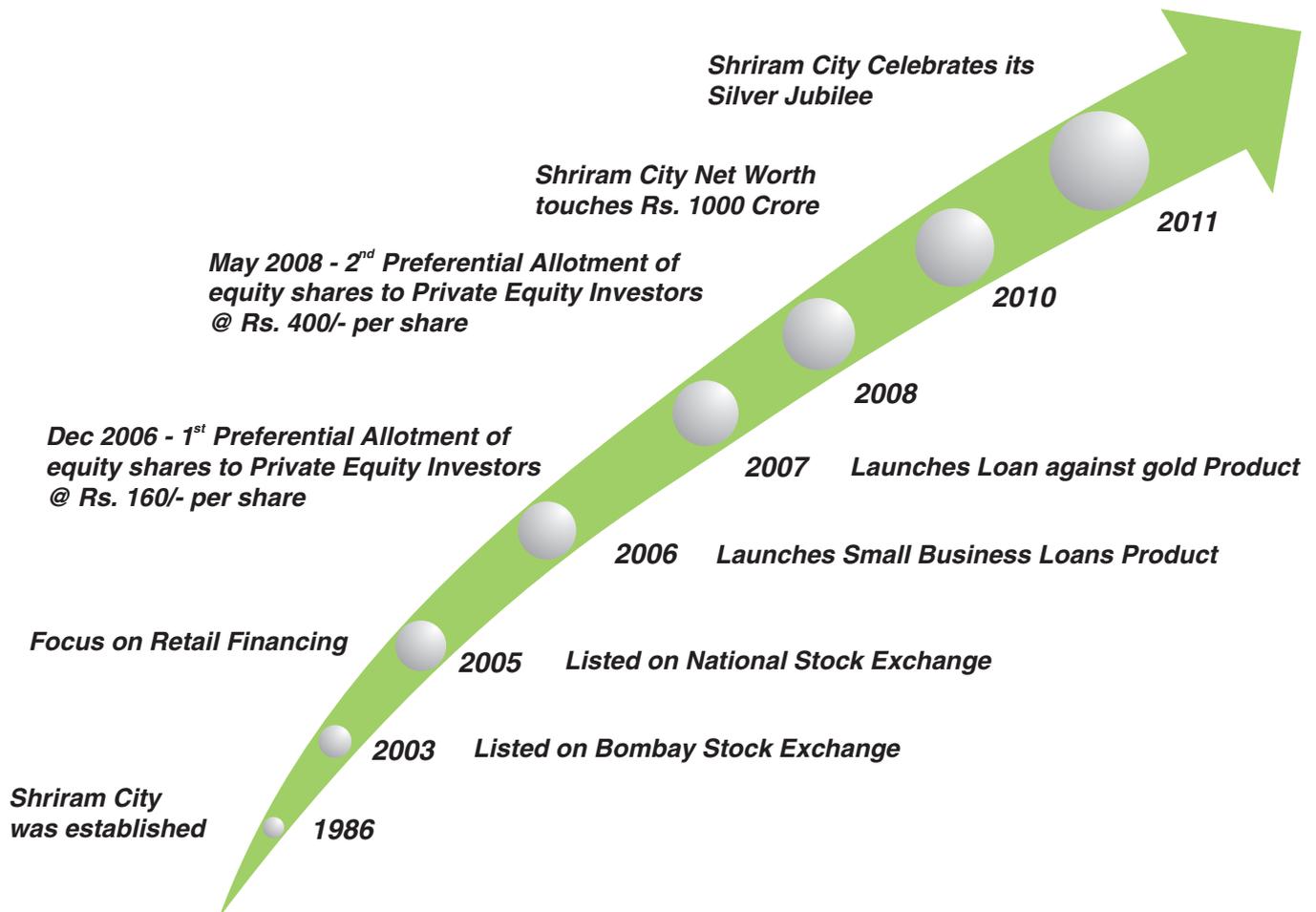


CORPORATE HISTORY



VISION STATEMENT

Our Mission	“Striving to serve the largest number of common people”			
Brand Promise	“Trusted brand built over four decades”			
Values	<p>Trustworthy</p> <p>We are one of the most trusted brands in India</p>	<p>Responsive</p> <p>We deliver thoughtful, timely and high quality solutions to empower common man</p>	<p>Creative</p> <p>We continuously improve the way we work</p>	<p>Bold</p> <p>We are not afraid of venturing into uncharted territories</p>
Competitive Positioning	<p>Delivery</p> <p>Collaborating to combine our group’s network and capabilities to provide innovative & cost effective solutions</p>	<p>Customers</p> <p>We build long term personal relationship with our customers... Striving to bring prosperity to their lives</p>	<p>Discipline</p> <p>Disciplined approach towards wealth creation, for all our stakeholders balancing risk and rewards</p>	
Commitment to stakeholders	<p>Our people</p> <p>Dedicated workforce with an extra ordinary employee retention</p>	<p>Communities</p> <p>Trusted and caring. Growth through inclusion</p>	<p>Investors</p> <p>Proven track record, delivering consistently superior returns</p>	<p>Regulators</p> <p>Demonstrating exemplary ethical and governance standards</p>

