Minda Automotive Solutions Limited

Statutory Audit for the year ended

31 March 2016

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

Telephone: + 91 124 2358 610
Fax: + 91 124 2358 613

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MINDA AUTOMOTIVE SOLUTION LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Minda Automotive Solution Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, 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 Standalone 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 standalone 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 standalone 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2016, 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 standalone 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 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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 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 2016.

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

***For* B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Manish Gupta
Partner
Membership No.: 095037

Place: Gurgaon
Date: 24 May 2016

Annexure A referred to in our Independent Auditor's Report to the members of Minda Automotive Solution Limited on the financial statements for the year ended 31 March 2016.

(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 over a period 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, the discrepancies noticed on such verification were not material.

(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 property 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. According to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) According to the information and explanation given to us, the Company has not granted secured or unsecured loans to companies, firms and other parties covered in the register required under section 189 of the Companies Act, 2013. Thus paragraph 3 (iii) (a), (b) and (c) of the order are not applicable.

(iv) The company has not given any loans, made any investments, provided any guarantee or security as specified under section 185 and 186 of Companies Act, 2013. 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.

(vi) The Central government of India has not prescribed the maintenance of cost record under Section 148 (1) of the Companies Act, 2013 for the goods traded by the company. Accordingly, paragraph 3 (vi) of the Order is not applicable.

(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 2016 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 Sales Tax, Service Tax, Income Tax and Value added tax which have not been deposited with the appropriate authorities.

(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 2016.

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

(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 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 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 & Associates LLP**
Chartered Accountants
Firm's registration no.: 116231W/W-100024

Manish Gupta
Partner
Membership No.: 095037

Place: Gurgaon
Date: 24 May 2016

Annexure B to the Independent Auditor's Report of even date on the financial statements of Minda Automotive Solutions Limited for the year ended 31 March 2016

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 Solutions Limited ("the Company") as of 31 March 2016 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 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 2016, 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 & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Manish Gupta
Partner
Membership No.: 095037

Place: Gurgaon
Date: 24 May 2016

SPARK MINDA
ASHOK MINDA GROUP
Powered by Passion

MINDA AUTOMOTIVE SOLUTIONS LTD

BALANCE SHEET
2015-16

MINDA AUTOMOTIVE SOLUTIONS LIMITED
Balance Sheet as at 31 March 2016
(Amount in Rs.)

	Note	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	28,03,000	28,03,000
Reserves and surplus	3	879,15,884	579,44,339
		907,18,884	**607,47,339**
Non-current liabilities			
Long-term borrowings	4	99,132	3,45,702
Other long-term liabilities	5	216,64,119	199,44,119
Long-term provisions	6	171,98,298	109,02,782
		389,61,549	**311,92,603**
Current liabilities			
Trade payables	7		
-total dues of creditors other them micro and small enterprises		3778,48,031	3615,49,772
-total dues of micro and small enterprises		47,78,680	-
Other current liabilities	8	474,26,028	388,37,265
Short-term provisions	9	25,49,077	15,58,879
		4326,01,816	**4019,45,916**
TOTAL		**5622,82,249**	**4938,85,858**
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	10	193,20,126	217,56,726
Intangible fixed assets	11	26,69,940	26,69,860
Deferred tax assets	12	65,78,700	58,76,700
Other non current assets	13	8,83,465	-
Long-term loans and advances	14	122,06,346	8,18,100
		416,58,577	**311,21,386**
Current assets			
Inventories	15	1841,68,091	1081,96,334
Trade receivables	16	2919,13,598	3222,18,874
Cash and bank balances	17	317,84,729	207,79,632
Short-term loans and advances	18	125,93,089	114,23,099
Other current assets	19	1,64,165	1,46,533
		5206,23,672	**4627,64,472**
TOTAL		**5622,82,249**	**4938,85,858**
Significant accounting policies	1		

