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Corporate Information

BOARD OF DIRECTORS

CHAIRMAN

Sri Arun Duggal

MANAGING DIRECTOR

Sri R Kannan

DIRECTORS

Sri S Venkatakrishnan

Sri S Krishnamurthy

Sri V Parthasarathi

Sri Mukund Govind Diwan

Sri Vipen Kapur

Dr T S Sethurathnam
(Nominee of IREDA Ltd)

COMPANY SECRETARY

Sri J Radhakrishnan

AUDITORS

Pijush Gupta & Co.

Chartered Accountants

SHARE TRANSFER AGENTS

Integrated Enterprises (India) Ltd.

II Floor, Kences Towers

No.1, Ramakrishna Street

Off: North Usman Road

T. Nagar, Chennai 600 017

Ph : 2814 0801- 0803

REGISTERED OFFICE

123, Angappa Naicken Street
Chennai 600 001
Phone : 25341431

SECRETARIAL OFFICE

4th Floor, Mookambika Complex
4, Lady Desika Road, Mylapore
Chennai 600 004
Phone : 24990356, 24990960
Fax : 24993272

ADMINISTRATIVE OFFICE

New No.221 (Old No.129)
Royapettah High Road
Mylapore, Chennai 600 004
Phone : 43915300 - 04
Fax : 43915351

BANKERS

Bank of Maharashtra

Bank of Rajasthan Ltd.

City Union Bank Ltd.

Dena Bank

Industrial Development Bank of India Ltd. (IDBI)

ING Vysya Bank Ltd.

Indian Overseas Bank

Lord Krishna Bank Ltd.

Oriental Bank of Commerce

Punjab National Bank

State Bank of Bikaner & Jaipur

Standard Chartered Bank

UCO Bank

UTI Bank Ltd.

Yes Bank Ltd.

Listed on the following Exchanges and the annual listing fees have been duly paid

- Madras Stock Exchange Ltd., Exchange Building, P.B.No.183, No.30 (Old No.11) Second Line Beach, Chennai 600 001.
- Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.
- National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G-Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051.

Our Presence in India

Adilabad
Adoni
Agra
Ahmedabad
Ahmednagar
Ajmer
Akola
Aligarh
Allahabad
Alwar
Amalapuram
Ambikapur
Amravati
Amritsar
Anand
Anantapur
Angamaly
Angul
Asansol
Attur
Aurangabad
Azadpur
Bachheli
Bagalkot
Balaghat
Bangalore
Bangalore Khar Road
Baramati
Bareilly
Barmer
Baroda
Basavakalayan
Bathinda
Begusarai
Belapur
Belgaum
Belgaum II
Bellary
Berhampur
Bhagalpur
Bharatpur
Bharuch
Bhatkal
Bhavanipuram
Bhavnagar
Bhilai
Bhilwara
Bhimavaram
Bhopal
Bhubaneswar
Bhubaneswar II
Bhuj
Bicholim
Bidar
Bijapur
Bikaner
Bilaspur
Boisar
Bokaro
Burdwan
Burhanpur
Calicut
Chadikhole
Chamaraja Nagar
Chandigarh
Chandrapur
Channagiri
Channarayapatna
Chembur
Chikkodi
Chikmagalore
Chinchwad
Chindwara
Chiplun
Chitradurga
Chittorgarh
Cochin
Coimbatore
Cuddapah
Cuddapah II
Cuttack
Dahisar
Dahod
Dausa
Davangere
Dehradun
Dhanbad
Dhanbad I
Dharmapuri
Dharwad
Dhulia
Durgapur
Eluru
Ernakulam New
Erode
Faizabad
Faridabad
Farrukhabad
Gadag
Gadwal
Gajuwaka
Gandhidham
Ghaziabad
Goa/panjim
Godhara
Gondia
Gorakhpur
Gudiwada
Gudur
Gulbarga
Guna
Guntur
Gurgaon
Guwahati
Gwalior
Haldwani
Harappanahalli
Hassan
Haveri
Himmatnagar
Hindupur
Hissar
Honnallli
Hosadurga
Hospet
Hosur
Hubli
Humnabad
Hunsur
Ilkal
Indore
Itchapuram
J P Nagar
Jabalpur
Jagadamba
Jagdalpur
Jaipur
Jaipur Lajpat Road
Jaisalmer
Jalandhar
Jalgaon
Jamnagar
Jamshedpur
Janakpuri
Jhunjhunu
Jodhpur
Junagadh
Kaithal
Kakinada
Kanchipuram
Kankavalli
Kannur
Kanpur
Karaikudi
Karim Nagar
Karnal
Karolbagh
Karur
Kasargode
Katni
Kayamkulam
Khamgaon
Khammam
Khargapur
Khatedhan
Koilpatti
Kolar
Kolhapur
Kolkata 1
Kolkata South
Kompally
Koppal
Korba
Kota
Kotputlí
Kottayam
Krishnagiri
Kukatpally
Kumbakonam
Kumta
Kundapur
Kunnamkulam
Kurnool I
Kurnool II
L B Nagar
Lakimpur Kheri
Latur
Lingsur
Lucknow
Ludhiana
Madanapalli
Madikeri
Madiwala
Madras Main Branch
Madurai
Madurai II
Malegaon
Mancherial
Mandapeta
Mangalore
Mangalore II
Manjeri
Margoa
Masjid
Matunga
Mehboob Nagar
Mehsana
Mettupalayam
Miryalaguda
Moga
Moradabad
Mudabidri
Mumbai
Mundka
Muzzaffarpur
Mysore
Nagaur
Nagercoil
Nagpur
Nanded
Nandurbar
Nandyal I
Nandyal II
Nashik
Navsari
Nellore
Nizamabad
Ongole
Padi
Palanpur
Palghat
Pandarpur
Panvel
Paramakudi
Parbhani
Parvathipuram
Pathanamthitta
Pathankot
Patna
Pavagada
Phusro
Pollachi
Pondicherry
Porbander
Proddatur
Pudukottai
Pune
Puttur
Quilon
Raibareilly
Raichur
Raigarh
Raipur
Rajahmundry I
Rajahmundry III
Rajkot
Rajnandgaon
Ranchi
Ratlam
Ratnagiri
Renukoot
Rewa
Roha
Rohtak
Rourkela
Sagar
Sagara
Sahibabad
Sakaleshpura
Salem
Salt Lake
Sambalpur
Sandur
Sangli
Saraipali
Satara
Satna
Sawai Madhopur
Secunderabad
Sedam
Sewree
Shadol
Shahapur
Shimla
Shimoga
Sholapur
Sikar
Siliguri
Sindhanur
Sirohi
Sivakasi
South Delhi
Sriganganagar
Srikakulam
Sultanpur
Sulthanbathery
Surat
Surendranagar
Tadipatri
Tambaram
Tdasarahalli
Thalassery
Thane
Thanjavur
Theni
Tiptur
Tirunelveli
Tirupathi
Tirur
Tiruvannamalai
Tiruvarur
Trichur
Trichy
Trivandrum
Tumkur
Tuticorin
Udaipur
Udupi
Ulhasnagar
Vapi
Varanasi
Vashi
Vellore
Vijaya Nagar
Vijayawada I
Vileparle
Villupuram
Visakhapatnam
Vizianagaram
Wada
Waidhan
Warangal
Wardhmannagar
Y.nagar
Yadgir
Yeshwanthpur

Business and Financial Highlights

Asset under Management

with portfolio (including off balance sheet) of Rs.2500 crores

70% Growth in Income

Income from operations rose from Rs.204.75 Crores to Rs. 348.98 Crores

63% increase in Net Profit

Net profit increased from 31.67 Crores to Rs.51.62 Crores

23.95% Capital Adequacy Ratio

Compared to a regulatory minimum requirement of 12%

PROFIT AFTER TAX (Rs. in lacs)
FY7
5,162.16
FY6
3,167.29
FY5
2,310.44
FY4
1,836.06
FY3
809.32

TOTAL INCOME (Rs. in lacs)
FY7
34,898.30
FY6
20,475.36
FY5
18,119.06
FY4
14,192.81
FY3
7,822.11

CAPITAL RATIO (%)
FY7
23.95
FY6
15.79
FY5
15.58
FY4
12.72
FY3
16.70

RETAIL DEBT PORTFOLIO (Rs. in Crores)
FY7
82,694.46
FY6
70,026.00
FY5
61,426.57
FY4
58,198.94
FY3
23,671.88

Board of Directors

Sri Arun Duggal
Chairman

Sri Arun Duggal is an International Business Advisor. He was with Bank of America for 26 years at various locations including New York, San Francisco, Tokyo, Hong Kong, London, Manila and New Delhi. He is on the Board of Directors of Jubilant Energy Limited. Canada, Patni Computers Systems Limited, Fidelity Fund Management Private Limited, Petronet LNG Limited, Manipal Acunova Private Limited, Shriram Properties Limited, Zuari Industries Limited, Mundra Port And Special Economic Zone Limited, International Asset Reconstruction Co Private Limited, Carzonrent (India) Private Limited, Info Edge (India) Private Limited, Shriram Transport Finance Company Limited, Dish TV India Private Limited. He is the Founder Director of The Bellwether Microfinance Fund Private Limited. Mr.Duggal was also on the Board of Governors of the National Institute of Bank Management and the erstwhile Chairman of the American Chamber of Commerce, India. He is a Senior Advisor to Transparency International and is on the Board of Centre for Civil Society.

Sri R Kannan
Managing Director

Sri Kannan is among the senior most Directors of the Shriram Group, under whose leadership Shriram Chits has become a Rs.3,000 crore Institution and the Number One in the Chit Funds industry. He has taken additional responsibility for building the Group's Consumer Durable Finance business, as the Managing Director of Shriram City Union Finance Limited, listed on the NSE, BSE and MSE.

Under his leadership the Chit Marketing Network has been turned into a multi-product vendor, helping promote and distribute various products and services of Group as well as Associate Companies. These include Insurance Products, IT & Web Enabled Services, Medical Transcription, Software Development, Hire Purchase, Property Development, Packaging, Education etc.

He is on the Board of Shriram Trade Finance Company Limited, Integrated IT Services Private Limited, Shriram Properties & Constructions (Chennai) Limited, Shriram Permanent Fund Limited, RJK Capital Limited and Shriram Non Conventional Energy Limited.

Sri S Venkatakrishnan
Director

Sri S Venkatakrishnan is an IA & AS retired. He has served at senior positions in the Finance , Audit & Accounts department of the government and other public undertakings. He has been serving in the Company as a advisor for over a decade.

He is on the Board of Shriram Transport Finance Company Ltd, Shriram Industrial Holdings Private Limited, Shriram Exports Private Limited, Hymavathi Enterprises Private Limited, Bhilahari Enterprises Private Limited, Charukesi Investments Private Limited, Galada Finance Limited, Rambal Properties Private Limited, Road Safety Club Private Limited and Ranjani Enterprises Private Limited .

Dr T S Sethurathnam
Director

Dr. T.S. Sethurathnam served for about 35years in M.P. Electricity Board, largest State Power Utility in the country. After having held many senior positions he was elevated to the Board. He had the longest tenure as Member/Chairman for over 15 years which is unique record in the State Public Power Utility. He was also Chairman of the Western Regional Electricity comprising of Maharashtra, Gujarat, Madhya Pradesh, Goa and Diu & Daman. After his retirement he had held positions as Director/Chairman in BSES Ltd. for 3 years during which he was associated with the construction of 500MW Dhanu Thermal Power Station in Maharashtra. He was also consultant to Hoston Industries Ltd., Smith Co-generation Unlimited which are US based Companies and Power Finance Corporation, Ahmedabad Electricity Company and Arther Andresen. He was associated with the construction of liquid fuel based power station at Chennai and also Barge Mounted Power Plant at Mangalore which is the first of its kind so far in the country. He had also worked as Member of All India Council for Technical Education. He is also a Fellow Member of Indian Council of Arbitration, Member of Management Consultancy of Turin, Canada, The Institute of Management Consultants of India, Institute of Training and Development. He was in the past nominated by almost all financial Institutes as Nominee Director/Chairman to many Public Limited Companies and is also presently serving as Director/Chairman of a few Public Limited Companies. He has received several National Awards for to his outstanding contribution to Power development in the country.

