

R. SANKAR, F.C.A.,
Chartered Accountant

Flat No. 5, II Floor, B.S. Flats
New No. 53, (Old No. 25)
Third Street, Abhirampuram,
Chennai - 600 018.
Phone : 2466 2871, Mob : 97909 05314
E-mail : aarshan55@hotmail.com

AUDITORS' REPORT

To,

The members of,

SHRIRAM HOUSING FINANCE LIMITED

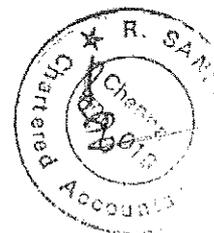
I have audited the attached Balance Sheet of Shriram Housing Finance Limited, as at 31st March 2011 and the related Pre Operative Expenses statement and the Cash Flow Statement for the year ended on that date annexed thereto which I have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with the auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Government Of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks as I considered appropriate and according to the information and explanations given to me during the course of audit, a statement on matters specified in the said order has been given in the Annexure hereof.

2. Further to my comments in the annexure referred to in paragraph 1 above, I report that:

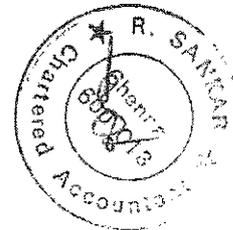
- a) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit.



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- b) In my opinion, proper books of accounts, as required by law have been kept by the Company, so far as it appears from my examination of those books.
- c) The Balance Sheet, Pre Operative Expenses Statement and cash flow statement dealt with by this report are in agreement with the books of accounts.
- d) In my opinion and according to the information and explanations given to me, the Balance Sheet, Pre Operative Expenses statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211, of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 31st March 2011, and taken on record by the Company, none of the Directors are disqualified as on 31st March 2011 from being appointed as a Director under Section 274 (1) (g) of the Companies Act, 1956.
- f) In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the Information required by the Companies Act, 1956, in the manner so required and give a true and fair view in Conformity with the accounting principles generally accepted in India,
- i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;



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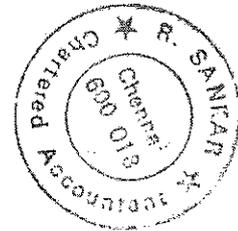
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- ii. In the case of Pre Operative Expenses statement, of the expenses statement of the Company for the Period ended on that date ; and
- iii. In the case of Cash Flow Statement, of the cash flows for period ended on that date.



R Sankar
Chartered Accountant
Membership No: 053414

Place: Chennai
Date: 26th April 2011



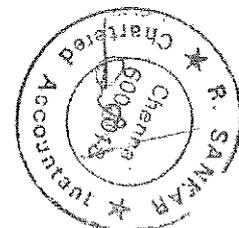
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Annexure to Auditors' Report
(Referred to in Paragraph 1 of the Auditors' Report of even date)

Re: Shriram Housing Finance Limited ('the Company')

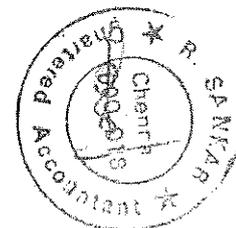
- i) (a) The Company has maintained proper records showing full Particulars, including quantitative details and situation of fixed assets.
- (b) These Fixed Assets have been physically verified by the management at reasonable intervals; I have been informed that no material discrepancies were noticed on such verification.
- (c) During the Year, the Company has not disposed off a substantial part of the plant and machinery.
- ii) As the company is a Housing Finance Company, engaged in the business of giving housing finance, and does not maintain any inventory. Therefore Clause 4(ii) of the order is not applicable to the company.
- iii) As informed, the Company has not granted or taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore Clause 4 (iii) of the Order is not applicable to the company.
- iv) In my opinion and according to the information and explanation given to me, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of fixed assets and rendering of services. As informed, the Company has not made any purchase of inventories and / or sold goods during the year. During the course of my audit, no major weakness has been noticed in the internal control system in respect of these areas and accordingly the question of commenting on whether there is continuous failure to correct major weakness in the Internal Control System of the company does not arise.
- v) According to the information and explanations provided by the management I am of the opinion that there are no transactions with reference to contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301. Therefore clause (V) of the order is not applicable to the company.



