SHRIRAM AUTOMALL INDIA LIMITED

SECOND ANNUAL REPORT 2010-2011

Contents

Corporate Information

BOARD OF DIRECTORS

Mr. S. Lakshminarayanan	*Chairman*
Mr. D.V. Ravi	*Director*
Mr. Umesh Revankar	*Director*
Mr. Gaurav Trehan	*Director*

AUDITORS

M/s G. D. Apte & Co.
Chartered Accountants

REGISTERED OFFICE

Mookambika Complex, 3rd Floor,
No. 4, Lady Desika Road,
Mylapore, Chennai – 600 004,
Tamil Nadu, India

Directors' Report

To

The Members

Shriram Automall India Limited

Your Directors have pleasure in presenting their Second Annual Report together with the Audited Statements of Accounts for the period ended March 31, 2011.

FINANCIAL HIGHLIGHTS

(Amt. in Rs.)

	Year ended March 31, 2011	For the period from February 11, 2010 to March 31, 2010
In Profit (Loss) Before Depreciation and Taxation	**(136,895,733)**	**(54,884)**
Less: Depreciation	1,856,904	-
Profit (Loss) Before Tax	**(138,752,637)**	**(54,884)**
Less: Provision for Taxation	398,765	-
Profit (Loss) After Tax	**(139,151,402)**	**(54,884)**
Add: Balance brought forward Profit(Loss) previous year	(54,884)	-
Deficit carried to Balance Sheet	**(139,206,286)**	**(54,884)**

DIVIDEND

With a view to augment the funds and conserve the resources, your directors recommend no dividend for the Financial Year 2010-2011.

OPERATIONS

The income from operations for the financial year ended was Rs. 621,626,532/- as against that of the previous year of Rs.NIL. Being the initial stages of its operations the company has incurred a loss of Rs.139, 151,402/- as compared to the loss of Rs. 54,884 /- for the period ended on 31st March 2010.

Your Company has recently forayed into the business of developing hubs across India called "Automalls" which are aimed at providing (i) stock yard services for pre-owned and/or repossessed commercial vehicles, construction and other equipment, (ii) refurbishing pre-owned and/or repossessed commercial vehicles and construction and other equipment, (iii) providing a trading platform for the auctioning and sale of such commercial vehicles, construction and other equipment, and (iv) providing showrooms for refurbished pre-owned commercial vehicles. The "Automalls" are being developed as a one-stop shop catering to the various needs of commercial vehicle and equipment users, banks, NBFCs and other lenders who wish to dispose of repossessed assets, automobile and equipment dealers and manufacturers. Your Company currently has two operational "Automalls" near Chennai and Vadodara, where it provides stock-yard services, refurbishing of commercial vehicles and equipment, sale of commercial vehicles and equipment through auctions. Electronic touch-screen kiosks are provided at various branch offices. Your Company intends to gradually expand the "Automall" business by establishing between 50 and 60 "Automalls" in various parts of the country in the next 12 to 24 months. Your Company is in the process of identifying and acquiring properties on a leasehold basis at various locations where it intends to establish next "Automalls". Further, it is also proposed to provide online sale of commercial vehicles and equipment through a website, which is in the process of being developed. Your Company also intends to provide valuation services and end-to-end "refurbishing" services relating to automobiles and equipment at "Automalls" in the near future. Your Company proposes to work in close alliance with various banks and financial institutions, vehicle and equipment users, manufacturers, and dealers to consolidate and develop "Automalls" business to cater to their specific requirements.

CAPITAL STRUCTURE

The Authorised capital of the Company was increased from Rs. 5 lacs to Rs. 15 Crores in the Extra Ordinary General Meeting of the Shareholders held on 11th November 2010. Issued, subscribed and paid up capital as of 31st March, 2011is Rs.100,000,000/- (Ten Crores) fully paid-up.

DIRECTORS

Mr. C.V.T Chari, Ms. Reena Mehra and Mr. Raymond Rebello, Directors of the Company, resigned with effect from 27th January, 2011 and 30th January 2011 respectively. Mr. S. Lakshminarayanan, Mr. D.V. Ravi, Mr. Umesh Revankar and Mr. Gaurav Trehan , were appointed as Additional Directors by the Board on 27th January 2011. In accordance with Section 260 of the Companies Act, 1956, they will hold office only up to the date of the ensuing Annual General Meeting. Being eligible, they offer themselves for re-appointment. Suitable resolutions for the appointment of these Directors are being proposed for adoption by Members at the ensuing Annual General Meeting.