Sri S Krishnamurthy
Director

Sri Krishnamurthy has got professional / Banking experience in Reserve Bank of India and Commercial Banks for more than 40 years. He is a professional Banker with exposure both as Regulator and Commercial banker. Served as General Manager (Vigilance and Inspection/Audit) in the Indian Overseas Bank, Chennai for 5 years.

He also served Tamilnadu Mercantile Bank, Tuticorin as Chairman and Chief Executive Officer, for more than 5 years. He was Banking Ombudsman, Chennai for about two years. He is on the Board of Kerala Ayurveda Pharmacy Limited and Govt. Nominee for Royapettah Benefit Fund, Chennai.

Sri V Parthasarathi
Director

Sri Parthasarathi was previously Deputy Managing Director of State Bank of India and Managing Director of State Bank of Mysore. He has over 38 years of leadership and success in Commercial Banking, both in India and abroad. Sri Parthasarathi was also Executive Director of Export Credit Guarantee Corporation of India, managing Export Credit Financing, Export Credit Insurance, Investment Insurance and Project Exports.

Sri Parthasarathi is currently a Consultant advising a number of Companies in the areas of Strategy, Finance and Management.

Sri Mukund Govind Diwan
Director

Sri Mukund Govind Diwan has got rich experience in Insurance industry. He has served Life Insurance Corporation of India at all levels including Managing Director and Chairman. He has experience in carrying out Management and Actuarial Consultant Assignments .

He is also on the Board of VLS Finance Limited, G M Breweries Limited, Dwarikesh Sugar Industreis Limited, Marketing Research Corporation of India Limited, Shriram Chits (Maharashtra) Limited, GDA Trustee & Consultancy Limited, Deepajothi Insurance Consultancy Services Private Limited, Indian Institute of Public Opinion Private Limited, and DS Actuarial Education Services Private Limited.

Sri Vipen Kapur
Director

Has rich experience in Banking sector. He has served in Grindlays Bank (now Standard Chartered Bank) in various departments with specialisation in Corporate Banking and Finance . He was also a Vice President and Head of the New Delhi Branch in Bank of America and gained experience in dealing with large Indian and multinational borrowers. He has served with 2 major MiddleEast banks including affiliate of Chase Manhattan Bank (now JP Morgan Chase) in Corporate Banking and Syndications . Served as COO at Al Rushaid Group, overseeing various joint ventures , real estate operations, trading activities and international investments. Served with Sinar Mas Group of Indonesia as Group Managing Director. Served as President and CEO of NewQuest Corporation Private Limited the parent company of the Ballarpur Group and responsible for business rationalization and new ventures. He is presently Executive Chairman of Maxima Global Executive Search which is headquartered in Singapore.

Chairman's Message

Arun Duggal - Chairman

Dear Shareholders,

At the outset, I am very much delighted to be appointed as an Additional Director on the Board of Shriram City Union Finance Limited and thank the Board for designating me as the Chairman of Shriram City Union Finance Limited.

It gives me great sense of satisfaction and pleasure to see and share the growth of our Company in a highly competitive environment.

The business spectrum is undergoing a wave of change with the processes of liberalisation and globalisation of our economy. With this tide wiping out the old rules of business, management science is now witnessing a sudden renaissance. With the pace of technological growth reaching the skies, each day brings on new technology, new allies, new competitors, new ways of working and a host of new challenges. Handling these challenges effectively leads to success and sustained growth in business.

During the year ended 31st March 2007, Shriram City Union Finance Limited had the opportunity of obtaining equity participation from three Foreign Private Equity Funds belonging to Merrill Lynch & Co., Chrys-Capital and Cambridge Place Investment Management LLP of UK respectively. Each of them have subscribed to 10.23% of the share capital of the Company.

In the year 2006-07, the Company grew disbursements in its core business by 207.55% .
During the year, your Company registered:

- A 100.99 % growth in loans advanced
- A 70.44 % growth in income
- A 62.98 % growth in Net Profit
- A 343.51 % growth in Reserves
- A 80.73 % growth in total assets (including managed assets)

The Company is concentarting on the high-potential areas of consumer finance, personal loans, jewel loans , vehicle financing and small business loans. The healthy growth of the economy, and the rise of the middle class as consumers and asset-acquirers, is expected to support high growth in the financial services sector. Moreover, this business will serve to broadbase our Company's revenue streams.

Our vision for the Company is to reach a turnover target of 7500 crores by financial year 2009-10. I am sure that in this financial year, we will all put our heads and hearts together to ensure we overcome the challenges and post a robust growth performance on advances, collections and on all business areas.

I am confident that, your company, Shriram City Union Finance Limited will continue to create value for all stakeholders in the years ahead too.

Arun Duggal
Chairman

Dear Members

Your Directors have pleasure in placing before you their Twenty First Annual Report and Accounts for the year ended 31st March, 2007.

FINANCIAL PERFORMANCE

Rs. in lacs

	Year ended 31st March 2007	2006
Profit before depreciation and taxation	8316.67	5227.82
Less : Depreciation	373.35	415.38
Profit before tax	7943.32	4812.44
Less: Provision for taxation (including Provision for Deferred Tax and Fringe Benefit Tax)	2781.16	1645.15
Profit after tax	5162.16	3167.29
Add: Balance brought forward from Previous Year	2264.35	1186.16
Profit available for appropriation	7426.51	4353.45

APPROPRIATIONS

General Reserve	522.27	316.73
Statutory Reserve	1032.43	633.46
Dividend on Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up at the stipulated rates	154.56	185.82
Dividend (Interim 10% and Final 20%) on Equity Shares of Rs.10/- each fully paid-up	1053.00	813.00
Tax on Dividend	192.87	140.09
Balance carried to Balance Sheet	4471.38	2264.35
	7426.51	4353.45

INDUSTRY

The market for consumer durables is estimated at Rs 32,000 crore ($7.1 billion) . The market is expected to grow at 10 to 12 per cent annually and is expected to reach Rs 60,000 crore ($13.3 billion) by 2008. The urban consumer durables market is growing at an annual rate of 7 to 10 per cent, the rural durables market is growing at 25 per cent annually. However, white goods have a lower penetration in India as compared to consumer electronics products, thus presenting a large potential market. Categories such as air-conditioners, home PCs and washing machines are the least penetrated segments compared to televisions and audio equipment. This is perhaps the only segment in organised retail that involves a high degree of assisted selling, particularly because the customer looks for unbiased help before purchase. Most categories in this business have large life cycles post-purchase and hence are a high-involvement decision.

The Small and Medium Enterprise (SME) sector in India plays a significant role in terms of balanced and sustainable growth, employment generation, development of entrepreneurial skills and contribution to export earnings. The SME sector in India produces over 8,000 products, constitutes 95% of all the industrial units and contributes 40% to industrial output.

On the canvas of the Indian economy, auto industry occupies a prominent place. Due to its deep forward and backward linkages with several key segments of the economy, automotive industry has a strong multiplier effect and is capable of being the driver of economic growth. A sound transportation system plays a pivotal role in the country's rapid economic and industrial development. The well-developed Indian automotive industry ably fulfils this catalytic role by producing a wide variety of vehicles: passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles such as jeeps, scooters, motorcycles, mopeds, three wheelers, tractors ,etc.,

The automotive sector is one of the core industries of the Indian economy, whose prospect is reflective of the economic resilience of the country. Continuous economic liberalization over the years by the government of India has resulted in making India as one of the prime business destination for many global automotive players. The automotive sector in India is growing at around 18 per cent per annum.

YEAR IN RETROSPECT

Keeping in view the various factor's enumerated above, your Company is engaged in the business of providing Personal Loans, Consumer Loans, Vehicle Loans, Jewel Loans, Small Business Loans, etc., Your Company, with a commanding presence in South India, has now entered Northern and Western Regions of India also.

Income from Operations for the period under consideration was Rs. 34989.30 lacs and total expenditure was Rs. 26954.98 lacs

Your Company has earned a Profit before tax of Rs.7943.32 lacs for the year ended 31st March, 2007 registering an increase over Rs. 3130.88 lacs of the earlier year. The Profit after tax of Rs. 5162.16 lacs also is 62.98% more when compared to the previous year .

DIVIDEND

Your Directors at the Board meeting held on 30th November, 2006 declared Preference Dividend for the year 2006-2007. The Directors at the said meeting also declared a 10% interim Dividend on Equity Shares for the year under consideration. These dividends were duly paid in December 2006. The Preference Dividend involved an outflow of Rs. 145.15 lacs and the interim Equity Dividend Rs.271 lacs. Tax on dividends (both Preference and Equity) amounted to Rs. 58.37 lacs.

Your Directors have pleasure in informing you that at the Board Meeting held today, a dividend of Rs. 9.41 lacs on Cumulative Redeemable Preference Shares further allotted and a final Equity Dividend of 20% have been recommended, subject to your approval. The said Dividends on approval will be payable to those Shareholders whose names appear in the Register of Members on 17th August, 2007. The outflow for the Company on final equity Dividend, inclusive of tax thereon will be Rs. 914.90 lacs.

It may be noted that the above Dividends (declared in November 2006 and recommended now) are tax free in the hands of the Shareholders.

RESOURCES

The deposit portfolio as on 31st March, 2007 stood at Rs. 399.96 lacs as against Rs. 396 lacs in 2006.

The privately placed Secured Non-Convertible Debentures Portfolio stood at Rs.62409.16 lacs as on 31st March, 2007 (Rs. 60810.99 lacs as on 31st March, 2006).

Sub-ordinated debts as on 31st March, 2007 stood at Rs. 20017.34 lacs (Rs. 8951.01 lacs as on 31st March, 2006)

The Cumulative Redeemable Preference Shares privately placed stood at Rs .2328.98 lacs as on 31st March 2007.

As on 31st March, 2007, 170 deposits amounting to Rs. 19.98 lacs had matured for payment and were due to be claimed or renewed. After active followup for repayments/ renewals, the figures are currently down to 74 deposits amounting to Rs. 9.07 lacs. However there are no deposits which had matured and which were claimed but not paid by the Company. Steps are continuously being taken to arrange for repayment/ renewal of these deposits.

RBI DIRECTIONS

Your Company continues to comply with all the requirements prescribed by Reserve Bank of India.

GRANT OF EMPLOYEE STOCK OPTIONS

As informed , your Company plans to launch a new Employee Stock Option Scheme as per the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in order to issue options and equity Shares to eligible Directors and employees of the Company so as to ensure commitment, retaining good talent and attracting through ownership and financial motivation. Your Company proposes to issue a maximum of 13,55,000 number of Shares with a vesting period of 4 years ; exercise period of 10 years and exercise price of Rs. 35/- per Share. The approval of the Shareholders in this regard has been obtained at the Extraordinary General Meeting of the Company held on 30th October, 2006.

PREFERENTIAL ISSUE

To increase the networth of the Company, during the year under review, your Company decided to further increase the Equity Shares on a Preferential basis. Your Company also proposed to issue warrants to Shriram Enterprise Holdings Private Limited convertible into Equity Shares at a later date.

Indopark Holdings Limited, Van Gogh Limited, CPIM Structured Credit Fund A 1000 Limited, CPIM Structured Credit Fund A 1500 Limited and CPIM Structured Credit Fund A 20 Limited specified their intention to invest in the Equity Shares of your Company.

Accordingly, at the Extraordinary General Meeting held on 18th December, 2006, your Company obtained the approval of Shareholders to issue and allot on preferential basis in one or more tranche(s) by way of preferential allotment for cash at a price of Rs.160/- per Equity Share (including a premium of Rs.150/- per Equity Share) being the price higher than the price determined as per Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI, Equity Shares to the following entities / persons.

