

MINDA TG RUBBER PRIVATE LIMITED

Statutory Audit for the year ended March 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Minda TG Rubber Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Minda TG Rubber Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year ended March 31, 2017, 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 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 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control 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, issued by the Institute of Chartered Accountants of India, as 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 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 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 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 March 31, 2017, its loss, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

2. 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 purpose 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, Statement of Profit and Loss, and 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 written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (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 disclosures in Note 39 to financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our enquiries, test check of the books of account and other details maintained by the Company and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Vikas Mehra

Partner

Membership Number: 94421



Place: New Delhi

Date:

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Minda TG Rubber Private Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, sales-tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, , service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks. The Company did not have any debentures outstanding during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any monies by way of initial public offer or further public offer (including debt instruments). During the year the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or material fraud on the Company by its officers or employees has been noticed or reported during the year.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E /E300005

per Vikas Mehra

Partner

Membership Number: 94421

Place: New Delhi

Date:



ANNEXURE – II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MINDA TG RUBBER PRIVATE LIMITED

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 TG Rubber Private Limited ("the Company") as of March 31, 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. 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 the 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.

Auditor's 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 as specified 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 internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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



unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Vikas Mehra

Partner

Membership Number: 94421

Place: New Delhi

Date:



Minda TG Rubber Private Limited
Balance Sheet as at March 31, 2017

	Note	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Equity and liabilities			
Shareholders' funds			
Share capital	3	466,230,000	350,000,000
Reserves and Surplus	4	(131,451,070)	(82,663,252)
		<u>334,778,930</u>	<u>267,336,748</u>
Non-current liabilities			
Long-term borrowings	5	267,647,356	311,148,587
Long-term provisions	6	1,788,058	426,664
Other Non Current Liability	7	45,057,133	60,697,876
		<u>314,492,547</u>	<u>372,273,127</u>
Current liabilities			
Short term Borrowing	5a	45,000,000	-
Trade and other payables			
Total outstanding dues of micro enterprises and small enterprises	8	1,040,822	225,148
Total outstanding dues of creditors other than micro enterprises and small enterprises	8	57,256,661	55,318,153
Other current liabilities	7	97,341,058	84,273,331
Short-term Provisions	6	1,456,274	643,397
		<u>202,094,815</u>	<u>140,460,029</u>
		<u>851,366,292</u>	<u>780,069,904</u>
Assets			
Non-current assets			
Fixed assets			
Property, Plant and Equipment	9A	664,071,777	525,157,765
Intangible assets	9B	4,013,949	5,997,430
Capital work-in-progress		2,754,349	115,799,414
Long term loans and advances	10	5,184,195	3,601,000
Other Non current asset	14	1,607,000	1,607,000
		<u>677,631,270</u>	<u>652,162,609</u>
Current assets			
Inventory	11	48,893,851	33,465,401
Trade receivables	12	50,339,040	7,224,684
Cash and bank balances	13	22,571,751	5,051,910
Short term loans and advances	10	45,481,366	44,024,263
Other current assets	14	6,449,014	38,141,037
		<u>173,735,022</u>	<u>127,907,295</u>
		<u>851,366,292</u>	<u>780,069,904</u>
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of these financial statements			
As per our report of even date			

For S.R.Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per Vikas Mehra
Partner
Membership No: 94421



Place: New Delhi
Date:

For and on behalf of the Board of Directors of
MINDA TG RUBBER PRIVATE LIMITED

Ravi Shankar Gupta
Director
DIN - 00100578

Kiyoshi Shibata
Director
DIN - 07399689

Dinesh Saini
Chief financial officer

Abhishek Sharma
Company Secretary

Place:
Date:

Minda TG Rubber Private Limited

Statement of Profit and Loss for the year ended March 31, 2017

	Note	For the year ended March 31 2017 Rs.	For the Period January 14, 2015 to March 31, 2016
Income			
Revenue from operations (Gross)	15	399,180,118	46,128,367
Less: excise duty		(46,790,213)	(2,947,585)
Revenue from operations (Net)		352,389,905	43,180,782
Other income	16	2,106,708	12,382,984
A		354,496,613	55,563,766
Expenses			
Cost of raw materials and components consumed	17	212,837,750	27,252,008
Cost of moulds, tools & dies consumed	18	18,475,089	10,539,789
(Increase) in inventories of finished goods, work-in-progress	18	(11,303,524)	(5,913,384)
Employee benefits expense	19	62,201,735	35,814,411
Finance costs	20	31,978,595	15,091,059
Depreciation and amortisation expense	21	29,933,029	15,352,574
Other expenses	22	59,161,757	40,090,561
B		403,284,431	138,227,018
Loss for the year/ period	A-B	(48,787,818)	(82,663,252)
Earnings per equity share [nominal value of share Rs. 10 each](March 31,2016: Rs 10)		(1.16)	(2.51)
Basic and diluted	23		
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of these financial statements			

As per our report of even date

For S.R.Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per Vikas Mehra

Partner

Membership No: 94421



Place: New Delhi

Date:

For and on behalf of the Board of Directors of
MINDA TG RUBBER PRIVATE LIMITED

Ravi Shankar Gupta

Director

DIN - 00100578

Kiyoshi Shibata

Director

DIN - 07399689

Dinesh Saini

Chief financial officer

Abhishek Sharma

Company Secretary

Place:

Date:

