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**B. K. KHARE & Co.**  
CHARTERED ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of **Mahindra Hinoday Industries Limited**

1. Report on the Condensed Financial Statements

We have audited the accompanying interim condensed financial statements of Mahindra Hinoday Industries Limited ("the Company"), which comprise the interim condensed Balance Sheet as at 30<sup>th</sup> September, 2013 and the interim condensed Statement of Profit and Loss for the six- months then ended and interim condensed Cash Flow Statement for the six- months then ended, and a summary of select explanatory notes.

2. Management's Responsibility for the Interim Condensed Financial Statements

Management is responsible for the preparation of these interim condensed financial statements in accordance with the requirements of Accounting Standard (AS) 25 referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the interim condensed financial statements that are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these interim condensed financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim condensed financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim condensed financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim condensed financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the interim condensed financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the interim condensed financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**4. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the accompanying interim condensed financial statements have been prepared, in all material respects, in accordance with the requirements of AS 25 referred to in sub-section (3C) of section 211 of the Act.

**5. Other Matters**

The financial statements includes cumulative profit and loss account and cash flow statement for the period April 1, 2012 to September 30, 2012 as required by Accounting Standard (AS) 25 – Interim Financial Reporting which have been prepared by the management.

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W



**Prasad Paranjape**

Partner

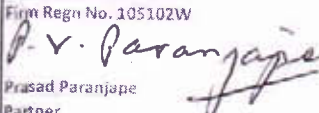
Membership No – 047296

Place : Mumbai

Date : 10th February, 2014

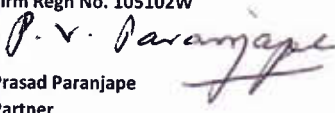

**MAHINDRA HINODAY INDUSTRIES LIMITED**
**Balance Sheet As At September 30, 2013**

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

Particulars	Note No.	Sept 30, 2013	March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds			
Share Capital	3	4,657.67	4,657.67
Reserves & Surplus	4	<u>9,748.47</u>	<u>9,250.09</u>
		14,406.14	13,907.76
Non Current Liabilities			
Long Term Borrowings	5	7,096.80	9,101.66
Other Long Term Liabilities	6	70.38	70.38
Long Term Provisions	8	<u>1,034.02</u>	<u>987.04</u>
		8,201.20	10,159.07
Current Liabilities			
Short Term Borrowings	9	2,737.38	589.38
Trade Payables	10	11,114.34	11,164.72
Other Current Liabilities	10	4,813.13	4,831.81
Short Term Provisions	11	<u>208.10</u>	<u>215.08</u>
		18,872.95	16,800.99
<b>TOTAL</b>		<u>41,480.29</u>	<u>40,867.82</u>
<b>ASSETS</b>			
Non Current Assets			
Fixed Assets			
Tangible Assets	12	25,087.00	25,916.32
Intangible Assets	12	103.34	121.33
Capital Work in Progress		761.67	366.05
Non Current Investments	13	377.82	385.84
Deferred Tax Asset (Net)	7		
Long Term Loans and Advances	14	29.37	172.64
Other Non Current Assets	15	<u>57.80</u>	<u>120.29</u>
		26,417.00	27,084.47
Current Assets			
Inventories	16	7,510.33	5,671.20
Trade Receivables	17	5,750.82	6,604.04
Cash & Bank Balances	18	545.31	579.75
Short Term Loans & Advances	19	1,101.08	756.92
Other Current Assets	20	<u>155.75</u>	<u>171.44</u>
		15,063.29	13,783.35
<b>TOTAL</b>		<u>41,480.29</u>	<u>40,867.82</u>
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			
As per our Report of even date		For and on behalf of Board of Directors of Mahindra Hinoday Industries Limited	
For B. K. KHARE & Co.			
Chartered Accountants			
Firm Regn No. 105102W			
		Mr. Hemant Luthra	Mr. Vikram Nirula
Prasad Paranjape		Mr. Rajan Wadhwa	Mr. Sanjay Arte
Partner		Mr. Zhooben Bhiwandiwalla	
Membership No. 047296		Mr. K. Ramaswami	
		K Jayaprakash	
		CFO	
Place : Mumbai		Place : Mumbai	
Date : February 10, 2014		Date : February 10, 2014	