Sl.No	Investor / Entity	Number of Equity Shares
1	Indopark Holdings Limited	Upto 40,00,000
2	Van Gogh Limited	Upto 40,00,000
3	CPIM Structured Credit Fund A 1000 Limited	Upto 8,00,000
4	CPIM Structured Credit Fund A 1500 Limited	Upto 10,00,000
5	CPIM Structured Credit Fund A 20 Limited	Upto 22,00,000

At the said meeting the approval of the Shareholders was also obtained to issue and allot on preferential basis by way of preferential allotment upto 35,00,000 warrants in one or more tranche(s), which entitle the holder to apply for and obtain allotment of equity shares to Shriram Enterprise Holdings Private Limited , each Warrant entitling the holder of the Warrant to apply for and obtain at its sole discretion, 1 (one) equity share of Rs. 10/- each, for cash at a price of Rs. 160/- per equity share (including a premium of Rs.150/- per equity share) which is in excess of the price determined as per Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI and which option shall be exercised by the holder on a date or dates during the period commencing from the date of issue of the Warrants and ending on the expiry of 18 months of such issue.

The Company received the subscription amounts for 1,20,00,000 Equity Shares in total from the foreign investors on 22nd December, 2006, 27th December, 2006 and 29th December, 2006 and for 35,00,000 warrants from Shriram Enterprise Holdings Private Limited on 29th December, 2006.

At the Meetings held on 22nd December, 2006, 28th December, 2006 and 29th December, 2006 the Shares specified above have been duly allotted and the paid up capital of your Company as on date stands at Rs. 3910 lacs. The warrants were allotted to Shriram Enterprise Holdings Private Limited at the Meeting held on 29th December, 2006.

The association with the investors specified above is prestigious and the issue made to Shriram Enterprise Holdings Private Limited will strengthen your Company further. With the said associations, your Company expects to reach greater heights in the years to come.

Consequent to the preferential allotments referred to above, the shareholding of Shriram Enterprise Holdings Private Limited in your Company stands at 36.88% and hence, your Company ceases to be a subsidiary of Shriram Enterprise Holdings Private Limited with effect from 22nd December, 2006.

RECONSTITUTION OF THE BOARD

To add more strength to the Board, to utilise the expertise and experience of the personalities mentioned hereunder in various business fields for the further growth and prosperity of your Company , at the meetings of the Board of Directors held on 25th May, 2007 and 15th June, 2007 the Board was reconstituted with the induction of Sri Arun Duggal, Sri V Parthasarathi , Sri Mukund Govind Diwan and Sri Vipen Kapur.

At the meeting of the Board of Directors held on 25th May, 2007 Sri Arun Duggal has been unanimously elected as the Chairman of the Company. It is expected that the leadership of Sri Arun Duggal will benefit your Company to a great extent.

DIRECTORS

Sri Arun Duggal Chairman of the Company was appointed as an Additional Director by the Board on 25th May, 2007. In terms of Section 260 of the Companies Act, 1956, Sri Arun Duggal will hold office upto the date of the ensuing Annual General Meeting of the Company. Notice has been received from a member of the Company proposing the candidature for the office of Director in terms of Section 257 of the Companies Act, 1956.

Sri V Parathasarathi was appointed as an Additional Director on 15th June, 2007. As per the provisions of Section 260 of the Companies Act, 1956, Sri V Parthasarathi holds office upto the date of the forthcoming Annual General Meeting of the Company. The Company has received notice from a member proposing Sri V Parathasarathi as candidate for the office of Director.

Sri Mukund Govind Diwan has been appointed as an Additional Director of the Company at the Board Meeting held on 15th June, 2007. As per the provisions of the Companies Act, 1956, he holds office upto the date of the ensuing Annual General Meeting. The Company has received notice from a member proposing his name as Director of the Company.

Sri Vipen Kapur has been appointed as an Additional Director of the Company at the Board Meeting held on 15th June, 2007. As per the provisions of the Companies Act, 1956, he holds office upto the date of the ensuing Annual General Meeting. The Company has received notice from a member proposing his name as a Director of the Company. As per the investment agreement dated 26th December, 2006 entered into with Van Gogh Limited, Sri Vipen Kapur shall be appointed as Director of the Company for a period of Five Years from the date of the Annual General Meeting and shall not be liable to retire by rotation.

Sri S Venkatakrishnan, Director , retires by rotation and being eligible offers himself for re-election.

Necessary resolutions with regard to the above are being placed before the Shareholders for their approval.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same ;

- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits for that period ;

- they have taken proper and sufficient care 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 ;

- they have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Management's Discussion and Analysis Report and Corporate Governance Report are forming part of Directors' Report and are enclosed as Annexures.

As required by the Listing Agreement, an Auditors' Report on Corporate Governance and a declaration by the Managing Director with regard to Code of Conduct are attached to the said Report.

Further, as required under Clause 49 of the Listing Agreement, a Certificate, duly signed by the Managing Director and Executive Director was submitted to the Board of Directors on the financial statements of the Company for the year ended 31st March, 2007 at the meeting held on 15th June, 2007 and the said certificate forms part of the Annual Report.

AUDITORS

The Auditors M/S Pijush Gupta & Co., Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from the Auditors pursuant to the provisions of Section 224 (1B) of the Companies Act, 1956 regarding their eligibility for re-appointment. Necessary resolution in this regard is proposed at the forthcoming Annual General Meeting .

Resolution is also being proposed authorising the Board to appoint Branch Auditors.

SUBSIDIARY

Your Company has promoted a subsidiary Company, by name Shriram Non Conventional Energy Limited which was incorporated on 24th April, 2007. The Company has obtained its certificate of commencement of business on 6th day of June, 2007.

ECONOMIC OUTLOOK

India's economy is on the fulcrum of an ever increasing growth curve. With positive indicators such as a stable 8-9 per cent annual growth, rising foreign exchange reserves of close to US$ 180 billion, a booming capital market with the popular "Sensex" index topping the majestic 14,000 mark, the Government estimating FDI flow of US$ 12 billion in this fiscal, and a more than 35 per cent surge in exports, with its manufacturing and services sector on a searing growth path, India's economy may soon touch the coveted 10 per cent growth figure.

SECTOR OUTLOOK

As we see it, India's per capita penetration of white goods continues to remain dismal. Availability of easy financing options, increased competition resulting in falling prices and reduction in customs duty has been boosting retail sales. We expect these factors to continue to assist white goods demand going forward.

In an emerging economy like India, SMEs have become the prime drivers of new employment. The SME sector is the largest employment sector after agriculture, constituting about 45% of industrial employment. SMEs have also proved their worth in the crucial exports sector owning up to 35% of India's exports. India has over 11 million SME units, which contributed significantly to the GDP in 2006-07. SMEs in India can thus be identified as powerful tools for economic growth and development. Naturally small business loans also have a bright future in the years to come.

It is expected that the passenger vehicle segment would grow in the medium term, largely in line with the GDP growth. It is expected that the commercial vehicles segment would also grow significantly in the next two to three years.

COMPANY OUTLOOK

In the above scenario, with the vast network of branches and years of experience in the sector, your Company's future can be considered to be bright.

PARTICULARS OF EMPLOYEES

No employee of the Company is drawing remuneration in excess of the ceilings prescribed under the Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO - INFORMATION AS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956.

The Company does not have any activity relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo.

ACKNOWLEDGEMENT

Your Company continues to receive the necessary support and guidance from Banks, Financial Institutions and Corporations and your Directors would like to place on record their sincere appreciation for the same.

Your Directors are also pleased to record their appreciation for the hard work put in by the employees at all levels which has enabled your Company to achieve good performance in the emerging competitive environment.

Your Board also takes this opportunity to express their sincere gratitude to the shareholders, Debentureholders and Depositors for their continued support.

For and on behalf of the Board

Place : Chennai
Date : 15th June, 2007

ARUN DUGGAL
Chairman

Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969).

The following persons constitute the Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969).

Mr.R.Thyagarajan, Shriram Ownership Trust, Shriram Transport Finance Company Limited, Shriram Motor Finance; S R Real Estate Finance; Shriram Financial Services Holdings Private Limited and its subsidiaries namely Shriram Holdings (Madras) Private Limited, Shriram Enterprise Holdings Private Limited, Shriram Credit Company Limited, Shriram Chits (Karnataka) Private Limited, Shriram Chits Private Limited , Shriram Chits Tamilnadu Private Limited, Shriram Insurance Holdings Private Limited , Shriram Life Insurance Company Limited; any other Company, firm or trust promoted or controlled by the above.

The above disclosure has been made, inter alia, for the purpose of Regulation 3(1) (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company's policy on Corporate governance encompasses the following

Achievement of transparency and accountability in all areas of operations and in activities connected with shareholders, employees, investors, banks and institutions and statutory authorities

Attainment of Shareholders' satisfaction

Improving the performance through periodical review of management systems

BOARD OF DIRECTORS:

As on 31st March, 2007 the Board comprised of four Directors including the Managing Director. The Managing Director manages the Company's business in consultation with the Board of Directors. The Board functions by itself and through Committees. The Board and Committees meet at regular intervals. Policy formulation, setting up of objectives and performance evaluation and control over functions vest with the Board while the Committees oversee day to day operational matters. This structure has enhanced Board's role in guiding the Company and contributed to its objective of attaining shareholders' satisfaction

The Board has constituted Business Development Committee, Audit Committee, Remuneration Committee and Shareholders'/ Investors' Grievance Committee.

Eight meetings of the Board of Directors were held during the year ending 31st March, 2007 – on 31st May, 2006, 29th June, 2006, 27th July, 2006, 28th September, 2006, 20th November, 2006, 30th November, 2006, 22nd December, 2006 and 29th January, 2007.

The names of members of Board of Directors, their attendance and number of their other directorship are given below:

Name of the Director	No. of Board Meetings attended	Whether attended the last AGM held on 28th September 2006	Attendance at EGM held on		Membership / Chairmanship As on 31st March, 2007 in	
			30th October 2006	18th December 2006	Other Boards (excluding this Company)	Other Board Committees (excluding this Company)
Sri R Kannan (E)	8	Yes	Yes	Yes	5	–
Sri S Venkatakrishnan (N I)	8	Yes	Yes	No	14	2
Dr T S Sethuratnam (N D)	4	Yes	No	Yes	5	3
Sri S Krishnamurthy (N I)	8	Yes	Yes	Yes	2	–

N I – Non Executive, Independent Director; N D – Nominee Director IREDA as lender; E – Executive

AGM – Annual General Meeting

EGM – Extraordinary General Meeting

BUSINESS DEVELOPMENT COMMITTEE OF DIRECTORS:

Terms of Reference:

The Committee is formed to achieve efficient performance, quicker decision on matters relating to general business of the Company. It appraises the Board of its decisions at subsequent meetings.

Composition :

The Committee met 42 times during the year

Names of Directors

Sri R Kannan*

Sri S Venkatakrishnan

Sri S Krishnamurthy**

* Appointed as a member with effect from 1st July, 2006.

** Ceased to be a member with effect from 1st July, 2006.

AUDIT COMMITTEE :

Terms of Reference:

The authority of the Committee shall include the following:

To have full access to information contained in the records of the Company and external professional advice if necessary.

To conduct discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors for follow-up and adequacy of internal audit function.

To oversee the Company's financial reporting process and disclosure of its financial information, major accounting policies and practices, compliance with accounting standards and with Stock Exchange and legal requirements concerning financial statements.

To review Company's fiscal and risk management policies.

To review quarterly, half-yearly and annual financial statements before submission to Board of Directors.

To advice and guide operating management on specific issues / transactions in co-ordination with Statutory Auditors.

Composition :

The Committee met 5 times during the period under consideration on 16th May, 2006, 29th June, 2006, 27th July, 2006, 30th November, 2006 and 29th January, 2007

Names of Directors	No. of Meetings Attended
Sri S Venkatakrishnan - Chairman	5
Sri S Krishnamurthy	5
Sri R Kannan	4

REMUNERATION COMMITTEE :

The Company has constituted a remuneration committee

Terms of Reference:

The Remuneration Committee is mandated to determine the commission payable to the Managing Director, as and when applicable. The recommendations are based on overall performance and financial results of the Company during the relevant financial year.

