Board of Directors

Mr. Gaurav Motwane
Chairman, Managing Director & Chief Executive Officer
DIN 00746165

Mrs. Superna Motwane
DIN 01343282

Mr. Satpal Khattar
DIN 00307293

Mrs. Avaantika Kakkar
Independent Director
DIN 06966972

Mr. Vivek Patwardhan
Independent Director
DIN 07140190

Rajesh Nagpal
Additional Director
DIN 00032123

Nikhilesh Panchal
Additional Director
DIN 00041080

Arvind Khattar
Additional Director
DIN 00245485

Mr. Pradeep Mestry
Chief Financial Officer

Mr. Mahendra Salunke
Company Secretary

Auditors

Deloitte Haskins & Sells

Tower 3, 27th – 32nd Floor, Indiabulls Finance Centre,
Senapati Bapat Marg, Elphinstone (West), Mumbai 400 013.

Registrar & Transfer Agent

Karvy Computer Shares Private Limited

Plot No.17-24, Vitthalrao Nagar,
Madhapur, Hyderabad 500 081.

Registered & Corporate Office

31, Maker Chamber VI, Nariman Point, Mumbai 400 021.

Factory

Nashik

89/1/A, M.I.D.C. Area, Satpur, Nashik 422 007, Maharashtra

Pithampur

Plot No.5, Industrial Growth Centre, Pithampur Sector 2,
Dist. Dhar, Madhya Pradesh

Branch Offices

Chennai

2/2 Hazari Street, Chennai 600 002.

Kolkata

7, KYD Street, 3rd Floor, Kolkata 700 016.

Delhi

Unit No.516, Westend Mall, Jankapuri West, New Delhi 110 058.

Pune

13, Saidham Commercial Mall, Lande Wadi, Bhosari, Pune 411 039.

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BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 23rd Annual Report of your Company together with the audited financial statements for the Financial Year ended March 31, 2017.

1. FINANCIAL RESULTS

(Rs. in Millions)

	Year ended March 31, 2017	Year ended March 31, 2016
Total Revenue	**4,970.3**	4,701.1
Profit before Depreciation and Exceptional Item	**424.9**	521.6
Profit before Depreciation	**424.9**	476.6
Less : Depreciation / Amortization	**85.0**	76.2
Profit before Tax	**339.9**	400.4
Less : Provision for Tax – Current year	**96.5**	85.8
Deferred tax (net)	**17.6**	22.1
Current Tax Credit (Net) relating to prior years	**(9.4)**	*
Profit for the year after tax	**235.2**	292.5
Other Comprehensive Income (Net of Tax)	**(1.4)**	(0.2)
Total Comprehensive Income	**233.8**	292.3
Profit for earlier years brought forward	**1,350.0**	1,230.0
Profit available for appropriation	**1,682.4**	1,591.6
Dividend Paid	**118.8**	118.8
Income Tax on Dividend Paid	**24.2**	24.2
Transfer to General Reserve	**–**	29.3

* Represents Rs.44,131 (Credit)

Your Company's Revenue from Operations (Net) for the year under review was Rs.4,937.0 Millions, compared to Rs.4,663.6 Millions in the previous year, registering a rise of 5%.

Other Income was Rs.33.3 Millions in 2016-17 compared to Rs.43.5 Millions in 2015-16. Profit before Depreciation, Interest, Exceptional and Tax (PBDIT) was at Rs.432.6 Millions as against Rs.523.8 Millions in 2015-16. The percentage of Profit before Tax (PBT) to Total Revenue declined to 6.8% in 2016-17 from 8.5 % in 2015-16.

Profit after Tax decreased from Rs.292.5 Millions in 2015-16 to Rs.235.2 Millions in 2016-17. The percentage of Profit after Tax to Total Revenue decreased from 6.2 % in 2015-16 to 4.7 % in 2016-17.

The Board does not recommend dividend for the financial year 2016-17 and no profit is proposed to be transferred to general reserve.

Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), vide its notification dated February 16, 2016, notified the Indian Accounting Standards (Ind AS) applicable to certain class of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Indian Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. For MSL Driveline Systems Limited, Ind AS is applicable from April 1, 2016. Therefore the accounts of the Company are drawn as per Ind-AS for the financial year 2016-17 and the previous years' financials have also been re-instated as per Ind-AS.

2. THE STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

ECONOMIC SCENARIO AND DOMESTIC MARKET

The domestic commercial vehicle industry showed resurgence in demand in Quarter 1 of the financial year 2016-17. A sudden slowdown in demand in Quarter 2 took the industry by surprise. The Quarter 3 that was projected to deliver growth was impacted due to the decision of demonetization that impacted the industry immediately. Fleet owners, transporters and vehicle owners cancelled and deferred their decision to purchase vehicles.

The net negative impact due to the volatility in demand has been estimated to be 25-30%. Demand at the end of Quarter 4 has been further impacted due to the changeover from BS III to BS IV.

The domestic after market was temporarily affected due to demonetization but has returned to normalcy. Your Company continues to add products to sell through its after-market channels. Competition in the after-market has increased due to OEM's entering the segment which has caused a drop in volumes of certain products.

Inspite of the negative surprises through the year, your Company achieved a sales growth of 13% in domestic OEM Sales and added Rs.345.9 Millions to the sales. This growth was achieved due to new customers and new business added in this segment. In the after-market also we were able to achieve positive growth of 7.1% and added Rs.51.8 Millions in the sales and this was due to continuous efforts in brand building and channel improvement.

TRADING ACTIVITY

In order to control quality of incoming input steel and to ensure timely availability, the Company trades into steel products. The steel is sourced from customer approved steel manufacturers. The trading divisions' growth revenue was Rs.81.7 Millions during period under review as compared to Rs.71.4 Millions in the previous year.

EXPORTS

The North American Truck Market for Class 6 and Class 8 trucks remained subdued in the financial year 2016-17.Your Company mainly caters to this export segment. The sale to this segment remained weak to the level of Rs.556.6 Millions as compared to Rs.735.0 Millions in the corresponding previous year. The Quarter 4 of the financial year showed stability of demand with an indication of a positive trend.

The demand from the South American Market also remained weak. The Export shipments this year remained at USD 8.4 Millions as compared to USD 11.4 Millions.

AFTER MARKET BUSINESS

This segment continues to remain in focus. This year your Company has introduced many products for Heavy Commercial Vehicle (HCV) segment which includes UJ and clutch both types. Continuous improvement of channels, quality of channel partners, schemes for actual users and brand building continue to be the focus areas to explore more sales from this segment.

NEW BUSINESS

Your Company has entered into a sales partnership to supply propeller shafts to the Off Highway segment in the North American market. This is expected to give tangible results in the financial year 2017-18. New customers and new businesses have continued to be the focus areas.

Pithampur Plant

In order to deliver value in service quality and also to mitigate risk of single location, your Company has invested in Pithampur, Madhya Pradesh. The Pithampur plant houses two full fledged propeller shaft assembly lines with modern equipment. The plant is fully functional now with dedicated team of competent personnels. All statutory and regulatory approvals are in place and regular production has commenced from January, 2017 to fully cater to the orders of the major local customers. The proximity has resulted in very encouraging co-operation from the local customers and possibilities of new business additions are stronger.

TECHNOLOGY AND PRODUCTS OFFERING

The global trends in terms of technology and products revolve around environmental regulations, safety, light-weighing and connectivity. Your Company is constantly developing products that meet the dynamic requirements of the market. Products have been developed to cover the entire range of vehicles including new generation heavy commercial vehicles.

TECHNOLOGY AND PRODUCT DEVELOPMENT

The development of products for new generation vehicles puts the Company on a strong footing where it is positioned to provide products for future demand trends. Several new products have been developed under period of review and several current products have been upgraded.

RESEARCH AND DEVELOPMENT

In order to boost customer confidence in our product offering, our Company has continuously invested in testing facilities. A new R&D Centre has been created with the State of the Art equipment catering for all range of products made by the Company.

The facility in addition to testing, validations for products as per customer requirements, it also supports in-house innovations, as regards products, features & processes.

This year Company invested Rs.17.7 Millions as compared to Rs.87.9 Millions last year in R&D.

THE YEAR AHEAD

The North American truck market is on the up-swing and it is expected to grow around 20% minimum in the financial year 2017-18 as compared to financial year 2016-17. Introduction of new products in HCV after markets segment are also expected to achieve substantial growth.

The domestic market growth depends on the following:

1. Government spending in infrastructure
2. Opening of mining segment
3. Vehicle scrappage policy

All above factors are showing positive sentiments and minimum 8% growth is expected this year.

Investment in infrastructure is expected to continue. The Government is planning to spend more so that the overall economy becomes better. The Ministry of Road Transport and Highways has been bullish on building highways. This is a good sign. The fiscal deficit is reported to be under control. This indicates that the Government is having good control on the revenue side. Based on this combined with expectations of good monsoon, there is good reason to believe that the public spending will increase. Another reason to be optimistic is reducing trend of interest rates. Increase in bank deposits and control on inflation has made this possible. One can see the financial year 2011-12 numbers could be exceeded in financial year 2017-18.

3. CHANGE IN NAME OF THE COMPANY

The name of the Company has been changed from 'Mahindra Sona Limited' to 'MSL Driveline Systems Limited' vide special resolution passed by the members at the Extra-Ordinary General Meeting of the Company held on March 15, 2017. The Registrar of Companies, Mumbai, Maharashtra issued a Certificate of Incorporation pursuant to change in name dated March 24, 2017.

4. COST CONTROL

Cost optimization and effectiveness has been a key pillar of your Company's value creation strategy. This strategy has been achieved through scale in operations, process technology innovations, wastage reduction in the value chain along with efficient management of working capital. Your Company will continue its efforts on cost effectiveness in the coming year. In order to counter the upward trend in indirect costs going into products and inability of OEM customers to compensate the same, the Company continued to improve operational efficiency by increasing review cycle to Weekly Cross Functional Review meetings, Total Productive Maintenance and Group Kaizen.

The cost of power supplied by the State Electricity Board has increased over the past financial year. Several Energy Saving Programs have been undertaken in the Company which have yielded satisfactory results. The management continues to find innovative ways of reducing its energy costs including evaluating sources and investments in renewable energy for its manufacturing requirements.

5. SHARE CAPITAL

There was no change in the Share Capital of the Company for the Financial Year ended March 31, 2017.

6. FINANCE

The Company has term loans amounting to Rs.300.0 Millions, outstanding as on March 31, 2017.

7. DEPOSITS

We have not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

8. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENT

During the Financial Year ended March 31, 2017, the Company has not given any loan to any person or other body corporate or given any guarantee or provided any security in connection with a loan to any other body corporate or person. During the year, the Company has not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

9. RISK MANAGEMENT

The Risk Management Policy as adopted by the Board of Directors of your Company focuses on sustainable business growth of the Company. The risk management systems adopted by the Company at various levels, *inter alia*, cover business risk, statutory compliances, and environmental risk. The Risk Management system is continuously reviewed at appropriate level and corrections are made wherever required. The Company has taken adequate insurance policies to mitigate different kinds of risk. The safety audit is undertaken regularly. As stated in the previous Board Report, the Second Plant of your Company located at Pithampur, Madhya Pradesh has become fully operational.

10. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has Internal Financial Control Systems commensurate with the size of the Company and the nature of its business. The Internal Financial Control system of the Company covers three levels control viz. entity level, business process level and IT General Control. The Internal Financial Control System as adopted by the Board of Directors of the Company ensures adherence to the Company's policy, the safeguarding of its assets, the prevention of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures. The Company has appointed internal auditors to monitor and evaluate the efficacy and adequacy of internal financial control system in the Company. The Audit Committee and the Board ensures that the said system is adequate considering the nature of business and size of transactions. The Statutory Auditors have also audited the Internal Financial Control System of the Company for the financial year ended March 31, 2017 and opined in their report that 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.

11. INDUSTRIAL RELATIONS

Industrial relations during the year were cordial.

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Chairman of the Board

Upon resignation tendered by Mr. S. P. Shukla, Chairman of the Company, Mr. Gaurav Motwane was appointed as the Chairman of the Company with effect from December 19, 2016.

Inductions

The Board made the following Appointments/Re-Appointments based on the recommendations of the Nomination & Remuneration Committee:

- Appointment of Mr. Arvind Khattar as a Non-Executive Director of the Board with effect from February 13, 2017.
- Appointment of Mr. Nikhilesh Panchal as a Non-Executive Director of the Board with effect from February 13, 2017.
- Appointment of Mr. Rajesh Nagpal as a Non-Executive Director of the Board with effect from February 13, 2017.

Appointment of Directors would be placed before the forthcoming Annual General Meeting of the Company for the approval of the members.

Re-appointment of Retiring Directors

As per the provisions of the Companies Act, 2013, Mr. Satpal Khattar and Mrs. Superna Motwane retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

Resignation

During the period under review, Mr. S. P. Shukla, Mr. K. Chandrasekar and Mr. S. Durgashankar, tendered their resignation from the directorship of the Company with effect from December 16, 2016.

The Board places on record its appreciation for the services rendered by Mr. S. P. Shukla, Mr. K. Chandrasekar and Mr. S. Durgashankar respectively during their tenure in the Company.

Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director under the provisions of Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013. The Independent Directors are not liable to retire by rotation.

Number of Meetings of the Board of Directors

During the year under review, the Board met 5 (Five) times i.e. on May 18, 2016; August 1, 2016; November 15, 2016; December 19, 2016 and February 13, 2017 respectively, the details of which are given in Annexure 'B' forming part of this Board Report. The maximum interval between two meetings did not exceed 120 days, as prescribed in Section 173 of the Companies Act, 2013.

13. AUDIT COMMITTEE

The Audit Committee comprises of Mrs. Avaantika Kakkar, Mr. Vivek Patwardhan and Mr. Gaurav Motwane. Mr. S. P. Shukla ceased to continue as a member of the Audit Committee, consequent to his resignation from the directorship of the Company, with effect from December 16, 2016.

During the year under review, the Committee met 3 (Three) times i.e. on May 18, 2016; November 15, 2016 and February 10, 2017 respectively, the details of which are given in Annexure 'B' annexed to this Report.

There were no circumstances requiring reporting where the Board has not accepted the recommendations of the Audit Committee.

14. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVE

Your Company has framed a Corporate Social Responsibility (CSR) Policy in compliance with the provisions of the Companies Act, 2013 and the same is available on the Company's website (www.msldriveline.com).

The CSR activities undertaken by your Company primarily focus on education, health, environment and women empowerment. The details of the CSR initiatives undertaken by the Company during the period under review and the amount spent are given in Annexure 'C' forming part of this Board Report.

Presently, the CSR Committee comprises of Mrs. Superna Motwane, Mr. Rajesh Nagpal and Mr. Vivek Patwardhan. During the period under review, Mr. Durgashankar Prasad, ceased to continue as a member of the committee, consequent to his resignation from the directorship of the Company, with effect from December 16, 2016.

The CSR corpus for the financial year 2016-17 amounted to Rs.8.9 Millions. The details of CSR corpus spent on CSR activities approved by the CSR Committee and the Board are mentioned in the Annual Report on CSR.

During the year under review, the Committee met 2 (Two) times i.e. on August 1, 2016 and February 13, 2017 respectively, details of which are given in Annexure 'B' forming part of this Board Report.

15. NOMINATION & REMUNERATION POLICY & COMMITTEE

The Company has in place a Nomination & Remuneration Committee in accordance with the requirements of Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014. The Nomination & Remuneration Committee presently comprises of Mrs. Avaantika Kakkar, Mrs. Superna Motwane and Mr. Vivek Patwardhan. Mr. K. Chandrasekar ceased to continue as member of the Committee, consequent to his resignation from the directorship of the Company, with effect from December 16, 2016.

The Committee has formulated a Policy on Director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees, composition and the criteria for determining qualifications, positive attributes and independence of a Director are given in Annexure 'D' forming part of this Board Report.

During the year under review, the Committee met 2 (Two) times i.e. on May 18, 2016 and February 10, 2017, the details of which are given in Annexure 'B' forming part of this Board Report.

16. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management, and after due enquiry, confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards for the financial year ended March 31, 2017 have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis;
5. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions with related parties entered into by the Company during the financial year were on arm's length basis and were in the ordinary course of business. The details of the related party transactions as required under Section 188 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in the format prescribed in Form AOC-2 is given in Annexure 'E' forming part of this Board Report.

18. AUDITORS

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013, the present Statutory Auditors of Company, M/s. Deloitte Haskins & Sells [Registration No. 117366W/W–100018] retires at the ensuing Annual General Meeting of the Company upon completion of their term as Statutory Auditors of the Company.

The Audit Committee and the Board of Directors recommend appointment of M/s. SRBC & Co. LLP (Reg.No.324982E), Chartered Accountants as Statutory Auditors of the Company in place of retiring auditors M/s. Deloitte Haskins & Sells, Chartered Accountants.

The Company has received letters from M/s. SRBC & Co. LLP, Chartered Accountants to the effect that their appointment, if made, would be in accordance with the provisions of Section 139 of the Companies Act, 2013 and that they satisfy the criteria stipulated in Section 141 of the Companies Act, 2013.

The Auditors appointed in the ensuing 23rd Annual General Meeting shall hold office from the conclusion of that Annual General Meeting till the conclusion of the 28th Annual General Meeting, provided that such appointment shall be subject to ratification in every Annual General Meeting of the Company by way of passing of an ordinary resolution.

The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer. The attention of members is invited to the observation made by the Auditors under "Emphasis of Matter" appearing in the Auditors Report. The Auditors' Report is enclosed with the financial statements in the Annual Report.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 thereunder, Vijay Tiwari & Associates, Practicing Company Secretaries were appointed to conduct the secretarial audit of the Company for the financial year 2016-17. The Secretarial Audit Report for the financial year 2016-17 forms part of the Annual Report as Annexure 'H' to the Board's Report.

