

Independent Auditor's Report

To the Members of **Minda Storage Batteries Private Limited (formerly known as Panasonic Minda Storage Batteries India Private Limited)**

Report on the Financial Statements

We have audited the accompanying financial statements of Minda Storage Batteries Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of 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 qualified audit opinion on the financial statements.

Basis of Qualified Opinion

Attention is invited to note 34 with respect to the export obligation arising out of capital goods imported by the Company under the Export Promotion Capital Goods Scheme. The Company has an obligation to export goods aggregating to Rs 587,719,176 by year ending 31 March 2022. However, in absence a formal plan supported by customer agreements / orders for export of goods, the quantum of overall exports within the stipulated period cannot be ascertained at this point of time. Accordingly, we are not in a position to comment upon the requirement of a provision for any possible customs duty liability and the consequential impact on the financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 loss 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 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 control over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in "Annexure B"

(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 does not have any pending litigations which would impact its financial position;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- (iv) The Company has provided requisite disclosure in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and these are in accordance with the books of account maintained by the Company - Refer note 37 to the financial statements.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

Place: Gurgaon
Date: 15 May 2017

Rajiv Goyal

Partner

Membership No.: 094549

Annexure A referred to in our Independent Auditor's Report to the members of Minda Storage Batteries Private Limited on the financial statements for the year ended 31 March 2017:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company. As informed to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and from our examination of the books of account, lease deed for transfer of leasehold land is yet to be registered in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year at reasonable intervals. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has granted loans to two companies covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- (b) In respect of loans granted, the repayment of the principal amount is as stipulated and payment of interest has been regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans to entities in which directors are interested have been complied with by the Company. According to the information and explanations given to us the Company has not made any investments, or provided any guarantee, or security as specified under section 185 and 186 of the Companies Act, 2013.
- (v) According to 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) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) to Section 148 of the Companies Act, 2013 in respect of any activities undertaken by the Company.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues to the extent applicable, have generally been regularly deposited with the appropriate authorities, except in few cases of income tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise or value added tax which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans to its bankers. The Company did not have any outstanding debentures or dues on account of loans or borrowings to any financial institutions or government during the year.
- (ix) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) and the term loans taken by the Company have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company was a Private Limited Company till 25 September 2016 and accordingly the requirements as stipulated by the provisions of Section 197 read with Schedule V to the Act were not applicable to the Company till that date. Accordingly, paragraph 3(xi) of the Order was not applicable for the period till 25 September 2016. Further, 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 executive directors and no remuneration has been paid to directors for the period 26 September 2016 till 31 March 2017. Therefore, Section 197 of the Companies Act, 2013 does not apply to the Company.
- (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, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has complied with the provisions of the section 42 of the Companies Act, 2013 in respect of private placement of shares made by it during the year. Further, according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

Place: Gurgaon

Date: 15 May 2017

Rajiv Goyal

Partner

Membership No.: 094549

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

Place: Gurgaon
Date: 15 May 2017

Rajiv Goyal

Partner

Membership No: 094549

Minda Storage Batteries Private Limited
(Formerly known as Panasonic Minda Storage Batteries India Private Limited)
Balance Sheet as at 31 March 2017
(All amounts in Indian Rupees, unless otherwise stated)

	Note	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,886,000,000	960,000,000
Reserves and surplus	4	(370,240,415)	(188,866,341)
		1,515,759,585	771,133,659
Non-current liabilities			
Long-term borrowings	5	-	-
Current liabilities			
Trade payables	6		
-total outstanding dues of micro enterprises and small enterprises		-	-
-total outstanding dues of creditors other than micro enterprises and small enterprises		38,839,862	36,704,321
Other current liabilities	7	248,515	451,625,981
Short-term provisions	8	6,223,869	246,250
		45,312,246	488,576,552
TOTAL		1,561,071,831	1,259,710,211
ASSETS			
Non-current assets			
Fixed assets	9		
- Tangible assets		3,536,295	3,896,381
- Intangible assets		28,446	117,046
- Capital work-in-progress	10	888,473,229	808,308,020
Long-term loans and advances	11	214,481,457	3,057,002
Other non-current assets	12	17,928,201	17,928,201
		1,124,447,628	833,306,650
Current assets			
Inventories	13	25,694,595	51,286,039
Trade receivables	14	199,509	-
Cash and bank balances	15	14,754,090	371,660,954
Short-term loans and advances	16	384,628,579	2,512,468
Other current assets	17	11,347,430	944,100
		436,624,203	426,403,561
TOTAL		1,561,071,831	1,259,710,211

