

Form A (Standalone)

1. Name of the Company
2. Annual financial statements for the year ended
3. Type of Audit observation

S Mobility Ltd.
30th June 2013
Matter of Emphasis-

Observation-

We draw attention to the fact that the Company has made investments of Rs. 878,375 thousand and, given unsecured interest free loans of Rs. 2,405,590 thousand to and has outstanding receivable of Rs. 369,469 thousand from its two subsidiary companies (including one subsidiary of a subsidiary company) whose net worth as per books is lower than the carrying value of the Company's investments in these companies. No provision has been made against the above in view of strategic long term investment of the Company in these subsidiaries, their future profitable projections and/or the fair value of these companies as at June 30, 2013. Our opinion is not qualified in respect of this matter.

Management Response-

Refer to note no 43 of Notes to financial statement.

4. Frequency of observation

Repetitive, appearing since 31st March 2011.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E

per Anil Gupta

Partner

Membership no.: 87921

Place: New Delhi

Date: 26/8/2013

Kashi Nath Memani

Audit Committee Chairman

R S Desikan

Chief Executive Officer and Manager

Subramanian Murali
Chief Financial Officer



Form A (Consolidated)

1. Name of the Company
2. Annual financial statements for the year ended
3. Type of Audit observation

S Mobility Ltd.
30th June'2013
Matter of Emphasis-

Observation

We draw attention to Note No. 46 of the consolidated financial statements. The group has recognized and is carrying forward a goodwill of Rs. 2,089,328 thousand in respect of Hindustan Retail Private Limited, a wholly owned subsidiary of the Company and its three subsidiaries. Based on the financial statements of these subsidiaries, their net worth is substantially lower than the group's investment in these companies. No provision for impairment has been made against the above in view of strategic long term investment of the Group in these subsidiaries, their future profitable projections and / or the fair value of these companies as at 30 June 2013. Our opinion is not qualified in respect of this matter.

Management Response-

Refer to note no 46 of Notes to consolidated financial statement.

4. Frequency of observation

Repetitive, appearing since 31st March'2011.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E

Anil Gupta

per Anil Gupta

Partner

Membership no.: 87921

Place: New Delhi

Date: 26/8/2013

Kashi Nath Memani
Kashi Nath Memani
Audit Committee Chairman

R S Desikan
R S Desikan
Chief Executive Officer and Manager

Subramanian Murali
Subramanian Murali
Chief Financial Officer