THE AUDIT COMMITTEE

Audit Committee as per Section 292A of the Companies Act, 1956 consists of the following Directors:

1 Mr. D.V. Ravi

2 Mr. Umesh Revankar

3 Mr. Gaurav Trehan

AUDITORS

M/s G. D. Apte & Co., Chartered Accountants, Pune (Firm Registration No. 100515 W), Statutory Auditor of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from the Auditor to the effect that their reappointment, if made, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

The Board recommends their reappointment.

PERSONNEL

There were no employees during the period under report drawing remuneration which falls within the preview of the provisions of section 217(2A) of the Companies Act 1956.

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to the requirement under Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988:

a. The Company has no activity involving conservation of energy or technology absorption.

b. The Company does not have any Foreign Exchange Earnings.

c. Outgo under Foreign Exchange - NIL

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief:

a) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) That such accounting policies as mentioned in Schedule 12.1 of the Accounts have been selected and applied consistently, and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the loss of the Company for the period ended on that date;

c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Annual Accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENT

The Board of Directors expresses their deep gratitude for the co-operation and support extended to your Company by its Bankers, Members and various Government agencies.

For and on behalf of Board,
For **Shriram Automall India Limited**

Date: 28th April, 2011 **Mr. S. Lakshminarayanan**
Place: Mumbai Chairman

Auditors' Report

To,
The Members of
Shriram Automall India Limited

1. We have audited the attached Balance Sheet of Shriram Automall India Limited ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
    i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
    ii. 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;
    iii. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
    iv. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
    v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2011 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Act.
    vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 2011;
        b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
        c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **G. D. Apte & Co.**
Firm Registration Number: 100 515W
Chartered Accountants
C. M. Dixit
Partner
Membership Number: 17532
Mumbai
April 28, 2011

Annexure referred to in paragraph 3 of our report of even date

Re: Shriram Automall India Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) During the year, the Company has not disposed off a substantial part of fixed assets.

(ii) (a) As explained to us, the inventories of the Company have been physically verified by the management at regular intervals. In our opinion and according to the information and explanations given to us, the frequency of the verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.

(c) In our opinion, the Company is maintaining proper records of inventory. As per the information and explanations given to us, no discrepancies have been noticed in physical verification.

(iii) According to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured to or from the companies, firms or other parties covered in the register maintained under section 301 of the Act.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories, fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) According to the information and explanation provided by the management, we are 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 of the Act.

(vi) According to the information and explanation provided by the management, the Company has not accepted any deposits from public and no order has been passed by the Company Law Board, National Company Tribunal or Reserve Bank of India or any court or any other Tribunal.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other undisputed statutory dues have generally been regularly deposited with the appropriate authorities. Further, Section 441A of the Act has not been notified by the Central Government of India upto the reporting date, and accordingly, as at the reporting date there is no statutory due payable under section 441A of the Act.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no statutory dues pending to be deposited on account of disputes.

(x) The Company has been registered for a period less than five years, as such, the provisions of clause 4(x) of the Order, are not applicable to the Company.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank. Further, the Company has not borrowed any funds from financial institutions or debenture holders.

(xii) Based on our examination of and according to information and explanations given to us, we are of the opinion that, the Company has not grated any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order, are not applicable to the Company.

(xiv) Based on our examination and according to the information and explanations given to us, in our opinion, the Company is not dealing or trading in shares, securities, debentures or other investments. Accordingly the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we 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) During the year the Company has not issued any debentures. As such, provisions of clause 4(xix) of the Order are not applicable to the Company.

(xx) According to the information and explanation given to us, the Company has not raised money by public issue. As such, provisions of clause 4(xx) of the Order, is not applicable to the Company.

(xxi) 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, we report that no frauds on or by the Company were noticed / reported during the year.