Significant accounting policies

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Notes to the financial statements

3 to 37

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

As per our report of even date attached

For and on behalf of the Board of Directors of
Minda Storage Batteries Private Limited

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

Sudhir Jain

Director

DIN No.: 00010445

Sanjay Jain

Director

DIN No.: 03364405

Rajiv Goyal

Partner

Membership No.: 094549

Rajesh Tiwari

Company Secretary

Membership No. 30566

Place: Gurugram

Date: 15 May 2017

Minda Storage Batteries Private Limited
(Formerly known as Panasonic Minda Storage Batteries India Private Limited)
Statement of Profit and Loss for the year ended 31 March 2017
(All amounts in Indian Rupees, unless otherwise stated)

	Note	Year ended 31 March 2017	Year ended 31 March 2016
Revenue from operations	18		
Other operating revenue		14,375,916	-
Total revenue from operation		14,375,916	-
Other income	19	22,602,690	1,047,269
Total revenue		36,978,606	1,047,269
Expenses			
Cost of materials consumed	20	49,213,675	-
Employee benefits	21	27,676,130	35,372,565
Finance costs	22	129,057	862,103
Depreciation and amortisation	23	448,686	392,525
Other expenses	24	133,025,235	120,953,924
Total expenses		210,492,783	157,581,117
Loss before tax		(173,514,177)	(156,533,848)
Less: Tax expense			
Current tax		7,859,897	351,000
Tax for earlier years		-	18,408
Loss after tax		(181,374,074)	(156,903,256)
Earnings per equity share (face value of Rs. 10 each)			
-Basic		(1.12)	(1.63)
-Diluted	31	(1.12)	(1.63)
Significant accounting policies	2		

Notes to the financial statements

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

As per our report of even date attached

For and on behalf of the Board of Directors of
Minda Storage Batteries Private Limited

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

Sudhir Jain
Director
DIN No.: 00010445

Sanjay Jain
Director
DIN No.: 03364405

Rajiv Goyal

Partner

Membership No.: 094549

Rajesh Tiwari
Company Secretary
Membership No. 30566

Place: Gurugram

Date: 15 May 2017

Minda Storage Batteries Private Limited
(Formerly known as Panasonic Minda Storage Batteries India Private Limited)
Cash Flow Statement for the year ended 31 March 2017
(All amounts in Indian Rupees, unless otherwise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(173,514,177)	(156,533,848)
Adjusted for:		
Depreciation and amortization	448,686	392,525
Unrealised forex loss on trade payables	-	410,956
Interest expense	129,057	862,103
Interest income on unsecured loan	(18,481,889)	-
Interest income on fixed deposits	(1,451,432)	(1,047,269)
Operating loss before adjustments	(192,869,755)	(155,915,533)
Adjusted for:		
Decrease/(increase) in long-term loans and advances	(691,000)	(1,855,578)
Decrease/(increase) in inventories	25,591,444	(51,286,039)
Decrease/(increase) in short-term loans and advances	(12,116,111)	(1,937,242)
Decrease/(increase) in trade receivables	(199,509)	-
(Decrease)/increase in trade payables	2,135,541	8,739,257
(Decrease)/increase in other current liabilities	(18,019,975)	16,496,671
Cash used in operations	(196,169,364)	(185,758,464)
Taxes paid / (refund)	(1,882,278)	(120,522)
Net cash used in operating activities - (A)	(198,051,642)	(185,878,986)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, CWIP and capital advances	(182,991,037)	632,393,299
Bank deposits (having maturity of more than three months)	-	17,628,201
Unsecured loan to related parties	(550,000,000)	-
Interest income on fixed deposits	202,211	(104,750)
Interest income on unsecured loans	9,327,780	-
Net cash used in investing activities - (B)	(723,461,046)	649,916,750
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in paid up capital	926,000,000	-
Borrowings (pertaining to procurement of fixed assets)	-	365,339,596
Repayment of External commercial borrowings	(361,265,119)	(18,748,415)
Interest expense	(129,057)	(862,103)
Net cash from financing activities - (C)	564,605,824	345,729,078
Net (Decrease)/ Increase in Cash & Cash Equivalents (A+B+C)	(356,906,864)	(490,066,658)
Cash and Cash Equivalents at the beginning of the year	371,660,954	861,727,612
Cash and Cash Equivalents at the end of the year	14,754,090	371,660,954