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- vi) The Company has not accepted deposits from the public.
- vii) In my opinion, the company has an internal audit system commensurate with the size of the company and nature of its business.
- viii) As per the information and explanations given to me, the Central Government has not prescribed maintenance of any cost records under Section 209 (1) (d) of the Act. Therefore clause (viii) of the order is not applicable to the company.
- ix) On the basis of my examination of the Company's books and records and on the basis of information and explanations given to me, I am of the opinion that the Company is regular in depositing undisputed statutory dues.
- x) The Company has positive net worth.
- xi) Based on my audit procedures and as per the information and explanations given by the management, I am of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) Based on my examination of documents and records, I am of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In my opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the clause 4(xiii) of the Order is not applicable to the Company.
- xiv) In my opinion, the company is not dealing or trading in shares, securities, debenture and other investments.
- xv) According to the information and explanations given to me, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) To the best of my knowledge and belief and according to the information and explanations given to me, In my opinion, the Company has not raised any term loans in this financial year.



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xvii) According to the information and explanations given to me and on an overall examination of the balance sheet of the Company and considering the nature of the business and activity being carried on, I report that no funds raised on short-term basis have been used for long-term investment.

xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.

xix) The Company has not raised any money by way of public issue during the year.

xx) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, no material fraud on or by the Company has been noticed or reported during the course of my audit.



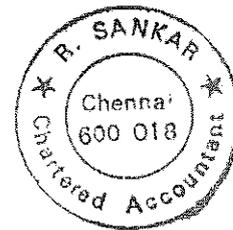
R Sankar

Chartered Accountant

Membership No: 53414

Place: Chennai

Date: 26th April 2011



Shriram Housing Finance Limited
Balance Sheet as at March 31, 2011

Amount in Rs.

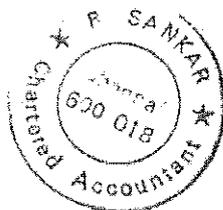
		2011	2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	25,000,000.00	-
Total		25,000,000.00	-
APPLICATION OF FUNDS			
Fixed and intangible assets	2		
Gross block		273,790.00	-
Less : Accumulated depreciation and amortisation		1,392.00	-
Net block		272,398.00	-
Current Assets, Loans and Advances			
Current assets	3		
- Cash and Bank Balances		24,219,006.66	-
		24,219,006.66	-
Less : Current Liabilities & Provisions			
Current liabilities	4	1,867,497.00	-
Provisions		-	-
		1,867,497.00	-
Net Current Assets		22,351,509.66	-
Miscellaneous Expenditure			
Preliminary and Incorporation expenditure		272,719.00	-
Pre Operative expenditure		2,103,373.34	-
		2,376,092.34	-
Total		25,000,000.00	-
Significant Accounting Policies and Notes to Accounts	6		

The schedules referred to above form an integral part of the Balance Sheet.

As per my report of even date



R Sankar
Chartered Accountant
Membership No: 053414

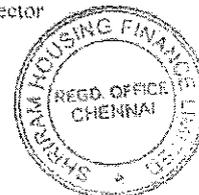


Place: Chennai
Date: 26th April 2011

For and on behalf of the Board of Directors of
Shriram Housing Finance Limited



Sujan Sinha
Managing Director




C R Dash
Director

Shriram Housing Finance Limited

Pre operative statement for the year ended March 31, 2011

Amount in Rs.

	Schedule	Pre Operative Period 01-2010	Year ended March 31, 2011
Income		-	-
Total		-	-
Expenditure			
Operating and other expenses	5	2,101,981.34	-
Depreciation and amortisation		1,392.00	-
Total		2,103,373.34	-
Pre Operative Expenditure		(2,103,373.34)	-
Amount Carried forward to Balance Sheet		(2,103,373.34)	-
Earnings per share (Refer note 2(2) of Schedule 6)			
Basic (Rs)		(3.66)	-
Diluted [(Rs.)		(3.66)	-
Nominal Value of equity Share (Rs.)		10.00	-
Significant Accounting Policies and Notes to Accounts	6		

The schedules referred to above form an integral part of the Balance Sheet

As per report of even date



R Sankar
Chartered Accountant
Membership No: 053414



For and on behalf of the Board of Directors of
Shriram Housing Finance Limited



Sujan Sinha
Managing Director



C R Dash
Director



Place: Chennai

Date: 26th April 2011

Shriram Housing Finance Limited
Schedules forming part of Balance Sheet

Amount in Rs.

