K.P.RAO& CO.
CHARTERED ACCOUNTANTS

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AUDITOR'S REPORT

TO THE MEMBERS OF CANFIN HOMES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Canfin Homes Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement 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, financial performance and cash flows 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 presentation of the financial statements that give 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. 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.

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K.P. RAO & CO. FRN: 003135 S BANGALORE CHARTERED ACCOUNTANTS

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:

1. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

2. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

3. in the case of the Cash Flow Statement, of the cash flows 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 in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the 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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Branch Auditor's Reports have been forwarded to us and have been appropriately dealt with by us in preparing this report;

   c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and the audited returns received from the Branches.

   d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement 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, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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K.P. RAO & CO. FRN: 003135 S BANGALORE CHARTERED ACCOUNTANTS

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 K.P.RAO & CO.
Chartered Accountants
FRN. 003135S

M G VinayaSimha
Partner
Membership No. 208874

Place: Bangalore
Date: April 25, 2013

ANNEXURE TO AUDITORS' REPORT
(REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

1.

a) The company has maintained proper records showing full particulars inclusive of quantitative details and situation of fixed assets.

b) The management has physically verified the fixed assets during the course of the year and no material discrepancies were noticed on such physical verification.

c) The company has not disposed off any substantial part of the fixed assets during the year.

2. As the Company does no have any inventory of goods, the provisions of Para 4(ii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

3.

a) 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 Companies act, 1956. Therefore the clauses (b), (c) and (d) of Para (iii) of the Companies (Auditors report) Order, 2003 are not applicable.

b) The Company has not taken any loans secured or unsecured from Companies, firms or other Parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the clauses (f) and (g) of Para (iii) of the Companies (Audit Report) Order, 2003 are not applicable.

4. In our opinion and according to the information and explanations given to us, the internal control system for the purchase of fixed assets and for the sanction, disbursement and recovery of loans given by the Company are adequate and commensurate with the size of the company and present nature of its business. During the course of audit, we have not observedany continuing failure to correct major weakness in internal controls.

5.

a) According to the information and explanations given to us based on the representations given by the management, we are of the opinion, that the particulars of the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies act, 1956 have been so entered.

b) As there are no transactions made during the year in pursuance of contract or agreements entered in the register maintained under Section 301 of the Companies Act, 1956, the Provisions of this para are not applicable to this Company.

6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under to the extent applicable and the Housing Finance Companies (NHB) directions, 2001with

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K.P. RAO & CO. FRN: 003135 S BANGALORE CHARTERED ACCOUNTANTS

regard to the deposits accepted from the public. No order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank or any Court or any other Tribunal.

7. The Internal Audit is being conducted by Firms of Chartered Accountants and in our opinion, the scope and coverage of internal audit is commensurate with size and nature of Company's Business.

8. The Central Government has not prescribed the maintenance of cost record under Section 209(1)(d) of the Companies Act, 1956 for the Company.

9.

a) According to the information and explanations given to us, the Company is regular indepositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Interest Tax, Cess and other statutory dues with the appropriate authorities.

b) According to the information and explanations given to us, there are no undisputed statutory dues outstanding as at March 31, 2013 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 dues of Income Tax, Service Tax, Cess, which have not been deposited on account of any dispute, except for :

(₹in lakhs)

Name of the Statute	Nature of dues	Amount	Period to which the amount relates	Where dispute is pending
Income Tax Act	Levy of Penalty u/s 271(1)(c)	418.36	AY 2006-07	Commissioner of Income Tax (Appeals)

10. In our opinion, the Company has no accumulated losses at the end of the financial year and has not incurred any cash losses in the current financial year and in the immediately preceding financial year.

11. In our opinion and according to information and explanations given to us, the Company has not defaulted in payment of dues to its banks, Financial Institutions and Debenture holders.

12. According to the information and explanations given to us, the Company has not granted any loans or advances on security of shares, debentures, other securities.

13. In our opinion and according to the information and explanations given to us the company is not a Chit Fund, Nidhi or Mutual Benefits Trust/Society.

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K.P. RAO & CO. FRN: 003135 S BANGALORE CHARTERED ACCOUNTANTS

14. According to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments.

15. According to the information and explanations given to us, the Company has not given guarantee in respect of loans taken by other Companies from banks and financial institutions.

16. In our opinion and according to the information and explanations given to us, the Company has prima facie applied the term loans for the purpose for which they were obtained.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that prima facie no funds raised on short term basis have been utilized for any long term investment purposes.

18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures during the year.

20. According to the information and explanations given to us, the Company has not raised any monies from public issues during the year.

21. According to the information and explanations given to us, no material fraud on the Company or by the Company was noticed or reported during the year. However there have been few cases of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers. The amounts whereof are not material in the context of the size of the Company and the nature of its business.

For K.P.RAO & CO.
Chartered Accountants
FRN. 003135S

M G VinayaSimha
Partner
Membership No. 208874

Place: Bangalore
Date: April 25, 2013