Notes:

a) **Cash and bank balances include**

Bank balances with scheduled banks		
- on current accounts	14,754,090	371,660,954
Cash and cash equivalents at the end of the year		

Other non-current assets

Bank deposits (due to mature after 12 months from the reporting date)	17,928,201	17,928,201
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- b) The cash flow statement has been prepared in accordance with the 'Indirect Method' as set out in the Accounting Standard (AS)-3 on 'Cash Flow Statement'.
c) Cash and cash equivalents consists of cash in hand and balances with scheduled banks. (Refer note 15)

As per our report of even date attached

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

Rajiv Goyal
Partner
Membership No.: 094549

Place: Gurugram
Date: 15 May 2017

For and on behalf of the Board of Directors of
Minda Storage Batteries Private Limited

Sudhir Jain
Director
DIN No.: 00010445

Sanjay Jain
Director
DIN No.: 03364405

Rajesh Tiwari
Company Secretary
Membership No. 30566

Minda Storage Batteries Private Limited
(Formerly known as Panasonic Minda Storage Batteries India Private Limited)
Notes to the financial statements as at 31 March 2017
(All amounts in Indian Rupees, unless otherwise stated)

Note 3: Share capital

	As at 31 March 2017		As at 31 March 2016	
	No. of shares	Amount	No. of shares	Amount
Authorised capital				
Equity shares of Rs. 10/- each	190,000,000	1,900,000,000	160,000,000	1,600,000,000
Issued, subscribed and fully paid up				
Equity shares of Rs. 10/- each	188,600,000	1,886,000,000	96,000,000	960,000,000

Notes:

a) Reconciliation of shares outstanding at the beginning and at the end of the year

	As at 31 March 2017		As at 31 March 2016	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	96,000,000	960,000,000	96,000,000	960,000,000
Shares issued during the year	92,600,000	926,000,000	-	-
Shares outstanding at the end of the year	188,600,000	1,886,000,000	96,000,000	960,000,000

b) Rights, preferences and restrictions attached to equity shares

The Company has single class of equity shares having par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

c) Shares in the Company held by each shareholder

Name of shareholder	As at 31 March 2017		As at 31 March 2016	
	No. of shares	% of holding	No. of shares	% of holding
Panasonic Holding (Netherlands) B.V.	-	-	95,999,900	99.9999%
Panasonic Asia Pacific Pte Ltd.	-	-	100	0.0001%
Minda Industries Limited	188,599,900	99.9999%	-	-
Harish Kumar Dhamija*	100	0.0001%	-	-

*100 shares of the Company is held as nominee on behalf of Minda Industries Limited

Note 4: Reserve and surplus

	As at 31 March 2017	As at 31 March 2016
Deficit in the Statement of Profit and Loss		
Balance at the beginning of the year	(188,866,341)	(31,963,085)
Add: Loss for the year	(181,374,074)	(156,903,256)
Balance at the end of the year	(370,240,415)	(188,866,341)

Minda Storage Batteries Private Limited
(Formerly known as Panasonic Minda Storage Batteries India Private Limited)
Notes to the financial statements as at 31 March 2017
(All amounts in Indian Rupees, unless otherwise stated)

