Minda Automotive Solutions Limited

Statutory Audit for the year ended

31 March 2017

B S R & Co. LLP
Chartered Accountants

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

Telephone: + 91 124 719 1000
Fax: + 91 124 235 8613

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MINDA AUTOMOTIVE SOLUTION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Minda Automotive Solution 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, 2017 ('Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order.

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

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

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

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

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

(e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 33 to the financial statements;

ii. The Company did not have any long term contracts including derivative contracts outstanding as at 31 March 2017;

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

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on our audit procedures and relying on the management representations, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management – refer note 17 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 clause 6(i) of our Independent Auditor's Report to the members of Minda Automotive Solution Limited on the financial statements for the year ended 31 March 2017.

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

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified over a period of two years, and in accordance therewith, a portion of fixed assets has been physically verified by the management during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no immovable properties held in the name of the Company.

(ii) The inventories, except goods in transit, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained. According to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material 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) According to information and explanations given to us and based on the basis of our examination of the records of the Company, the Company has not undertaken any transaction in respect of loan, guarantee and securities covered under section 185 of the Companies Act, 2013. The Company has not made any investment as referred in section 186(1) of the Act, other requirements relating to section 186 do not apply to the Company.

(v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, para 3(v) of the order is not applicable.

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

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Sales tax, Service tax, 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 few cases. As explained to us, the Company does not have any amount due on account of Duty of custom and Duty of excise.

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

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

Name of the statute	Nature of the dues	Amount (Rupees in lacs)*	Period to which the amount relates	Payment under protest in (Rupees in lacs)	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales Tax	11.69	2011-2012	2.70	Assistant Commission
Central Sales Tax Act, 1956	Sales Tax	1.40	2015 – 2016	-	Deputy Commissioner

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

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

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

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

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

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

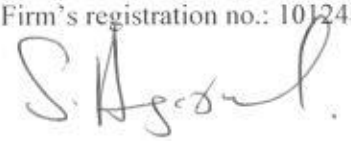
(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no transactions with the related parties which are not in compliance with section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in 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.

(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 Automotive Solution 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 Automotive Solution Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

Shashank Agarwal
Partner
Membership No.: 095109

Place: Gurgaon
Date: 23 May 2017

MINDA AUTOMOTIVE SOLUTIONS LIMITED
Balance Sheet as at 31st March, 2017
(Amount in Rs.)

	Note	As at 31st March, 2017	As at 31st March, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	2,803,000	2,803,000
Reserves and surplus	3	128,468,932	87,915,884
		131,271,932	**90,718,884**
Non-current liabilities			
Long-term borrowings	4	-	99,132
Other long-term liabilities	5	24,661,619	21,664,119
Long-term provisions	6	14,868,004	17,198,298
		39,529,623	**38,961,549**
Current liabilities			
Trade payables	7		
-total dues of creditors other them micro and small enterprises		407,484,582	388,814,005
-total dues of micro and small enterprises		17,714,234	4,778,680
Other current liabilities	8	49,321,608	36,460,054
Short-term provisions	9	1,085,687	2,549,077
		475,606,111	**432,601,816**
TOTAL		**646,407,666**	**562,282,249**
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	10	15,613,409	19,320,126
Intangible fixed assets	11	5,327,759	2,669,940
Deferred tax assets	12	7,666,545	6,578,701
Other non current assets	13	956,270	883,465
Long-term loans and advances	14	13,019,974	12,206,346
		42,583,957	**41,658,577**
Current assets			
Inventories	15	226,728,244	184,168,091
Trade receivables	16	298,231,964	291,913,598
Cash and bank balances	17	76,444,471	31,784,729
Short-term loans and advances	18	2,073,721	12,593,089
Other current assets	19	345,310	164,165
		603,823,709	**520,623,672**
TOTAL		**646,407,666**	**562,282,249**
Significant accounting policies	1		

The accompanying notes from 1 to 37 form an integral part of the financial statements

As per our report of even date attached

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

Shashank Agarwal
Partner
Membership No.: 095109

Place: Gurgaon
Date: 23 May 2017

For **and on behalf of the Board of Directors Minda Automotive Solutions Limited**

Sanjay Bhagat
Director
(DIN : 05234071)

Place: Delhi
Date: 23 May 2017

Sumit Doesja
Director
(DIN : 03169783)

Place: Delhi
Date: 23 May 2017

MINDA AUTOMOTIVE SOLUTIONS LIMITED
Statement of profit and loss for the year ended 31st March, 2017
(Amount in Rs.)

