

Minda Kosei Aluminum Wheel Private Limited

Statutory audit for the period ended

31 March 2016

B S R & Co. LLP

Chartered Accountants

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

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Independent Auditor's Report

To the Members of **Minda Kosei Aluminum Wheel Private Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Minda Kosei Aluminum Wheel Private 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 period from 23 March 2015 to 31 March 2016, 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 standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the

appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the period from 23 March 2015 to 31 March 2016.

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 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 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;



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- (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 & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022



Rajiv Goyal
Partner
Membership No.: 094549

Place: Gurgaon

Date: 18 May 2016

Annexure A referred to in our Independent Auditor's Report to the members of Minda Kosei Aluminum Wheel Private Limited on the financial statements for the period ended 31 March 2016:

- (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 in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of the immovable property is held in the name of the Company.
- (ii) The inventory, except goods-in-transit, has been physically verified by the management during the period at reasonable intervals. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, para 3(iii) of the Order is not applicable.
- (iv) The Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (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 have generally been regularly deposited during the period by the Company with the appropriate authorities though there has been a slight delay in few cases in income-tax and value added 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 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 dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess 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 period.
- (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 period;
- (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 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 not made any preferential allotment or private placement of its shares or fully or partly convertible debentures during the period;
- (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



Rajiv Goyal

Partner

Membership No.: 094549

Place: Gurgaon

Date: 18 May 2016

Annexure B to the Independent Auditor's Report of even date on the financial statements of Minda Kosei Aluminum Wheel Private Limited for the period from 23 March 2015 to 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 Kosei Aluminum Wheel Private Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the period 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 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 & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022



Rajiv Goyal

Partner

Membership No: 094549

Place: Gurgaon

Date: 18 May 2016

Minda Kosei Aluminum Wheel Private Limited
Balance Sheet as at 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

	Note No.	As at 31 March 2016
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	600,000,000
Reserves and surplus	4	(22,562,649)
		<u>577,437,351</u>
Non-current liabilities		
Long-term borrowings	5	349,000,000
Long-term provisions	6	7,221,486
		<u>356,221,486</u>
Current liabilities		
Short-term borrowings	7	226,067,553
Trade payables	8	
(A) Total outstanding dues of micro enterprises and small enterprises; and		
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		115,132,561
Other current liabilities	9	238,063,085
Short-term provisions	10	192,589
		<u>579,455,788</u>
TOTAL		<u>1,513,114,625</u>
ASSETS		
Non-current assets		
Fixed assets		
- Tangible assets	11	232,595,180
- Intangible assets	11	616,716
- Capital work in progress	11.1	1,073,221,832
- Intangible assets under development	11.2	2,213,780
Deferred tax asset (net)	12	
Long-term loans and advances	13	60,210,631
Other non-current assets	14	2,447,000
		<u>1,371,305,139</u>
Current assets		
Inventories	15	68,292,629
Trade receivables	16	3,240,185
Cash and bank balances	17	29,439,542
Short-term loans and advances	18	40,542,843
Other current assets	19	294,287
		<u>141,809,486</u>
TOTAL		<u>1,513,114,625</u>
Significant accounting policies	2	

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

As per our report of even date attached

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022


Rajiv Garg
Partner
Membership No : 094549

Place: Gurgaon
Date : 18 May 2016

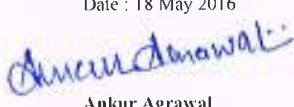
For and on behalf of the Board of Directors of
Minda Kosei Aluminum Wheel Private Limited


Naveesh Garg
Managing Director
DIN No : 05294997

Place: Gurgaon
Date : 18 May 2016


Shingo Nagata
Director
DIN No : 06926400

Place: Gurgaon
Date : 18 May 2016


Ankur Agrawal
Chief Financial Officer

Place: Gurgaon
Date : 18 May 2016


Sachin Mehta
Company Secretary

Place: Gurgaon
Date : 18 May 2016

Minda Kosei Aluminum Wheel Private Limited
Statement of Profit and Loss for the period from 23 March 2015 to 31 March 2016
 (All amounts are in Indian Rupees, unless otherwise stated)

For the period from 23 March 2015 to 31 March 2016	Note No.	
228,717,522	20	Revenue from operations
27,504,490		Sale of products (gross)
		Less: Excise duty
201,213,032		Sale of products (net)
5,325,196	21	Other income
206,538,228		Total revenue
		Expenses
193,833,508	22	Cost of materials consumed
(2,242,626)	23	Increase in inventories of finished goods
15,050,348	24	Employee benefits
44,760	25	Finance costs
462,544	26	Depreciation and amortisation
21,952,343	27	Other expenses
229,100,877		Total expenses
(22,562,649)		Loss before tax
		Tax expense
(22,562,649)		Loss for the period
28		Loss per equity share (nominal value of share Rs. 10)
(0.71)		Basic and diluted loss per share (Rs.)
2		Significant accounting policies

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

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Rajiv Goyal
 Partner
 Membership No.: 094549