For **G. D. Apte & Co.**
Firm Registration Number: 100 515W
Chartered Accountants
C. M. Dixit
Partner
Membership Number: 17532
Mumbai
April 28, 2011

Balance Sheet as at March 31, 2011

(Amount in Rs.)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	100,000,000.00	500,000.00
Loan Funds			
Unsecured Loan - From Holding Company		275,585,566.86	-
Deferred Tax Liability (Net)		398,765.00	-
Total		**375,984,331.86**	**500,000.00**
APPLICATION OF FUNDS			
Fixed and Intangible Assets			
Gross block	2	32,911,297.00	-
Less : Accumulated depreciation and amortisation		1,856,904.00	-
Net block		31,054,393.00	-
Capital Work in Progress		27,880,600.40	454,647.00
Current Assets, Loans and Advances	3		
Stock in Trade		129,360,689.75	-
Cash and bank balances		53,894,932.49	497,250.00
Other current assets		2,700.99	-
Loans and advances		62,379,765.54	3,900.00
		245,638,088.77	501,150.00
Less : Current Liabilities & Provisions			
Current liabilities	4	67,706,082.80	510,681.00
Provisions	5	88,954.00	
		67,795,036.80	510,681.00
Net Current Assets		177,843,051.97	(9,531.00)
Profit and Loss Account		139,206,286.49	54,884.00
Total		**375,984,331.86**	**500,000.00**
Significant Accounting Policies and Notes to Accounts	12		

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

As per our report of even date
For **G.D.Apte &Co.**
Chartered Accountants
Firm Registration No.: 100515W

C.M. Dixit
Partner
Membership No : 17532

Mumbai
April 28, 2011

For and on behalf of the Board of Directors of
Shriram Automall India Limited

D. V. Ravi
Director

Umesh Revankar
Director

Profit and Loss account for the year ended March 31, 2011

(Amount in Rs.)

	Schedule	Year ended March 31, 2011	For the period from February 11, 2010 to March 31, 2010
INCOME			
Income from Operations	6	621,626,532.30	-
Other income	7	2,700.99	-
Total		**621,629,233.29**	**-**
EXPENDITURE			
Purchase of vehicles		692,421,811.00	-
Refurbishment expenses		27,153,613.30	-
Adjustment due to decrease/(increase) in stock of vehicles	8	(129,360,689.75)	-
Personnel expenses	9	69,125,896.00	-
Operating & other expenses	10	99,180,396.23	54,884.00
Interest & other charges	11	3,940.00	-
Depreciation and amortisation		1,856,904.00	-
Total		**760,381,870.78**	**54,884.00**
Profit/(Loss) before taxation		(138,752,637.49)	(54,884.00)
Provision for taxation			
Current tax		-	-
Deferred tax		398,765.00	-
Total tax expense / (income)		**398,765.00**	**-**
Profit/(Loss) after taxation		(139,151,402.49)	(54,884.00)
Profit/(Loss) brought forward from previous year		(54,884.00)	-
Surplus/(Loss) carried to Balance Sheet		**(139,206,286.49)**	**(54,884.00)**
Earnings/(Loss) per share			
Basic & Diluted (Rs.)		(35.99)	(2.44)
Nominal Value of Share (Rs.)		10.00	10.00
Significant Accounting Policies and Notes to Accounts	12		

The schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date
For **G.D.Apte &Co.**
Chartered Accountants
Firm Registration No.: 100515W

C.M. Dixit
Partner
Membership No : 17532

Mumbai
April 28, 2011

For and on behalf of the Board of Directors of
Shriram Automall India Limited

D. V. Ravi
Director

Umesh Revankar
Director

Cash Flow Statement for the year ended March 31, 2011

(Amount in Rs.)