The Secretarial Auditors in their report has made comment on non-compliance of the provisions of Foreign Exchange Management Act, 1999. The non-compliance pertains to filing of Annual Performance Report (APR) and Foreign Liabilities and Assets statement (FLA) which has mainly occurred on account of non-availability of financial documents of foreign joint venture companies, corresponding to the Company's financial year. The Company has initiated an application for compounding with Reserve Bank of India.

The Board has appointed Vijay Tiwari & Associates, Practicing Company Secretaries, as the Secretarial Auditor of the Company for financial year 2017-18.

19. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) the Companies (Accounts) Rules, 2014 are provided in the Annexure 'A' forming part of this Board Report.

20. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended vide notification dated June 30, 2016 issued by the Ministry of Corporate Affairs, Government of India), the names and other particulars of the employees are set out in the Annexure 'F' forming part of this Board Report.

21. EXTRACT OF ANNUAL RETURN

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013, the extract of the Annual Return as provided under sub-section (3) of Section 92 of the Companies Act, 2013 in the prescribed Form MGT-9 appended as Annexure 'G' forms part of this Board Report.

22. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION

There have been no material changes and commitments which have occurred between the end of the financial year and the date of this report which can have impact on the financial position of the Company.

23. SIGNIFICANT AND MATERIAL ORDER

There have been no significant material orders passed by courts, tribunals or regulatory authorities which can have impact on going concern status of the Company and its operations.

24. PREVENTION OF SEXUAL HARASSMENT POLICY

The Company has constituted an Internal Complaint Committee under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year no complaints were filed before the said Committee.

25. ACKNOWLEDGMENTS

The Directors wish to convey their appreciation to all of the Company's employees for their enormous efforts as well as their collective contribution to the Company's performance. The Directors would also like to thank the shareholders, customers, dealers, suppliers, bankers, Government and all the other business associates for the continuous support given by them to the Company and their confidence in its Management and look forward to their continued support in the future.

For and on behalf of the Board

Gaurav Motwane
Chairman, Managing Director & CEO

Vivek Patwardhan
Independent Director

Mumbai
6th June, 2017

Annexure 'A' to the Board's Report

PARTICULARS AS PER ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

(A) CONSERVATION OF ENERGY

The Company has given due importance for conservation of energy and environmental sustainability. Persistent efforts are made towards achieving this goal by the Company.

(i) The steps taken or impact on conservation of energy:

Energy Conservation Measures taken at the factory at Nashik and Pithampur Plant:

(1) RTPFC (Real Time Power Factor Controller) panel installed for Plant 2 at Nashik.

(2) LED Tube-lights with sensors provided for wash-rooms and staircase in Nashik Plants.

(3) Usage of LED tubes, panel lights, street lights and focus lights continued at both locations.

(4) Energy efficient pumps installed in Export Plant.

(5) Remaining riveting machines modified to run motor only during riveting.

(6) Fixtures in HT Dept modified to accommodate more pieces to increase productivity and reduce energy consumption per piece.

(ii) The steps taken by the Company for utilizing alternate sources of energy:

The Company was exploring solar energy at its Nashik Plant. But it was not feasible on account of cost benefit analysis. As on the date of reporting the Company is not utilizing any alternate sources of energy.

(iii) The capital investment on energy conservation equipments:

During the current financial year capital investment of Rs.4.8 Millions were made on energy conservation equipments.

(B) TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption:

The Company entered into Technical Collaboration Agreement with IFA-Rotorion, Germany, in 2008-09 for technology absorption for high performance Propeller Shafts. The Company continued to produce Propeller Shafts with this technology with significant local content. Technology absorption is in progress.

The Company entered into a Technical Collaboration Agreement with Hyolim Industrial Company Limited, Korea in 2010-11 for technology for heavy duty Propeller Shafts. These Propeller Shafts for Heavy Commercial Vehicle applications initially had a high degree of indigenous content whereas presently the indigenous content is 100%.

During the year 2012-13, the Company entered into a Technology Collaboration Agreement with Hyolim Industrial Company Limited, Korea, for Propeller Shaft for specific models of SUVs manufactured in India as a measure of import substitution. Phased localization program for these products is currently under consideration. Customer has Phased out manufacturing of above mentioned SUV.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

By introducing Compact Series in existing series, Company manufactured light weighed Universal Joints and also achieved cost reduction in few specific products manufactured for one of its customer. After this success, Company is planning to propose the similar offer to other customers.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

(a) The details of technology imported:

Product Drawings, specifications and standards were imported pursuant to Technical Collaboration Agreement entered by the Company for Compact series Propeller Shafts used in Medium Commercial Vehicles and Heavy Commercial Vehicles.

(b) The year of import:

Product Drawings, specifications and standards were imported in the financial year 2013-14 and 2014-15.

(c) Whether the technology been has fully absorbed:

Technology has been partially absorbed and it will be fully absorbed in phased manner. Compact Series for HCV is being currently produced, used in Heavy commercial vehicles. 2040 series was launched first, followed by 2045, the same is tested and ready for launch.

(d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof:

Product development and manufacturing of prototypes is in progress which will be followed by proto sample testing and validation.

(iv) The expenditure incurred on Research and Development:

During the year under review, the Company spent Rs.17.7 Millions towards capital investment and Rs.14.9 Millions towards revenue expenditure in the Company's R&D Centre. The total amount of Rs.32.6 Millions expended in R&D activity during the year was approximately 0.7% of the total revenue of the Company. Gross value of capital investment in the R&D Centre stood at Rs.298.1 Millions as at the end of financial year 2017.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Rs. Millions

Category	**Current Year**	Previous Year
Inflow	**542.5**	727.3
Outflow	**756.9**	657.9

Annexure 'B' to the Board's Report

DETAILS OF MEETING OF THE BOARD OF DIRECTORS OF THE COMPANY AND THEIR COMMITTEES AS PER SECTION 134(3)(b) AND SECRETARIAL STANDARD ON MEETINGS OF THE BOARD OF DIRECTORS (SS-1) (DURING THE FINANCIAL YEAR ENDING ON MARCH 31, 2017)

A] BOARD MEETING

No.	Name of the Director	Category	No. of Meeting(s) Attended	Attendance at last AGM
1.	Mr. S. P. Shukla *(Resigned w.e.f December 16, 2016)*	Non-Executive Director	3 out of 3	Yes
2.	Mr. S. Durgashankar *(Resigned w.e.f. December 16, 2016)*	Non-Executive Director	3 out of 3	No
3.	Mr. K. Chandrasekar *(Resigned w.e.f. December 16, 2016)*	Non-Executive Director	3 out of 3	No
4.	Mr. Gaurav Motwane	Chairman, Managing Director & CEO	5 out of 5	Yes
5.	Mr. Sat pal Khattar	Non-Executive Director	4 out of 5	No
6.	Mr. Vivek Patwardhan	Independent Director	4 out of 5	Yes
7.	Mrs. Superna Motwane	Non-Executive Director	4 out of 5	Yes
8.	Mrs. Avaantika Kakkar	Independent Director	2 out of 5	Yes
9.	Mr. Arvind Khattar *(Appointed w.e.f February 13, 2017)*	Non-Executive Director	0 out of 1	No
10.	Mr. Nikhilesh Panchal *(Appointed w.e.f February 13, 2017)*	Non-Executive Director	1 out of 1	No
11.	Mr. Rajesh Nagpal *(Appointed w.e.f February 13, 2017)*	Non-Executive Director	1 out of 1	No

B] AUDIT COMMITTEE MEETING

No.	Name of the Director	Category	No. of Meeting(s) Attended
1.	Mr. K. Chandrasekar	Non-Executive Director	2 out of 2
2.	Mrs. Avaantika Kakkar	Independent Director	1 out of 3
3.	Mr. Vivek Patwardhan	Independent Director	3 out of 3
4.	Mr. Gaurav Motwane	Chairman, Managing Director & CEO	3 out of 3

C] CSR COMMITTEE MEETING

No.	Name of the Director	Category	No. of Meeting(s) Attended
1.	Mr. S. Durgashankar	Non-Executive Director	1 out of 1
2.	Mrs. Superna Motwane	Non-Executive Director	2 out of 2
3.	Mr. Vivek Patwardhan	Independent Director	2 out of 2
4.	Mr. Rajesh Nagpal	Non-Executive Director	1 out of 1

D] NRC COMMITTEE MEETING

No.	Name of the Director	Category	No. of Meeting(s) Attended
1.	Mr. S. P. Shukla	Non-Executive Director	1 out of 1
2.	Mrs. Avaantika Kakkar	Independent Director	1 out of 2
3.	Mr. Vivek Patwardhan	Independent Director	2 out of 2
4.	Mrs. Superna Motwane	Non-Executive Director	1 out of 2

Annexure 'C' to the Board's Report

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.

CSR vision of the Company is to integrate social and environmental concerns in its business operations and interactions with all stakeholders in order to achieve a balance of economic, environmental and social imperatives. CSR will remain a fundamental part of the Company's practices, broad objective and overall culture. Company has constituted CSR Committee which recommends CSR activities to the Board for their approval. There is a monitoring team to overview the implementation of CSR activities. The Company implemented its CSR Project through implementing agencies by way of contribution. During the year under review, the Company has contributed towards programs encompassing the following areas:

(a) Education

(b) Health

(c) Women Empowerment

(d) Environment

The Company's CSR Policy is available at *www.msldriveline.com*

2. The Composition of the CSR Committee.

CSR Committee as on March 31, 2017 consists of:

No.	Name of Director	Designation
1.	Mrs. Superna Motwane	Non-Executive Director
2.	Mr. Vivek Patwardhan	Independent Director
3.	Mr. Rajesh Nagpal	Non-Executive Director

3. Average net profit of the Company for the last three financial years : Rs.443.58 Millions

4. Prescribed CSR Expenditure (two percent of the amount as in item above) : Rs.8.9 Millions

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year : Rs.8.9 Millions

(b) Amount unspent, if any : Rs.0.9 Million

(c) Manner in which the amount spent during the financial year is detailed below:

(Rs. in Millions)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state & district where Projects or Programs were undertaken	Amount outlay (budget) Project or Program wise	Amount spent on the Projects or Programs **Sub Heads**: Direct Expenditure on Projects and Programs including Overheads	Cumulative expenditure upto to the reporting period.	Amount Spent: direct or through imple-menting agency
1.	Project Nanhi kali	Education	Mumbai, Maharashtra	3.00	3.00	3.00	Implemen-ting Agency
2.	Seva Sadan Society	Women Empowerment	Mumbai, Maharashtra	1.00	1.00	1.00	Implemen-ting Agency
3.	Shri Guruji Rugnalaya	Health	Nashik, Maharashtra	3.00	3.00	3.00	Implemen-ting Agency
4.	Vanvasi and Durbal Ghatak Vividh Seva Prakalpa Nyas	Education	Nashik, Maharashtra	0.50	0.50	0.50	Implemen-ting Agency
5.	Avishkar Sikhshan Sanstha	Health	Nashik, Maharashtra	0.20	0.20	0.20	Implemen-ting Agency
6.	Janakalyan Blood Bank	Health	Nashik, Maharashtra	0.125	0.125	0.125	Implemen-ting Agency
7.	Tainwala Foundation	Environment	Nashik, Maharashtra	0.11	0.11	0.11	Implemen-ting Agency
8.	Swami Vivekanand Society	Education	Nashik, Maharashtra	0.04	0.04	0.04	Implemen-ting Agency
9.	Venkatesh Bapat Charitable Trust	Education	Nashik, Maharashtra	0.025	0.025	0.025	Implemen-ting Agency
			Total	**8.00**	**8.00**	**8.00**	

Details of Implementing Agency: Project Nanhi kali is implemented by K. C. Mahindra Education Trust, Mumbai. The projects mentioned above (No.2 to 9) are implemented by respective NGO's / organizations mentioned in the first column itself.

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

During the period under review the Company was not in a position to spend the outstanding Rs.0.9 Million allocated towards CSR spending at the Pithampur (Manufacturing Plant) on account of being unable to find projects in the area approved by the CSR Committee due to shortage of time.

7. A responsibility statement of the CSR Committee:

The CSR Committee hereby states and confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company.

For and on behalf of the Board

Gaurav Motwane
Chairman, Managing Director & CEO

Vivek Patwardhan
Independent Director

Mumbai
6th June, 2017

Annexure 'D' to the Board's Report

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION AS PER SECTION 178(4) OF THE COMPANIES ACT, 2013 IS AS FOLLOWS

The Nomination and Remuneration Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors, KMP and Senior Management and their remuneration. This Policy is accordingly derived from the said Charter.

A] Criteria for Board Membership

Directors

The Company shall take into account following points:

(a) Director must have relevant experience in Finance / Law / Management / Sales / Marketing / Administration / Research / Corporate Governance / Technical Operations / Human Resource or the other disciplines related to Company's business.

(b) Director should posses the highest personal and professional ethics, integrity and values.

(c) Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.

Independent Director

Independent Director shall meet all criteria specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder.

B] Remuneration Policy

Directors

Nomination and Remuneration Committee shall recommend the remuneration, including the commission based on the net profits of the Company for the Non-Executive Directors and Whole-time Directors and other Executive Directors.

Remuneration recommended by the Committee shall be subject to approval of the Board and Shareholders.

Prior approval of the Shareholders will be obtained whenever applicable.

Remuneration to Whole-time directors shall be by way of salary, allowances, perquisites and variable pay. Salary is to be paid within the range approved by the Shareholders. Annual increments to be proposed by the Committee within the prescribed ceiling approved by the Shareholders. Annual increments as proposed by the Committee shall be subject to approval of the Board.

The remuneration paid to Executive Directors is determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Company policy.

Non-Executive Directors receive sitting fees for attending meetings of the Board and Board committees. Sitting fees to be recommended by the Committee and to be approved by the Board.

Key Managerial Personnel/other employees

The remuneration to employees largely consists of basic salary, perquisites, allowances and incentives. Perquisites and retirement benefits are paid according to the Company policy, subject to the prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification and experience / merits, performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

Employees shall be eligible for loan from the Company, not exceeding twelve times of their basic salary and subject to approval by the Management at such terms and conditions (including rate of interest) deemed appropriate by the Management, considering various factors such as number of years of services, past performance, etc.

The annual variable pay of employees is linked to the performance of the Company.

Annexure 'E' to the Board's Report

PARTICULARS OF CONTRACT OR ARRANGEMENTS WITH RELATED PARTIES AS PER SECTION 134(3)(h) OF THE COMPANIES ACT, 2013

Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

This Form pertains to disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

   There were no contracts or arrangements or transactions entered into during the year ended March 31, 2017, which were not at arm's length basis.

2. **Details of material contracts or arrangements or transactions at arm's length basis:**

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Sanyo Special Steels Private Limited** *(Mr. S.P. Shukla, Director of Mahindra Sona Limited is also Director of Mahindra Sanyo Special Steels Private Limited)*	Purchase of goods	On-going	Arm's length transaction	N.A.	Nil
Khaitan & Co. LLP *(Mrs. Avaantika Kakkar, Director of Mahindra Sona Limited, is also a partner of Khaitan & Co. LLP)*	Professional fees	Ad-hoc	Arm's length transaction	N.A.	Nil
Motwane Consultancy Private Limited ('MCPL') *(Mr. Gaurav Motwane and Mrs. Superna Motwane are member and directors of the Company are also member and directors of MCPL)*	Leasing of property	On-going	Arm's length transaction	February 13, 2017 - Board Members approval	Nil

** Note:

a) Mr. S. P. Shukla resigned from the Directorship of the Company w.e.f. December 16, 2016.

b) The transaction entered into with Sanyo Special Steels Private Limited was at arm's length and in the ordinary course of business. Though the approval of the Board of Directors was not required, the Audit Committee of the Board has approved the said transaction.

For and on behalf of the Board

Gaurav Motwane
Chairman, Managing Director & CEO

Vivek Patwardhan
Independent Director

Mumbai
6th June, 2017

Annexure 'F' to the Board's Report

INFORMATION AS PER SECTION 197 OF THE COMPANIES ACT, 2013, READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 (AS AMENDED VIDE NOTIFICATION DATED JUNE 30, 2016 ISSUED BY MINISTRY OF CORPORATE AFFAIRS, GOVERNMENT OF INDIA) AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2017

Name of Employee, Designation / Nature of Employment, whether contractual or otherwise	Remuneration received (Subject to Income Tax) Rs. in Millions	Qualification & Experience	Date of Commencement of Employment	Age in years	Previous Assignment (Designation / Organisation)	Percentage of equity held in the Company (along with spouse and dependent children) (only if it is 2% or more)
Mr. Gaurav Girdhar Motwane *Chairman, Managing Director & CEO*	37.6	Bachelors in Business Administration, Marketing and Entrepreneurial Management. Wharton School, University of Pennsylvania, USA. Exp. 22 years	12.05.2004	45	Expo-point Software Private Limited - Director	*37.16%
Mr. Ranjit Vasant Vadhavkar *Senior Vice President*	8.40	B.E., ACMA & Master of Financial Management, MIE Exp. 36 years	15.03.1990	59	Mahindra & Mahindra Limited - Materials Manager	Nil
Mr. Pradeep Bhagwan Mestry *CFO & General Manager*	3.77	B.Com, Cost Accountant (CWA) & Chartered Accountant (CA) Exp. 20 years	31.07.2009	46	Associated Capsules Private Limited - DGM Finance	Nil
Mr. Bhushan Shridhar Patwardhan *General Manager*	3.73	Licentiate in Mechanical Engineering, Diploma in Business Management & Masters in Management Studies Exp. 33 years	16.09.1984	51	Trainee Engineer - Crompton Greaves Limited, Satpur, Nashik	Nil
Mr. Anselm Adam Solomon *General Manager*	3.48	Diploma in Mechanical Engineering Exp. 36 years	01.09.1981	59	Government App. - ACC Vikers Babcock Private Limited	Nil
Mr. Waman Vinayak Jain *General Manager*	3.45	Diploma in Mechanical Engineering Exp. 35 years	16.10.1982	56	MSL Driveline Systems Limited *(Formerly known as Mahindra Sona Limited)* - Joined as a Fresher	Nil

Name of Employee, Designation / Nature of Employment, whether contractual or otherwise	Remuneration received (Subject to Income Tax) Rs. in Millions	Qualification & Experience	Date of Commencement of Employment	Age in years	Previous Assignment (Designation / Organisation)	Percentage of equity held in the Company (along with spouse and dependent children) (only if it is 2% or more)
Mr. Sharanabasappa Sidlingappa Lavangad *General Manager*	3.46	B.E. Exp. 36 years	26.07.1984	56	MSL Driveline Systems Limited *(Formerly known as Mahindra Sona Limited)* - Joined as a Fresher	Nil
Mr. Vijay Narhar Pathak *General Manager (Resigned w.e.f March 31, 2017)*	3.47	Diploma in Mechanical Engineering Exp. 34 years	01.05.1983	57	MSL Driveline Systems Limited *(Formerly known as Mahindra Sona Limited)*	Nil
Mr. Subhash Sudhakar Pendke *Dy General Manager*	2.66	B.E. Exp. 29 years	01.09.1988	52	Mahindra & Mahindra Limited, Tractor Divn., Kandivali - Shop Floor Engineer	Nil
Mr. Dinesh Jaywant Bhadane *Dy General Manager*	2.51	Licentiate in Mechanical Engineering, Diploma in Business Management & Masters in Mgmt. Studies Exp. 27 years	08.03.1990	53	Graves Cotton & Co. Limited, Satpur, Nashik - Shop Floor Supervisor	Nil
Mr. Nimmagada Satya Sairam *Dy General Manager*	2.41	Diploma in Electronics & Communications Exp. 21 years	08.09.1996	47	TICO Machine Private Limited, Hyderabad - Senior Engineer	Nil

Notes :

1. The remuneration received includes salary, commission, value of perquisites for accommodation and car as per Income Tax Rules, employer's contribution to Provident Fund and Superannuation Fund, reimbursement of medical expenses and all other allowances excluding contribution to gratuity fund and provision for compensated absences for which separate figures are not available.
2. *Mrs. Superna Motwane, spouse of Mr. Gaurav Motwane holds 37.16% Equity Shares in the Company.

