

**Independent Auditor's Report****To the Members of****Minda I Connect Private Limited**

We have audited the accompanying financial statements of Minda I Connect Limited Private Limited ("the Company"), which comprise the Balance Sheet as at March 31st, 2017, the Statement of Profit and Loss and the cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statement**

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 and presentation of these financial statements that give a true and fair view of the financial position and 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 of 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 there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the



assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31 March 2017, its losses and its cash flow statement for the year ended on that date.

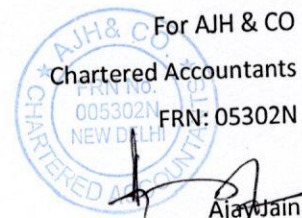
### Report on Other Legal and Regulatory Requirements

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-A a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
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 purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance sheet, the Statement of Profit and Loss and the cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;





- (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in Annexure-B; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has no pending litigations.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
  - iii. Requirement for transferring amounts to the Investor Education and Protection Fund by the Company is not applicable here.
  - iv. The company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December 2016 and these are in accordance with the books of accounts maintained by the company.



For AJH & CO  
Chartered Accountants  
FRN: 05302N  
Ajay Jain  
Partner  
Membership No. 84096

Date: May 27<sup>th</sup>, 2017  
Place: Gurgaon

## Annexure –A to the Auditor's Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March, 2017; we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company there is no immovable property held by the Company, hence clause (i)(c) of the order is not applicable.
- (ii) The company has a regular programme of physical verification of its inventory by which inventories are verified in a phased manner. In accordance with this programme, inventories were verified during the year and no material discrepancies were noticed on such verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly clause (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 of the order are not applicable to the company.
- (iv) According to the records, information and explanations provided to us, the Company has not given loans/made investments/given guarantee/provided security in connection with loan during the year.
- (v) According to the records, information and explanations provided to us, the Company has not accepted any deposits from the public.
- (vi) The Central government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, for the kind of business activities undertaken by the company.
- (vii) (a) According to the records, information and explanations provided to us, and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed amount of provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, cess and other materials, statutory dues as applicable to it. However, the undisputed amounts outstanding as at 31<sup>st</sup> March, 2017 for a period of more than six months from the date they became payable is as follows:

Nature of dues	Amt o/s for more than 6 months
Administration charges of PF	Rs. 67,043/-





- (b) According to the information and explanation given to us, there are no dues on account of any dispute of sales tax, income tax, custom duty, wealth tax, service tax, excise duty, and any other statutory dues, that has not been deposited with appropriate authorities on account of any dispute.
- (viii) Based on our audit procedures and according to the information and explanations given to us, the company has availed loans from Financial Institutions during the year and has duly complied with the repayment schedule.
- (ix) According to the information and explanations given to us the company did not raise moneys by way of public issue/follow on offer (including debt instruments) or term loans during the year.
- (x) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the company, the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The company is not a nidhi company. Accordingly clause 3 (xii) of the order is not applicable to the company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transaction with its related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The company has made preferential allotment and private placement of shares during the year under review and the requirement of section 42 of the Companies Act, 2013 have been complied and the amount raised have been used for the purpose for which the funds were raised.
- (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 them. Accordingly clause 3(xv) of the order is not applicable to the company.
- (xvi) According to the information and explanations given to us, the company is not carrying out any business activity that require registration under section 45-IA of the Reserve Bank of India Act, 1934 as a Non Banking Finance company.

For AJH & CO  
Chartered Accountants  
FRN:005302N  
NEW DELHI  
Ajay Jain  
Partner  
Membership No. 84096

Date : May 27<sup>th</sup>, 2017  
Place : Gurgaon



**ANNEXURE – B  
TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF  
MINDA I CONNECT 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 I Connect Private Limited ("the Company") as of March 31<sup>st</sup>, 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 adequate and effective 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 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 the Institute of Chartered Accountants of India (ICAI) and 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 ICAI. Those Standards and Guidance Note we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 authorizations 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 March 31<sup>st</sup>, 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 AJH & Co  
Chartered Accountants  
Firm's Registration No. 005302N  
  