	Particulars	Year Ended March 31, 2011	For the period from February 11, 2010 to March 31, 2010
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit before taxation	(138,752,637.49)	(54,884.00)
	Depreciation and amortisation	1,856,904.00	-
	Interest on fixed deposits	(2,700.99)	-
	Provision for gratuity	27,572.00	-
	Provision for leave encashment	61,382.00	-
	Operating profit before working capital changes	**(136,809,480.48)**	**(54,884.00)**
	Movements in working capital:		
	(Increase) / decrease in Current assets		
	(Increase) / decrease in Stock in trade	(129,360,689.75)	-
	(Increase) / decrease in other loans and advances	(62,375,865.54)	(3,900.00)
	Increase / (decrease) in current liabilities	61,024,130.80	510,681.00
	Cash generated from operations	**(267,521,904.97)**	**451,897.00**
	Interest and Finance Charges Paid	-	-
	Direct taxes paid (net of refunds)	-	-
	Net cash used in operating activities (A)	**(267,521,904.97)**	**451,897.00**
B	CASH FLOWS FROM INVESTING ACTIVITIES		
	Investment in Fixed deposits (net)	(50,000.00)	-
	Purchase of fixed and intangible assets	(54,165,979.40)	(454,647.00)
	Net cash used in investing activities (B)	**(54,215,979.40)**	**(454,647.00)**
C	CASH FLOWS FROM FINANCING ACTIVITIES		
	Proceeds from issue of equity share capital	99,500,000.00	500,000.00
	Increase / (decrease) in unsecured loans	275,585,566.86	-
	Net cash from financing activities (C)	**375,085,566.86**	**500,000.00**
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	53,347,682.49	497,250.00
	Cash and Cash Equivalents at the beginning of the year	497,250.00	-
	Cash and Cash Equivalents at the end of the year	**53,844,932.49**	**497,250.00**

(Amount in Rs.)

Components of Cash and Cash Equivalents		As at March 31, 2011	As at March 31, 2010
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR AS PER BALANCE SHEET		**53,894,932.49**	**497,250.00**
Less: Fixed deposit under lien and having original maturity of greater than 3 months		50,000.00	-
		53,844,932.49	**497,250.00**
Significant Accounting Policies and Notes to Accounts	12		

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

As per our report of even date
For **G.D.Apte &Co.**
Chartered Accountants
Firm Registration No.: 100515W

C.M. Dixit
Partner
Membership No : 17532

Mumbai
April 28, 2011

For and on behalf of the Board of Directors of
Shriram Automall India Limited

D. V. Ravi
Director

Umesh Revankar
Director

Schedules forming part of the Balance Sheet

(Amount in Rs.)

	As at March 31, 2011	As at March 31, 2010
Schedule 1 - SHARE CAPITAL		
Authorised		
15,000,000 (March 31, 2010 : 50,000) Equity Shares of Rs .10 each	150,000,000.00	500,000.00
	150,000,000.00	**500,000.00**
Issued, Subscribed & Fully Paid up		
Equity Shares		
10,000,000 (March 31: 2010 50,000) Equity Shares of Rs 10 each fully paid up held by the holding company, Shriram Transport Finance Company Limited	100,000,000.00	500,000.00
	100,000,000.00	**500,000.00**

Schedule 2 - FIXED AND INTANGIBLE ASSETS

(Amount in Rs)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at April 1, 2010	Additions during the period	Deletions during the period	As at March 31, 2011	As at April 1, 2010	For the period	Deletions	As at March 31, 2011	As at March 31, 2011	As at April 1, 2010
(A) TANGIBLE ASSETS										
Plant and Machinery	-	4,555,327.00	-	4,555,327.00	-	384,362.00	-	384,362.00	4,170,965.00	-
Furniture and Fixtures		1,033,620.00	-	1,033,620.00	-	797,766.00	-	797,766.00	235,854.00	-
Vehicles		185,000.00	-	185,000.00	-	2,006.00	-	2,006.00	182,994.00	-
Leasehold Improvement		26,673,103.00	-	26,673,103.00	-	645,678.00	-	645,678.00	26,027,425.00	-
Sub-total (A)	**-**	**32,447,050.00**	**-**	**32,447,050.00**	**-**	**1,829,812.00**	**-**	**1,829,812.00**	**30,617,238.00**	**-**
(B) INTANGIBLE ASSETS										
Trademarks	-	464,247.00	-	464,247.00	-	27,092.00	-	27,092.00	437,155.00	-
Sub-total (B)	**-**	**464,247.00**	**-**	**464,247.00**	**-**	**27,092.00**	**-**	**27,092.00**	**437,155.00**	**-**
TOTAL	**-**	**32,911,297.00**	**-**	**32,911,297.00**	**-**	**1,856,904.00**	**-**	**1,856,904.00**	**31,054,393.00**	**-**
Capital Work in Progress	**454,647.00**	**27,880,600.40**	**454,647.00**	**27,880,600.40**	**-**	**-**	**-**	**-**	**27,880,600.40**	**-**
Year Ended March 31, 2010										
Capital Work in Progress (Trademarks under acquisition)	-	454,647.00	-	454,647.00*	-	-	-	-	-	454,647.00*

* Closing value of Gross Block & Net Block as at March 31, 2010

Schedules forming part of the Balance Sheet *(Contd.)*

(Amount in Rs.)