Minda TG Rubber Private Limited
For the year ended 31 March, 2017

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016
Cash flows from operating activities		
Loss for the year	(48,787,818)	(82,663,252)
Non-cash adjustments:		
Depreciation and amortisation expenses	29,933,029	15,352,574
Unrealised exchange (gain)	(2,538,001)	(1,636,720)
Interest Income	(782,285)	(10,575,691)
Interest Expense	31,978,595	15,091,059
Operating Profit/(loss) before working capital changes	9,803,520	(64,432,030)
Movement in working capital:		
(Increase) in sundry debtors	(43,114,356)	(7,224,684)
(Increase) loans and advances	(1,313,281)	(45,599,254)
(Increase) in inventories	(15,428,450)	(33,465,401)
Decrease/(Increase)decrease in other current assets	21,992,710	(21,992,710)
(Increase)/Decrease in current liabilities and provisions	(9,349,237)	76,329,525
Cash generated (used in) operations	(37,409,095)	(96,384,554)
Refund received/(Direct taxes paid)	844,877	(1,056,402)
Net cash generated from (used in) operating activities [A]	(36,564,217)	(97,440,956)
Cash flows from investing activities		
Purchase of fixed assets (including capital work in progress and capital advances)	(63,460,655)	(591,293,600)
Interest received	649,637	10,484,525
Investment in fixed deposits (Original maturity is more than 12 months)	-	(1,607,000)
Net cash used in investing activities [B]	(62,811,018)	(582,416,075)
Cash flows from financing activities		
Proceeds from issuance of equity share capital	116,230,000	350,000,000
Proceeds from short term borrowings	45,000,000	-
Proceeds from long term borrowings	40,000,000	350,000,000
Repayment of long term borrowings	(52,500,000)	-
Interest paid	(31,834,924)	(15,091,059)
Net cash generated from financing activities [C]	116,895,076	684,908,941
Net Increase in cash and cash equivalents [A+B+C]	17,519,841	5,051,910
Cash and cash equivalents at the beginning of the year	5,051,910	-
Cash and cash equivalents at the end of the year (Note No 13)	22,571,751	5,051,910



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Minda TG Rubber Private Limited
For the year ended 31 March, 2017

Components of cash and cash equivalents

Cash on hand	34,989	371,068
Balances with banks:		
- In current accounts	3,636,762	4,680,842
- Deposits with original maturity of less than three months	18,900,000	-
Total Cash and Cash equivalents (note13)	22,571,751	5,051,910

Summary of significant accounting policies
Note:

2.1

The above Cash Flow Statement has been prepared under the indirect method as stated in Accounting Standard 3 "Cash Flow Statement".

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per Vikas Mehra

Partner

Membership No: 94421



Place: New Delhi

Date:

For and on behalf of the Board of Directors of
MINDA TG RUBBER PRIVATE LIMITED

Ravi Shankar Gupta

Director

DIN - 00100578

Kiyoshi Shibata

Director

DIN - 07399689

Dinesh Saini

Chief financial officer

Abhishek Sharma

Companies Secretary

Place:

Date:

1 Corporate information

Minda TG Rubber Private Limited was incorporated on January 14, 2015. The Company is a subsidiary of Minda Industries Limited. The company is engaged in the business of manufacturing and trading of Industrial Brake Hose, Fuel Hose and their components, accessories and fitting.

2 Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (AS) Amendment Rules 2016. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b Property, Plant and Equipments

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of profit and loss.

The cost of fixed assets not ready for their intended use before such date is recorded as capital work in progress.



c. Intangible fixed assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

d. Depreciation on Property, Plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management which is equal to as the rates prescribed Schedule II to the Companies Act, 2013. The company has used the following rates to provide depreciation on its property, plant and equipment.

Particulars	Useful life (years)
Building	30
Office equipment	5
Furniture and fixtures(including electrical fittings)	10
Computers	3
Vehicle	8
Plant & Machinery- general purpose machinery	15
Plant & Machinery-Trolley	3
Plant & Machinery-Bins	2

Intangible assets are amortized over the period of 6 years

e. Leases**Where the company is lessee**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

f. Revenue recognition

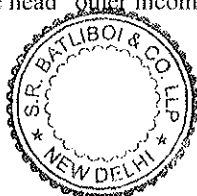
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sales of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.



g. Foreign currency translations

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange Differences

All Exchange difference on reinstatement of all other monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

Forward exchange contracts entered into to hedge foreign currency risk of an asset / liability

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market and the net loss, after considering the offsetting effect of gain on underlying hedged item, if any, is charged to the statement of profit and loss. Net gain if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored

h. Borrowing Costs:

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of cost of respective asset. All other borrowing costs are expensed in the period they

i. Segment reporting:

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products sold, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

j. Inventories

Inventories are valued as under:

Raw materials, components, stores and spares	Raw materials ,components ,stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials ,components and stores and spares is determined on a moving average basis
Work-in-progress, finished goods and traded moulds tools and dies	Work-in-progress, finished goods, traded moulds and dies are valued at lower of cost and net realizable value. Cost of Work-in-progress and finished goods includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a moving average basis.
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make sale.	



k. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than contribution payable to the provident fund. The company recognizes contribution payable to the provident fund schemes as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance-sheet date exceeds the contribution already paid, the deficit payable to the schemes is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that pre-payment will lead to, for example a reduction in future payment or a cash refund.

The Company operates defined benefit plan for gratuity for its employees. The Cost of providing benefit under this plan are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the statement of

Accumulated leave, which is expected to be utilized within 12 months is treated as short term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at reporting date.

l. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against. At each balance sheet date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

m. Earning per share

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

For the purpose of calculating diluted earnings per share, 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.

n. Provisions and contingent liability

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to its present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.



o. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

p Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.



