

Report of the auditors of SRF Properties Limited to Deloitte Haskins & Sells, auditors of SRF Limited.

We have audited the attached balance sheet of SRF Properties Limited as at March 31, 2014, and also the statement of profit and loss account and the cash flow statement of the Company for the year then ended and other reconciliation and information (all collectively referred to as the Fit for Consolidation (FFC) Accounts). These FFC Accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these FFC Accounts based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the FFC Accounts are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the FFC Accounts. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall FFC Accounts presentation. We believe that our audit provided a reasonable basis for our opinion.

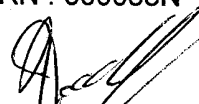
These FFC accounts have been prepared, in all material respects, on the basis of instructions received in this regard from the Controller of Accounts of SRF Limited by the Company's management solely for use by SRF Limited in the preparation of its consolidated financial statements in accordance with the accounting policies of SRF Limited and requirements of Accounting Standard 21 "Consolidated Financial Statements" notified under Rule 3 of the Companies (Accounting Standard) Rules, 2006 and not to report on SRF Properties Limited as a separate entity.

As requested by you vide in your communication dated 25th February, 2014 and solely for your use for expressing an audit opinion on the consolidated financial statements of SRF Limited, we report that the attached FFC accounts are properly derived in accordance with the instructions referred to above and the instructions received from the controller of accounts, from the consolidated statutory accounts of SRF Properties Limited, audited by us for the year ended March 31, 2014.

We further state that in our judgement and for the purpose as mentioned above, there are no matters that need to be reported to you.

This report is intended solely for the use of Deloitte Haskins & Sells in connection with the audit of the Consolidated Financial Statements of SRF and should not be used for any other purpose.

For THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants
FRN : 000038N



(V. RAJARAMAN)
Partner
M. No. 2705



Place: New Delhi
Date: 15/04/14

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SRF Properties Limited

We have audited the accompanying financial statements of SRF Polymers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance 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 presentations of the financial statements that gives 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, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 financial statements. 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 March 31, 2014 and
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.


Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, in terms of sub-section (4A) of section 227 of the Act, we have given a statement in the Annexure on the matters specified in paragraphs 4 and 5 of that Order.
2. 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 and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account;



- d) In our opinion, the Balance Sheet and Statement of Profit and Loss, comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) 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 THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants
Reg. No. 000038N


V. Rajaraman
Partner
M.No.2705

Place : New Delhi
Date : 15/04/14



ANNEXURE TO THE AUDITORS REPORT REFERRED TO IN MAIN REPORT

The company is dealing in real estate and not involved either in manufacturing or engaged in the business of chit fund, nidhi, or mutual benefit, or dealing or trading in shares / securities. Further the shares are not listed, nor does its turnover exceed Rs. 5 crores respectively. Hence the clauses applicable to these businesses have not been considered below.

As required by the Companies (Auditors' Report) Order, 2003 we state that:

1. a. The company has maintained proper records showing full particulars Including quantitative details and situation of tangible fixed assets.
- b. There is a regular programme of verification of tangible fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c. The company has not disposed off any substantial part of its tangible fixed assets during the year.
2. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
3. The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained u/s 301 of the Act.
4. There are no transactions covered under section 301 of the Act.
5. The company has not taken any loans whether secured or unsecured. Hence question of default in repayment of dues or its utilization does not arise.
6. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, with regard to purchase of fixed assets. Management is of the view that there is no necessity of internal audit since the turnover does not exceed Rs. 5 crore and the operations involves leasing the property to holding company only .
7. The company has not accepted any deposits from the public.
8. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax and any other statutory dues, applicable to it.



9. There are no disputed amounts of income tax, wealth tax, and service tax.
10. The company has no accumulated losses at the end of the financial year and the company has not incurred any cash loss neither in the current financial year nor in the previous year.
11. The company has not granted any loans and advances on the basis of Security by way of pledge of shares, debentures and other securities.
12. The company has not given any guarantee for loans taken by others from banks or financial institutions.
13. The company has not issued any fresh share capital and hence question of neither the preferential allotment nor use thereof arises.
14. The company has not issued any debentures.
15. No fraud on or by the company has been noticed or reported during the year.

For THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants
Reg. No. 000038N

(V RAJARAMAN)
(Partner)

Membership Number : 002705

Place New Delhi
Date 15/4/14



(A wholly owned subsidiary of SRF Limited)

BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	As at 31-Mar-2014 Amount (Rs.)	As at 31-Mar-2013 Amount (Rs.)
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share capital	2	800,000.00	800,000.00
Reserves and surplus	3	2,303,855.38	11,947,800.79
		<u>3,103,855.38</u>	<u>12,747,800.79</u>
Non-current liabilities			
Current liabilities			
Other Current liabilities	4	30,000.00	30,000.00
Short-term provisions	5	7,252.00	7,632.00
		<u>37,252.00</u>	<u>37,632.00</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,141,107.38</u></u>	<u><u>12,785,432.79</u></u>
<u>ASSETS</u>			
Non-current assets			
Fixed assets			
Tangible assets	6	2,585,102.29	2,640,932.29
Long-term loans and advances	7	2,200.00	2,200.00
		<u>2,587,302.29</u>	<u>2,643,132.29</u>
Current assets			
Current investments	8	-	9,721,455.08
Cash and cash equivalents	9	553,805.09	420,845.42
		<u>553,805.09</u>	<u>10,142,300.50</u>
TOTAL ASSETS		<u><u>3,141,107.38</u></u>	<u><u>12,785,432.79</u></u>

Accounting policies contained in Note 1 & Notes 2 to 12 form part of financial statements 1

In terms of our report attached

For Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants

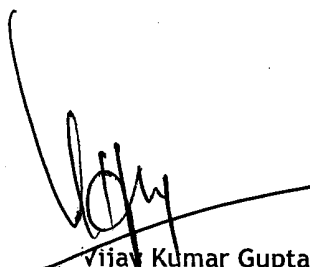
V. Rajaraman
Partner

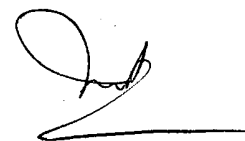
M.No.: 002705

Place: Gurgaon

Date : 15.04.2014




Vijay Kumar Gupta
Director


C.L. Bhat
Director



STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2014

Particulars	Note No.	Year ended 31-Mar-2014 Amount (Rs.)	Year ended 31-Mar-2013 Amount (Rs.)
Revenue from Operations			
Hire Charges		1,980,000.00	1,920,000.00
Other Incomes	10	627,405.59	562,376.66
TOTAL REVENUE		2,607,405.59	2,482,376.66
EXPENSES			
Other expenses	11	57,477.00	37,890.00
Depreciation	6	55,830.00	55,830.00
TOTAL EXPENSES		113,307.00	93,720.00
Profit before exceptional and extraordinary items and tax		2,494,098.59	2,388,656.66
Exceptional items		-	-
Profit before extraordinary items and tax		2,494,098.59	2,388,656.66
Extraordinary Items		-	-
Profit before tax		2,494,098.59	2,388,656.66
Tax expense			
Current tax		438,544.00	415,296.00
Deferred tax charge / (credit)		-	-
Relating to earlier years		-	-
		438,544.00	415,296.00
Profit after tax		2,055,554.59	1,973,360.66
Transferred to Surplus		2,055,554.59	1,973,360.66
		-	-
Transfer from General Reserve (Refer Note B(ii))		6,500,000.00	-
Transferred to Surplus		6,500,000.00	-
Earnings per share	12		
Basic (Rs.)		256.94	246.67
Diluted (Rs.)		256.94	246.67
Accounting policies contained in Note 1 & Notes 2 to 12 form part of financial statements	1		