	As at March 31, 2011	As at March 31, 2010
Schedule 3 - CURRENT ASSETS, LOANS & ADVANCES		
Stock in Trade (at lower of cost and net realisable value)		
Stock of Vehicles	**129,360,689.75**	**-**
Cash and bank balances		
i) Cash on hand	391,147.00	-
ii) Cheques on hand	16,966,502.00	-
iii) Balances with scheduled banks in:		
Current accounts	36,487,283.49	497,250.00
Deposit Accounts #	50,000.00	-
	53,894,932.49	**497,250.00**
Other Current Assets		
Interest accrued on fixed deposits with Bank	**2,700.99**	**-**
Loans & Advances		
Unsecured - considered good		
Advance for acquisition of Leasehold Lands	15,085.00	-
Advance against Lease Rent	1,635,660.00	-
Advances recoverable in cash or in kind or for value to be received	15,006,980.88	3,900.00
Prepaid expenses	141,784.66	-
Security deposit	403,925.00	-
Security deposits for Leased Parking Yards	45,176,330.00	-
	62,379,765.54	**3,900.00**
	245,638,088.77	**501,150.00**

Fixed Deposits are pledged with VAT authorities

Schedule 4 - CURRENT LIABILITIES		
Sundry creditors other than Micro and Small Enterprises (Refer note 2(7) of Schedule 12) #	11,959,856.36	483,216.00
Advance from Customers	11,425,044.00	-
Temporary credit balance in bank accounts	42,479,085.40	-
Other liabilities		
- Tax on Sales	348,202.00	-
- Tax Deducted at Source	1,493,895.04	27,465.00
	67,706,082.80	**510,681.00**

#Includes amount payable to Holding Company Rs.NIL (Previous period/year : Rs.230,519/-)

Schedule 5 - PROVISIONS		
For leave encashment and availment	61,382.00	-
For gratuity	27,572.00	-
	88,954.00	**-**

Schedules forming part of the Profit and Loss account

(Amount in Rs.)

		For the year ended March 31, 2011	For the period from February 11, 2010 to March 31, 2010
Schedule 6 - INCOME FROM OPERATIONS			
Sales of Vehicles	615,333,001.00		-
Less: Value Added Tax on Sale	2,044,920.00	613,288,081.00	
Facilitation Fees		8,338,451.30	-
		621,626,532.30	**-**
Schedule 7 - OTHER INCOME			
Interest on deposits with banks (Tax deducted at Source Nil)		2,700.99	-
		2,700.99	**-**
Schedule 8 - ADJUSTMENT DUE TO DECREASE/(INCREASE) IN STOCK OF VEHICLES			
Opening stock (A)	-		
Less: Closing stock (B)	129,360,689.75		
Decrease/(Increase) in stock of vehicles (A-B)		(129,360,689.75)	-
		(129,360,689.75)	**-**
Schedule 9 - PERSONNEL EXPENSES			
Salaries, allowances and Bonus		1,987,429.00	-
Gratuity		27,572.00	-
Contribution to provident and other funds		123,287.00	-
Staff welfare		346.00	-
Cost of Staff reimbursed (deputed by Holding Company)		66,987,262.00	-
		69,125,896.00	**-**
Schedule 10 - OPERATING AND OTHER EXPENSES			
Lease Rent for Parking Yards		37,937,807.98	-
Lease Rent		251,720.00	-
Electricity expenses		289,830.00	-
Registration & Filing fees		857,606.00	-
Repairs & Maintenance			
- Others		5,312,183.34	-
Rates & taxes		2,929,462.00	-
Printing & stationery		2,125,605.00	-
Travelling & conveyance		9,396,763.00	-
Advertisement		29,678,095.00	-
Business Promotion		3,569,042.00	-
Brokerage-others		120,000.00	-
Communication Expenses		1,053,478.03	-
Auditor's remuneration			
- Audit Fees		441,200.00	5,515.00
- Tax Audit Fees		110,300.00	-
Legal & professional charges		193,596.00	-
Miscellaneous expenses		4,913,707.88	49,369.00
		99,180,396.23	**54,884.00**
Schedule 11 - INTEREST & OTHER CHARGES			
Interest on Loans from Banks #		3,940.00	-
		3,940.00	**-**

Interest on loan other than loans for fixed period

Schedules forming part of the Balance Sheet and Profit and Loss account *(Contd.)*

Schedule 12 - SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards (`AS') under Companies Accounting Standard Rules, 2006, as amended, the relevant provisions of the Companies Act, 1956(`the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Use of estimates

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 year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could offer from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future years.