	Note	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue from operations	20	2,591,555,786	2,207,170,427
		2,591,555,786	**2,207,170,427**
Other income	21	3,172,157	3,320,796
Total revenue		**2,594,727,943**	**2,210,491,223**
Expenses			
Purchase of stock in trade	22	2,199,311,618	1,885,393,711
Changes in inventories of stock in trade	23	(38,784,617)	(64,661,843)
Employee benefit expenses	24	134,578,237	139,269,560
Finance costs	25	1,621,640	2,546,730
Depreciation and amortisation	26	9,084,212	5,087,969
Other expenses	27	231,422,644	197,435,711
Total expenses		**2,537,233,734**	**2,165,071,837**
Profit before tax		**57,494,209**	**45,419,386**
Income tax expense			
- Current tax		18,028,961	16,149,841
- Deferred tax charge / (credit)		(1,087,800)	(702,000)
Profit for the year		**40,553,048**	**29,971,545**
Basic and diluted earnings per equity share [nominal value of share Rs. 10 (previous year Rs. 10)]		**144.68**	**106.93**
Significant accounting policies	1		

The accompanying notes from 1 to 37 form an integral part of the financial statements

As per our report of even date attached

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

Shashank Agarwal
Partner
Membership No.: 095109

Place: Gurgaon
Date: 23 May 2017

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(DIN : 05234071)

Place: Delhi
Date: 23 May 2017

Sumit Doseja
Director
(DIN : 03169783)

Place: Delhi
Date: 23 May 2017

MINDA AUTOMOTIVE SOLUTIONS LIMITED
Statement of Cash Flow for the year ended 31 March 2017

(Amount in Rs.)

	For the year ended 31 March 2017	For the year ended 31 March 2016
A. Cash flow from operating activities		
Net profit before taxation	57,494,209	45,419,386
Adjustments for:		
Depreciation and amortisation expense	9,084,212	5,087,970
Provision for doubtful trade receivables	649,781	45,573
Interest expense	1,621,640	1,113,248
Loss on sale / discard of fixed assets	527,424	435,260
Bad debts	33,026	12,195
Foreign exchange differences	93,672	(8,405)
Interest income	(3,172,157)	(2,421,563)
Operating profit before working capital changes	**66,331,807**	**49,683,664**
Adjustments for:		
(Increase) / Decrease in trade receivables	(7,683,533)	30,255,912
(Increase) / Decrease in inventories	(42,560,153)	(75,971,757)
Decrease / (Increase) in short term and long term loans and advances	11,673,579	(5,016,439)
Increase in other long term / other current liabilities	15,487,040	10,372,994
Increase in trade payables	31,606,131	21,076,939
(Decrease) / Increase in long term and short term provisions	(2,393,684)	5,549,430
Cash generated from operations	**72,461,187**	**35,950,743**
Income tax paid	(20,052,068)	(21,711,199)
Net cash generated from operating activities (A)	**52,409,119**	**14,239,544**
B. Cash flows from investing activities		
Purchase of fixed assets	(9,762,367)	(4,271,768)
Sale of fixed assets	1,199,628	1,185,060
Investement in fixed deposits	(72,805)	(883,465)
Interest received	2,991,012	2,403,931
TDS on Interest on FDRs	(236,636)	(244,155)
Net cash generated / (used in) investing activities (B)	**(5,881,168)**	**(1,810,397)**
C. Cash flows from financing activities		
Repayment of term loans	(246,570)	(310,802)
Interest paid on income taxes	-	(1,048,716)
Interest paid	(1,621,640)	(64,532)
Net cash (used in) financing activities (C)	**(1,868,210)**	**(1,424,050)**
Net increase in cash and cash equivalents (A + B + C)	**44,659,741**	**11,005,097**
Cash and cash equivalents at the beginning of the year	**31,784,729**	**20,779,632**
Cash and cash equivalents at the end of the year	**76,444,471**	**31,784,729**

Notes to Cash Flow Statement:

1.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.

2.Cash and cash equivalents consists of cash in hand and balances with scheduled banks. Refer note 17

Significant accounting policies 1

The accompanying notes from 1 to 37 form an integral part of the financial statements

As per our report of even date attached

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

Shashank Agarwal
Partner
Membership No.: 095109

Place: Gurgaon
Date: 23 May 2017

For **and on behalf of the Board of Directors Minda Automotive Solutions Limited**

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Director
(DIN : 05234071)

Place: Delhi
Date: 23 May 2017

Sumit Doseja
Director
(DIN : 03169783)

Place: Delhi
Date: 23 May 2017

MINDA AUTOMOTIVE SOLUTIONS LIMITED

NOTE -1 SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING POLICIES

A) 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, to the extent applicable, as adopted consistently by the Company. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

B) Use of estimates

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

C) Current-non-current classification

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

Assets

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

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

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

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

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

All other assets are classified as non-current.