Composition :

Names of Directors
Sri S Venkatakrishnan - Chairman
Sri S Krishnamurthy

Remuneration policy of the Company is:

Managing Director :

The total remuneration consists of :

- a fixed component consisting of salary, allowances and perquisites
- a variable component linked to performance of Company consisting of Commission as may be determined by the Remuneration Committee

within the overall limits specified under the Companies Act and as approved by the Shareholders.

Director's Sitting Fees:

Sitting fees as permitted under the Companies Act, 1956 (Rs. 2500/- per meeting of the Board / any Committee and / or re-imbursement of actual travel and out of pocket expenses incurred, wherever applicable, for attending meetings.

The details of sitting fees paid to the Directors are disclosed in Schedule O of the Profit and Loss Account.

The details of sitting fees paid to the Directors during the year 2006-2007 are given below

Sl.No	Name of the Director	Sitting Fees for attending Meetings (Rs.)
1	Sri R Kannan-Managing Director	-
	Directors:	
2	Sri S Venkatakrishnan	-
3	Dr T S Sethurathnam	15,000/-
4	Sri S Krishnamurthy	-

The Committee met on 29th June, 2006 during the period under consideration.

Even though the present Managing Director has consented to act without drawing any remuneration, the Remuneration Committee which has already been constituted will remain in force to take care of future requirements as and when they arise

Shareholdings / Warrant holdings of Non executive Directors

Name of the Non-Executive Directors	Share / Warrant holdings
Sri S Venkatakrishnan	NIL
Sri S Krishnamurthy	NIL
Dr T S Sethurathnam	NIL

SHAREHOLDERS' / INVESTORS ' GRIEVANCE COMMITTEE :

Terms of Reference:

Initially, the Board reviewed the status of shareholder grievances. Later, the Investors' grievance Committee was constituted for the said purpose. The findings / recommendations of the Committee are reported to the Board periodically. The letters / complaints received from the shareholders / investors / Stock Exchanges / SEBI are reviewed by the Company and the Share Transfer Agents M/s Integrated Enterprises (India) Limited. These letters / complaints are replied immediately / redressed to the satisfaction of the complainant. The Committee reviews periodically, the action taken by the Company and the Share Transfer Agents in this regard. The pendency report if any, and the time taken to redress the complaints are also reviewed by the Committee.

Composition :

The Company has designated Sri J Radhakrishnan, Company Secretary as the Compliance Officer.

The Committee met 3 times during the year to review the Investors Grievances.

Names of Directors
Sri S Venkatakrishnan - Chairman
Sri S Krishnamurthy
Sri R Kannan

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Board at its meeting held on 28th January, 2005 has adopted the Code of Conduct for Directors and Senior Management ("the Code) . The Code is a comprehensive Code applicable to all Directors, Executives as well as Non Executive as well as members of Senior Management. The Code while laying down, in detail, the standards of business conduct, ethics and governance, centres around the following theme.

The Company's Board of Directors and Senior Management are responsible for and are committed to setting the standards of conduct contained in this code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This code should be adhered to in letter and in spirit.

The code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is given below.

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have been complied with the Code of conduct for Directors and Senior Management in respect of the financial year 2006-07.

Sd./-
R Kannan
Managing Director

Whistle Blower Mechanism

The Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour. Employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor / notified person. The reports received from any employee will be reviewed by the audit committee. The Directors and Senior Management are obligated to maintain confidentiality of such reportings and ensure that the whistle blowers are not subjected to any discriminatory practices.

Adoption of Non Mandatory Requirements of Clause 49.

The Company complies with the following Non mandatory requirements stipulated under clause 49.

a) Remuneration Committee

b) Whistle Blower Policy

SUMMARY OF TRANSFERS / TRANSMISSIONS etc.,
INVESTOR GRIEVANCE - RECEIVED & REDRESSED FOR THE YEAR ENDING 31st March, 2007

SL No.	Nature of references / complaints received	No. of references / complaints received	Status
1	Non receipt of certificates	13	Redressed
2	Non receipt of Annual Reports	1	Redressed
3	Non receipt of Dividend Warrants/Cheques/Demand Drafts	93	Redressed
4	Issue of Duplicate Share Certificates	24	Redressed
5	Issue of Duplicate Dividend Warrants	11	Redressed
6	Correction in certificates	9	Redressed
7	Transfers, Transmissions, Split etc	213	Redressed
8	Change of address	70	Redressed
9	Bank Mandates/ECS	26	Redressed

GENERAL BODY MEETINGS:

Details of location and time of holding the last three AGMs.

Year	Location	Date & Time
18 th AGM - 2004	Narada Gana Sabha (Mini Hall) No.314 (Old No 254) T T K Road, Alwarpet, Chennai - 600 018	8th September, 2004 at 3.00 P.M.
19 th AGM - 2005	Narada Gana Sabha (Mini Hall) No.314 (Old No 254) T T K Road, Alwarpet, Chennai - 600 018	8th September, 2005 at 3.00 P.M.
20 th AGM - 2006	Narada Gana Sabha (Mini Hall) No.314 (Old No 254) T T K Road, Alwarpet, Chennai - 600 018	28th September, 2006 at 3.00 P.M.

In addition, during the year Extraordinary General Meetings were held at Sri Krishna Gana Sabha No. 20, Maharajapuram Santhanam Salai (Griffith Road), T Nagar, Chennai 600 017 on 30th October 2006 at 11.00 A.M. and at Sri Krishna Gana Sabha (Mini Hall), No. 20, Maharajapuram Santhanam Salai (Griffith Road), T.Nagar, Chennai 600 017 on 18th December 2006, at 11.00 A.M.

SPECIAL RESOLUTIONS PASSED AT LAST THREE ANNUAL GENERAL MEETINGS:

At the AGM held on 8th September, 2004 i) Special Resolution was passed under Sec 372 A of the Companies Act, 1956 for investment in Life Insurance and General Insurance Business. The resolution was put to vote by show of hands and was passed unanimously. ii) Special Resolution was passed amending Articles of Association of the Company with reference to Directors liable to retire by rotation. The resolution was put to vote by show of hands and was passed unanimously.

At the AGM held on 8th September, 2005 Special resolution was passed for obtaining the approval of shareholders for payment of sitting fees to eligible Non Executive Directors. The resolution was put to vote by show of hands and was passed unanimously.

At the AGM held on 28th September, 2006 no Special Resolution was passed.

PASSING OF RESOLUTION BY POSTAL BALLOT:

Last year no special resolution was passed through Postal Ballot.

DISCLOSURES :

There are no materially significant related party transactions with the Company's promoters, Directors, management, subsidiaries or relatives which may have potential conflict with the interest of the Company at large.

Disclosures on transactions with related parties as required under Accounting Standard 18 have been incorporated in the Notes to the Accounts.

During the year ending 31st March 2004, Securities and Exchange Board of India (SEBI) appointed an Adjudicating Officer to enquire into the matter of delay in compliance under Regulation 7(3) and Regulation 8(3) of (Substantial

Acquisition of Shares and Takeovers) Regulations, 1997, of the Securities and Exchange Board of India. The said delay in respect of Regulation 7(3) was committed in 1999 and the Company has submitted to SEBI in writing to condone the delay.

The delay in respect of Regulation 8(3) was committed in 1997 which has been regularised by the Company under SEBI Regularisation Scheme in the year 2003 and accordingly the Company has written to SEBI.

The Company had also requested SEBI to grant a personal hearing for making our submissions.

The Company was allowed a personal hearing on 26th May, 2004 for making its submission. Subsequently SEBI vide letter No. SRO / ADJ / EIF / 2002 / 1 / 3641 dated 30th June, 2004 has passed an order levying a penalty of Rs.25,000/- for violation of Regulation 7(3). The said sum was duly paid by the Company on 7th July, 2004.

SEBI has vide letter dated 16th November, 2004 cited violation of regulation 8 (3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997 for record date for 2001 and sought for penalty of Rs.25,000/-. The Company has replied vide its letter dated 16th December, 2004 explaining its case.

Except the above there are no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty / strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during the last three years.

MEANS OF COMMUNICATION :

The quarterly/ half yearly and annual results are published in Business Line / News Today (English version) and Malai Sudar (Tamil version).

To comply with the requirements of the SEBI and the Stock Exchange listing agreement , the requisite information, statement, from the quarter ended September 2003 are filed on Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC) , on line.

A detailed Management's Discussion and Analysis report is forming part of the Directors' Report.

GENERAL SHAREHOLDER INFORMATION :

21st Annual General Meeting	
Date and Time	17th August, 2007, 3.00 P.M
Venue	Rani Seethai Hall, 603 Anna Salai Chennai 600 006
Book Closure	14th August, 2007 - 17th August, 2007
Final Dividend payment date, subject to approval of shareholders at the ensuing Annual General Meeting	By the Fourth week of August, 2007
Financial Calendar	2007 - 2008

Annual General Meeting	September, 2008
Unaudited results for the quarter ending 30th June, 2007	4th Week of July 2007
Unaudited results for the quarter/ half - year ending 30th September, 2007	4th Week of October 2007
Unaudited results for the quarter ending 31st December, 2007	4th Week of January 2008
Audited results for the year ending 31st March, 2008	June, 2008
Listing of Equity Shares	Madras Stock Exchange Ltd Bombay Stock Exchange Ltd National Stock Exchange of India Ltd
Stock Code Trading Symbol at : Madras Stock Exchange Limited Bombay Stock Exchange Limited National Stock Exchange of India Limited Demat ISIN Number in NSDL & CDSL	 SRIRACITUN 532498 SHRIRAMCIT INE722A01011

Registrar and Share Transfer Agent:

All Share Transfer work is done at Integrated Enterprises (India) Limited

having its office at

II Floor, Kences Towers, No 1, Ramakrishna Street
North Usman Road, T Nagar , Chennai – 600 017
Ph : 2814 0801– 0803

Share Transfer System

The power to approve transfer of shares is delegated by the Board to the Share Transfer Committee. The Committee meets once in every fortnight to approve the transfers.

Stock Market Data

Monthly high and low quotations as well as volume of shares traded at BSE and NSE during 2006-2007 are given in the table below:

Months	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	Share Prices		Volume	Share prices		Volume
	High Rs.	Low Rs.		High Rs.	Low Rs.	
April 06	169.75	144.90	245031	170.20	143.75	202639
May 06	195.85	144.10	137466	193.10	148.95	160210
June 06	139.15	83.55	53399	139.80	82.75	83320
July 06	104.60	96.50	21101	105.00	96.00	44637
August 06	121.40	105.00	26367	124.45	103.05	31904
Sep 06	117.85	105.00	75404	116.70	105.50	130610
Oct 06	140.00	111.00	60749	138.95	110.60	97157
Nov 06	158.35	130.20	277093	157.15	130.35	533722
Dec 06	161.15	138.45	104268	160.15	139.95	294654
Jan 07	164.05	160.00	71594	164.00	160.00	89404
Feb 07	162.40	160.00	99972	162.90	160.00	220549
Mar 07	164.85	159.95	59379	161.75	160.00	80809

Share Price performance in comparison to broad based indices – BSE Sensex and NSE Nifty

Distribution of shareholding as on 31st March, 2007 :

No. of equity shares held	Shareholders		Shares	
	Number	%	Number	%
Upto 500	5585	83.99	697297	1.78
501 – 1000	427	6.42	302528	0.78
1001 – 2000	274	4.12	440815	1.13
2001 – 3000	72	1.08	179114	0.46
3001 – 4000	139	2.09	520985	1.33
4001 – 5000	28	0.42	129686	0.33
5001 – 10000	72	1.08	544517	1.39
10001 and above	53	0.80	36285058	92.80
Total	6650	100.00	39100000	100.00

Shareholding Pattern as on 31st March 2007

Dematerialisation of Shares :

Shares of the Company can be held and traded in Electronic Form . SEBI has included the shares for compulsory delivery in dematerialisation form only, by all investors from 24th July, 2000. 67.74 % of the shares have been dematerialised, as of 31st March 2007.

The Company has not issued any GDRs / ADRs / Warrants or other instruments which are pending for conversion except 35,00,000 warrants allotted to Shriram Enterprise Holdings Private Limited on 29th December, 2006 convertible within 18 months from the date of allotment, at the option of the holder into Equity shares of Rs.10/- each for cash at the rate of one Equity Share for every warrant.