Annexure 'G' to the Board's Report

EXTRACT OF ANNUAL RETURN PURSUANT TO SECTION 134(3)(a) READ WITH SECTION 92(3) OF THE COMPANIES ACT, 2013:

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2017
[Pursuant to Section 92(3) of the Companies Act, 2013 & rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i)	Corporate Identification Number (CIN)	:	U30007MH1994PLC081637
(ii)	Registration Number	:	081637
(iii)	Date of Incorporation	:	30.09.1994
(iv)	Name of the Company	:	MSL Driveline Systems Limited *(Formerly known as Mahindra Sona Limited)*
(v)	Category/Sub-Category of the Company	:	Non-Government Company
(vi)	Address of the Registered Office of the Company	:	31/3 Maker Chamber VI, Nariman Point, Mumbai 400 021. Tel: +91-22-6743 2885
(vii)	Whether Listed		~~Yes~~ / No
(viii)	Name, Address and Contact Details of the Registrar and Transfer Agent, if any	:	Karvy Computer Shares Private Limited, Plot No.17-24, Vittalrao Nagar, Madhapur, Hyderabad 500081. Tel: +91-40-2342 8774

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Motor Vehicle Parts, Accessories, Clutches & Parts thereof	29301	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
		Not Applicable			

IV. SHARE HOLDING PATTERN
(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31st March, 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters :									
(1) Indian									
(a) Individual/HUF	4,087,493	5	4,087,498	37.16	4,094,990	–	4,094,990	37.23	(0.07)
(b) Central Govt.	–	–	–	–	–	–	–	–	–
(c) State Govt.(s)	–	–	–	–	–	–	–	–	–
(d) Bodies Corporate	–	3,275,000	3,275,000	29.77	4,100,003	–	4,100,003	37.27	(7.5)
(e) Banks/FI	–	–	–	–	–	–	–	–	–
(f) Any other	–	–	–	–	–	–	–	–	–
Total A (1)	**4,087,493**	**3,275,005**	**7,362,498**	**66.93**	**8,194,993**	**–**	**8,194,993**	**74.5**	**(7.57)**
(2) Foreign									
(a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
(b) Other-Individuals	–	–	–	–	–	–	–	–	–
(c) Bodies Corporate	–	–	–	–	–	–	–	–	–
(d) Banks/FI	–	–	–	–	–	–	–	–	–
(e) Any other	–	–	–	–	–	–	–	–	–
Total A (2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**4,087,493**	**3,275,005**	**7,362,498**	**66.93**	**8,194,993**	**–**	**8,194,993**	**74.5**	**(7.57)**
B. Public Shareholding :									
1. Institutions :									
(a) Mutual Funds	–	–	–	–	–	–	–	–	–
(b) Banks/FI	–	–	–	–	–	–	–	–	–
(c) Central Govt.	–	–	–	–	–	–	–	–	–
(d) State Govt.(s)	–	–	–	–	–	–	–	–	–
(e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
(f) Insurance Cos.	–	–	–	–	–	–	–	–	–
(g) FIIs	–	–	–	–	–	–	–	–	–
(h) Venture Capital Funds	–	–	–	–	–	–	–	–	–
(i) Others (Specify)	–	–	–	–	–	–	–	–	–
Total B (1)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31st March, 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non–Institutions :									
(a) Bodies Corp.:									
(i) Indian	784,258	579,000	1,363,258	12.39	250,835	–	250,835	2.28	10.11
(ii) Overseas	–	1,447,250	1,447,250	13.16	–	1,447,250	1,447,250	13.16	–
(b) Individuals :									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	55,001	47,494	102,495	0.93	15,006	15,005	30,011	0.28	0.65
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	524,503	200,000	724,503	6.59	926,915	150,000	1,076,915	9.79	(3.2)
(c) Others (Specify)	–	–	–	–	–	–	–	–	–
Total B (2)	1,363,762	2,273,744	3,637,506	33.07	1,192,756	1,612,255	28,05,011	25.50	7.56
Total Public Shareholding (B) = (B)(1) + (B)(2)	1,363,762	2,273,744	3,637,506	33.07	1,192,756	1,612,255	28,05,011	25.50	7.56
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A + B + C)	5,451,255	5,548,749	11,000,004	100.00	9,387,749	1,612,255	11,000,004	100.00	0.01

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Mr. Gaurav Motwane	–	–	–	7,500	0.07	–	(0.07)
2.	Mrs. Superna Motwane	4,087,490	37.16	–	4,087,490	37.16	37.16	–
3.	Msona Automotive Components Private Limited	–	–	–	4,100,003	37.27	37.27	(37.27)
4.	Late Dr. Surinder Kapur (Transmitted to Rani Kapur)	3	–	–	–	–	–	–
5.	Mrs. Rani Kapur	5	–	–	–	–	–	–
6.	Mahindra & Mahindra Ltd.	3,275,000	29.77	–	–	–	–	29.77
	Total	7,362,498	66.93	–	8,194,993	74.50	–	(7.57)

iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Mr. Gaurav Motwane	–	–	7,500	0.07
2.	Mrs. Superna Motwane	4,087,490	37.16	4,087,490	37.16
3.	Msona Automotive Components Private Limited	–	–	4,100,003	37.27
4.	Late Dr. Surinder Kapur (Transmitted to Rani Kapur)	3	–	–	–
5.	Mrs. Rani Kapur	5	–	–	–
6.	Mahindra & Mahindra Limited	3,275,000	29.77	–	–

iv) Top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Khattar Holdings Private Limited	1,447,250	13.16	1,447,250	13.16
2.	Mr. Rameshkumar Goenka	289,500	2.63	222,915	2.03
3.	Budhrani Finance Limited	184,250	1.67	184,250	1.67
4.	Mr. Devidas Budhrani	125,000	1.13	125,000	1.13
5.	Mr. Harichandra Budhrani	125,000	1.13	125,000	1.13
6.	Ohm Commodity Broker Private Limited	–	–	66,585	0.61
7.	Mrs. Sunita Pitamber	25,000	0.22	25,000	0.22
8.	Mr. Tapash Kumar Pal	7,500	0.07	7,500	0.07
9.	Mr. P. V. Prabhu Parrikar	7,500	0.07	7,500	0.07
10.	Mr. Kiran Deshmukh	7,500	0.07	7,500	0.07
11.	Mr. Ajeet Garde	7,500	0.07	7,500	0.07
	Total	**2,171,000**	**19.94**	**2,226,000**	**19.96**

v) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Director and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Gaurav Motwane	–	–	7,500	0.07
2.	Mrs. Superna Motwane	4,087,490	37.16	4,087,490	37.16
3.	Mr. Satpal Khattar	–	–	579,000	5.26
	Total	**4,087,490**	**37.16**	**4,673,990**	**42.49**

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Millions)

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:					
i)	Principal Amount	*133.1*	–	–	***133.1***
ii)	Interest due but not paid	*0.2*	–	–	***0.2***
iii)	Interest accrued but not due	–	–	–	–
	Total (i+ii+iii)	*133.3*	–	–	***133.3***
Change in Indebtedness during the financial year:					
•	Addition	*200.0*	–	–	***200.0***
•	Reduction	*33.3*	–	–	***33.3***
Net Change		*166.7*	–	–	***166.7***
Indebtedness at the end of the financial year:					
i)	Principal Amount	**300.0**	**–**	**–**	**300.0**
ii)	Interest due but not paid	**–**	**–**	**–**	**–**
iii)	Interest accrued but not due	**–**	**–**	**–**	**–**
	Total (i+ii+iii)	**300.0**	**–**	**–**	**300.0**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager:

(Rs. in Millions)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Gaurav G. Motwane	
1.	**Gross Salary**		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.6	14.6
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	4.8	4.8
	(c) Profits in lieu of salary under Sec. 17(3) Income-tax Act, 1961	–	–
2.	Stock option	–	–
3.	Sweat Equity	–	–
4.	Commission :		
	as % of Profit	18.2	18.2
	others, please specify	–	–
5.	Others, please specify	–	–
	Total (A)	**37.6**	**37.6**
	Ceiling as per the Act		37.6

B. Remuneration to other directors:

I) Independent Directors:

(Rs. in Millions)

Particulars of Remuneration	Name of Directors		Total Amount
	Mrs. Avaantika Kakkar	Mr. Vivek Patwardhan	
Fee for attending board / committee meetings	0.07	0.20	0.27
Commission	–	–	–
Others, please specify	–	–	–
Total	**0.07**	**0.20**	**0.27**

II) Non-Executive Directors:

(Rs. in Millions)

Particulars of Remuneration	Name of Directors							Total Amount
	Mr. S. P. Shukla	Mr. K. Chandrasekar	Mr. Durgashankar	Mr. Satpal Khattar	Mrs. Superna Motwane	Mr. Nikhilesh Panchal	Mr. Rajesh Nagpal	
Fee for attending board / committee meetings	0.05	0.10	0.10	0.09	0.10	0.02	0.03	
Commission	–	–	–	–	–	–	–	
Others, please specify	–	–	–	–	–	–	–	
Total	0.05	0.10	0.10	0.09	0.10	0.02	0.03	**0.49**
							Total (B) – (I + II)	**0.76**

Total Managerial Remuneration (A+B)	**38.4**
Overall Ceiling as per the Act : 11% of Net Profit of the Company	**41.3**

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. In Millions)

Sl. No.	Particulars of Remuneration	*Chief Executive Officer	Company Secretary	Chief Financial Officer	Total
1.	Gross Salary :				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.6	1.91	3.73	20.24
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	4.8	–	0.04	4.84
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	as % of profit	18.2	–	–	18.2
	others, please specify	–	–	–	–
	Total	37.6	1.91	3.77	43.28

*Mr. Gaurav Motwane, Chairman & Managing Director also occupies the position of CEO.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

Annexure 'H' to the Board's Report

SECRETARIAL AUDIT REPORT PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE 9 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,
MSL Driveline Systems Limited
Formerly known as Mahindra Sona Limited
31/3, Maker Chamber VI, Nariman Point,
Mumbai-400021
CIN: U30007MH1994PLC081637

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MSL Driveline Systems Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(iv) The list of other laws applicable to the Company (Under the Major Group and Head) as stated below:

1. The Factories Act, 1960
2. The Industrial (Development & Regulation) Act, 1951
3. Labour Laws and other incidental laws related to labour and employees appointed by the Company as related to wages, gratuity, provident fund, ESIC, compensation etc.
4. Acts prescribed under prevention and control of pollution
5. Acts prescribed under Environmental protection
6. Acts as prescribed under Direct Tax and Indirect Tax
7. Land Revenue Laws
8. Local laws applicable to various branch offices

I have also examined compliance with the applicable clauses of Secretarial Standard issued by the Institute of Companies Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

Company has not filed Annual Return on Foreign Liabilities and Assets (FLA Return) and Annual Performance Report (Form ODI Part II) for the financial year 31st March 2016 with Reserve Bank of India under Foreign Exchange Management Act, 2002.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no instances of events or actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

CS Vijay Tiwari
Vijay S. Tiwari & Associates
ACS No. 33084
C.P. No. 12220

Mumbai
6th June, 2017

Auditor's Report

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MSL DRIVELINE SYSTEMS LIMITED (Formerly known as Mahindra Sona Limited)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of MSL Driveline Systems Limited *(formerly known as Mahindra Sona Limited)* ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 28 (i) (a) of "Notes forming part of the financial statements" referring to an order from Income Tax Appellate Tribunal (ITAT), upholding the appeal of the Income tax department for disallowing proportionate depreciation claimed by the Company in earlier years. Consequential impact is estimated at Rs. 145.5 millions (2016: Rs.140.8 millions) [including interest of Rs.106.7 millions (2016: Rs.102 millions)]. The Company has preferred an appeal against the ITAT order in the Bombay High Court and has not made any provision in the books of account as the Company, based on its own assessment and the advice given by its tax consultant, expects to succeed in the appeal.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 28 to the Ind financial statements.

      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. 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 the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures performed and the representations provided to us by the Management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management– Refer Note 44 to the Ind financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.117365W)

Uday M. Neogi
Partner
(Membership No. 30235)

Mumbai
6th June, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSL DRIVELINE SYSTEMS LIMITED (Formerly known as Mahindra Sona Limited)

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 MSL Driveline Systems Limited (formerly known as Mahindra Sona Limited) ("the Company") as of 31 March, 2017 in conjunction with our audit of the Ind AS 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 respective 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 Act.

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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Uday M. Neogi
Partner
(Membership No. 30235)

Mumbai
6th June, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSL DRIVELINE SYSTEMS LIMITED (Formerly known as Mahindra Sona Limited)

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, in respect of immovable properties of buildings constructed on the land which has been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreements.

(ii) As explained to us, the inventories were physically verified during the year by the Management except for goods-in-transit at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) 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 ("the Act").

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of investments made. The Company has not granted any loans or provided guarantees and security under Sections 185 and 186 of the Act.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing 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 any other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of income-tax, sales tax, service tax, duty of customs, duty of excise, and value added tax which have not been deposited as on 31 March, 2017 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in Millions)	Amount Unpaid (Rs. in Millions)
Central Excise Act, 1944	Excise Duty	Assistant Commissioner of Custom & Central Excise	1997–1998, 1999–2000, 2007–2008	1.0	1.0
		Commissioner of Custom & Central Excise	2000–2005	17.2	17.2
		Appellate Authority upto Commissioner Level	1996–1997 1997–1998	0.1	0.1
Finance Act, 1994	Service Tax	Assistant commissioner of Custom and Central Excise	2007–2017	21.2	21.2
		Appellate Authority upto Commissioner Level	2006–2008 2011–2016 2016–2017	0.8	0.8
		Appellate Authority upto Central Excise & Service Tax Appellate Tribunal	2004–2013	4.1	1.6
Income-tax Act, 1961	Income-tax	Assessing officer	AYs 2009–10 to 2013–14	43.3	28.7
Maharashtra Value Added Tax, 2002	Value added tax	Deputy Commissioner of Sales Tax	2012–13	0.6	0.6

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans to bank. The Company has not borrowed from any financial institution and Government. Also, the Company has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loan has been applied by the Company during the year for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, 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 and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Act are not applicable.