B S R & Co. LLP GURGAON Chartered

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

i) It is expected to be settled in the Company's normal operating cycle;

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

iii) It is due to be settled within 12 months after the reporting date; or

iv) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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.

D) Revenue recognition

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

i) **Sale of goods**
Sales include sale of traded goods. Revenue from sale of goods is recognized on transfer of significant risks and rewards of ownership to the customers. Sale of goods is net of sales tax, value added tax, applicable discounts and allowances and sales returns.

ii) **Other operating income**
Service income includes after sales services of goods sold to original equipment manufacturer and is recognised as per the term of the contract with the customer.

iii) **Interest income**
Income from interest on deposits, loans and interest bearing securities is recognized on the time proportion method taking into account the amount outstanding and the interest rate applicable.

E) Fixed assets

i) **Tangible assets**
Fixed assets are carried at cost of acquisition or construction less accumulated depreciation and impairment. Cost includes freight, duties, taxes and expenses incidental to acquisition and installation of fixed assets.

ii) **Intangible assets**
Intangible assets (comprising computer software) are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

B S R & Co. LLP
GURGAON
Chartered Accountants

F) Depreciation and amortization

Depreciation on fixed assets is provided using the straight line method as per the estimated useful lives of the fixed assets estimated by the management.

Pursuant to Companies Act, 2013 ('the Act') being effective from 1 April 2014, the Company has aligned the depreciation rates based on the useful lives as specified in Part 'C' of Schedule II to the Act, except for the Vehicle which has been depreciated over life of four years being the managements estimate of the useful life is lower than the life arrived at on the basis of Schedule II of the Act.

Based on internal technical evaluation, the 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.

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.

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

G) Inventories

Inventories of stock in trade and packing material are valued at lower of cost or net realisable value. Cost is computed on the FIFO basis. Inventories in Transit is valued at cost.

H) Impairment of assets

The carrying amounts of assets are reviewed at each reporting date in accordance with Accounting Standard 28 on 'Impairment of assets' to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset or cash generating unit exceeds it's recoverable amount. Impairment losses are recognized in the statement of profit and loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

I) 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 contribution plan (Provident fund)

Eligible employees receive benefits from the provident fund, which is a defined contribution plan. Both the employees and the Company make monthly contributions to the provident fund (with Regional

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Provident Fund Commissioner) equal to specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions.

Defined benefit plan (Gratuity)

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

Other long term employee benefit (Compensated absence)

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

Actuarial valuation

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

J) Income taxes

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company. Deferred tax charge or credits are recognized for the future tax consequences attributable to timing differences that result between the profit / (loss) offered for income taxes and the profit/ (loss) as per the financial statements. Deferred tax in respect of a timing difference which originates during the tax holiday period but reverses after the tax holiday period is recognized in the year in which the timing difference originates. For this purpose the timing differences which originate first are considered to reverse first. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain to be realised.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, in accordance with the provisions contained in the Guidance Note on Accounting for Credit Available under Minimum Alternative Tax, issued by the ICAI, the said asset is created by way of a credit to the statement of profit

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and loss and shown as "MAT Credit Entitlement". The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT, if required.

K) Earnings per share

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

L) Provisions, contingent liabilities and contingent assets

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

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

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

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

M) Foreign Currency Translation

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognized in the consolidated statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at year end rates. The resultant exchange differences are recognized in the consolidated statement of profit and loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

N) Leases

Where the Company is lessee

Assets taken on lease by the Group in the capacity of a lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at the lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and

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the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

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

O) Cash and Cash Equivalents

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

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2 Share capital

	As at 31st March, 2017	As at 31st March, 2016
Authorised		
5,00,000 (previous year 5,00,000) equity shares of Rs. 10 each	5,000,000	5,000,000
	5,000,000	**5,000,000**
Issued, subscribed and fully paid		
2,80,300 (previous year 2,80,300) equity shares of Rs.10 each, fully paid up	2,803,000	2,803,000
	2,803,000	**2,803,000**

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

	As at 31st March, 2017		As at 31st March, 2016	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	280,300	2,803,000	280,300	2,803,000
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**280,300**	**2,803,000**	**280,300**	**2,803,000**

b. Rights, preferences and restrictions attached to equity shares.