Schedule 1 - Share Capital	As at March 31, 2011	As at March 31, 2010
Authorised 2500000(Previous Year: NIL) Equity Shares of Rs 10/- each	25,000,000.00	
	25,000,000.00	
Issued, Subscribed & Fully Paid up Equity Shares 2500000 (Previous year : NIL) equity shares of Rs. 10/- each	25,000,000.00	
	25,000,000.00	

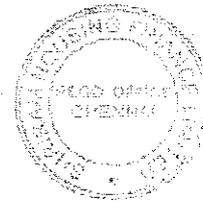
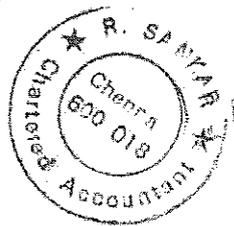
For and on behalf of the Board of Directors of
Shriram Housing Finance Limited


R Sankar
Chartered Accountant
Membership No: 053414


Sujan Sinha
Managing Director


C R Dash
Director

Place: Chennai
Date: 26th April 2011



Schedule 2 - Fixed and intangible assets

Particulars	Amount in Rs.											
	As at April 1, 2010	Additions during the year	Deletions during the year	As at Mar 31, 2011	As at April 1, 2010	For the year	Deletions	As at Mar 31, 2011	As at April 1, 2010	As at Mar 31, 2011	As at April 1, 2010	
ASSET FOR OWN USE												
Land - Freehold												
Buildings		258,200.00		258,200.00		1,384.00		1,384.00				
Plant and Machinery		15,590.00		15,590.00		8.00		8.00				
Furniture and Fixtures												
Vehicles												
Leasehold Improvement												
INTANGIBLE ASSETS												
Computer Software												
TOTAL		273,790.00		273,790.00		1,392.00		1,392.00				
Year ended March 31, 2011												

For and on behalf of the Board of Directors of
Shriram Housing Finance Limited

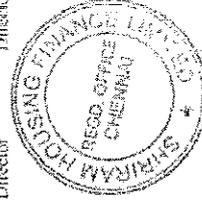

R. Sankar
Chartered Accountant
Membership No. 053414



Place: Chennai
Date: 26th April 2011


Sujan Sinha
Managing Director


C.R. Dash
Director



Shriram Housing Finance Limited
Schedules forming part of Balance Sheet as at March31,2011

Amount in Rs.

Schedules forming part of Balance Sheet as at March 31, 2011	2011	2010
Cash and bank balances		
i) Cash on hand	3,114.00	
iii) Balances with scheduled banks in: Current accounts	24,215,892.66	
	24,219,006.66	

For and on behalf of the Board of Directors of
Shriram Housing Finance Limited



R Santar
Chartered Accountant
Membership No: 053/114

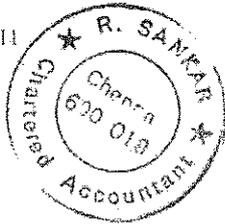


Sujan Sinha
Managing Director



C R Dash
Director

Place: Chennai
Date: 26th April 2011



Shriram Housing Finance Limited
Schedules forming part of Balance Sheet

Amount in Rs.

Schedule - Current Liability	As at March 31, 2011	As at March 31, 2010
Other liabilities	1,867,497.00	-
	1,867,497.00	-

For and on behalf of the Board of Directors
Shriram Housing Finance Limited



R Sankar
Chartered Accountant
Membership No: 053414

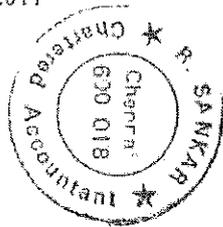


Sujan Sinha
Managing Director



C R Dash
Director

Place: Chennai
Date: 26th April 2011



Shriram Housing Finance Limited

Schedules forming part of the Pre operative statement for the year ended March 31, 2011

Amount in Rs.

