

# INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**Eicher Motors Limited**

## REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of **EICHER MOTORS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 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 STANDALONE 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone 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 standalone 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 standalone 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 March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## 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 relevant books of account.
- d) In our opinion, the aforesaid standalone 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 March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 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 Auditor's) 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 standalone Ind AS financial statements - Refer note 39 of the financial statements

- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer note 53 of the financial statements
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company - Refer note 54 of the financial statements
  - iv) The Company has provided requisite disclosures in the standalone 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<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> 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 51 of the 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. 015125N)

**Jaideep Bhargava**

Partner

(Membership No. 090295)

Place: GURUGRAM

Date: May 5, 2017

# ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

*(REFERRED TO IN PARAGRAPH 1(F) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' 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 **EICHER MOTORS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### *AUDITOR'S RESPONSIBILITY*

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 March 31, 2017, based on the internal control over financial reporting criteria established by the Company

considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 015125N)

**Jaideep Bhargava**  
Partner  
(Membership No. 090295)

Place: GURUGRAM  
Date: May 5, 2017

## ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

**(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 the 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 Property, plant and equipment at reasonable intervals. According to the information and explanations 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 and based on the examination of the registered sale deed and transfer deed / conveyance deed provided to us, we report that, the title deeds of immovable properties of land and buildings included under the head "Property, plant and equipment", are held in the name of the Company as at the balance sheet date, except the following:

Particulars of the land and building	Carrying value as at March 31, 2017 (Rs. in crores)	Remarks
Freehold land located at Alwar and Jhajjar admeasuring 1,08,938 square metres and 558 square metres, respectively	0.74	Pending registration in the name of the Company

- ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for inventories lying with third parties at the end of the year for which confirmations have been obtained in most of the cases 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.

- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 186 of the Companies Act, 2013 in respect of making investments during the year. The Company has not granted any loans or provided guarantees and securities during the year.
- v) According to the information and explanations given to us, the Company has neither accepted any deposit during the year nor has any unclaimed deposits within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of certain products manufactured by the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government of India under subsection (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 been regular in depositing undisputed statutory dues, including Provident fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

- b) There are no disputed dues in respect of Customs Duty and Cess as at March 31, 2017 which have not been deposited on account of dispute. Details of disputed dues not deposited/deposited under protest of Income-tax, Sales Tax, Service Tax and Excise Duty as at March 31, 2017 are as follows:

Nature of the Statute	Nature of dues	Forum where pending	Amount* (Rs. in crores)	Amount paid under protest (Rs. in crores)	Period to which amount relate
Central Excise Act	Excise Duty	Appellate Authority up to Commissioner's level	0.79	-	1995-96 to 1996-97, 2012-13 to 2015-16
		CESTAT	0.95	0.12	1983-84 to 2000-01
Sales Tax Act	Sales Tax	Appellate Authority up to Commissioner's level	3.33	2.01	1986-87, 1987-88, 1991-92, 1993-94 to 1994-95, 1996-97 to 1999-00, 2000-01 to 2005-06, 2008-09 to 2010-11, 2012-13, 2013-14
		Appellate Tribunal	1.81	0.39	1988-89, 1991-92 to 1995-96, 1997-98 to 2004-05, 2006-07
		High Court	1.75	0.61	1984-85, 1985-86, 1993-94, 2000-01, 2001-02, 2004-05
		Supreme Court	1.96	0.55	1986-87, 1990-91, 1991-92, 2001-02 to 2003-04
Finance Act, 1994	Service Tax	Appellate Authority up to Commissioner's level	0.39	0.03	2006-07 to 2011-12
Income Tax Act	Income Tax	Appellate Authority up to Commissioner's level	7.85	-	2008-09, 2012-13 and 2013-14

\* Amount as per demand orders including interest and penalty wherever indicated in the order.

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans/borrowing to banks. The Company has not taken any loans or borrowings from financial institutions and government and has not issued any debentures during the year.
- ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- 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 have 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 Companies Act, 2013.
- 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 Section 177 and 188 of the Companies Act, 2013,

where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements 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 directors of its subsidiaries or joint venture companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 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. 015125N)

**Jaideep Bhargava**

Partner

(Membership No. 090295)

Place: GURUGRAM

Date: May 5, 2017