Place: Gurgaon
 Date : 18 May 2016

Naveesh Garg
 Managing Director
 DIN No.: 05294997

Place: Gurgaon
 Date : 18 May 2016

Ankur Agrawal
 Chief Financial Officer

Place: Gurgaon
 Date : 18 May 2016

Sachin Mehta
 Company Secretary

Place: Gurgaon
 Date : 18 May 2016

Shingo Nagata
 Director
 DIN No.: 06926400

Place: Gurgaon
 Date : 18 May 2016

For and on behalf of the Board of Directors of
Minda Kosei Aluminum Wheel Private Limited

Minda Kosei Aluminum Wheel Private Limited
Statement of Profit and Loss for the period from 23 March 2015 to 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

	Note No.	For the period from 23 March 2015 to 31 March 2016
Revenue from operations	20	
Sale of products (gross)		228,717,522
Less: Excise duty		27,504,490
Sale of products (net)		<u>201,213,032</u>
Other income	21	5,325,196
Total revenue		<u><u>206,538,228</u></u>
Expenses		
Cost of materials consumed	22	193,833,508
Increase in inventories of finished goods	23	(2,242,626)
Employee benefits	24	15,050,348
Finance costs	25	44,760
Depreciation and amortisation	26	462,544
Other expenses	27	21,952,343
Total expenses		<u><u>229,100,877</u></u>
Loss before tax		<u>(22,562,649)</u>
Tax expense		
Loss for the period		<u><u>(22,562,649)</u></u>
Loss per equity share (nominal value of share Rs. 10)	28	
Basic and diluted loss per share (Rs.)		(0.71)

Significant accounting policies

2

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

As per our report of even date attached

For **BSR & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

For and on behalf of the Board of Directors of
Minda Kosei Aluminum Wheel Private Limited

Rajiv Goyal
Partner
Membership No.: 094549

Place: Gurgaon
Date : 18 May 2016

Naveesh Garg
Managing Director
DIN No.: 05294997

Place: Gurgaon
Date : 18 May 2016

Shingo Nagata
Director
DIN No.: 06926400

Place: Gurgaon
Date : 18 May 2016

Ankur Agrawal
Chief Financial Officer

Place: Gurgaon
Date : 18 May 2016

Sachin Mehta
Company Secretary

Place: Gurgaon
Date : 18 May 2016

Minda Kosei Aluminum Wheel Private Limited
Cash flow statement for the period from 23 March 2015 to 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	For the period from 23 March 2015 to 31 March 2016
A. Cash Flow from operating activities	
Loss before tax	(22,562,649)
Adjustments :	
Depreciation and amortisation	462,544
Interest income	(3,027,879)
Unrealised foreign exchange gain	(284,961)
Operating cash flow before working capital changes	(25,412,945)
Adjustments :	
Increase in trade payables	115,417,520
Increase in provisions	7,414,075
Increase in other current liabilities	4,375,003
Increase in trade receivables	(3,240,185)
Increase in inventories	(68,292,629)
Increase in loans and advances	(42,501,038)
Cash used in operations	(12,240,199)
Income taxes paid	(302,789)
Net cash used in operating activities (A)	(12,542,988)
B. Cash flow from investing activities:	
Purchase of fixed assets including capital work-in-progress and capital advances	(1,129,168,161)
Bank deposits (having original maturity of more than three months)	(5,808,500)
Interest received on deposits	2,733,593
Net cash used in investing activities (B)	(1,132,243,068)
C. Cash flow from financing activities	
Proceeds from borrowings	570,864,098
Proceeds from equity shares	600,000,000
Net cash from financing activities (C)	1,170,864,098
D. Net increase in cash and cash equivalents (A+B+C)	26,078,042
E. Cash and cash equivalents as at the beginning of period	
F. Cash and cash equivalents as at the end of year (see below)	26,078,042
Net increase in cash and cash equivalents	26,078,042
Notes to cash flow statement	
1. Components of cash and cash equivalents:	
Cash on hand	681,168
Balance with schedule banks on current account	25,396,874
	26,078,042

2. 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', specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

As per our report of even date attached

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022


Rajesh Garg
 Partner
 Membership No.: 094549

Place: Gurgaon
 Date: 18 May 2016

For and on behalf of the Board of Directors of
Minda Kosei Aluminum Wheel Private Limited

 
Naveesh Garg **Shingo Nagata**
 Managing Director Director
 DIN No.: 05294997 DIN No.: 06926400

Place: Gurgaon
 Date: 18 May 2016

Place: Gurgaon
 Date: 18 May 2016


Ankur Agrawal
 Chief Financial Officer

Place: Gurgaon
 Date: 18 May 2016


Sachin Mehta
 Company Secretary

Place: Gurgaon
 Date: 18 May 2016

Minda Kosei Aluminum Wheel Private Limited

Notes to the financial statements for the period from 23 March 2015 to 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

1. Company overview

Minda Kosei Aluminum Wheel Private Limited ("the Company") is a private limited company incorporated on 23 March 2015 under the Companies Act, 2013. It is a venture between Minda Industries Limited, Minda Investments Limited and Kosei International Trade and Investment Company Limited. The Company is primarily engaged in the business of manufacturing and supply of aluminium alloy wheels and/or aluminium general casting parts.