Ajay Jain  
Partner  
Membership No. 84096

Date: May 27<sup>th</sup>, 2017  
Place: Gurgaon

**Minda i Connect Private Limited**  
**Balance Sheet as on March 31st, 2017**

(Amount in INR)

Particulars	Note No.	As on March 31st, 2017	As on March 31st, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	48,601,410	40,000,000
Reserve & Surplus	4	(37,913,977)	(19,119,941)
		<b>10,687,433</b>	<b>20,880,059</b>
<b>Non Current Liabilities</b>			
Deferred Tax Liability	5	-	-
Long Term Provisions	6	1,315,237	-
<b>Current Liabilities</b>			
Short Term Borrowings	7	10,012,328	49,461,085
Trade Payables	8	6,088,570	24,437,884
Other Current Liabilities	9	14,543,650	11,981,266
Short Term Provisions	10	125,756	-
<b>Total</b>		<b>42,772,973</b>	<b>106,760,293</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		1,956,449	1,239,827
(ii) Intangible Assets		58,277	158,186
(b) Long Term Loans and Advances	12	1,174,941	905,240
<b>Current Assets</b>			
(a) Inventories	13	18,733,732	45,965,326
(b) Trade Receivables	14	3,857,819	1,947,439
(c) Cash and cash equivalents	15	10,511,063	48,357,827
(d) Short Term Loans and Advances	16	6,480,692	8,186,449
<b>Total</b>		<b>42,772,973</b>	<b>106,760,293</b>

Significant Accounting policies  
Notes to the Financial Statement  
As per our report of even date

1-2  
3-32

For AJH & CO  
Chartered Accountants  
FRN: 005302N  
  
Ajay Jain, F.C.A.  
Partner  
Membership No. 84096

For and on Behalf of the Board of Directors

  
Ravi Jakhodia  
Managing Director  
DIN-06996508

  
H.C. Dhamija  
Director  
DIN-00054842

Date: May 27th, 2017  
Place : Gurgaon



**Minda i Connect Private Limited**  
**Statement of Profit and Loss for the year ended on March 31st, 2017**

(Amount in INR)

Particulars	Note No	For the year ended on March 31st, 2017	For the year ended on March 31st, 2016
<b>INCOME</b>			
Revenue From Operations	17	83,104,209	146,760,982
Other income	18	556,313	1,314,256
<b>Total Revenue</b>		<b>83,660,522</b>	<b>148,075,238</b>
<b>EXPENDITURE</b>			
Cost of Sales	19	56,042,709	127,596,937
Cost of Service	20	13,338,540	2,171,984
Employee Benefits expense	21	38,531,943	17,050,941
Finance Costs	22	3,395,072	3,510,465
Administrative and Other Expenses	23	17,978,221	7,645,038
Depreciation and Amortization expense	11	1,345,537	1,042,021
<b>Total Expenses</b>		<b>130,632,022</b>	<b>159,017,386</b>
Profit/(Loss) before prior period, exceptional and extraordinary items and tax		(46,971,500)	(10,942,148)
Prior Period Items	24	1,605,199	-
Profit/(Loss) before exceptional and extraordinary items and tax		(48,576,699)	(10,942,148)
Exceptional Items		-	-
Profit/(Loss) before extraordinary items and tax		(48,576,699)	(10,942,148)
Extraordinary Items		(48,576,699)	(10,942,148)
Profit/(Loss) before tax		-	-
Tax expense:		-	-
(1) Current tax		-	39,446
(2) Deferred tax Asset/(Liability)		-	-
Profit(Loss) for the year ended from continuing operations		(48,576,699)	(10,902,702)
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discounting operations		-	-
Profit/(Loss) from Discontinuing operations		(48,576,699)	(10,902,702)
Profit/(Loss) for the year ended		(11.89)	(4.10)
Basic and diluted Earning Per Share		-	(3.97)
Resated Earning Per Share		-	-
Significant Accounting policies	1-2		
Notes to the Financial Statement	3-32		
As per our report of even date			