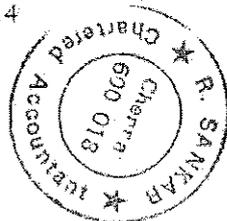
Schedule 5: Operating and other Expenses	For the year ended March 31, 2011	For the year ended March 31, 2010
Rent	1,679,040.00	-
Printing & stationery	43,446.00	-
Travelling & conveyance	34,175.00	-
Communication expenses	18,765.34	-
Auditor's remuneration	-	-
As Auditor:		
- Audit fees	10,000.00	-
Professional charges.	60,484.00	-
Legal & Valuation charges	9,128.00	-
Administrative Expenses	66,445.00	-
Miscellaneous expenses	180,498.00	-
	2,101,981.34	

For and on behalf of the Board of Directors of
Shriram Housing Finance Limited

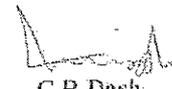


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Membership No: 053414

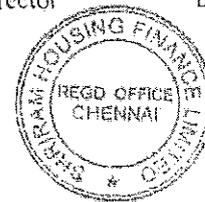
Place: Chennai
Date: 26th April 2011




Sujan Sinha
Managing Director



C R Dash
Director



Shriram Housing Finance Limited
Cash Flow Statement for the Year ended March 31, 2011

	Amount in Rs.	
	For the year ended March 31, 2011	For the year ended March 31, 2010
A. Cash flow from operating activities		
Depreciation and amortisation	1,392.00	-
Operating profit before working capital changes	1,392.00	-
Movements in working capital:		
Increase / (decrease) in current liabilities	1,867,497.00	-
Cash generated from operations	1,868,889.00	-
Direct taxes paid (net of refunds)	-	-
Net cash used in operating activities (A)	1,868,889.00	-
B. Cash flows from investing activities		
Purchase of fixed and intangible assets	-273790	-
pre-operative Expenditure	-2103373.34	-
Preliminary Expenditure	-272719	-
Net cash used in investing activities (B)	2,649,882.34	-
C. Cash Flows from financing activities		
Proceeds from issue of equity share capital including securities	25,000,000.00	-
Net cash from financing activities (C)	25,000,000.00	-
Net increase / (decrease) in cash and cash equivalents (A + B + C)	24,219,006.66	-
Cash and Cash Equivalents at the beginning of the period	-	-
Cash and Cash Equivalents at the end of the year	24,219,006.66	-
Components of Cash and Cash Equivalents		
Cash and Cash Equivalents at the end of the year as per Balance Sheet	24,219,006.66	-
	24,219,006.66	-
Significant Accounting Policies and Notes to Accounts	17	

The schedules referred to above form an integral part of the Balance Sheet

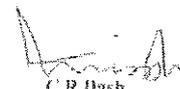
As per report of even date


R Sankar
Chartered Accountant
Membership No: 063414

Place: Chennai
Date: 26th April 2011

For and on behalf of the Board of Directors of
Shriram Housing Finance Limited


Sujan Sinha
Managing Director


C R Dash
Director

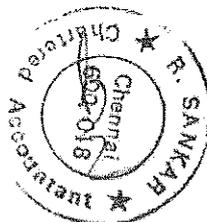




SHRIRAM HOUSING FINANCE LIMITED
 100, Anna Salai, Chennai - 600 002

Schedule 17: Significant Accounting Policies & Notes to Accounts

I	Significant Accounting Policies
	<p>BACKGROUND</p> <p>Shriram Housing Finance Limited was incorporated on 19th November 2010 and got its Certificate of commencement of Business on 21st January 2011. The Company has applied to National Housing Bank for Certificate of Registration (COR) and is yet to get the same.</p>
(a)	Basis of preparation
	<p>The financial statements have been prepared under historical cost convention on an accrual basis and in accordance with generally accepted accounting principles in India and specifically to comply in all material respects with the notified Accounting Standards(AS) issued under the Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. ('The Act').</p>
(b)	Use of estimates
	<p>The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Differences between the actual results and estimates are recognized in the year in which the results are known/materialized.</p>
(c)	Fixed Assets, Depreciation/Amortization and Impairment of assets
	<p><u>Fixed Assets</u></p> <p>Fixed assets are stated at cost less accumulated depreciation/amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets are included to the extent they relate to the period till such assets are ready to be put to use.</p> <p><u>Depreciation/Amortization</u></p> <p>Depreciation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful lives of the respective fixed assets and are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Act</p> <p>All fixed assets individually costing Rs. 5,000 or less are fully depreciated in the year of installation.</p>