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.117365W)

Uday M. Neogi
Partner
(Membership No. 30235)

Mumbai
6th June, 2017

Balance Sheet as at 31st March 2017

Rs. Millions

Particulars			Note	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. ASSETS						
1. Non-current assets :						
(a) Property, plant and equipment			5(a)	**896.0**	687.2	622.1
(b) Capital work-in-progress				**1.3**	12.6	0.3
(c) Other intangible assets			5(b)	**9.1**	9.3	8.3
(d) Intangible assets under development				**4.3**	2.0	–
(e) Financial assets :	(i)	Other bank balances	7(b)	*	*	–
	(ii)	Others	8	**4.6**	6.6	6.3
(f) Other non-current assets			9	**87.4**	92.2	41.3
Total non-current assets				**1,002.7**	809.9	678.3
2. Current assets :						
(a) Inventories			10	**551.6**	513.4	482.5
(b) Financial assets :	(i)	Investments	6	**0.4**	0.4	0.4
	(ii)	Trade receivables	11	**1,238.5**	1,139.4	1,013.5
	(iii)	Cash and cash equivalents	7(a)	**87.3**	118.1	110.8
	(iv)	Bank balances other than (iii) above	7(b)	**90.0**	65.0	60.0
	(v)	Others	8	**2.1**	3.1	2.2
(c) Other current assets			9	**104.4**	98.6	125.9
Total current assets				**2,074.3**	1,938.0	1,795.3
Total assets				**3,077.0**	2,747.9	2,473.6
B. EQUITY AND LIABILITIES						
1. EQUITY :						
(a) Equity share capital			12(a)	**110.0**	110.0	44.0
(b) Other equity			12(b)	**1,682.4**	1,591.6	1,508.3
Total equity				**1,792.4**	1,701.6	1,552.3
LIABILITIES :						
2. Non-current liabilities						
(a) Financial liabilities :	(i)	Borrowings	13	**258.3**	96.7	–
	(ii)	Trade payables	14	**53.8**	56.9	54.9
(b) Provisions			15	**47.7**	54.2	54.0
(c) Deferred tax liabilities (Net)			16	**95.2**	78.3	56.3
Total non-current liabilities				**455.0**	286.1	165.2
3. Current liabilities						
(a) Financial liabilities:	(i)	Borrowings	17	**–**	33.1	75.0
	(ii)	Trade payables	14	**679.7**	628.0	565.4
	(iii)	Other financial liabilities	18	**72.2**	14.5	21.6
(b) Other current liabilities			19	**50.6**	54.2	44.2
(c) Provisions			15	**22.3**	20.0	21.1
(d) Current tax liabilities (Net)			20	**4.8**	10.4	28.8
Total current liabilities				**829.6**	760.2	756.1
Total equity and liabilities				**3,077.0**	2,747.9	2,473.6

* Represents **Rs. 75,000** (2016 : Rs.75,000)

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner
Mumbai, 6th June 2017

For and on behalf of the Board of Directors
MSL Driveline Systems Limited (formerly known as Mahindra Sona Limited)

Gaurav Motwane
Chairman, Managing Director & CEO
(DIN 00746165)

Vivek Patwardhan
Independent Director
(DIN 07140190)

Pradeep Mestry
Chief Financial Officer

Mahendra Salunke
Company Secretary
Mumbai, 6th June 2017

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

Rs. Millions

	Particulars	Note	For the year ended 31st March, 2017	For the year ended 31st March, 2016
I	Revenue from operations	21	**4,937.0**	4,663.6
II	Other income	22	**33.3**	43.5
III	**Total revenue (I + II)**		**4,970.3**	4,707.1
IV	Expenses			
	(a) Cost of raw materials and components consumed	23(a)	**2,983.2**	2,742.8
	(b) Purchase of stock-in-trade	23(b)	**74.9**	67.0
	(c)) Changes in inventories of finished goods & work-in-progress	23(c)	**(20.7)**	(16.9)
	(d) Excise duty on sale of goods (including scrap sales)		**508.2**	447.5
	(e) Employee benefits expense	24	**466.4**	454.6
	(f) Finance costs	25	**7.7**	2.2
	(g) Depreciation and amortisation expense	5(a) & (b)	**85.0**	76.2
	(h) Other expenses	26(a)	**525.7**	488.3
	Total Expenses (IV)		**4,630.4**	4,261.7
V	**Profit before exceptional item and tax (III – IV)**		**339.9**	445.4
VI	Exceptional item	43	**–**	45.0
VII	**Profit before tax (V – VI)**		**339.9**	400.4
VIII	**Tax expense :** (1) Current tax	26(b)	**96.5**	85.8
	(2) Deferred tax	26(b)	**17.6**	22.1
	(3) Current tax credit (net) relating to prior years		**(9.4)**	*
	Total tax expense		**104.7**	107.9
IX	**Profit for the year (VII – VIII)**		**235.2**	292.5
X	**Other comprehensive income :**		**(1.4)**	(0.2)
	Items that will not be reclassified to profit or loss :			
	– Remeasurement of the defined benefit obligation		**(2.1)**	(0.3)
	Income tax relating to items that will not be reclassified to profit or loss	26(c)	**0.7**	0.1
XI	**Total comprehensive income for the year (IX + X)**		**233.8**	292.3
XII	**Earnings per equity share – Basic & Diluted (in Rs.)**	40	**21.38**	26.59

* *Represents Rs.44,131 (credit)*

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner
Mumbai, 6th June 2017

For and on behalf of the Board of Directors
MSL Driveline Systems Limited (formerly known as Mahindra Sona Limited)

Gaurav Motwane
Chairman, Managing Director & CEO
(DIN 00746165)

Vivek Patwardhan
Independent Director
(DIN 07140190)

Pradeep Mestry
Chief Financial Officer

Mahendra Salunke
Company Secretary
Mumbai, 6th June 2017

Cash Flow Statement for the year ended 31st March 2017

Rs. Millions

		For the year ended 31st March, 2017		For the year ended 31st March, 2016	
A	**Cash flow from operating activities:**				
	Profit for the year		**235.2**		292.5
	Adjustments for:				
	Income tax expense recognised in the Statement of Profit and Loss	**104.7**		107.9	
	Depreciation and amortisation expense	**85.0**		76.2	
	Loss on sale/write off of property, plant and equipment (net)	**1.6**		3.2	
	Provision for doubtful debts	**1.8**		2.4	
	Finance costs	**7.7**		2.2	
	Interest income	**(4.4)**		(4.2)	
	Dividend income	**(1.4)**		(0.7)	
	Unrealised derivative cost	**11.7**		4.0	
	Net unrealised exchange loss/(gain)	**0.8**		(4.5)	
			207.5		186.5
	Operating Profit before Working Capital Changes		**442.7**		479.0
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Inventories	**(38.2)**		(30.9)	
	Trade receivables	**(110.2)**		(128.8)	
	Other assets	**(2.2)**		(2.5)	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	**51.3**		66.9	
	Provisions	**(5.1)**		(1.3)	
	Other liabilities	**(5.3)**		9.9	
			(109.7)		(86.70)
	Cash generated from operations		**333.0**		392.3
	Net income and wealth tax (paid)		**(109.5)**		(104.1)
	Net cash flow from operating activities (A)		**223.5**		288.2

Contd...

Rs. Millions

			For the year ended 31st March, 2017		For the year ended 31st March, 2016
B.	**Cash flow from investing activities:**				
	Payments for Property, plant and equipments		**(250.3)**		(194.3)
	Proceeds from disposal of Property, plant and equipments		**1.3**		1.8
	Bank balances not considered as Cash and cash equivalents (net)		**(25.0)**		(5.0)
	Purchase of current investments		**(610.0)**		(460.0)
	Sale of current investments		**610.0**		460.0
	Interest received		**3.8**		3.7
	Dividend received		**1.4**		0.7
	Net cash used in investing activities (B)		**(268.8)**		(193.1)
C	**Cash flow from financing activities :**				
	Proceeds from long term borrowings		**200.0**		100.0
	Net (decrease)/increase in short term borrowings		**(33.1)**		(45.3)
	Interest paid (including capitaised)		**(8.4)**		(1.4)
	Dividends paid		**(118.8)**		(118.8)
	Tax on dividend		**(24.2)**		(24.2)
	Net cash used in financing activities (C)		**15.5**		(89.7)
	Net (decrease)/increase in Cash and cash equivalents (A+B+C)		**(29.8)**		5.4
	Cash and cash equivalents at the beginning of the year		**118.1**		110.8
	Add: Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		**(1.0)**		1.9
	Cash and cash equivalents at the end of the year @		**87.3**		118.1
@	Cash and cash equivalents at the end of the year [Refer Note 7(a)]:				
1	Cash in Hand		**0.4**		0.3
2	Balances with Banks:				
	i) In current accounts	**85.2**		93.9	
	ii) EEFC account	**1.7**		23.9	
			86.9		117.8
			87.3		118.1

Cash flow statement has been prepared as per the indirect method set out in Indian Accounting Standard 7 "Statement of Cash Flows".

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Mumbai, 6th June 2017

For and on behalf of the Board of Directors
MSL Driveline Systems Limited
(formerly known as Mahindra Sona Limited)

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Pradeep Mestry
Chief Financial Officer

Mahendra Salunke
Company Secretary

Mumbai, 6th June 2017

Statement of Changes in Equity

(A) Equity Share Capital :

Particulars	Rs. Millions
Balance as at 1st April, 2015	44.0
Changes in equity during the year : Issue of equity shares	66.0
Balance as at 31st March, 2016	110.0
Changes in equity during the year	–
Balance as at 31st March, 2017	**110.0**

(B) Other equity

Rs. Millions

Particulars	**Capital reserve**	**Securities premium account**	**General reserve**	**Retained earnings**	**Total**
Balance as at 1st April, 2015	2.0	47.5	228.8	1,230.0	1,508.3
Profit for the year	–	–	–	292.5	292.5
Other comprehensive income (net of deferred income tax)	–	–	–	(0.2)	(0.2)
Total comprehensive income for the year	–	–	–	292.3	292.3
Transferred from surplus in Statement of Profit and Loss to General reserve	–	–	29.3	(29.3)	–
Utilised for issue of bonus shares [Refer Note 12(a)]	–	(47.5)	(18.5)	–	(66.0)
Dividend paid on equity shares (Rs.27 per share)	–	–	–	(118.8)	(118.8)
Dividend distribution tax	–	–	–	(24.2)	(24.2)
Balance as at 31st March, 2016	2.0	–	239.6	1,350.0	1,591.6
Balance as at 1st April, 2016	**2.0**	**–**	**239.6**	**1,350.0**	**1,591.6**
Profit for the year	**–**	**–**	**–**	**235.2**	**235.2**
Other comprehensive income (net of deferred income tax)	**–**	**–**	**–**	**(1.4)**	**(1.4)**
Total comprehensive income for the year	**–**	**–**	**–**	**233.8**	**233.8**
Transferred from surplus in Statement of Profit and Loss to General reserve	**–**	**–**	**–**	**–**	**–**
Dividend paid on equity shares (Rs.10.80 per share)	**–**	**–**	**–**	**(118.8)**	**(118.8)**
Dividend distribution tax	**–**	**–**	**–**	**(24.2)**	**(24.2)**
Balance as at 31st March, 2017	**2.0**	**–**	**239.6**	**1,440.8**	**1,682.4**

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Mumbai, 6th June 2017

For and on behalf of the Board of Directors
MSL Driveline Systems Limited
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Independent Director
(DIN 07140190)

Pradeep Mestry
Chief Financial Officer

Mahendra Salunke
Company Secretary

Mumbai, 6th June 2017

Notes forming part of the financial statements

Note 1 Corporate Information

MSL Driveline Systems Limited (formerly known as Mahindra Sona Limited) is a public company domiciled in India and is incorporated on 30th September 1994, under the provisions of the erstwhile Companies Act, 1956. The registered office of the Company is located at 31, 3rd Floor, Maker Chambers VI, Nariman Point, Mumbai 400021. The Company is a closely held company and the shares are not listed on any Stock Exchange. The Company is engaged in manufacturing and selling of Auto Components. The Company caters to both domestic and international markets. The Company also trades in Steel and Metal. During the current year, the entire share holding of Mahindra & Mahindra Limited in the Company was acquired by MSona Automotive Components Private Limited, a company promoted by Mr. Gaurav Motwane & Mrs. Superna Motwane and subsequently the name of the Company was changed to MSL Driveline Systems Limited

Note 2 Significant Accounting Policies

(a) Statement of compliance and Basis of preparation and presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31st March, 2016, the Company prepared its financial statements in accordance with Accounting Standards notified under the section 133 of the Companies Act 2013 (Previous GAAP) which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These financial statements for the year ended 31st March, 2017 are the Company’s first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2015. Refer Note 4 for information on how the Company adopted Ind AS.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency. All values are shown in million with one decimal.

The financial statements were approved by the Board of Directors and authorised for issue on 6th June, 2017.

(b) Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an item of property, plant and equipment is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013.

The leasehold improvements are amortised over the period of lease.

(c) Intangible assets:

(i) Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on straight line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effects of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment loss.

(ii) Amounts paid towards the development/purchase cost of the software modules is equally amortised in the accounting periods during which the modules are expected to be used i.e. 3 years.

(iii) Internally generated Intangible assets are carried at cost less accumulated amortization and accmumulated impairment losses, if any. Amortisation is recognised on straight line basis over their estimated useful lives not exceeding five years.

Notes forming part of the financial statements

(iv) Expenditure on development eligible for capitalization are carried as intangible assets under development where such intangible assets are not yet ready for their intended use.

(d) Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

(e) Inventories:

Inventories are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

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

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

(f) Foreign currencies:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

(g) Financial assets and financial liabilities:

(i) Financial instruments:

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

Notes forming part of the financial statements

(ii) Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(iii) Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

(iv) Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

(v) Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(a) Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(b) Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit and loss.

(vi) Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

(vii) Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

Notes forming part of the financial statements

(h) Revenue recognition:

(i) Sale of goods:

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer. Sales include excise duty but exclude sales tax and value added tax.

(ii) Interest and dividend income:

Interest income is accounted on time proportionate basis. Dividend income is accounted for when the right to receive it is established.

(i) Employee benefits:

(i) Retirement benefit costs and long term compensated absences:

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Company's liability towards gratuity and compensated absences is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(ii) Short-term and other long-term employee benefits:

A liability is recognized for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employee upto the reporting date.

(j) Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

Notes forming part of the financial statements

(k) Provisions and contingencies:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

(l) Taxes on Income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

i) Current tax:
The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred tax:
Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

iii) Current and deferred tax for the year:
Current and deferred tax are recognized in the Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

iv) Minimum alternate tax (MAT):
Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

(m) Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(n) Earnings per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Notes forming part of the financial statements

(o) Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases 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 term of the relevant lease.

(p) Product warranty:

In respect of warranties given by the Company on manufactured products sold in domestic market, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

Note 3 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No.2.b	Property, plant & equipment
Note No.2.c	Intangible assets
Note No.2.i	Employee benefits

Note 4 First-time adoption of Ind AS – mandatory exceptions and optional exemptions:

(a) Mandatory exceptions

(i) Accounting estimates:

The Company's estimates in accordance with Ind AS at the date of transition are consistent with previous GAAP (after adjustments to reflect any difference in accounting policies) or are required under Ind AS but not under previous GAAP.

(ii) De-recognition of financial assets and financial liabilities:

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2015 (the transition date).

(iii) Classification of debt instruments:

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTPL criteria based on the facts and circumstances that existed as on the transition date.

(iv) Impairment of financial assets:

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Notes forming part of the financial statements

(b) Optional Exemptions

(i) Deemed cost for property, plant and equipment and intangible assets:

The Company has elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment and Intangible Assets recognised as of 1st April, 2015 (transition date) as deemed cost.

(ii) Deemed cost of investments in associates:

The company has elected the exemption of previous GAAP considering carrying amount of its investments in associates as of 1st April, 2015 (transition date) as deemed cost.

Note 5 (a) Property, plant and equipment

Rs. Millions

Description of assets	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Lease improve-ment	**Total**
I. Cost or deemed cost :							
Balance as at 1st April, 2016	205.0	954.8	23.8	22.3	6.5	–	1,212.4
Additions	**85.3**	**193.7**	**3.2**	**1.1**	**0.6**	**7.8**	**291.7**
Disposals	**–**	**(3.0)**	**(2.7)**	**(3.9)**	**(0.1)**	**–**	**(9.7)**
Balance as at 31st March, 2017	**290.3**	**1,145.5**	**24.3**	**19.5**	**7.0**	**7.8**	**1,494.4**
II. Accumulated depreciation :							
Balance as at 1st April, 2016	45.1	458.8	7.7	9.5	4.1	–	525.2
Depreciation expense for the year	**7.7**	**64.9**	**2.5**	**2.6**	**0.9**	**1.4**	**80.0**
Eliminated on disposal of assets	**–**	**(3.0)**	**(1.7)**	**(2.0)**	**(0.1)**	**–**	**(6.8)**
Balance as at 31st March, 2017	**52.8**	**520.7**	**8.5**	**10.1**	**4.9**	**1.4**	**598.4**
Net carrying amount (I – II) :							
Balance as at 31st March, 2017	**237.5**	**624.8**	**15.8**	**9.4**	**2.1**	**6.4**	**896.0**
Balance as at 31st March, 2016	159.9	496.0	16.1	12.8	2.4	–	687.2

Rs. Millions

Description of assets	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Lease improve-ment	**Total**
I. Cost or deemed cost							
Balance as at 1st April, 2015	204.5	832.6	25.9	25.3	6.8	–	1,095.1
Additions	0.5	138.7	1.1	–	0.2	–	140.5
Disposals	–	(16.5)	(3.2)	(3.0)	(0.5)	–	(23.2)
Balance as at 31st March, 2016	**205.0**	**954.8**	**23.8**	**22.3**	**6.5**	**–**	**1,212.4**
II. Accumulated depreciation							
Balance as at 1st April, 2015	38.0	416.8	7.2	7.3	3.7	–	473.0
Depreciation expense for the year	7.1	56.7	2.7	3.0	0.9	–	70.4
Eliminated on disposal of assets		(14.7)	(2.2)	(0.8)	(0.5)	–	(18.2)
Balance as at 31st March, 2016	**45.1**	**458.8**	**7.7**	**9.5**	**4.1**	**–**	**525.2**
Net carrying amount (I – II) :							
Balance as at 31st March, 2016	**159.9**	**496.0**	**16.1**	**12.8**	**2.4**	**–**	**687.2**
Balance as at 1st April, 2015	166.5	415.8	18.7	18.0	3.1	–	622.1

Note: Refer Note 13 for details of Security

Notes forming part of the financial statements

Note 5 (b) Other intangible assets :

Rs. Millions

Description of assets	Computer software – acquired	Internally generated : development expenditure	Total
I. Cost or deemed cost :			
Balance as at 1st April, 2016	24.8	5.8	30.6
Additions	2.7	2.1	4.8
Disposals	–	–	–
Balance as at 31st March, 2017	**27.5**	**7.9**	**35.4**
II. Accumulated amortisation :			
Balance as at 1st April, 2016	21.2	0.1	21.3
Amortisation expense for the year	3.6	1.4	5.0
Eliminated on disposal	–	–	–
Balance as at 31st March, 2017	**24.8**	**1.5**	**26.3**
Net carrying amount (I – II) :			
Balance as at 31st March, 2017	**2.7**	**6.4**	**9.1**
Balance as at 31st March, 2016	3.6	5.7	9.3

Rs. Millions

Description of Assets	Computer software – acquired	Internally generated : development expenditure	Total
I. Cost or deemed cost :			
Balance as at 1st April, 2015	23.8	–	23.8
Additions	1.0	5.8	6.8
Disposals	–	–	–
Balance as at 31st March, 2016	**24.8**	**5.8**	**30.6**
II. Accumulated amortisation :			
Balance as at 1st April, 2015	15.5	–	15.5
Amortisation expense for the year	5.7	0.1	5.8
Eliminated on disposal	–	–	–
Balance as at 31st March, 2016	**21.2**	**0.1**	**21.3**
Net carrying amount (I – II) :			
Balance as at 31st March, 2016	**3.6**	**5.7**	**9.3**
Balance as at 1st April, 2015	8.3	–	8.3

Notes forming part of the financial statements

Note 6 Investments :

Particulars	As at 31st March, 2017 Nos.	As at 31st March, 2017 Rs. Millions	As at 31st March, 2016 Nos.	As at 31st March, 2016 Rs. Millions	As at 1st April, 2015 Nos.	As at 1st April, 2015 Rs. Millions
Investments carried at deemed cost						
Trade						
Unquoted Investments (at fully paid-up)						
Investments in Equity Instruments – of associates						
US $ 1 per share in Sona Autocomp Inc.*	**24,000**	**–**	24,000	–	24,000	–
EURO 1 per share in Sona Autocomp Europe #	**12,000**	**0.4**	12,000	0.4	12,000	0.4
Total		**0.4**		0.4		0.4

* Dissolved during the year 2014-15 and no amount is expected to be recovered under the said dissolution.