(c) Fixed Assets, Depreciation/Amortisation and Impairment of assets

Fixed Assets

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 which takes substantial period of time to get ready for its intended use are also included to the extent they related to the period till such assets are ready to be put to use.

Depreciation/Amortisation

Depreciation / Amortization 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.

Cost relating to `Trademarks' are capitalized and amortised on a straight line basis over a period of 10 years.

Leasehold improvement is amortized over the lease term subject to a maximum of 60 months.

All fixed assets individually costing Rs.5,000 or less are fully depreciated in the year of installation.

Depreciation on assets sold during the year is recognized on a pro-rata basis to the profit and loss account till the date of sale.

(d) Inventories

Inventories of vehicles are valued at cost or net realisable whichever is less after providing for obsolescence if any. Cost comprises of cost of purchase, refurbishment costs and allocated overheads incurred in bringing the inventory to its present location and condition. Cost of purchase and refurbishment is determined on specific identification basis, while the overheads are allocated as per the estimate based on expected normal activity. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

(e) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The revenue from sale of the vehicles is recognized after execution of the contract to sale and delivery of the vehicle to the buyer.

Income from services is recognized as per the terms of the contract on an accrual basis.

Interest income on fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Schedules forming part of the Balance Sheet and Profit and Loss account *(Contd.)*

(f) Employee Benefits

Provident Fund

All the employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future Provident Fund benefits other than its annual contribution and recognizes such contributions as an expense in the year it is incurred.

Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees at retirement, death while in employment or on termination of employment. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Leave Encashment

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date.

Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

(g) Income Tax

The expense comprises of current, deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The un-recognized deferred tax assets are re-assessed by the Company at each balance sheet date and are recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(h) Segment reporting policies

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Unallocated items

Unallocated items include income and expenses which are not allocated to any reportable business segment.

Segment Policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

Schedules forming part of the Balance Sheet and Profit and Loss account *(Contd.)*

(i) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss 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.

(j) Provisions

A provision is recognized when the company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(k) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.

2. Notes to Accounts

1. Gratuity and other post-employment benefit plans

The Company has an unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days salary (last drawn salary) for each completed years of service.

Consequent for the adoption of revised AS 15`Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard.

Profit and Loss account

Net employee benefit expense (recognized in employee cost)

(Amount in Rs.)

Particulars	Gratuity March 31, 2011
Current service cost	27,572.00
Interest cost on benefit obligation	N.A.
Expected return on plan assets	N.A.
Net actuarial (gain) / loss recognized in the year	NIL
Past service cost	NIL
Net benefit expense	27,572.00

Balance sheet

Details of Provision for gratuity

(Amount in Rs.)

Particulars	Gratuity March 31, 2011
Defined benefit obligation	27,572.00
Fair Value of plan assets	N.A.
	27,572.00
Less : Unrecognised past serviced cost	NIL
Plan asset / (liability)	(27,572.00)

Changes in the present value of the defined benefit obligation are as follows :

(Amount in Rs.)

Particulars	Gratuity March 31, 2011
Opening defined benefit obligation	NIL
Interest cost	NIL
Current service cost	27,572.00
Benefits paid	NIL
Actuarial (gains)/losses on obligation	NA
Closing defined benefit obligation	27,572.00

The Company would not contribute any amount to gratuity in 2010 – 11 as the scheme is unfunded.

Schedules forming part of the Balance Sheet and Profit and Loss account *(Contd.)*

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :

Particulars	Gratuity March 31, 2011
Investment with Insurer	N.A.

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below :

Particulars	Gratuity March 31, 2011
Discount Rate	8.25%
Increase in compensation cost	5.00%
Employee Turnover	1.00%

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the year are as follows :

(Amount in Rs.)