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

As per our report of even date attached

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

Manish Gupta
Partner
Membership No.: 095037

Place: Gurgaon
Date: 24 May 2016

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

(SANJAY BHAGAT)
(Whole Time Director)
DIN : 05234071

Place: Delhi
Date: 24 May 2016

(SUMIT DOSEJA)
(Director)
DIN : 03169783

Place: Delhi
Date: 24 May 2016

MINDA AUTOMOTIVE SOLUTIONS LIMITED
Statement of profit and loss for the year ended 31 March 2016
(Amount in Rs.)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue from operations	20	22071,70,427	19561,51,072
		22071,70,427	**19561,51,072**
Other income	21	33,20,796	43,77,744
Total revenue		**22104,91,223**	**19605,28,816**
Expenses			
Purchase of stock in trade	22	18853,93,711	15343,85,606
Changes in inventories of stock in trade	23	(646,61,843)	159,38,110
Employee benefit expenses	24	1392,69,560	1144,50,281
Finance costs	25	25,46,730	15,43,567
Depreciation and amortisation	26	50,87,970	81,40,819
Other expenses	27	1974,35,711	2431,07,015
Total expenses		**21650,71,837**	**19175,65,399**
Profit before tax		**454,19,386**	**429,63,417**
Income tax expense			
- Current tax		161,49,841	160,00,000
- Taxes for earlier years		-	16,984
- Deferred tax charge / (credit)		(7,02,000)	(28,48,700)
Profit for the year		**299,71,545**	**297,95,133**
Basic and diluted earnings per equity share [nominal value of share Rs. 10 (previous year Rs. 10)]		**106.93**	**106.30**
Significant accounting policies	1		

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

As per our report of even date attached

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

Manish Gupta
Partner
Membership No.: 095037

Place: Gurgaon
Date: 24 May 2016

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

(SANJAY BHAGAT)
(Whole Time Director)
DIN : 05234071

Place: Delhi
Date: 24 May 2016

(SUMIT DOSEJA)
(Director)
DIN : 03169783

Place: Delhi
Date: 24 May 2016

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.

S R & Associates LLP * Chartered Accountants *

MINDA AUTOMOTIVE SOLUTIONS LIMITED
Statement of Cash Flow for the year ended 31 March 2016

(Amount in Rs.)

	For the year ended 31 March 2016	For the year ended 31 March 2015
A. Cash flow from operating activities		
Net profit before taxation	454,19,386	429,63,417
Adjustments for:		
Depreciation and amortisation expense	50,87,970	81,40,819
Provision for doubtful trade receivables	45,573	-
Interest expense	11,13,248	14,54,951
Loss on sale / discard of fixed assets	4,35,260	73,079
Bad debts	12,195	-
Foreign exchange differences	(8,405)	-
Interest income	(24,21,563)	(16,99,904)
Operating profit before working capital changes	**496,83,664**	**509,32,362**
Adjustments for:		
Decrease / (Increase) in trade receivables	302,55,912	(1666,75,283)
(Increase) / Decrease in inventories	(759,71,757)	168,37,115
(Increase) / Decrease in short term and long term loans and advances	(50,16,439)	399,96,625
Decrease in other current assets/non current assets	-	2,88,471
Increase / (Decrease) in other long term / other current liabilities	103,72,994	(398,75,236)
Increase in trade payables	210,76,939	1189,38,286
Increase in long term and short term provisions	55,49,430	53,35,594
Cash generated from operations	**359,50,743**	**257,77,934**
Income tax paid	(217,11,199)	(84,75,187)
Net cash generated from operating activities (A)	**142,39,544**	**173,02,747**
B. Cash flows from investing activities		
Purchase of fixed assets	(42,71,768)	(139,05,016)
Sale of fixed assets	11,85,060	7,79,744
Investement in fixed deposits	(8,83,465)	-
Interest received	24,03,931	16,99,904
TDS on Interest on FDRs	(2,44,155)	-
Net cash generated / (used in) investing activities (B)	**(18,10,397)**	**(114,25,368)**
C. Cash flows from financing activities		
Repayment of term loan	(3,10,802)	(12,44,292)
Interest paid on income taxes	(10,48,716)	
Interest paid	(64,532)	(14,54,951)
Net cash (used in) financing activities (C)	**(14,24,050)**	**(26,99,243)**
Net decrease in cash and cash equivalents (A + B + C)	**110,05,097**	**31,78,136**
Cash and cash equivalents at the beginning of the year	**207,79,632**	**176,01,496**
Cash and cash equivalents at the end of the year	**317,84,729**	**207,79,632**