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Minda TG Rubber Private Limited
Note to accounts for the year ended March 31, 2017

3. Share capital

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Authorized shares		
46,623,000 (March 31, 2016: 35,000,000) equity shares of Rs.10 each	466,230,000	350,000,000
Issued, Subscribed and fully paid-up		
46,623,000 (March 31, 2016: 35,000,000) Equity Shares of Rs. 10 each	466,230,000	350,000,000
	<u>466,230,000</u>	<u>350,000,000</u>

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

	As at March 31, 2017 No	As at March 31, 2017 Rs.	As at March 31, 2016 No.	As at March 31, 2016 Rs.
Equity shares				
At the beginning of the year/period	35,000,000	350,000,000	-	-
Issued during the year/period	11,623,000	116,230,000	35,000,000	350,000,000
Outstanding at the end of the year/period	<u>46,623,000</u>	<u>466,230,000</u>	<u>35,000,000</u>	<u>350,000,000</u>

(b) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. The holder of each fully paid equity share is entitled to one vote per share.

In the event of liquidation of the company, holders 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.

(c) Details of shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	Number of shares	%	Number of shares	%
Minda Industries Ltd	23,777,730	51	17,850,000	51
Toyoda Gosei Co.Ltd.,Japan	20,514,120	44	15,400,000	44
Toyota Tsusho Corporation, Japan	2,331,150	5	1,750,000	5

(d) Shares held by holding company

Out of the equity shares issued by the Company, shares held by its holding company are as follows:

Name of shareholder	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Minda Industries Limited 23,777,730 (March 31, 2016: 17,850,000) equity shares of Rs 10 each fully paid	237,777,300	178,500,000

4. Reserves and surplus

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Deficit in the statement of Profit and Loss		
Opening balance	(82,663,252)	-
Loss for the year	(48,787,818)	(82,663,252)
	<u>(131,451,070)</u>	<u>(82,663,252)</u>



5. Long-term borrowings

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Term Loans		
Foreign currency loans from banks (Unsecured)	343,725,200	366,057,161
Amount disclosed under the head other current liabilities (note 7)	(76,077,844)	(54,908,574)
	<u>267,647,356</u>	<u>311,148,587</u>

Notes:

Borrowings	Terms of Repayment	Interest rate
External Commercial Borrowings of USD1,325,226 (March 31 , 2016 USD 1,559,089) equivalent to Rs 85,000,000 (March 31, 2016 Rs 100,000,000)	20 Quartely installment of Rs 5,000,000 each starting from september 2016 upto June ,2021	8.95%
External Commercial Borrowings of USD 1,364,366 (March 31 , 2016 USD 1,605,136) equivalent to Rs 85,000,000 (March 31 , 2016 Rs 100,000,000)	20 Quartely installment of Rs 5,000,000 each starting from september 2016 upto June ,2021	9.30%
External Commercial Borrowings of USD 2,012,311 (March 31 , 2016 USD 2,367,424) equivalent to Rs 127,500,000 (March 31 , 2016 Rs 150,000,000)	20 Quartely installment of Rs 7,500,000 each starting from september 2016 upto June ,2021	8.98%
External Commercial Borrowings of USD 599,341 (March 31 , 2016 USD Nil) equivalent to Rs 40,000,000 (March 31 , 2016 Rs Nil)	16 Quartely installment of Rs 2,350,000 each and 1 Installment of Rs 24,00,000 starting from December 2017 upto December ,2021	9.05%

5a. Short-term borrowings

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Working capital demand loan	45,000,000	
	<u>45,000,000</u>	<u>-</u>

Working capital demand loan to the tune of Rs. 33,000,000 (Interest Rate 8.50%) and Rs. 12,000,000 (Interest rate 9.00%) is borrowed on March 15 , 2017 and March 24 , 2017 respectively (March 2016 Nil) from Bank of Tokyo



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6. Provisions

	Non Current		Current	
	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Provision for Gratuity (Note 26)	1,788,058	426,664	91,026	6,644
Provision for Leave benefits	-	-	1,365,248	636,753
	<u>1,788,058</u>	<u>426,664</u>	<u>1,456,274</u>	<u>643,397</u>

7. Other liabilities

	Non Current		Current	
	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Current maturities of long term borrowings (Refer note 5)	-	-	76,077,844	54,908,574
Advance from customers	-	-	-	16,238,933
Liability for Capital Goods	45,057,133	60,697,876	19,855,790	11,285,313
Others payables				
Statutory dues				
TDS and TCS Payable	-	-	970,789	1,439,254
- PF and ESI Payable	-	-	436,635	401,257
	<u>45,057,133</u>	<u>60,697,876</u>	<u>97,341,058</u>	<u>84,273,331</u>

8. Trade Payables

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Total outstanding dues of micro enterprises and small enterprises	1,040,822	225,148
(Refer note 33 for details of dues to micro enterprises)		
Total outstanding dues of creditors other than micro enterprises and small enterprises	57,256,661	55,318,153
	<u>58,297,483</u>	<u>55,543,301</u>



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Minda TG Rubber Private Limited
Note to accounts for the year ended March 31, 2017

9A Property, Plant and Equipment

(Amounts in Rs.)