For AJH & CO  
Chartered Accountants  
FRN: 005302N  
Ajay Jain, F.C.A.  
Partner  
Membership No. 84096

For and on Behalf of the Board of Directors

Ravi Jakhodia  
Managing Director  
DIN-06996508

H.C.Dhamija  
Director  
DIN-00054842

Date: May 27th, 2017  
Place : Gurgaon

**Minda i Connect Private Limited**  
**STATEMENT OF CASH FLOWS AS AT 31st March 2017**

(Amount in INR)

PARTICULARS	For the Year ended 31-Mar-17	For the Year ended 31-Mar-16
	Amount in INR	Amount in INR
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income before tax	(48,576,699)	(10,942,149)
Adjusted for:		
Depreciation	1,345,537	1,042,021
Interest on Bank Deposit	(545,622)	(269,118)
Interest on Financial Costs	3,395,072	3,510,465
Asset written off	98,348	-
Employee Stock Purchase Plan	3,682,113	-
<b>Operating Profit before Working Capital Changes</b>	<b>(40,601,251)</b>	<b>(6,658,781)</b>
Adjusted for:		
Current Accounts Receivable	(1,910,382)	(1,947,439)
Change in Inventory	27,231,594	(45,965,326)
Short Term Loans & Advances	1,941,125	(7,894,937)
Non Current Loans and advances	(269,701)	(357,740)
Current Trade Payables	(18,349,314)	21,380,443
Other Current Liabilities	2,562,384	14,872,319
Changes in Provisions	1,440,993	-
<b>Cash generated from operations</b>	<b>(27,954,552)</b>	<b>(26,571,460)</b>
Income Tax Paid	(473,047)	(237,679)
Income Tax Refund	237,679	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(28,189,920)</b>	<b>(26,809,139)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,060,598)	(1,200,624)
Interest on Bank Deposit	545,622	269,118
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,514,976)</b>	<b>(931,506)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in Paid up capital	7,768,070	25,000,000
Increase in Securities Premium	26,933,890	
Increase/(decrease) in Borrowings	(39,448,757)	47,976,454
Interest and other financial charges	(3,395,072)	(3,510,465)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>(8,141,869)</b>	<b>69,465,988</b>
<b>Net(Decrease) Increase in Cash &amp; Cash Equivalents(A+B+C)</b>	<b>(37,846,765)</b>	<b>41,725,343</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>48,357,828</b>	<b>6,632,485</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>10,511,063</b>	<b>48,357,828</b>

As per our Report of even date

For AJH & CO  
Chartered Accountants  
Firm Registration No.: 005302N  
  
Ajay Jain  
Partner  
Membership No. 84096

For and on behalf of Board of Directors

  
Ravi Jakhodia  
Director

  
H.C. Dhamija  
Director

Place: Gurgaon  
Date: May 27th, 2017



**Minda i Connect Private Limited**  
**Notes to the Financial Statements for the year ended on March 31<sup>st</sup>, 2017**

**1. COMPANY OVERVIEW**

The Company was incorporated as Minda I Connect Private Limited on 30<sup>th</sup> September, 2014, to carry on the business of development of software, hardware and designing, programming in automotive mobility and information technology segment, automation providing products and solutions.

The accompanying financial statements reflect the results of the activities undertaken by the Company during the financial year ended on March 31<sup>st</sup>, 2017.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

**I. Basis of preparation of financial statements**

The financial statement has been prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprise of mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013 ("Act") read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting pronouncement of the Institute of Chartered Accountant of India.

**II. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses for the years presented. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

**III. Current – non-current classification**

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

**Assets**

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

- a) It is expected to be realized 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 realized 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.



**Liability**

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.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The operating cycle of the Company has been calculated as 12 months for the purpose of current – non-current classification of assets and liabilities.

**IV. Fixed Assets**

Fixed Assets are stated at cost (Gross Block) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its immediate use. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Other borrowing costs are recognized as expenses in the period in which they are incurred.

Exchange differences arising in respect of translation/settlement of long term foreign currency attributable to the acquisition of a depreciable asset are also included in the cost of an asset.