Liquidity :

Shares of the Company are listed in The Madras Stock Exchange Ltd, Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd and hence have good liquidity.

Branches : Given elsewhere in the Annual Report

Address for correspondence & Regd Office :

Registered Office: 123, Angappa Naicken Street, Chennai 600 001 Phone : 25341431

Secretarial Office : 4th Floor, `Mookambika Complex', No 4, Lady Desika Road, Mylapore, Chennai 600 004.
Phone : 24990356, 24990960

MANAGING DIRECTOR / EXECUTIVE DIRECTOR CERTIFICATION

We certify that –

a) We have reviewed financial statements and the cash flow statements for the year ended 31st March, 2007 and that to the best of our knowledge and belief

(i) these statements do not contain any materially untrue statement or omit any material fact or they contain statements that might be misleading.

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we further certify that there are no deficiencies in the design or operation of internal controls which are to be disclosed to the Auditors and/or to the Audit Committee.

d) We have indicated to the auditors and the Audit Committee that there were

i) no significant changes in internal control over financial reporting during the year;

ii) no significant change in accounting policy has been made during the year

iii) no significant instances of fraud.

R.KANNAN
Managing Director

Place: Chennai
Date : 15th June, 2007

SUBHASRI SRIRAM
Executive Director

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES IN INDIA

CERTIFICATE

To
The Members of
Shriram City Union Finance Limited

We have examined the compliance of conditions of Corporate Governance by Shriram City Union Finance Ltd for the year ended on 31st March, 2007, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examinations was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Pijush Gupta & Co.,
Chartered Accountants

RAM KRISHNA DOKENIYA
Partner
Membership No: 004880

Place : Chennai
Date : 15th June, 2007

ECONOMIC SCENARIO

The overall GDP growth was 9.4% as against 9% the previous year. The industrial sector performed better with a 10% growth compared to a growth of 9.5% in the previous year.

The economy, powered by double-digit growth in manufacturing and services, surpassed the government's forecast of 9.2 per cent in overall growth. Agriculture, however, closed the year with a measly 2.7 per cent growth, down from 6 per cent in the previous year, when overall growth was 9 per cent. Manufacturing grew by 12.3 per cent in 2006-07 against 9.1 per cent in the previous year, while trade, hotels, transport and communication grew by 13 per cent against 10.4 per cent.

FINANCIAL SERVICES SECTOR

The Government continued its economic reforms in the financial sector. The interest rates went up due to the increase of Bank Rate during the year 2006-07.

The NBFCs have established themselves in the financial sector as effective financial intermediaries, contributing to the growth of the economy and effectively supplementing the role of banks and financial institutions in achieving the economic goals. The various regulatory measures introduced by Reserve Bank of India like, introduction of risk management systems, greater transparency in disclosures of results have helped the industry to have a disciplined and orderly growth.

OPPORTUNITIES

The financial services sector is growing in nature and hence lot of potentials are available for progress of your Company. The network of branches in which your Company operates is an added advantage to capture the market and grow in various regions.

CHALLENGES

Your Company has to face the competition in the market in the course of business from other players in the field. Your Company always welcomes healthy competition which is one among the key motivating factors for the success of an organisation. Your Company has been in the field for over two decades and hence feels that it can survive and perform well even in situations of stiff competition.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Effective governance consists of competent management; implementation of standard policies and processes; maintenance of an appropriate audit programme and internal control environment and effective risk monitoring and management information systems.

Your Company has robust internal systems and processes in place for the smooth conduct of its businesses. To check these processes your Company has audit systems in place.

The integrity and reliability of the internal control systems are achieved through clear policies and procedures, process automation, careful selection, training and development of employees and an organization structure that segregates responsibilities.

The Board and the Management utilise, in a timely and effective manner, the findings of the internal auditors and take corrective measures in the areas identified by auditors, if any.

The Audit Committee monitors performance of Internal Audit on a periodic basis through review of the audit plans, audit findings & through prompt follow ups.

FINANCIAL REVIEW

Particulars	Audited Results - Year ended 31st March 2007	Audited Results – Year ended 31st March 2006
Income		
Income from Operations	33415.97	19623.13
Other Income	1482.33	852.23
Total	34898.30	20475.36
Expenditure		
Interest & other charges	13222.58	9724.68
Administrative & other expenses	10872.22	3907.98
Depreciation & Impairment loss	373.35	415.38
Share Issue expenses written off	1.69	1.69
Provisions and Write off	2485.14	1613.19
Total	26954.98	15662.92
Profit Before Tax	7943.32	4812.44
Tax Provisions	2781.16	1645.15
Profit After Tax	5162.16	3167.29
Earnings per share (in Rs.)	16.48	10.91

SOURCES OF FUNDS

APPLICATION OF FUNDS

Asset – Liability and Risk Management

Asset-Liability Management involves quantification of risks and conscious decision making with regard to asset-liability structure in order to maximise interest earning within the framework of perceived risk.

Asset-Liability Committee of the Company, comprising of Top Management Executives, meet at regular intervals and take decisions as regards Market Risks, including Operational Risks, Structural Liquidity and Interest Rates.

Your Company has been focusing on management of operational risk by maintaining a system of comprehensive policy and a control framework to provide a sound and safe procedure driven operational environment throughout the Company.

The Management approach to Risk Management continued to be pro-active and for effective management of various risks your Company has laid down adequate policies, systems and procedures. Your Company is also involved in measuring, monitoring, management and controlling overall risks.

Information Technology

Your Company aims at assimilation of emerging Information Technology and web-enabled business solutions for integrating and optimising the Company's business .Your Company is focussing on total information availability through value-added IT solutions, with emphasis on centralised control and decentralised response.

Human Resources

Your Company takes pride in its highly motivated and trained Human Resource that has contributed its best to bring your Company to its present height. The human resources in your Company was 379 as on 31.03.2007. In upgrading the functional knowledge and skills of the employees, your Company facilitates learning and development process in a focussed manner. Your Company is also training employees in learning to perform with high vigour and intensity. Your Company recognises and rewards hard work which motivates employees to perform even better.

Sector Outlook

Recent domestic economic data is encouraging. The farm sector which is one of the important determinants of consumer durables and vehicles segment is expected to fare better during the current year. The onset of monsoon and its record so far in various parts of the country is encouraging and may result in upward revision of GDP growth. The money market is performing well with surplus liquidity in the system.

The vehicle financing, personal loans, small business loans, Jewel Loans and consumer durable financing which are the core focus areas for the Company are expected to post continued improved performance during the year .

Given the above scenario, the future of your Company appears to be bright and prosperous.

To the Members of SHRIRAM CITY UNION FINANCE LIMITED

We have audited the attached Balance Sheet of Shriram City Union Finance Limited as at 31st March, 2007 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. The financial statements relating to the Eastern Region and Corporate Regions of the Company have been audited by us and Other Regions and Sub-Regions audited by Branch Auditors whose reports were forwarded to and considered by us. 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.

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 statement presentation. We believe that our audit provides a reasonable basis for our 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 we considered appropriate and according to the information and explanations given to us during the course of audit, a statement on matters specified in the said order has been given in the Annexure hereof.

2. Further to our comments in the annexure referred to in paragraph 1 above, 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 purposes 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 , Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

   (d) In our opinion and according to the information and explanations given to us, the Balance Sheet, 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 Companies Act, 1956.

   (e) On the basis of the written representations received from the directors and taken on record by the company, none of the directors are disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

   (f) 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 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 2007;

      (ii) in the case of profit and loss account , of the profit for the year ended on that date ; and

      (iii) in the case of cash flow statement , of the cash flows for the year ended on that date.

For PIJUSH GUPTA & CO.,
Chartered Accountants

RAM KRISHNA DOKENIYA
Partner
Membership No. 004880

Place: Chennai
Date: 15th June, 2007

Annexure to Auditors' Report

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

i. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. These fixed assets have been physically verified by the Management at reasonable intervals. We have been informed that no material discrepancies were noticed on such verification. Substantial part of fixed asset have not been disposed off during the year, which will affect its status as a going concern;

ii. The Company is primarily engaged in Hire Purchase, Leasing and Financing activities, which does not involve maintenance of any inventory. As regards Company's business of generation of power by windmills there are no stocks of maintenance stores and spare parts as the entire work of maintenance has been outsourced.

iii. According to information and explanations given to us, the Company has not granted or taken any loan to or from the companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956, hereinafter referred to as 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 purchase of fixed assets and sale of goods and services. Nature of company's business does not require purchase of inventory. No continuing failure to correct major weaknesses in internal control system has been observed or reported.

v. According to the information and explanations given to us, it appears that there are no transactions that need to be entered into the register maintained under section 301 of the Act;

vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA and other relevant provisions of the Act, the Companies (Acceptance of Deposits) Rules, 1975 as applicable, with regards to deposits accepted from the public. According to the information and explanations given to us in this regard, no Order under the aforesaid Sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.

vii. In our opinion the company has an internal audit system commensurate with the size and nature of its business;

viii. As per the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Act.

ix. a) On the basis of our examination of the Company's books and records and on the basis of information and explanations given to us the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with appropriate authorities.

b) On the basis of information and explanations given to us and the relevant documents produced before us, the following dues have not been deposited on account of dispute.

Name of the statute	Nature of dues	Amount (Rs in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax demands	15.86	1994-1995	CIT (Appeal)
Income Tax Act, 1961	Income tax demands	386.26	2002-2003	CIT (Appeal)
Income Tax Act, 1961	Income tax demands	995.34	2003-2004	CIT (Appeal)
Wealth Tax Act, 1957	Wealth tax Demands	0.43	2002-2003	CIT (Appeal)
Finance Act, 1994 (Service Tax)	Service Tax on Hire purchase and Lease transactions	1545.21	2001-2002 onwards	Before Madras High court

x. The Company has no accumulated losses at the end of the financial year. The Company has not incurred cash losses in the financial year under report and in the immediately preceding financial year;

xi. According to the information and explanations given to us the Company has not defaulted in repayment of dues to any financial institution, bank or to debenture holders during the year.

xii. Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. Provisions of any special statute applicable to Chit Fund are not applicable to the Company. The Company is not a Nidhi / Mutual Benefit Fund / Society.

xiv. In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments.

xv. The company has given guarantee for loan taken by others from Banks / Financial Institutions the terms and conditions whereof are not prejudicial to the interest of the company.

xvi. In our opinion and on the basis of information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.

xvii. According to the information and explanations given to us it appears that the funds raised on short-term basis have not been used for long-term investment.

xviii. The company has not made any preferential issue to parties listed in the register maintained under section 301 of the Act, during the year.

xix. According to the information and explanations given to us the Company has created security or charge in respect of Debentures issued.

xx. The Company has not raised any money by public issue during the year.

xxi. According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year.