Note 5: Long-term borrowings

	Non-current portion		Current portion	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Unsecured				
External commercial borrowings*	-	-	-	361,265,119
Less: Current maturities of long term borrowings (refer note 7)	-	-	-	(361,265,119)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* During the previous year, the Company purchased fixed assets on Supplier Credit ("External Commercial Borrowings"). As per the agreement, the title to the aforesaid fixed assets is transferred to the Company at the time of delivery of the fixed assets at the Company premises and the borrowings are repayable in quarterly installments of amount as specified in the respective repayment schedule over the tenor of the respective agreement. The interest on various External commercial borrowings range from 2.6% to 2.9% per annum.

On 4 April 2016, the Company applied to Reserve Bank of India ('RBI') through Authorized Dealer Bank ('AD Bank') for obtaining an approval for prepayment of the ECB. Further, the Company has received approval for its application and accordingly has repaid the aforesaid ECB on 25 August 2016.

Note 6: Trade payables

	As at 31 March 2017	As at 31 March 2016
Total outstanding dues to micro, small and medium enterprises	-	-
Total outstanding dues to creditors other than micro, small and medium enterprises	38,839,862	36,704,321
	<u>38,839,862</u>	<u>36,704,321</u>

The Company does not have any outstanding dues to micro and small enterprises as at 31 March 2017 and 31 March 2016. There are no interests due or outstanding on the same.

Note 7: Other current liabilities

Current maturities of long-term borrowings (refer note 5)	-	361,265,119
Capital creditors	-	72,092,373
Advance from customers	-	31,000
Interest accrued but not due on External commercial borrowings	-	301,041
Employee related payables	29,063	13,070
Statutory dues payable	219,452	17,923,378
	<u>248,515</u>	<u>451,625,981</u>

Note 8: Short-term provisions

Provision for income tax [net of advance tax Rs. 1,987,028 (previous year Rs. 104,750)]	6,223,869	246,250
	<u>6,223,869</u>	<u>246,250</u>

Minda Storage Batteries Private Limited
(Formerly known as Panasonic Minda Storage Batteries India Private Limited)
Notes to the financial statements as at 31 March 2017
(All amounts in Indian Rupees, unless otherwise stated)

Note 9: Fixed assets

For the year ended 31 March 2017

Tangible fixed assets

Particulars	Gross block			Accumulated Depreciation			Net block
	As at 1 April 2016	Additions for the year	As at 31 March 2017	As at 1 April 2016	Additions for the year	As at 31 March 2017	As at 31 March 2017
Plant and Machinery	2,417,046	-	2,417,046	102,863	95,262	198,125	2,218,921
Furniture and fixtures	817,320	-	817,320	46,557	73,204	119,761	697,559
Computers	422,981	-	422,981	127,418	154,258	281,676	141,305
Office equipment	606,818	-	606,818	90,946	37,362	128,308	478,510
	4,264,165	-	4,264,165	367,784	360,086	727,870	3,536,295

Intangible assets

Particulars	Gross block			Accumulated amortisation			Net block
	As at 1 April 2016	Additions for the year	As at 31 March 2017	As at 1 April 2016	Additions for the year	As at 31 March 2017	As at 31 March 2017
Computer Software	144,009	-	144,009	26,963	88,600	115,563	28,446
	144,009	-	144,009	26,963	88,600	115,563	28,446

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Note 9: Fixed assets

For the year ended 31 March 2016

Tangible fixed assets

Particulars	Gross block			Accumulated Depreciation			Net block
	As at 1 April 2015	Additions for the year	As at 31 March 2016	As at 1 April 2015	Additions for the year	As at 31 March 2016	As at 31 March 2016
Plant and Machinery	-	2,417,046	2,417,046	-	102,863	102,863	2,314,183
Furniture and fixtures	-	817,320	817,320	-	46,557	46,557	770,763
Computers	37,794	385,187	422,981	459	126,959	127,418	295,563
Office equipment	109,239	497,579	606,818	1,763	89,183	90,946	515,872
	147,033	4,117,132	4,264,165	2,222	365,562	367,784	3,896,381