**V. Depreciation**

Depreciation on all tangible assets is provided on the written down value method over the useful life of the assets

Pursuant to Companies Act, 2013 ('the Act') being effective from 1 April 2014, the Company has used the depreciation rates based on the useful lives as specified in Part 'C' of Schedule II to the Act.

Depreciation on additions to Fixed Assets is provided on pro-rata basis from the date assets is ready to use. Depreciation on sale/deduction from fixed assets is provided for up to the date of sale, deduction, as the case may be.

All assets costing INR 5,000/- or below are depreciated in full by way of one time depreciation charge.

Depreciation for the year is recognized in the Statement of Profit and Loss

Intangible assets are amortized over their respective individual estimated useful lives on a written down value basis, commencing from the date the asset is available to the Company for its use.





An intangible assets is derecognized on disposal or when no future economic benefits are expected from its use and disposals

**VI. Leases**

**Operating Lease**

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rental in respect of an asset taken on operating lease is charged to 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 benefits

**VII. Revenue Recognition**

Revenue from the sale of goods is recognized as goods are dispatched to the customers from the factory/ office premises. Revenue from sale of goods to overseas customers is recognized on the goods being shipped on board. The sales are recorded at invoice value, net of sales tax, and sales returns but including excise duty.

Revenue of service income is recognized considering the time basis.

Interest income is recognized on a time proportionate basis taking into account the amount outstanding and the interest rate applicable.

**VIII. Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on date of the transaction.

Monetary items denominated in foreign currencies at the year-end are restated at the exchange rates prevailing on the date of Balance Sheet. Non-monetary items denominated in foreign currencies are carried at cost.

Any income or expense on account of exchange differences either on settlement or on translation of transactions other than those relating to fixed assets is recognized in the Profit & Loss Account. Gains or loss on transaction of long-term liabilities incurred to acquire fixed assets is treated as an adjustment to the carrying cost of related fixed assets.

Increase or decrease in non-current liabilities on account of exchange rate fluctuations has been adjusted in the cost of tangible fixed assets

**IX. Employee Benefits**

The cost of providing employee benefits i.e. gratuity and leave encashment is determined using the projected unit credit method as per AS-15, with actuarial valuations carried out annually as at balance sheet date. Actuarial gain or loss is recognized immediately in the statement of profit and loss.

**X. Income Taxes**

Income taxes consist of current taxes and changes in deferred tax liabilities and assets.

Income taxes are accounted for on the basis of estimated taxes payable and adjusted for timing differences between the taxable income and accounting income as reported in the financial statements. Timing differences between the taxable income and the accounting income as at March 31, 2017 that reverse in one or more subsequent years are recognized if they result in



taxable amounts. Deferred tax assets or liabilities are established at the enacted tax rates. Changes in the enacted rates are recognized in the period of enactment.

Deferred tax assets are recognized only if there is a reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**XI. Earnings 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 equity shares outstanding during the year. For calculating diluted earnings 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.

**XII. Borrowing Cost**

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**XIII. Miscellaneous Expenditure**

All the Preliminary expenses incurred on formation of the Company have been charged to revenue.

**XIV. Provisions and Contingencies**

A provision is recognized 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 recognized 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.

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.

**XV. Material Events**

Material events occurring after the Balance Sheet date are taken into cognizance.



Date: May 27<sup>th</sup>, 2017  
Place: Gurgaon

For and on Behalf of the Board of Directors

  
Ravi Jakhodia  
Managing Director

  
H.C. Dhamija  
Director



(Amount in Rs)

**Note : 3**

	<u>As at</u> <u>31/03/2017</u>	<u>As at</u> <u>31/03/2016</u>
a) <b>SHARE CAPITAL</b>		
a) <b>AUTHORISED</b>		
5,000,000 Equity Shares of Rs. 10/ each	50,000,000	40,000,000
(4,000,000 Equity Shares of Rs. 10/ each- in previous year)		
b) <b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
4,860,141 Equity Shares of Rs. 10/ each	48,601,410	40,000,000
(4,000,000 Equity Shares of Rs. 10/ each- in previous year)		
<b>Paid up Capital</b>	<b>48,601,410</b>	<b>40,000,000</b>