(i)Terms/rights attached to equity shares
The Company has Equity shares of having face value of Rs.10/- for each share. Each shareholder is eligible for one vote for each share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of shareholders in the ensuing Annual general meeting. In the event of the liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, in proportion of their shareholding, after distribution of all preferential amounts, if any.

c. Shares held by holding Company

	As at 31st March, 2017		As at 31st March, 2016	
	Number of Shares	Amount	Number of Shares	Amount
Minda Corporation Limited	279,910	2,799,100	279,910	2,799,100
Mr. D.C. Sharma (Nominee for M/s Minda Corporation Limited)	100	1,000	100	1,000
Mr. Ajay Sancheti (Nominee for M/s Minda Corporation Limited)	70	700	70	700
Mr. Pardeep Mann(Nominee for M/s Minda Corporation Limited)	100	1,000	100	1,000
Mr. Sanjay Bhagat (Nominee for M/s Minda Corporation Limited)	10	100	10	100
Mr. Sumit Doseja (Nominee for M/s Minda Corporation Limited)	100	1,000	100	1,000
Mr. Sanjay Aneja (Nominee for M/s Minda Corporation Limited)	10	100	10	100
	280,300	**2,803,000**	**280,300**	**2,803,000**

d. Details of shareholders holding more than 5% shares in the Company

	As at 31st March, 2017		As at 31st March, 2016	
	Nos.	% of total shares in the class	Nos.	% of total shares in the class
Minda Corporation Limited and its nominees	280,300	100.00%	280,300	100.00%

3 Reserves and surplus

	As at 31st March, 2017	As at 31st March, 2016
Capital reserve		
Balance as per last finacial year	1,283,547	1,283,547
At the end of the year	**1,283,547**	**1,283,547**
General reserve		
Balance as per last finacial year	13,000,000	13,000,000
At the end of the year	**13,000,000**	**13,000,000**
Surplus (Profit and loss balance)		
Balance as per last finacial year	73,632,337	43,660,792
Add: Profit for the year	40,553,048	29,971,545
Balance at the end of the year	**114,185,385**	**73,632,337**
Total reserves and surplus	**128,468,932**	**87,915,884**

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4 Long-term borrowings

	Long term maturities		Current maturities	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Vehicle Loan				
- From HDFC Bank Limited bank (Secured)	99,132	345,702	99,132	246,570
- From Kotak Mahindra Prime Limited (Secured)	-	-	-	-
	99,132	**345,702**	**99,132**	**246,570**
Less: Amount shown under other current liabilities (refer to note 8)	99,132	246,570		246,570
	-	**99,132**	**99,132**	-

Vehicle loan from bank and others
Vehicle loan is secured by way of hypothecation of respective vehicles and repayable in installments over 48 months by way of payment of equated monthly installments beginning from the date of distribution. The rate of interest is in the range of 6.50%-11.50%.

5 Other Long-term liabilities

	As at 31st March, 2017	As at 31st March, 2016
Security deposit received from customers	24,661,619	21,664,119
		-
	24,661,619	**21,664,119**

6 Long-term provisions

	As at 31st March, 2017	As at 31st March, 2016
Provision for employee benefits		
- Gratuity	8,054,391	11,006,822
- Leave encashment	6,813,613	6,191,476
	14,868,004	**17,198,298**

7 Trade payables

	As at 31st March, 2017	As at 31st March, 2016
Total outstanding dues of micro enterprises and small enterprises (refer to note 31)	17,714,234	4,778,680
Total outstanding dues of creditors other than micro enterprises and small enterprises	407,484,582	388,814,005
	425,198,816	**393,592,685**

8 Other current liabilities

	As at 31st March, 2017	As at 31st March, 2016
Current maturities of long-term debt (refer note 4)	99,132	246,570
Capital creditors	1,052,490	680,476
Advance from customers	1,544,904	3,016,283
Payable to employees	8,093,090	2,965,773
Book overdraft	-	875,528
Statutory liabilities		
- Service Tax	2,386	-
- Providend fund and other fund	1,328,324	1,503,448
- Sales Tax / VAT	35,919,860	25,342,911
- Tax deducted at source	1,281,422	1,620,235
- Others	-	208,830
	49,321,608	**36,460,054**

9 Short-term provisions

	As at 31st March, 2017	As at 31st March, 2016
Provision for employee benefits		
- Gratuity	359,420	395,533
- Leave encashment	389,983	417,260
- Provision for taxation [net of advance tax Rs.3,18,13,557 (previous year Rs. 3,04,13,557)]	336,284	1,736,284
	1,085,687	**2,549,077**

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MINDA AUTOMOTIVE SOLUTIONS LIMITED
Notes to the financial statements for the year ended 31st March, 2017
(Amount in Rs.)