For PIJUSH GUPTA & CO.,
Chartered Accountants

RAM KRISHNA DOKENIYA
Partner
Membership No. 004880

Place : Chennai
Date : 15th June, 2007

Balance Sheet as at 31st March, 2007

(Rs.in Lacs)

	Schedule	As at 31.03.07		As at 31.03.06	
I SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	6238.98		5038.98	
Optionally Convertible Warrants		560.00		-	
Reserves and Surplus	B	28096.77		6335.04	
			34895.75		11374.02
Loan Funds					
Secured Loans	C	132065.19		77208.52	
Unsecured Loans	D	20423.13		9601.46	
			152488.32		86809.98
Deferred Tax Liability (Net)			2973.32		3165.02
TOTAL			190357.39		101349.02
II APPLICATION OF FUNDS					
Fixed Assets	E				
Gross Block		7224.79		7111.30	
Depreciation and Impairment loss		1654.31		1533.31	
Net Block			5570.48		5577.99
Investments	F		664.03		664.03
Current Assets, Loans & Advances					
Current Assets	G	207929.47		108680.79	
Loans & Advances	H	13955.83		11300.54	
		221885.30		119981.33	
Less : Current Liabilities & Provisions					
Current Liabilities	I	29307.62		19932.29	
Provisions	J	8456.93		4945.85	
		37764.55		24878.14	
Net Current Assets			184120.75		95103.19
Miscellaneous Expenditure (to the extent not written off or adjusted)	K		2.13		3.81
TOTAL			190357.39		101349.02
Notes to Accounts and Significant Accounting Policies	Q				

As per our Report of even date

For PIJUSH GUPTA & CO.,
Chartered Accountants

RAM KRISHNA DOKENIYA
Partner
Membership No : 004880

Place : Chennai
Date : 15th June, 2007

For and on behalf of the Board

R. KANNAN
Managing Director

S. VENKATAKRISHNAN
Director

J. RADHAKRISHNAN
Company Secretary

Profit and Loss Account for the Year Ended 31st March, 2007

Shriram City

(Rs.in Lacs)

	Schedule	For the year ended 31-03-07	For the year ended 31-03-06
INCOME			
Income from operations	L	33415.97	19623.13
Other Income	M	1482.33	852.23
TOTAL		34898.30	20475.36
EXPENDITURE			
Interest and Other Charges	N	13222.58	9724.68
Administrative and Other Expenses	O	10872.22	3907.98
Depreciation & Impairmrnt Loss		373.35	415.38
Share Issue expenses written off		1.69	1.69
Provisions and write off	P	2485.14	1613.19
TOTAL		26954.98	15662.92
Profit before Tax		7943.32	4812.44
Less : Provision for Taxation			
- Current		2902.09	1229.25
- Deferred		(191.70)	390.54
- Fringe Benefit Tax		70.77	25.36
		2781.16	1645.15
Profit after Tax		5162.16	3167.29
Add : Balance in Profit & Loss Account brought forward from last year		2264.35	1186.16
Amount available for Appropriations :		7426.51	4353.45
Appropriations :			
Statutory Reserve		1032.43	633.46
General Reserve		522.27	316.73
Dividend on			
- Cumulative Redeemable Preference Shares		145.15	184.65
- Equity Shares - Interim		271.00	271.00
- Equity Shares - Final (Proposed)		782.00	542.00
- Cumulative Redeemable Preference Shares (Proposed)		9.41	1.17
Tax on Dividend (including Surcharge & Education Cess)		192.87	140.09
Balance carried to Balance Sheet		4471.38	2264.35
Total		7426.51	4353.45
Earnings Per Share (Basic / Diluted)			
- Basic		16.48	10.91
- Diluted		16.44	10.91
Nominal Value of shares		10.00	10.00
No. of Shares (in lacs) used in computing EPS		391.00	271.00
Notes to Accounts and Significant Accounting Policies	Q		

As per our Report of even date

For PIJUSH GUPTA & CO.,
Chartered Accountants

RAM KRISHNA DOKENIYA
Partner
Membership No : 004880

For and on behalf of the Board

R. KANNAN
Managing Director

S. VENKATAKRISHNAN
Director

J. RADHAKRISHNAN
Company Secretary

Place : Chennai
Date : 15th June, 2007

Schedules to the Balance Sheet

(Rs.in Lacs)

	As at 31.03.07	As at 31.03.06
SCHEDULE "A"		
SHARE CAPITAL		
Authorised		
4,50,00,000 Equity Shares of Rs.10/- each	4500.00	4500.00
40,00,000 Cumulative Redeemable Preference shares of Rs.100/- each with redemption period of five years carrying dividends to be decided by the Board	4000.00	4000.00
TOTAL	8500.00	8500.00
Issued, Subscribed and Paid-up		
3,91,00,000 (Previous year 2,71,00,000) Equity Shares of Rs.10/- each (15,00,000 Equity shares of Rs.10/- each issued as Bonus shares by capitalising of Securities Premium Account)	3910.00	2710.00

Privately placed Cumulative Redeemable Preference Shares of Rs.100/- each
(Redeemable on the expiry of five years from the date of allotment or anytime earlier at the sole discretion of Board of Directors)

Number of shares	Previous Year	Rate of Dividend	Earliest Date of Redemption as per terms of allotment				
Nil	302350	9.00%		-		302.35	
1900	2750	14.00%	01.04.2007	1.90		2.75	
1800	1850	15.00%	01.04.2007	1.80		1.85	
2018590	1343230	6.00%	01.04.2007	2018.59		1343.23	
83260	277730	8.00%	03.04.2007	83.26		277.73	
2950	3850	12.00%	10.04.2007	2.95		3.85	
16270	21050	10.00%	18.04.2007	16.27		21.05	
4210	176170	5.00%	23.04.2007	4.21		176.17	
200000	200000	13.50%	27.11.2007	200.00	2328.98	200.00	2328.98
2328980	2328980						
TOTAL					6238.98		5038.98

(Rs.in Lacs)

		As at 31.03.07		As at 31.03.06
SCHEDULE "B"				
RESERVES AND SURPLUS				
A. Share Premium Account				
As per last Balance Sheet	1098.60			
Add. Amount received during the year *	18000.00	19098.60		1098.60
B. Investment Allowance Reserve		7.90		7.90
C. Debenture Redemption Reserve	25.00			
Less: Transfer to General Reserve	25.00	-		25.00
D. Statutory Reserve				
As per last Balance Sheet	2126.46		1493.00	
Add : Transfer from Profit and Loss Account	1032.43	3158.89	633.46	2126.46
E. General Reserve as per last Balance Sheet	812.73		496.00	
Add.: Transfer from Debenture Redemption Reserve	25.00		-	
Add: Transfer from Profit and Loss Account	522.27	1360.00	316.73	812.73
F. Surplus as per Profit and Loss Account carried to Balance Sheet		4471.38		2264.35
TOTAL		28096.77		6335.04

* Amount of Rs 19200 lakhs (including share premium of Rs 18000 lakhs) raised by the Company by way of Preferential issue was utilised for the purpose of increasing the networth and augmenting the working capital.

SCHEDULE "C"				
SECURED LOANS				
A) Redeemable Non - Convertible Debentures		62409.16		60810.99
B) Term Loans				
From Banks	41453.74		12547.92	
From Institutions	1161.00	42614.74	509.00	13056.92
C) Cash Credit from Banks		26800.92		3060.97
D) Interest Accrued & Due on Unclaimed Redeemable Non Convertible Debentures		240.37		279.64
TOTAL		132065.19		77208.52
SCHEDULE "D"				
UNSECURED LOANS				
A) Fixed Deposits		399.96		396.00
B) Inter Corporate Deposits		-		247.50
C) Subordinated Debts		20017.34		8951.01
D) Interest Accrued & Due on Unclaimed Deposit		5.83		6.95
TOTAL		20423.13		9601.46

Schedules to the Balance Sheet

SCHEDULE "E"
FIXED ASSETS

(Rs.in Lacs)

	GROSS BLOCK				DEPRECIATION						NET BLOCK	
DESCRIPTION OF ASSETS	As at 31-03-06	Additions	Sales/ Adjustment	As at 31-03-07	As at 31-03-06	For the Year	Withdrawn	As at 31-03-07	Lease Adjustment	Impairment Loss	As at 31-03-07	As at 31-03-06
OWN ASSETS												
LAND	135.86	1.77	5.93	131.70	0.00	0.00	0.00	0.00			131.70	135.86
BUILDINGS	12.94	0.00	0.00	12.94	1.32	0.21	0.00	1.53			11.41	11.62
PLANT AND MACHINERY	6193.06	209.19	128.22	6274.03	851.82	341.87	56.70	1136.99			5137.04	5273.40
FURNITURE AND FIXTURES	203.02	157.22	2.81	357.43	56.02	18.52	0.97	73.57			283.86	147.00
VEHICLES	14.49	0.00	3.44	11.05	4.38	1.30	1.10	4.58			6.47	10.11
TOTAL I	6559.37	368.18	140.40	6787.15	913.54	361.90	58.77	1216.67	0.00	0.00	5570.48	5577.99
LEASED ASSETS												
PLANT AND MACHINERY	0.19	0.00	0.19	0.00	0.19	0.00	0.19	0.00			0.00	0.00
VEHICLES	551.74	0.00	114.10	437.64	540.24	11.45	114.06	437.63	0.01		0.00	0.00
TOTAL II	551.93	0.00	114.29	437.64	540.43	11.45	114.25	437.63	0.01	0.00	0.00	0.00
GRAND TOTAL	7111.30	368.18	254.69	7224.79	1453.97	373.35	173.02	1654.30	0.01	0.00	5570.48	5577.99
PREVIOUS YEAR ending 31.03.2006	7478.04	150.19	516.93	7111.30	1329.37	415.38	290.78	1453.97	11.50	67.84	5577.99	

(Rs.in Lacs)

	As at 31.03.07		As at 31.03.06	
SCHEDULE "F"				
INVESTMENTS (AT COST)				
LONG TERM				
A SHARES : UNQUOTED				
Shriram Life Insurance Company Limited	500.00		500.00	
(5000000 Equity Shares of Rs 10 each)				
B GOVERNMENT SECURITIES : QUOTED:				
13.05% Government of India Loan, 2007 (Face Value - Rs 55.70 lakhs)	59.50		59.50	
12.25% Government of India Loan, 2008 (Face Value - Rs 3.00 lakhs)	3.08		3.08	
6.13% Government of India Loan, 2028 (Face Value - Rs 100.00 lakhs)	101.45		101.45	
Total	**664.03**		**664.03**	
Aggregate value of Quoted Investments for which quotation is available				
Cost	164.03		164.03	
Market Value	143.43		145.23	
SCHEDULE "G"				
CURRENT ASSETS				
1. Receivables under Financing Activities:				
a) Secured				
i) Hire Purchase	3117.30		8888.99	
ii) Financial Lease	2485.26		5412.59	
iii) Hypothecation Loan	139999.45		70558.73	
iv) Loan against Securities	2157.00		-	
b) Unsecured				
i) Personal Loan	23137.59		240.62	
ii) Microfinance	151.70	171048.30	-	85100.93
2. Sundry Debtors (Unsecured -Considered good)				
Debts outstanding :				
over six months	-		50.78	
below six months	178.07	178.07	66.77	117.55
3. Cash and Bank Balances :				
i) Cash & Stamps on Hand	1676.56		633.62	
ii) Remittances in Transit	453.34		580.71	
iii) Balances with Scheduled Banks in :				
Fixed Deposit Accounts *	18740.81		13040.91	
Current Accounts	15619.07	36489.78	9032.79	23288.03
4. Other Current Assets				
i) Interest/other additional charges accrued on Deposits,Debts, Loans & Advances	177.57		166.59	
ii) Repossessed Assets	35.75	213.32	7.69	174.28
TOTAL CURRENT ASSETS		207929.47		108680.79

* Includes Fixed deposit of Rs. 4149.75 lacs pledged with banks as margin for securitisation and Rs. 333.25 lacs pledged with banks as margin for Term Loan.

Schedules to the Balance Sheet

(Rs.in Lacs)

	As at 31.03.07	As at 31.03.06
SCHEDULE "H"		
LOANS & ADVANCES		
Unsecured (Unless otherwise stated, considered good)		
a) Loans		
Secured	25.90	27.25
Unsecured	-	30.61
	25.90	57.86
b) Advances recoverable in cash or in kind for value to be received**	3606.15	4944.36
c) Advances - Capital Assets	2209.76	1432.74
- Hypothecation Loans	1238.58	1129.16
d) Advance Income Tax and Tax Deducted at Source	6783.34	3628.98
e) Prepaid Expenses	29.79	60.74
f) Security Deposits	62.31	46.70
TOTAL LOANS AND ADVANCES	13955.83	11300.54
TOTAL CURRENT ASSETS & LOANS AND ADVANCES (G + H)	221885.30	119981.33

** Includes Rs. 1562.18 lacs pledged with Corporate as margin for securitisation and Rs. 50 lacs pledged with Institution as margin for Term Loan.