**Notes**

	<u>As at 31-03-2017</u>		<u>As at 31-03-2016</u>	
i	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Reconciliation of no. of shares and amounts				
Equity Shares				
Outstanding at the beginning of the period	4,000,000	40,000,000	1,500,000	15,000,000
Add: Number of shares issued	860,141	8,601,410	2,500,000	25,000,000
Outstanding at the end of the period	4,860,141	48,601,410	4,000,000	40,000,000

	<u>As at 31-03-2017</u>		<u>As at 31-03-2016</u>	
ii	<u>Number of shares</u>	<u>% of shares</u>	<u>Number of shares</u>	<u>% of shares</u>
Name of the shareholder holding more than 5% Equity Shares				
Ravi Jakhodia	1,600,000	32.92	1,600,000	40.00
Minda Investments Ltd	1,195,000	24.59	1,195,000	29.88
Minda Finance Limited	1,195,000	24.59	1,195,000	29.88
Bar Investments and Finance Private Limited	774,853	15.94	-	-
	<b>4,764,853</b>	<b>98.04</b>	<b>3,990,000</b>	<b>99.75</b>

iii The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.

iv In the period of Five years immediately preceeding March 31st, 2017;

- (a) The Company has allotted 41,667 fully paid-up Equity Shares of Face Value Rs. 10/- during the Quarter ended June 30th 2016, pursuant to Sweat Equity Shares issue approved by the Shareholders through Special Resolution on March 26th, 2016.
- (b) The Company has allotted 41,667 fully paid-up Equity Shares of Face Value Rs. 10/- during the Quarter ended December 31st 2016, pursuant to Sweat Equity Shares issue approved by the Shareholders through Special Resolution on November 30th, 2016.

In the event of liquidation of the company, the 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.

v **Employees stock option scheme**

Pursuant to shareholder resolution dated 29th December 2014, the Company introduced "Employees Stock Option Plan 2014" which provides for the issue of 3,33,300 equity shares to employees of the company. Till 31.03.2017, 74334 stock options have been granted and 30111 stock options have lapsed due to resignation by Employees.

All the above options are planned to be settled in equity at the time of exercise and have maximum period of 48 months from the date of respective grants.



The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	As on 31st March 2017		As on 31st March 2016	
	No. of stock options	Weighted average exercise price (Rs.)	No. of stock options	Weighted average exercise price (Rs.)
<b>Employee stock option scheme 2014</b>				
<u>No. of shares under option</u>				
Outstanding at the beginning of the period	43,727	10	27,827	10
Granted during the period	17,000	10	29,507	10
Number of Options Exercised	1,954	10	-	-
Options Forfeited/ Lapsed during the year	16,504	10	13,607	10
Outstanding at the end of year	42,269	10	43,727	10
Weighted average grant date fair value per option for options granted during the year at less than market value	NA	NA	NA	NA
Payment received against share allotted during the year	NA	NA	NA	NA

**Note : 4**

	As at 31/03/2017	As at 31/03/2016
<b>Reserve and Surplus</b>		
<b>Securities Premium Reserve</b>		
Balance as per Last Balance Sheet	-	-
Add: During the year	29,782,663	-
<b>Total</b>	<b>29,782,663</b>	<b>-</b>
<b>Surplus/(Deficit) as per statement of Profit and Loss</b>		
Balance as per Last Balance Sheet	(19,119,941)	(8,217,238)
Loss for the year ended	(48,576,699)	(10,902,703)
<b>Total</b>	<b>(67,696,641)</b>	<b>(19,119,941)</b>
<b>Grand Total</b>	<b>(37,913,977)</b>	<b>(19,119,941)</b>