Intangible assets

Particulars	Gross block			Accumulated amortisation			Net block
	As at 1 April 2015	Additions for the year	As at 31 March 2016	As at 1 April 2015	Additions for the year	As at 31 March 2016	As at 31 March 2016
Computer Software	-	144,009	144,009	-	26,963	26,963	117,046
	-	144,009	144,009	-	26,963	26,963	117,046

Note 10: Capital work-in-progress

	As at 31 March 2017	As at 31 March 2016
Capital work-in-progress (refer notes below)	888,473,229	808,308,020
	888,473,229	808,308,020

Notes:

(a) Capital work-in-progress ('CWIP') includes exchange losses of Rs. 18,658,270 (previous year Rs. 14,673,938).

(b) CWIP includes payment made to State Infrastructure and Industrial Development Corporation of Uttarakhand Limited ('SIDCUL') amounting to Rs. 14,680,467 (previous year Rs. 14,680,467) pertaining to transfer of lease hold land, which is yet to be registered in the Company's name.

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Note 11: Long-term loans and advances

(Unsecured, considered good unless otherwise stated)

	Non-current portion		Current portion*	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Capital advances	31,225,879	492,424	-	-
Security deposits	3,255,578	2,564,578	-	-
Prepaid expenses	-	-	-	1,086,566
Loan to related party (refer note 29)	180,000,000	-	-	-
	<u>214,481,457</u>	<u>3,057,002</u>	<u>-</u>	<u>1,086,566</u>

* Amount disclosed under short-term loans and advances (refer note 16)

Note 12: Other non-current assets

(Unsecured, considered good, unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016
Bank deposits (due to mature after 12 months from the reporting date)*	17,928,201	17,928,201
	<u>17,928,201</u>	<u>17,928,201</u>

*Deposit amounting to ₹ 17,628,201 is under lien

Note 13: Inventories

(Valued at the lower of cost and net realisable value unless otherwise stated)

Raw material		
- in stock	25,694,595	38,239,915
- in transit	-	5,184,737
Work-in-progress	-	2,568,044
Scrap	-	5,293,343
	<u>25,694,595</u>	<u>51,286,039</u>

Note 14: Trade receivables

Trade receivables outstanding for a period exceeding six months from the date they are due for payment

Unsecured considered good	-	-
Doubtful	-	-
	<u>-</u>	<u>-</u>
Less: Provision for doubtful debts	-	-
	<u>-</u>	<u>-</u>
Other receivables		
Unsecured considered good	199,509	-
Doubtful	-	-
	<u>199,509</u>	<u>-</u>
Less: Provision for doubtful debts	-	-
	<u>199,509</u>	<u>-</u>
	<u>199,509</u>	<u>-</u>

Note 15: Cash and bank balances

Cash and cash equivalents

Balances with banks:		
- On current accounts	14,754,090	371,660,954
	<u>14,754,090</u>	<u>371,660,954</u>

Note 16: Short-term loans and advances

(Unsecured, considered good unless otherwise stated)

Loans and advance to related party (refer note 29)	370,000,000	-
Advances to vendors	7,053,917	-
Advances to employees	195,748	-
Prepaid expenses	635,152	1,086,566
Balance with government authorities:	6,743,762	1,425,902
	<u>384,628,579</u>	<u>2,512,468</u>

Note 17: Other current assets

(Unsecured, considered good unless otherwise stated)

Interest accrued on fixed deposits	2,193,321	944,100
Interest accrued on loans and advances	9,154,109	-
	<u>11,347,430</u>	<u>944,100</u>

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Notes to the financial statements for the year ended 31 March 2017
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Note 18: Revenue from operation

	Year ended 31 March 2017	Year ended 31 March 2016
Other operating revenues		-
- Scrap sales	14,375,916	-
	14,375,916	-

Note 19: Other income

Interest income		
- Unsecured loans	18,481,889	-
- Fixed deposits	1,446,722	1,047,269
- Income tax refund	4,710	-
Miscellaneous income	2,669,369	-
	22,602,690	1,047,269