Dissolved during the year 2014-15 and Rs.0.4 Million is expected to be recovered under the said dissolution subject to RBI Compliance

Note 7 (a) Cash and cash equivalents :

Rs. Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(a) Cash in hand	**0.4**	0.3	0.1
(b) Balances with banks :			
i) in current accounts	**85.2**	93.9	95.7
ii) EEFC account	**1.7**	23.9	15.0
Total	**87.3**	118.1	110.8

(b) Other bank balances

Rs. Millions

Particulars	As at 31st March, 2017 Non-current	As at 31st March, 2017 Current	As at 31st March, 2017 Total	As at 31st March, 2016 Non-current	As at 31st March, 2016 Current	As at 31st March, 2016 Total	As at 1st April, 2015 Non-current	As at 1st April, 2015 Current	As at 1st April, 2015 Total
In deposit accounts :									
i) Fixed deposits with original maturity greater than 3 months	**–**	**90.0**	**90.0**	–	65.0	65.0	–	60.0	60.0
ii) Earmarked deposit	*	**–**	*	*	–	*	–	–	–
Total	*	**90.0**	**90.0**	*	65.0	65.0	–	60.0	60.0

* Represents fixed deposit of **Rs.75,000** (2016 : Rs.75,000) in the name of – CTO CIRCLE PITHAMPUR A/C MAHINDRA SONA LIMITED for 5 years towards Madhya Pradesh Central Sales Tax Registration.

Notes forming part of the financial statements

Note 8 Other Financial Assets

Rs. Millions

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 1st April, 2015		
	Non-current	**Current**	**Total**	Non-current	Current	Total	Non-current	Current	Total
(A) Financial assets at amortised cost :									
Interest receivable:									
Interest accrued but not due on deposits	**–**	**2.1**	**2.1**	–	1.6	1.6	–	1.4	1.4
Security deposits:									
Unsecured, considered good	**4.6**	**–**	**4.6**	6.6	–	6.6	6.3	–	6.3
Total (A)	**4.6**	**2.1**	**6.7**	6.6	1.6	8.2	6.3	1.4	7.7
(B) Financial assets at fair value through Profit & Loss :									
Derivatives financial instruments:									
– Foreign currency forward contracts	**–**	**–**	**–**	–	1.5	1.5	–	0.8	0.8
Total (B)	**–**	**–**	**–**	–	1.5	1.5	–	0.8	0.8
Grand Total (A + B)	**4.6**	**2.1**	**6.7**	6.6	3.1	9.7	6.3	2.2	8.5

Note 9 Other non–current and current Assets

Rs. Millions

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 1st April, 2015		
	Non–current	**Current**	**Total**	Non–current	Current	Total	Non–current	Current	Total
(a) Capital Advances :									
Unsecured, considered good	**4.7**	**–**	**4.7**	24.8	–	24.8	3.3	–	3.3
(b) Security deposits :									
Unsecured, considered good	**7.7**	**–**	**7.7**	7.4	–	7.4	8.8	–	8.8
(c) Balances with statutory / government authorities (other than income taxes) :									
CENVAT credit receivable	**–**	**5.2**	**5.2**	–	0.8	0.8	–	0.3	0.3
VAT receivable	**–**	**24.8**	**24.8**	–	17.3	17.3	–	13.8	13.8
Service tax credit receivable	**–**	**1.1**	**1.1**	–	0.3	0.3	–	0.6	0.6
(d) Advance income tax (net of provision)	**28.9**	**0.9**	**29.8**	12.1	0.9	13.0	12.2	0.9	13.1
(e) Prepayments	**46.1**	**10.6**	**56.7**	47.9	9.4	57.3	17.0	6.1	23.1
(f) Deferred CENVAT credit receivable	**–**	**10.8**	**10.8**	–	11.5	11.5	–	5.8	5.8
(g) Others									
(i) Insurance claims / Export benefits	**–**	**31.2**	**31.2**	–	15.1	15.1	–	6.1	6.1
(ii) Local body tax/Octroi incentive.	**–**	**–**	**–**	–	20.9	20.9	–	75.3	75.3
(iii) Surplus of plan assets over obligation – gratuity	**–**	**–**	**–**	–	0.6	0.6	–	–	–
(iv) Advance to suppliers and others	**–**	**19.8**	**19.8**	–	21.8	21.8	–	17.0	17.0
Total	**87.4**	**104.4**	**191.8**	92.2	98.6	190.8	41.3	125.9	167.2

Notes forming part of the financial statements

Note 10 Inventories

Rs. Millions

Particulars		**As at 31st March, 2017**	*As at 31st March, 2016*	*As at 1st April, 2015*
(a)	Raw materials	**133.7**	*121.7*	*106.9*
(b)	Work-in-progress	**250.3**	*248.6*	*230.5*
(c)	Finished goods	**135.3**	*116.3*	*117.5*
(d)	Stores and spares	**5.4**	*3.1*	*3.9*
(e)	Loose tools	**26.9**	*23.7*	*23.7*
	Total	**551.6**	*513.4*	*482.5*
Included above, goods-in-transit :				
	Raw materials	**3.5**	*9.0*	*6.8*
	Finished goods	**91.1**	*66.1*	*82.0*

Notes:

(i) The cost of inventories recognised as an expense during the year **Rs.3,037.4 Millions** (2016 : Rs.2,792.9 Millions).

(ii) The cost of inventories recognised as an expense includes **Rs.12.3 Millions** (2016 : Rs.13.4 Millions) in respect of provision for slow and non moving inventory and write-down of inventory to net realisable value.

(iii) The mode of valuation of inventories has been stated in Note 2.e.

(iv) Refer Note 17 – Current borrowings for details of security.

Note 11 Trade receivable

Rs. Millions

Particulars	**As at 31st March, 2017**	*As at 31st March, 2016*	*As at 1st April, 2015*
Trade receivables outstanding for a period of more than 6 months			
(a) Unsecured, considered good	**49.9**	*24.4*	*14.1*
(b) Doubtful	**5.8**	*4.0*	*1.6*
	55.7	*28.4*	*15.7*
Less: Allowance for doubtful debts	**(5.8)**	*(4.0)*	*(1.6)*
Total	**49.9**	*24.4*	*14.1*
Other trade receivables :			
Unsecured, considered good	**1,188.6**	*1,115.0*	*999.4*
Total	**1,238.5**	*1,139.4*	*1,013.5*

Notes : (i) The Company is engaged in manufacturing and selling of Propeller shafts, Components & Clutch which are customer specific. Credit period varies from customer to customer. Average credit period is 30 – 150 days in respect of export customers and 30 – 90 days generally from the date of receipt of goods in respect of domestic customers.

(ii) At 31st March, 2017, the Company had 4 customers that owed the Company more than Rs.77.5 Millions each and accounted for approximately 69% of all the receivables outstanding. (At 31st March, 2016, the Company had 4 customers that owed the Company more than Rs.82.1 Millions each and accounted for approximately 70% of all the receivables outstanding. At 31st March, 2015, the Company had 4 customers that owed the Company more than Rs.68.4 Millions each and accounted for approximately 70% of all the receivables outstanding).

Notes forming part of the financial statements

Note 12 (a) Equity Share Capital

Rs. Millions

Particulars	As at 31st March, 2017 Nos.	As at 31st March, 2017 Rs. Millions	As at 31st March, 2016 Nos.	As at 31st March, 2016 Rs. Millions	As at 1st April, 2015 Nos.	As at 1st April, 2015 Rs. Millions
A) Authorised:						
Equity shares of Rs.10 each	**17,000,000**	**170.0**	17,000,000	170.0	17,000,000	170.0
Total	**17,000,000**	**170.0**	17,000,000	170.0	17,000,000	170.0
B) Issued, Subscribed and Fully Paid-up Shares:						
Equity shares of Rs.10 each	**11,000,004**	**110.0**	11,000,004	110.0	4,400,000	44.0
Total	**11,000,004**	**110.0**	11,000,004	110.0	4,400,000	44.0
C) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period:						
Opening Balance	**11,000,004**	**110.0**	4,400,000	44.0	4,400,000	44.0
Add : Bonus shares issued during the year	**–**	**–**	6,600,004	66.0	–	–
Closing Balance	**11,000,004**	**110.0**	11,000,004	110.0	4,400,000	44.0

During the previous year, the Company has allotted 6,600,004 bonus equity shares of Rs.10 each fully paid up to those shareholders/beneficial holders whose name appear in the register of members of the Company on the record date i.e. 27th August 2015 in proportion to 3 fully paid up bonus shares for every 2 equity shares held on the record date by capitalising Rs.47.5 millions and Rs.18.5 millions from Securities premium account and General reserve account respectively.

The Company has not allotted any equity shares pursuant to contracts without payment being received in cash, nor any shares been bought back during the period of five years immediately preceding the balance sheet date.

Terms/rights attached to equity shares

The Company is having only one class of equity shares having par value of Rs.10 each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after the distribution of all preferential amounts. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

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

Particulars	As at 31st March, 2017 Nos.	As at 31st March, 2017 % holding	As at 31st March, 2016 Nos.	As at 31st March, 2016 % holding	As at 1st April, 2015 Nos.	As at 1st April, 2015 % holding
1. MSona Automotive Components Private Limited	**4,100,003**	**37.3**	–	–	–	–
2. Ms. Superna Motwane	**4,087,490**	**37.2**	4,087,490	37.2	1,634,996	37.2
3. Mahindra & Mahindra Limited	**–**	**–**	3,275,000	29.8	1,310,000	29.8
4. Khattar Holdings Private Limited	**1,447,250**	**13.2**	1,447,250	13.2	578,900	13.2
5. Satpal Khattar	**579,000**	**5.3**	–	–	–	–
6 Prudential Management and Services Private Limited	**–**	**–**	600,008	5.5	240,003	5.5
7. IL&FS Financial Services Limited	**–**	**–**	579,000	5.3	231,600	5.3

Notes forming part of the financial statements

Note 12 (b) Other equity :

Rs. Millions

Particulars	Capital reserve	Securities premium account	General reserve	Retained earnings	Total
Balance as at 1st April, 2015	2.0	47.5	228.8	1,230.0	1,508.3
Profit for the year	–	–	–	292.5	292.5
Other comprehensive income (net of deferred income tax)	–	–	–	(0.2)	(0.2)
Total comprehensive income for the year	–	–	–	292.3	292.3
Transferred from surplus in Statement of profit and loss to General reserve	–	–	29.3	(29.3)	–
Utilised during the year for Issue of bonus shares [Refer Note 12(a)]	–	(47.5)	(18.5)	–	(66.0)
Dividend paid on equity shares (Rs.27 per share)	–	–	–	(118.8)	(118.8)
Dividend distribution tax	–	–	–	(24.2)	(24.2)
Balance as at 31st March, 2016	**2.0**	**–**	**239.6**	**1,350.0**	**1,591.6**
Balance as at 1st April, 2016	**2.0**	**–**	**239.6**	**1,350.0**	**1,591.6**
Profit for the year	**–**	**–**	**–**	**235.2**	**235.2**
Other comprehensive income (net of deferred income tax)	**–**	**–**	**–**	**(1.4)**	**(1.4)**
Total comprehensive income for the year	**–**	**–**	**–**	**233.8**	**233.8**
Transferred from surplus in Statement of profit and loss to General reserve	**–**	**–**	**–**	**–**	**–**
Dividend paid on equity shares (Rs. 10.80 per share)	**–**	**–**	**–**	**(118.8)**	**(118.8)**
Dividend distribution tax	**–**	**–**	**–**	**(24.2)**	**(24.2)**
Balance as at 31st March, 2017	**2.0**	**–**	**239.6**	**1,440.8**	**1,682.4**

Note : No dividend on equity shares is proposed for the year ended 31st March, 2017.

Note 13 Non current borrowings

Rs. Millions

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Measured at amortised cost : Secured			
Term loan in foreign currency	**288.3**	96.7	–
Less : Current maturities of long term debt	**30.0**	–	–
Total	**258.3**	96.7	–

Notes :

1 Term loan is secured by first *pari passu* charge over movable fixed assets (present and future) of the Company. The term loan is repayable in full (Bullet) after 24 months of drawdown as below (Table 1). In case repayment is effected vide availing Rupee Term Loan (RTL) facility, the repayment schedule of RTL shall be followed which is 30% of the total outstanding at the end of 24 months and remaining in 8 equal quarterly installments starting from 28th May, 2018 (Table 2).

2. The Company has taken interest rate swap, accordingly, the floating rate of interest of USD LIBOR 3 months plus 2.20% is converted into fixed interest rate as under p.a., payable monthly.

Notes forming part of the financial statements

Note 13 Table 1 – Repayment in full (Bullet)

Rs. Millions

No.	Disbursement date	Repayment date	USD Amount	Rs. Millions	INR Interest Rate p.a.
1.	29th February, 2016	28th February, 2018	1,459,811.39	94.8	9.20%
2.	5th July, 2016	3rd July, 2018	1,480,604.09	96.2	9.15%
3.	26th September, 2016	24th September, 2018	1,498,127.34	97.3	9.14%

Table 2 – Repayment schedule of Rupee Term Loan

	2018	2019	2020	2021	Total
Q1	–	8.75	26.25	17.50	52.50
Q2	–	68.75	26.25	17.50	112.50
Q3	–	26.25	26.25	–	52.50
Q4	30.0	26.25	26.25	–	82.50
Total	30.0	130.0	105.0	35.0	300.0

Note 14 Trade payables

Rs. Millions

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 1st April, 2015		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Trade payable for goods & services :									
Total outstanding dues of micro enterprises and small enterprises (Refer Note 33)	–	132.5	132.5	–	109.0	109.0	–	104.7	104.7
Total outstanding dues of trade payables other than micro enterprises and small enterprises	53.8	518.3	572.1	56.9	503.5	560.4	54.9	460.7	515.6
Acceptances	–	28.9	28.9	–	15.5	15.5	–	–	–
Total	53.8	679.7	733.5	56.9	628.0	684.9	54.9	565.4	620.3

Notes forming part of the financial statements

Note 15 Provisions

Rs. Millions

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 1st April, 2015		
	Non-current	**Current**	**Total**	Non-current	Current	Total	Non-current	Current	Total
(a) Provision for employee benefits									
(i) Provision for gratuity	**0.5**	**–**	**0.5**	–	–	–	5.0	–	5.0
(ii) Provision for compensated absences (see note below)	**43.2**	**8.8**	**52.0**	50.1	10.4	60.5	45.5	12.4	57.9
(b) Other provisions									
Warranty	**4.0**	**13.5**	**17.5**	4.1	9.6	13.7	3.5	8.7	12.2
	47.7	**22.3**	**70.0**	54.2	20.0	74.2	54.0	21.1	75.1

Note : The provision for long-term employee benefits includes sick leave and privileged leave entitlements accrued. The decrease in the carrying amount of the provision for the current year results from availement of sick leave and privileged leave entitlements and retirement of employees. For other disclosures, refer Note 36

Details of movement in other provisions

Warranty

Rs. Millions

Particulars	Non-current	Current	Total
Balance at 1st April, 2015	3.5	8.7	12.2
Additional provisions recognised	4.1	5.2	9.3
Amounts used (i.e. incurred and charged against the provision) during the year	(3.5)	(4.7)	(8.2)
Unwinding of discount and effect of changes in the discount rate	–	0.4	0.4
Balance at 31st March, 2016	–	9.6	13.7
Balance at 1st April, 2016	**4.1**	**9.6**	**13.7**
Additional provisions recognised	**4.0**	**4.8**	**8.8**
Amounts used (i.e. incurred and charged against the provision) during the year	**(4.1)**	**(1.8)**	**(5.9)**
Unwinding of discount and effect of changes in the discount rate	**–**	**0.9**	**0.9**
Balance at 31st March, 2017	**4.0**	**13.5**	**17.5**

Notes forming part of the financial statements

Note 16 Deferred tax liabilities (Net)

Rs. Millions

Particulars	For the year ended 31st March, 2017				
	Opening balance	Recognised in			Closing balance
		Profit & Loss	OCI	other equity	
Tax effect of items constituting deferred tax liabilities					
Property, plant and equipment	**107.7**	**13.8**	**–**	**–**	**121.5**
Intangible assets	**0.8**	**(0.3)**	**–**	**–**	**0.5**
Warranty	**0.5**	**–**	**–**	**–**	**0.5**
	109.0	**13.5**	**–**	**–**	**122.5**
Tax effect of items constituting deferred tax assets					
Employee benefits	**(22.5)**	**2.8**	**(0.7)**	**–**	**(20.4)**
Minimum alternate tax credit	**(5.9)**	**5.9**	**–**	**–**	**–**
Provision for doubtful debts	**(1.4)**	**(0.6)**	**–**	**–**	**(2.0)**
Other items	**(0.9)**	**–**	**–**	**–**	**(0.9)**
Derivatives	**–**	**(4.0)**	**–**	**–**	**(4.0)**
	(30.7)	**4.1**	**(0.7)**	**–**	**(27.3)**
Deferred tax liabilities (Net)	**78.3**	**17.6**	**(0.7)**	**–**	**95.2**

Particulars	For the year ended 31st March, 2016				
	Opening balance	Recognised in			Closing balance
		Profit & Loss	OCI	other equity	
Tax effect of items constituting deferred tax liabilities					
Property, plant and equipment	76.4	31.3	–	–	107.7
Intangible assets	1.5	(0.7)	–	–	0.8
Warranty	0.3	0.2	–	–	0.5
	78.2	30.8	–	–	109.0
Tax effect of items constituting deferred tax assets					
Employee benefits	(20.6)	(1.8)	(0.1)	–	(22.5)
Minimum alternate tax credit	–	(5.9)	–	–	(5.9)
Provision for doubtful debts	(0.5)	(0.9)	–	–	(1.4)
Other items	(0.8)	(0.1)	–	–	(0.9)
	(21.9)	(8.7)	(0.1)	–	(30.7)
Deferred tax liabilities (Net)	56.3	22.1	(0.1)	–	78.3

Notes forming part of the financial statements

Note 17 Current borrowings

Rs. Millions

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Secured :			
Loan repayable on demand			
From Bank	**–**	33.1	75.0
Total	**–**	33.1	75.0

Note : Loans repayable on demand from Bank are secured by a First *Pari Passu* charge on the Company's current assets in terms of the deed of hypothecation executed by the Company.