**Note : 5**

	As at 31/03/2017	As at 31/03/2016
<b>Deferred Tax Liability</b>		
WDV As per Cos act	2,014,726	1,398,013
WDV As per IT act	2,110,678	1,421,160
<b>Net Difference for Asset/(Liability)</b>	<b>95,952</b>	<b>23,147</b>
<b>Provision for Gratuity</b>	<b>619,204</b>	<b>-</b>
<b>Provision for Leave Encashment</b>	<b>821,789</b>	<b>-</b>
<b>Total Difference for Asset/(Liability)</b>	<b>1,536,945</b>	<b>-</b>
Opening DTA/(DTL)	-	(39,446)
DTA/(DTL) for the year	-	39,446
<b>DTA/(DTL) as on 31/03/17</b>	<b>-</b>	<b>-</b>

**Note : 6**

	As at 31/03/2017	As at 31/03/2016
<b>Long Term Provisions</b>		
Provision for Gratuity	617,998	-
Provision for Leave Encashment	697,239	-
<b>Total</b>	<b>1,315,237</b>	<b>-</b>

Non Current values for the Employee Benefits as per AS 15 (Projected Unit Credit Method) have been accounted for on Valuation basis.





**Note : 7**

	As at 31/03/2017	As at 31/03/2016
<b>Short Term Borrowings</b>		
<b>Unsecured Loan</b>		
Loan From Non Banking Finance Company	10,012,328	18,484,631
<b>Secured Loan</b>		
Bank Overdraft	-	30,976,454
<b>Total</b>	<b>10,012,328</b>	<b>49,461,085</b>

**Note:**

Overdraft secured against:

1. First Pari Passu charge on Current Assets and Second Pari Passu charge on Movable Fixed Assets of the Company (both present and future).
2. Second pari passu charge over all Movable and Immovable Fixed Assets of the Company (both present and future).
3. Unconditional and irrevocable Corporate Guarantee from Minda Investments Limited ("MIL") to remain valid during the entire tenor of Yes Bank Limited facilities.

**Note : 8**

	As at 31/03/2017	As at 31/03/2016
<b>Trade Payables</b>		
Trade Payables due within the normal Operating cycle or within 12 months from the reporting date	6,088,570	24,437,884
<b>Total</b>	<b>6,088,570</b>	<b>24,437,884</b>

**Note : 9**

	As at 31/03/2017	As at 31/03/2016
<b>Current Liabilities</b>		
Expenses payable	1,639,491	536,393
Statutory Dues Payable	387,746	2,572,793
TDS Payable	1,250,906	796,296
Employee Benefit Expenses Payable	1,253,892	2,729,731
Advance Received from Customers	10,011,616	5,346,053
<b>Total</b>	<b>14,543,650</b>	<b>11,981,266</b>



**Note : 10**

	As at 31/03/2017	As at 31/03/2016
<b>Short Term Provisions</b>		
Provision for Gratuity	1,206	-
Provision for Leave Encashment	124,550	-
<b>Total</b>	<b>125,756</b>	<b>-</b>

Note: Current values for the Employee Benefits as per AS 15 (Projected Unit Credit Method) have been accounted for on Valuation basis.

**Note : 11**

	As at 31/03/2017	As at 31/03/2016
<b>Fixed Assets</b>		
Tangible	1,956,449	1,239,827
Intangible	58,277	158,186
<b>Total</b>	<b>2,014,726</b>	<b>1,398,013</b>

**Note : 12**

	As at 31/03/2017	As at 31/03/2016
<b>Long Term Loans and Advances</b> (Unsecured, Considered Good)		
Security Deposit	1,174,941	905,240
<b>Total</b>	<b>1,174,941</b>	<b>905,240</b>

**Note :13**

	As at 31/03/2017	As at 31/03/2016
<b>Inventories</b>		
Traded Goods (As valued and certified by the management)	18,733,732	45,965,326
<b>Total</b>	<b>18,733,732</b>	<b>45,965,326</b>