10 Tangible Fixed Assets

Fixed assets schedule for the year 2016-17

Description	Gross Block				Accumulated depreciation				Net Block
	Balance as at 1 April 2016	Additions	Disposals	Balance as at 31 March 2017	Balance as at 1 April 2016	Depreciation for the year	On disposals	Balance as at 31 March 2017	Balance as at 31 March 2017
	(a)	(b)	(c)	(d) = (a+b-c)	(e)	(f)	(g)	(h) = (e+f-g)	(i) = (d-h)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Computer	12,540,737	3,085,516	3,251,885	12,374,368	9,010,854	2,031,759	3,114,434	7,928,179	4,446,188
Furniture & Fittings	7,460,853	515,370	1,087,343	6,888,880	4,920,971	391,852	1,030,123	4,282,700	2,606,180
Vehicles	8,120,291	-	3,229,733	4,890,558	2,919,525	1,362,513	1,811,376	2,470,662	2,419,896
Office Equipment	20,319,397	1,416,146	2,601,008	19,134,535	12,269,802	3,210,572	2,486,984	12,993,390	6,141,145
Total	**48,441,278**	**5,017,032**	**10,169,969**	**43,288,341**	**29,121,153**	**6,996,696**	**8,442,917**	**27,674,931**	**15,613,409**

Fixed assets schedule for the year 2015-16

Description	Gross Block				Accumulated depreciation				Net Block
	Balance as at 1 April 2015	Additions	Disposals	Balance as at 31 March 2016	Balance as at 1 April 2015	Depreciation for the year	On disposals	Balance as at 31 March 2016	Balance as at 31 March 2016
	(a)	(b)	(c)	(d) = (a+b-c)	(e)	(f)	(g)	(h) = (e+f-g)	(i) = (d-h)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Computer	11,599,686	1,769,825	828,774	12,540,737	8,822,656	948,340	760,142	9,010,854	3,529,883
Furniture & Fittings	7,449,723	11,130	-	7,460,853	4,675,226	245,745	-	4,920,971	2,539,882
Vehicles	9,491,992	1,024,455	2,396,156	8,120,291	2,129,062	1,646,721	856,258	2,919,525	5,200,766
Office Equipment	19,435,801	898,596	15,000	20,319,397	10,593,531	1,679,481	3,210	12,269,802	8,049,595
Total	**47,977,202**	**3,704,006**	**3,239,930**	**48,441,278**	**26,220,475**	**4,520,287**	**1,619,610**	**29,121,152**	**19,320,126**

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MINDA AUTOMOTIVE SOLUTIONS LIMITED

Notes to the financial statements for the year ended 31st March, 2017

(Amount in Rs.)

Intangible Fixed Assets

Fixed assets schedule for the year 2016-17

Description	Gross Block				Accumulated depreciation				Net Block
	Balance as at 1 April 2016	Additions	Disposals	Balance as at 31 March 2017	Balance as at 1 April 2016	Amortisation for the year	On disposals	Balance as at 31 March 2017	Balance as at 31 March 2017
	(a)	(b)	(c)	(d) = (a+b-c)	(e)	(f)	(g)	(h) = (e+f-g)	(i) = (d-h)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Software	19,931,756	4,745,335	9,212,493	15,464,598	17,261,816	2,087,516	9,212,493	10,136,839	5,327,759
Total	**19,931,756**	**4,745,335**	**9,212,493**	**15,464,598**	**17,261,816**	**2,087,516**	**9,212,493**	**10,136,838**	**5,327,759**

Fixed assets schedule for the year 2015-16

Description	Gross Block				Accumulated depreciation				Net Block
	Balance as at 1 April 2015	Additions	Disposals	Balance as at 31 March 2016	Balance as at 1 April 2015	Amortisation for the year	On disposals	Balance as at 31 March 2016	Balance as at 31 March 2016
	(a)	(b)	(c)	(d) = (a+b-c)	(e)	(f)	(g)	(h) = (e+f-g)	(i) = (d-h)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Software	19,363,994	567,762	-	19,931,756	16,694,134	567,682	-	17,261,816	2,669,940
Total	**19,363,994**	**567,762**	**-**	**19,931,756**	**16,694,134**	**567,682**	**-**	**17,261,815**	**2,669,940**

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12 Deferred tax assets	As at 31st March, 2017	As at 31st March, 2016
Deferred tax assets		
- Excess of depreciation/amortisation on fixed assets provided in accounts over depreciation/ amortisation under Income Tax Act, 1961	2,093,992	1,553,040
- Provision for employee benefits	5,163,115	4,632,067
- Provision for doubtful debts	409,438	393,593
Deferred tax assets	**7,666,545**	**6,578,700**

13 Other Non-Current Assets		
Balance with banks		
- Deposits due to mature after 12 months for the reporting date*	956,270	883,465
	956,270	**883,465**

* Out of these Rs. 8,83,465 is pledged as security with sales tax department

14 Long-term loans and advances *(Unsecured and considered good)*	As at 31st March, 2017	As at 31st March, 2016
Security Deposits		
- Government authorities	405,650	21,000
- Other	2,022,100	1,252,540
Income tax [net of provision Rs. 3,51,22,819 (previous year Rs. 2,46,15,487)]	10,592,224	10,932,806
	13,019,974	**12,206,346**