Note 18 Other financial liabilities

Rs. Millions

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Other financial liabilities at amortised cost			
(a) Current maturities of long-term debt	**30.0**	–	–
(b) Interest accrued and due on borrowings	**–**	0.2	–
(c) Other liabilities :			
Creditors for capital supplies/services	**24.9**	9.1	20.3
Trade deposit received	**1.6**	1.2	1.3
Total (A)	**56.5**	10.5	21.6
Other financial liabilities at fair value			
Cross currency interest rate swaps	**15.7**	4.0	–
Total (B)	**15.7**	4.0	–
Total (A + B)	**72.2**	14.5	21.6

Note 19 Other current liabilities

Rs. Millions

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
a) Advances received from customers	**2.3**	5.5	2.9
b) Others – Employee recoveries	**0.6**	0.7	–
– Statutory dues (Contributions to PF and ESIC, withholding taxes, excise duty, service tax, etc.)	**23.7**	20.0	17.6
– VAT payable	**24.0**	24.0	20.7
– Payable to customers	**–**	4.0	3.0
Total	**50.6**	54.2	44.2

Note 20 Current tax liabilities (Net)

Rs. Millions

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Provision for tax (net of advance tax)	**4.8**	10.4	28.8
Total	**4.8**	10.4	28.8

Notes forming part of the financial statements

Note 21 Revenue from operations

Rs. Millions

			For the year ended 31st March 2017	For the year ended 31st March 2016
a)	Revenue from sale of goods		**4,864.4**	4,586.9
b)	Other operating revenues :	i) Tool development and testing charges.	**6.0**	2.4
		ii) Scrap sales	**26.0**	22.7
		iii) Local body tax/Octroi incentive	**3.5**	27.5
		iv) Export benefits	**37.1**	23.1
		v) Miscellaneous income	**–**	1.0
		Total	**4,937.0**	4,663.6
Details of products sold :				
(a)	**Manufacturing activity:**			
	1. Clutch assemblies :	i) Cover assemblies	**709.5**	627.0
		ii) Driven plate	**437.5**	426.3
		iii) Spares	**2.5**	2.7
	2. Propeller shafts		**2,158.6**	1,814.3
	3. Axles and drive shafts		**42.1**	37.5
	4. i) Universal joint kits		**183.2**	197.4
	ii) Steering joint and spindle		**535.9**	510.4
	iii) Other universal joint kits and components		**713.4**	899.9
			4,782.7	4,515.5
(b)	**Trading activity :** Steel bars		**81.7**	71.4
		Total	**4,864.4**	4,586.9

Note 22 Other Income

Rs. Millions

			For the year ended 31st March 2017	For the year ended 31st March 2016
a)	**Dividend income**	: Dividend income from current investments	**1.4**	0.7
b)	**Interest Income**	: Bank deposits	**3.7**	3.4
		: Other interest	**0.7**	0.8
c)	**Net foreign exchange gains**		**11.7**	28.0
d)	**Others**	: Excess provisions for materials and expenses, no longer required written back	**6.9**	2.2
		: Discounts received	**7.9**	8.2
		: Miscellaneous income	**1.0**	0.2
		Total	**33.3**	43.5

Notes forming part of the financial statements

Note 23 (a) Cost of raw materials and components consumed

Rs. Millions

Particulars				For the year ended 31st March 2017	For the year ended 31st March 2016
Opening stock				**121.7**	106.9
Add : Purchases				**2,995.2**	2,757.6
				3,116.9	2,864.5
Less : Closing stock				**133.7**	121.7
Cost of materials consumed				**2,983.2**	2,742.8
Materials consumed comprise :					
1.	Iron and steel items :	i)	Steel tubes	**199.4**	177.0
		ii)	Strips and bars	**119.6**	152.0
		iii)	Forgings	**484.0**	496.3
		iv)	Castings	**96.0**	103.9
		v)	Semi finished components	**853.9**	779.8
2.	Components			**967.2**	767.6
3.	Material handling and processing charges			**263.1**	266.2
			Total	**2,983.2**	2,742.8
Details of raw materials and components inventory:					
1.	Iron & steel items :	i)	Strips and bars	**0.5**	4.2
		ii)	Forgings	**20.4**	11.7
		iii)	Castings	**1.1**	1.1
		iv)	Semi finished components	**77.0**	68.7
2.	Components			**34.7**	36.0
				133.7	121.7

(b) Purchases of stock-in-trade

Particulars		For the year ended 31st March 2017	For the year ended 31st March 2016
Steel bars		**74.9**	67.0
	Total	**74.9**	67.0

(c) Changes in inventories of finished goods and work-in-progress

Particulars			For the year ended 31st March 2017	For the year ended 31st March 2016
1.	**Closing stock of :**	Work-in-progress	**250.3**	248.6
		Finished goods	**135.3**	116.3
			385.6	364.9
2.	**Less : Opening stock of :**	Work-in-progress	**248.6**	230.5
		Finished goods	**116.3**	117.5
			364.9	348.0
(Increase) in Stock			**(20.7)**	(16.9)

Notes forming part of the financial statements

Cost of raw materials and components consumed (Contd.)

Rs. Millions

Particulars	Details of Finished Products		Details of Work-in-progress	
	For the year ended 31st March		For the year ended 31st March	
	2017	2016	**2017**	2016
1. Clutch assemblies :				
i) Cover assembly	**18.5**	16.7	**1.7**	3.1
ii) Driven plate	**9.0**	10.4	**6.6**	6.0
iii) Spares	**0.1**	1.1	**0.1**	*
2. Propeller shafts	**54.6**	48.5	**200.3**	198.0
3. Axles and drive shafts	**0.7**	0.8	**0.5**	0.4
4. i) Universal joint kits	**5.3**	2.9	**0.3**	1.3
ii) Steering joint and spindle	**25.3**	27.3	**14.7**	12.0
iii) Other universal joint kits and components	**21.8**	8.6	**26.1**	27.8
Total	**135.3**	116.3	**250.3**	248.6

** Represents Rs.4,086.*

Note 24 Employee benefits expense

Rs. Millions

		For the year ended 31st March 2017	For the year ended 31st March 2016
(a)	Salaries and wages	**397.6**	395.0
(b)	Contribution to provident and other funds (Refer Note 36)	**27.1**	24.1
(c)	Gratuity expense (Refer Note 36)	**3.3**	3.1
(d)	Staff welfare expenses	**42.5**	35.9
		470.5	458.1
Less : Capitalized		**(4.1)**	(3.5)
	Total	**466.4**	454.6

Note 25 Finance costs

Rs. Millions

		For the year ended 31st March 2017	For the year ended 31st March 2016
Interest expense on	– Bank borrowings	**7.8**	1.6
	– Trade payables	**0.3**	0.2
	– Other interest – Warranty unwinding	**0.9**	0.4
	– On delayed payment of income tax	**–**	*
		9.0	2.2
Less : Capitalized		**(1.3)**	(#)
	Total	**7.7**	2.2

** Represents Rs. 4,057 (#) Represents Rs.28,080.*

Notes forming part of the financial statements

Note 26 (a) Other expenses

Rs. Millions

Particulars		**For the year ended 31st March 2017**	For the year ended 31st March 2016
1.	Stores and spares consumed	**64.3**	50.0
2.	Tools consumed	**50.0**	43.5
3.	Packing materials consumed	**85.5**	75.0
4.	Power & fuel consumed	**64.2**	63.0
5.	Freight and handling charges	**74.1**	79.8
6.	Repairs and maintenance – buildings	**0.9**	3.9
7.	Repairs and maintenance – machinery	**9.0**	7.2
8.	Repairs and maintenance – others	**4.2**	5.3
9.	Loss on sale/write off of property, plant and equipment (net)	**1.6**	3.2
10.	Rates and taxes	**1.1**	2.4
11.	Lease rent	**13.9**	13.0
12.	Insurance charges	**4.3**	2.2
13.	Provision for doubtful debts	**1.8**	2.4
14.	Excise duties (Refer Note 34)	**2.1**	1.5
15.	Auditors remuneration and out-of-pocket expenses		
	(i) For Statutory audit	**2.1**	2.1
	(ii) For Taxation matters	**0.1**	0.1
	(iii) For Other services	**0.7**	0.8
	(iv) Auditors out-of-pocket expenses	*	*
16.	Expenditure on corporate social responsibility (Refer Note 42)	**8.0**	6.1
17.	Directors' sitting fees	**0.8**	2.1
18.	Commission to Non-Executive directors	**–**	3.0
19.	Business promotion expenses	**5.5**	6.4
20.	Commission on sales	**1.5**	0.7
21.	Cash discount	**11.2**	10.2
22.	Derivative cost	**25.5**	4.5
23.	Miscellaneous expenses	**99.1**	104.7
		531.5	493.1
Less : Capitalized		**(5.8)**	(4.8)
	Total	**525.7**	488.3

* Represents **2017: Rs.10,909** *(2016: Rs.13,107)*

Notes forming part of the financial statements

Note 26 (b) Income tax recognised in profit or loss

Rs. Millions

Particulars		For the year ended 31st March 2017	For the year ended 31st March 2016
Current Tax	: In respect of current year	**96.5**	85.8
	: In respect of earlier year	**(9.4)**	*
Deferred Tax	: In respect of current year origination and reversal of temporary differences	**17.6**	28.0
	: Minimum Alternate Tax credit	**–**	(5.9)
	Total	**104.7**	107.9

* Represents (2016 : Rs.44,131 credit)

(c) Income tax recognised in other comprehensive income

Rs. Millions

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurements of the defined benefit obligation	**(0.7)**	(0.1)
Total	**(0.7)**	(0.1)
Bifurcation of the income tax recognised in other comprehensive income into:		
Items that will not be reclassified to profit or loss	**(0.7)**	(0.1)
Items that may be reclassified to profit or loss	**–**	–
Total	**(0.7)**	(0.1)

Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. Millions

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Profit before tax	**339.9**	400.4
Income tax expense calculated at 34.61%	**117.6**	138.5
Effect of income that is exempt from taxation	**(0.5)**	(0.3)
Effect of tax incentives (research and development expenses)	**(11.2)**	(35.3)
Effect of expenses that is non-deductible in determining taxable profit	**2.2**	1.8
#Minimum alternate tax (MAT) liability (net of MAT credit of Rs.5.9 Millions)	**–**	#
Others	**6.0**	3.2
	114.1	107.9
Adjustments recognised in the current year in relation to the current tax of earlier year	**(9.4)**	*
Income tax expense recognised In profit or loss	**104.7**	107.9

* Represents (2016 :Rs.44,131 credit)

Notes forming part of the financial statements

Note 27 Commitments

i) Estimated amount of contracts remaining to be executed on capital account and not provided for **Rs.9.51 Millions (net)** [2016: Rs.151.9 Millions (net), 2015: Rs.40.2 Millions (net)].

ii) Amount of future minimum lease payments under non cancellable operating leases **Rs.4.1 Millions** (2016: Rs.0.7 Million, 2015: Rs.4.9 Millions).

Note 28 Contingent Liabilities not provided for:

Claims against the Company not acknowledged as debts

i) Income-tax

(a) Pursuant to an order received from Income Tax Appellate Tribunal (ITAT) in respect of the assessment years 1995-96, 1996-97 and 1997-98, upholding the Appeal of the Income Tax Department for disallowing proportionate depreciation on the assets of the Automotive Component business acquired by the Company during the year ended 31st March 1995, the Company may receive a demand from the Income Tax Department estimated at **Rs.145.5 Millions** (2016 : Rs.140.8 Millions, 2015 : Rs.136.1 Millions) [including interest of **Rs.106.7 Millions** (2016 : Rs.102.0 Millions, 2015 : Rs.97.3 Millions)].

The Company has preferred an appeal against the ITAT order in the Bombay High Court. The Company has not made any provision in the books of account as the Company, based on its own assessment and the advice given by tax consultant, is of the opinion that the liability is/can be regarded as remote.

(b) Demands in respect of earlier years against which the Company is in appeal and pending with Appellate authorities is **Rs.36.7 Millions** (2016 : Rs.36.7 Millions, 2015 : Rs.30.2 Millions).

ii) Excise and Service Tax

Excise **Rs.18.3 Millions** (2016 : Rs.12.4 Millions, 2015 : Rs.12.4 Millions)
Service Tax **Rs.36.3 Millions** (2016 : Rs.20.0 Millions, 2015 : Rs.15.5 Millions).

iii) Sales Tax

Central Sales Tax **Rs.0.4 Million** (2016 : Rs.9.5 Millions, 2015 : Rs.Nil)
Maharashtra VAT **Rs.Nil** (2016 : Rs.14.8 Millions, 2015 : Rs.Nil)

iv) Labour Law

One case (2016 : three, 2015 : Nil) pending before the labour court for the ex-employees seeking reinstatement for which the amount is not ascertainable

Note 29 Earnings in foreign exchange:

Rs. Millions

	2016-2017	2015-2016
Export of goods on FOB Basis	**534.2**	713.3
Freight and Insurance	**8.2**	13.8
Recovery of forwarding and other charges	**0.1**	0.2

Note 30 Expenditure in foreign currency:

Rs. Millions

	2016-2017	2015-2016
Royalty (Gross)	**0.8**	0.9
Professional & Technical Fees	**0.1**	0.1
Travelling	**4.4**	5.8
Membership and subscriptions	**0.4**	0.4
Commission on sales	**0.2**	*
Commission to Non-Executive Director	**–**	0.2
Interest	**0.7**	1.4
Bank Charges	**#**	0.1

Rs.48,372 * Represents Rs.43,328

Notes forming part of the financial statements

Note 31 Value of Imports on C.I.F. basis:

Rs. Millions

		2016-2017	2015-2016
Raw Materials		**683.9**	567.9
Consumables		**3.7**	0.6
Capital Goods		**62.7**	80.5
	Total	**750.3**	649.0

Note 32 Details of consumption of imported and indigenous items:

		2016-17	2015-16	2016-17	2015-16
		%	%	**Rs. Millions**	Rs. Millions
Raw Materials :					
Imported		**22.6**	22.4	**675.5**	615.0
Indigenous		**77.4**	77.6	**2,307.7**	2,127.8
	Total	**100.0**	100.0	**2,983.2**	2,742.8

Note 33 The details of Micro, Small and Medium Enterprises are as under:

Rs. Millions

		2016-17	2015-16	2014-15
(a)	Amounts remaining unpaid to any supplier as at the year end:			
	Principal	**2.2**	0.5	0.3
	Interest	**0.3**	0.4	0.2
(b)	Amount of Interest paid in terms of Section 16 of the Micro Small & Medium Enterprises Development Act, 2006	**0.4**	*	1.2
(c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**0.3**	0.2	0.2
(d)	Amount of interest accrued and remaining unpaid as at the year end	**0.3**	0.2	0.2
(e)	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 enterprises.	**–**	0.4	0.2

* Rs.17,657

The identification of suppliers as micro enterprises and small enterprises (MESE) has been done on the basis of the information provided by the suppliers to the Company. This has been relied upon by the auditors. On this basis, the disclosure of total outstanding dues of MESEs and other disclosures as required by notification No. G.S.R 719(E) dated 16th November, 2007 has been made above and in Note 14.

Note 34 Excise duty is disclosed under "Other Expenses" [Note 26 (a)] includes **Rs.1.2 Millions** (debit) [2016 : net of Rs.1.8 Millions (credit)] being the difference between the excise duty on opening stock and closing stock of finished goods.

Notes forming part of the financial statements

Note 35 Remittance in foreign currency on account of dividend to non-resident shareholder

	Dividend remittance	2016-17	2015-16	2014-15
i.	Number of Shareholder (Khattar Holdings Private Limited)	**1**	1	1
ii.	Number of Shares on which Dividend paid	**1,447,250**	578,900	578,900
iii.	Year to which the dividend relates	**2015-16**	2014-15	2013-14
iv.	Amount Remitted (Rs. Millions)	**15.6**	15.6	15.6
v.	Currency in which amount remitted	**USD**	USD	USD

Note 36 Employee Benefits:

The Company has given the following relevant disclosures in pursuance of the Indian Accounting Standard (Ind AS) 19 "Employee Benefits".

a) Defined contribution plan

The Company has recognized, in the Statement of Profit and Loss for the year, an amount of **Rs.27.1 Millions** *(2016: Rs.24.1 Millions)* as expenses under defined contribution plans.