Particulars	Gratuity March 31, 2011
Defined benefit obligation	27,572.00
Plan assets	N.A.
Surplus / (deficit)	(27,572.00)
Experience adjustments on plan liabilities	NIL
Experience adjustments on plan assets	N.A.

Since the company has commenced the operations and recruited the employees only during the year 2010-11, there are no disclosures as at and for the year ended on March 31, 2010.

2. **Segment Reporting**

(Amount in Rs.)

	Year ended March 31, 2011			
Particulars	**Trading Activities**	**Fee based Activities**	**Unallocated reconciling items**	**Total**
Segment Revenue	613,290,781.99	8,338,451.30	-	621,629,233.29
Segment Results (Profit / (Loss) before tax)	(89,926,725.85)	(47,399,704.64)	(1,422,267.00)	(138,748,697.49)
Less : Interest	3,940.00	-	-	3,940.00
Net profit / (loss) before tax	-	-	-	(138,752,637.49)
Less : Income tax / Deferred tax	-	-	-	398,765.00
Net profit / (Net loss)	-	-	-	(139,151,402.49)
Other Information :				
Segment assets	215,345,785.86	86,610,240.31	2,617,056.00	304,573,082.17
Unallocated corporate assets	-	-		-
Total Assets	215,345,785.86	86,610,240.31	2,617,056.00	304,573,082.17
Segment Liabilities	235,781,546.24	106,884,031.38	1,113,791.04	343,779,368.66
Unallocated corporate liabilities	-	-	-	-
Total Liabilities	235,781,546.24	106,884,031.38	1,113,791.04	343,779,368.66
Capital expenditure	3,923,346.00	56,868,551.40	-	60,791,897.40
Depreciation	1,065,026.00	791,878.00	-	1,856,904.00
Other non-cash expenses	787,833.98	1,115,638.00	496,350.00	2,399,821.98

Since the company has commenced the operations only during the year 2010-11, there were no reportable segments as at and for the year ended on March 31, 2010.

Schedules forming part of the Balance Sheet and Profit and Loss account *(Contd.)*

3. Related Party Disclosures

Related party where control exists

Holding company	Shriram Transport Finance Company Limited (STFCL) (From the inception i.e. February 11, 2010)
Other Related parties	
Enterprises having significant influence over the Company	Shriram Holdings (Madras) Pvt. Ltd. Shriram Capital Ltd. Newbridge India Investments II Limited Shriram Ownership Trust
Fellow Subsidiary	Shriram Equipment Finance Company Ltd. (SEFCL)

(Amount in Rs.)

Particulars	Year ended March 31, 2011	For the period from February 11,2010 to March 31, 2010
Transactions during the period		
Receipts / Income		
From STFCL		
Subscription to equity shares	99,500,000.00	500,000.00
Amount received	1,250,975,309.41	-
Cost of Staff reimbursed	66,987,262.20	-
Other Expenses	31,443,408.00	-
Preliminary Expenses	-	230,519.00
Receipts from Fellow Subsidiary SEFCL	11,582.00	-
Payments / Expenses		
Amount paid to STFCL	1,074,050,931.75	-
Payment to Fellow Subsidiary SEFCL	11,582.00	-

(Amount in Rs.)

Balances outstanding at the period end	Year ended March 31, 2011	March 31, 2010
Share Capital by STFCL	100,000,000.00	500,000.00
Unsecured Loan Payable to Holding Company	275,585,566.86	-
Amount payable to Holding Company for expenses incurred	-	230,519.00

Outstanding guarantees issued by the Holding Company is Rs.140,000,000 (includes outstanding guarantees of Rs 100,000,000 given to Axis Bank against Cash credit facilities sanctioned to the Company. (Previous year Rs Nil)

4. Earnings/ (Loss) Per Share

(Amount in Rs.)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Net Profit/(Loss) as per profit and loss (Rs.) (A)	(139,151,402.49)	(54,884.00)
Weighted average number of equity shares for calculating Basic EPS (B)	3,866,438.00	22,449.00
Weighted average number of equity shares for calculating Diluted EPS (C)	3,866,438.00	22,449.00
Basic earnings/(loss) per equity share (In Rupees) (Nominal value Rs. 10 per share) (A) / (B)	(35.99)	(2.44)
Diluted earnings/(loss) per equity share (In Rupees) (Nominal value Rs. 10 per share) (A) / (C)	(35.99)	(2.44)

Schedules forming part of the Balance Sheet and Profit and Loss account *(Contd.)*

5. **Deferred Tax Liabilities/ (Asset)(Net)**

(Amount in Rs.)