Particulars	Freehold land	Building	Plant and Machinery	Electrical fitting	Office equipments	Computers	Furniture and fixtures	Vehicles	Total
Opening Balance	-	-	-	-	-	-	-	-	-
Additions	140,405,000	154,134,382	218,073,997	13,596,778	5,244,756	2,357,053	2,746,492	3,171,611	539,730,069
As at March 31, 2016	140,405,000	154,134,382	218,073,997	13,596,778	5,244,756	2,357,053	2,746,492	3,171,611	539,730,069
Additions	-	2,103,887	161,231,241	1,185,604	1,324,026	296,090	393,416	-	166,534,264
As at March 31, 2017	140,405,000	156,238,269	379,305,238	14,782,382	6,568,782	2,653,143	3,139,908	3,171,611	706,264,333
Depreciation									
Opening Balance	-	-	-	-	-	-	-	-	-
Charge for the year	-	3,880,014	8,974,933	742,993	471,849	177,331	178,081	147,103	14,572,304
As at March 31, 2016	-	3,880,014	8,974,933	742,993	471,849	177,331	178,081	147,103	14,572,304
Charge for the period	-	5,839,989	17,733,276	1,442,073	1,108,333	686,591	413,483	396,507	27,620,252
As at March 31, 2017	-	9,720,003	26,708,209	2,185,066	1,580,182	863,922	591,564	543,610	42,192,556
Net Block									
As at March 31, 2016	140,405,000	150,254,368	209,099,064	12,853,785	4,772,907	2,179,722	2,568,411	3,024,508	525,157,765
As at March 31, 2017	140,405,000	146,518,266	352,597,029	12,597,316	4,988,600	1,789,221	2,548,344	2,628,001	664,071,777

9B Intangible Fixed Assets

Gross block	Software	Total
Opening	-	-
Charge for the year	780,270	780,270
As at March 31, 2016	780,270	780,270
Charge for the year	2,312,777	2,312,777
As at March 31, 2017	3,093,047	3,093,047
Net Block		
As at March 31, 2016	5,997,430	5,997,430
As at March 31, 2017	4,013,949	4,013,949



10. Loans and advances

	Non-current		Current	
	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Capital advances				
Unsecured, considered good	3,541,500	969,606	-	-
(A)	3,541,500	969,606	-	-
Security deposits				
Unsecured, considered good	1,383,264	1,525,200	219,000	-
(B)	1,383,264	1,525,200	219,000	-
Loans and Advances to related party				
Unsecured, considered good	-	-	-	132,600
(C)	-	-	-	132,600
Other loans and advances				
Advance income tax	211,526	1,056,403	-	-
Other Advances	-	-	274,973	142,277
Prepaid Expenses	47,905	49,791	2,510,052	449,332
Balances with statutory/government authorities	-	-	42,477,341	43,010,518
Advances to employees	-	-	-	289,536
(D)	259,431	1,106,194	45,262,366	43,891,663
Total (A+B+C+D)	5,184,195	3,601,000	45,481,366	44,024,263



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11. Inventories (valued at lower of cost and Net realizable value)

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Raw materials	26,031,746	24,913,723
Work in progress	7,381,297	1,712,617
Finished goods (Including stock in transit Rs 1,110,097 (March 31, 2016: Nil)	9,835,611	4,200,767
Stores and spares	3,894,222	870,862
Moulds ,tools and dies	1,750,975	1,767,432
	<u>48,893,851</u>	<u>33,465,401</u>

12. Trade receivable

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Unsecured, considered good		
Outstanding for a period More than 6 months from the date they are due for payment	-	33,896
Others	50,339,040	7,190,788
	<u>50,339,040</u>	<u>7,224,684</u>

13. Cash and bank balances

	Non-Current		Current	
	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Cash and cash equivalents				
Cash on hand	-	-	34,989	371,068
Balances with banks:				
- In current accounts	-	-	3,636,762	4,680,842
-Deposits with original maturity for less than 3 months	-	-	18,900,000	-
Other bank balances				
-Deposits with remaning maturity for more than 12 months *	1,607,000	1,607,000	-	-
	<u>1,607,000</u>	<u>1,607,000</u>	<u>22,571,751</u>	<u>5,051,910</u>
Amount Disclosed under non current asset(Refer Note 14)	<u>(1,607,000)</u>	<u>(1,607,000)</u>		
	-	-	<u>22,571,751</u>	<u>5,051,910</u>

*Fixed deposit pledged with custom authority

14. Other assets

	Non-Current		Current	
	As at March 31, 2017 Rs.	March 31, 2016 Rs.	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Unsecured, considered good unless stated otherwise				
Non-current bank balances				
Deposit with remaning maturity for more tha 12 months (Refer Note 13)	1,607,000	1,607,000	-	-
Others				
Interest accrued on deposits with Banks	-	-	223,814	91,166
Provision for mark to market losses on derivatives contracts	-	-	6,225,200	16,057,161
Insurance claim receivable	-	-	-	2,547,844
Unbilled Revenue	-	-	-	19,444,866
	<u>1,607,000</u>	<u>1,607,000</u>	<u>6,449,014</u>	<u>38,141,037</u>



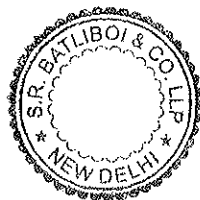
15. Revenue from operations

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Sale of products		
Finished goods*	378,972,846	26,516,339
Other operating revenue		
Scrap Sale	495,279	167,162
Moulds and Dies	19,711,993	19,444,866
Less: excise duty #	(46,790,213)	(2,947,585)
Revenue from operations (Net)	352,389,905	43,180,782

*Includes Rs 3,568,880 relating to earlier period.