Rs. Millions

Benefit (Contribution to)	2016-17	*2015-16*
Provident Fund	**11.4**	*10.3*
Pension Fund	**10.6**	*9.0*
Superannuation Fund	**5.1**	*4.8*
Total	**27.1**	*24.1*

b) Defined Benefit plan

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of Plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent Risk:

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

Notes forming part of the financial statements

i) Details of the gratuity plan are as follows:

Rs. Millions

	Description	**2016-17**	2015-16	2014-15
ii)	**Change in the obligation during the year ended 31st March**			
	1. Present value of defined benefit obligation at the beginning of the year	**125.9**	125.7	116.9
	2. Expenses Recognised in Statement of Profit and Loss :			
	a. Current Service Cost	**3.5**	3.1	2.8
	b. Interest Cost	**9.1**	9.3	9.9
	3. Recognised in Other Comprehensive Income			
	Actuarial Gain/(Loss) arising from:			
	a. Financial Assumptions	**4.8**	0.9	7.1
	b. Experience Adjustments	**(2.8)**	2.1	(1.6)
	4. Benefits paid	**(18.8)**	(15.2)	(9.4)
	5. Present value of defined benefit obligation at the end of the year	**121.7**	125.9	125.7
(iii)	**Change in fair value of assets during the year ended 31st March**			
	1. Fair value of plan assets at the beginning of the year	**126.5**	*120.7*	*106.7*
	2. Expenses Recognised in Statement of Profit and Loss :			
	Interest on plan assets	**9.3**	*9.3*	*9.4*
	3. Recognised in Other Comprehensive Income :			
	Remeasurement gains / (losses)			
	Actual Return on plan assets in excess of the expected return	**(0.1)**	*2.7*	*0.4*
	4. Contributions by employer (including benefit payments recoverable)	**4.3**	*9.0*	*13.6*
	5. Benefits paid	**(18.8)**	*(15.2)*	*(9.4)*
	6. Fair value of plan assets at the end of the year	**121.2**	*126.5*	*120.7*
(iv)	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**			
	1. Present value of defined benefit obligation as at 31st March	**121.7**	*125.9*	*125.7*
	2. Fair value of plan assets as at 31st March	**121.2**	*126.5*	*120.7*
	3. Surplus/(Deficit)	**0.5**	*(0.6)*	*5.0*
	4. Current portion of the above	**–**	*(0.6)*	–
	5. Non-current portion of the above	**0.5**	–	*5.0*

Notes forming part of the financial statements

Rs. Millions

	Description	2016-17	2015-16	2014-15
(v)	**Expense recognised in the Statement of Profit and Loss for the year ended 31st March :**			
	1. Current service cost	**3.5**	*3.1*	
	2. Past Service Credit	**–**	–	
	3. Interest on net defined benefit liability/ (asset)	**(0.2)**	*(*)*	
		3.3	*3.1*	
(vi)	**Included in other Comprehensive Income**			
	1. Actual return on plan assets less interest on plan assets	**0.1**	*(2.7)*	
	2. Actuarial (Gain)/Loss on account of:			
	– Financial Assumptions	**4.8**	*0.9*	
	– Experience Adjustments	**(2.8)**	*2.1*	
		2.1	*0.3*	
	The Major categories of plan assets			
	List the plan assets by category here			
	Insurer managed funds	**121.2**	*126.5*	*120.7*
(vii)	**Actuarial Assumptions**	**31.03.2017**	**31.03.2016**	**31.03.2015**
	a. Discount rate (per annum)	**7.05%**	*7.85%*	*8.00%*
	b. Attrition rate : Age Bands – 21-30	**3%**	*3%*	*3%*
	– 31-40	**2%**	*2%*	*2%*
	– 40 & Above	**1%**	*1%*	*1%*
	c. Rate of escalation in salary (per annum)	**7.00%**	*7.00%*	*7.00%*
	d. Mortality Tables	**Indian Assured Lives Mortality (2006-08) Ult Table**	*Indian Assured Lives Mortality (2006-08) Ult Table*	*Indian Assured Lives Mortality (2006-08) Ult Table*
	Expected Employer's contribution next year – Rs. Millions	**10.0**	*5.0*	*10.0*

* represents Rs.1,615

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

(viii) Sensitivity analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

Notes forming part of the financial statements

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the Gratuity Benefits to changes in the weighted principal assumptions is:

Rs. Millions

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**2017**	**1%**	**115.8**	**128.1**
	2016	1%	119.7	132.6
	2015	1%	119.5	132.5
Salary growth rate	**2017**	**1%**	**128.0**	**115.8**
	2016	1%	132.6	119.6
	2015	1%	132.4	119.4

ix) **Maturity profile:**

Maturity profile of defined benefit obligation:

Rs. Millions

	2017	2016	2015
Expected benefits for year 1	**23.4**	19.2	20.4
Expected benefits for year 2	**19.0**	20.4	15.0
Expected benefits for year 3	**10.9**	18.9	19.2
Expected benefits for year 4	**19.4**	12.6	19.1
Expected benefits for year 5	**13.5**	20.3	12.2
Expected benefits for year 6	**17.0**	13.5	18.5
Expected benefits for year 7	**12.5**	17.1	14.5
Expected benefits for year 8	**11.1**	13.9	15.5
Expected benefits for year 9	**15.5**	12.4	14.3
Expected benefits for year 10 and above	**43.4**	56.1	57.0

Note 37 Segment Information:

The Company is primarily engaged in manufacturing of automobile components such as propeller shafts, clutch sets and components thereof. Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e. Chairman and Managing Director for the purpose of resource allocation and assessing performance focuses on the business as a whole. Accordingly, there is no other separate reportable segment as defined by Ind AS 108. "Segment Reporting".

Information about Geographical area

The revenue of the Company from the external customers are attributed to the Company's country of domicile i.e. India and attributed to all foreign countries in total from which the Company derives revenue.

The Company's revenue from external customers by location of operations and information about its non-current assets by location of assets is detailed below.

Notes forming part of the financial statements

Rs. Millions

		Domestic	U.S.A.	Other countries	Total
Revenue from External customers	**2016-17**	**4,380.3**	**477.4**	**79.3**	**4,937.0**
	2015-16	3,928.6	662.2	72.8	4,663.6
Non-current operating assets	**2016-17**	**998.1**	**–**	**–**	**998.1**
	2015-16	803.3	–	–	803.3
	2014-15	672.0	–	–	672.0

Information about major customers having revenue amounting to 10% or more of the company's revenue.

	Domestic		**U.S.A.**		**Total**	
	No. of Customers	Rs. Millions	No. of Customers	Rs. Millions	No. of Customers	Rs. Millions
2016-17	**2**	**2,109.5**	**–**	**–**	**2**	**2,109.5**
2015-16	1	1,556.9	1	569.2	2	2,127.1

No other customer individually contributed 10% or more to the Company's revenue for the current year ended 31st March, 2017 and previous ended 31st March, 2016.

Note 38 Related Party Transactions:

Details of related parties and description of relationship

Sr. No.	**Description of relationship**		**Name of the Party**
1.	Joint Venture Partners (till 16th December 2016)	:	(a) Mahindra & Mahindra Limited (b) Sona Group – Through Dr. Surinder Kapur (till 30th June, 2015) Ms. Superna Motwane
2.	Individual having significant influence over the company	:	Ms. Superna Motwane, Non-Executive Director
3.	Company having significant influence over the company	:	MSona Automotive Components Private Limited (With effect from 16th December, 2016)
4.	Key Managerial Personnel	:	Mr. Gaurav G. Motwane Mr. J. V. Prabhu (upto 9th May, 2015)

Notes forming part of the financial statements

The Related Parties have been identified by the Management.

Details of Related Party transactions during the year ended 31st March, 2017 and outstanding balances as at 31st March, 2017.

Rs. Millions

Sr. No	Particulars	Year	*Joint Venture Partners	Individual having significant influence	Key Managerial Personnel
1.	Sale of finished goods(Incl. ED and Sales Tax)	**2016-17**	**1,219.2**	**–**	**–**
		2015-16	1,751.5	–	–
2.	Charges for utilising office facilities	**2016-17**	**1.0**	**–**	**–**
		2015-16	1.3	–	–
3.	Reimbursement of expenses to related party	**2016-17**	**2.3**	**–**	**–**
		2015-16	5.8	–	–
4.	Managerial remuneration (including commission)	**2016-17**	**–**	**–**	**37.6**
		2015-16	–	–	48.3
5.	Directors' sitting fees	**2016-17**	**–**	**0.1**	**–**
		2015-16	–	0.2	–
6.	Business promotion expenses	**2016-17**	**5.9**	**–**	**–**
		2015-16	3.0	–	–
7.	Dividend paid	**2016-17**	**79.5**	**–**	**–**
		2015-16	79.5	–	0.1
8.	Balance payable as on	**31st March, 2017**	**N.A.**	**–**	**18.2**
		31st March, 2016	0.1	–	26.6
		31st March, 2015	0.1	–	30.2
9.	Balance receivable as on	**31st March, 2017**	**N.A.**	**–**	**–**
		31st March, 2016	371.4	–	–
		31st March, 2015	352.3	–	–

* The amounts pertain to Mahindra & Mahindra Limited, other than dividend paid to Dr. Surinder Kapur and Ms. Superna Motwane, which is mentioned below.

Notes forming part of the financial statements

The significant related party transactions are as under

No.	Particulars	Year	Name of Related Party	Rs. Millions
1.	Dividend Paid	**2016-17** 2015-16	Mahindra & Mahindra Limited	**35.4** 35.4
		2016-17 2015-16	Mrs. Superna Motwane	**44.1** 44.1
		2016-17 2015-16	Mr. J. V. Prabhu	**N.A.** 0.1
2.	Managerial Remuneration	**2016-17** 2015-16	Mr. J. V. Prabhu	**N.A.** 2.8
		2016-17 2015-16	Mr. Gaurav G. Motwane	**37.6** 45.5

a) In respect of the outstanding balance recoverable as at 31st March, 2017, no provision for doubtful debts is required to be made.

b) During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.

Note 39 Assets take on Lease:

Rs. Millions

Particulars	2016-17	2015-16
a) In respect of Operating leases, where lease agreements have been formally entered into, the payments recognised in the Statement of Profit and Loss for the year are as follows:		
Office/residential premises and godown [includes minimum lease payments **Rs.8.9 Millions** (2016 : Rs.4.2 Millions)]	**13.9**	13.0
b) Two agreements provide for increase in rent.		
c) Some of the agreements provide for early termination by either party with a notice period of one to three months.		
d) Under some of the agreements, refundable interest free deposits have been given.		
e) There are no contingent rents and any purchase option.		
f) The total of future minimum lease payments under non-cancellable operating leases are as follows:		
For a period not later than one year	**4.1**	0.7
For a period later than one year and not later than five years	**–**	–
Total	**4.1**	0.7

Note 40 Computation of "Earnings Per Share" is as under:

Particulars	2016-17	2015-16
a. Net Profit after tax available for Equity Shareholders (Rs. Millions)	**235.2**	292.5
b. Weighted average number of Equity Shares	**11,000,004**	11,000,004
c. Basic and Diluted Earnings per share (Rs.)	**21.38**	26.59
d. Face Value per share (Rs.)	**10.00**	10.00

Notes forming part of the financial statements

Note 41 Research & Development

Research and Development expenditure incurred in recognized Research and Development unit:

i) Revenue expenses debited to the Statement of Profit and Loss, aggregate **Rs.14.9 Millions** (2016 : Rs.14.1 Millions) [Net of amount capitalised **Rs.1.6 Millions** (2016 : Rs.1.5 Millions)].

ii) Capitalisation of Assets **Rs.17.7 Millions** (2016 : 87.9 Millions, 2015 : Rs.40.4 Millions)

Note 42 The Corporate Social Responsibility (CSR) obligation for the period as computed by the Company and relied upon by the auditors is Rs.8.9 Millions (2016: Rs.8.6 Millions). CSR amount spent during the year is **Rs.8.0 Millions** (2016 : Rs.6.1 Millions).

Note 43 Exceptional item of Rs.45.0 Millions in the previous year represents the compensation for loss of office paid to the outgoing Managing Director of the Company under Section 202 of the Companies Act, 2013.

Note 44 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 :

Rs. Millions

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	0.4	0.1	0.5
(+) Permitted receipts	–	0.8	0.8
(–) Permitted payments	–	0.4	0.4
(–) Amount deposited in Banks	0.4	–	0.4
Closing cash in hand as on 30th December, 2016	–	0.5	0.5

Note 45 Financial Instruments

Capital management

The Company's capital management objectives are:

– to ensure the Company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The capital structure of the Company consists of net debt (borrowings as detailed in Notes 13 and 17 and offset by cash and cash equivalents) and total equity of the Company.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financials covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio which is net debt divided by equity.

Rs. Millions

Particulars	**31st March, 2017**	31st March, 2016	1st April, 2015
Debt	**288.3**	129.8	75.0
Less : Cash and cash equivalent including other bank balances	**177.3**	183.1	170.8
Net Debt	**111.0**	(53.3)	(95.8)
Equity	**1,792.4**	1,701.6	1,552.3
Gearing ratio	**6%**	–	–

Notes forming part of the financial statements

In order to achieve the overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest bearing loans and borrowings in the current year.

No changes were made in the objectives, policies and processes for managing capital during the years ended 31st March, 2017 and 31st March, 2016.

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

[A] CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies for major customers. Outstanding customer receivables are regularly monitored and any shipments to other small customers are generally covered by bank guarantees. At 31st March, 2017, the Company had 4 customers that owed the Company more than Rs.77.5 Millions each and accounted for approximately 69 % of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual fund or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Company's Investment Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

[B] LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short–, medium– and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Notes forming part of the financial statements

Rs. Millions

	Weighted average effective interest rate	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total	Carrying amount
Non-derivative financial liabilities							
31st March, 2017							
Non-interest bearing		677.3	53.8	–	–	731.1	731.1
Variable interest rate instruments	7.07%	68.8	260.6	35.8	–	365.2	317.2
Total		746.1	314.4	35.8	–	1,096.3	1,048.3
31st March, 2016							
Non-interest bearing		623.0	56.9	–	–	679.9	679.9
Variable interest rate instruments	5.30%	51.6	73.8	37.0	–	162.4	145.3
Total		674.6	130.7	37.0	–	842.3	825.2
1st April, 2015							
Non-interest bearing		587.0	54.9	–	–	641.9	641.9
Variable interest rate instruments	2.13%	75.0	–	–	–	75.0	75.0
Total		662.0	54.9	–	–	716.9	716.9

Sensitivity interest rate increase by 1% : Profit will decrease on variable interest rate instrument by **Rs.3.2 Millions** for the year ended 31st March, 2017 (Rs.1.5 Millions for the year ended 31st March, 2016) (Rs.0.8 Million for the year ended 31st March, 2015)

Sensitivity interest rate decrease by 1% : Profit will increase on variable interest rate instrument by **Rs.3.2 Millions** for the year ended 31st March, 2017 (Rs.1.5 Millions for the year ended 31st March, 2016) (Rs.0.8 Million for the year ended 31st March, 2015)

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Rs. Millions

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total
Derivative financial liabilities					
31st March, 2017					
Gross settled – Cross currency swaps	6.4	9.3	–	–	15.7
31st March, 2016					
Gross settled – Cross currency swaps	–	4.0	–	–	4.0
1st April, 2015					
Gross settled – Cross currency swaps	–	–	–	–	–

Notes forming part of the financial statements

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. Millions

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total	Carrying amount
Non-derivative financial liabilities						
31st March, 2017						
Non-interest bearing	**1,328.3**	**4.6**	**–**	**–**	**1,332.9**	**1,332.9**
Fixed interest rate instruments	**92.9**	*****	**–**	**–**	**92.9**	**90.0**
Total	**1,421.2**	**4.6**	**–**	**–**	**1,425.8**	**1,422.9**
31st March, 2016						
Non-interest bearing	1,259.5	6.6	–	–	1,266.1	1,266.1
Fixed interest rate instruments	67.6	–	–	–	67.6	65.0
Total	1,327.1	6.6	–	–	1,333.7	1,331.1
1st April, 2015						
Non-interest bearing	1,126.1	6.3	–	–	1,132.4	1,132.4
Fixed interest rate instruments	62.7	–	–	–	62.7	60.0
Total	1,188.8	6.3	–	–	1,195.1	1,192.4

* represents Rs.75,000

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Rs. Millions

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total
Derivative financial instruments					
31st March, 2017					
Gross settled :					
– foreign exchange forward contracts	**–**	**–**	**–**	**–**	**–**
31st March, 2016					
Gross settled :					
– foreign exchange forward contracts	1.5	–	–	–	1.5
1st April, 2015					
Gross settled :					
– foreign exchange forward contracts	0.8	–	–	–	0.8

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Notes forming part of the financial statements

(iv) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Rs. Millions

Particulars	31st March, 2017	31st March, 2016	1st April, 2015
Fund based – cash credit and bill discounting :			
– Expiring within one year	**171.1**	151.4	75.0
– Expiring beyond one year	**171.1**	151.4	75.0
Non-Fund Based – letter of credit :			
– Expiring within one year	83.1	77.9	96.2
– Expiring beyond one year	83.1	77.9	96.2
Term Loan :			
– Expiring within one year	–	200.0	–
– Expiring beyond one year	–	200.0	–

[C] MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

(i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging trade receivables and borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Rs. Millions

	Currency	31st March, 2017	31st March, 2016	1st April, 2015
Trade receivable	USD	**4.8**	4.5	5.0
	GBP	**0.4**	0.2	0.1
	EURO	**#**	#	#
Trade payable	USD	**1.0**	1.8	2.5
	EURO	*	*	*
Term loan	USD	**4.4**	1.5	–
# represents	EURO	**7,552**	24,687	49,694
* represents	EURO	**728**	1,686	1,340

Notes forming part of the financial statements

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Rs. Millions

		Currency	31st March, 2017	31st March, 2016	1st April, 2015
Trade receivable		USD	**4.8**	3.5	4.0
		GBP	**0.4**	0.2	0.1
		EURO	**#**	#	#
Trade payable		USD	**1.0**	1.8	2.5
		EURO	*	*	*
	# represents	EURO	**7,552**	24,687	49,694
	* represents	EURO	**728**	1,686	1,340

(ii) Interest rate risk

Refer comment given above in maturities of financial liabilities under liquidity risk.