SCHEDULE "I"		
CURRENT LIABILITIES		
a) Caution and Lease Deposits	44.44	54.68
b) Sundry Creditors	7398.44	4281.69
c) Unclaimed Dividends	20.47	24.06
d) Interest accrued but not due on loans	15045.02	13230.36
e) Securitisation Deferred Income	6799.25	2341.50
TOTAL CURRENT LIABILITIES	29307.62	19932.29

SCHEDULE "J"		
PROVISIONS For		
a) Taxation	5903.70	3001.61
b) Fringe Benefit Tax	96.13	25.36
c) Retirement Benefits	30.25	14.26
d) Non Performing Assets	1479.21	1266.54
e) Diminution in value of investments	21.73	18.73
f) Dividend on		
- Equity Shares	782.00	542.00
- Cumulative Redeemable Preference Shares	9.41	1.17
g) Tax on Dividend and surcharge	134.50	76.18
TOTAL PROVISIONS	8456.93	4945.85

SCHEDULE "K"		
Miscellaneous Expenditure		
(to the extent not written off or adjusted)		
Share Issue Expenses	2.13	3.81

(Rs.in Lacs)

SCHEDULE "L" INCOME FROM OPERATIONS	For the year ended 31-03-07	For the year ended 31-03-06
Finance & Service Charges *	27098.52	18112.52
Income on Securitisation	6203.52	1485.83
Lease Rentals	21.54	10.70
Bad debts recovered	92.39	14.08
TOTAL	33415.97	19623.13

SCHEDULE "M" OTHER INCOME		
Sale of Electricity	583.08	505.88
Interest on Loans & Advances *	82.45	157.68
Interest on Deposits with Banks *	475.15	112.58
Interest on Government Securities	13.76	13.76
Profit on Sale of Assets	8.85	-
Dividends	65.27	0.25
Commission received	164.04	17.81
Miscellaneous Income *	89.73	44.27
TOTAL	1482.33	852.23

* Tax deducted at source Rs.402.33 lacs (Previous Year Rs.118.97 lacs)

SCHEDULE "N" INTEREST AND OTHER CHARGES		
Interest on		
Debentures	8917.22	8237.41
Fixed Deposits	43.96	64.55
Subordinated Debts	1463.89	740.62
Loans from Banks	1688.79	395.33
Loans from Institutions	91.90	81.54
Loans from Others	18.44	128.07
Bank charges	720.08	76.43
Processing charges on loans / Securitisation	278.30	0.73
TOTAL	13222.58	9724.68

Schedules to the Profit and Loss Account

(Rs.in Lacs)

SCHEDULE "O" ADMINISTRATIVE AND OTHER EXPENSES		For the year ended 31-03-07		For the year ended 31-03-06
Manpower Cost				
Salaries, Allowances, Incentives and Bonus	837.14		469.62	
Gratuity Provision	24.49		10.80	
Contribution to Provident and Other Funds	34.85		28.84	
Employees' Welfare Expenses	33.34	929.82	53.11	562.37
Auditors' Remuneration				
Statutory Audit	6.44		4.16	
Tax Audit	1.52		0.96	
Others	7.08	15.04	4.26	9.38
Rent		268.32		176.30
Rates & Taxes		2.02		13.18
Repairs & Maintenance - machinery		120.79		45.51
Repairs & Maintenance - others		790.72		217.93
Printing & Stationery		611.28		209.32
Travelling & Conveyance		765.82		197.20
Advertisement		70.05		32.78
Business Promotion Expenses		673.62		47.90
Brokerage & Commission		4343.49		1481.67
Sourcing Fees		73.59		116.26
Royalty		79.24		47.85
Directors' Sitting Fees		0.15		0.20
Insurance		11.32		11.29
Communication Expenses		585.07		296.82
Electricity		151.07		63.35
Professional charges		545.29		41.28
Recovery Expenses		556.26		47.89
Miscellaneous Expenses		279.26		289.50
TOTAL		10872.22		3907.98

SCHEDULE "P" PROVISIONS & WRITE OFF		
Provision for Non-Performing Assets	212.67	312.60
Provision for Diminution in value of Investments	2.99	2.92
Bad Debts written off	2269.48	1297.67
TOTAL	2485.14	1613.19

SCHEDULE "Q"

A) Significant Accounting Policies

BACK GROUND

Shriram City Union Finance Limited (SCUFL) was incorporated on 27th March, 1986 as a Private Limited Company and became a Public Limited Company on October 29, 1998. Initially the company was registered as a Deposit-Accepting Asset Financing Company. Prior to 2002, the Company was exclusively engaged in transport finance with special emphasis on financing used commercial vehicle to Small Road Transport Operators. Since 2002, product lines have expanded to include financing of consumer durables, two-wheelers, three-wheelers, tractors, commercial vehicles for more than 10 years and non-commercial vehicles, Personal Loans and Enterprise Funding.

1) Basis of Preparation :

The financial statements have been prepared on the historical cost convention on accrual basis, read with note no. 3 and in accordance with generally accepted accounting principles in India, the guidelines issued by Reserve Bank of India (RBI) and the Accounting Standard issued by the Institute of Chartered Accountants of India (ICAI).

2) Use of Estimates :

The presentation of financial statements, in conformity with generally accepted accounting principles, require estimates and assumptions to be made that affect the reportable amount of assets and liabilities on the date of financial statement and the reportable amount of revenue and expenses during the reporting year. Differences between the actual results and estimates are recognized in the year in which the results are known /materialized.

3) Income Recognition :

(i) 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.

(ii) Income from Financial lease is recognized on the basis of Internal Rate of Return and the corresponding assets are booked as receivables in accordance with Accounting Standard AS-19 issued by the Institute of Chartered Accountants of India. Lease rentals in respect of assets leased up to 31.03.2001 are recognized as per "Guidance Note on Accounting for Leases (Revised)" issued by the Institute of Chartered Accountants of India and in respect of these assets lease equalization/adjustment accounts are created for the shortfall in capital recovery and adjusted in lease rental income/fixed assets. Interest on Hypothecation loans, Personal loans, Microfinance and Hire Purchase finance charges are recognized on the basis of Internal Rate of Return. Additional finance charges are treated to accrue only on realization, due to uncertainty of realization and are accounted for accordingly.

(iii) Gain or loss arising on securitisation being difference between book value of securitized assets and consideration for the same is recognized over the life of the securitised assets.

(iv) The Prudential norms for income recognition and provision for bad and doubtful debts prescribed by the Reserve Bank of India for Non Banking Financial Companies are followed.

(v) Income from power generation is recognised on supply of power to the grid.

(vi) Income from services is recognised as per the terms of the contracts.

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

(viii) Dividend income is recognized when the right to receive is established by balance sheet date.

4) Expenses Recognition :

All expenses including Interest are recognized on accrual basis and provided for in the books.

5) Fixed Assets and Depreciation :

Fixed assets have been stated at historical cost less depreciation. Depreciation has been provided under straight line method at rates prescribed under the Companies Act, 1956. Assets costing Rs.5000/- or less are fully depreciated in the year of purchase.

6) Investment :

Investments being long-term investments are valued at cost and provision is made to recognise any decline in the value of investments, other than temporary. The profit / loss on the sale of investments is dealt with at the time of actual sale / redemption.

7) Receivables under Hire Purchase and Financial Lease Agreements :

Receivables under Hire Purchase and Financial Lease Agreements are stated at agreement value including expenses recoverable reduced by instalments received and unearned finance income as required under Accounting Standard AS-19 issued by the Institute of Chartered Accountants of India and shown net of assets securitised.

8) Retirement Benefits :

Contributions under Provident Fund scheme are charged to Profit and Loss Account when incurred. Provision for Retirement benefits in the form of Gratuity and Leave encashment are made on the basis of Actuarial Valuation.

9) Equity Shares and Preference Shares Issue Expenses :

Equity Shares and Preference Shares and Debenture issue Expenses are written off over a period of 10 years.

10) Expenses on Mobilisation of Deposits / Debentures :

Expenses on mobilisation of deposits / debentures have been charged to Profit & Loss Account in the year they are incurred. However, expenses incurred up to 31st March, 2003 are charged to Profit and Loss Account on the basis of duration of deposits / debenture.

11) Taxation :

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect 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.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets 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.

12) Earning Per Share :

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

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 dilative potential equity shares.

13) Derivative Instruments :

The Company uses derivative financial instruments such as interest rate and currency swaps to reduce interest cost & hedge interest rate risks. Swap contracts are initially recognized at fair value on the date on which a derivate contract is entered into and subsequently remeasured at fair value.

B) Notes to Accounts

1. Particulars of Secured Loans are as follows:-

   i) Redeemable Non Convertible Debentures are redeemable at par between six months and one hundred sixty months from the date of allotment depending on the terms of issue and are secured by charge on company's buildings, plant & machinery, receivables, leased assets, lease rentals including future receivables other than assets specifically charged to banks / institutions / other lenders, referred to (ii), (iii), (iv) and (v) below.

ii) Term Loan from Banks / Institution to the extent of Rs. 38416.00 lacs are secured by hypothecation of all the present and future receivables covered by specific Hire Purchase /lease/Loan Agreements.

iii) Term Loan from Banks and Institution to the extent of Rs. 2831.19 lacs are secured by specific charge on Land, Plant &Machinery and Sundry Debtors relating to Windmills.

iv) Term Loan from Banks to the extent of Rs.1367.55 lacs is secured by specific charge on Land, Machinery & Receivable relating to Biomass Plant.

v) Cash Credit from Banks are secured by hypothecation of all present and future receivables covered by specific Hire Purchase/Lease/Loan Agreements.

2. The company has created floating charge on its Statutory Liquid Assets to the extent of Rs.158.70 lacs in favour of Trustees representing Public Deposit Holders of the Company.

3. The Company has issued 35,00,000 warrants on Preferential basis with an option to convert into Equity Shares of Rs.160/- each including Premium of Rs.150/- within 18 months from the date of issue i.e 29th December, 2006.

4. In view of the circular number 9/2002 dated 18th April 2002 issued by the Department of Company Affairs, no Debenture Redemption Reserve is required to be created in case of privately placed debentures. Since the debentures issued by the company are privately placed, the Debenture Redemption Reserve of Rs. 25 Lacs created during the year 2000-2001 is transferred to the General Reserve.

5. In the opinion of the Board of Directors, Receivable and Debtors, have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated.

6. The Company does not have any dues payable to small scale industries.

7. Contingent Liabilities :

(Rs.in Lacs)

		As on 31.03.2007	As on 31.03.2006
i.	Income Tax	NIL	160.63
ii.	Guarantees	6.81	116.11
iii.	In respect of assets securitised	16.69	958.40
iv.	In respect of derivative transaction	9.97	NIL

Disputed Income Tax / Wealth Tax demand contested in appeals not provided for Rs.1397.89 lacs. In the opinion of the Management there is no contingent liability, for the said disputed tax demand, in view of favourable appellate decision in the company's own cases in respect of earlier years.

Estimated amount of contracts on capital account not provided for is Rs.1126.88 lacs.

8. Securitisation :

The company sells loans through securitisation and direct assignment. The information on securitisation activity of the company as on organiser for the year 31st March, 2007 and 31st March, 2006 is given below

	As on 31st March 2007	As on 31st March 2006
Total number of agreements securitised (Nos)	438457	188082
Total book value of loan assets securitised (Rs. in lacs)	80493.74	34907.38
Sale consideration for the securitiesed assets (Rs. in lacs)	91302.42	38734.72
Net gain on account of securitisation (Rs. in lacs)	10808.68	3827.34

The information on securitisation activity of the company as an originator as on 31st March, 2007 and 31st March, 2006 is given in the table below.

	As on 31st March 2007	As on 31st March 2006
Outstanding credit enhancement – Deposit with Banks / Corporate	5711.93	2321.72
Outstanding credit enhancement – Receivables	1906.69	--

9. Expenses in respect of common branches and infrastructure are shared by the Company with other Companies. The expenses / recoveries are booked under respective Account heads.

10. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard AS – 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

11. The Particulars of power generation by wind mills are as follows :

	For the Year Ended 31.03.2007	For the Year ended 31.03.2006
Licensed Capacity	Not Applicable	Not Applicable
Installed Capacity (As Certified by the management)	12550kw	12800 kw
Units Generated	2,06,05,220 Units	1,73,32,680 Units
Units Sold	2,06,05,220 Units	1,73,32,680 Units

12. Earning per share :

		For the Year Ended	
Particulars	Unit	31.03.2007	31.03.2006
Opening No.of shares	Nos. (Lacs)	271	271
Total No of shares outstanding	Nos. (Lacs)	391	271
Weighted Average No of shares outstanding for Basic EPS	Nos. (Lacs)	302.45	271
Weighted Average No of shares outstanding for Diluted EPS	Nos. (Lacs)	303.34	271
Profit After Tax	Rs. (Lacs)	5162.16	3167.29
Less. Preference Dividend	Rs. (Lacs)	105.60	211.88
Net Profit for Equity Shareholders	Rs. (Lacs)	5056.56	2955.41
Basic Earning Per Share	Rs.	16.48	10.91
Diluted Earning per share	Rs.	16.44	10.91

13. Related Party transactions :

Names of related parties where control exists irrespective of whether any transactions have occurred or not	
a.Significant influence over the Company	Shriram Enterprise Holdings Private Limited Shriram Financial Services Holdings Private Limited
b.Key Management Personnel	R.Kannan (Previous Year - Akhilesh Kumar Singh)

Related Party Disclosure

(Rs. in lacs)

	Holding company or group of individuals having control or significant influence over the Company and relatives of such individuals	
Payments	**2007**	**2006**
Royalty	79.24	47.85
Data Sourcing Fees	73.59	48.03
Service Charges	441.55	288.20
Equity Dividend	595.24	496.04
Subscription to optionally Convertible Warrants	560.00	--
Remuneration to Managing Director	--	5.38

14 . Particulars of Receivables are as follows on Hire Purchase and Financial Lease (for advances on or after 1st April, 2001)

(Rs. in lacs)

	As on 31st March 2007	**RECEIVABLES**	
		Not Later than 1 Year	**Later than 1 year but not later than 5 years**
GROSS INVESTMENTS	6166.73	5024.56	1142.17
Less : UNEARNED INCOME	589.35	464.37	124.98
NET PRESENT VALUE	5577.37	4560.18	1017.19

15. Details of Deferred Tax Liability :

Rs in Lacs

Deferred Tax Liabilities	March 31,2007	March 31,2006
Differences due to accelerated amortisation of intangibles under Income Tax Act	7.07	12.53
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	1657.12	1660.69
Effect of lease accounting	788.47	975.18
Others	530.84	521.41
Gross Deferred Tax Liabilities	2983.50	3169.82
Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	10.18	4.80
Gross Deferred Tax Assets	10.18	4.80
Net Deferred Tax Liability	2973.32	3165.02

16. Schedule to the Balance Sheet of a Non-Banking Financial (Deposit Accepting or Holding) Company

[as required in terms of paragraph 13 of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007]

Rs in lacs

	Particulars		
	Liabilities side :		
1	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :**	Amount outstanding	Amount overdue
	(a) Debentures : Secured	75594.27	1377.10
	Unsecured (other than falling within the meaning of public deposits*)	nil	nil
	(b) Deferred Credits	nil	nil
	(c) Term Loans	42799.21	nil
	(d) Inter-corporate loans and borrowings	nil	nil
	(e) Commercial Paper	nil	nil
	(f) Public Deposits*	441.35	25.81
	(g) Other Loans - HP Refinance	nil	nil
	- Cash Credit from banks	26800.92	nil
	- Others - Subordinated Debts	21651.38	nil
	- ICD	0.00	nil
	* Please see Note 1 below		
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of Unsecured debenture	nil	nil
	(b) In the form of partly secured debenture i.e. debentures where there is a shortfall in the value of security	nil	nil
	(c) Other public deposit	441.35	25.81
	* Please see Note 1 below		

	Asset side :	
		Amount Outstanding
3	**Break-up of Loans and advances including bills receivebles [other than those included in (4) below]**	
	(a) Secured	25.90
	(b) Unsecured	0.00
4	**Break-up of Lease Assests and stock on hire counting towards AFC activities**	
	(I) Lease assets including lease rentals under sundry debtors:	
	(a) Financial lease	2485.26
	(b) Operating lease	nil
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	3117.30
	(b) Repossessed Assets	nil
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	35.75
	(b) Loans other than (a) above	131177.55
5	**Break-up of Investments:**	
	Current Investments:	
	1 Quoted:	
	(I) Shares: (a) Equity	nil
	(b) Preference	nil
	(ii) Debentures and Bonds	nil
	(iii) Units of mutual funds	nil
	(iv) Government Securities	nil
	(v) Others(please specify)	nil
	2 Unquoted:	
	(I) Shares: (a) Equity	nil
	(b) Preference	nil
	(ii) Debentures and Bonds	nil
	(iii) Units of mutual funds	nil
	(iv) Government Securities	nil
	(v) Others(please specify)	nil
	Long term Investments:	
	1 Quoted:	
	(I) Shares: (a) Equity	nil
	(b) Preference	nil
	(ii) Debentures and Bonds	nil
	(iii) Units of mutual funds	nil
	(iv) Government Securities	164.03
	(v) Others(please specify)	nil
	2 Unquoted:	
	(I) Shares: (a) Equity	500.00
	(b) Preference	nil
	(ii) Debentures and Bonds	nil
	(iii) Units of mutual funds	nil
	(iv) Government Securities	nil
	(v) Others(please specify)	nil

6	**Borrower group-wise classification of all assets financed as in (3) and (4) above** Please *see* Note 2 below			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1 Related Parties**			
	(a) Subsidiaries	nil	nil	nil
	(b) Companies in the same group	nil	nil	nil
	(c) Other related parties	nil	nil	nil
	2 Other than related parties	169773.06	0.00	169773.06
	Total	169773.06	nil	169773.06

7	**Investor group-wise classification of all investments(current and long term) in shares and securities(both quoted and unquoted):** Please *see* Note 3 below		
	Category	Market Value/ Break-up or fair value or NAV	Book value (net of provisions)
	1 Related Parties**		
	(a) Subsidiaries	nil	nil
	(b) Companies in the same group	nil	nil
	(c) Other related parties	nil	nil
	2 Other than related parties	643.43	642.30
	Total	643.43	642.30

** As per Accounting Standerd of ICAI(please *see* Note3)

8	**Other information:**		
		Particulars	Amount
	(I)	Gross Non-Performing Assets	
		(a) Related Parties	nil
		(b) Other than related parties	4040.66
	(ii)	Net Non-Performing Assets	
		(a) Related Parties	nil
		(b) Other than related parties	2561.44
	(iii)	Assets acquired in satisfaction of debt	nil

Notes:

1. As defined in Paragraph 2(1)(xii) of the Non-Banking Financial CompaniesAcceptance of Public Deposits (Reserve Bank) Directions,1998.
2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break-up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above

17. The Company has entered into various interest rates and cross currency swaps to hedge against interest rate risks. The outstanding notional principal of such derivatives transactions as on March 31,2007 is Rs 5000 lacs (March 31,2006 – Rs nil)

18. Previous year's figures have been regrouped/ rearranged wherever necessary.

As per our Report of even date

For PIJUSH GUPTA & CO.,
Chartered Accountants

RAM KRISHNA DOKENIYA
Partner
Membership No : 004880

Place : Chennai
Date : 15th June, 2007

For and on behalf of the Board

R. KANNAN
Managing Director

S. VENKATAKRISHNAN
Director

J. RADHAKRISHNAN
Company Secretary

Cash Flow Statement

(Rs.in Lacs)

	For the year ended 31st March,2007		For the year ended 31st March,2006	
A . CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Tax	7943.32		4812.44	
Add : Interest and Finance Charges Paid	13222.58	21165.90	9648.25	14460.69
Depreciation		373.35		415.38
Lease Equalisation Adjustments		(11.49)		(20.51)
Share Issue Expenses written off		1.69		1.69
(Profit) / Loss on Sale of Assets		(8.85)		0.00
Interest / Dividend received		(636.63)		(284.02)
Provisions and write off		2482.15		1610.27
Provision for Diminution in value of Investments		2.99		2.92
Operating Profit before Working Capital Changes		**23369.11**		**16186.42**
Decrease in Stock-on-Hire	3474.15		6011.34	
Decrease in Assets under Financial Lease	2927.33		3313.30	
(Increase) in Receivables under Hypothecation Loan Agreements	(94646.40)		(25049.27)	
Decrease in Leased Assets - Net of Sales	8.89		0.02	
(Increase) in Loans and Advances	499.07		(3902.91)	
(Increase) in other Receivables	(71.50)		(110.89)	
Increase in Current Liabilities	9391.32	(78417.14)	7948.71	(11789.70)
Cash Generated from Operations		**(55048.03)**		**4396.72**
Interest and Finance Charges Paid		(13222.58)		(9648.25)
Direct Taxes paid		(3154.36)		(1456.33)
Net Cash Flow from Operating Activities (A)		**(71424.97)**		**(6707.86)**
B . CASH FLOW FROM INVESTING ACTIVITIES				
Bank Deposits (net)		(5699.90)		(11635.22)
Sale of Fixed Assets		13.80		226.13
Purchase of Fixed Assets		(368.18)		(150.19)
Purchase of Investments		0.00		(500.00)
Interest received		571.36		284.02
Dividend received		65.27		-
Net Cash Flow from Investing Activities (B)		**(5417.65)**		**(11775.26)**
C . CASH FLOW FROM FINANCING ACTIVITIES				
Increase from Share Issue (Net of Expenses)		19200.00		0.00
Increase in Optionally convertible Share warrants		560.00		0.00
Increase from Inter Corporate Deposits		(247.50)		0.00
Increase in other Secured Borrowings		53258.50		13072.14
(Decrease) in Fixed Deposits		2.84		(233.03)
Increase in Subordinated Debts		11066.33		3631.16
Increase in Debentures		1598.17		5196.94
Dividend Paid		(959.32)		(862.27)
Dividend Tax Paid		(134.55)		(117.05)
Net Cash Flow from Financing Activities (C)		**84344.47**		**20687.89**
Net Increase in Cash and Cash Equivalents [A]+ [B]+[C]		7501.85		2204.77
Cash and Cash Equivalents at the Beginning of the Year		10247.12		8042.35
Cash and Cash Equivalents at the End of the Period		**17748.97**		**10247.12**
Current Account with Banks		15619.07		9032.79
Cash & Stamps on Hand and Remittances in transit		2129.90		1214.33
		17748.97		**10247.12**

As per our Report of even date

For PIJUSH GUPTA & CO.,
Chartered Accountants

RAM KRISHNA DOKENIYA
Partner
Membership No : 004880

Place : Chennai
Date : 15th June, 2007

For and on behalf of the Board

R. KANNAN
Managing Director

S. VENKATAKRISHNAN
Director

J. RADHAKRISHNAN
Company Secretary

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. 12840 State Code 18

Balance Sheet Date 31 (Date) 03 (Month) 07 (Year)

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	12000

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

Total Liabilities	Total Assets
19035739	19035739

Sources of Funds

Paid-up Capital	Reserves & Surplus
623898	2809677
Secured Loans	**Unsecured Loans**
13206519	2042313
Deferred Tax Liability	
297332	

Application of Funds

Net Fixed Assets	Investments
557048	66403
Net Current Assets	**Misc. Expenditure**
18412075	213
Accumulated Losses	
NIL	

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

Turnover	Total Expenditure
3489830	2695498

+ -	Profit/Loss Before Tax	+ -	Profit/Loss After Tax
✔	794332	✔	516216

Earnings Per Share in Rs.	Dividend Rate %
16.48	30

V. **Generic Names of Three Principal Products/Services of Company(as per Monetary Terms)**

Item Code No. (ITC Code)	Product Description
N.A	Hire Purchase and Leasing and Hypothecation Loan

For **SHRIRAM CITY UNION FINANCE LIMITED**

Place : Chennai
Date : 15th June, 2007

R. KANNAN
Managing Director

S. VENKATAKRISHNAN
Director

J.RADHAKRISHNAN
Company Secretary