss.

**Changes in the present value of obligation during the year**

|   | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---|------------------------|------------------------|
| Present value of obligation as at the beginning of the year | 5,559,318              | 6,136,729              |
| Current service cost  | 1,583,508              | 1,189,110              |
| Interest cost   | 441,410                | 487,256                |
| Actuarial loss/ (gain)                                      | 2,022,097              | (1,523,765)            |
| Benefits paid   | (761,673)              | (730,012)              |
| <b>Projected benefit obligation at the end of the year</b>  | <b>8,844,660</b>       | <b>5,559,318</b>       |

**Expense recognised in the Statement of Profit and Loss**

|   | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---|------------------------|------------------------|
| Current service cost                              | 1,583,508              | 1,189,110              |
| Interest cost on benefit obligation               | 441,410                | 487,256                |
| Net actuarial (gain)/ loss recognised in the year | 2,022,097              | (1,523,765)            |
|   | <b>4,047,015</b>       | <b>152,601</b>         |

**Economic assumptions (for gratuity and leave encashment)**

|                               | As at<br>31 March 2017 | As at<br>31 March 2016 |
|-------------------------------|------------------------|------------------------|
| Discount rate (p.a.)          | 7.35%                  | 7.94%                  |
| Salary escalation rate (p.a.) | 10.00%                 | 10.00%                 |

**Demographic assumptions**

|                 | As at<br>31 March 2017          | As at<br>31 March 2016          |
|-----------------|---------------------------------|---------------------------------|
| Retirement age  | 58 years                        | 58 years                        |
| Mortality rate  | IALM (2006-08)<br>duly modified | IALM (2006-08)<br>duly modified |
| Withdrawal rate | 10.00%                          | 10.00%                          |



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Experience adjustments

| Particulars  | Year ended    |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|
|  | 31 March 2017 | 31 March 2016 | 31 March 2015 | 31 March 2014 | 31 March 2013 |
| Defined benefit obligation                               | 8,844,660     | 5,559,318     | 6,136,729     | 3,997,396     | 3,839,196     |
| Deficit  | 8,844,660     | 5,559,318     | 6,136,729     | 3,997,396     | 3,839,196     |
| Experience adjustment on plan liabilities - (loss)/ gain | (1,634,205)   | 500,455       | 299,283       | 208,235       | 8,060         |

**Discount rate:** The discount rate is estimated based on the prevailing market yields on government gilt bonds as at the balance sheet date for the estimated term of the obligations.

**Salary escalation Rate:** The estimate of salary increases, which take into account inflation, promotion and other relevant factors.

Other long-term employee benefits

Compensated absences: The Company operates a compensated absences plan wherein every employee is entitled to the benefit equivalent to 21 days leave salary for every completed year of service up to a maximum accumulation of leaves of 45 days. The salary for calculation of earned leave is last drawn basic salary. The same is payable during the service, early retirement, withdrawal of scheme, resignation by employee and upon death of employee.

The liability for leave encashment is determined based on actuarial valuation and the balance as at 31 March 2017 is Rs. 1,266,493 (previous year Rs. 3,045,318).

36 Derivative instruments

(a) Foreign exchange currency exposures not covered by Forward Contracts

|             | Currency | As at 31 March 2017 |                  | As at 31 March 2016 |                  |
|-------------|----------|---------------------|------------------|---------------------|------------------|
|             |          | INR                 | Foreign currency | INR                 | Foreign currency |
| Receivables | EURO     | 1,262,522           | 18,232           | 796,621             | 10,608           |
|             | USD      | 206,187             | 3,180            | 499,885             | 7,536            |
| Payables    | EURO     | 189,046             | 2,730            | 24,301,297          | 323,605          |
|             | USD      | 4,127,137           | 63,652           | 5,260,796           | 70,309           |



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**37 Related party transactions**

Related party disclosures as required under Accounting Standard 18 are as under:

**a) Related parties and nature of related party relationship where control exists**

| Nature of the relationship | Name of the related party |
|----------------------------|---------------------------|
| Significant shareholder    | Minda Corporation Limited |