SHRIRAM HOUSING FINANCE LIMITED
 100, P. O. BOX 100, CHENNAI - 600 019

(d)	Earnings per share
	<p>Basic earnings per share is calculated by dividing the Pre Operative Expenses for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.</p> <p>For the purpose of calculating diluted earnings per share, the Pre Operative Expenses for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.</p>
(f)	Cash and cash equivalents
	Cash and cash equivalents in the cash flow statement comprise cash at bank and cheques on hand.
(k)	Segment Reporting:
	The company operates on a single reportable segment and there are no revenue during the period as the company has not started operating.

2. Notes to Accounts

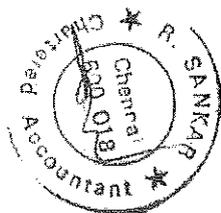
(a) The financial year of the company is from 09th September 2010 to 31st March 2011. The period ending 31st March 2011 is the first year for the company and therefore previous year's figures are not given.

(b) Related Party transaction:

Following is the list of related parties and relationships:

Related party where control exists	
Holding Company	Shriram City Union finance Limited

Serial. No	Particulars	As on 31 st March'2011
1	Equity contributions received for 24,99,994 equity shares allotted @ Rs.10 per equity share	2,49,99,940/-



(c) Earnings per share:

Particulars.	Year ended March 31, 2011
Net Profit/(Loss) after tax as per profit and loss account (Rs.) (A)	(21,03,373)
Profit Attributable to Equity Shareholders	(21,03,373)
Weighted average number of equity shares for calculating Basic EPS (Rs.) (B)	574885
Weighted average number of equity shares for calculating Diluted EPS (Rs.) (C)	574885
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	(3.66)
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	(3.66)

(d) During the year, the Company allotted 25,00,000 equity shares of Rs.10/- each for cash at Par. The amount received has enhanced the net worth and will be utilized for the purpose of business operations

(e) There are no suppliers for the company

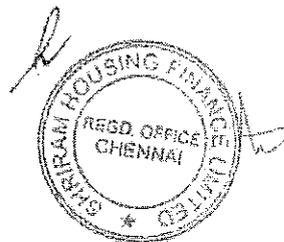
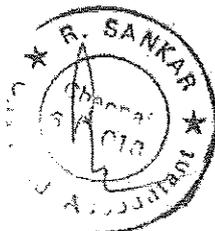
(f) **Supplementary Statutory Information:** The Computation of profits under section 349 of the Act has not been given as no remuneration/commission is payable to the Managing Director.

(g) No expenditure have been incurred in foreign Currency during the period

(h) **Incidental Expenditure during Incorporation Period:** During the period ended, the Company has incurred incorporation expenditure aggregating to Rs.2,72,719/- transferred to "Preliminary & Incorporation exp" to be written off over a period of 5 years.

(i) Additional information pursuant to Para 3, 4, 4A, 4C & 4D of Part II of schedule VI to the Companies Act 1956 are not applicable to the company at present.

(j) As required under Accounting Standard 15 (AS-15 Revised) the Company has not made any Provisions for future gratuity liability & leave encashment as there are no employees





SHRIRAM HOUSING FINANCE LIMITED
100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200

(k) The main business of the Company is to provide loans for the purchase or construction of Residential houses and all other activities of the Company revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting", and under paragraph 25 (2) of the housing Finance Companies (NHB) Direction, 2001 which needs to be reported.

(l) Payment to auditors: Audit fees: Rs. 10,000/-

(m) Figures Above have been rounded off to the nearest rupee.

The schedules referred above form the integral part of the Pre-Operative Expenses Statement of Balance Sheet.

As per report of even date For and on behalf of the Board of Directors of

Shriram Housing Finance Limited

R Sankar
Chartered Accountant
Membership No.:053414

Sujan Sinha
Managing Director

C R Dash
Director

Place: Chennai
Date: 26th April 2011