2. Significant accounting policies

(i) Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention on a going concern basis, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India. Indian GAAP comprises mandatory accounting standards as specified under the section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements are presented in Indian rupees.

(ii) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively.

(iii) Current and 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:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

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

- (a) it is expected to be settled in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) 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.



Minda Kosei Aluminum Wheel Private Limited
Notes to the financial statements for the period from 23 March 2015 to 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

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

Operating cycle

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

(iv) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving the purchase price.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Exchange differences (favourable as well as unfavorable) arising in respect of translation/settlement of long term foreign currency borrowings attributable to the acquisition of a depreciable asset are also included in the cost of the asset.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

Depreciation on tangible fixed assets is provided on the straight-line method as per the useful life of the assets estimated by the management, which is equal to the useful life prescribed under Schedule II of the Companies Act, 2013.

Depreciation is being provided on a pro-rata basis from the date on which asset is ready for use.

Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

Depreciation for the year is recognised in the Statement of Profit and Loss.

The useful lives are reviewed by the management at each financial year-end and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the revised remaining useful life.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Assets retired from active use and held for disposal, if any, are stated at the lower of their net book value and net realizable value and shown under 'Other current assets'.



Minda Kosei Aluminum Wheel Private Limited

Notes to the financial statements for the period from 23 March 2015 to 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

(v) Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Intangible assets are amortised in the Statement of Profit or Loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortised on straight line basis. In accordance with the applicable Accounting Standard, the Company follows a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. However, if there is persuasive evidence that the useful life of an intangible asset is longer than ten years, it is amortised over the best estimate of its useful life. Such intangible assets and intangible assets that are not yet available for use are tested annually for impairment.

The amortisation rate is as follows:

- a) Computer software : Amortised over a period of 3 years

Amortisation method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal.

Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

(vi) Capital work-in-progress

Fixed assets under construction and cost of assets not put to use before the year-end, are disclosed as capital work-in-progress.

(vii) Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.



Minda Kosei Aluminum Wheel Private Limited
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(All amounts are in Indian Rupees, unless otherwise stated)

(viii) Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stores and spares, and loose tools are carried at the lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, moving average cost method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

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

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

Finished goods inventory is inclusive of excise duty.

Inventories in transit are valued at cost.

Appropriate adjustments are made to the carrying value of damaged, slow moving and obsolete inventories based on management's current best estimate.

(ix) Revenue recognition

- a) Revenue from sale of goods in the course of ordinary activities is recognised when the property in the goods or all significant risks and rewards of ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods and regarding its collection. The amount recognized as revenue is inclusive of excise duty and exclusive of sales tax, value added taxes (VAT) and is net of returns, trade discounts and quantity discounts.
- b) Interest income is recognised on a time proportionate basis taking into account the amount outstanding and the interest rate applicable.
- c) Export entitlement under Duty Entitlement Pass Book Scheme ('DEPB') is recognised on accrual basis and when the right to entitlement has been established.

(x) Foreign currency transactions

- a) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the closing rates of exchange prevailing on that date. The resultant exchange differences are recognised in the Statement of Profit and Loss except exchange differences pertaining to long term foreign currency monetary items that are related



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to acquisition of depreciable assets and are adjusted in the carrying amount of the related fixed assets.

- b) In the cases of exchange difference on reporting long term monetary items, the company has opted to avail the option provided under paragraph 46A of Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates" inserted vide notification dated 29 December 2011. Consequently, the exchange differences arising on reporting of long term foreign currency monetary items on account of a depreciable asset is adjusted in the cost of depreciable asset and would be depreciated over the balance life of the asset. In cases other than the depreciable assets exchange differences is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortized over the balance period of such long term asset or liability.
- c) Increase or decrease in non-current liabilities on account of exchange rate fluctuations has been adjusted in the cost of tangible fixed assets.

(xi) Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Contingencies

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

(xii) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

(xiii) Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.



Minda Kosei Aluminum Wheel Private Limited

Notes to the financial statements for the period from 23 March 2015 to 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards Employees' Provident Fund and Employees' State Insurance schemes, which are defined contribution plans. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation is performed annually by a qualified actuary using the projected unit credit method.

The Company recognises all actuarial gains and losses arising from defined benefit plan immediately in the Statement of Profit and Loss. All expenses related to defined benefit plan are recognised in employee benefits expense in the Statement of Profit and Loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Statement of Profit or Loss on a straight-line basis over the average period until the benefits become vested. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

Other long-term benefits

Compensated absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation during service or on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit to such extent is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

(xiv) Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in Statement of Profit or Loss except that tax expense related to items recognised directly in reserves is also recognized in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of



Minda Kosei Aluminum Wheel Private Limited

Notes to the financial statements for the period from 23 March 2015 to 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. 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 (as the case may be) to be realised.