Note 20: Cost of material consumed

Inventory of materials at the beginning of the year	51,286,039	-
Purchases	23,622,231	78,240,074
Less: Inventory of materials at the end of the year (including scrap)	25,694,595	51,286,039
Less: transfer to Capital work-in-progress*	-	26,954,035
Total	49,213,675	-

* Represents raw material utilised for trial run production clubbed with Capital work-in-progress in accordance with Accounting Standard-10 " Accounting for fixed assets"

Note 21: Employee benefits

Salaries, wages and bonus	27,633,540	34,664,441
Contribution to provident and other funds	37,770	-
Staff welfare expenses	4,820	708,124
	27,676,130	35,372,565

Note 22: Finance cost

Interest expense		
- External commercial borrowings	-	862,103
- others	129,057	-
	129,057	862,103

Note 23: Depreciation and amortisation

Depreciation on tangible fixed assets	360,086	365,562
Amortisation of intangible fixed asset	88,600	26,963
	448,686	392,525

Note 24: Other expenses

Travelling and conveyance	2,865,314	9,347,935
Power & fuel	3,962,589	-
IT Support charges	-	1,886,447
Legal and professional charges (refer note below)	32,543,744	65,855,017
Freight & other Distribution Overheads	197,211	-
Rent (refer note 30)	9,488,734	1,838,998
Repair and maintenance		
- On building	224,895	66,296
- Others	267,523	2,166,357
Insurance	1,379,014	1,131,127
Foreign exchange loss (net)	10,800,770	1,164,894
Business promotion	-	2,040,749
Communication charges	-	422,669
Rates and taxes	4,564,296	6,585,981
Contract cancellation fees	46,777,723	4,000,000
Contract commitment charges	-	23,383,305
Warranty expenses	17,200,000	-
Courier and postage	-	376,416
Printing and stationery	583,128	43,921
Bank charges	235,491	517,355
Miscellaneous	1,934,803	126,457
	133,025,235	120,953,924

Note

Payment to Auditors (included under legal and professional charges)*

Statutory audit fee	980,000	980,000
Out of pocket expenses	87,435	57,117
	1,067,435	1,037,117

* (excluding of service tax)

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25. CIF value of imports

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Raw materials and consumables	-	3,472,659
Capital goods (including Capital work-in-progress)	-	396,585,026
	-	400,057,685

26. Expenditure in foreign currency (on accrual basis)

	Year ended 31 March 2017	Year ended 31 March 2016
Salaries	16,209,095	18,308,795
IT support charges	-	544,076
Miscellaneous	-	135,998
Interest on External commercial borrowings*	4,029,072	8,745,861
Technical services*	-	59,584,493
Royalty*	29,745,000	-
Compensation for agreement cancellation	14,500,200	-
Total	64,483,367	87,319,223

*Including amount of Rs. 33,774,072 (previous year Rs. 68,330,354) capitalised as part of Capital work-in-progress.

27. Earnings in foreign currency

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
FOB value of exports*	3,477,320	-
Total	3,477,320	-

* Receipts from export of goods from trial run (netted off from fixed assets)

28. Disclosure in respect of un-hedged currency receivable/ payable

The Company's exposure in respect of foreign currency denominated liabilities and assets not hedged as on 31 March 2017 and 31 March 2016 by derivative instruments or otherwise are as follows:

Particulars	As at 31 March 2017			As at 31 March 2016		
	Currency	Currency Amount	Amount in Rupees	Currency	Currency Amount	Amount in Rupees
Payables	-	-	-	USD	108,000	7,163,953
	-	-	-	JPY	120,691,366	65,357,626
	-	-	-	THB	5,109,885	9,570,508

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External commercial borrowings Payable	-	-	-	USD	5,446,564	361,265,119
Interest accrued but not due on External commercial borrowings	-	-	-	USD	4,815	301,041