In terms of our report attached

For Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants

V. Rajaraman
Partner
M.No.: 002705



Vijay Kumar Gupta
Director

C.L Bhat
Director

Place: Gurgaon
Date : 15.04.2014

SRF PROPERTIES LIMITED

1. ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

A. SIGNIFICANT ACCOUNTING POLICIES


- i Revenue items are recognized in accordance with the Accounting Standard (AS-9) issued by the Institute of Chartered Accountants of India. Accordingly, wherever there are uncertainties in the ascertainment/ realization of income, the same is not accounted for.
- ii Fixed Assets are recorded at the cost of acquisition or construction less depreciation thereon.
- iii Depreciation has been provided on fixed assets on straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956
- iv Provision for tax has been made taking into the consideration the contention of the Company and also the fact that certain expenditure becoming allowable on payment being made before filing of return of Income / Wealth.
- v Deferred tax liability / asset is not recognised since there are no expenditure or income susceptible to timing differences.

B. Notes forming part of the Accounts

- i Information required by M/s Deloitte Haskins & Sells, the Statutory Auditors of SRF Limited, for the purpose of consolidation of subsidiaries with the holding company SRF Limited:

Related party transactions : Income includes Rs 19,80,000/- (Previous Year Rs 19,20,000/-) as hire charges received from SRF Limited.

- ii The transfer from General Reserve represents amount transferred to General Reserve in Financial Years 2001-02 (Rs. 35,00,000.00), 2010-11 (Rs. 10,00,000.00), 2011-12 (Rs. 10,00,000.00), and 2012-13 (Rs.10,00,000.00) which were not warranted by The Companies (Transfer of Profit to Reserve) Rules 1975 since no dividend was declared in these years. Therefore the amount is now transferred back to Statement of Profit and Loss to be shown under Surplus.


Vijay Kumar Gupta
Director


C.L Bhat
Director

Place: Gurgaon

Date : 15.04.2014



Notes to the Balance Sheet as at 31st March,2014

Note No.	Particulars	As at 31-Mar-2014 Amount (Rs.)	As at 31-Mar-2013 Amount (Rs.)
	Shareholders Fund :		
2	Share Capital		
	Authorised Capital		
	10000 Equity Shares of Rs.100 each	1,000,000.00	1,000,000.00
		<u>1,000,000.00</u>	<u>1,000,000.00</u>
	Issued, Subscribed and Paid-up Capital		
	(8000 Equity Shares @ 100 each)	800,000.00	800,000.00
	(Immediate Holding Company-SRF Limited)		
	Ultimate Holding Company-Kama Holdings Limited)	<u>800,000.00</u>	<u>800,000.00</u>
3	Reserve & Surplus		
a)	General reserve		
	As at the beginning of the year	6,500,000.00	5,500,000.00
	Less : Transfer to Statement of Profit & Loss	6,500,000.00	-
	{Refer Note B(ii)}	-	5,500,000.00
	Transferred from statement of profit and loss	205,555.46	1,000,000.00
	As at the end of the year (A)	<u>205,555.46</u>	<u>6,500,000.00</u>
	During the year Rs. 2,05,556.46 has been transferred to General Reserve.		
b)	Surplus		
	As at the beginning of the year	5,447,800.79	4,474,440.13
	Transferred from Genral Reserve	6,500,000.00	-
		<u>11,947,800.79</u>	<u>4,474,440.13</u>
	Profit after tax as per statement of Profit & Loss	2,055,554.59	1,973,360.66
	Equity Dividend (Interim)	(10,000,000.00)	-
	Corporate Dividend Tax	(1,699,500.00)	-
	Transfer to general reserve	(205,555.46)	(1,000,000.00)
	As at the end of the year (B)	<u>2,098,299.92</u>	<u>5,447,800.79</u>
	Total Reserves and Surplus (A+B)	<u>2,303,855.38</u>	<u>11,947,800.79</u>
	Current Liabilities		
4	Other Current Liabilities		
	Audit Fee Payable	27,000.00	30,000.00
	TDS Payable	3,000.00	-
		<u>30,000.00</u>	<u>30,000.00</u>
5	Short Term Provisions		
	Other provisions :		
	Tax Provision (Net of advance tax & TDS)	7,252.00	7,632.00
		<u>7,252.00</u>	<u>7,632.00</u>
	Total Current Liabilities	<u>37,252.00</u>	<u>37,632.00</u>