(xv) 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. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed to be converted as of the beginning of the period, unless they have been issued at a later date.

(xvi) Cash and cash equivalent

Cash and cash equivalent include cash on hand, cash balance at bank, demand deposits with banks with original maturities of three months or less and highly liquid investments.



Minda Kosei Aluminum Wheel Private Limited
Notes to financial statements for the period from 23 March 2015 to 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

**As at
31 March 2016**

3 Share Capital

Authorised capital

60,000,000 equity shares of Rs. 10 each

600,000,000

Issued, subscribed and paid-up capital

60,000,000 equity shares of Rs. 10 each

600,000,000

600,000,000

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

**As at
31 March 2016**

Equity shares:

At the commencement of the period

Number of shares

Amount

Addition during the period

60,000,000

600,000,000

At the end of the period

60,000,000

600,000,000

(b) Rights/Preferences and Restrictions attached to shares

The Company has a single class of equity shares having par value of Rs. 10 each. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets.

The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares.

In the event of liquidation of Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders, if any.

(c) Shares held by holding company

As at 31 March 2016

Equity shares of Rs. 10 each, fully paid-up held by:

Number of shares

Amount

Minda Industries Limited

41,995,100

419,951,000

(d) Details of shareholders holding more than 5% of a class of shares

As at 31 March 2016

Number of shares

%age of holding in shares

Minda Industries Limited

41,995,100

69.99%

Kosei International Trade and Investment Company Limited

18,000,000

30.00%

(e) There are no shares reserved for issue under options and contracts/commitments for sale of shares/disinvestment.

(f) There are no bonus shares issued. shares issued for consideration other than cash and shares bought back during the reporting period.

4 Reserves and surplus

Deficit in the statement of Profit and Loss

Balance at the commencement of the period

Loss for the period

Balance at the end of the period

(22,562,649)

(22,562,649)



As at
31 March 2016

5 Long-term borrowings

Secured	
Term loan from banks	349,000,000
	<u>349,000,000</u>

Nature of security	Terms of repayment and rate of interest
(a) Yes Bank Term loan amounting to Rs. 170,000,000 is secured by: - First pari passu charge on all movable and immovable fixed assets (both present and future) - Second pari passu charge on all current assets (both present and future) - Letter of Comfort from Minda Industries Limited (Holding Company)	Rate of interest - 11% for first year and thereafter floating @ Yes bank base rate plus 0.50% per annum Maximum tenor of loan is for 96 months from the date of first disbursement Principal amount is repayable in 24 quarterly installments after a moratorium period of 24 months from the date of first disbursement
(b) IndusInd Bank Term loan amounting to Rs. 179,000,000 is secured by: - First pari passu charge on all movable fixed assets (both present and future) including all the underlying assets acquired from the proceeds of the term loan facility and charge by way of equitable mortgage on immovable property (Land and Building) located at Bawal, Haryana - Second pari passu charge by way of hypothecation on all the present and future current assets - Letter of Comfort from Minda Industries Limited (Holding Company)	Rate of interest - IndusInd bank base rate plus 0.15% per annum Maximum tenor of loan shall not exceed 8 years from the date of first disbursement Principal amount is repayable in 24 quarterly installments after a moratorium period of 2 years from the date of first disbursement

6 Long-term provisions

Provision for employee benefits (refer to note 33)	
- Provision for gratuity*	4,022,382
- Provision for compensated absences	3,199,104
* includes amount recoverable from related parties Rs. 2,089,818	<u>7,221,486</u>

7 Short-term borrowings

Secured	
Buyer's credit from banks	226,067,553
	<u>226,067,553</u>

Bank Name (facility)	Term of repayment	Outstanding as on 31 March 2016
Details of security		
(a) Yes Bank		
USD 466,554	after 360 days 12 months Libor + 40-60 bps	31,366,425
Euro 617,268	after 358 days 12 months Euribor + 45-65 bps	47,122,239
JPY 174,268,302	after 360 days 12 months Libor + 40-80 bps	105,101,213
Buyer's credit is secured by: - First pari passu charge on all movable and immovable fixed assets (both present and future). - Second pari passu charge on all current assets (both present and future) - Letter of Comfort from Minda Industries Limited (Holding Company)		
(b) IndusInd Bank		
Euro 124,181	after 358 days 12 months Euribor + 75-230 bps	9,479,978
JPY 54,713,477	177 days 12 months Libor + 80 bps	32,997,698
Buyer's credit is secured by: - First pari passu charge on all movable fixed assets (both present and future) including all the underlying assets acquired from the proceeds of the term loan facility and charge by way of equitable mortgage on immovable property (Land and Building) located at Bawal, Haryana - Second pari passu charge by way of hypothecation on all the present and future current assets - Letter of Comfort from Minda Industries Limited (Holding Company)		