Annex to Note 11 - Fixed Assets

Annex to Note 11 - Fixed Assets									
	Gross Block			Accumulated Depreciation				Net Block	
	Balance as on 01/04/2016	Additions during the year	Deletions during the year	Balance as on 31/03/2017	Balance as on 01/04/2016	Depreciation during the period	Adjustment on sale/ deletion of Assets	Balance as on 31/03/2017	As at As At 31/03/2017 As at 31/03/2016
A.Tangible Assets									
Office Equipments	541,015	515,503	-	1,056,518	237,702	238,252	-	475,954	303,313
Computers	1,776,940	1,545,095	98,348	3,223,687	840,426	1,007,376	-	1,847,802	936,514
Total	2,317,955	2,060,598	98,348	4,280,205	1,078,128	1,245,628	-	2,323,756	1,239,827
B.Intangible Assets									
Software	340,160	-	-	340,160	181,974	99,909		281,883	158,186
Total	340160	-	-	340,160	181,974	99,909	-	281,883	158,186
Total (A+B)	2,658,115	2,060,598	98,348	4,620,365	1,260,102	1,345,537	-	2,605,639	1,398,013
Previous Year Figures	1,457,491	1,200,624	-	2,658,115	218,081	1,042,021	-	1,260,102	1,398,013



**Note :14**

	As at 31/03/2017	As at 31/03/2016
Trade Receivables		
Debtors Outstanding for more than six months		
Unsecured - Considered good	-	-
Debtors Outstanding for less than six months		
Unsecured - Considered Good	3,857,819	1,947,439
<b>Total</b>	<b>3,857,819</b>	<b>1,947,439</b>

**Note : 15**

	As at 31/03/2017	As at 31/03/2016
Cash & cash equivalent		
Cash in Hand	9,189	793
Cash at Bank	9,901,874	8,691,202
(In Current Account)		
Fixed Deposits	600,000	39,665,832
<b>Total</b>	<b>10,511,063</b>	<b>48,357,827</b>

**Note : 16**

	As at 31/03/2017	As at 31/03/2016
Short term Loans and Advances		
Prepaid Expenses	3,516,014	111,037
Recoverables from Revenue & Government Authorities	2,242,885	7,521,685
Accrued Interest Income	27,851	216,686
Advances recoverable in cash or kind	220,894	99,362
TDS Recoverable	473,047	237,679
<b>Total</b>	<b>6,480,692</b>	<b>8,186,449</b>





**Note : 17**

	For the year ended on March 31st, 2017	For the year ended on March 31st, 2016
Revenue From Operations	63,665,286	143,775,995
Sales (less returns)	19,438,924	2,984,987
Service Income		
<b>Total</b>	<b>83,104,209</b>	<b>146,760,982</b>

**Note : 18**

Other Income	545,622	269,118
Interest on Fixed Deposit	-	1,045,138
Foreign Exchange Fluctuation	10,691	-
Interest on Income Tax Refund		
<b>Total</b>	<b>556,313</b>	<b>1,314,256</b>

**Note :19**

Cost of Sales	28,811,116	173,562,263
Purchase of Traded Goods	45,965,326	-
Add: Opening Stock of Traded Goods	18,733,732	45,965,326
Less: Closing Stock of Traded Goods		
<b>Total</b>	<b>56,042,709</b>	<b>127,596,937</b>

**Note :20**

Cost of Services	4,187,164	-
Telecommunication Services	2,825,399	57,541
Subscription Charges	4,911,883	1,422,238
Hosting Services	476,860	92,885
Payment Gateway Charges	937,233	599,321
Map Charges		
<b>Total</b>	<b>13,338,540</b>	<b>2,171,984</b>

**Note : 21**

Employee Benefits Expense	33,142,610	16,123,211
Salaries and Allowances	1,557,955	795,793
Employer's contribution to Provident Fund	3,682,113	-
Employee Stock Purchase Plans (Sweat Equity)	149,265	131,937
Staff Welfare		
<b>Total</b>	<b>38,531,943</b>	<b>17,050,941</b>

**Note : 22**

Finance Costs	2,846,222	3,094,257
Finance & Interest Cost	398,057	29,618
Interest on Overdraft	85,762	343,149
Bank Charges	65,031	43,441
Interest Others		
<b>Total</b>	<b>3,395,072</b>	<b>3,510,465</b>



