

Independent Auditors' Report**To The Members of Autoline Industries Limited****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of AUTOLINE INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31st, 2015; the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Standalone 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 and presentation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance 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 financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

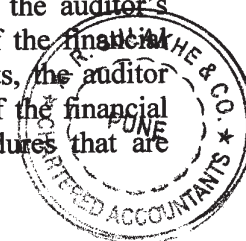
Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are



appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

Provision for Gratuity and Leave Encashment is made on an estimated basis, which is not in accordance with Accounting Standard -15 Employee Benefits. In the absence of the required information effect of the same on the Standalone financial statements are not quantified.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the paras mentioned in Basis for qualified opinion* the aforesaid Standalone 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 31st March 2015, and its loss and cash flows for the year ended on that date.

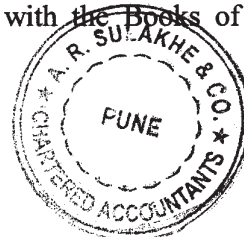
EMPHASIS OF THE MATTER

Without qualification, we draw your attention to the following:-

Sub Note to Note No. 10 of schedule of notes to the financial statements for non provision of diminution in the value of investment amounting to Rs. 32.63 crores in subsidiary Kodrat Investments Limited (Cyprus), the note is self-explanatory and the matter is subjudice with Italian courts and therefore no effect has been given in these Standalone financial statements. In the given circumstances we are unable to express our opinion on the matter.

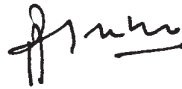
Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said order.
- 2) As required by Section 143 (3) of the Act, we report that:-
 - a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit *except for the paras mentioned in qualified opinion*;
 - 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, the statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the Books of Account;



- d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 *except for Accounting Standard 15 Employee Benefits.*
- e) on the basis of written representations received from the directors, as on March 31st, 2015 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31st, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act; and
- f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. the Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts *except for the paras mentioned in qualified opinion*
 - iii. There has been no delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund by the company.

FOR A. R. SULAKHE & CO
CHARTERED ACCOUNTANTS
FRN: - 110540W



ANAND SULAKHE
PARTNER
M. NO.33451
Date: - May 27, 2015
Place: - Pune

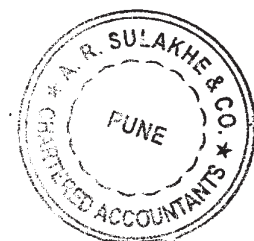


Annexure to the Independent Auditors' Report:

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March, 2015, we report that:

- i) a) The company has maintained proper records showing full particulars, including quantitative details and situations of its Fixed Assets
- b) According to the information and explanation given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its assets
- ii) a) The inventories have been physically verified at reasonable intervals by the management.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- iii) The company has not granted loans to the parties covered in the registered under section 189 of companies Act 2013
- iv) In our opinion and accordingly to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in the internal control system during the course of the audit.
- v) The company has not accepted any deposit from public
- vi) The Central Government has not prescribed maintenance of cost records under sub section (1) of Section 148 of the Act.
- vii) a) Company is regular in depositing undisputed statutory dues in respect of wealth tax, duty of customs. *However undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of excise, value added tax, cess and other statutory dues have not been regularly deposited with the appropriate authorities and there have been delays in depositing the same.*

According to the information and explanations given to us, and according to the books and records as produced and examined by us *following undisputed statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.*

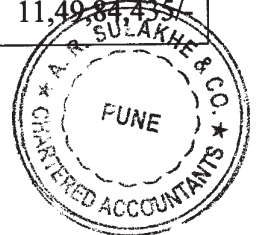


Sr. No.	Name of statutory dues	Nature of dues	Total (in Rs)	Period to which it relates	Whether paid before balance sheet signing
1	Maharashtra Value Added Tax-2005	MVAT	5,09,30,440	April 2012 to August 2014	No
2	Maharashtra Value Added Tax-2005	CST	68,742	March 2013	No
3	Maharashtra Municipal Corporation Act-1949	LBT	1,35,44,405	October 2013 to August 2014	No
4	Professional Tax Act	PT	11,51,925	April 2014 to August 2014	No

- b) According to the information and explanations given to us, following amounts are payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and cess as at 31st March 2015 on account of disputes:-

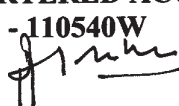
Name of the Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Tax Amount involved (Rs.)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	F.Y. 2007-08	4,01,94,113/-
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	F.Y. 2008-09	36,58,482/-
Income Tax Act, 1961	Income Tax	The Commissioner of Income Tax (Appeals), Pune	F.Y. 2009-10	8,26,620/-
The Maharashtra Value Added Tax Act, 2002 / Central Sales Tax Act, 1956	VAT / CST	The Joint Commissioner of Sales Tax (Appeals), Pune	F.Y. 2000-01	1,34,44,440/-*
			F.Y. 2001-02	1,29,42,721/-*
			F.Y. 2002-03	95,983/-
			F.Y. 2003-04	6,11,670/-*
			F.Y. 2004-05	5,57,742/-*
			F.Y. 2005-06	1,47,11,024/-*
			F.Y. 2006-07	2,78,01,682/-*
			F.Y. 2007-08	5,13,84,343/-*
			F.Y. 2008-09	12,74,05,585/-
			F.Y. 2009-10	49,82,954/-*
			F.Y. 2010-11	11,49,84,435/-

* net of amounts paid under protest.



- c) In our opinion and According to the information and explanations given to us, amounts required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder have been transferred to such fund within time. .
- viii) According to the information and explanations given to us, the company does not have any accumulated losses at the end of financial year and has incurred cash losses during the current financial year and immediately preceding financial year.
- ix) According to the information and explanations given to us, the company has defaulted in repayment of dues to banks, however during the year facilities sanctioned to the company were rescheduled for repayment by consortium of Company bankers and as such as on March 31, 2015 there were no defaults in repayment of dues to banks for this rescheduled loan. *However for other facility, in our opinion, the company has defaulted in repayment of its dues to banks for interest amounting to Rs. 34,59,928/- as at balance sheet date, delay ranging from 0 to 90 days and the same was paid till signing balance sheet.*
- x) In our opinion and according to information and explanation given to us, the company has not given any guarantees for loans taken by others from banks or financial Institution.
- xi) Based on the information and explanations given to us by management, prima facie the term loans were applied for the purpose for which the loans were obtained.
- xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported to us during the year by the management.

FOR A. R. SULAKHE & CO.,
CHARTERED ACCOUNTANTS
FRN: -110540W


ANAND SULAKHE
PARTNER
M. NO.33451
Date: - May 27, 2015
Place: - Pune