8 Trade payables

(A) Total outstanding dues of micro enterprises and small enterprises; and *	
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	115,132,561
* (refer to note 37)	<u>115,132,561</u>

9 Other current liabilities

Capital creditors	233,688,082
Payable to employees	576,910
Statutory dues	3,798,093
	<u>238,063,085</u>

10 Short-term provisions

Provision for employee benefits (refer to note 33)	
- Provision for gratuity	59,203
- Provision for compensated absences	133,386
	<u>192,589</u>



Minida Kosei Aluminum Wheel Private Limited
Notes to financial statements for the period from 23 March 2015 to 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

11 Tangible and Intangible fixed assets

Asset description	Gross block		Accumulated depreciation/ amortisation		Net block As at 31 March 2016
	As at 23 March 2015	Additions during the period	Disposals during the period	As at 31 March 2016	As at 31 March 2016
Tangible					
Freehold land	-	220,712,134	-	220,712,134	220,712,134
Plant and machinery	-	5,643,799	-	5,643,799	5,546,197
Furniture and fixtures	-	49,951	-	49,951	48,285
Vehicles	-	2,774,020	-	2,774,020	2,729,252
Office equipment	-	881,223	-	881,223	865,501
Computers	-	2,919,044	-	2,919,044	2,693,811
	-	232,980,171	-	232,980,171	232,595,180
Intangible					
Computer Software	-	694,269	-	694,269	616,716
	-	694,269	-	694,269	616,716
Total	-	233,674,440	-	233,674,440	233,211,896

11.1 Capital work-in-progress

Asset description	As at 23 March 2015	Additions during the period	As at 31 March 2016
Capital work-in-progress (refer to note 41)	-	1,073,221,832	1,073,221,832
	-	1,073,221,832	1,073,221,832

11.2 Intangible assets under development

Asset description	As at 23 March 2015	Additions during the period	As at 31 March 2016
Intangible assets under development	-	2,213,780	2,213,780
	-	2,213,780	2,213,780



Minda Kosei Aluminum Wheel Private Limited
Notes to financial statements for the period from 23 March 2015 to 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

As at
31 March 2016

12 Deferred tax asset (net)

Deferred tax liabilities on

Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/amortisation provided in accounts 622,016

Total deferred tax liabilities

622,016

Deferred tax assets on

Provision for employee benefits 1,200,302
 Brought forward losses and unabsorbed depreciation 10,059,207
 Expenditure covered by section 35D of Income-tax Act, 1961 1,379,032

Total deferred tax assets

12,638,541

Net deferred tax asset/ liability recognised in the financial statements

-

In view of tax loss / unabsorbed depreciation at the end of the period and absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised, the Company has recognised deferred tax asset only to the extent of deferred tax liability.

13 Long-term loans and advances

(Unsecured and considered good unless otherwise stated)

Capital advances 57,949,646
 Security deposits 1,902,200
 Advance income tax (net of provision for tax Rs. Nil) 302,789
 Other receivables 55,996

60,210,631

14 Other non-current assets

(Unsecured and considered good unless otherwise stated)

Bank deposits (due to mature after 12 months from the reporting date) 2,447,000

2,447,000

15 Inventories

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

Raw materials 61,844,882
 Stores and spares 4,205,121
 Finished goods (goods in transit Rs. 2,242,626) 2,242,626

68,292,629

(a) Details of inventory

Finished goods

Aluminium wheels 2,242,626

2,242,626



Minda Kosei Aluminum Wheel Private Limited
Notes to financial statements for the period from 23 March 2015 to 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

As at
31 March 2016

16 Trade receivables

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

Other receivables

- Unsecured, considered good

3,240,185

3,240,185

17 Cash and bank balances

Cash and cash equivalents

Cash on hand

681,168

Balances with banks

- on current account

25,396,874

Other bank balances

Bank deposits (due for realisation within 12 months of the reporting date)

3,361,500

29,439,542

Details of bank balances/deposits

Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'

3,361,500

Bank deposits due to mature after 12 months of the reporting date included under 'Other non current assets' (refer to note 14)

2,447,000

18 Short-term loans and advances

(Unsecured and considered good unless otherwise stated)

To parties other than related parties

Security deposits

1,155,500

Prepaid expenses

15,544

Advance to supplier

1,253,471

Other loans and advances

- Advance to employees

658,204

- Balance with government authorities

35,370,306

To related parties

Recoverable from related parties on account of employee benefits (refer to note 39)

2,089,818

40,542,843

19 Other current assets

(Unsecured and considered good unless otherwise stated)

Interest accrued on deposits

294,287

294,287



Minda Kosei Aluminum Wheel Private Limited
Notes to financial statements for the period from 23 March 2015 to 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

**For the period from
23 March 2015 to
31 March 2016**

20 Revenue from operations

Sale of products (gross)	
- Finished goods	228,717,522
	<u>228,717,522</u>
Less: Excise duty	27,504,490
Revenue from operations	<u>201,213,032</u>

Details of sales (finished goods):