**Note : 23**

	For the year ended on March 31st, 2017	For the year ended on March 31st, 2016
<b>Administrative and Other Expenses</b>		
Loss on Exchange Variation	138,051	-
License Fee	104,385	-
Insurance Expenses	285,623	117,162
Electricity Expenses	113,969	96,468
Fixed Asset Written off	98,348	-
Travelling and conveyance	1,562,949	375,070
Legal & Professional Expenses	7,350,669	2,300,955
Office Maintenance	637,187	602,998
Repair and Maintenance	433,197	105,151
Communication exp	640,755	305,884
Printing and stationery	107,353	84,789
Rates and Taxes	86,523	9,500
Office Rent	1,508,528	773,556
General expense	102,133	54,587
<b>Auditors' Remuneration</b>		
Statutory Audit Fee	100,000	100,000
<b>Total Administrative and Other Expenses</b>	<b>13,269,669</b>	<b>4,926,121</b>
<b>Selling and Distribution Expenses</b>		
Marketing Expenses	2,757,626	1,403,595
Distribution Expenses	1,950,926	1,315,323
<b>Total Selling and Distribution Expenses</b>	<b>4,708,552</b>	<b>2,718,918</b>
<b>Total</b>	<b>17,978,221</b>	<b>7,645,038</b>

**Note : 24**

<b>Prior Period Items</b>		
Telecommunication Services	893,757	-
Consultancy Expenses	711,442	-
<b>Total</b>	<b>1,605,199</b>	<b>-</b>





**Minda i Connect Private Limited**  
**Notes to the financial statements**

**Note: 25**

**Earnings per Share**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Net loss for the year as per statement of profit and loss	(48,576,699)	(10,902,704)
Total number of Equity shares	4,860,141	4,000,000
Weighted average no of Shares- Basic	4,086,865	2,660,630
Weighted average no of Shares- Diluted	4,086,865	2,660,630
Earnings Per share- Basic & Diluted	(11.89)	(4.10)
Weighted average no of Shares- Diluted	-	2,743,964
Restated Earnings Per share	-	(3.97)

**Note: 26**

**Related Party Transactions**

During the course of the business the Company has entered into business transactions with individual as mentioned below.

S no.	Name of Related Party	Relation	Transactions	Year Ended March 31 <sup>st</sup> , 2017	Year Ended March 31 <sup>st</sup> , 2016
1.	Ravi Jakhodia	Managing Director	1. Salary & Allowances	5,488,471	2,694,535

**Note: 27**

**Commitments and contingencies (not provided for)**

Nil

**Note: 28**

**Leases**

The Company has taken offices on cancellable operating leases. The lease rentals recognized in the statement of profit and loss for the year March 31, 2017 is INR 1,508,528/- (For Previous Year the lease rentals were INR 773,556/-)

**Note: 29**

**Foreign Currency Transactions (Outflow)**

S. No.	Nature of Expenses	Amount in INR for the year ending on March 31 <sup>st</sup> , 2017	Amount in INR for the year ending on March 31 <sup>st</sup> , 2016
1.	Purchases of Devices	18,184,965	136,274,418
2.	License Procurement Charges	836,517	553,585
3.	Device Development Services	956,700	3,302,595
4.	Product Development	-	427,831



**Note: 30**

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the table below:

Particulars	SBNs	Other Denominations Notes	Total
Closing Cash in hand as on 08.11.2016	-	2,494	2,494
(+) Withdrawal from bank accounts	-	45,000	45,000
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	22,375	22,375
(-) Amount deposited in Banks	-	-	-
Closing Cash in hand as on 30.12.2016	-	25,119	25,119

**Note: 31****Going Concern**

The Company has accumulated losses at the end of the current financial year. The company has incurred cash losses during the year and immediately preceeding year.

Considering the fact that the Company is in the process of establishing its business facility, management is of the opinion that the status of going concern of the Company is not affected.

**Note: 32****Previous Year's figures**

Previous year's figures have been re-grouped/re-classified wherever necessary.

For AJH & CO  
Chartered Accountants  
FRN: 05302N  
Ajay Jain  
Partner  
Membership No. 84096



For and on Behalf of the Board of Directors

  
Ravi Jakhodia  
Managing Director

  
H.C. Dhamija  
Director

Date: May 27th, 2017

Place: Gurgaon