29. Related party disclosures under accounting standard AS-18 "Related Party Disclosures"

Related parties where control exists

Description of relationship	Name of the party
Holding company	Minda Industries Limited (from 23 September 2016) Panasonic Holding (Netherlands) B.V. (till 22 September 2016)

Other related parties with whom transactions have taken place during the year

Description of relationship	Name of the party
Fellow Subsidiaries	Panasonic India Private Limited (till 22 September 2016) Panasonic Storage Battery Co. Ltd, Japan (till 22 September 2016) Relo Panasonic Excel International Co. Ltd. (till 22 September 2016) Panasonic Energy Thailand Co. Ltd. (till 22 September 2016) Panasonic Corporation, Japan (till 22 September 2016) Minda Distribution and Services Limited (from 23 September 2016) M J Casting Limited (from 23 September 2016)

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a) Transactions with related parties during the year

Particulrs	Year ended 31 March 2017	Year ended 31 March 2016
Sale of scrap		
<i>Fellow subsidiaries</i>		
Minda Distribution and Services Limited	73,452	-
Reimbursement of expenses		
<i>To holding company</i>		
Minda Industries Limited	21,898,392	-
<i>To fellow subsidiary</i>		
Panasonic Storage Battery Co. Ltd, Japan (for salary reimbursement of Director's in Japan)	16,209,095	18,308,795
<i>To Key management person</i>		
Hiroshi Mashima	99,038	318,538
Takashi Komo	146,806	641,361
Shinya Ajisaka	167,715	-
Services received		
<i>from holding company</i>		
Minda Industries Limited	8,575,629	-
Interest received		
<i>From holding company</i>		
Minda Industries Limited	12,452,889	-
<i>From fellow subsidiary</i>		
M J Casting Limited	6,029,000	-
Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Courier expenses		
<i>to fellow subsidiary</i>		
Relo Panasonic Excel International Co. Ltd.	-	135,998
Purchase of Capital goods (disclosed under Capital work-in-progress)		
<i>from fellow subsidiary</i>		
Panasonic Storage Battery Co. Ltd, Japan	-	3,953,825
Technical services (disclosed under Capital work-in-progress)		
<i>to fellow subsidiary</i>		
Panasonic Storage Battery Co. Ltd, Japan	-	59,584,493
IT support charges*		
<i>From fellow subsidiary</i>		
Panasonic India Private Limited	-	2,117,384
<i>from Ultimate holding company</i>		

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Panasonic Corporation, Japan *Capitalised as part of Capital work-in-progress amounting to Rs. 775,013.	-	544,076
Business promotion expenses <i>to fellow subsidiary</i>		
Panasonic India Private Limited	-	2,040,749
Royalty <i>to fellow subsidiary</i>		
Panasonic Storage Battery Co. Ltd, Japan	29,745,000	-
Purchase of Fixed assets <i>from fellow subsidiary</i>		
Panasonic India Private Limited	-	323,595
Purchase of Raw material <i>from fellow subsidiary</i>		
Panasonic Storage Battery Co. Ltd, Japan	-	647,206
Panasonic Energy Thailand Co., Ltd	-	635,325
Managerial remuneration		
Takashi Komo	7,352,520	17,115,270
Hiroshi Mashima	7,205,580	14,485,203
Shinya Ajisaka	7,291,010	-

b) Outstanding balances as at year end

Particulars	As at 31 March 2017	As at 31 March 2016
Trade payable <i>To fellow subsidiary</i>		
Panasonic India Private Limited	-	1,926,570
Panasonic Storage Battery Co. Ltd	-	10,726,914
Minda Industries Limited	19,186,853	-
Loans and advances given <i>To holding company</i>		
Minda Industries Limited	370,000,000	-
<i>To fellow subsidiary</i>		
M J Casting Limited	180,000,000	-
Capital creditor <i>To fellow subsidiary</i>		
Panasonic Storage Battery Co. Ltd	-	54,530,712
Interest accrued on Unsecured loans <i>To holding company</i>		

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Minda Industries Limited	6,158,109	-
<i>To fellow subsidiary</i>		
M J Casting Limited	2,996,000	-
Reimbursement payables		
Hiroshi Mashima	-	13,070

30. Accounting for leases

The Company has taken on cancellable lease, warehouses with an option of renewal at the end of the lease term and escalation clause. Lease payments amounting to Rs.9,488,734 (previous year Rs. 1,838,998) have been recognized in the Statement of Profit and Loss Account for the year.