(iii) Raw material price risk

The Company does not have significant risk in raw material price variations. In case of any variation in price same is passed on to customers through appropriate adjustment to selling prices.

Note 46 Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example
- interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market–corroborated inputs')

Notes forming part of the financial statements

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Rs Millions

Financial assets / financial liabilities	**Fair value hierarchy as at 31st March, 2017**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	**–**	**87.3**	**–**	**87.3**
– Bank balances other than above	**–**	**90.0**	**–**	**90.0**
– Non-current other Bank balances	**–**	*	**–**	*
– Trade receivables	**–**	**1,238.5**	**–**	**1,238.5**
– Deposits	**–**	**4.6**	**–**	**4.6**
– Interest receivable	**–**	**2.1**	**–**	**2.1**
Total	**–**	**1,422.5**	**–**	**1,422.5**
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	**–**	**288.3**	**–**	**288.3**
– Trade and other payables (including capital)	**–**	**758.4**	**–**	**758.4**
– Deposits received	**–**	**1.6**	**–**	**1.6**
Total	**–**	**1,048.3**	**–**	**1,048.3**

Rs Millions

Financial assets / financial liabilities	Fair value hierarchy as at 31st March, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	–	118.1	–	118.1
– Bank balances other than above	–	65.0	–	65.0
– Non–current other Bank balances	–	*	–	*
– Trade receivables	–	1,139.4	–	1,139.4
– Deposits	–	6.6	–	6.6
– Interest receivable	–	1.6	–	1.6
Total	–	1,330.7	–	1,330.7
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	129.8	–	129.8
– Trade and other payables (including capital)	–	694.0	–	694.0
– Interest payable	–	0.2	–	0.2
– Deposits received	–	1.2	–	1.2
Total	–	825.2	–	825.2

* Represents Rs.75,000

Notes forming part of the financial statements

Rs Millions

Financial assets / financial liabilities	Fair value hierarchy as at 31st March, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	–	110.8	–	110.8
– Bank balances other than above	–	60.0	–	60.0
– Trade receivables	–	1,013.5	–	1,013.5
– Deposits	–	6.3	–	6.3
– Interest receivable	–	1.4	–	1.4
Total	–	1,192.0	–	1,192.0
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	75.0	–	75.0
– Trade and other payables (including capital)	–	640.6	–	640.6
– Deposits received	–	1.3	–	1.3
Total	–	716.9	–	716.9

Rs Millions

Financial assets / financial liabilities	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-17	31-Mar-16	1-Apr-15				
Financial assets Other Financial Assets Foreign currency forward contracts	–	1.5	0.8	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Total financial assets	**–**	**1.5**	**0.8**				
Financial liabilities Other Financial Liabilities Cross Currency Swaps	15.7	4.0	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates and forward exchange rate (from observable yield curves and forward exchange rate at the end of the reporting period) and contract interest rates and contract forward rate, discounted at a rate that reflects the credit risk of various counter parties.	NA	NA
Total financial liabilities	**15.7**	**4.0**	**–**				

Notes forming part of the financial statements

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company considers that the carrying amount of financial assets and financial liabilities recognised in financial statements approximates their fair value.

Note 47 First-time adoption of Ind AS

(i) Reconciliation of total equity as at 31st March, 2016 and 1st April, 2015:

Rs. Millions

Particulars	As at 31st March, 2016	As at 1st April, 2015
Equity as reported under previous GAAP	1,558.5	1,408.8
Ind AS : Adjustments increase/(decrease):		
Net impact of fair valuation of provision for warranty (Net of tax)	0.9	0.6
Net impact of fair valuation of long term deposits	–	(*)
Dividends not recognised as liability until declared (including tax on dividend)	143.0	143.0
Capital work-in-progress : adjustment on account of interest rate swap element of derivative instrument	(0.1)	–
Impact of mark to market of forward contract	(0.1)	(0.1)
Exchange gain on revaluation of bank borrowing covered under derivative instrument	3.3	–
Impact of mark to market of derivative instrument	(4.0)	–
Other	0.1	–
(*) Represents Rs.43,596.		
Equity as reported under Ind AS	1,701.6	1,552.3

(ii) Reconciliation of total comprehensive income for the year ended 31st March, 2016:

Rs. Millions

Particulars	Year Ended 31st March, 2016
Profit as per previous GAAP	292.7
Ind AS: Adjustments increase/(decrease):	
Net impact of fair valuation of provision for warranty (net of tax)	0.3
Net impact of fair valuation of long term deposits	(0.1)
Capital work-in-progress : adjustment on account of interest rate swap element of derivative instrument	(0.1)
Employee future benefits – actuarial gains and losses	0.3
Impact of mark to market of forward contract	0.1
Exchange gain on revaluation of bank borrowing covered under derivative instrument	3.3
Impact of mark to market of derivative instrument	(4.0)
Total adjustment to profit	(0.2)
Profit under Ind AS	292.5
Other comprehensive income– remeasurement of the defined benefit obligation (net of tax)	(0.2)
Total comprehensive income under Ind AS	292.3

Note: No statement of comprehensive income was produced under previous GAAP. Therefore, the above reconciliation starts with profit under previous GAAP.

(iii) Material adjustments to the statement of cash flows – No material adjustment with respect to previous GAAP cash flow.

Notes forming part of the financial statements

(iv) Effect of Ind AS adoption on the balances sheet as at 31st March, 2016 and 1st April, 2015

Rs. Millions

Particulars	Note	As at 31st March, 2016 (End of last year presented under previous GAAP)			As at 1st April, 2015 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet
A. ASSETS							
1. Non-current assets							
(a) Property, plant & equipment	47(vi) (1)	728.5	(41.3)	687.2	630.6	(8.5)	622.1
(b) Capital work-in-progress	47(vi) (2)	12.7	(0.1)	12.6	0.3	–	0.3
(c) Other intangible assets		9.3	–	9.3	8.3	–	8.3
(d) Intangible assets under development		2.0	–	2.0	–	–	–
(e) Financial assets							
(i) Other bank balances		*	–	*	–	–	–
(ii) Others	47(vi) (3)	6.6	–	6.6	6.6	(0.3)	6.3
(f) Other non-current assets	47(vi) (1), (3)	52.3	39.9	92.2	32.9	8.4	41.3
Total non-current assets		811.4	(1.5)	809.9	678.7	(0.4)	678.3
2. Current assets							
(a) Inventories		513.4	–	513.4	482.5	–	482.5
(b) Financial assets :							
(i) Investments		0.4	–	0.4	0.4	–	0.4
(ii) Trade receivables	47(vi) (4)	1,140.9	(1.5)	1,139.4	1,014.4	(0.9)	1,013.5
(iii) Cash & cash equivalents		118.1	–	118.1	110.8	–	110.8
(iv) Bank balances other than (iii) above		65.0	–	65.0	60.0	–	60.0
(v) Others	47(vi) (4)	1.6	1.5	3.1	1.4	0.8	2.2
(c) Other current assets	47(vi) (1), (3)	97.3	1.3	98.6	125.5	0.4	125.9
Total current assets		1,936.7	1.3	1,938.0	1,795.0	0.3	1,795.3
Total Assets		2,748.1	(0.2)	2,747.9	2,473.7	(0.1)	2,473.6

* Represents Rs75,000 (2015 : Rs. Nil)

Notes forming part of the financial statements

Rs. Millions

Particulars	Note	As at 31st March, 2016 (End of last year presented under previous GAAP)			As at 1st April, 2015 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet
B. EQUITY AND LIABILITIES							
1. EQUITY							
(a) Equity share capital		110.0	–	110.0	44.0	–	44.0
(b) Other equity	7(vi)(3), (5), (6)	1,448.5	143.1	1,591.6	1,364.8	143.5	1,508.3
Total equity		1,558.5	143.1	1,701.6	1,408.8	143.5	1,552.3
LIABILITIES							
2. Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings		96.7	–	96.7	–	–	–
(ii) Trade payables		56.9	–	56.9	54.9	–	54.9
(b) Provisions	47(vi) (6)	55.2	(1.0)	54.2	54.9	(0.9)	54.0
(c) Deferred tax liabilities (Net)	47(vi) (6), (11)	77.9	0.4	78.3	56.0	0.3	56.3
Total non–current liabilities		286.7	(0.6)	286.1	165.8	(0.6)	165.2
3 Current liabilities							
(a) Financial liabilities							
(i) Borrowings		33.1	–	33.1	75.0	–	75.0
(ii) Trade payables		628.0	–	628.0	565.4	–	565.4
(iii) Other financial liabilities	47(vi) (7)	10.5	4.0	14.5	21.6	–	21.6
(b) Other current liabilities	47(vi) (7)	57.5	(3.3)	54.2	44.2	–	44.2
(c) Provisions	47(vi) (5), (6)	163.4	(143.4)	20.0	164.1	(143.0)	21.1
(d) Current tax liabilities (Net)		10.4	–	10.4	28.8	–	28.8
Total current liabilities		902.9	(142.7)	760.2	899.1	(143.0)	756.1
Total equity and liabilities		2,748.1	(0.2)	2,747.9	2,473.7	(0.1)	2,473.6

Represents Rs.75,000 (2015 Rs. Nil)

Note: Previous GAAP figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

(vi) Notes to Reconciliation

1. Under previous GAAP, leasehold land was considered as tangible fixed asset and was amortised over the period of the lease. Under Ind AS, interest in leasehold land is considered as leases as per definition and classification criteria in Ind AS 17. Accordingly, in respect of net written down value of leasehold land Rs.41.3 Millions as at 31st March, 2016 (Rs.8.5 Millions as at 1st April, 2015) has been classified under other non-current assets Rs.39.9 Millions as at 31st March, 2016 (Rs.8.4 Millions as at 1st April, 2015) and under other current assets at Rs.1.3 Millions as at 31st March, 2016 (Rs.0.1 Million as at 1st April, 2015). Similarly the amortisation of leasehold land for the year ended 31st March, 2016 of Rs.0.1 Million has been classified under other expenses as lease rent.

   This change does not affect total equity as at 1st April, 2015 and 31st March, 2016, profit before tax or profit for the year ended 31st March, 2016.

2. Under the previous GAAP, interest expense on long term foreign currency loan were recognised at fixed interest rate as per cross currency interest rate swaps. Further the interest expenses to the extent they are used for financing and acquisition of Property, plant and equipment were added to the cost of capital work-in-progress. Under Ind AS, interest expenses on such cross currency interest rate swaps are recognised at floating interest rate and the difference between fixed interest rate and floating interest rate is treated as derivative cost. Accordingly adjustment has been carried out on account of cross currency interest rate swap element of derivative instrument and the same has been decapitalised from capital work-in-progress.

Notes forming part of the financial statements

The net effect of this change is decrease in total equity as at 31st March, 2016 of Rs.0.1 Million (Rs.Nil as at 1st April, 2015) and decrease of Rs.0.1 Million in Profit before tax and decrease of Rs.0.1 Million in profit for the year ended 31st March, 2016.

3. Under previous GAAP, interest free deposits given were carried at cost. Under Ind AS, such interest free deposits are measured initially at discounted amounts, if the effect of time value of money is material. The Company has discounted the interest free deposits to present value at the reporting dates resulting in the interest free deposits reduced by Rs.Nil as at 31st March, 2016 (Rs.0.3 Million as at 1st April, 2015) and other prepayments under other current assets are increased by Rs.Nil as at 31st March, 2016 (Rs.0.3 Million as at 1st April, 2015). After initial recognition, the deposits are subsequently measured at amortised cost i.e. interest based on the market rate has been recognised under the effective rate method as part of interest income. The prepayments are charged to the Statement of Profit and Loss on the straight line basis over the period of deposits given.

   The net effect of these changes is a decrease in total equity as at 31st March, 2016 of Rs.Nil (1st April, 2015 of Rs.* Million) and decrease in profit before tax of Rs.0.1 Million and decrease of Rs.0.1 Million in the profit for the year ended 31st March, 2016.

   * Represents Rs.43,596.

4. Under previous GAAP, the Company recognised the movements in time value of forward element of forward contracts in the Statement of Profit and Loss in the year in which they arose. Under Ind AS, derivatives are initially recognised at fair value at the date the derivative contract are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

   Accordingly the forward element of the forward contract amounting to Rs.1.5 Millions as at 31st March, 2016 (Rs.0.9 Million as on 1st April 2015) has been derecognized and the fair value of the forward contract has been recognised Rs.1.5 Millions as at 31st March 2016 (Rs.0.8 Millions as at 1st April, 2015) under other financial assets.

   The net effect of this change is a decrease in total equity as at 31st March, 2016 of Rs.0.1 Million (Rs.0.1 Million as at 31st March, 2015) and increase of Rs.0.1 Million in profit before tax and increase of Rs.0.1 Million in profit for the year ended 31st March, 2016.

5. Under previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognized in the financial statements as a liability. Under Ind AS, such dividends are recognized when declared by the members in a general meeting. The effect of this change is an increase in total equity as at 31st March, 2016 of Rs.143.0 Millions (Rs.143.0 Millions as at 1st April, 2015) but does not affect profit before tax and total profit for the year ended 31st March, 2016.

6. Under the previous GAAP, discounting of provisions was not permitted and provisions were measured at best estimate of the expenditure required to settle the obligation at the balance sheet date without considering the effect of discounting. Under Ind AS, provisions are measured at discounted amounts, if the effect of time value of money is material. The Company has discounted the provision for warranty to the present value at the reporting dates resulting in the provision for warranty being decreased by Rs.1.4 Millions as at 31st March, 2016 (Rs.0.9 Million as at 31st March, 2015). Consequently unwinding of discount has been recognised as a finance cost i.e. Rs.0.4 Million for the year ended 31st March, 2016. Further deferred tax liability thereon has also been recognised as at 31st March, 2016 (Rs.0.5 Million) and as at 1st April, 2015 (Rs.0.3 Million). The net effect of these changes is an increase in total equity as at 31st March, 2016 of Rs.0.9 Million (Rs.0.6 Million as at 1st April, 2015), and increase in profit before tax of Rs.0.5 Million, and in total profit of Rs.0.3 million for the year ended 31st March, 2016.

7. Under the previous GAAP, the Company recognised cross currency interest rate swap at exchange rate prevailing as at balance sheet date. Under Ind AS, cross currency interest rate swaps are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period and resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

   Resulting loss on account of remeasurement of derivative instrument as at 31st March, 2016 of Rs.4.0 Million has been recognised under other financial liabilities and gain on revaluation of foreign currency loan as at 31st March, 2016 of Rs.3.3 Millions has been recognised as other income with corresponding decrease in other current liabilities.

   The net effect of this change is decrease in total equity as at 31st March, 2016 of Rs.0.7 Million and decrease in profit before tax by Rs.0.7 Million and decrease of Rs.0.7 in profit for the year ended 31st March, 2016.

   Under the previous GAAP, interest expense on long term foreign currency loans were recognised at fixed interest rate as per cross currency interest rate swaps. Under Ind AS interest expenses on such cross currency interest rate swaps are recognised at floating interest rate and the difference between fixed interest rate and floating interest rate is treated as derivative cost. Accordingly Rs.0.5 Million has been regrouped from finance cost to other expenses as at 31st March, 2016.

Notes forming part of the financial statements

8. Under previous GAAP, revenue from sale of product was presented net of excise duty under revenue from operations. Whereas, under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense of Rs.447.5 Millions for the year ended 31st March, 2016 is presented separately on the face of the statement of profit and loss as excise duty on sale of products (including scrap sale of Rs.2.4 Millions), however there is no impact of this change on the profit of the Company.

9. Under the previous GAAP, the revenue from sale of products was presented gross of volume discounts under revenue from operations. Whereas, under Ind AS, revenue from sale of products is net of discounts offered. Correspondingly the discount expenses of Rs.50.1 Millions for the year ended 31st March, 2016 is regrouped from other expenses to revenue from sale of products.

10. Under previous GAAP, actuarial gains and losses on remeasurement of net defined benefit liabilities /(assets) were recognized in Statement of Profit and Loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liabilities/(assets) which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognized in other comprehensive income under Ind AS instead of Statement of Profit and Loss. The actuarial loss for the year ended 31st March, 2016 was Rs.0.3 Million and the tax effect thereon Rs.0.1 Million. This change does not affect total equity, but there is an increase in profit before tax and in profit for the year ended 31st March, 2016 of Rs.0.2 Million.

11. Due to transition to Ind AS from previous GAAP following adjustments were made to deferred tax liability (net) as on 31st March, 2016 and 1stApril, 2015.

Rs Millions

Particulars	As on 31st March, 2016	As on 1st April, 2015
Balance as per previous GAAP	77.9	56.0
Warranty	0.5	0.3
Remeasurement of the defined benefit obligation recognised in other comprehensive income	(0.1)	-
Balance as per Ind AS	78.3	56.3

12. Reconciliation of Deferred Tax Expenses/(credit)

	Rs Millions
Deferred tax expenses as per previous GAAP	21.9
Charge to Statement of Profit and loss on account of -	
Warranty	0.2
Deferred tax expenses as per Ind AS	22.1

Note 48 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure**.**

For and on behalf of the Board of Directors
MSL Driveline Systems Limited
(formerly known as Mahindra Sona Limited)

Gaurav Motwane
Chairman, Managing Director & CEO
(DIN 00746165)

Vivek Patwardhan
Independent Director
(DIN 07140190)

Pradeep Mestry
Chief Financial Officer

Mahendra Salunke
Company Secretary

Mumbai
6th June 2017