**b) Transactions with related parties:**

|  | Year ended<br>31 March 2017         | Year ended<br>31 March 2016         |
|--|-------------------------------------|-------------------------------------|
| <b>Management fee</b>                                      |                                     |                                     |
| Minda Management Services Limited                          | 9,009,707                           | -                                   |
| <b>License fee</b>   |                                     |                                     |
| Panalfa Automotive Private Limited                         | -                                   | 3,075,953                           |
| <b>Business support services</b>                           |                                     |                                     |
| Panalfa Automotive Private Limited                         | -                                   | 600,000                             |
| <b>Managerial remuneration</b>                             |                                     |                                     |
| Pankaj Raghbeer  | -                                   | 720,000                             |
| <b>Loan received during the year</b>                       |                                     |                                     |
| Pankaj Raghbeer  | -                                   | 28,500,000                          |
| <b>Repayment of Loan during the year</b>                   |                                     |                                     |
| Pankaj Raghbeer  | -                                   | 6,000,000                           |
| Minda Corporation Limited                                  | 130,000,000                         | -                                   |
| <b>Loan/share application received during the year</b>     |                                     |                                     |
| Minda Corporation Limited                                  | 130,000,000                         | -                                   |
| <b>Finance costs</b>                                       |                                     |                                     |
| Pankaj Raghbeer  | -                                   | 9,165,167                           |
| Minda Corporation Limited                                  | 4,638,082                           | -                                   |
| <b>Sales made</b>  |                                     |                                     |
| Minda Automotive Solutions Limited                         | 36,029,729                          | -                                   |
| Net sales Rs 36,029,729/- and gross value Rs 43,594,847/-) |                                     |                                     |
| <b>Particulars</b>   | <b>Year ended<br/>31 March 2017</b> | <b>Year ended<br/>31 March 2016</b> |
| Perquisites  | -                                   | 720,000                             |
| <b>Total</b>   | <b>-</b>                            | <b>720,000</b>                      |

The managerial remuneration paid to Managing Director in the current year is in excess of the limits of remuneration under Schedule XIII of the Companies Act, 2013. The Company has taken approval of the Central Government for payment of remuneration and actual remuneration paid for the year is within the amount of approval provided by the Central Government.



**Minda Autoelektrik Limited**  
**(Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)**  
**Notes to the financial statements for the year ended 31 March 2017**  
**(All amounts are in Indian Rupees)**

**c) Balances outstanding:**

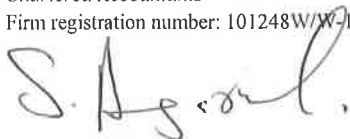
|  | As at<br>31 March 2017 | As at<br>31 March 2016 |
|--|------------------------|------------------------|
| <b>Trade payables</b>                                    |                        |                        |
| Panalfa Automotive Private Limited.                      | -                      | 6,873,917              |
| Minda Corporation Ltd (Interest payable)                 | 4,415,260              | -                      |
| Minda Corporation Ltd (C/A)                              | 1,220,420              | -                      |
| Minda Management Services Limited                        | 1,241,946              | -                      |
| <b>Short-term borrowings</b>                             |                        |                        |
| Pankaj Raghbeer  | -                      | 80,500,000             |
| <b>Interest accrued and due on short-term borrowings</b> |                        |                        |
| Pankaj Raghbeer  | -                      | 12,570,563             |
| <b>Trade receivables</b>                                 |                        |                        |
| Minda Automotive Solutions Ltd                           | 12,808,387             | -                      |

38 During the year, on 2 April 2016, Minda Corporation Limited has acquired 100% stake in the Company by way of purchase of shares from existing shareholders. Pursuant to the acquisition, the Company has become a subsidiary of Minda Corporation Limited w.e.f. 2 April 2016. Further, the Company has changed its name to Minda Autoelektrik Limited w.e.f. 3 June 2016.

39 The previous year figures have been reclassified to conform to current period's classification and in accordance with schedule III. This does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date attached

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



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

Place: Gurgaon  
 Date: 23 May 2017

For and on behalf of the Board of Directors of  
**Minda Autoelektrik Limited**  
 (Formerly known as Panalfa Autoelektrik Limited upto 2 June 2016)



**Sudhir Kashyap**  
 Director  
 DIN: 06573561

Place: Gurgaon  
 Date: 23 May 2017



**A. P. Gandhi**  
 Director  
 DIN: 00161107

Place: Gurgaon  
 Date: 23 May 2017