15 Inventories *(At Lower of cost and net realisable value)*	As at 31st March, 2017	As at 31st March, 2016
Stock-in-trade	210,824,227	172,039,815
Stock-in-transit	15,904,017	11,667,192
Packing Material	-	461,084
	226,728,244	**184,168,091**

15.1 Details of Stock-in-trade	As at 31st March, 2017	As at 31st March, 2016
Locks	76,005,974	76,050,160
Wiring Harness	25,207,687	20,101,646
Others	109,464,268	75,888,009
	210,677,929	**172,039,815**

16 Trade receivables * *(Unsecured and considered good)*	As at 31st March, 2017	As at 31st March, 2016
Trade receivables outstanding for a period exceeding six months from the date they became due for payment		
Unsecured, considered good	61,677,211	89,006,722
Unsecured, considered doubtful	1,238,470	1,190,542
Provision for doubtful receivables	(1,238,470)	(1,190,542)
	61,677,211	**89,006,722**
Other trade receivables		
Unsecured, considered good	236,554,753	202,906,876
	298,231,964	**291,913,598**

* Secured to the extent of Rs.1,44,90,922 (Previous Year Rs. 1,39,78,691)

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17 Cash and bank balances

	As at 31st March, 2017	As at 31st March, 2016
Cash and cash equivalents:		
Balances with bank		
-On current account	23,792,212	2,376,717
-On deposit accounts (with original maturity of 3 Months or less)	-	-
-Cash in hand	20,851	16,481
	23,813,063	**2,393,198**
Other bank balances		
- Deposits which are due to maturity with in 12 month or less *	52,631,408	29,391,531
	76,444,471	**31,784,729**
Detail of bank balances/deposits		
- On deposit accounts with original maturity of 3 months or less included under 'Cash and cash equivalents'	-	-
- On deposit accounts due to mature within 12 months of reporting date included under 'Other bank balances'	52,631,408	29,391,531
- On deposit accounts due to mature after 12 months of reporting date included under 'Other non-current assets' (refer note 13)	956,270	883,465
	53,587,678	**30,274,996**

* Out of these current year Nil (previous year Rs. 883,465) is pledged as security with sales tax department.

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

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	Nil	Nil	Nil
(+) Permitted receipts	Nil	Nil	Nil
(-) Permitted payments	Nil	Nil	Nil
(-) Amount deposited in Banks	Nil	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	Nil	Nil

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.".

18 Short-term loans and advances

(Unsecured and considered good)

	As at 31st March, 2017	As at 31st March, 2016
Prepaid expenses	1,052,705	874,006
Advance to suppliers	582,299	7,507,064
Loan to MASL Control Cables Limited	-	2,401,439
Loans to employees	438,716	1,773,914
Service tax receivable	-	36,666
	2,073,721	**12,593,089**

19 Other current assets

	As at 31st March, 2017	As at 31st March, 2016
Interest accrued on fixed deposits	345,310	164,165
	345,310	**164,165**

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20 Revenue from operations

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Sale of Products		
Sale of Products	2,587,678,241	2,203,224,462
Other Service income	3,877,545	3,945,965
	2,591,555,786	**2,207,170,427**

20.1 Details of goods sold

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Locks	1,603,324,389	1,442,423,978
Wiring Harness	235,523,369	210,767,679
Accessories	-	9,324,132
Others	749,108,369	540,708,673
	2,587,956,127	**2,203,224,462**

21 Other income

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest income		
- on fixed deposits	2,510,235	2,421,563
- on loans	661,922	890,828
Foreign Exchange gain (net)	-	8,405
	3,172,157	**3,320,796**

22 Purchases of Stock-in-trade

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Purchase Of Stock In Trade	2,199,311,618	1,885,393,711
	2,199,311,618	**1,885,393,711**

22.1 Details of Purchases of Stock

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Locks	1,259,102,318	1,124,291,939
Wiring Harness	193,764,831	178,526,327
Accessories	-	6,123,620
Others	750,810,610	576,451,825
	2,203,677,758	**1,885,393,711**

23 Changes in Stock-in-Trade

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Inventories at the end of the year:		
Stock in trade	210,824,432	172,039,815
Less: Inventories at the beginning of the year:		
stock in trade	172,039,815	107,377,972
Net (increase) / decrease	**(38,784,617)**	**(64,661,843)**

24 Employee benefits

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Salaries, wages and bonus	108,980,201	115,853,697
Contribution to provident fund and other funds	10,002,249	10,059,959
Leave Encashment	4,177,507	3,042,481
Gratuity	5,290,894	4,553,419
Staff welfare expenses	6,127,386	5,760,004
	134,578,237	**139,269,560**