#Excise duty on sales amounting to Rs 46,790,213 (March 31, 2016 Rs 2,947,585) has been reduced from sales in statement of profit and loss account. Excise duty on increase/ decrease in stock amounting to Rs 411,201, (March 31, 2016 Rs 580,928) has been considered as expenses in note 22 of financial statements.

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Details of products sold		
Finished goods		
Brake Hose	162,745,129	25,783,290
Fuel Hose	216,227,717	733,049
	378,972,846	26,516,339



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16. Other income

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Interest income on bank deposits	782,285	10,575,691
Exchange difference (net)	1,088,735	1,366,795
Miscellaneous income	235,688	440,498
	<u>2,106,708</u>	<u>12,382,984</u>

17. Cost of raw materials and components consumed

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Inventories at the beginning of the year	24,913,723	-
Purchases	213,955,773	52,165,731
	<u>238,869,496</u>	<u>52,165,731</u>
Less: Inventories at the end of the year	26,031,746	24,913,723
Cost of materials consumed	<u>212,837,750</u>	<u>27,252,008</u>

Details of raw materials and components consumed

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Fittings	72,364,835	19,146,146
Rubber and Chemicals	106,418,875	6,275,214
Others	34,054,040	1,830,648
	<u>212,837,750</u>	<u>27,252,008</u>

Details of Inventories

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Fittings	10,302,849	9,220,647
Rubber and Chemicals	12,558,666	11,475,415
Others	3,170,231	4,217,661
	<u>26,031,746</u>	<u>24,913,723</u>



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Minda TG Rubber Private Limited

Note to accounts for the year ended March 31, 2017

18. (Increase)/ decrease in inventories

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Inventories at the end of the year		
Work in progress	7,381,297	1,712,617
Finished goods	9,835,611	4,200,767
	<u>17,216,908</u>	<u>5,913,384</u>
Inventories at the beginning of the year		
Work in progress	1,712,617	-
Finished goods	4,200,767	-
	<u>5,913,384</u>	<u>-</u>
Change in Inventories	<u>(11,303,524)</u>	<u>(5,913,384)</u>

Details of Inventories

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Work in progress		
Brake Hose	2,220,841	769,453
Fuel Hose	5,160,456	943,164
	<u>7,381,297</u>	<u>1,712,617</u>
Finished goods		
Brake Hose	1,270,761	2,207,266
Fuel Hose	8,564,850	1,993,501
	<u>9,835,611</u>	<u>4,200,767</u>

Cost of moulds, tools & dies consumed

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Inventory at the beginning of the year	1,767,432	-
Add : Purchases (net)	18,458,632	12,307,221
Total	20,226,064	12,307,221
Less : Inventory at the end of the year	1,750,975	1,767,432
	<u>18,475,089</u>	<u>10,539,789</u>

19. Employee Benefits Expense

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Salaries & Wages	47,955,651	28,286,007
Contribution to provident and other funds	2,981,862	1,952,265
Gratuity expenses (Refer Note 26)	1,156,420	15,332
Employee Compensation Expense (Refer Note 37)	1,111,123	-
Staff welfare expenses	8,996,679	5,560,807
	<u>62,201,735</u>	<u>35,814,411</u>



Minda TG Rubber Private Limited

Note to accounts for the year ended March 31,2017

20. Finance costs

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Interest	31,978,595	15,091,059
	<u>31,978,595</u>	<u>15,091,059</u>

21. Depreciation and amortization expenses

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Depreciation on tangible assets	27,620,252	14,572,304
Amortization of Intangible assets	2,312,777	780,270
	<u>29,933,029</u>	<u>15,352,574</u>

22. Other Expenses

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Consumption of stores and spares	5,812,629	5,938,157
Power and Fuel	13,485,649	4,483,698
Rent	2,899,952	1,639,777
(Increase)/decrease of excise duty on inventory	411,201	580,928
Repair & Maintenance		
Building	10,748	148,665
Others	531,121	145,970
Insurance	1,613,172	230,588
Rates and taxes	1,223,134	3,851,803
Legal & Professional	2,599,133	1,447,025
Communication	773,272	499,000
Travelling & Conveyance	7,015,485	7,949,800
Technical Support Charges	-	5,763,684
Payments to auditors*	700,000	700,000
Business promotion	725,395	416,472
Printing and stationery	349,576	675,936
Royalty expenses	7,291,274	143,437
Freight	951,345	363,756
Bank charges	324,569	367,950
SAP license fee	1,206,000	-
Management fee	3,352,802	235,688
Security expenses	1,292,106	710,119
House keeping expenses	1,526,960	792,596
Miscellaneous expenses	5,066,234	3,005,512
	<u>59,161,757</u>	<u>40,090,561</u>



Minda TG Rubber Private Limited

Note to accounts for the year ended March 31,2017

Payment to auditors

As auditor:

Statutory Audit Fee

500,000

500,000

Tax Audit Fees

150,000

150,000

In other capacity:

TP Certification

50,000

50,000

700,000

700,000

23. Earning/ (deficit) per equity share

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Loss attributable to equity shareholders	(48,787,818)	(82,663,252)
Weighted average number of equity shares outstanding	41,910,112	32,907,895
Basic and diluted EPS	(1.16)	(2.51)



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24. Segmental information

Business segments:

The Company is engaged in the business of manufacturing and selling of automotive brake hose and fuel hose. The entire operations are governed by the same set of risk and returns and, hence, the same has been considered as representing a single primary segment.