Aluminium wheels	201,213,032
	<u>201,213,032</u>

21 Other income

Interest income on bank deposits	3,027,879
Foreign exchange fluctuation (net)	2,297,317
	<u>5,325,196</u>

22 Cost of materials consumed

Inventory at the beginning of the year	
Add : Purchases during the period	255,678,390
Less : Inventory at the end of the year	61,844,882
	<u>193,833,508</u>

Break-up of cost of materials consumed

Aluminum wheels	193,833,508
	<u>193,833,508</u>

23 Increase in inventories of finished goods

Stock at the beginning of the period:	
- Finished goods	
Stock at the end of the period	
- Finished goods	2,242,626
	<u>2,242,626</u>
	<u>(2,242,626)</u>

24 Employee benefits

Salaries and wages	10,389,004
Contribution to provident and other funds	731,332
Gratuity (refer to note 33)	551,983
Compensated absences (refer to note 33)	3,332,490
Staff welfare expenses	45,539
	<u>15,050,348</u>

25 Finance costs

Other charges	44,760
	<u>44,760</u>



Minda Kosei Aluminum Wheel Private Limited
Notes to financial statements for the period from 23 March 2015 to 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

**For the period from
23 March 2015 to
31 March 2016**

26 Depreciation and amortisation

Depreciation of tangible assets	384,991
Amortisation of intangible assets	77,553
	<u>462,544</u>

27 Other expenses

Consumption of stores and spare parts (refer to note 36)	5,623,471
Rent (refer to note 38)	60,000
Insurance charges	319,218
Travelling and conveyance	1,237,541
Communication costs	64,986
Printing and stationery	131,656
Legal and professional fees	2,559,521
Payment to auditor *	503,735
Rates and taxes	6,065,562
Testing expense	15,350
Freight outward	1,167,506
Recruitment expenses	553,364
Bank charges	10,790
Cash discount	1,761,858
Miscellaneous expenses	1,877,785
	<u>21,952,343</u>

*Payment to the auditors (excluding service tax)

Statutory audit	500,000
Reimbursement of expenses	3,735
	<u>503,735</u>

28 Earnings/ loss per share

Net loss after tax attributable to equity shareholders (22,562,649)

Number of shares at the beginning of the period *

Weighted average number of equity shares issued during the period 31,642,326

Total number of shares outstanding at the end of the period (in Nos.) 31,642,326

Basic and diluted loss per equity share of face value of Rs. 10 each (0.71)



Minda Kosei Aluminum Wheel Private Limited**Notes forming part of the financial statements from 23 March 2015 to 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

29. Contingent liabilities

(a) Bank guarantee given by the Company and outstanding as at 31 March 2016 amounting to Rs. 28,733,500.

(b) Liability of Customs duty towards export obligation undertaken by the Company under "Export Promotion Capital Goods Scheme (EPCG)" amounting to Rs. 149,374,231.

During current period the Company had imported Capital goods under EPCG and saved duty to the tune of Rs. 149,374,231. As per the EPCG terms and conditions, Company needs to export Rs. 896,245,386 in 6 years i.e. 6 times of duty saved on import of Capital goods on FOB basis within a period of 6 years (Block year 1st to 4th – 50% and 5th to 6th – 50%) till year ended 31 March 2022. If Company does not export goods in prescribed time, then the Company may have to pay duty on import of capital goods, including interest and penalty thereon.

30. Capital and other commitments (net of advance)

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances Rs. 124,779,276) as on 31 March 2016 aggregates to Rs. 249,239,088.

31. Segment Information

As the Company's business activity primarily falls within a single business and geographical segment i.e. aluminium alloy wheels, 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.

32. Related Party Disclosures**(i) Related party and nature of relationship where control exists****Holding Company**

Minda Industries Limited

(ii) Related party and nature of related party relationship with whom transactions have taken place during the period:**Other enterprise over which key management personnel is able to exercise significant influence**Mindarika Private Limited
Kosei Minda Aluminum Company Private Limited**Joint Venture companies**

Kosei International Trade and Investment Company Limited

Key management personnelNaveesh Garg (Managing Director)
Ankur Agarwal (Chief Financial Officer)**(iii) Transaction with related parties**

Transactions with related parties	Holding Company	Enterprise over which key management personnel is able to exercise significant influence	Joint venture companies	Key management personnel
Purchase of materials	-	286,190,165	15,618,334	-
Purchase of fixed assets	178,000,520	-	383,033,852	-
Expenses recovered	3,139,453	18,602	-	-
Reimbursement of expenses paid	5,578,610	810,138	-	-
Remuneration	-	-	-	14,097,475
Balance receivable	-	18,602	10,497,760	-



Minda Kosei Aluminum Wheel Private Limited**Notes forming part of the financial statements from 23 March 2015 to 31 March 2016****(All amounts are in Indian Rupees, unless otherwise stated)**