**MAHINDRA HINODAY INDUSTRIES LIMITED****Statement Of Profit and Loss For The Period Ended September 30, 2013**

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

Particulars	Note No.	Current Period	Previous Period
<b>INCOME</b>			
Sale of Manufactured Goods	21	27,483.24	25,452.99
Less: Excise Duty		2,045.24	2,007.72
		25,438.00	23,445.27
Other Income	22	92.97	106.26
Total Revenue		25,530.97	23,551.53
<b>EXPENDITURE</b>			
Cost of Material and components Consumed	23	12,265.64	10,929.06
(Increase)/Decrease in Inventories of Finished Goods and Work-in-progress	23	(662.99)	481.71
Employee Benefit Expenses	24	2,672.16	2,695.88
Manufacturing and Other Expenses	25	8,838.53	8,554.72
Interest Cost	26	705.60	834.36
Depreciation and Amortization	11	1,213.65	1,175.44
		25,032.59	24,671.17
Profit/(Loss) Before Tax		498.38	(1,119.64)
Tax Expenses			
- Current Tax		-	-
- Deferred Tax Charge/(Credit)		-	272.59
Profit/ (Loss) for the year		498.38	(1,392.23)
<b>Earning Per Share (EPS)</b>	32	1.07	(2.99)
Basic and Diluted [Nominal Value of Rs. 10/- each (Sept 30,2012 Rs. 10/-) ]			
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			
As per our Report of even date For B. K. KHARE & Co. Chartered Accountants Firm Regn No. 105102W  Prasad Paranjape Partner Membership No.:047296		For and on behalf of Board of Directors of Mahindra Hinoday Industries Limited  Mr. Hemant Luthra Mr. Vikram Nirula  Mr. Rajan Wadhera Mr.Sanjay Arte  Mr. Zhooben Bhiwandiwalla  Mr. K.Ramaswami  K Jayaprakash CFO 	
Place : Mumbai Date : February 10, 2014		Place : Mumbai Date : February 10, 2014	



**MAHINDRA HINODAY INDUSTRIES LIMITED**
**Cash Flow For The Year period ended September 30 , 2013**

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

Particulars	Sept 30,2013	Sept 30,2012
<b>Cash flow from operating activities</b>		
Profit/(Loss) before tax from operations	498.38	(1,119.65)
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation/amortization	1,213.65	1,175.44
Loss/(profit) on sale or write off of fixed assets	4.85	(4.52)
Unrealized foreign exchange loss	160.30	17.86
Provision for doubtful debt	40.10	23.35
Interest expense	705.60	834.36
Interest income	(10.27)	(6.77)
Dividend income	-	-
Provisions written Back	-	(19.96)
<b>Operating profit before working capital changes</b>	<b>2,612.61</b>	<b>900.11</b>
<b>Movements in working capital :</b>		
Increase/(decrease) in trade payables	(253.73)	(196.91)
Increase / (decrease) in long-term provisions	46.97	(14.00)
Increase / (decrease) in short-term provisions	(6.98)	(9.23)
Increase/(decrease) in other current liabilities	92.74	126.66
Increase/ (decrease) in other long-term liabilities	-	(41.42)
Decrease/(increase) in trade receivables	856.16	963.48
Decrease/(increase) in inventories	(1,839.13)	427.22
Decrease / (increase) in long-term loans and advances	25.01	0.73
Decrease / (increase) in short-term loans and advances	(342.00)	(190.74)
Decrease/(increase) in other current assets	15.69	100.87
Decrease / (increase) in other non-current assets	62.49	(2.92)
<b>Cash generated from /(used in) operations</b>	<b>1,269.83</b>	<b>2,063.86</b>
Direct taxes paid (net of refunds)	(2.16)	21.44
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>1,267.67</b>	<b>2,085.30</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(646.51)	(1,008.56)
Proceeds from sale of fixed assets	-	20.84
Interest received	10.27	6.77
Dividends received	-	-
Amortisation of investment	8.02	6.44
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(628.22)</b>	<b>(974.51)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of share capital including premium	-	-
Proceeds from long-term borrowings	-	1,581.40
Repayment of long-term borrowings including SICOM	(2,116.29)	(1,597.47)
Proceeds/(Repayment) from short-term borrowings	2,148.00	(291.79)
Interest paid	(705.60)	(834.36)
<b>Net cash flow from/(used in) in financing activities (C)</b>	<b>(673.89)</b>	<b>(1,142.22)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(34.44)</b>	<b>(31.43)</b>
Cash and cash equivalents at the beginning of the year	579.75	117.97
<b>Cash and cash equivalents at the end of the year</b>	<b>545.31</b>	<b>86.56</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	2.89	8.05
With banks- on current account	492.85	6.54
-- on deposit account	49.52	71.92
-- unpaid dividend accounts*	0.05	0.05
<b>Total cash and cash equivalents (note 18)</b>	<b>545.31</b>	<b>86.56</b>

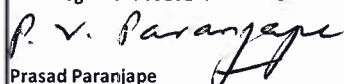
\* The company can utilise these balances only towards settlement of the respective unpaid dividend

As per our Report of even date

For B. K. KHARE &amp; Co.

Chartered Accountants

Firm Regn No. 105102W



Prasad Paranjape

Partner

Membership No.:047296

For and on behalf of Board of Directors of Mahindra Hinoday Industries Limited

Mr. Hemant Luthra

Mr. Vikram Nirula

Mr. Rajan Wadhera

Mr. Sanjay Arte

Mr. Zhooben Bhiwandiwal

Mr. K. Ramaswami

 K Jayaprakash  
CFO



Place : Mumbai

Date : February 10, 2014

Place : Mumbai

Date : February 10, 2014