Since the Company's business activity falls within a single business segment, there are no additional disclosures to be provided under Accounting Standard-17 'Segment Reporting' other than those already provided in the Financial Statements.

Geographical segments:

The Company sells its products and services within India and do not have any operations in economic environments with different set of risks and returns. Hence, it is considered to be operating in a single geographical segment.



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25 Related party disclosures

1) Names of related parties and related party relationship

A Related Parties where control exists

Holding Company

Minda Industries Limited (from March 30, 2016)

Maa Rukmani Devi Auto Pvt. Ltd. (till March 29, 2016)

B Related parties with whom transactions have taken place during the period

Entities having significant influence or having common influence/control

Toyoda Gosei Co. Ltd, Japan

Toyoda Gosei Minda India Private Limited

Key Managerial Personnel ("KMP")

Mr. Ravi Shankar Gupta (w.e.f February 4, 2016)

Mr. Kiyoshi Shibata (w.e.f February 4, 2016)

Mr. Dinesh Saini (w.e.f March 30, 2016)

Mr. Abhishek Sharma (w.e.f January 20, 2017)



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2) Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of transactions	Holding Company		Companies having Significant influence or having common influence/control		Key management personnel	
	For year ended March 31, 2017 Rs.	For the period 14-Jan-2015 to 31-Mar-2016 Rs.	For year ended March 31, 2017 Rs.	For the period 14-Jan-2015 to 31-Mar-2016 Rs.	For year ended March 31, 2017 Rs.	For the period 14-Jan-2015 to 31-Mar-2016 Rs.
(A) Purchases of fixed assets						
Maa Rukmani Devi Auto Pvt. Ltd.	-	136,379,750	-	-	-	-
Toyoda Gosei Co. Ltd, Japan (including technical support cost)	-	-	-	76,965,770	-	-
Minda Industries Limited	91,958	10,407,576	-	-	-	-
Toyoda Gosei Minda India Private Limited	-	-	-	36,209,418	-	-
(B) Sales of Material						
Toyoda Gosei Minda India Private Limited	-	-	-	146,869	-	-
(C) Purchases of Materials						
Toyoda Gosei Co. Ltd, Japan(Raw Material)	-	-	-	830,535	-	-
Toyoda Gosei Co. Ltd, Japan(Consumables)	-	-	2,418,405	-	-	-
Toyoda Gosei Co. Ltd, Japan(Moulds and dies)	-	-	7,027,574	8,832,361	-	-
Toyoda Gosei Minda India Private Limited (spares)	-	-	-	1,234,742	-	-
(D) Reimbursement of expenses (received)						
Maa Rukmani Devi Auto Pvt. Ltd.	-	3,335,172	-	-	-	-
Toyoda Gosei Minda India Private Limited	-	-	-	2,401,178	-	-
Toyoda Gosei Co. Ltd, Japan	-	-	752,844	-	-	-



Nature of transactions	Holding Company		Companies having Significant influence or having common influence/control		Key management personnel	
	For year ended March 31, 2017 Rs.	For the period 14-Jan-2015 to 31-Mar-2016 Rs.	For year ended March 31, 2017 Rs.	For the period 14-Jan-2015 to 31-Mar-2016 Rs.	For year ended March 31, 2017 Rs.	For the period 14-Jan-2015 to 31-Mar-2016 Rs.
(E) Payment for expenses (Gross)						
Minda Industries Limited. (Management Fees)	3,352,802	235,688	-	-	-	-
Minda Industries Limited (SAP Fees)	1,206,000	-	-	-	-	-
Minda Industries Limited (ESOP)	1,111,123	-	7,291,274	143,437	-	-
Toyoda Gosei Co Ltd, Japan (Royalty)	-	-	8,951,271	5,700,025	-	-
Toyoda Gosei Co Ltd, Japan (Technical support Cost)	-	-	-	-	-	-
(F) Issue of shares(In Rs.)						
Maa Rukmani Devi Auto Pvt. Ltd.	-	178,500,000	-	-	-	-
Toyoda Gosei Co. Ltd, Japan	-	-	51,141,200	154,000,000	-	-
Minda Industries Limited	59,277,300	-	-	-	-	-
(G) Managerial remuneration(Amount paid in the capacity of KMP)						
Mr. Kiyoshi Shibata	-	-	-	-	6,497,082	1,106,321
Mr. Ravi Shankar Gupta	-	-	-	-	7,027,326	808,428
Mr. Dinesh Saini (Company Secretary)	-	-	-	-	713,758	4,193
Mr. Dinesh Saini (CFO)	-	-	-	-	177,242	-
Mr. Abhishek Sharma (Company Secretary)	-	-	-	-	135,270	-



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3) Outstanding balances at the year end

Particulars	Holding Company		Companies having Significant influence or having common influence/control As at 31 March, 2017 Rs.	As at March 31, 2016 Rs.	Key management personnel	
	As at 31 March, 2017 Rs.	As at March 31, 2016 Rs.			As at 31 March, 2017 Rs.	As at March 31, 2016 Rs.
(A) Trade and other payables						
Toyoda Gosei Co. Ltd. Japan	-	-	68,003,798	68,663,540	-	-
Minda Industries Limited	1,625,037	2,421,402	-	-	-	-
(B) Advance recoverable in Cash & Kind Maa Rukmani Devi Auto Pvt. Ltd.	-	-	-	132,600	-	-



