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B. K. KHARE & Co.
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

**The Board of Directors of
Mahindra Investments (India) Private Limited**

Report on the financial statements

We have audited the accompanying financial statements of Mahindra Investments (India) Private Limited ("the Company"), which comprise the Balance Sheet as at September 30, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility on the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

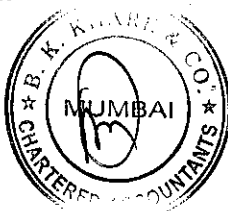
Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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**Branch Office : Bengaluru**

- Tel : +91 (080) 4110 5357
- E-mail : bkkhareb@vsnl.net
- 101, Money Chambers, 1st Floor
- # 6 K. H. Road, Shanthinagar,
Bengaluru - 560027, India

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

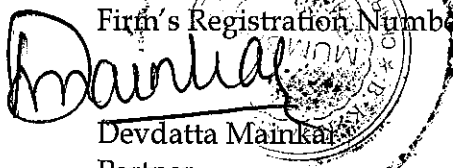
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2013;
- (b) in the case of Statement of Profit and Loss, of the loss for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on other legal and regulatory requirements

As required by section 227(3) of the Act, we report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration Number 105102W

A circular stamp of the Chartered Accountants of India is visible behind the signature. The stamp contains the text "THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA" and "MUMBAI".

Devdatta Mainkar
Partner

Membership Number 109795
Mumbai, January 13, 2014

MAHINDRA INVESTMENTS (INDIA) PRIVATE LIMITED

Profit & Loss Account for the period 25th April, 2013 (date of Incorporation) To 30th September, 2013

	From 25th April 2013 to 30th September 13 Rs. Lakhs
I. Revenue from Operations (Gross)	-
Less : Excise Duty	-
Revenue from Operations (Net)	-
II. Other Income	-
III Total Revenue (I+II)	-
IV EXPENDITURE:	
Cost of Materials Consumed	-
(Increase)/Decrease in inventories	-
Employee Benefits Expense	-
Finance Costs	-
Depreciation and Amortisation Expense	-
Other Expenses:	
Stamp Duty	64.01
Filing Fees	0.45
Professional Fees	0.02
Total Expenses	64.48
V Profit Before Exceptional Items and Tax (III-IV)	(64.48)
VI Add/(Less) : Exceptional Items	-
VII Profit Before Tax (V-VI)	(64.48)
VIII Tax Expense	
Current Tax	-
Less : MAT Credit Entitlement	-
	-
Deferred Tax (Credit)/charge	-
IX Profit /loss for the period	(64.48)
X Earnings per equity share	
(Face value Rs. 10/- per share) (Rupees)	
Basic	(0.08)
Diluted	(0.08)

For B.K.KHARE & CO.
Chartered Accountants

Devdatta Mainkar

Devdatta Mainkar
Partner
M. No. 109795



Mr. Hemant Luthra
Mr. Hemant Luthra
Director

Mr. Sanjay Joglekar
Mr. Sanjay Joglekar
Director

Mr. Romesh Kaul
Mr. Romesh Kaul
Director

Mumbai
Date : 11 3 JAN 2014

Mumbai
Date : 11 3 JAN 2014

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MAHINDRA INVESTMENTS (INDIA) PRIVATE LIMITED

Balance Sheet as at September 30, 2013

	AS at September 30, 2013 Rs. Lakhs
I. EQUITY AND LIABILITIES	
1 SHAREHOLDER'S FUNDS :	
(i) Share Capital	8,005.66
(Equity Shares 8,00,56,580 of Rs. 10 each.)	
(ii) Reserves and Surplus	(64.48)
Shareholder's Fund	7,941.18
2 NON-CURRENT LIABILITIES :	
(i) Long Term Borrowings	-
(ii) Other Long Term Liabilities	-
(iii) Long Term Provisions	-
Non-current Liabilities	-
3 CURRENT LIABILITIES :	
(i) Short Term Borrowings	-
(ii) Trade Payables	-
(iii) Other Current Liabilities	-
(iv) Short Term Provisions	-
Current Liabilities	-
Total	7,941.18
II. ASSETS	
NON CURRENT ASSETS :	
1 (a) FIXED ASSETS	
(i) Tangible assets	-
(ii) Intangible assets	-
(iii) Capital Work-in-Progress	-
(b) Non Current Investments	7,936.66
(Investment in Mahindra Gears & Transmissions Private Limited through holding 1,15,86,361 Equity Shares of Rs.10 each)	
(c) Deferred Tax Assets (Net)	-
(d) Long term loans and advances	-
2 CURRENT ASSETS :	
(a) Current Investments	-
(b) Inventories	-
(c) Trade Receivables	-
(d) Cash and Bank Balances	4.52
(e) Short Term Loans and Advances	-
(f) Other Current Assets	-
Total	7,941.18