The breakup of deferred tax asset / liabilities is as under	As at March 31, 2011
Deferred Tax Liabilities	
Timing difference on account of :	
Differences in depreciation in block of fixed assets as per tax books and financial books	444,065.00
Preliminary expenses	(13,119.00)
Gross Deferred Tax Liabilities (A)	**430,946.00**
Deferred Tax Asset	
Timing difference on account of :	
Expenses disallowed under Income Tax Act, 1961	32,181.00
Gross Deferred Tax Assets (B)	**32,181.00**
Deferred Tax Liabilities /(Assets)(Net) (A-B)	**398,765.00**

Since the company has commenced the operations only during the year 2010-11, there were no timing differences (Except carry forward business losses. Refer Note 9 below) and consequently no deferred tax was created as at and for the year ended on March 31, 2010.

6. Estimated amount of contracts on capital account not provided for is Rs 10,000,000.

7. The Company has initiated the process of identification of 'suppliers' registered under the "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006" by obtaining confirmations from suppliers. Based on the intimation received by the Company, none of the suppliers have confirmed to be registered under MSMED Act, 2006. Accordingly, no disclosures relating to amounts unpaid as at the year end together with interest paid /payable are required to be furnished.

8. During the year, the Company allotted 9,950,000 equity shares of Rs.10/- each at par to the Holding Company. The amount received has been utilized for the purpose of business operations.

9. As a matter of prudence, deferred tax asset on carry forward losses has not been recognized as at and for the year ended on March 31, 2010 and March 31, 2011.

10. **Additional information Pursuant to the provisions of Paragraph 3 of Part II of Schedule VI of the Act.**
Details of Stock and Sales of Vehicles:

Opening Stock		Purchases	Closing Stock		Gross Sales	
Quantity (Nos)	Value (Rs)	Quantity (Nos)	Quantity (Nos)	Value (Rs)	Quantity (Nos)	Value (Rs)
-	-	2,248	354	129,360,689.75	1,894	615,333,001.00

11. **Previous year Comparatives**
The figures for the previous year have been regrouped and reclassified, wherever necessary to conform to current year's classification.

As per our report of even date
For **G.D.Apte &Co.**
Chartered Accountants
Firm Registration No.: 100515W

C.M. Dixit
Partner
Membership No : 17532

Mumbai
April 28, 2011

For and on behalf of the Board of Directors of
Shriram Automall India Limited

D. V. Ravi
Director

Umesh Revankar
Director

Balance Sheet Abstract and Company's General Business Profile
as per Part IV to Schedule VI to The Companies Act ,1956.

I. Registration Details

Registration No. 74572 State Code 18

II. Balance Sheet Date 31 (Date) 03 (Month) 11 (Year)

Capital raised during the year (Amount in Rs. '000s)

Public Issue	Rights Issue
- -	- -

Bonus Issue	Private Placement
- -	99500

III. Position of mobilisation and Deployment of Funds (Amount in Rs. '000s)

Total Assets	Total Liabilities
375984	375984

Sources of Funds

Paid-up Capital	Reserves & Surplus
100000	- -

Secured Loans	Unsecured Loans
- -	275585

Other Liabilities
399

Application of Funds

Net Fixed Assets	Investments
31054	- -

Capital work in progress	Net Current Assets
27881	177843

Accumulated Losses
139206

IV. Performance of Company (Amount in Rs. '000s)

Turnover	Total Expenditure
621629	760382

+	-	Profit/Loss Before Tax	+	-	Profit/Loss After Tax
	✓	138753		✓	139151

Earnings Per Share in Rs.	Dividend Rate %
-35.99	NIL

V. Generic Names of Three Principal Products/Services of Company(as per Monetary Terms)
Item Code No. (ITC Code) 87060042

Product Description VEHICLES

For and on behalf of the Board of Directors of
Shriram Automall India Limited

Mumbai
April 28, 2011

D. V. Ravi
Director

Umesh Revankar
Director