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26. Employee benefits: post-employment benefit plans

The company operates one defined plans, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is unfunded. The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the gratuity.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016
Current service cost	392,144	433,308
Interest cost obligation	61,533	-
Net actuarial loss recognised in the year	702,743	-
Net benefit expense	1,156,420	433,308

Balance sheet

Movement of Liability recognized in Balane Sheet

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016
Present value of defined benefit obligation at beginning	433,308	-
Expense recognized in statement of profit and loss	1,156,420	433,308
Acquisition adjustment	336,413	-
Benefits paid	(47,057)	-
Plan Asset/(Liability)	(1,879,084)	(433,308)

Changes in the present value of the defined benefit obligation are as follows:

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016
Present value of defined benefit obligation at beginning	433,308	-
Current service cost	392,144	433,308
Interest cost	61,533	-
Net actuarial loss recognized in the year	702,743	-
Acquisition adjustment	336,413	-
Benefits paid	(47,057)	-
Closing defined benefit obligation	1,879,084	433,308

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016
Discount rate	6.95%	8%
Rate of increase in compensation level	9%	6%
Retirement Age	58 Years	58 Years
Withdrawal rates:		
Upto 30 years	13%	3%
From 31 to 44 years	9%	2%
Above 44 years	1%	1%



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27. Value of imports calculated on CIF basis

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016
Raw Materials	31,838,813	12,774,141
Capital good	8,863,245	133,358,596
Stores and Spares	7,341,965	1,540,084
	<u>48,044,023</u>	<u>147,672,821</u>

28. Expenditure in foreign currency (accrual basis)

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016
Royalty expense	7,291,274	143,437
Travelling and Conveyance	2,787,919	2,449,981
Technical Support (Including capitalized under fixed asset)	8,951,271	24,178,506
	<u>19,030,464</u>	<u>26,771,924</u>

29. Capital and other commitments

	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016
Estimated amount of capital contracts remaining to be executed (net of advances)	13,381,253	18,486,765
Estimated amount of other contracts remaining to be executed (net of advances)	1,501,059	1,406,208
	<u>14,882,312</u>	<u>9,892,973</u>

30. Imported and indigenous raw materials, components and spare parts consumed

	For the year ended March 31, 2017 Rs.		For the Period January 14, 2015 to March 31, 2016	
	Value	% of total consumption	Value	% of total consumption
Raw Materials				
Imported	30,194,490	14%	9,265,683	34%
Indigenously	182,643,260	86%	17,986,325	66%
Total	<u>212,837,750</u>	<u>100%</u>	<u>27,252,008</u>	<u>100%</u>
Spares and Stores				
Imported	224,415	4%	1,540,084	26%
Indigenously	5,588,214	96%	4,398,073	74%
Total	<u>5,812,629</u>	<u>100%</u>	<u>5,938,157</u>	<u>100%</u>

31. Derivative instruments and unhedged foreign currency exposure

a) Derivative outstanding as at reporting date

Particulars	Currency	As at March 31, 2017 Rs.	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.	As at March 31, 2016 Rs.
		Amount in Foreign currency	Amount in INR	Amount in Foreign currency	Amount in INR
Derivative Instrument	USD	5,301,243	343,725,174	5,518,727	366,057,161
Forward contract sell	JPY	18,000,000	10,432,800	-	-
			<u>343,725,174</u>		<u>366,057,161</u>

b) Particular of Unhedged foreign currency exposures as at reporting date

Particulars	As at March 31, 2017 Rs.	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.	As at March 31, 2016 Rs.
	Amount in Foreign currency	Amount in INR	Amount in Foreign currency	Amount in INR
Trade Payables				
JPY	87,387,072	50,649,547	106,551,704	62,929,436
USD	43,326	2,809,197	163,807	10,865,793
EUR	25,682	1,639,922	25,502	1,915,085
		<u>55,098,666</u>		<u>75,710,314</u>
Loans and Advances				
USD	-	-	10,766	724,767
			<u>10,766</u>	<u>724,767</u>



32. Contingent Liability

Particulars	(Amount in Rs)	
	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Liability of Customs duty towards export obligation undertaken by the Company under "Export Promotion Capital Goods scheme (EPCG)"	10,392,695	10,392,695

The Company had Imported Capital goods under EPCG and saved duty to the tune of Rs. Nil (March 31, 2016: Rs. 10,392,695). As per terms and conditions of EPCG the Company needs to export US \$ 1,020,965 equivalent to Rs. 66,197,941 in 6 years i.e 6 times of duty saved on Import of Capital goods on FOB basis within period of 6 years (Block year 1st to 4th -50% and 5th to 6th -50%). If company does not export goods in prescribed time then the Company may have to pay excise duty saved on import of capital good including interest and penalty thereon. The management is confident that the Company would be able to comply with the terms and conditions of EPCG and no liability is required to be provided in the books of accounts as on the Balance Sheet date.

33. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	(Amount in Rs)	
	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		Nil
Principal amount due to micro and small enterprises	1,040,822	225,148
Interest due on above		Nil
	1,040,822	225,148
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	13,648	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year	13,648	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	Nil	Nil

34. The Company has incurred loss of Rs. 48,787,818 during the year and has accumulated losses as at March 31, 2017 amounts to Rs. 131,451,070. The Company had started commercial operations in financial year 2015-2016 and the management believes that it is in initial gestation years and had expected to incur losses. Accordingly, these financial statements have been prepared using the going concern assumption.