25	Finance costs	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Interest expenses		
	-on vehicle loans	44,726	64,532
	-on others	1,576,914	1,433,482
	Interest on Income tax	-	1,048,716
		1,621,640	**2,546,730**

26	Depreciation and amortisation	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Depreciation of tangible fixed assets (refer note 10)	6,996,696	4,520,287
	Amortisation of intangible fixed assets (refer note 11)	2,087,516	567,682
		9,084,212	**5,087,969**

27	Other expenses	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Power and fuel	1,724,649	1,467,071
	Rent	12,044,752	6,891,233
	Repairs & Maintance	4,008,219	3,597,130
	Legal and Professional Charges (refer note (i))	7,740,914	5,850,632
	Management Fee	15,613,609	13,304,200
	Insurance	1,460,889	1,487,483
	Printing and stationery	2,229,818	2,687,753
	Travelling and conveyance	23,359,392	23,673,782
	Loss on sale of fixed assets (Net)	527,424	435,260
	Trade receivables written off	33,026	12,195
	Provision for doubtful trade receivables	649,781	45,573
	Distribution expenses	39,981,803	27,898,252
	Advertising and sales promotion	33,970,428	27,674,406
	Communication expenses	6,114,926	5,481,019
	Cash discount	58,591,205	54,605,623
	Foreign Exchange loss (net)	93,672	-
	Rates and taxes	6,490,020	8,356,815
	Packing expenses	13,899,976	10,987,459
	Miscellaneous expenses	2,763,605	2,886,535
	Bank charges	124,538	93,290
		231,422,644	**197,435,711**

	Note (i) : Payment to auditors (exclusive of service tax)	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	As auditor		
	-Statutory audit	600,000	550,000
		600,000	**550,000**

28	Earning Per Share	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Net profit for the year attributable to the equity shareholders	40,553,048	29,971,545
	Weighted average of equity shares	280,300	280,300
	Basic and diluted earning (in Rs.) per share	**144.68**	**106.93**

29	Earning in foreign currency	For the year ended 31st March, 2017	For the year ended 31st March, 2016
		17,483,080	10,317,717
		17,483,080	**10,317,717**

30 Expenditure in foreign currency

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Travelling Expenses	119,327	442,722
	119,327	**442,722**

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

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. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2017 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMDA) is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	17,714,234	4,778,680
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year;	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

Note: The list of undertakings covered under MSMDA was determined by the Company on the basis of information available with the Company and have been relied upon

32 Capital Commitment and Contingent Liabilities

There is no capital and other commitment in the company.

33 Contingent Liabilities

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Claims against the Company not acknowledged as debts		
Sales tax/ VAT	1,038,967	Nil

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

34 Related Party Disclosure

A) Related parties and nature of related party relationship with whom transactions have taken place during the year

Description of relationship	Name of the party
a) Holding Company	Minda Corporation Limited
b) Key Managerial Personnel	Mr. Sanjay Bhagat (CEO)
c) Joint Venture of a fellow subsidiary	Minda Vast Access Systems Private Limited *
d) Fellow Subsidiaries	Minda Management Service Limited, India Minda Stoneridge Instruments Limited

* formerly known as Minda Valeo Security System Private Limited, India

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Notes to the financial statements for the year ended 31 March 2017

B) Details of Transactions/Balances with related parties:

2016-17

Party name	Payable as at the year end	Receivable as at the year end	Cash Discount Income	Service Income	Purchase of goods during the year	Purchase of traded goods during the year	Management fee paid during the year	Rent paid during the year	Remuneration paid during the year	Other expenses paid / reimbursed during the year
Holding Company										
Minda Corporation Limited	292,893,171	-	6,126,926	-	1,748,379,418	-	-	4,256,850	-	1,968,304
Joint Venture of a Fellow Subsidiaries										
Minda Vast Access Systems Private Limited	114,708	955,042	-	3,638,256	533,383	-	-	-	-	-
Fellow Subsidiaries										
Minda Management Services Limited	1,909,538	-	-	-	-	-	15,613,609	-	-	894,923
Minda Stoneridge Instruments Limited	16,099,068	-	-	-	85,035,303	-	-	-	-	-
Key managerial personnel										
Mr. Sanjay Bhagat (Whole Time Director)	-	-	-	-	-	-	-	-	8,615,054	-