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 & Associates LLP**
Chartered Accountants
Firm registration number: 116231W / W-100024

Manish Gupta
Partner
Membership No.: 095037

Place: Gurgaon
Date: 24 May 2016

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

(SANJAY BHAGAT)
(Whole Time Director)
DIN : 05234071

Place: Delhi
Date: 24 May 2016

(SUMIT DOSEJA)
(Director)
DIN : 03169783

Place: Delhi
Date: 24 May 2016

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.

S R & Associates LLP * 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

S R & Associates LLP ★ Chartered Accountants ★

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

B S R & Associates LLP * Chartered Accountants *

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

BSR & Associates LLP
Chartered Accountants

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.

B S R & Associates LLP * Chartered Accountants *

MINDA AUTOMOTIVE SOLUTIONS LIMITED
Notes to the financial statements for the year ended 31 March 2016
(Amount in Rs.)

2 Share capital

	As at 31 March 2016	As at 31 March 2015
Authorised		
5,00,000 (previous year 5,00,000) equity shares of Rs. 10 each	50,00,000	50,00,000
	50,00,000	**50,00,000**
Issued, subscribed and fully paid		
2,80,300 (previous year 2,80,300) equity shares of Rs.10 each, fully paid up	28,03,000	28,03,000
	28,03,000	**28,03,000**

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

	As at 31 March 2016		As at 31 March 2015	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	2,80,300	28,03,000	2,80,300	28,03,000
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**2,80,300**	**28,03,000**	**2,80,300**	**28,03,000**

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 31 March 2016		As at 31 March 2015	
	Number of Shares	Amount	Number of Shares	Amount
Minda Corporation Limited	2,79,910	27,99,100	2,79,910	27,99,100
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
	2,80,300	**28,03,000**	**2,80,300**	**28,03,000**

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

	As at 31 March 2016		As at 31 March 2015	
	Nos.	% of total shares in the class	Nos.	% of total shares in the class
Minda Corporation Limited and its nominees	2,80,300	100.00%	2,80,300	100.00%

3 Reserves and surplus

	As at 31 March 2016	As at 31 March 2015
Capital reserve		
Balance as per last finacial year	12,83,547	12,83,547
At the end of the year	12,83,547	12,83,547
General reserve		
Balance as per last finacial year	130,00,000	130,00,000
At the end of the year	130,00,000	130,00,000
Surplus (Profit and loss balance)		
Balance as per last finacial year	436,60,792	138,65,659
Add: Profit for the year	299,71,545	297,95,133
Balance at the end of the year	736,32,337	436,60,792
Total reserves and surplus	879,15,884	579,44,339

B S R & Associates LLP * Chartered Accountants *

MINDA AUTOMOTIVE SOLUTIONS LIMITED
Notes to the financial statements for the year ended 31 March 2016
(Amount in Rs.)

4 Long-term borrowings

	Long term maturities		Current maturities	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Vehicle Loan				
- From HDFC Bank Limited bank (Secured)	3,45,702	6,40,578	2,46,570	2,94,876
- From Kotak Mahindra Prime Limited (Secured)	-	15,926	-	15,926
	3,45,702	**6,56,504**	**2,46,570**	**3,10,802**
Less: Amount shown under other current liabilities (refer to note 8)	2,46,570	3,10,802	2,46,570	3,10,802
	99,132	**3,45,702**	**-**	**-**