For B.K.KHARE & CO.
Chartered Accountants

Devdatta Mainkar

Devdatta Mainkar
Partner
M. No. 109795



Mr. Hemant Luthra
Mr. Hemant Luthra
Director

Mr. Sanjay Joglekar
Mr. Sanjay Joglekar
Director

Mr. Romesh Kaul
Mr. Romesh Kaul
Director

Mumbai
Date 19 3 JAN 2014

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MAHINDRA INVESTMENTS (INDIA) PRIVATE LIMITED

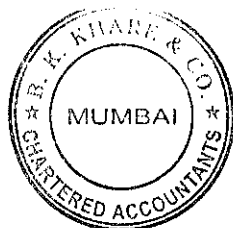
Cashflow for the period 25th April, 2013 (date of Incorporation) To 30th September, 2013

	From 25th April 2013 to 30th September 13 Rs. Lakhs
Profit/(Loss) before tax after prior period adjustments	(64.48)
Add: Adjustments for:	-
Depreciation and amortisation expense including ESOS	-
Provision for doubtful debts/write off	-
Interest expenses	-
Loss on sale of fixed assets/assets written off	-
Amortisation of investment	-
Exceptional items	-
Sub Total	(64.48)
Less: Adjustment for:	-
Interest/Dividend income	-
Profit on Sale of investment	-
Sub Total	-
Operating Loss before working Capital Changes	(64.48)
Movement in	-
Trade & other receivables	-
Inventories	-
Liabilities & provisions	-
Sub Total	-
Cash generated from operations	(64.48)
Income Tax refund/(paid)	-
Net Cash flow from operating activities	(64.48)
Cashflow form investing activities	-
Purchase of fixed assets	-
Sales of fixed assets	-
Purchase of investments	-
In mutual funds	-
in subsidiary company	(7,936.66)
(Investments In Mahindra Gears & Transmission Private Limited)	-
Sale of Investments	-
In mutual funds	-
Interest/Dividend received	-
Refund of loans by subsidiary company	-
Net Cash from investing activities	(7,936.66)
Cash flow from financing activities	-
Term loans repayment	-
Issue of share capital	8,005.66
(Issue of Share Capital to Mahindra & Mahindra Limited)	-
Short-term loans from banks	-
Interest paid	-
Exceptional item	-
Net cash from financing activities	8,005.66
Net (Decrease)/Increase in cash or cash equivalents	4.52
Opening cash and cash equivalents	-
Closing cash and cash equivalents	4.52

For B.K.KHARE & CO.
Chartered Accountants

Mainkar

Devdatta Mainkar
Partner
M. No. 109795



Hemant Luthra
Mr. Hemant Luthra
Director

Sanjay Jagdekar
Mr. Sanjay Jagdekar
Director

Romesh Kaul
Mr. Romesh Kaul
Director

Mumbai
Date: 13 JAN 2014

Mumbai
Date: 13 JAN 2014

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Notes to accounts

Notes forming part of the Accounts for the Period ended 30th September, 2013.

A. Significant Accounting Policies: -

1. Method of Accounting

The financial statements are prepared under the historical cost convention as a going concern and on accrual basis in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards notified under the Companies Act, 1956 and the relevant provisions of the said Act.

All assets & liabilities have been classified as current & non - current as per the Company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. Based on the nature of activities undertaken by the Company and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current - non- current classification of assets & liabilities.

2. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialise.

3. Investments

Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any.

Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

4. Revenue recognition

Dividend Income is recognized when the right to receive the same is established.

5. Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realized.



MAHINDRA INVESTMENTS (INDIA) PVT. LTD.
PERIOD ENDED 30TH SEPTEMBER, 2013

B. Notes to accounts

1. The Company was incorporated on 25th April 2013. Therefore, previous period figures are not applicable.
2. The Company acquired 1,15,86,361 equity shares of Rs. 10 each of Mahindra Gears & Transmissions Private Limited (MGTPPL) from Mahindra & Mahindra Limited for a consideration of Rs.7,936.66. MGTPPL is now subsidiary of the Company.
3. Disclosure pursuant to Accounting Standard 18 - 'Related Parties'
 - Holding company - Mahindra & Mahindra Limited
 - Subsidiary - Mahindra Gears & Transmissions Private Limited

Rs Lakhs

Nature of Transactions	Holding Company	Subsidiary Company
Investment in subsidiaries		7,936.66
Share Capital issued	8,005.66	
Purchase of shares	7,936.66	

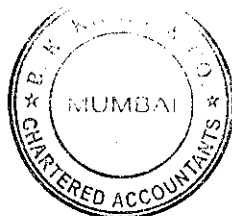
4. Earnings per Share:

	30 th September, 2013
Profit/(Loss) as per the P&L Account (Rs Lakhs)	(64.48)
Weighted Average Number of equity shares outstanding during the year (nos.)	80,056,580
Basic Earnings per share (Rupees)	(0.08)
Diluted Earnings per share (Rupees)	(0.08)

For B.K.KHARE & CO.
Chartered Accountants

Devdatta Mainkar

Devdatta Mainkar
Partner
M. No. 109795



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Date : 13 JAN 2014

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