2015-16

Party name	Payable as at the year end	Receivable as at the year end	Cash Discount Income	Service Income	Purchase of goods during the year	Purchase of traded goods during the year	Management fee paid during the year	Rent paid during the year	Remuneration paid during the year	Other expenses paid / reimbursed during the year
Holding Company										
Minda Corporation Limited	247,763,636	-	-	-	1,511,347,283	-	-	2,875,230	-	1,711,811
Joint Venture of a Fellow Subsidiaries										
Minda Vast Access Systems Private Limited	213,557	301,745	-	3,465,000	981,825	-	-	-	-	-
Fellow Subsidiaries										
Minda Management Services Limited	1,424,733	-	-	-	-	-	13,304,199	-	-	301,344
Minda Stoneridge Instruments Limited	22,471,589	-	-	-	60,249,492	-	-	-	-	-
Key managerial personnel										
Mr. Sanjay Bhagat (Whole Time Director)	-	-	-	-	-	-	-	-	7,522,012	-

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35 Employee benefits

a) **Defined contribution plans**

The Company's employee provident fund and Employee's state insurance schemes are defined contribution plans. The following amounts have been recognised as expense for the year and shown under Employee benefits expense in note 24.

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Contribution towards		
-Provident fund	5,093,482	4,817,863
-Employee state insurance	713,730	921,203
	5,807,212	5,739,066

b) **Defined benefit plans Gratuity**

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

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Changes in the present value of the defined benefit obligation is as follows:		
Present value of defined benefit obligation at the beginning of the year	15,196,578	11,857,126
Interest cost	1,215,726	948,570
Acquisition Adjustment	-	1,000,000
Current service cost	2,114,316	1,994,911
Benefits paid	(4,279,438)	(2,617,740)
Actuarial loss / (gain) on obligation	2,501,022	2,013,711
Present value of defined benefit obligation at the end of the year	16,748,204	15,196,578
Changes in the present value of the plan asset is as follows:		
Fair value of plan asset at the beginning of the year	3,793,223	4,703,100
Return on plan asset	316,734	423,279
Benefits paid during the year	-	(1,224,462)
Employer Contributions	4,000,000	-
Actuarial (gain) / loss on obligation	223,436	(108,694)
Fair value of plan asset at the end of the year	8,333,393	3,793,223
Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:		
Present value of defined benefit obligation at the end of the year	16,748,204	15,196,578
Fair value of plan asset at the end of the year	8,333,393	3,793,223
Net liability as at the close of the year	(8,414,811)	(11,403,355)
Expenses recognized in the statement of profit and loss:		
Current service cost	2,114,316	1,994,911
Interest cost	1,215,726	948,570
Expected return on plan assets	(316,734)	(423,279)
Net actuarial loss / (gain)	2,277,586	2,122,405
Expenses recognized in the statement of profit and loss:	5,290,894	4,642,607
Experience Adjustment (loss) / gain:		
On defined benefit obligation	(530,907)	(2,013,711)
On plan assets	223,436	(108,694)
Actuarial assumptions:		
Discount rate	7.54%	8.00%
Expected rate of return on plan assets	8.35%	8.35%
Expected salary increase rates	6.00%	5.50%
Mortality	100% of IALM 2006-08	100% of IALM 2006-08
Employee attrition rate		
-Up to 30 years of age	3.00%	3.00%
-From 31 years of age to 44 years of age	2.00%	2.00%
-Above 44 years of age	1.00%	1.00%

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

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

Experience gain / (loss) on PBO and Plan Assets

Particulars (Rs.)	31 March 2013	31 March 2014	31 March 2015	31 March 2016	31 March 2017
On Plan Present Value of Obligation	(2,285,667)	562,830	(1,891,043)	(2,013,711)	(530,907)
On Plan Assets	-	(1,111,120)	10,636	(108,694)	223,436

c) Other long term benefit - Compensated absences

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

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

Assumptions	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Discount rate	7.54%	8.00%
Expected salary increase rates	6.00%	5.50%
Mortality	100% of IALM 2006-08	100% of IALM 2006-08
Employee attrition rate		
-Up to 30 years of age	3.00%	3.00%
-From 31 years of age to 44 years of age	2.00%	2.00%
-Above 44 years of age	1.00%	1.00%

36 Transfer Pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the company is in the process of updating the documentation for the transactions entered into with the associated enterprises during the financial year and expects such records to in existence latest by due date as required under the law. The management is of the opinion that its transactions with the associated enterprises are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

37 Segment Information

The company operates primarily in single business segment i.e. Traded goods and in single geographical region. Therefore in disclosure requirement "Accounting Standard-17 on Segment Reporting" is not applicable to the company.

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 Minda Automotive Solutions Limited**

Sanjay Bhagat
Director
(DIN : 05234071)

Place: Delhi
Date: 23 May 2017

Sumit Doseja
Director
(DIN : 03169783)

Place: Delhi
Date: 23 May 2017