31. Earnings per share

Basic loss per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

Particulars	Units	Year ended 31 March 2017	Year ended 31 March 2016
Loss after tax attributable to equity shareholders	Rs	(181,374,074)	(156,903,256)
<i>Computation of weighted average number of Equity shares of Rs. 10 each</i>			
- Number of shares at the beginning of the year	Nos	96,000,000	96,000,000
Number of shares at the end of the year	Nos	188,600,000	96,000,000
Weighted average of number of equity shares used in computing basic earnings per share	Nos	161,961,644	96,000,000
Basic earnings per equity share of face value of Rs. 10 each.	Rs.	(1.12)	(1.63)
Diluted earnings per equity share of face value of Rs. 10 each.	Rs.	(1.12)	(1.63)

32. Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 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 international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the date as required under law. The management is of the opinion that its international transactions are at arm's length and the transfer pricing legislation under Section 92-92F of the Income-tax Act, 1961 will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision of taxation, if any.

33. Deferred taxation

The Company has significant losses during the current and previous year. In absence of virtual certainty of taxable profits in the foreseeable future, net deferred tax assets have not been recognised in the books of account.

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34. Contingent liabilities

The Company has imported duty free capital assets under the Export Promotion Capital Goods (EPCG) Scheme. Under the said scheme, the Company has obligation to export the goods equivalent to 6 times of the amount of custom duty saved, i.e. Rs. 587,719,176, within a period of six years from the date of import i.e. year ending 31 March 2022. The Company has started trial run and is pursuing to receive the export orders from potential customers. The Company is confident to achieve the requisite amount of export within the time frame of six year and hence no liability towards the amount of custom duty saved has been provided in books. It is shown as a contingent liability below:

Particulars	As at 31 March 2017	As at 31 March 2016
Customs duty obligation under Export Promotion Capital Goods scheme	97,953,196	97,953,196
Total	97,953,196	97,953,196

35. Commitments

Particulars	As at 31 March 2017	As at 31 March 2016
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	1,527,316
Total	-	1,527,316

36. Segment Information

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

As the Company's business activity primarily falls within a single business segment i.e. Auto Components including Electrical Parts and its Accessories as primary segment, thus there are no additional disclosures to be provided under Accounting Standard 17 – 'Segment Reporting'. The management considers that the various goods and services provided by the Company constitutes single business segment, since the risk and rewards from these services are not different from one another.

The secondary segment is geographical, which is given as under:

Particulars		Current year	Previous year
Revenue from operations	Within India	14,375,916	-
	Outside India	-	-
Assets*	Within India	1,561,071,831	1,259,710,211
	Outside India	-	-
Cost incurred on acquisition of fixed assets	Within India	80,165,209	765,665,968
	Outside India	-	-

* on the basis of location of the assets.

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Assets used in the Company's business and liabilities contracted in respect of its business activities, are not identifiable in line with the above reportable segments as the assets and liabilities contracted are used interchangeably between the segments. Accordingly, except for trade receivables, no separate identification relating to other segment assets and liabilities has been made.

37. During the year, the Company had specified bank notes or other denomination note as defined in MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016. The denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November, 2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in banks	-	-	-
Closing cash in hand as on 30 December, 2016	-	-	-

For B S R & Co. LLP

Chartered Accountants

Firm Registration no: 101248W/W-100022

Rajiv Goyal

Partner

Membership No.: 094549

For and on behalf of the Board of Directors of

Minda Storage Batteries Private Limited

Sudhir Jain

Director

DIN No.: 00010445

Sanjay Jain

Director

DIN No.: 03364405

Rajesh Tiwari

(Company secretary)

Membership No. 30566

Place: Gurgaon

Date: 15 May 2017