35. 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 it to be completed before the filing of tax return for the current period. The management confirms that all transactions with associated enterprises are undertaken at negotiated contracted prices on usual commercial terms and is of the opinion that its international transactions are at arm's length and thus, no adjustments are likely to arise which will have to be recorded in any subsequent period.



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6. The Company has a net deferred tax asset, primarily comprising of unabsorbed depreciation and carry forward losses under tax laws. However, as the subsequent realization of such amounts is not virtually certain in near future, the management is of the view that it is prudent not to recognize deferred tax asset. Accordingly, deferred tax assets have been recognised only to the extent of deferred tax liabilities.

7. The Company has participated in the Minda Industries Limited Employee Stock Option Scheme 2016 and during the year, the Nomination & Remuneration Committee of Minda Industries Limited ('the Parent Company') has approved the grant of 50,000 options to certain eligible employees in terms of the Employee Stock Option Scheme 2016. The scheme is monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors of Minda Industries Limited in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments thereof from time to time.

The terms and conditions related to the grant of the share options are as follows:

Scheme	Year	Date of Grant	Number of options granted	Vesting conditions	Exercise period	Exercise price (INR) per share
Minda Employee Stock Option Scheme 2016	2016-17	23-Nov-16	50,000	Achieving target of market capitalisation.	1 Year from the date of vesting	180

The number and weighted average exercise prices of share options under employee stock benefit plan is as follows:

Scheme	Descriptions	Year	Outstanding at the beginning of the year	Granted during the year	Forfeited/ Expired/ Exercised during the year	Outstanding at the end of the year
Minda Employee Stock Option Scheme 2016	Number of Shares Options	2016-17	-	50,000	-	50,000

The parent company has adopted the intrinsic value method as permitted by the SEBI Guidelines and the Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India in respect of stock options granted.

The Company's loss for the year and earnings per share would have been as under, had the compensation cost for employees' stock options been recognized based on the fair value at the date of grant in accordance with Black Scholes model. The parent company has determined the fair value of the underlying shares based on valuation report obtained by its parent company from an independent valuer.

Particulars	For the year ended 31 March 2017 Rs	For the Period January 14, 2015 to March 31, 2016 Rs
Loss for the year	(48,787,818)	-
Add: ESOP cost using the intrinsic value method	1,111,123	-
Less: ESOP cost using the fair value method	(1,294,047)	-
Proforma loss after tax	(48,970,742)	-
Basic/Diluted Earnings/ Per Share (EPS)		
Weighted average number of equity shares	41,910,112	-
Basic/Diluted EPS as reported (in Rs.)	(1.16)	-
Proforma Basic/Diluted EPS (in Rs.)	(1.17)	-
Weighted average remaining contractual life of options (in years)	1.85	-

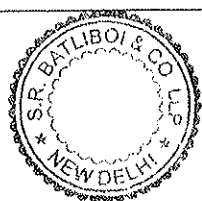
The following assumptions were used for calculation of fair value of grants:

Particulars	As at 31 March 2017	For the Period January 14, 2015 to March 31, 2016
Risk-free interest rate (%)	6.13%	-
Expected life of options (years) [(year to vesting) + (contractual option term)/2]	1.85 Year	-
Expected volatility (%)	43.62%	-
Dividend yield	4.61%	-

The risk free interest rates are determined based on the zero-coupon yield curve for Government Securities or Government bonds with maturity equal to the expected term of the option. Volatility calculation is based on annualized standard deviation of the continuously compounded rate of return of the stock over a period of time. The historical period taken into account to match the expected life of the option. Dividend yield has been arrived by dividing the dividend for the period with the current market price

Effect of share-based payment plan on the Statement of Profit and Loss:

Particulars	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs
Expense arising from employee share-based payment plan	1,111,123	-



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

Particulars	For the year ended March 31, 2017 Rs.	For the Period January 14, 2015 to March 31, 2016 Rs.
Technical support charges	7,191,755	18,478,481
Interest expense	2,042,014	13,809,317
	<u>9,233,769</u>	<u>32,287,798</u>

39. The Company held the following Specified Bank Notes (SBNs) and the following transactions were incurred during the period from 8 November 2016 to 30 December 2016 as provided in the table below:-

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in Hand as on 8 November 2016	68,000	7,652	75,652
(+) Permitted receipts		90,000	90,000
(-) Permitted Payments		73,031	73,031
(-) Amount deposit in banks	68,000		68,000
Closing cash in Hand as on 30 December 2016			24,621

40. The accompanying financial statements for previous year reflect the results of the activities undertaken by the Company for the period from January 14, 2015 to March 31, 2016. Hence, the previous year disclosures are not comparable with current year figures as the same are for the year from April 1, 2016 to March 31, 2017.

41. Previous year's figures have been regrouped/ reclassified where necessary to confirm to this year's classification.

As per our report of even date

For S. R. Batliboi & Co. LLP
 Chartered Accountants
 ICAI Firm Registration No.: 301003E/E300005

per Vikas Mehra
 Partner
 Membership No: 94421



Place:- New Delhi
 Date:

For and on behalf of the Board of Directors of
MINDA TG RUBBER PRIVATE LIMITED

Ravi Shankar Gupta
 Director
 DIN - 00100578

Kiyoshi Shibata
 Director
 DIN - 07399689

Dinesh Saini
 Chief financial officer

Abhishek Sharma
 Company Secretary

Place:
 Date: