



Shriram City



MONEY WHEN YOU NEED IT MOST

24th Annual Report 2009-10

Exclusive Benefits
From Inclusive

GROWTH



Shriram City Union Finance Limited

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Forward looking statement

In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

ABOUT US

About Shriram City Union Finance Limited:

Shriram City is registered as a “Deposit-accepting non banking finance company” with the Reserve Bank of India (Regn. No. A.07.00458) incorporated on March 27, 1986, and has its Administrative office at No.221, Royapettah High Road, Mylapore, Chennai 600 004. The Company became a Public Limited Company on October 29, 1988, and is currently listed in NSE, BSE and MSE

Mission Statement:

“Striving to serve the largest number of common people” We shall strive at all times to build Shriram City into the very best organization, by maintaining the highest standards of Corporate Governance, personal behavior of employees, and through timely delivery of quality Non Banking Financial Services.

Product Offerings of Shriram City:

- ✓ Small Business Loans: Loans to small business enterprises, self employed professionals, wholesale / retail traders etc.,
- ✓ Asset Purchase Loans: Financing used and new three wheelers, used and new cars, used commercial vehicles & tractors
- ✓ Point of Sale Business: Two Wheelers
- ✓ Loan against gold: Loan against pledging of gold ornaments
- ✓ Loans to individuals: Personal Loans

Uniqueness of Shriram City:

➤ **Business Model:**

- ✓ Focus Market - Rural & Semi urban locations - close to 80% of the branches are in rural & semi urban locations
- ✓ No “outsourcing” policy
- ✓ Systematized control - proprietary integrated ERP - Linking business from the origination point to final accounts

➤ **Credit Policy:**

- ✓ In house developed system to monitor credit
- ✓ Decentralized decision making ensures quick disbursement
- ✓ Well defined Loan to Value (LTV) levels
- ✓ Pre & post lending appraisal by dedicated teams.

➤ **Recovery Skills:**

- ✓ Localized presence
- ✓ Collection expertise credit appraisal team responsible along with deal originators
- ✓ Industry experts in collection process

➤ **Strong Management team & well defined organization structure:**

- ✓ Enjoys very low employee turnover as compared to industry standard
- ✓ Top management have been with the group for more than a decade
- ✓ Well defined organization structure with exclusive product heads-this product verticals facilitates knowledge transfers across regions.

CORPORATE INFORMATION

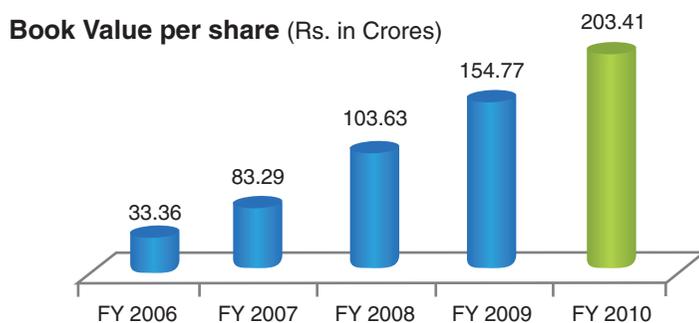
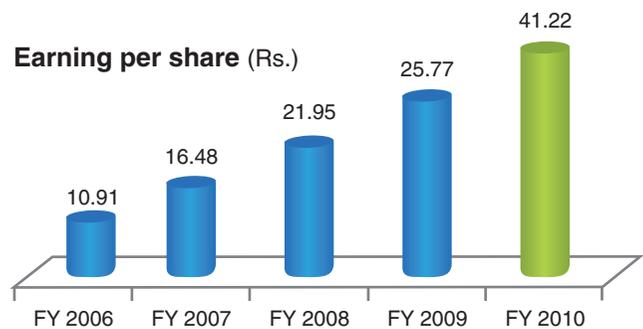
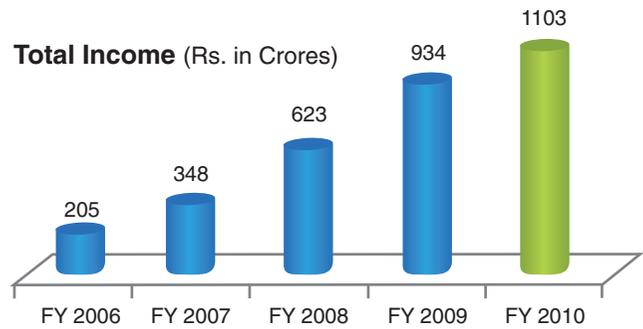
Chairman	:	Sri Arun Duggal (Non Executive, Non Independent)
Managing Director	:	Sri R Kannan (Executive, Non Independent)
Directors	:	Sri S Krishnamurthy (Non Executive, Independent) Sri Mukund Govind Diwan (Non Executive, Independent) Sri G S Sundararajan (Non Executive, Non Independent) Sri Sunil Varma (Non Executive, Independent) Sri S Venkatakrishnan (Non Executive, Non Independent) Sri Vipen Kapur (Non Executive, Independent)
Company Secretary	:	Sri C R Dash
Auditors:		Pijush Gupta & Co., Chartered Accountants P-199, C.I.T.Road, Scheme IV-M, Kolkata –700 010 Ph : + 91 33 23536859
Share Transfer Agents:		Integrated Enterprises (India) Ltd, II Floor, 'Kences Towers', No.1, Ramakrishnan Street, Off North Usman Road, T Nagar, Chennai 600 017 Ph: + 91 44 21840801 - 28140803
Registered Office	:	123, Angappa Naicken Street, Chennai 600 001 Ph : + 91 44 25341431
Secretarial Office	:	No 221, Royapettah High Road, Mylapore, Chennai 600 004 Ph: + 91 44 43915300 Fax + 91 44 43915351
Administrative Office	:	No 221, Royapettah High Road, Mylapore, Chennai 600 004 Ph: + 91 44 43915300 Fax + 91 44 43915351

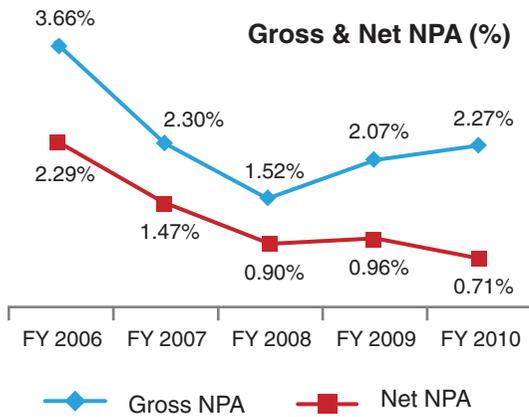
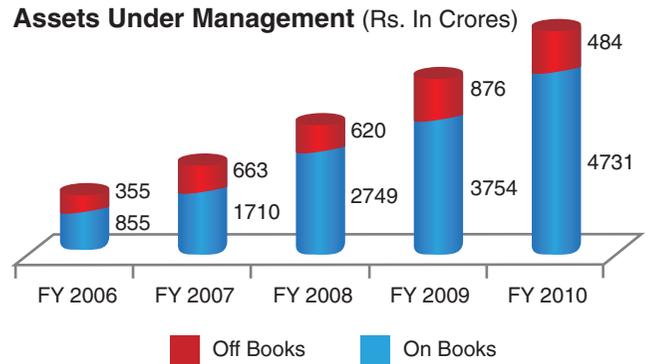
Listed at : Bombay Stock Exchange Ltd.
National Stock Exchange of India Ltd.
Madras Stock Exchange Ltd.

Banks	:	ABN AMRO Bank N.V. Andhra Bank Axis Bank Ltd. Bank of India Bank of Maharashtra Canara Bank Central Bank of India Citi Bank N.A. City Union Bank Ltd. Credit Agricole Corporate & Investment Bank DBS Bank Ltd. Dena Bank HDFC Bank Ltd. The Hongkong and Shanghai Banking Corporation Ltd. ICICI Bank Ltd. IDBI Bank Ltd. Indian Bank	Indian Overseas Bank ING Vysya Bank Ltd. Karur Vysya Bank Ltd. Kotak Mahindra Bank Ltd. Oriental Bank of Commerce Punjab National Bank Standard Chartered Bank PLC State Bank of Bikaner & Jaipur State Bank of India State Bank of Indore State Bank of Mysore State Bank of Patiala Tamilnad Mercantile Bank Ltd. The South Indian Bank Ltd. The Bank of Rajasthan Ltd. Union Bank of India United Bank of India Yes Bank Ltd.
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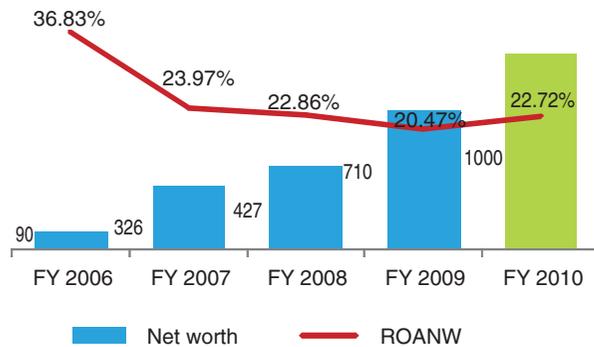
Institutions : Small Industries Development Bank of India (SIDBI)
Tata Capital Ltd.

PERFORMANCE HIGHLIGHTS

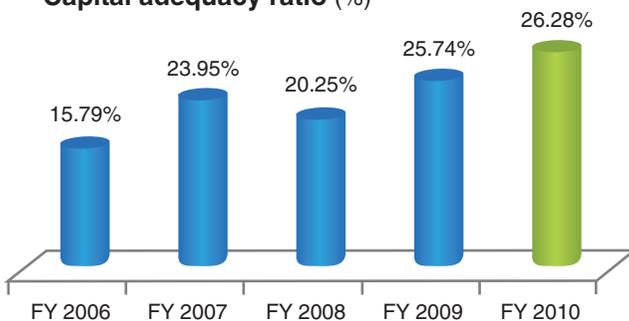




Net Worth (Rs. in Crores) & Return on Net Worth (%)



Capital adequacy ratio (%)



OUR PRESENCE IN INDIA

Adilabad	Balasore	Bongaigaon	Dhanbad
Adoni	Bankura	Bundi	Dharmapuri
Aduthurai	Baramati	Burdwan	Dharwad
Agartala	Barasat	Burhanpur	Dhule
Agra	Bardoli	Calicut	Dindigul
Ahmedabad	Bareilly	Chamarajnagar	Durgapur
Ahmednagar	Barmer	Chandannagar	Eluru
Ajmer	Baroda	Chandigarh	Ernakulam
Akola	Basavakalyan	Chandikhhol	Erode
Alappuzha	Batlakundu	Chandrapur	Etawah
Aligarh	Beed	Channapatna	Faizabad
Allahabad	Begusarai	Channarayapatna	Faridabad
Alwar	Behraich	Chattarpur	Farrukhabad
Amalapuram	Belgaum	Chengalpattu	Fatehpur
Ambala	Bellary	Chennai	Ferozepur
Ambasumudram	Bengaluru	Chevapettai	Gadag
Ambikapur	Berhampur	Chickballapur	Gadwal
Amravati	Bethaniapuram	Chidambaram	Gajuwaka
Amreli	Betul	Chikkamangalore	Gandhidham
Amritsar	Bhadrak	Chikkodi	Ganganagar
Anakapalli	Bhagalpur	Chinchwad	Gaya
Anand	Bharatpur	Chindwara	Ghaziabad
Ananthapur	Bharuch	Chiplun	Gobichettipalayam
Anchal	Bhatinda	Chitradurga	Godhavarikhani
Andipatty	Bhavanipuram	Chittore	Godhra
Angamaly	Bhavnagar	Chittorgarh	Gondia
Angul	Bhilai	Cholavanthan	Gorakhpur
Arakonam	Bhilwara	Coimbatore	Gudiwada
Arani	Bhimavaram	Coochbehar	Gudur
Aranthangi	Bhiwandi	Cuddalore	Gulbarga
Ariyalur	Bhopal	Cuddapah	Gummidipoondi
Arumbakkam	Bhubaneshwar	Cumbum	Guna
Asansol	Bhuj	Cuttack	Guntur
Attingal	Bidar	Dahod	Gurgaon
Attur	Bijapur	Dausa	Guwahati
Aurangabad	Bijnore	Davangere	Gwalior
Azadpur	Bikaner	Deepika	Haldwani
Bacheli	Bilaspur	Dehradun	Hanmana
Bagalkot	Birbhum	Dewas	Hassan
Balaghat	Bokaro	Dhamtari	Haveri

Hazaribagh	Kalyan	Kullu	Moga
Himayathnagar	Kanchangadh	Kumarapalayam	Moradabad
Himmatnagar	Kanchipuram	Kumbakonam	Morbi
Hindupur	Kankavali	Kumta	Morena
Hissar	Kannur	Kundapur	Mudbidiri
Hooghly	Kanpur	Kunnamkulam	Mumbai
Hospet	Karad	Kunrathur	Muzaffarpur
Hosur	Karaikudi	Kurnool	Mysore
Hubli	Karim Nagar	L B Nagar	Nadiad
Hyderabad	Karnal	Lakhimpur	Nagercoil
Indore	Karur	Latur	Nagole
Itchapuram	Kasargod	Ilkal	Nagour
Jabalpur	Kathua	Lucknow	Nagpur
Jagadamba	Katni	Ludhiana	Namakkal
Jagdapur	Kattappana	Machilipatnam	Nanded
Jaihindpuram	Kattedan	Madanapalli	Nandigama
Jaipur	Kattur	Madgaon	Nandurbar
Jaisalmer	Kawardha	Madhurawada	Nandyal
Jajpur	Kayamkulam	Madikeri	Narsipatnam
Jalandhar	Keonjhar	Madiwala	Nashik
Jalgaon	Khamgaon	Madurai	Navi Mumbai
Jalna	Khammam	Malda	Navsari
Jamkhambhalia	Khargapur	Malegaon	Needamangalam
Jammu	Kodada	Manapparai	Neemuch
Jamnagar	Kolar	Mancherial	Nellore
Jamshedpur	Kolathur	Mandapeta	Nerkundram
Janjgir	Kolhapur	Mandi	New Delhi
Jayankondam	Kolkatta	Manendragarh	Nizamabad
Jhalawar	Kollam	Mangalore	Ongole
Jhansi	Kompally	Manjeri	Ooty
Jharsuguda	Koppal	Markapuram	Osmanabad
Jhunjhunu	Korba	Marthalli	Ottanchatram
Jodhpur	Kota	Marthandam	Padi
Jorhat	Kothagudam	Mayiladithurai	Palakkad
Junagadh	Kotputli	Mehboob Nagar	Palani
Jyepore	Kottayam	Mehsana	Palanpur
Kadapa	Kovilpatti	Melur	Palayamkottai
Kaithal	Krishnagiri	Mettupalayam	Palia
Kakinada	Krishnanagar	Mettur	Pandarpur
Kallakurichi	Kukatpally	Miryalaguda	Panjim

Papanasam	Rourkela	Sulur	Ulhasnagar
Paramakudi	Sadulpur	Surat	Ulundurpet
Parbhani	Sagar	Surendranagar	Una
Parvathipuram	Sagara	T Dasarahalli	Vapi
Patan	Sahibabad	Tadepalligudem	Varanasi
Pathanamthitta	Salem	Tadipatri	Vatakara
Pathankot	Salur	Tambaram	Vellore
Patiala	Sambalpur	Tanjavur	Vijayawada
Patna	Sandur	Tenali	Villupuram
Pattukotai	Sangagiri	Tenkasi	Virudhachalam
Piduguralla	Sangamner	Tezpur	Virudhunager
Pollachi	Sangli	Thalassery	Visakapatnam
Pondicherry	Sangrur	Thane	Vizianagaram
Porbander	Saraipalli	Theni	Wada
Proddatur	Satara	Thiruchengode	Wadi
Pudukottai	Satna	Thirunindravur	Wadkhal
Pune	Sawai Madhopur	Thiruppathur	Waidhan
Puri	Secunderabad	Thiruvallur	Warangal
Puttur	Sembanar Koil	Thiruvarur	Wardha
R.S.Puram	Sendhwa	Thiruverumbur	Wardhaman Nagar
Rai Bareilly	Shahapur	Tindivanam	Washim
Raichur	Shahdol	Tinsukhia	Woraiyur
Raigarh	Shahjahanpur	Tiruchendur	Yamunanagar
Raipur	Shimla	Tirunelveli	Yavatmal
Rajamundry	Shimoga	Tirupathi	
Rajapalayam	Shivpuri	Tiruppur	
Rajkot	Sholapur	Tirupur	
Rajnandgaon	Shrirampur	Tirur	
Rajpibla	Sikar	Tiruvannamalai	
Rajsamand	Siliguri	Tiruvarur	
Ranchi	Silvassa	Tiruvottriyur	
Ranipet	Sindhanur	Trichur	
Rasipuram	Singarayakonda	Trichy	
Ratlam	Sirohi	Trivandrum	
Ratnagiri	Sivakasi	Tumkur	
Raygada	Sriganganagar	Tuticorin	
Renukoot	Srikakulam	Udaipur	
Rewa	Srinagar	Udhampur	
Roha	Sultanpur	Udupi	
Rohtak	Sulthan Bathery	Ujjain	

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in placing before you their Twenty Fourth Annual Report and Accounts for the year ended 31st March, 2010.

FINANCIAL PERFORMANCE

(Rs. in lacs)

	Year ended 31 st March 2010	Year ended 31 st March 2009
Profit before Depreciation and Taxation	29090.63	20178.57
Less: Depreciation	464.77	2205.04
PROFIT BEFORE TAX	28625.86	17973.53
Less: Provision for taxation (including Provision for Deferred Tax & Fringe Benefit Tax)	9200.00	6272.76
PROFIT AFTER TAX	19425.86	11700.77
Add: Profit brought forward from Previous Year	12003.01	8412.03
Profit available for appropriation	31428.87	20112.80

APPROPRIATIONS

(Rs. in lacs)

	Year ended 31 st March 2010	Year ended 31 st March 2009
General Reserve	1940.00	1170.00
Statutory Reserve	3890.00	2340.00
Capital Redemption Reserve	-	2328.98
Dividend on Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid-up at the stipulated rates	-	63.17
Dividend (interim Rs. 2/- and final Rs. 3/-) on Equity Shares of Rs. 10/- each fully paid-up	2456.92	1877.77
Tax on Dividend	411.86	329.86
Balance Carried to Balance Sheet	22730.09	12003.01

INDUSTRY OVERVIEW

BUSINESS LOANS – THE INDUSTRY

Small and medium enterprises in India are responsible for generating the highest rate of employment amongst all sectors and are also a very big part of the industrial production and exports of the country. According to the Ministry of Micro, Small and Medium Enterprises (MSMEs), MSMEs account for about 45 percent of the manufacturing output and 40 percent of the total exports of the country, employing about 59 million persons in over 26 million units throughout the country.

BUSINESS LOANS FINANCING

MSMEs often face teething problems in funding, and are in many cases forced to commence operations with the entrepreneur's own money. Most often these resources are not sufficient for growth. Many financial institutions are wary of extending credit to MSMEs due to a lack of faith in the business model or for want of collateral.

Shriram City sees a huge opportunity for growth in this segment, given the company's unique business model, widespread reach, credit and collection skills honed over almost three decades in the industry. Thus the company expects to cater most effectively the MSME segment and help this class of borrowers to overcome the difficulties they generally encounter in obtaining timely finance.

YEAR IN RETROSPECT

Income from Operations for the period under consideration was Rs.110284.71 lacs and Total Expenditure was Rs. 81658.85 lacs.

The Company earned a Profit before Tax of Rs. 28625.86 lacs for the year ended 31st March, 2010, registering an increase of Rs. 10652.33 lacs (59.27%) over the previous year. The profit after Tax, at Rs.19425.86 lacs was also 66.02% higher than the previous year (Rs. 11700.77 lacs).

RESOURCES

The deposit portfolio as on 31st March 2010 stood at Rs.100.74 lacs as against Rs.112.80 lacs as on 31st March 2009. The privately-placed Secured Non-Convertible Debenture Portfolio stood at Rs.154073.77 lacs as on 31st March 2010 (Rs. 127741.10 lacs as on 31st March 2009). Sub-ordinated Debts as on 31st March 2010 stood at Rs.53002.95 lacs (Rs.41718.53 lacs as on 31st March 2009).

As on 31st March 2010, 133 deposits amounting to Rs. 21.01 lacs had matured for payment and were due to

be claimed or renewed. Subsequent follow-up for repayments/renewals resulted in the number reducing to 119 deposits amounting to Rs.19.46 lacs. However there are no deposits which had matured and claimed but not paid by the Company. Steps are continuously being taken to arrange for repayment/renewal of deposits.

The Company was also successful in the year under consideration to raise resources from products such as Commercial Papers and rated Non-Convertible Debentures.

DIVIDEND

Your Directors declared an interim dividend of Rs. 2 per equity share (20%) for the financial year 2009-2010 amounting to Rs.982.28 lacs exclusive of dividend distribution tax of Rs.166.94 lacs and the same was paid on 23rd November,2009. (Previous year Re. 1 per equity share amounting to Rs. 458.50 lacs exclusive of dividend distribution tax of Rs. 77.92 lacs)

Your Directors have pleasure in recommending a final Dividend of Rs. 3 per equity share (30%) for the financial year ended March 31,2010 subject to your approval . This final dividend shall result in an cash outflow of Rs.1474.64 lacs excluding dividend distribution tax of Rs. 244.92 lacs (previous year Rs.1375.92 lacs excluding dividend distribution Tax of Rs. 233.84 Lacs)

An amount of Rs.16.87 lacs (previous year Rs.13.42 lacs) is lying in unpaid Equity dividend account of the Company. During the financial year an amount of Rs 0.36 lacs (Previous year Rs 0.47 lacs) was transferred to Investor Education & Protection Fund.

EMPLOYEE STOCK OPTION SCHEME

Employees Stock Options scheme was approved and implemented by the Company and options were granted to the employees in accordance with the Securities & Exchange Board of India (Employees Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines,1999. The Remuneration & Compensation Committee constituted in accordance with the SEBI Guidelines administers and monitors the Scheme .

As on 31st March, 2010 the Company allotted 54700 Fully paid up equity shares of the face value of Rs 10 each to its employees on exercise of stock options by them.

The applicable disclosures required under SEBI Guidelines as on 31st March,2010 are set out in Annexure to this report.

Certificate from the Auditors of the Company certifying that the Company's 'Employees Stock Options Scheme 2006' is implemented in accordance with the SEBI

(Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolution of the members passed at their general meeting, is attached to this report.

WARRANTS CONVERSION

As approved by the Extraordinary General Meeting, optionally convertible warrants were issued to various subscribers in the year 2008. In November 2009 all the subscribers except Shriram Retail Holdings Pvt Ltd (SRHPL) exercised their option and converted the warrants into equity shares at a price of Rs. 400/- per share (Rs. 40/- on allotment and balance on conversion of warrants into equity shares). The non conversion of warrants into shares by SRHPL resulted in forfeiture of money paid by them.

RBI DIRECTIONS

The Company continues to comply with all the requirements prescribed by Reserve Bank of India, as applicable to it.

CORPORATE GOVERNANCE

The Company had always endeavoured to adhere to high standard of Corporate Governance and ensured its compliance.

As required by the Listing Agreement entered into with Stock Exchanges, a report on Corporate Governance forming a part of this report together with the Certificate from the Auditors of the Company, confirming the compliance of the Corporate Governance are attached to this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required by Clause 49 (IV) (F) of the Listing Agreement with Stock Exchanges the Management Discussion Analysis on the business of the Company is attached to this report.

DIRECTORS :

Sri V Parthasarathi resigned as a Director of the Company on 2nd November, 2009. Dr. T S Sethurathnam (Nominee of Indian Renewable Energy Development Agency Ltd (IREDA)) also resigned as a Director in view of the Company repaying the loan of IREDA fully. The Directors place on record their appreciation for the wise counsel, valuable support and esteemed contribution by both the Directors .

Sri Sunil Varma, Director and Sri S Krishnamurthy, Director who retire by rotation at the ensuing Annual General Meeting , being eligible offer themselves for reappointment . Brief profile, nature of expertise and directorship details are furnished to the members in the note accompanying the notice convening the Annual General Meeting.

During the financial year, Sri G S Sundararajan was appointed as an Additional Director of the Company. As per the provisions of Section 260 of the Companies Act, 1956, Sri G S Sundararajan holds office upto the date of the ensuing Annual General Meeting of the Company. The Company has received notice from a member proposing Sri G S Sundararajan as candidate for the office of Director.

As the term of office of the Managing Director will be expiring on September 14, 2010, Remuneration and Compensation Committee as well as the Board of Directors have recommended Sri R Kannan's re-appointment for a further term of three years commencing from September 15,2010 subject to the approval of the shareholders .

Necessary resolutions with regard to the above are being placed at the ensuing Annual General Meeting.

AUDITORS

The Auditors M/s Pijush Gupta & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. 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.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 , as amended , forms part of the Directors' Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956 this Report and Accounts are being sent to all the Shareholders of the Company, excluding the statement of particulars of employees under Section 217 (2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Secretarial Office of the Company and the same will be sent by post.

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 does not have any Foreign Exchange earnings. The Foreign Exchange outgo is equivalent to Rs.0.08 lacs (Previous year: Rs.0.08 lacs)

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that :

- the applicable Accounting Standards have been followed along with proper explanation relating to material departures in the preparation of the Annual Accounts .
- such accounting policies as mentioned in Schedule 17 of the Accounts have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- the Annual Accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENT

The Board of Directors wish to acknowledge the valuable support and guidance extended by Banks and Financial Institutions.

The Board of Directors are pleased to record its appreciation for the hard work put in by the employees at all levels which enabled your Company to achieve good performance in the competitive environment.

The Board of Directors take this opportunity to express their sincere gratitude to the Shareholders, Debenture-holders and Depositors for their continued support, encouragement and the confidence reposed in the Management.

For and on behalf of the Board

Place: Chennai
Date: 21.05.2010

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)

Sri. R. Thyagarajan, Shriram Ownership Trust, Shriram Transport Finance Company Limited, Shriram Asset Management Company Limited, Shriram Automall India Limited, Shriram Equipment Finance Company Limited, Shriram Motor Finance, S R Real Estate Finance, Shriram Chits (Karnataka) Private Limited, Shriram Chits Private Limited, Shriram Chits Tamilnadu Private Limited, Shriram Enterprise Holdings Private Limited, Shriram Projects Development Private Limited, DNM Consultancy Private Limited , Shriram Insight Share Brokers Limited, Shriram Wealth Advisors Limited, Insight Commodities & Futures Private Limited, Shriram Industrial Holdings Private Limited, Shriram Fortune Solutions Limited, Shriram Value Services Private Limited, Shriram Properties Holdings Private Limited, Shriram Marketing Agencies (Chennai) Private Limited, Shriram Capital Limited and its subsidiaries namely Shriram Holdings (Madras) Private Limited, Shriram Credit Company Limited, Shriram Retail Holdings Private Limited, Shriram Life Insurance Company Limited, Shriram General Insurance Company Limited, Shriram Investment Holdings Limited, Bharat Re-Insurance Brokers Private Limited, Shriram Infrastructure & Power Limited, Shriram Infrastructure Holdings Private Limited, Shriram Overseas Investments Private Limited (formerly Dhanashri Investments Private 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.

ANNEXURE TO THE DIRECTOR'S REPORT, 2009 - 10

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 as at March 31, 2010.

	Particulars	SCUF Employees Stock Option Scheme, 2006
a)	Options Granted	13,27,500 Equity Shares of Rs 10 each
b)	The pricing formula	Rs.35/- per option
c)	Options vested	3,98,250
d)	Options exercised (as at March 31, 2010)	54,700
e)	The total number of shares arising as a result of exercise of option	54,700
f)	Options lapsed (as at March 31, 2010)	Nil
g)	Variation of terms of options	Nil
h)	Money realised by exercise of options	Rs.19,14,500/-
i)	Total number of options in force (as at March 31, 2010)	12,72,800
j)	Director and Employee wise details of options granted to:	
	i) Director(s) including Managing Director and Senior Management Personnel	None
	ii) Any other employee who receives a grant of option amounting to 5% or more of option granted	NIL
	iii) identified employees who were granted option equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
k)	Diluted Earnings Per Share (EPS) pursuant to issue of Shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Rs.40.32
	i) Method of calculation of employee compensation cost	INTRINSIC METHOD
	ii) Difference between the employee compensation cost so calculated at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options	Employee Compensation cost As per Intrinsic Value method Rs.3006.12 lacs As per Fair Value method Using Black Scholes Model Rs. 3018.93 lacs Difference in cost (Rs.12.81 lacs)

ANNEXURE TO THE DIRECTOR'S REPORT, 2009 - 10

Particulars		SCUF Employees Stock Option Scheme, 2006	
	iii) The impact of this difference on profits and on EPS of the Company	Impact on Profits and EPS Amortisation for the FY 10 As per Intrinsic Value method	Rs.751.53 lacs
		As per Fair Value method Using Black Scholes Method	Rs.754.75 lacs
		Impact on Profit	(Rs.3.22lacs)
		Impact on Diluted EPS	Rs.0.01
j)	Weighted average exercise price Weighted average fair value	Rs.35/- Rs.227.42	
m)	Fair value of options based on Black Scholes methodology		
	Assumption risk free rate	7.70%	
	Expected life of options	5 years	
	Expected volatility (based on Monthly Volatility of the Company's stock price on the NSE)	55.36%	
	Expected Dividends	Rs 3/- per share	
	Closing market price of share on date of option granted	Rs.261.45 at NSE	

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS

P-199, C.I.T.ROAD ,SCHEME IV-M, KOLKATA 700 010 TEL (033) 2353-6859 Cell (0) 98311 91779
E-MAIL :pijushgupta.ca@gmail.com

CERTIFICATE

Re : SHRIRAM CITY UNION FINANCE LIMITED (SCUF)

This is to certify that the `SCUF Employees Stock Options Scheme 2006' has been implemented in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and the resolution passed by the Company at its Extraordinary General Meeting held on 30th October, 2006 wherein the aforesaid scheme was approved by the shareholders.

This certificate issued under Clause 14.1 of the aforesaid Guidelines.

Pijush Kumar Gupta
Partner
Membership No: 015139

For & on behalf of **Pijush Gupta & Co.**
Chartered Accountants
Firm registration Number: 309015E

Place: Chennai
Date: 21.05.2010

Annexure to the Director's Report, 2009 - 10

REPORT ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is aimed at:

(a) Enhancing long term shareholder value through

- Assisting the top management in taking sound business decisions; and
- Prudent financial management.

(b) Achieving transparency and professionalism in all decisions and activities of the Company.

(c) Achieving excellence in Corporate Governance by

- Conforming to the prevalent guidelines on Corporate Governance and excelling in, wherever possible.
- Reviewing periodically the existing systems and controls for further improvements.

BOARD OF DIRECTORS:

Size & Composition :

The Board of Directors of the Company consists of optimum combination of Executive, Non Executive & Independent Directors to ensure independent functioning of the Board.

All independent Directors meet the criteria of Independence as defined in Clause 49 I (A) (iii) of the Listing Agreement with stock exchanges .

The present Strength of Directors is 8, consisting of Chairman, one Managing Director and 6 Directors. The Board of Directors of the Company consist of professionals from varied disciplines. The Board Members posses the skill, experience and expertise required to guide the Company.

The Composition of Board of Directors is as under :-

Name of the Director	Category of Directorship	Position
Sri Arun Duggal	Non Executive, Non Independent	Chairman
Sri R Kannan	Executive, Non Independent	Managing Director
Sri S Krishnamurthy	Non Executive, Independent	Director
Sri Mukund Govind Diwan	Non Executive, Independent	Director
Sri G S Sundararajan #	Non Executive, Non Independent	Additional Director
Sri Sunil Varma	Non Executive, Independent	Director
Sri S Venkatakrishnan	Non Executive, Non Independent	Director
Sri Vipen Kapur	Non Executive, Independent	Director
Sri V Parthasarathi \$	Non Executive, Independent	Director
Dr T S Sethurathnam @	Non Executive, Nominee of Indian Renewable Energy Development Agency Ltd	Director

None of the Directors hold any equity shares/warrants in the Company.

\$ Sri V Parthasarathi – ceased to be a director w.e.f. 2.11.2009

Sri G S Sundararajan - inducted as an additional director w.e.f. 31.12.2009

@ Dr T S Sethurathnam - ceased to be director w.e.f. 30.1.2010

Annexure to the Director's Report, 2009 - 10

Board Process :

The Board meets at least once in a quarter to review the quarterly performance and financial results. The maximum time gap between two meetings is four months. The Board meetings are generally scheduled well in advance . The notice and agenda of each Board Meeting are given in writing to each Director well advance of the meeting. The information as per the requirement of Corporate Governance norms are made available to the Board. The Board is also free to recommend inclusion of any matters for discussion in consultation with the Chairman.

All the deliberations and decision occurring in every meeting of the Board and its Committees are minuted. The minutes are confirmed and signed in the immediately succeeding Board / Committee meeting .

Functioning of the Board:

The day to day management of the affairs of the Company is entrusted with the senior management personnel, which is headed by the Managing Director, who functions under the overall supervision, direction and control of the Board of Directors of the Company. The Board meets to discuss, review and decide upon the matters such as policy formulation, setting up of goals, appraisal of performances with the goals and control functions etc. Some of the powers of the Board have also been delegated to Committee/s of Directors. The Board thus exercises close control over the overall functioning of the Company with a view to enhance the shareholder value.

The Board periodically reviews the compliance reports of all applicable laws to the Company as well as steps taken by the Company to rectify instances of non compliance.

Board Meetings and attendance of Directors :

Five meetings of the Board of Directors were held during the year ending 31st March, 2010 - on 11th April, 2009, 30th May, 2009, 30th July,2009, 29th October ,2009, 30th January, 2010 and the maximum gap between the two board meetings did not exceed four months.

The attendance at Board Meetings, last Annual General Meeting (AGM) /Extraordinary General Meeting (EGM) and number of memberships/chairmanships of Directors in other Boards and Board Committees are as follows:

Annexure to the Director's Report, 2009 - 10

Name of the Director	Category	Position	No of Board Meetings held	Board Meetings attended	AGM Held on dt 30 th July,2009	EGM held on dt 11 th May,2009	No of Directorship held in Other Companies	Membership and Chairmanship of the Committees of the Board	
								Membership	Chairmanship
Sri Arun Duggal	Non Executive, Non Independent	Chairman	5	4	Present	Present	20	3	1
Sri R Kannan	Executive, Non Independent	Managing Director	5	5	Present	Present	4	-	-
Sri S Krishnamurthy	Non Executive, Independent	Director	5	5	Present	Present	3	1	1
Sri Mukund Govind Diwan	Non Executive, Independent	Director	5	4	Present	Not present	8	2	1
Sri G S Sundararajan #	Non Executive, Non Independent	Additional Director	5	1	-	-	5	-	-
Sri Sunil Varma	Non Executive, Independent	Director	5	4	Present	Not Present	2	1	-
Sri S Venkatakrishnan	Non Executive, Non Independent	Director	5	5	Present	Present	15	1	1
Sri Vipen Kapur	Non Executive, Independent	Director	5	4	Present	Present	1	-	-
Sri V Parthasarathi \$	Non Executive, Non Independent	Director	5	4	Present	Present	-	-	-
Dr T S Sethurathnam @	Nominee, Independent	Director	5	3	Present	Present	-	-	-

\$ Sri V Parthasarathi - ceased to be a director w.e.f. 2.11.2009
Sri G S Sundararajan - inducted as an additional director w.e.f. 31.12.2009
@ Dr T S Sethurathnam - ceased to be director w.e.f. 30.1.2010

Attendance

Annexure to the Director's Report, 2009 - 10

While considering the total number of directorships of Directors, their directorships in private limited companies, section 25 companies and foreign companies, if any, have been included and their directorships in the Company have been excluded.

The memberships and chairmanships of Directors in Audit Committee and Shareholders'/Investors' Grievance Committee alone in Public Limited Companies (excluding the Company) are mentioned .

None of the Directors of the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as per Clause 49 (I) (C) (ii) of the listing agreement with stock exchanges across the companies in which he is a Director . All Directors have made requisite disclosures regarding Committee positions occupied by them in other Companies.

Code of Conduct for Directors and Senior Management :

The Company has adopted Code of Conduct ('Code') for the Members of the Board and Senior Management Personnel as required under Clause 49 (I) (D) of the Listing Agreement with Stock Exchanges. All the Board Members and the Senior Management Personnel have affirmed compliance of the Code. A declaration to this effect signed by the Managing Director is attached to this Report .

Director's Remuneration :

The details of Director's remuneration is mentioned in Notes to Accounts on Schedule No 17 (Item No 12.1). The Managing Director was not paid any remuneration during the year, as he consented not to take any remuneration.

Non Executive Independent Directors get Sitting Fees for attending each meeting of the Board of Directors (Rs 15,000/- for each Board Meeting attended*) / Committees (Rs 10,000/- for each Committee Meeting attended) . There are no other remuneration paid to the Directors .

*The Sitting Fees was enhanced from Rs 10,000 per meeting attended to Rs 15,000 per Meeting attended w.e.f 30th May,2009 .

Annexure to the Director's Report, 2009 - 10

The details of sitting fees / remuneration paid to the Directors for the year 2009-2010 are given below:

Sl. No	Name of the Director	Category	Position	Sitting Fees for attending Meetings (Rs.)	Salary, allowances & Perquisites (Rs.)	Total (Rs.)
1.	Sri Arun Duggal	Non Executive, Non Independent	Chairman	55,000/-	-	55,000/-
2.	Sri R Kannan	Executive, Non Independent	Managing Director	-	-	-
3.	Sri S Venkatakrishnan	Non Executive, Non Independent	Director	-	-	-
4.	Dr T S Sethurathnam @	Non Executive, Nominee Director	Director	40,000/-	-	40,000/-
5.	Sri S Krishnamurthy	Non Executive, Independent	Director	1,05,000/-	-	1,05,000/-
6.	Sri V Parthasarathi \$	Non Executive, Independent	Director	80,000/-	-	80,000/-
7.	Sri Mukund Govind Diwan	Non Executive, Independent	Director	95,000/-	-	95,000/-
8.	Sri Vipen Kapur	Non Executive, Independent	Director	85,000/-	-	85,000/-
9.	Sri Sunil Varma	Non Executive, Independent	Director	95,000/-	-	95,000/-
10.	Sri G S Sundararajan #	Non Executive, Non Independent	Additional Director	-	-	-

\$ Sri V Parthasarathi - ceased to be a director w.e.f. 2.11.2009

Sri G S Sundararajan - inducted as an additional director w.e.f. 31.12.2009

@ Dr T S Sethurathnam - ceased to be director w.e.f. 30.1.2010

Annexure to the Director's Report, 2009 - 10

AUDIT COMMITTEE

The Audit Committee has been constituted as per section 292 A of the Companies Act ,1956 and guidelines set out in Clause 49 (II) of the Listing Agreement with Stock Exchanges.

Terms of Reference:

- Overseeing the financial reporting process.
- To ensure proper disclosure in the quarterly, half yearly and Audited Financial Statements.
- To recommend appointment of Auditors and their remuneration.
- Reviewing, with the management, the Financial Statements before submission to the Board.
- Reviewing, with the management, performance of Statutory and Internal Auditors, adequacies of the internal control systems.
- Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussing with Internal Auditors on any significant findings and follow up there on.
- Reviewing the findings of any internal examinations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To discuss with management, the senior internal audit executives and the Statutory Auditor/s the Company's major risk exposures and guidelines and policies to govern the processes by which risk assessment and risk management is undertaken by the Company, including discussing the Company's major financial risk exposures and steps taken by management to monitor and mitigate such exposures and from time to time conferring with another Committee/s of the Board about risk exposures and policies within the scope of such other Committee's oversight.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any.
- To review the functioning of the Whistle Blower Mechanism.

Composition and attendance :

The Committee met 4 times during the financial year on 29th May, 2009, 29th July, 2009, 29th October, 2009 and 29th January, 2010

Name of the Director	Position	Category	No of Meetings held (2009-2010)	No. of Meetings Attended (2009-2010)
Sri Sunil Varma	Chairman	Non Executive, Independent	4	4
Sri Mukund Govind Diwan *	Member	Non Executive, Independent	4	1
Sri S Krishnamurthy *	Member	Non Executive, Independent	4	1
Sri S Venkatakrishnan	Member	Non Executive, Non Independent	4	4
Sri V Parthasarathi \$	Member	Non Executive, Independent	4	3

* Inducted as a member of the Committee w.e.f. 1.12.2009

* Inducted as a member of the Committee w.e.f. 1.12.2009

\$ Ceased to be a member of the Committee consequent to his resignation w.e.f. 2.11.2009

Sri C R Dash, Company Secretary is the Secretary of the Committee.

Annexure to the Director's Report, 2009 - 10

REMUNERATION AND COMPENSATION COMMITTEE :

Terms of Reference :

- The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to determination on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages and any compensation payment for the Managing Director/Whole-time Directors and Executive Directors, Employees Stock Option Scheme (ESOS) . The role of the Committee includes,
- To provide independent oversight of and to consult with the management regarding the Company's compensation, bonus, pension and other benefit plans, policies and practices applicable to the Company's executive management.
- To develop guidelines and annually review and approve (a) the annual basic salary , (b) the annual incentive and bonus, including the specific goals and amount and (c) equity compensation for the Managing Director and the other executive officers of the Company
- To review and approve (a) employment agreements, severance arrangements and change in control agreements/provisions and (b) any other benefits, compensation or arrangements for the Managing Director and the other executive officers of the Company
- Administration of the Company's stock incentive plans and other similar incentive plans and interpret and adopt rules for the operation thereof.
- Establishment of guidelines for and approval of the grant of stock options to key employees, officers and directors of the Company, including determination of the number of shares to be covered by each option, whether the option will be an incentive stock option or otherwise and the vesting schedule for such options .

Composition and attendance :

The Committee had met 3 times during the financial year on 29th May, 2009, 29th October, 2009 and 29th January, 2010 . The composition of the Committee and their attendance are as under .

Name of the Director	Position	Category	No of Meetings held (2009-2010)	No. of Meetings Attended (2009-2010)
Sri Vipen Kapur	Chairman	Non Executive, Independent	3	3
Sri S Krishnamurthy	Member	Non Executive, Independent	3	3
Sri Mukund Govind Diwan	Member	Non Executive, Independent	3	3

The Remuneration and Compensation Committee at its meeting held on 30th May, 2009 formed a sub committee named `Employee Stock Option Scheme Allotment Committee' comprising of Sri S Venkatakrishnan as the Chairman and Sri R Kannan as Member and empowered the Sub Committee to consider allotment of shares to those employees who are exercising the options .The Committee met twice on 6th January, 2010 and 30th March , 2010 during the financial year .

During the year ended 31.3.2010, 47,900 options were allotted to the employees in exercise of their Options .

As the term of office of the Managing Director will be expiring on 14th September, 2010, Remuneration and Compensation Committee as well as the Board of Directors have recommended his re-appointment for a further term of three years commencing from 15th September, 2010. The terms of his appointment are given in the notice dated 21st May,2010 convening the 24th Annual General Meeting. Approval of the shareholders for his appointment is being sought at the ensuing Annual General Meeting to be held on 30th July,2010.

Annexure to the Director's Report, 2009 - 10

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to attending to and redressal of the grievances of the shareholders and the investors of the Company.

The status of investor grievances is monitored by the Committee periodically and the reports of the Committee are made available to the Board. The complaints received from the shareholders, SEBI, Stock Exchanges, etc. are reviewed and they are replied to by the Company/ Share Transfer Agents regularly. The status of the pending complaints as well as the system of redressal mechanism is reviewed by the Committee periodically.

Terms of Reference :

- the listing of securities on stock exchanges
- the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividends and matters related thereto including complaints of Shareholders/Investors routed through SEBI/Stock Exchange/RBI/Any other forum,
- the matters that can facilitate better investor services and relations,
- amounts transferable to Investor Education and Protection Fund, (Unpaid Dividend),
- profile of investors ,
- global depository receipts,
- secretarial audits and
- Such other matters as may from time to time be required by any statute,contractual or other regulatory requirements

Composition & Attendance :

The Committee met 4 times during the financial year on 29th May, 2009, 29th July, 2009, 29th October, 2009 and 29th January, 2010

Name of the Director	Position	Category	No of Meetings held (2009-2010)	No. of Meetings Attended (2009-2010)
Sri S Venkatakrishnan	Chairman	Non Executive, Non Independent	4	4
Sri S Krishnamurthy	Member	Non Executive, Independent	4	4
Sri R Kannan	Member	Executive, Non Independent	4	4

Sri C R Dash, Company Secretary, is the Compliance Officer. The Company has not received any complaints during the year ended on March 31, 2010.

Annexure to the Director's Report, 2009 - 10

BANKING & FINANCE COMMITTEE:

The Committee is constituted broadly to exercise the power of borrowing and related activities and for management of relationship with Banks and Financial Institutions .

The Business Development Committee of Directors is renamed as Banking & Finance Committee with modification in terms of reference effective 1st April, 2010.

Terms of Reference :

- Banking Operations including Open, Close, Operation of all types of Bank Accounts with any Bank and authorize such person to do all or any of these activities.
- Authorize any person/s to accept and Confirm the Bank Balances
- Borrow Money from Bank or any other Institution within the limit specified by the Board from time to time either by short term loan or long term loan by whatever name called .i.e ,Working Capital Loan, Cash Credit, Working Capital Demand Loan ,Short Term Loan,Over draft,Term Loan, Commercial Papers, Debentures, Securitisation etc.
- Invest,keep deposited or otherwise the Funds of the Company in Short Term Deposits and Long Term Deposits with Banks or any Other Institutions ,in Mutual Funds or any other Funds within the limit sanctioned by the Board and authorize such person/s to do any or all such activities .
- Apply for listing or authoring for listing of any Instruments/securities as may be required with any of the Stock Exchanges.
- To authorize any person to sign the Documents required for Banking and Borrowing of any nature and such other activities.
- To do all such acts required for all types of Banking and Borrowing and authorize such other person/s to do any or all such activities.
- To sell down the assets of the Company.
- To appoint Issuing and Paying Agent ,Merchant Bankers ,Brokers and related Agents for Banking and Borrowings.
- Any other activity related to Banking and Borrowings or any activity of Business importance as may be ratified by the Board.

Composition and Attendance:

The Committee met 43 times during the financial year. The Composition of the Committee and their attendance are as under .

Name of the Director	Position	Category	No of Meetings held (2009-2010)	No. of Meetings Attended (2009-2010)
Sri S Venkatakrisnan	Chairman	Non Executive, Non Independent	43	43
Sri R Kannan	Member	Executive, Non Independent	43	43

Annexure to the Director's Report, 2009 - 10

FINANCIAL RESULTS REVIEW COMMITTEE :

This Committee was constituted by the Board of Directors of the Company on 17th August, 2007, under Clause 41 of the Listing Agreement. The Committee is responsible for approving the quarterly financial results when the Board of Directors does not meet. There were no meetings held for the Committee during the financial year.

ASSET LIABILITY MANAGEMENT COMMITTEE

The Committee assists the Board of Directors in Balance Sheet planning from risk-return perspective including the strategic management of interest and liquidity risk. Its function includes -

- Liquidity risk management
- Management of market risks
- Funding and capital planning
- Profit planning and growth projection
- Forecasting and analysing future business environment and preparation of contingency plans.

During the year under review, the Committee met 2 times on 28th April, 2009 and 28th October 2009 .

Composition & Attendance :

Name of the Director	Position	Category	No of Meetings held (2009-2010)	No. of Meetings Attended (2009-2010)
Sri R Kannan	Chairman	Executive, Non Independent	2	2
Smt Subhasri Sriram	Member	Executive Director	2	2
Sri K Ravisankar	Member	Senior Vice President	2	2

GENERAL BODY MEETINGS:

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

Year	AGM	Location	Date & Time
2006-2007	21 st AGM	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	17 th August 2007 at 3.00 P.M
2007-2008	22 nd AGM	Narada Gana Sabha (Mini Hall) No 314 (Old No 254) T T K Road, Alwarpet, Chennai - 600 018	1 st August, 2008 at 10.15 A M
2008-2009	23 rd AGM	Narada Gana Sabha (Mini Hall) No 314(Old No 254) T T K Road, Alwarpet, Chennai - 600 018	30 th July, 2009 at 11.00 A M

There were no special resolutions passed in previous three Annual General Meetings (AGM) held on date 17th August, 2007, 1st August, 2008 and 30th July, 2009

During the financial year 2009-10, no special resolution was passed through Postal Ballot . No special resolution is proposed to be conducted through Postal Ballot at the ensuing AGM.

Annexure to the Director's Report, 2009 - 10

EXTRAORDINARY GENERAL MEETINGS :

Financial Year	Date	Location	Time	Particulars
2009-2010	11 th May, 2009	Narada Gana Sabha (Mini Hall) No 314 (Old No 254) T T K Road, Alwarpet, Chennai - 600 018	11.00 A M	Special resolution was passed for Amendment in Terms of issue of warrants issued by the Company on preferential basis, Disposal of Wind Mill Assets of the Company, Disinvestment of shares of Shriram Non Conventional Energy Ltd ,Disinvestment of shares of Shriram Life Insurance Company Ltd and Alteration of Articles of Association

DISCLOSURES :

There are no materially significant related party transactions with the Company's promoters, directors, key managerial personnel or their relatives, which may have potential conflict with the interest of the Company at large.

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

There are no instances of non-compliance by the Company, penalties or strictures imposed by the Stock Exchanges, SEBI or any statutory authority on any matter related to capital markets during the last three years.

The Company has adopted the Whistle Blower Policy and has established the necessary mechanism in line with Clause 49 of the Listing Agreement with the Stock Exchanges, for employees to report concerns about unethical behaviour. No person has been denied access to the Audit Committee. The Company has set up a Remuneration Committee.

CERTIFICATION BY MANAGING DIRECTOR AND EXECUTIVE DIRECTOR

Certification by the Managing Director and the Executive Director as required under Clause 49 (V) of the Listing Agreement with stock exchanges is attached to this report.

MEANS OF COMMUNICATION :

The audited financial results, the quarterly results and half-yearly results of the Company were published in English ('Business Line') and Tamil newspaper ('Makkal Kural') within 48 hours of conclusion of the Board or Committee Meetings at which the financial results were approved. The results are also displayed at www.shriramcity.in.

From the quarter ended September 30, 2002, in compliance of Clause 51 of the Listing Agreement with stock exchanges all data relating to quarterly financial results, shareholding patterns, etc. were filed within the time stipulated there for on Electronic Data Information Filing and Retrieval (EDIFAR) website www.sebiedifar.nic.in maintained by National Informatics Centre (NIC), on line.

Consequent to the amendment in the Listing Agreement dated April 16,2010 the Company discontinued filing of Electronic Data Information Filing and Retrieval (EDIFAR) on the aforesaid site w.e.f. April 01,2010.

Pursuant to Clause 52 of the Listing Agreement with stock exchanges the Company is registered with Corporate Filing and Dissemination System (CFDS). Filing with CFDS has become mandatory w.e.f. April 01, 2010. The Shareholders/Investors can view the information by visiting the website of CFDS viz www.corpfiling.co.in.

Annexure to the Director's Report, 2009 - 10

GENERAL SHAREHOLDER INFORMATION :

1. Details of Twenty fourth Annual General Meeting (AGM) :

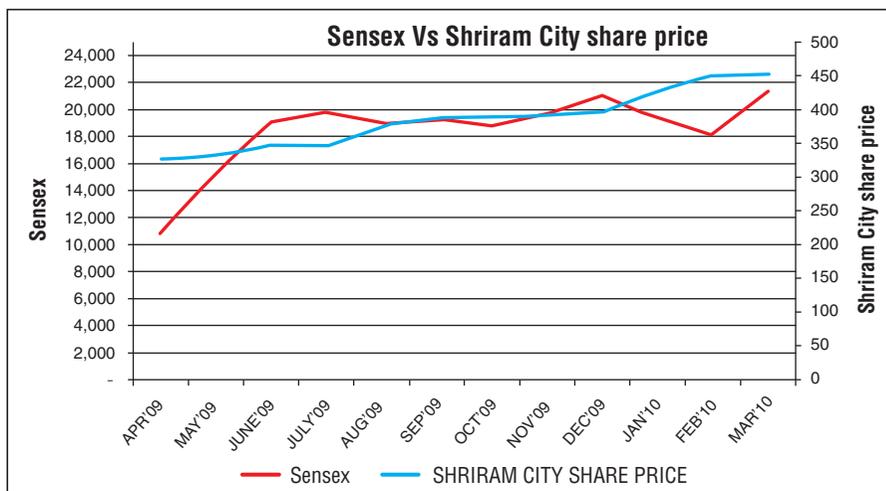
Date and Time	30 th July, 2010 at 11 AM
Venue	Narada Gana Sabha, Chennai
Book Closure Date	23.7.2010 – 30.7.2010
Dividend	An interim dividend of Rs. 2/- per equity share was declared by the Board of Directors at its meeting held on 29 th October, 2009 and the payments thereof were effected on 23 rd November, 2009. The payment of final dividend upon declaration by the shareholders at the Annual General Meeting, will be made on or after 3 rd August, 2010.
Financial Year	1 st April, 2009 to 31 st March, 2010

2. Details of Listing on Stock Exchanges :

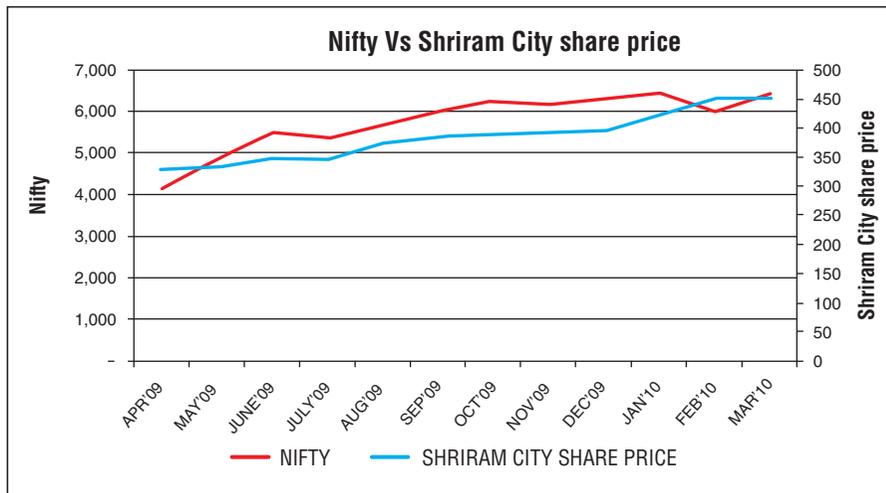
Name of the Stock Exchange	Stock Code
Madras Stock Exchange Limited	SRIRACITUN
Bombay Stock Exchange Limited	532498
National Stock Exchange of India Limited	SHRIRAMCIT
Demat ISIN Number in NSDL & CDSL	INE722A01011

The Company paid Listing Fees for the year 2010-11 to Madras Stock Exchange Ltd, Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd on time, where the shares of the company are listed.

3. The share price performance of the Company in comparison to broad based indices (BSE Sensex , NSE Nifty)



Annexure to the Director's Report, 2009 - 10



4. The high and low market price and volume of shares traded during each month of the financial year ended March 31, 2010:

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 09	358.00	300.00	1552	339.00	278.55	15529
May 09	355.00	310.00	11420	359.80	301.70	21134
June 09	419.55	335.00	11706	361.50	333.25	37178
July 09	368.80	322.25	19399	369.80	315.00	4038619
August 09	392.45	348.25	100502	400.00	320.00	609543
Sep 09	400.00	370.20	21177	438.00	368.00	24327
Oct 09	410.00	365.50	8822	457.95	342.55	19906
Nov 09	416.85	373.35	3914	450.00	382.00	16791
Dec 09	410.00	360.05	1843	460.00	355.00	12967
Jan 10	520.00	385.00	15123	490.00	430.40	35796
Feb 10	556.90	422.25	4457	550.00	430.40	12915
Mar 10	480.00	417.00	14042	524.70	430.30	36023

Annexure to the Director's Report, 2009 - 10

5. Registrar and Transfer Agents :

Integrated Enterprises (India) Limited

II Floor, Kences Towers, No 1, Ramakrishna Street
North Usman Road, T Nagar, Chennai - 600 017
Ph : 044 - 2814 0801 03 , Fax no: 044 - 28142479

6. Share Transfer System:

The authority to approve share transfers has been delegated by the Board of Directors to the Share Transfer Committee. Requests received for transfer of shares are attended to once in a fortnight

7. Distribution of shareholding as on March 31, 2010 :

No. of equity shares held	Shareholders		Shares	
	Number	%	Number	%
Upto 500	4327	89.98	513165	1.04
501 – 1000	296	6.16	210311	0.43
1001 – 2000	90	1.87	133761	0.27
2001 – 3000	29	0.60	74080	0.15
3001 – 4000	10	0.21	35743	0.07
4001 – 5000	11	0.23	50380	0.10
5001 – 10000	16	0.33	114001	0.23
10001 and above	30	0.62	48023259	97.71
Total	4809	100.00	49154700	100.00

Shareholding pattern (in %) as on March 31, 2010

Promoters	Banks	NRIS	Foreign Companies	FII	Trusts	Public	Total
53.87	0.20	0.02	20.95	14.49	7.53	2.94	100

8. Dematerialisation of Shares :

The Company's scrip forms part of the compulsory Demat segment for all investors effective July 24, 2000. To facilitate the investors in having an easy access to the demat system, the Company has signed up with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of Shares. The connectivity is established through Integrated Enterprises (India) Limited. As on March 31, 2010, 45469115 No.of equity shares (92.50% of the shares), exist in dematerialised form.

9. The Company has not issued any GDRs / ADRs/Warrants or other instruments which are pending for conversion. During the financial year, the following warrants issued during the financial year 2008-09 on preferential basis were converted into equity shares by the warrant holders .

587500 Nos. warrants issued to Asiabridge Fund I LLC

1250000 Nos. warrants issued to Bessemer Venture Partners Trust

662500 Nos. warrants issued to Van Gogh Ltd

750000 Nos. warrants issued to IDBI Trusteeship Services Ltd (India Advantage Fund VI)

Annexure to the Director's Report, 2009 - 10

10. Registered Office : 123, Angappa Naicken Street, Chennai 600 001, Phone (044) 25341431

11. Secretarial Office : 221, Royapettah High Road, Near Luz Corner, Mylapore, Chennai 600 004.
Phone : (044) 43915300 Email : sect@shriramcity.in

12. Calendar for the Financial Year 2010 - 2011 (tentative) :

Annual General Meeting	September 2011
Unaudited results for the quarter ending 30 th June, 2010	Last week of July, 2010
Unaudited results for the quarter/ half - year ending September 30 th , 2010	Last week of October, 2010
Unaudited results for the quarter ending December 31 st , 2010	Last week of January, 2011
Audited results for the year ending 31 st March 2011	June 2011

List of Branches : Mentioned elsewhere in the Annual Report

PROFILE OF DIRECTORS RETIRING BY ROTATION OPTING TO BE REAPPOINTED AT THE ENSUING ANNUAL GENERAL MEETING :

I. Sri S Krishnamurthy , Director

Name of the Director	Sri S Krishnamurthy
Date of Birth	22-03-1939
Qualifications	First class Graduate of the Madras University, Master's Degree in Labour Management, PG Diploma in Industrial Relations & Personnel Management and HRM, Certified Associate of the Indian Institute of Bankers and Bachelor of General Laws
Experience in specific functional areas	Sri S 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 .He had served as (i) Secretary Banking Service Recruitment Board for Public Sector Banks for about 5 years. (ii) General manager (Vigilance and Inspection/Audit) in the Indian Overseas Bank, Chennai for 5 years and (iii) Tamilnad Mercantile Bank, Tuticorin as Chairman and Chief Executive Officer, for more than 5 years. He also served as Banking Ombudsman, Chennai for about two years.
List of other Companies in which Directorship held	i) Kerala Ayurveda Ltd ii) Take Solutions Ltd iii) Shriram EPC Ltd
Chairman / Member of the Committees of the Board of other Companies in which he is a Director	Chairman of Audit Committee of Kerala Ayurveda Ltd and Member of Audit Committee of Take Solutions Ltd
Shareholding	NIL

Annexure to the Director's Report, 2009 - 10

II. Sri Sunil Varma, Director

Name of the Director	Sri Sunil Varma
Date of Birth	29-11-1943
Qualifications	B A, F C A, ACWA
Experience in specific functional areas	30 yrs experience with Price Waterhouse Management Consultants and IBM consulting group, specializing in management and business consulting
List of other Companies in which Directorship held	i) Shriram EPC Ltd ii) International Asset Reconstruction Company Pvt Ltd
Chairman/ Member of the Committees of the Board of other Companies in which he is a Director	Member of Audit Committee of Shriram EPC Ltd & Member of Audit Committee of International Asset Reconstruction Company Pvt Ltd
Shareholding	NIL

PROFILE OF DIRECTOR PROPOSED FOR APPOINTMENT AS A DIRECTOR AT THE ENSUING ANNUAL GENERAL MEETING :

Sri G S Sundararajan Additional Director

Name of the Director	Sri G S Sundararajan
Date of Birth	29-05-1960
Qualifications	B E, M B A
Experience in specific functional areas	With over 15 years of work experience and financial services, Sri G S Sundararajan, has an impeccable track record of successful design and execution of appropriate Business Models in SME and the underserved sectors of the large Indian economy. He has also served as the Managing Director and Head of Citibank's SME and Asset based finance business in India. He has also served as the CEO and Managing Director of Fullerton India Credit Company Ltd.
List of other Companies in which Directorship held	i) Shriram Capital Ltd ii) Shriram Credit Company Ltd iii) Shriram General Insurance Company Ltd iv) Shriram Life Insurance Company Ltd v) Vistaar Livelihoods Finance Company Ltd
Chairman/ Member of the Committees of the Board of other Companies in which he is a Director	NIL
Shareholding	NIL

Annexure to the Director's Report, 2009 - 10

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

The Board of Directors of Shriram City Union Finance Ltd at its meeting held on 28.01.05 has adopted the Code of Conduct for Directors and Senior Management ("the Code) to be followed by all Members of the Board and Senior Management personnel of the Company respectively in compliance with the revised Clause 49 of the Listing Agreement with the Stock Exchanges where the shares of the Company are listed.

As provided under Clause 49 of the Listing Agreement executed with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2010.

Place: Chennai
Date: 21.05.2010

R KANNAN
Managing Director

CEO / CFO CERTIFICATION

We , to the best of our knowledge and belief, certify that -

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 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.

For **SHRIRAM CITY UNION FINANCE LIMITED**

Place: Chennai
Date: 21.05.2010

R KANNAN
Managing Director

SUBHASRI SRIRAM
Executive Director

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS

P-199, C.I.T.ROAD ,SCHEME IV-M, KOLKATA 700 010 TEL (033) 2353-6859
Cell (0) 98311 91779
E-MAIL :pijushgupta.ca@gmail.com

**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 2010, 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.

Pijush Kumar Gupta

Partner

Membership No: 015139

For & on behalf of **Pijush Gupta & Co.**

Chartered Accountants

Firm registration Number: 309015E

Place: Chennai

Date: 21.05.2010

MANAGEMENT DISCUSSION AND ANALYSIS

Macro Economic Environment:

The Indian economy exhibited clear momentum in recovery, and despite the impact of a deficient monsoon on agricultural production, GDP growth for 2009-10 has been estimated at 7.2 per cent, up from 6.7 per cent recorded in 2008-09. Concerns about domestic output growth are now subdued as the recovery is getting more broad-based. Various survey data suggest pick up in capacity utilization levels in recent months, which still remain below the previous peaks

Output growth in 2010-11 is expected to be higher than in 2009-10, assuming a normal monsoon. Support for sustained momentum in growth can be expected from all three major components, viz., agriculture, industry and services. While the momentum in investment demand is expected to continue, pick-up in private consumption demand could drive the recovery in growth. Growth in corporate sales, after remaining significantly depressed over four consecutive quarters, staged a strong recovery in Q3 of 2009-10, indicating improving private demand conditions

Year 2009 – 10 at Shriram City:

The year 2009 – 10 signifies the robust growth of Shriram City with its Net worth touching Rs. 1000 Crores. The Company continued its growth trend through leveraging its branch network and successfully offering the best of the services to the huge customer base.

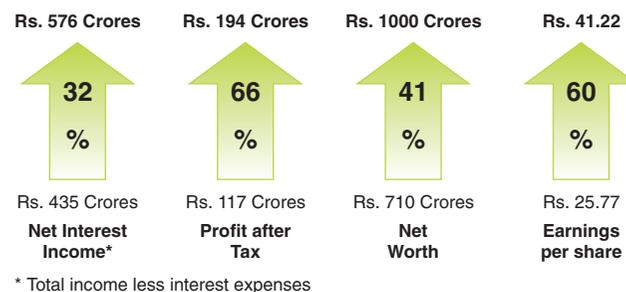
The Company continues to have its presence in the semi – urban and the rural areas – with over 80% of the business outlets in these locations.

Shriram City has its presence in those locations which the Government of India and the Reserve Bank of India are classifying as the “under banked districts”. Shriram City over the years of its operation has been concentrating on extending finance to the “credit starved” section of the society, ie. comprising those customers who are eligible for Credit but unable to avail the same due to quantum of paper work involved and the time taken in processing loans by banks /financial institutions

Financial Performance:

During the year the Company posted a strong growth in both business volumes as well as profits. The year ended 31st March 2010 witnessed a growth in the Net Interest Income by 32% to Rs. 576 crores as against Rs. 435 crores recorded in the same period in the previous year. The Profit after tax rose by 66% to Rs. 194 crores as against Rs. 117 crores.

The Company continued to enhance shareholder value with the EPS at Rs. 41.22/- per share from Rs. 25.77/- per share last year thereby posting a 60% growth.



Creation of Product Verticals:

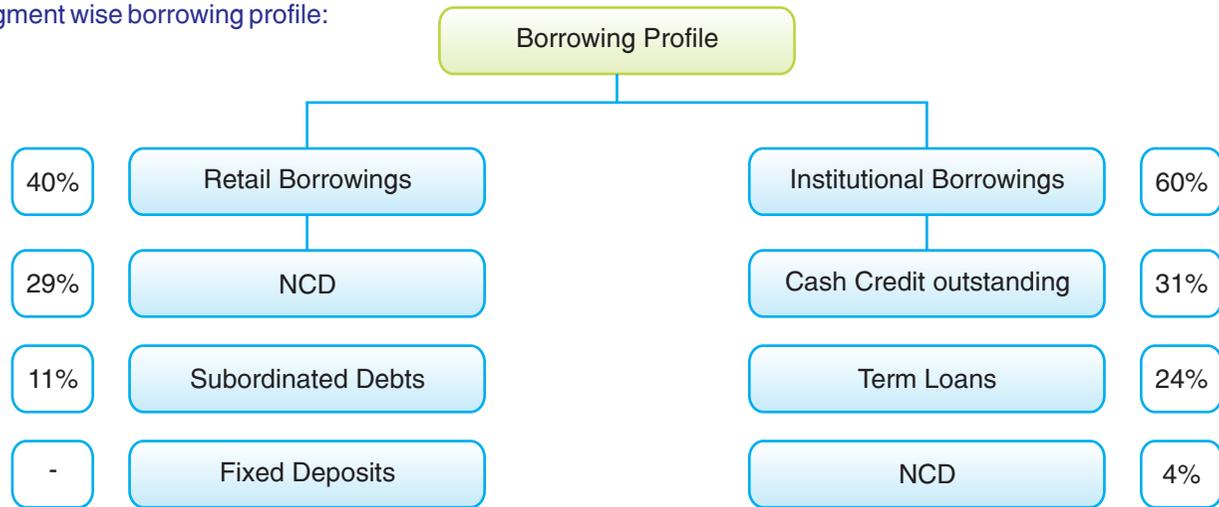
The company during the year had created dedicated product verticals in its organization structure. The need for these has been necessitated by the fact that the Company has multi-product offerings and an in-depth product knowledge and dedicated product teams are therefore required in order to achieve the targeted scalability in each product. Each of the product vertical heads is an industry expert and has been involved in operations for over a decade.

Borrowing Profile:

The Company has access to both retail and institutional borrowings. The ratio of the Institutional and Retail borrowings as at 31st March 2010 was 60: 40. The Company has relationship with over 40 banks and financial institutions and the institutional borrowings are in the form of working capital loans, term loans and Secured Non-Convertible Debentures (rated and listed)

The retail borrowings include Secured Non-Convertible Debentures and unsecured Subordinated Debt and Deposits. These are subscribed to by the retail public.

Segment wise borrowing profile:



The Company has been taking constant and conscious efforts to mitigate its interest rate risk and thereby has a balanced mix of fixed and floating rate loans.

The in-house Asset Liability Management (ALM) Matrix helps in ascertaining the acceptable levels of future borrowings.

Warrant Conversion:

During the year, 32.5 lac optionally convertible warrants issued through preferential allotment to Private Equity Investors in May 2008 were converted into equity shares, at Rs. 400/- per share. This resulted in net inflow of Rs. 11700 lacs.

Capital Adequacy Ratio:

The Company as at 31st March 2010 had capital adequacy ratio of 26.28%

Asset Quality:

As an NBFC operating with “Retail focus”, the success is directly linked to the asset quality. The Company has been able to maintain relatively low Non - performing assets (NPA) levels and these levels have been under control despite the increasing Assets under management (AUM).

In addition to the credit evaluation and the recovery mechanism, our localized presence and the domain knowledge and the individual knowledge of the customers are the attributing factors to the maintenance of the low NPA levels.

Gross NPA levels as at 31st March 2010 were at 2.27%

and net NPAs were at 0.71%, (down from 0.96% as at 31st March 2009).

Credit Ratings:

During the year the Company received an upgrade in its ratings by Fitch Ratings (“FITCH”) and fresh ratings from Credit Analysis and Research Ltd., (“CARE”)

The Company presently has an “AA-” from CARE and an “A+” from FITCH for its long term debt instruments. The short -term debt instruments, we have received ratings of “F1” from FITCH and “PR1+” from CARE.

SWOT Analysis:

◆ **Strengths:**

- wide product range
- Pan India presence
- Well defined organization structure – with product verticals
- Well equipped collection and recovery team
- Entire process “in – house”
- Localized presence
- Domain knowledge and individual knowledge of customers
- Strong management team – experienced, stable and scalable
- Well diversified borrowing profile
- Financial track record
- Growing Assets under management with declining NPA resulting in increasing profitability

- ◆ **Weakness:**
 - Economic downturn would have an immediate business impact
- ◆ **Opportunities:**
 - Huge market potential across all the segments of operations
 - Product expansion across branches
 - Untapped own database
- ◆ **Threats:**
 - Competition from unorganized sector – local private financiers
 - Regulatory changes
 - Maintenance of asset quality

Internal Audit & Controls:

The internal audit function is a major source of information and assurance to the audit committee on internal controls and other risk management activities.

The new business methods and technology dependency, which are making business dynamic, are also making them vulnerable to financial fraud. To cope with the complications and to understand the implications of new business methods and technology, internal audit and controls are vital and critical for any organization.

In the Company Internal audit is an independent, appraisal activity for the review of accounting, financial and other operations. It is a managerial control which functions by measuring and evaluating the effectiveness of other controls. The Company also continuously upgrades these systems in line with the best available practices.

The internal audit and control operates in three layers in the Company, the "Internal Audit" team being responsible for conducting audits on the various departments of the Company. The "Management Audit" team reviews the adequacy of the internal controls and findings thereof, also deficiencies if any are pointed out. The "Audit Committee" reviews the internal audit report and also monitors the implementation of the suggestions if any along with the Management Audit team.

Technology:

Adequate technology and support is required for any organization and this becomes critical when the Company operates in multi product. The uniqueness in

the operation of the Company has resulted technology up gradation through it's "in – house team"

The technology currently being used is a Centralized Server Application- controlled & hosted centrally, the previous platform was a decentralized set up. The current application is based on a transaction level maker and checker concept

All the Company's branches are connected through this technology platform – This has enabled real time information access.

Human Resources Management:

The Human Resources initiatives of the Company aims at creating team of empowered employees striving for realization of the Company's vision. The importance of HR management is integral part of the Company as the business model is relationship-based.

The focus has been on providing opportunities to seek aspirational roles. Also the compensation packages are so designed that 50% are in form of performance-based incentives. Retaining of talent has also remained crucial for the Company and the Employees Stock Option Plan (ESOP) for eligible employees takes care of the same.

Training and development are a continuous process in the Company and during the year various programmes towards this were undertaken aimed at development and empowerment of personnel..

Risk management:

Risk is inherent part of any business and effective risk management is critical for any organization. The risk management function attempts to anticipate vulnerabilities through quantitative and qualitative examinations. Over the period of years, the Company has taken various steps for strengthening risk management practices. The Company has an integrated approach for the management of the risk and in tune with this, formulated policy documents taking into account the business requirements / best international practices.

Credit Risk:

1. Credit Risk Management Policy dictates the credit risk strategy.
2. These policies spell out the target markets, risk acceptance/ avoidance levels, risk tolerance limits, preferred levels of diversification and concentration, credit risk measurement, monitoring and controlling mechanisms.
3. Standardized credit approval process with well established methods of appraisal is the pivot of credit management of the Company.
4. The current focus is on augmenting to qualify risk in a consistent, reliable and valid fashion, which will ensure advanced level of sophistication in the credit risk measurement and management in the years ahead.

Market Risk:

1. The Company has well- established framework for market risk management with the Asset Liability management policy and the treasury policy forming the fulcrum for procedures, processes and structure. The important aspect of Market risk includes liquidity management and interest rate risk management.
2. The objective of liquidity management is to ensure adequate liquidity without affecting the profitability. In tune with this, the Company ensures adequate liquidity at all times through systematic funds planning and focusing on more stable funding sources.

Operational Risk:

1. The Company is exposed to many types of Operational risks, including the risk of fraud or misconduct by employees or outsiders, unauthorized / improper transaction by employees or operational errors.
2. The Company has a comprehensive system of internal controls, systems and procedures to monitor and mitigate risk. The Company has also institutionalized product approval process to identify the risk inherent in the approval process & other related activities.
3. The internal audit plays a vital role in mitigation of these Operational risks.

Process of Risk Management:

- **Risk Identification:** The identification of various risks is a continuous exercise. The top management identifies the strategic risks and upon interaction with the various identified levels, the policies of risk management are formulated.
- **Measurement of Risk:** The levels of the risks are measured based on the probability and the significance of their potential impact. The risks are classified as “negligible”, “minor”, “moderate”, “significant” and “disastrous”.
- **Limit Setting:** The tolerance level for each identified risk are spelt out and the risk response setting is made by classification of the risks as “Terminate/avoid”, “reduce”, “transfer”, “take/accept/insignificant”
- **Risk Monitoring:** The control mechanism is in form of regular Internal Audits. Internal Audits are continuous activity, this helps the management to monitor the risks and take control action and identify any new risks and take necessary measure to mitigate the same.
- **Issue Escalation:** The risks assessed are escalated wherever necessary depending upon the impact of such risk.

PIJUSH GUPTA & CO.
CHARTERED ACCOUNTANTS

P-199,C.I.T.ROAD, SCHEME IV-M, KOLKATA –700 010
TEL (033) 2353-6859 Cell (0) 98311 91779

AUDITORS' REPORT

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, 2010 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 Corporate Region have been audited by us and Other 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 2010 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 2010;

(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.

Pijush Kumar Gupta

Partner

Membership No: 015139

For & on behalf of **Pijush Gupta & Co.**

Chartered Accountants

Firm registration number: 309015E

Place: Chennai

Date: 21.05.2010

Annexure to Auditors' Report

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

Re: Shriram City Union Finance Limited ('the Company')

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

(b) 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.

(c) During the year, the Company has disposed off a substantial part of the plant and machinery. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of the said part of plant and machinery has not affected the going concern status of the Company.

(ii) The Company is a Non-Banking Financial Company ('NBFC') engaged in the business of giving loans and does not maintain any inventory. Therefore Clause 4(ii) of the Order is not applicable to the Company.

(iii) As informed, the Company has not granted or taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore Clause 4 (iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation 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 rendering of services. As informed, the Company has not made any purchase of Inventories and / or sold goods during the year. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these

areas and accordingly the question of commenting on whether there is continuous failure to correct major weakness in the Internal Control System of the Company does not arise.

(v) According to the information and explanation provided by the management, we are of the opinion that there are no transactions with reference to contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301. Therefore Clause (v) of the Order is not applicable to the Company.

(vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company 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. Therefore Clause (viii) of the Order is not applicable to the Company.

(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, we are of the opinion that the Company is 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)	Years to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	Service tax on hire purchase and lease transactions	1553.08	2001-02 to 2007-08	Before Supreme Court of India

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

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

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

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

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

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

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company and considering the nature of the business and activity being carried on, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.

(xix) 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) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, no fraud on or by the Company has been noticed or reported during the course of our audit except for one instance of cash embezzlement aggregating Rs. 11.47 lakhs reported during the year. The Company has initiated legal action and the amount involved as aforesaid has been fully written off.

Pijush Kumar Gupta

Partner

Membership No: 015139

For & on behalf of **Pijush Gupta & Co.**

Chartered Accountants

Firm registration number: 309015E

Place: Chennai

Date: 21.05.2010

Balance Sheet as at March 31, 2010

(Rs. in lacs)

	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	4915.47	4585.68
Share application money pending allotment		0.71	-
Stock option outstanding	2	2281.04	1637.97
Optionally convertible warrants		-	2700.00
Reserves and surplus	3	92803.11	62050.59
Loan Funds			
Secured loans	4	413610.55	390445.43
Unsecured loans	5	53103.69	41831.33
Total		566714.57	503251.00
APPLICATION OF FUNDS			
Fixed and intangible assets			
Gross block	6	3029.89	7918.90
Less : Accumulated depreciation and amortisation		985.37	3010.11
Less : Impairment provision		-	1186.81
Net block		2044.52	3721.98
Investments	7	101.45	606.45
Deferred tax asset (net) (Refer note 2(5) of Schedule 17)		1122.70	313.05
Current Assets, Loans and Advances			
- Assets under financing activities		473139.63	371010.64
- Sundry debtors		-	89.03
- Cash and bank balances		140208.46	160803.74
- Other current assets		1424.44	413.71
- Other Loans and advances		6773.00	7201.50
Less : Current Liabilities & Provisions		621545.53	539518.62
Current liabilities	9	46393.55	33125.35
Provisions	10	11706.08	7783.75
Net Current Assets		58099.63	40909.10
Total		566714.57	503251.00
Significant Accounting Policies and Notes to Accounts	17		

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

As per our report of even date

For and on behalf of the Board of Directors of
Shriram City Union Finance Limited

Pijush Kumar Gupta

Partner

Membership No : 015139

For & on behalf of **Pijush Gupta & Co.**

Chartered Accountants

Firm Registration No : 309015E

Place: Chennai

Date: 21.05.2010

R. Kannan

Managing Director

S.Venkatakrishnan

Director

C R Dash

Company Secretary

Profit and Loss account for the year ended March 31, 2010

(Rs. in lacs)

	Schedule	Year Ended March 31, 2010	Year Ended March 31, 2009
Income			
Income from operations	11	107205.35	92357.73
Other income	12	3079.36	1036.02
Total		110284.71	93393.75
Expenditure			
Financial expenses	13	52722.16	49862.83
Personnel expenses	14	3611.63	3582.75
Operating & other expenses	15	13200.45	12068.55
Depreciation and amortisation		464.77	1018.23
Impairment loss / (reversals) on fixed assets and stock		-	1186.81
Provisions & write offs (net)	16	11659.84	7701.05
Total		81658.85	75420.22
Profit before taxation		28625.86	17973.53
Provision for taxation			
Current tax		9972.11	7055.25
Deferred tax (Refer note 2(5) of Schedule 17)		(809.65)	(946.04)
Wealth Tax		-	1.76
Fringe benefit tax		-	161.79
Fringe benefit tax of earlier year		37.54	-
Total tax expense / (income)		9200.00	6272.76
Net profit		19425.86	11700.77
Balance brought forward from previous year		12003.01	8412.03
Profit available for appropriation		31428.87	20112.80
Appropriations:			
Interim dividend - Equity		982.28	501.85
Cumulative Redeemable Preference Shares		-	63.17
Proposed Final Equity dividend		1474.64	1375.92
Tax on dividend		166.94	96.02
Tax on proposed dividend		244.92	233.84
Transfer to Statutory Reserve		3890.00	2340.00
Transfer to General Reserve		1940.00	1170.00
Transfer to Capital redemption Reserve		-	2328.98
Surplus carried to Balance Sheet		22730.09	12003.01
Earnings per share (Refer note 2(4) of Schedule 17)			
Basic (Rs.)		41.22	25.77
Diluted (Rs.)		40.32	22.44
Nominal Value of Share (Rs.)		10.00	10.00
Significant Accounting Policies and Notes to Accounts	17		

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

As per our report of even date

Pijush Kumar Gupta

Partner

Membership No : 015139

For & on behalf of **Pijush Gupta & Co.**

Chartered Accountants

Firm Registration No : 309015E

Place: Chennai

Date: 21.05.2010

For and on behalf of the Board of Directors of
Shriram City Union Finance Limited

R. Kannan
Managing Director

S.Venkatakrishnan
Director

C R Dash
Company Secretary

Schedules forming part of the Balance Sheet

(Rs. in lacs)

Schedule 1 - Share Capital	As at March 31, 2010	As at March 31, 2009
Authorised		
6,00,00,000 (Previous Year : 6,00,00,000) Equity Shares of Rs.10/- each	6000.00	6000.00
40,00,000 (Previous Year : 40,00,000) Cumulative Redeemable Preference Shares of Rs.100/- each	4000.00	4000.00
	10000.00	10000.00
Issued, Subscribed & Fully Paid up Equity Shares		
4,91,54,700 (Previous Year : 4,58,56,800) equity Shares of Rs.10/- each #	4915.47	4585.68
Of the above:		
i) 15,00,000 Equity shares of Rs.10/- each issued as Bonus shares by capitalising of Securities Premium Account		
ii) 54,700 (Previous Year : 6800) equity shares of Rs.10/- each have been issued under employee stock option scheme . [Refer note 2 (12) of schedule 17]		
	4915.47	4585.68

(Rs. in lacs)

Schedule 2 - Stock Option Outstanding	As at March 31, 2010	As at March 31, 2009
Employee Stock option outstanding	2882.26	2990.73
Less : Deferred Employee compensation outstanding	601.22	1352.76
	2281.04	1637.97

(Rs. in lacs)

Schedule 3 - Reserves and Surplus	As at March 31, 2010	As at March 31, 2009
Capital Reserve		
Balance as per Last account	-	-
Add: Forfeiture of optionally convertible warrants	1400.00	-
	1400.00	-
Capital Redemption Reserve		
Balance as per Last account	2328.98	-
Add: Transfer from Profit & Loss account	-	2328.98
	2328.98	2328.98
Securities Premium Account		
Balance as per last account	37040.70	22181.10
Add: Amount received during the year#	12795.44	14859.60
	49836.14	37040.70
Statutory Reserve		
Balance as per last account	7260.00	4920.00
Add: Transfer from Profit & Loss Account	3890.00	2340.00
	11150.00	7260.00
General Reserve		
Balance as per last account	3417.90	2247.90
Add: Transfer from Profit & Loss Account	1940.00	1170.00
	5357.90	3417.90
Balance in Profit & Loss Account	22730.09	12003.01
	22730.09	12003.01
	92803.11	62050.59

* Reserve created under section 45 IC of Reserve Bank of India Act, 1934.

Includes Rs.13000 lacs (including share premium of Rs.12675 lacs) raised by the Company by way of Preferential issue was utilised for the purpose for increasing own funds to augment its working capital for growth, capital expenditure and for other corporate purpose.

(Rs. in lacs)

Schedule 4 - Secured Loans	As at March 31, 2010	As at March 31, 2009
Redeemable non convertible debentures [Refer note 2(1)(a) of Schedule 17]	154073.77	127741.10
Term loans		
i) From Banks [Refer note 2(1)(b)(ii) of Schedule 17]	104634.17	143562.74
ii) From Financial institutions / Corporate [Refer note 2(1)(b)(i) of Schedule 17]	9530.00	9426.40
Cash credit from banks including working Capital demand loan [Refer note 2(1)(c) of Schedule 17]	145372.61	109715.19
	413610.55	390445.43

(Rs. in lacs)

Schedule 5 - Unsecured Loans	As at March 31, 2010	As at March 31, 2009
Fixed deposits [Due within one year Rs.59.43 lacs (Previous Year : Rs.73.59 lacs)]	100.74	112.80
Subordinated debts [Due within one year Rs.4357.93 lacs (Previous Year : 40.88 lacs)]	53002.95	41718.53
	53103.69	41831.33

(Rs in lacs)

Schedule 6 - Fixed and intangible assets	Gross Block			Depreciation / Amortisation			Impairment Loss			Net Block		
	As at April 1, 2009	Additions during the year	Deletions during the year	As at March 31, 2010	As at April 1, 2009	For the year	Deletions	As at April 1, 2009	For the year	Deletions	As at March 31, 2010	As at March 31, 2009
ASSETS FOR OWN USE												
Land - Freehold	72.89	-	71.13	1.76	-	-	-	-	-	-	1.76	72.89
Buildings	12.94	-	-	12.94	1.93	0.21	-	2.14	-	-	10.80	11.01
Plant and Machinery	6925.81	294.66	5872.52	1347.95	2729.62	179.04	2488.32	420.34	1186.81	1186.81	927.61	3009.38
Furniture and Fixtures	391.64	158.25	1.88	548.01	73.67	56.66	0.26	130.07	-	-	417.94	317.97
Vehicles	20.84	2.69	-	23.53	2.30	2.09	-	4.39	-	-	19.14	18.54
Leasehold Improvement	489.50	256.94	1.59	744.85	201.96	168.93	0.93	369.96	-	-	374.89	287.54
INTANGIBLE ASSETS												
Computer Software	5.28	345.57	-	350.85	0.63	57.84	-	58.47	-	-	292.38	4.65
TOTAL	7918.90	1058.11	5947.12	3029.89	3010.11	464.77	2489.51	985.37	1186.81	1186.81	2044.52	3721.98
Year ended March 31, 2009	7100.42	879.02	60.54	7918.90	1992.36	1018.23	0.49	3010.11	-	1186.81	3721.98	

(Rs. in lacs)

Schedule 7 - Investments	As at March 31, 2010	As at March 31, 2009	As at March 31, 2010	As at March 31, 2009
	Quantity	Quantity	Amount	Amount
Long Term Investments (At cost)				
Other than trade				
A. Government Securities *				
Quoted				
6.13% G.I. Loan 2028 (Face Value-Rs.100 lacs)			101.45	101.45
B. Shares : Fully paid up				
Unquoted - Equity shares				
Shriram Life Insurance Company Limited (Face value of Rs 10/- each) (Sold during the year)	-	5000000	-	500.00
Current Investments				
(At lower of cost and fair value)				
Other than trade				
A. Shares : Fully paid up				
Unquoted - Equity shares				
Shriram Non Conventional Energy Limited (Face value of Rs 10/- each) (Sold during the year)	-	50000	-	5.00
			101.45	606.45
Aggregate Value of Quoted Investments				
Cost			101.45	101.45
Market Value			83.52	83.52
Aggregate Value of Unquoted Investments				
Cost			-	505.00

* In accordance with the Reserve Bank of India circular no. RBI/2006-07/225 DNBS (PD) C.C No. 87/03.02.004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in Government Securities to the extent of Rs 101.45 lacs in favour of trustees representing the public deposit holders of the Company.

Units of Mutual Funds Purchased and Redeemed during the year ended March 31, 2010

(Rs. in lacs)

Name of Funds	Units	Amount
Birla Sun Life Cash Plus - Instl. Prem. -Daily Dividend-Reinvestment	27,945,506	2800.00
Hdfc Liquid Fund Premium Plan - Dividend - Daily Reinvest*	24,470,220	3000.00
Hdfc Liquid Fund Premium Plan - Dividend - Daily Reinvest*	8,156,740	1000.00
Icici Prudential Institutional Liquid Plan - Super Institutional Daily Div	29,998,500	3000.00
Tlso1 Tata Liquid Super High Investment Fund - Daily Dividend	287,119	3200.00
Uti Liquid Cash Plan Institutional - Daily Income Option - Re-Investment	294,278	3000.00
Birla Sun Life Cash Plus - Instl.Prem. -Daily Dividend-Reinvestment	4,990,269	500.00
Birla Sun Life Cash Plus - Instl.Prem. -Daily Dividend-Reinvestment	16,966,915	1700.00
Hdfc Liquid Fund Premium Plan - Dividend - Daily Reinvest*	8,156,740	1000.00
Icici Prudential Institutional Liquid Plan - Super Institutional Daily Div	19,999,000	2000.00
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	19,624,261	3000.00
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	6,541,420	1000.00
Tlso1 Tata Liquid Super High Investment Fund - Daily Dividend	161,505	1800.00
Uti Liquid Cash Plan Institutional - Daily Income Option - Re-Investment	196,185	2000.00
Birla Sun Life Short Term Fund - Institutional Daily Dividend	49,982,566	5001.01
Hdfc Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend*	49,853,972	5001.10
Icici Prudential Floating Rate Plan D-Daily Dividend	49,999,255	5000.98
Kotak Liquid (Institutional Premium) - Daily Dividend	16,355,771	2000.00
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	6,541,420	1000.00
Reliance Medium Term Fund - Daily Dividend Plan	29,253,635	5001.06
Sbi - Magnum Insta Cash Fund- Daily Dividend Option	17,910,127	3000.00
Tfld Tata Floater Fund - Daily Dividend	49,832,224	5000.96
Uti Treasury Advantage Fund - Institutional Plan Daily Dividend	499,985	5000.92
Kotak Floater Long Term - Daily Dividend	19,844,062	2000.24
Lic Mf Liquid Fund - Dividend Plan	45,536,926	5000.00
Lic Mf Income Plus Fund Daily Dividend Plan	45,541,774	5000.53
Canara Robeco Liquid Super Instt Daily Div Reinvest Fund	24,897,919	2500.00

(Rs. in lacs)

Name of Funds	Units	Amount
Kotak Liquid (Institutional Premium) - Daily Dividend	4,088,943	500.00
Sbi Premier Liquid Fund - Institutional - Daily Dividend	19,935,211	2000.00
Gfcd Idfc Money Manager Fund - Tp - Super Inst Plan C - Daily Div	49,992,501	5000.00
Religare Liquid Fund - Super Institutional Daily Dividend	9,993,604	1000.00
Gccd Idfc Cash Fund - Super Inst Plan C - Daily Dividend	3,999,000	400.00
Gccd Idfc Cash Fund - Super Inst Plan C - Daily Dividend	5,998,500	600.00
Gfcd Idfc Money Manager Fund - Tp - Super Inst Plan C - Daily Div	9,999,557	1000.11
Gccd Idfc Cash Fund - Super Inst Plan C - Daily Dividend	9,997,501	1000.00
Religare Liquid Fund - Super Institutional Daily Dividend	9,993,604	1000.00
Gfcd Idfc Money Manager Fund - Tp - Super Inst Plan C - Daily Div	9,999,505	1000.10
Canara Robeco Liquid Super Instt Daily Div Reinvest Fund	4,979,584	500.00
Canara Robeco Liquid Super Instt Daily Div Reinvest Fund	4,030,420	500.06
Principal Cash Management Fund - Liquid Option Instl.Prem.Plan - Dividend Reinvestment Daily	4,999,650	500.00
Religare Liquid Fund - Super Institutional Daily Dividend	4,996,802	500.00
Principal Floating Rate Fund Fmp - Instl.Option - Dividend Reinvestment Daily	4,994,419	500.06
Kotak Liquid (Institutional Premium) - Daily Dividend	4,088,943	500.00
Sbi - Magnum Insta Cash Fund- Daily Dividend Option	2,985,021	500.00
Kotak Floater Long Term - Daily Dividend	4,960,921	500.05
Sbi-Shf- Ultra Short Term Fund - Institutional Plan - Daily Dividend	4,997,501	500.00
Tlsdo1 Tata Liquid Super High Investment Fund - Daily Dividend	44,862	500.00
Tfld Tata Floater Fund - Daily Dividend	4,982,761	500.05
Gfcd Idfc Money Manager Fund - Tp - Super Inst Plan C - Daily Div	4,999,250	500.00
Hdfc Liquid Fund Premium Plan - Dividend - Daily Reinvest*	16,313,480	2000.00
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	3,270,710	500.00
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	7,849,704	1200.00
Gfcd Idfc Money Manager Fund - Tp - Super Inst Plan C - Daily Div	13,997,900	1400.00
Gfcd Idfc Money Manager Fund - Tp - Super Inst Plan C - Daily Div	54,991,751	5500.00
Canara Robeco Treasury Advantage Institutional Daily Dividend Fund	40,299,506	5000.00
Dws Insta Cash Plus Fund - Super Institutional Plan Daily Dividend	49,848,461	5000.00

(Rs. in lacs)

Name of Funds	Units	Amount
Gfcd Idfc Money Manager Fund - Tp - Super Inst Plan C - Daily Div	49,992,501	5000.00
Icici Prudential Flexible Income Plan Premium - Daily Dividend	47,288,031	5000.00
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	16,353,551	2500.00
Fidelity Ultra Short Term Debt Fund Super Institutional - Daily Div	49,987,503	5000.00
Dsp Black Rock Money Manager Fund - Institutional Plan - Daily Dividend	499,600	5000.00
Canara Robeco Treasury Advantage Institutional Daily Dividend Fund	20,149,753	2500.00
Icici Prudential Flexible Income Plan Premium - Daily Dividend	23,644,016	2500.00
Reliance Money Manager Fund Institutional Option-Daily Dividend Plan	499,432	5000.00
Religare Liquid Fund - Super Institutional Daily Dividend	49,968,020	5000.00
Religare Ultra Short Term Fund - Institutional Daily Dividend	49,926,902	5000.53
Dsp Black Rock Floating Rate Fund - Institutional Plan - Daily Dividend	250,202	2503.50
Dws Insta Cash Plus Fund - Super Institutional Plan Daily Dividend	49,848,461	5000.00
Dws Money Plus Fund - Institutional Daily Dividend Plan	49,652,291	5004.45
Hdfc Liquid Fund Premium Plan - Dividend - Daily Reinvest*	16,313,480	2000.00
Hdfc Cash Management Fund - Treasury Advantage Plan	19,939,312	2000.21
Hdfc Liquid Fund Premium Plan - Dividend - Daily Reinvest*	16,313,480	2000.00
Canara Robeco Liquid Super Instt Daily Div Reinvest Fund	49,795,837	5000.00
Gfcd Idfc Money Manager Fund - Tp - Super Inst Plan C - Daily Div	24,996,251	2500.00
Hdfc Cash Management Fund - Treasury Advantage Plan	19,939,312	2000.21
Hdfc Liquid Fund Premium Plan - Dividend - Daily Reinvest*	8,156,740	1000.00
Kotak Liquid (Institutional Premium) - Daily Dividend	40,889,427	5000.00
Sbnpp Ultra St Fund Super Inst.Div Rein Daily	9,905,600	1000.00
Canara Robeco Treasury Advantage Super Instt Daily Div Reinv Fund	40,303,572	5000.50
Hdfc Cash Management Fund - Treasury Advantage Plan	9,969,493	1000.09
Kotak Floater Long Term - Daily Dividend	49,608,889	5000.48
Sbnpp Ultra St Fund Super Inst.Div Rein Daily	9,963,985	1000.09
Canara Robeco Liquid Super Instt Daily Div Reinvest Fund	24,897,919	2500.00
Dws Insta Cash Plus Fund - Super Institutional Plan Daily Dividend	24,924,230	2500.00
Gccd Idfc Cash Fund - Super Inst Plan C - Daily Dividend	24,993,752	2500.00
Hdfc Liquid Fund Premium Plan - Dividend - Daily Reinvest*	24,470,220	3000.00

(Rs. in lacs)

Name of Funds	Units	Amount
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	13,082,841	2000.00
Hdfc Liquid Fund Premium Plan - Dividend - Daily Reinvest*	24,470,220	3000.00
Icici Prudential Institutional Liquid Plan - Super Institutional Daily Div	24,994,501	2500.00
Kotak Liquid (Institutional Premium) - Daily Dividend	8,177,885	1000.00
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	13,082,841	2000.00
Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment	199,865	2000.00
Kotak Floater Long Term - Daily Dividend	9,921,812	1000.10
Birla Sun Life Cash Plus - Instl.Prem. -Daily Dividend-Reinvestment	49,902,690	5000.00
Canara Robeco Liquid Super Instt Daily Div Reinvest Fund	24,897,919	2500.00
Dws Insta Cash Plus Fund - Institutional Plan Daily Dividend	34,820,327	3500.00
Gccd Idfc Cash Fund - Super Inst Plan C - Daily Dividend	49,987,503	5000.00
Hdfc Liquid Fund Premium Plan - Dividend - Daily Reinvest*	40,783,700	5000.00
Icici Prudential Institutional Liquid Plan - Super Institutional Daily Div	42,193,381	5000.00
Kotak Liquid (Institutional Premium) - Daily Dividend	40,889,427	5000.00
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	32,707,101	5000.00
Religare Liquid Fund - Super Institutional Daily Dividend	49,968,020	5000.00
Tlso1 Tata Liquid Super High Investment Fund - Daily Dividend	269,174	3000.00
Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment	499,664	5000.00
Canara Robeco Treasury Advantage Institutional Daily Dividend Fund	20,151,473	2500.21
Gfcd Idfc Money Manager Fund - Tp - Super Inst Plan C - Daily Div	49,996,315	5000.38
Hdfc Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend*	49,848,686	5000.57
Icici Prudential Flexible Income Plan Premium - Daily Dividend	47,291,858	5000.40
Kotak Flexi Debt Scheme Institutional - Daily Dividend	49,767,843	5000.42
Reliance Money Manager Fund Institutional Option-Daily Dividend Plan	499,476	5000.43
Religare Ultra Short Term Fund - Institutional Daily Dividend	49,925,381	5000.38
Reliance Money Manager Fund Institutional Option-Daily Dividend Plan	249,716	2500.00

(Rs. in lacs)

Name of Funds	Units	Amount
Gccd Idfc Cash Fund - Super Inst Plan C - Daily Dividend	19,995,001	2000.00
Religare Liquid Fund - Super Institutional Daily Dividend	39,974,416	4000.00
Tlsdo1 Tata Liquid Super High Investment Fund - Daily Dividend	269,174	3000.00
Gfcd Idfc Money Manager Fund - Tp - Super Inst Plan C - Daily Div	20,003,964	2000.70
Religare Ultra Short Term Fund -Institutional Daily Dividend	29,968,345	3001.54
Tata Floater Fund - Daily Dividend	19,945,877	2001.69
Reliance Money Manager Fund Institutional Option-Daily Dividend Plan	162,623	2000.00
Hdfc Liquid Fund - Premium Plan - Growth*	11,030,284	2000.00
Hdfc Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth*	10,105,701	2000.23
Icici Prudential Institutional Liquid Plan - Super Institutional Daily Div	1,565,099	3500.00
Dws Insta Cash Plus Fund - Super Institutional Plan Daily Dividend	24,524,230	3500.00
Icici Prudential Flexible Income Plan Premium - Growth	2,080,099	3500.34
Dws Ultra Short Term Fund - Institutional Growth	32,897,885	3500.37
	2,710,011,944	353125.06

Units of Mutual Funds Purchased and Redeemed during the year ended March 31, 2009

(Rs. in lacs)

Name of Funds	Units	Amount
Reliance Liquidity Fund Daily Dividend Reinvestment Option	24,992,252	2500.00
Mirae Asset Liquid Fund - Super Institutional - Dividend Plan (Daily)(Re- Investment)	399,714	4000.00
ING Liquid Fund Super Institutional - Daily Dividend Option	34,983,208	3500.00
Standard Chartered Liquidity Manager - Daily Dividend	349,927	3500.00
SBI Premier Liquid Fund - Super Institutional - Daily Dividend	19,935,211	2000.00
Brila Cash Plus - Institutional Premier - Daily Dividend - Reinvestment	29,941,614	3000.00
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	294,278	3000.00
Standard Chartered Liquidity Manager - Daily Dividend	299,937	3000.00
Brila Cash Plus - Institutional Premier - Daily Dividend - Reinvestment	29,941,614	3000.00
Sundaram BNP Paribas Money Fund Super Institutional Daily Dividend Reinvestment	29,716,799	3000.00
Brila Cash Plus - Institutional Premium - Daily Dividend - Reinvestment	29,941,614	3000.00
Tata Liquid Super High Investment Fund - Daily Dividend	269,174	3000.00
Dws Insta Cash Plus Fund - Institutional Plan Daily Dividend	34,931,883	3500.00
ICCI Prudential Institutional Liquid Plan Super Institutional Daily Dividend Reinvestment	34,998,250	3500.00
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment		
PNB Principal Cash Management Fund Liquid Option Institutional	343,324	3500.00
Premium Plan-Daily Dividend Reinvestment	29,997,900	3000.00
IDFC Liquidity Manager - Plus - Daily Dividend	149,969	1500.00
Brila Cash Plus - Institutional Premier - Daily Dividend - Reinvestment	39,922,152	4000.00
ING Liquid Fund Super Institutional - Daily Dividend Option	39,980,809	4000.00
Reliance Liquidity Fund Daily Dividend Reinvestment Option	26,991,633	2700.00
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	490,463	5000.00
Reliance Liquidity Fund Daily Dividend Reinvestment Option	24,992,252	2500.00
ING Liquid Fund Super Institutional - Daily Dividend Option	39,980,809	4000.00
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	294,278	3000.00
HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment	28,205,032	3000.00
Brila Cash Plus - Institutional Premier - Daily Dividend - Reinvestment	24,951,345	2500.00
Sundaram BNP Paribas Money Fund Super Institutional Daily Dividend Reinvestment	29,221,519	2950.00
IDFC Liquidity Manager - Daily Dividend	399,916	4000.00
SBI Premier Liquid Fund - Super Institutional - Daily Dividend	29,902,816	3000.00
	586,819,689	92150.00

Schedules forming part of the Balance Sheet as at March 31, 2010

(Rs. in lacs)

Schedule 8 - Current Assets and Loans and Advances	As at March 31, 2010	As at March 31, 2009
Assets under financing activities		
a) Secured Loans - considered good	418113.82	327961.52
- considered doubtful	4950.58	3090.72
b) Unsecured Loans - considered good	47595.24	38855.44
- considered doubtful	2479.99	1102.96
	473139.63	371010.64
Sundry Debtors		
(Unsecured, considered Good)		
Debts outstanding for less than six months	-	89.03
	-	89.03
Cash and bank balances		
i) Cash on hand	3590.69	1515.96
ii) Remittances in transit	-	86.81
iii) Balances with scheduled banks in:		
Current accounts	93150.93	37527.09
Deposit Accounts #	43466.84	121673.88
	140208.46	160803.74
Other current assets		
i) Interest accrued on fixed deposits and other loans and advances	1262.84	413.71
iii) Other assets	161.60	-
	1424.44	413.71
Other Loans and Advances		
Secured - considered good		
Loan to subsidiaries	-	4392.66
Unsecured - considered good		
Advances recoverable in cash or in kind or for value to be received	6608.02	2274.95
Advance - Capital Assets	12.60	50.00
Advance tax [net of provisions for income tax of Rs 29,476.13 lacs (March 31,2009: Rs 19,466.48 lacs)]	-	262.19
Prepaid expenses	24.00	38.21
Security deposits **	128.38	183.49
	6773.00	7201.50
	621545.53	539518.62

Includes Fixed deposits of Rs. 7373.57 lacs(March 31,2009 : Rs.9941.77 lacs) pledged with Banks as margin for securitisation and Rs. 16000.00 lacs (March 31, 2009: Rs.64.76 lacs) as pledged Lien against loan taken.

** Includes Rs. Nil (March 31,2009: Rs.75.77 lacs) pledged with corporate as margin for securitisation.

Schedules forming part of the Balance Sheet as at March 31, 2010

(Rs. in lacs)

Schedule 9 - Current Liabilities	As at March 31, 2010	As at March 31, 2009
Sundry creditors *	1133.96	1776.37
Interest accrued but not due on loans	28902.17	21543.25
Application Money on Redeemable non convertible debentures	117.27	172.09
Application Money on Subordinated debts	4.00	43.11
Amounts to be credited to Investor Education and Protection Fund when due:		
a) Unclaimed Matured Deposits	21.01	19.79
b) Unclaimed Matured Debentures	2744.13	2219.30
c) Unclaimed Matured Sub-ordinate debts	13.85	-
d) Interest accrued and due on above	568.99	614.44
e) Unclaimed dividend	17.03	20.87
Temporary credit balance in bank accounts	7126.55	2796.97
Securitization deferred income	4025.63	2228.49
Other liabilities	1718.96	1690.67
	46393.55	33125.35

* There are no dues outstanding to any Enterprises covered under Micro, Small and Medium Enterprises Development Act 2006, based on the information available with the Company during the year and as at March 31, 2010 and March 31, 2009.

(Rs. in lacs)

Schedule 10 - Provisions	As at March 31, 2010	As at March 31, 2009
For non-performing assets	7430.57	4193.68
For taxation [net of advance for income tax of Rs 28926.24 lacs (March 31,2009: Rs 19728.67 lacs)]	549.89	-
For diminution in value of investments	17.93	17.93
For hedging contracts	1805.86	1805.86
For leave encashment and availment	26.75	16.88
For gratuity	155.52	139.64
Proposed dividend	1474.64	1375.92
Tax on Proposed dividend	244.92	233.84
	11706.08	7783.75

Schedules forming part of the Profit and Loss account for the year ended March 31, 2010

(Rs. in lacs)

Schedule 11 - Income from Operations	For the year ended March 31, 2010	For the year ended March 31, 2009
Income from financing activities *	96759.92	86138.88
Gain on securitisation	9695.44	5812.89
Interest on Margin money on securitisation *	749.99	405.96
	107205.35	92357.73

* Tax deducted at source of Rs.463.24 lacs (March 31, 2009 : Rs.605.70 lacs)

(Rs. in lacs)

Schedule 12 - Other Income	For the year ended March 31, 2010	For the year ended March 31, 2009
Interest on deposits with banks *	1197.52	251.85
Sale of electricity	-	500.59
Income from Long Term Investment (non trade)		
- Profit on sale of investments	1400.00	-
- Interest on government securities	6.13	6.29
Income from Current Investments (non trade)		
- Dividend	444.91	56.47
Profit on sale of assets	0.15	-
Commission/Referral fees received *	10.37	116.32
Compensation charges	-	24.74
Miscellaneous income	20.28	79.76
	3079.36	1036.02

*Tax deducted at source of Rs. 196.11 lacs (March 31, 2009 : Rs.58.93 lacs)

(Rs. in lacs)

Schedule 13 - Financial expenses	For the year ended March 31, 2010	For the year ended March 31, 2009
Interest on :		
- Debentures	17817.36	12863.43
- Subordinated debts	6764.46	4460.21
- Fixed deposits	10.42	11.56
- Loans from banks #	15549.18	19430.72
- Loans from institutions and others	962.59	1670.87
- Commercial paper	30.40	250.72
Bank charges	3289.78	2700.70
Processing and other charges	1870.54	2498.63
Brokerage & commission	6427.43	5975.99
	52722.16	49862.83

includes interest on loans other than loans for fixed period Rs 1841.21 lacs (March 31,2009: Rs 4663.03 lacs)

(Rs. in lacs)

Schedule 14 - Personnel Expenses	For the year ended March 31, 2010	For the year ended March 31, 2009
Salaries, allowances and Bonus	3472.85	3452.64
Gratuity	14.60	9.24
Contribution to provident and other funds	94.27	90.09
Staff welfare	29.91	30.78
	3611.63	3582.75

(Rs. in lacs)

Schedule 15 - Operating and other Expenses	For the year ended March 31, 2010	For the year ended March 31, 2009
Rent	689.58	476.63
Electricity expenses	452.72	393.97
Repairs & Maintenance		
- Plant & machinery	-	127.29
- Others	1176.79	759.43
Rates, Duties & taxes	643.41	577.56
Printing & stationery	835.83	748.39
Travelling & conveyance	2166.87	2038.11
Advertisement	49.84	61.04
Business Promotion Expenses	2533.95	2257.86
Sourcing fees	160.53	135.70
Royalty	304.08	269.55
Directors' sitting fees	5.55	5.20
Insurance	44.07	21.59
Communication expenses	1603.23	1533.99
Auditor's remuneration		
- Audit fees	7.58	6.05
- Tax audit fees	2.59	2.08
- Other services	12.06	9.65
Professional charges	1069.77	1130.74
Legal & Recovery Expenses	1295.15	1085.60
Donations	-	65.00
Loss on sale of assets	1.75	0.12
Loss on sale of Long Term Investments (non trade)	-	0.08
Miscellaneous expenses	145.10	362.92
	13200.45	12068.55

(Rs. in lacs)

Schedule 16 - Provisions & Write offs	For the year ended March 31, 2010	For the year ended March 31, 2009
Provision for non performing assets	3236.89	2460.72
Bad debts written off	8928.73	5348.64
Bad debt recovery	(505.78)	(108.31)
	11659.84	7701.05

Schedule 17: Significant Accounting Policies & Notes to Accounts

1. Significant Accounting Policies										
Back Ground										
Shriram City Union Finance Limited (SCUFL) was incorporated on 27 th March 1986, as a Private Limited Company and became a Public Limited Company on 29 th October 1988. The Company is a Non-Banking Finance Company registered with Reserve Bank of India.										
(a)	Basis of preparation									
	The financial statements have been prepared under historical cost convention on an accrual basis and in accordance with generally accepted accounting principles in India and specifically to comply in all material respects with the notified Accounting Standards (AS) issued under the Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The Accounting policies are consistent with those used in the previous year.									
(b)	Use of estimates									
	The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.									
(c)	Fixed Assets, depreciation / Amortisation and impairment of assets									
	<p>Fixed Assets</p> <p>Fixed assets are stated at cost less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets are included to the extent they relate to the period till such assets are ready to be put to use.</p> <p>Depreciation / Amortisation</p> <p>Depreciation is provided pro rata on Straight Line Method ('SLM'), which reflect the management's estimate of the useful lives of the respective fixed assets and are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Act. The assets for which higher rates are applied are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #00a0e3; color: white;"> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Rates (SLM)</th> <th style="text-align: center;">Schedule XIV rates (SLM)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Windmills</td> <td style="text-align: center;">10%</td> <td style="text-align: center;">5.28%</td> </tr> <tr> <td style="text-align: center;">Computer Software</td> <td style="text-align: center;">33.33%</td> <td style="text-align: center;">16.67%</td> </tr> </tbody> </table> <p>Leasehold improvement is amortized over the primary period of lease subject to a maximum of 60 months. All fixed assets individually costing Rs.5000 or less are fully depreciated in the year of installation.</p> <p>Impairment of assets</p> <p>The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use.</p>	Particulars	Rates (SLM)	Schedule XIV rates (SLM)	Windmills	10%	5.28%	Computer Software	33.33%	16.67%
Particulars	Rates (SLM)	Schedule XIV rates (SLM)								
Windmills	10%	5.28%								
Computer Software	33.33%	16.67%								

	<p>After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.</p> <p>A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.</p>
(d)	Investments
	<p>Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and market value if quoted. Unquoted current investments are carried at lower of cost and fair value determined on an individual investment basis. Long Term Investments are carried at cost. Provision for diminution in the value of long term investments is made to recognize decline in value other than temporary in nature.</p>
(e)	Assets under financing activities
	<p>Assets under Financing Activities are stated at the amount advanced including finance charges accrued and expenses recoverable, as reduced by the amounts received up to Balance sheet date and assets securitized. Bad and Doubtful assets are written off / provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.</p>
(f)	Leases
	<p>Assets taken on operating lease are not capitalized in the books of the Company and the lease rental payments are charged to Profit and Loss accounts.</p>
(g)	Foreign currency translation
	<p>Foreign currency transactions are accounted at the exchange rate prevailing on the date of transactions. Foreign currency monetary items on the Balance Sheet date are restated at the closing exchange rates. Exchange differences arising on actual payments/realizations and year-end restatements are recognized as gain or loss as the case may be in the profit and loss account.</p>
(h)	Revenue recognition
	<ol style="list-style-type: none"> i. Income from Financing Activities is recognised on the basis of internal rate of return. This includes Additional Finance Charges which is accounted when received because of uncertainty of realization. ii. Gain arising on securitization/direct assignment of assets is recognized over the tenure of agreements as per guideline on securitization of standard assets issued by RBI. Loss (if any) is recognized upfront. iii. The Prudential norms for income recognition prescribed under Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 are followed. iv. Income from power generation is recognized on supply of power to the grid as per the terms of the Power Purchase Agreements with State Electricity Boards. v. Income from services is recognized as per the terms of the contract on accrual basis. vi. Interest Income on deposit accounts with banks is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. vii. Dividend is recognized as Income when right to receive is established by the date of balance sheet. viii. Profit / Loss on sale of investments is recognized at the time of actual sale / redemption.

(i)	Employee benefits
	<p>Provident Fund All the employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future Provident Fund benefits other than its annual contribution and recognizes such contributions as an expense in the year it is incurred.</p> <p>Gratuity The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees at retirement, death while in employment or on termination of employment. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out annually for assessing liability as at the balance sheet date.</p> <p>Leave Encashment Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.</p>
(j)	Income tax
	<p>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, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.</p> <p>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.</p> <p>The un-recognized deferred tax assets are re-assessed by the Company at each balance sheet date and are recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.</p> <p>The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.</p>
(k)	Segment reporting
	The company operates in only one segment.

(l)	Earnings per share
	<p>Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.</p> <p>For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.</p>
(m)	Cash and cash equivalents
	Cash and cash equivalents in the cash flow statement which is prepared in accordance with Accounting Standard AS 3 issued by the Institute of Chartered Accountants of India comprise cash at bank and in hand and short term investments with an original maturity of three months or less.
(n)	Expenses on deposits / debentures
	Expenses on mobilization of deposits / debentures are charged to Profit & Loss account in the year in which they are incurred.
(o)	Derivative instruments
	The Company uses financial derivative instruments like interest rate swaps to hedge its risks associated with fluctuations in the interest rates. As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market and the net loss after considering the off setting effect on the underlying hedge item is charged to profit and loss account. Net gains are ignored.
(p)	Employee stock compensation costs
	Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

2. Notes to Accounts

1. Particulars of Secured Loans

a) Privately placed Redeemable Non-convertible Debentures (Retail)

Face Value (Rs.)	As at March 31,2010		As at March 31,2009	
	Number	Amount (Rs.in lacs)	Number	Amount (Rs.in lacs)
1,000	1,34,07,377	134073.77	1,00,74,110	100741.10

These Debentures are redeemable at par over a period of 12 months to 160 months from the date of allotment depending on the terms of the agreement. The earliest date of redemption is 01.04.2010 (March 31,2009; 01.04.2009). The last date of redemption is 25.10.2017 (March 31, 2009; 25.10.2017).

b) Privately Placed Redeemable Non-Convertible Debenture (Institutional)

Date of Allotment / renewal	Face Value	Number	Amount (Rs. in lacs)		Redemption date
			As at March 31, 2010	As at March 31, 2009	
28.03.2008	1,000	5,00,000	-	5000.00	15.04.2009
28.05.2008	1,000	12,50,000	-	12500.00	28.10.2009
17.12.2008	10,00,000	950	-	9500.00	17.12.2009
23.04.2009	10,00,000	1,000	10000.00	-	23.04.2010
24.09.2009	10,00,000	250	2500.00	-	30.09.2014
17.09.2009	10,00,000	100	1000.00	-	30.09.2014
17.09.2009	10,00,000	100	1000.00	-	30.09.2014
17.09.2009	10,00,000	50	500.00	-	30.09.2014
23.09.2009	10,00,000	200	2000.00	-	30.09.2014
06.10.2009	10,00,000	200	2000.00	-	07.10.2014
06.10.2009	10,00,000	200	1000.00	-	07.10.2014
Total			20000.00	27000.00	

These Debentures are redeemable at par at respective dates given above.

c) All Debentures under (a) and (b) above are secured by exclusive mortgage of office premise and further secured by charge on Plant and Machinery, Furniture and other fixed assets of the Company, charge on Company's book debts, loans, advances and other investments of the Company subject to prior charges created or to be created in favour of the Company's bankers, financial institutions and others.

b) Term Loans:

(Rs. in lacs)

		As at March 31, 2010	As at March 31, 2009
i. From Financial Institutions/Corporate:			
(a)	Secured by an exclusive charge by way of hypothecation of assets under financing.	9530.00	9103.00
(b)	Secured by an exclusive charge by way of hypothecation of specific charge on Land, Plant & Machinery and Receivables relating to the Windmills	--	323.40
Total		9530.00	9426.40

(Rs. in lacs)

		As at March 31, 2010	As at March 31, 2009
ii. From Banks :			
(a)	Secured by an exclusive charge by way of hypothecation of assets under financing.	104634.17	140150.93
(b)	Secured by an exclusive charge by way of hypothecation of specific charge on Land, Plant & Machinery and Receivables relating to the Windmills	--	1448.70
(c)	Secured by an exclusive charge by way of hypothecation of specific charge on Land, Plant & Machinery relating to the Bio Mass Plant	--	1963.11
Total		104634.17	143562.74

c) Cash Credit from Banks

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
Cash Credit from Banks	145372.61	109715.19

Secured by an exclusive charge by way of hypothecation of receivables relating to assets under financing.

2. Gratuity and other post-employment benefit plans:

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

Consequent to the adoption of revised AS 15 'Employee Benefits' issued by the ICAI, the following disclosures have been made as required by the standard :

Profit and Loss account

Net employee benefit expense (recognized in Employee Cost) (Rs. in lacs)

Particulars	Gratuity	
	March 31, 2010	March 31, 2009
Current service cost	21.49	35.29
Interest cost on benefit obligation	12.38	13.37
Expected return on plan assets	N.A	N.A
Net actuarial (gain) / loss recognized in the year	(19.27)	(39.51)
Past service cost	NIL	NIL
Net benefit expense	14.60	9.15
Actual return on plan assets	N.A	N.A

Balance sheet

Details of Provision for gratuity (Rs. in lacs)

Particulars	Gratuity	
	March 31, 2010	March 31, 2009
Defined benefit obligation	155.52	139.64
Fair value of plan assets	N.A	N.A
Total	155.52	139.64
Less: Unrecognized past service cost	NIL	NIL
Plan asset / (liability)	(155.52)	(139.64)

Changes in the present value of the defined benefit obligation are as follows: (Rs. in lacs)

Particulars	Gratuity	
	March 31, 2010	March 31, 2009
Opening defined benefit obligation	139.64	133.18
Interest cost	12.38	13.37
Current service cost	21.49	35.29
Benefits paid	1.28	(2.69)
Actuarial (gains) / losses on obligation	(19.27)	(39.51)
Closing defined benefit obligation	155.52	139.64

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

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

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2010	March 31, 2009
	%	%
Investments with insurer	NA	NA

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

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2010	March 31, 2009
Discount Rate	7.75%	7.75%
Increase in compensation cost	5.00%	5.00%
Employee Turnover	3.25%	3.25%

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

Amounts for the current period are as follows:

(Rs. in lacs)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Defined benefit obligation	155.52	139.64	133.18
Plan assets	N.A	N.A	N.A
Surplus / (deficit)	(155.52)	(139.64)	(133.18)
Experience adjustments on plan liabilities	(19.27)	(39.51)	53.10
Experience adjustments on plan assets	N.A	N.A.	N.A

3. Related Party Disclosures

Related Parties have been identified by the Management and relied upon by the auditors.

Subsidiary	Shriram Non-Conventional Energy Limited (till 26 th June 2009)
Enterprises having significant influence over the Company	Shriram Enterprise Holdings Private Limited Shriram Retail Holdings Private Limited Shriram Capital Limited Shriram Ownership Trust TPG India Investments I Inc.
Key Managerial Personnel	R Kannan, Managing Director

(Rs. in lacs)

	Enterprises having significant influence over the Company		Subsidiary		Total	
	2010	2009	2010	2009	2010	2009
Payments						
Royalty	304.08*	269.55*	-	-	304.08*	269.55*
Data Sourcing fees	160.53*	135.70*	-	-	160.53*	135.70*
Service Charges	963.15*	814.18*	-	-	963.15*	814.18*
Equity dividend		-	-	-		-
Reimbursement of Business Promotion Expenses	44.12*	-	-	-	44.12*	-
Equity dividend	896.07#	716.86#	-	-	896.07#	716.86#
Equity dividend	334.38@	217.67@	-	-	334.38@	217.67@
Investments in shares		-	-	-		-
Loan to Subsidiary		-	-	4392.66^		4392.66^
Receipts			-	-		
Sale of investments	1900.00*	-	-	-	1900.00*	-
Subscription of equity shares		-	-	-		-
Subscription to optionally convertible warrants		1400.00@	-	-		1400.00@
Conversation of Warrants into Equity / Securities Premium		2080.80#	-	-		2080.80#
Interest Received			-	78.00^		78.00^
Balance outstanding at the year end			-			
Share Capital	1792.15#	1792.15#	-		1792.15#	1792.15#
Share Capital	855.62@	544.17@	-		855.62@	544.17@
Share Warrants	-	1400.00@	-		-	1400.00@
Investment in Shares	-		-	5.00^	-	5.00^
Outstanding Expenses	41.84*	60.90*	-		41.84*	60.90*
Interest receivable on Loan to Subsidiary			-	60.32^		60.32^

*	Denotes transactions with Shriram Capital Limited
#	Denotes transactions with Shriram Enterprise Holdings Private Limited
@	Denotes transactions with Shriram Retail Holdings Private Limited
^	Denotes transactions with Shriram Non Conventional Energy Limited

4. Earnings per share

(Rs. in lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Net Profit after tax as per profit and loss account (Rs. in lacs)	19425.86	11700.77
Less : Preference Dividend	0.00	73.91
Net Profit for Equity Shareholders (A)	19425.86	11626.86
Weighted average number of equity shares for calculating Basic EPS (in lacs) (B)	471.32	451.16
Weighted average number of equity shares for calculating Diluted EPS (in lacs) (C)	481.77	518.15
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	41.22	25.77
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	40.32	22.44

(Rs. in lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Weighted average number of equity shares for calculating EPS (in lacs)	471.32	451.16
Add : Equity shares arising on conversion of optionally convertible warrants (in lacs)	--	59.28
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in lacs)	10.45	7.71
Weighted average number of equity shares in calculation diluted EPS (in lacs)	481.77	518.15

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

(Rs. in lacs)

The break up of deferred tax asset / liabilities is as under:-	As at March 31, 2010	As at March 31, 2009
Deferred Tax Liabilities		
Timing difference on account of :		
Differences in depreciation in block of fixed assets as per tax books and financial books	92.32	881.85
Gross Deferred Tax Liabilities (A)	92.32	881.85
Deferred Tax Asset		
Timing difference on account of :		
Expenses disallowed under Income Tax Act, 1961	601.20	581.09
Provision for hedging contracts	613.81	613.81
Gross Deferred Tax Assets (B)	1215.02	1194.90
Deferred Tax Liabilities/(Asset) (Net) (A-B)	(1122.70)	(313.05)

6. Capital commitments

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2.80	NIL

7. Contingent Liabilities not provided for

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
Guarantees issued by the Company	6.81	6.81
Guarantees issued by others	1942.77	3117.77
Income Tax/Wealth Tax/Service Tax/Fringe Benefit Tax		
Disputed Income tax/Wealth Tax/Service Tax/Fringe Benefit Tax demands contested in appeal as on March 31 st , 2010 amount to Rs.1553.08 lacs (March 31 st 2009: Rs.1554.83 lacs.) However provision is made in the books for any liability that may arise.		

8. The Company during the year converted 32,50,000 warrants issued on preferential basis into equity shares of Rs.10/- each at a premium of Rs.390/-. The company forfeited 35,00,000 warrants for non exercise of option and the amount of Rs.1400 lacs was transferred to Capital Reserve.

9. Employee Stock Option Plan

	Series I
Date of grant	October 19, 2007
Date of Board / Committee Approval	October 19, 2007
Date of Shareholder's approval	October 30, 2006
Number of options granted	13,27,500
Method of Settlement (Cash/Equity)	Equity
After 1 year of grant date	10% of options granted
After 2 years of grant date	20% of options granted
After 3 years of grant date	30% of options granted
After 4 years of grant date	40% of options granted
Exercisable period	10 years from vesting date
Vesting Conditions	on achievement of pre-determined targets

The details of Series I have been summarized below:

	As at March 31, 2010		As at March 31, 2009	
	Number of Shares	Weighted Average Exercise Price(Rs.)	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	13,20,700	35.00	Nil	-
Add: Granted during the year	-	-	13,27,500	35.00
Less: Forfeited during the year	-	-	Nil	-
Less: Exercised during the year	47,900	35.00	6,800	35.00
Less: Expired during the year	Nil	-	Nil	-
Outstanding at the end of the year	12,72,800	35.00	13,20,700	35.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	10.55	-	11.55
Weighted average fair value of options granted	-	227.42	-	227.42

The details of exercise price for stock options outstanding for Series I at the end of the year are:

As at	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
March 31, 2010	Rs.35/-	12,72,800	10.55	Rs.35/-
March 31, 2009	Rs.35/-	13,20,700	11.55	Rs.35/-

Stock Options granted

Series I:

The weighted average fair value of stock options granted was Rs.227.42. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	55.36	55.36	55.36	55.36
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.70	7.67	7.66	7.67
Expected dividend rate (%)	0.84	0.84	0.84	0.84

The expected volatility was determined based on historical volatility data equal to the NSE volatility rate of Bank Nifty which is considered as a comparable peer group of the Company. To allow for the effects of early exercise, it was assumed that the employees will exercise the options within six months from the date of vesting in view of the exercise price being significantly lower than the market price.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
Compensation cost pertaining to equity-settled employee share-based payment plan included above	751.53	1111.28
Liability for employee stock options outstanding as at year end	2882.26	2990.73
Deferred compensation cost	601.22	1352.76

Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

In March 2005, ICAI has issued a guidance note on “Accounting for Employees Share Based Payments” applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(Rs. in lacs)

	Year ended March 31, 2010	Year ended March 31, 2009
Profit as reported (Rs. in lacs)	19425.86	11700.77
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	751.53	1111.28
Less: Employee stock compensation under fair value method (Rs. in lacs)	754.75	1116.04
Proforma profit (Rs. in lacs)	19422.64	11696.01
Less Preference Dividend	-	73.91
Proforma Net Profit for Equity Shareholders	19422.64	11622.10
Earnings per share		
Basic (Rs.)		
- As reported	41.22	25.77
- Proforma	41.21	25.76
Diluted (Rs.)		
- As reported	40.32	22.44
- Proforma	40.31	22.43

10. Securitisation

The information on securitisation & direct assignment activity of the Company as an originator for the year March 31, 2010 and March 31, 2009 is given below:

(Rs. in lacs)

	Year ended March 31, 2010	Year ended March 31, 2009
Total number of assets securitized	146402	314685
Total book value of assets securitised (Rs. in lacs)	30000.00	88844.37
Sale consideration received for the securitised assets (Rs. in lacs)	30000.00	91874.15
Net gain on account of securitization (Rs. in lacs)	2554.73	13182.64
Outstanding credit enhancement- Deposit with banks/corporate	7373.57	10017.54
Outstanding Credit enhancement – Assets under financing	2735.13	1762.03

11. Derivative Instruments:

The Notional principal amount of derivative transactions outstanding as on March 31, 2010 for interest rate swaps Rs.12500 lacs (March 31, 2009 12500 lacs).

12. Supplementary Statutory Information

12.1	Managing Director's Remuneration
	The computation of profits under section 349 of the Act has not been given as no remuneration / commission is payable to the Managing Director.

(Rs. in lacs)

12.2	Expenditure in foreign currency (On cash basis)		
		Year ended March 31, 2010	Year ended March 31, 2009
	Subscription Fees	0.08	0.08

13	Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of schedule VI to the Act
-----------	--

13.1	Licensed Capacity, Installed capacity, Actual production and Sales									
	Class of Goods	Units	Licensed Capacity as at March 31,		Installed Capacity as at March 31, (in KW)		Actual Production and Sales for the year ended March 31, (in units)		Sales Value (Rs. in lacs)	
			2010	2009	2010	2009	2010	2009	2010	2009
	Electricity - Windmill	34	-	NA	-	12,550		1,71,19,786		500.59

18. 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		Amount outstanding	Amount overdue
	Liabilities side :		
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :		
	(a) Debentures : Secured	173984.77	3300.41
	Unsecured	nil	nil
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	nil	nil
	(c) Term Loans	114676.66	nil
	(d) Inter-corporate loans and borrowings	nil	nil
	(e) Commercial Paper	nil	nil
	(f) Public Deposits*	139.50	28.92
	(g) Other Loans - HP Refinance	nil	nil
	- Cash Credit from banks	145453.74	nil
	- Others - Subordinated Debts	64830.99	18.65
	- ICD	nil	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	139.50	28.92
	* Please see Note 1 below		

(Rs. in lacs)

Particulars		Amount Outstanding
	Asset side :	
3	Break-up of Loans and advances including bills receivables [other than those included in (4) below]	
	(a) Secured	423064.40
	(b) Unsecured	50075.23
4	Break-up of Lease Assets and stock on hire counting towards AFC activities	
	(I) Lease assets including lease rentals under sundry debtors:	
	(a) Financial lease	nil
	(b) Operating lease	nil
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	nil
	(b) Repossessed Assets	nil
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	nil
	(b) Loans other than (a) above	nil

(Rs. in lacs)

Particulars		Amount Outstanding
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

(Rs. in lacs)

Particulars		Amount Outstanding
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		101.45
(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

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	418113.82	47595.24	465709.06
	Total	418113.82	47595.24	465709.06

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	83.52	83.52
	Total	83.52	83.52

** As per Accounting Standard of ICAI (please see Note 3)

8 Other information :		
	Particulars	Amount
(I)	Gross Non-Performing Assets	
	(a) Related Parties	nil
	(b) Other than related parties	10753.30
(ii)	Net Non-Performing Assets	
	(a) Related Parties	nil
	(b) Other than related parties	3322.73
(iii)	Assets acquired in satisfaction of debt	nil

Notes:

1. As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance 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, marketvalue 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 incolumn (5) above.

15. Previous Year Comparatives

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

As per our report of even date

For and on behalf of the Board of Directors of
Shriram City Union Finance Limited

Pijush Kumar Gupta

Partner

Membership No : 015139

For & on behalf of **Pijush Gupta & Co.**

Chartered Accountants

Firm Registration No : 309015E

R. Kannan
Managing Director

S.Venkatkrishnan
Director

Place: Chennai

Date: 21.05.2010

C R Dash
Company Secretary

Cash Flow Statement for the year ended March 31, 2010

(Rs. in lacs)

	Year Ended March 31, 2010	Year Ended March 31, 2009
A. Cash flow from operating activities		
Net profit before taxation	28625.86	17973.53
Depreciation and amortisation	464.77	1018.23
(Profit) / loss on sale of assets (net)	1.60	0.12
(Profit) / loss on sale of investments (net)	-	0.08
Interest income on current and long term investments and interest income on fixed deposits	(1203.65)	(258.14)
Dividend Income	(444.91)	(56.47)
Employees Stock option compensation cost	751.53	1111.28
Provision for impairment	-	1186.81
Provision for hedging contracts	-	994.18
Provision for non performing assets and bad debts written off	12165.62	7809.37
Provision for gratuity	15.88	6.46
Provision for leave encashment	9.87	1.51
Operating profit before working capital changes	40386.57	29786.96
Movements in working capital:		
(Increase) / decrease in Current assets		
(Increase) / decrease in assets under financing activities	(111057.74)	(105885.95)
(Increase) / decrease in Sundry Debtors	89.03	(13.21)
(Increase) / decrease in other current assets	(1010.73)	(88.53)
(Increase) / decrease in other loans and advances	166.31	6691.37
Increase / (decrease) in current liabilities	13272.05	4078.50
Cash generated from operations	(58154.51)	(65430.86)
Direct taxes paid (net of refunds)	(9,197.57)	(6450.11)
Net cash used in operating activities (A)	(67352.08)	(71880.97)
B. Cash flows from investing activities		
Investment in Fixed deposits (net)	(12665.70)	(5855.70)
Purchase of fixed and intangible assets	(1058.11)	(879.02)
Proceeds from sale of fixed assets	2269.20	59.93
Investment in subsidiary company	-	(4.55)
Proceeds from sale of investments	1905.00	3.00
Interest received on current and long term investments and interest on fixed deposit	1,203.65	258.14
Dividend received	444.91	56.47
Net cash used in investing activities (B)	(7901.05)	(6361.73)

(Rs. in lacs)

	Year Ended March 31, 2010	Year Ended March 31, 2009
C. Cash Flows from financing activities		
Proceeds from issue of equity share capital including securities premium and Share Application Money	10317.48	12985.41
Proceeds from issue of share warrants	-	2467.80
Increase / (decrease) in bank borrowings (net)	(3271.14)	70101.91
Increase / (decrease) in long term borrowings (net)	26436.27	57548.12
Increase / (decrease) in fixed deposits (net)	(12.06)	(52.87)
Increase / (decrease) in subordinate debts (net)	11284.42	13681.75
Increase / (decrease) in unsecured redeemable non convertible debentures (net)	-	(3500.00)
Increase / (decrease) in unsecured loans	-	(5425.00)
Dividend paid	(2358.20)	(1897.26)
Tax on dividend	(400.77)	(322.44)
Net cash from financing activities (C)	41996.00	145587.42
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(33257.14)	67344.72
Cash and Cash Equivalents at the beginning of the year	149969.00	82624.28
Cash and Cash Equivalents at the end of the year	116711.86	149969.00

Components of Cash and Cash Equivalents	As at March 31, 2010	As at March 31, 2009
Cash and Cash Equivalents at the end of the year as per Balance Sheet	140208.46	160803.74
Less: Balance in Current account held for unpaid dividends	17.03	20.87
Less: Fixed deposits held for more than three months	106.00	807.34
Less: Fixed deposit under lien	23373.57	10006.53
	116711.86	149969.00
Significant Accounting Policies and Notes to Accounts	17	

The schedules referred to above form an integral part of the Balance Sheet
As per our report of even date

For and on behalf of the Board of Directors of
Shriram City Union Finance Limited

Pijush Kumar Gupta

Partner

Membership No : 015139

For & on behalf of **Pijush Gupta & Co.**

Chartered Accountants

Firm Registration No : 309015E

Place: Chennai

Date: 21.05.2010

R. Kannan

Managing Director

S.Venkatakrishnan

Director

C R Dash

Company Secretary

ABSTRACT

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.

State Code

Balance Sheet Date
Date Month Year

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

Public Issue

Rights Issue

Bonus Issue

Private Placement

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

Total Liabilities

Total Assets

Sources of Funds

Paid - Up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Other Liabilities

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Other Assets

Accumulated Losses

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

Turnover

Total Expenditure

+ - Profit/Loss Before Tax

+ - Profit/Loss After Tax

Earnings Per Share in Rs.

Dividend Rate %

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

Item Code No.

Product Description

(ITC Code)

For **Shriram City Union Finance Limited**

Place: Chennai
Date: 21.05.2010

R.KANNAN
Managing Director

S VENKATAKRISHNAN
Director

C R DASH
Company Secretary



Shriram City Union Finance Limited

No : 221, Royapettah High Road, Mylapore, Chennai - 600 004

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Regd. Office : No 123, Angappa Naicken Street, Chennai - 600 001

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