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 31 March 2016	As at 31 March 2015
Security deposit received from customers	216,64,119	199,44,119
		-
	216,64,119	**199,44,119**

6 Long-term provisions

	As at 31 March 2016	As at 31 March 2015
Provision for employee benefits		
- Gratuity	110,06,822	61,95,491
- Leave encashment	61,91,476	47,07,291
	171,98,298	**109,02,782**

7 Trade payables

	As at 31 March 2016	As at 31 March 2015
On account of purchase and Services*	3826,26,711	3615,49,772
	3826,26,711	**3615,49,772**

* For dues to micro and small suppliers, refer note 31

8 Other current liabilities

	As at 31 March 2016	As at 31 March 2015
Current maturities of long-term debt (refer note 4)	2,46,570	3,10,802
Capital creditors	6,80,476	-
Advance from customers	30,16,283	26,07,655
Expenses payable	-	81,70,237
Payable to employees	139,31,747	17,55,857
Book overdraft	8,75,528	-
Statutory liabilities		
- Service Tax	-	40,789
- Providend fund and other fund	15,03,448	14,10,874
- Sales Tax / VAT	253,42,911	221,62,943
- Tax deducted at source	16,20,235	21,96,655
- Others	2,08,830	1,81,453
	474,26,028	**388,37,265**

9 Short-term provisions

	As at 31 March 2016	As at 31 March 2015
Provision for employee benefits		
- Gratuity	3,95,533	10,47,723
- Leave encashment	4,17,260	4,66,156
- Provision for wealth tax	-	45,000
- Provision for income tax (Net of advance tax Rs.3,04,13,557)	17,36,284	-
	25,49,077	**15,58,879**

MINDA AUTOMOTIVE SOLUTIONS LIMITED
Notes to the financial statements for the year ended 31 March 2016
(Amount in Rs.)

10 Tangible Fixed Assets

For the year ended 31 March 2016

Description	Gross Block				Depreciation				Net Block	
	As at 1 April 2015	Additions	Deletions/ adjustments	As at 31 March 2015	As at 1 April 2015	Charge for the year	Deletions/ adjustments	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Computer	115,99,686	17,69,825	8,28,774	125,40,737	88,22,656	9,48,340	7,60,142	90,10,854	35,29,883	27,77,030
Furniture & Fittings	74,49,723	11,130	-	74,60,853	46,75,226	2,45,745	-	49,20,971	25,39,882	27,74,497
Vehicles	94,91,992	10,24,455	23,96,156	81,20,291	21,29,062	16,46,721	8,56,258	29,19,525	52,00,766	73,62,930
Office Equipment	194,35,801	8,98,596	15,000	203,19,397	105,93,531	16,79,481	3,210	122,69,802	80,49,595	88,42,270
TOTAL	479,77,202	37,04,006	32,39,930	484,41,278	262,20,475	45,20,287	16,19,610	291,21,152	193,20,126	217,56,727

For the year ended 31 March 2015

Description	Gross Block				Depreciation				Net Block	
	As at 1 April 2014	Additions	Deletions/ adjustments	As at 31 March 2015	As at 1 April 2014	Charge for the year	Deletions/ adjustments	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Computer	97,91,377	25,88,250	7,79,941	115,99,686	81,72,584	12,50,742	6,00,670	88,22,656	27,77,030	16,18,793
Furniture & Fittings	74,10,223	39,500	-	74,49,723	43,15,719	3,59,507	-	46,75,226	27,74,497	30,94,504
Vehicles	25,66,184	81,52,168	12,26,360	94,91,992	10,92,260	15,89,610	5,52,808	21,29,062	73,62,930	14,73,924
Office Equipment	182,46,289	11,89,512	-	194,35,801	80,69,769	25,23,762	-	105,93,531	88,42,270	101,76,520
TOTAL	380,14,073	119,69,430	20,06,301	479,77,202	216,50,332	57,23,621	11,53,478	262,20,475	217,56,727	163,63,741

B S R & Associates LLP * Chartered Accountants *