Transactions with related parties	Holding Company	Enterprise over which key management personnel is able to exercise significant influence	Joint venture companies	Key management personnel
Balance payable	173,992,669	87,463,548	-	-
Letter of comfort issued by the Holding Company	1,320,000,000	-	-	-

(iv) Details of related parties with whom transactions exceed 10% of the class of transaction:

Related Party	Nature of transaction	For the period from 23 March 2015 to 31 March 2016
Kosei Minda Aluminum Company Private Limited	Purchase of materials	286,190,165
Minda Industries Limited	Purchase of fixed assets	178,000,520
Kosei International Trade and Investment Company Limited	Purchase of fixed assets (including CWIP)	383,033,852
Minda Industries Limited	Expenses recovered	3,139,453
Minda Industries Limited	Reimbursement of expenses paid	5,578,610
Kosei Minda Aluminum Company Private Limited	Reimbursement of expenses paid	810,138
Naveesh Garg	Remuneration	12,797,479
Ankur Agrawal	Remuneration	1,299,996
Kosei International Trade and Investment Company Limited	Receivable	10,497,760
Minda Industries Limited	Payable	173,992,669
Kosei Minda Aluminum Company Private Limited	Payable	87,463,548
Minda Industries Limited	Letter of comfort	1,320,000,000

33. Disclosure pursuant to Accounting Standard-15 on "Employee Benefits"**a) Defined contribution plan**

An amount of Rs. 695,709 for the period, has been recognized as an expense in respect of the Company's contribution towards Provident Fund, deposited with the government authorities and has been included under employee benefit expense in the Statement of Profit and Loss. Further an amount of Rs. 32,317 for the period, has been recognized as an expense in respect of the Company's contribution towards ESI Fund, and has been included under employee benefit expense in the Statement of Profit and Loss.

b) Defined benefit plans

Gratuity is payable to all eligible employees of the Company on retirement/exit, death or permanent disablement in terms of the provisions of the Payment of Gratuity Act, 1972. Gratuity is unfunded. The obligation for compensated absences is recognized in the same manner as Gratuity.



Minda Kosei Aluminum Wheel Private Limited**Notes forming part of the financial statements from 23 March 2015 to 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

(i) Changes in present value of obligation:

Particulars	Gratuity	Compensated absences
	For the period from 23 March 2015 to 31 March 2016	
Present value of obligation as at the beginning of the period	-	-
Acquisition adjustment	3,529,606	-
Interest cost	-	-
Past service cost	-	2,447,594
Current service cost	686,305	884,896
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Benefits paid	-	-
Actuarial (gain)/loss on obligation	(134,326)	-
Present value of obligation as at the end of period	4,081,585	3,332,490
- Long term	4,022,382	3,199,104
- Short term	59,203	133,386
	4,081,585	3,332,490

(ii) Changes in the fair value of plan assets:

Particulars	Gratuity	Compensated absences
	For the period from 23 March 2015 to 31 March 2016	
Fair value of plan assets at the beginning of the period	-	-
Acquisition adjustment	-	-
Expected return on plan assets	-	-
Employer contributions	-	-
Benefits paid	-	-
Actuarial gain/ (loss) on plan assets	-	-
Fair value of plan assets at the end of the period	-	-

(iii) Actuarial gain/ loss recognized is as follows:

Particulars	Gratuity	Compensated absences
	For the period from 23 March 2015 to 31 March 2016	
Actuarial gain for the period – obligation	134,326	-
Actuarial gain for the period - plan assets	-	-
Total gain for the period	(134,326)	-
Actuarial gain recognized in the period	(134,326)	-
Unrecognized actuarial gain at the end of period	-	-



Minda Kosei Aluminum Wheel Private Limited**Notes forming part of the financial statements from 23 March 2015 to 31 March 2016****(All amounts are in Indian Rupees, unless otherwise stated)****(iv) The amounts recognized in the Balance Sheet are as follows:**

Particulars	Gratuity	Compensated absences
	For the period from 23 March 2015 to 31 March 2016	
Present value of obligation as at the end of the period	4,081,585	3,332,490
Fair value of plan assets as at the end of the period	-	-
Unfunded status	(4,081,585)	(3,332,490)
Excess of actual over estimated	-	-
Unrecognized actuarial (gains)/losses	-	-
Net asset/(liability) recognized in balance sheet	(4,081,585)	(3,332,490)

(v) Expenses recognized in the Statement of Profit and Loss:

Particulars	Gratuity	Compensated absences
	For the period from 23 March 2015 to 31 March 2016	
Current service cost	686,305	884,896
Past service cost	-	2,447,594
Interest cost	-	-
Expected return on plan assets	-	-
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Net actuarial gain recognized in the period	(134,326)	-
Expenses recognized in the statement of profit and losses	551,983	3,332,490

(vi) Enterprise best estimate of contribution during the next year is:

Particulars	Amount
Compensated absences	1,566,783
Gratuity	1,550,945

(vii) Principal actuarial assumptions at the Balance Sheet date are as follows:**a) Economic assumptions:**