SRF PROPERTIES LIMITED

Notes forming part of accounts

Note 6: Fixed assets- Tangible Assets

Description	Amount (Rupees)								
	Gross Block				Accumulated Depreciation			Net Block	
	As at 01.04.2013	Addition during the year	Deletion during the year	As at 31.03.2014	As at 01.04.2013	For the year	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Building *	3,425,140.32	-	-	3,425,140.32	784,209.03	55,830.00	840,039.03	2,585,101.29	2,640,931.29
Furniture and Fixtures	54,348.25	-	-	54,348.25	54,347.25	-	54,347.25	1.00	1.00
Total	3,479,488.57	-	-	3,479,488.57	838,556.28	55,830.00	894,386.28	2,585,102.29	2,640,932.29

* Includes 10 shares of Rs 50 each in M/s OLYMPUS CO-OPERATIVE HOUSING SOCIETY LTD., 5-C, ALTAMOUNT ROAD, MUMBAI.



	Amount (Rs.)	Amount (Rs.)
7	<u>Long-term loans and advances</u>	
	2,200.00	2,200.00
	<u>2,200.00</u>	<u>2,200.00</u>
8	<u>Current Investments</u>	
	-	3,720,571.66
	-	6,000,883.42
	<u>-</u>	<u>9,721,455.08</u>
9	<u>Cash and cash equivalents</u>	
	4,440.00	4,500.00
	549,365.09	416,345.42
	<u>553,805.09</u>	<u>420,845.42</u>
10	<u>Other Incomes</u>	
	594,169.59	562,376.66
	33,236.00	-
	<u>627,405.59</u>	<u>562,376.66</u>
11	<u>Other expenses</u>	
	4,105.00	3,390.00
	52,472.00	30,000.00
	900.00	4,500.00
	<u>57,477.00</u>	<u>37,890.00</u>
12	<u>Earnings Per Share</u>	
	2,055,554.59	1,973,360.66
	8,000.00	8,000.00
	256.94	246.67
	(face value - Rs. 100 per share)	



SRF PROPERTIED LIMITED


CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	Description	March 31,2014 (Rupees)	March 31,2013 (Rupees)
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit before tax and extra-ordinary items	2,494,098.59	2,388,656.66
	Adjustments for		
	Depreciation	55,830.00	55,830.00
	Dividend income	(594,169.59)	(562,376.66)
	Operating profit before working capital changes	1,955,759.00	1,882,110.00
	Adjustment for		
	Trade payables and provisions	(380.00)	(470.00)
	Trade and other receiveable	-	-
	Cash generated for operations before tax	1,955,379.00	1,881,640.00
	Income tax	(438,544.00)	(415,296.00)
	Net cash from operating activities (A)	1,516,835.00	1,466,344.00
B	CASH FLOW FROM INVESTING ACTIVITIES:		
	Investment in Mutual Funds	9,721,455.08	(4,762,376.66)
	Dividend Income	594,169.59	562,376.66
	Net Cash Flow from Investing activities	10,315,624.67	(4,200,000.00)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Interim Dividend Paid	(10,000,000.00)	-
	Corporate Dividend Tax	(1,699,500.00)	-
	Net Cash Flow from Financing activities	(11,699,500.00)	-
	Net increase in cash and cash equivalents D=(A+B+C)	132,959.67	(2,733,656.00)
	Cash and cash equivalents at the beginning of the year (E)	420,845.42	3,154,501.42
	Cash and cash equivalents at the close of the year F =(D+E)	553,805.09	420,845.42

We have certified the above cash flow statement of SRF Properties Limited derived from the audited financial statements for the year ended March 31,2014 and other records and found the same to be drawn in accordance there with.

For Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants

V. Rajaraman
Partner
M.No.: 002705



Vijay Kumar Gupta
Director

C.L Bhat
Director

Place: Gurgaon
Date : 15.04.2014