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate taking account of inflation, seniority, promotion and other relevant factors on long term basis. Valuation assumptions are as follows which have been agreed by the company:

Particulars	For the period from 23 March 2015 to 31 March 2016
Discount rate per annum	7.94%
Future Salary Increase	8.00%
Expected rate of Return on Plan Assets	0.00%



Minda Kosei Aluminum Wheel Private Limited

Notes forming part of the financial statements from 23 March 2015 to 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

b) Demographic assumptions:

Particulars	Assumptions as at 31 March 2016
i) Retirement Age (Years)	58
ii) Mortality Table	IALM (2006-08)
iii) Ages	Withdrawal Rate (%)
Up to 30 years	3.00
From 31 to 44 years	2.00
Above 44 years	1.00

34. CIF value of imports

Particulars	For the period from 23 March 2015 to 31 March 2016
Raw material	13,074,818
Stores and spares	2,543,526
Capital goods	422,142,895
Total	437,761,239

35. Expenditure in foreign currency

Particulars	For the period from 23 March 2015 to 31 March 2016
Travelling	1,172,289
Total	1,172,289

36. Details of consumption**(a) Value of Imported and indigenous materials consumed**

Particulars	For the period from 23 March 2015 to 31 March 2016	
	Amount	%
Raw material		
Imported	-	-
Indigenous	193,833,508	100%
Total	193,833,508	100%
Stores and spare parts		
Imported	-	-
Indigenous	5,623,471	100%
Total	5,623,471	100%

37. The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that Micro and Small Enterprises should mention in their correspondence with their customers the Entrepreneurs Memorandum number as allocated after filing of the Memorandum. Based on information received and available with the Company, there are no amounts payable to Micro and Small Enterprises as at 31 March 2016. Further, the Company has not received any claim for interest from any supplier under the said Act.

38. Leases

The Company has taken premises on cancellable operating leases. The lease rentals recognized in the Statement of Profit and Loss for the period ended 31 March 2016 is Rs. 60,000.



Minda Kosei Aluminum Wheel Private Limited**Notes forming part of the financial statements from 23 March 2015 to 31 March 2016****(All amounts are in Indian Rupees, unless otherwise stated)****39. Transfer of employees**

During the current period certain employees of Minda Industries Limited (MIL), Mindarika Private Limited (MPL) and Minda NexGen Tech Limited (MNGTL) were transferred to Minda Kosei Aluminum Wheel Private Limited (the Company). As per the terms of the agreement, the liability on account of gratuity for employee upto date of transfer will be borne by the respective companies. The amount receivable from MIL, MPL and MNGTL towards gratuity is Rs. 1,699,665, Rs. 18,602 and Rs. 371,551 respectively.

40. Particulars of unhedged foreign currency exposure

Particulars	As at 31 March 2016		
	Foreign currency amount	Exchange rate (in Rs.)	Amount (in Rs.)
Capital Creditors			
JPY	112,700,000	0.60	67,620,000
Trade Payables			
JPY	2,893,688	0.60	1,745,183
Buyer's Credit			
USD	466,554	67.23	31,366,425
JPY	228,981,779	0.60	138,098,911
EUR	741,449	76.34	56,602,217

41. During the period, in relation to a new plant which is in construction stage, the Company has included following expenses of revenue nature to the cost of capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts included in CWIP by the Company:

Particulars	For the period from 23 March 2015 to 31 March 2016
Salaries and wages	27,634,781
Interest expense	23,342,580
Travelling expenses	4,300,270
Consumables	23,126,059
Other expenses	17,797,164
	96,200,854
Less: Allocated to fixed assets	-
Total	96,200,854

Note: The above expenses have been netted off in the respective line items in the Statement of Profit and Loss.

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



Minda Kosei Aluminum Wheel Private Limited

Notes forming part of the financial statements from 23 March 2015 to 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

43. Subsequent to the year end, the Board appointed Mr. Sachin Mehta as Company Secretary. The appointment is effective 11 May 2016.

44. The company was incorporated on 23 March 2015 and hence, previous year comparatives are not applicable.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

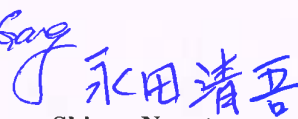



Rajiv Goyal
Partner
Membership No.: 094549

Place: Gurgaon

Date : 18 May 2016

For and on behalf of the Board of Directors of
Minda Kosei Aluminum Wheel Private Limited



Naveesh Garg
Managing Director
DIN No.: 05294997

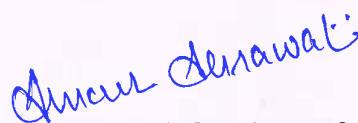
Shingo Nagata
Director
DIN No.: 06926400

Place: Gurgaon

Date : 18 May 2016

Place: Gurgaon

Date : 18 May 2016



Ankur Agrawal
Chief Financial Officer

Place: Gurgaon

Date : 18 May 2016



Sachin Mehta
Company Secretary

Place: Gurgaon

Date : 18 May 2016