ABOUT US

25 Shining Years:

It's easy to have a dream

but we are inviting you to be brave enough to chase it

because 25 years ago, we made a promise to all those who dare to challenge destiny

because every defiant dreamer deserves a sure shot

and we are here to help you take that shot without money problems getting in the way

and our promise goes by the worth of people, not of collaterals and assets

it puts faith in relationships, not in text book business models

because its dreamers who build enterprise, create prosperity, build a better tomorrow

more dreams coming true takes us all to a good place in life so dream on

The only thing that stops you is you.

It all began in 1986:

Shriram City Union Finance Limited (“Shriram City”) incorporated in March 1986, is the retail finance arm of the “Shriram Group”.

Shriram City was started with a mission to serve the largest number of common people and build the very best organization through timely delivery of quality Non - Banking Financial Services.

Today, driven by the trust of over 75 Lacs customers, Shriram City stands out as a Rs. 80 Billion Company. Shriram City is India’s premier financial services Company specializing in the retail finance and the only deposit- accepting non- banking financial company (“NBFC”) to offer a comprehensive range of loans.

Shriram City’s current product offerings include:

- **Business Loans :** Shriram City offers small business loans to self-employed professionals, wholesale/retail dealers, general merchants, manufacturers, hotel/ catering services and tour operators.
- **Two and four wheeler loans :** With a wide-reaching presence across dealer showrooms, Shriram City finances two wheelers, tractors, three wheelers, four wheelers (passenger and commercial), both new and pre- owned.
- **Loan Against Gold:** Against gold, Shriram City offers on-the-spot finance.
- **Personal Loans:** Shriram City’s personal loans are hassle- free, with loan as small as Rs. 25,000/-

Shriram City reaches out to customers across the largest cities and the smallest towns. The schemes are tailor - made for every customer requirement, flexible repayment options, hassle-free eligibility criteria, simple documentation and speedy sanction.

Growing from Strength to Strength:

A wide range of product offerings through a huge network of business outlets coupled with a huge manpower resource bank, Shriram City combines them all to deliver a delightful customer experience to each of its customers.

A unique business model ensures constant interface with customers, minimum documentation, quick turnaround speed, through high standards of corporate governance.

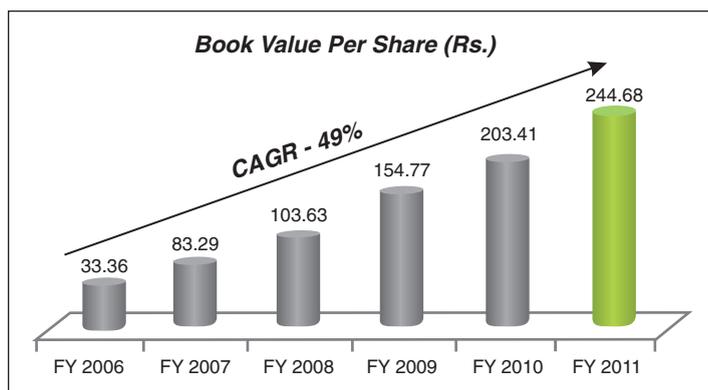
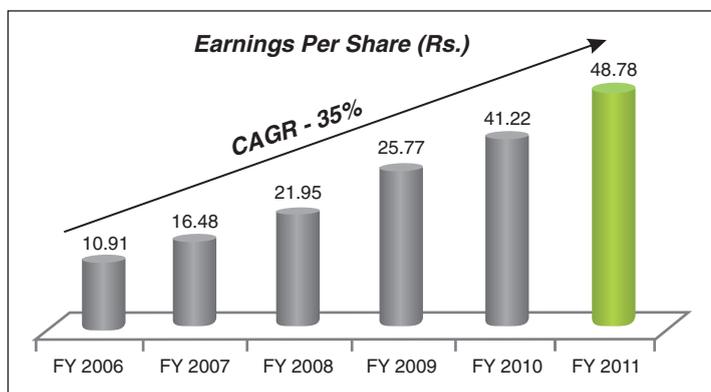
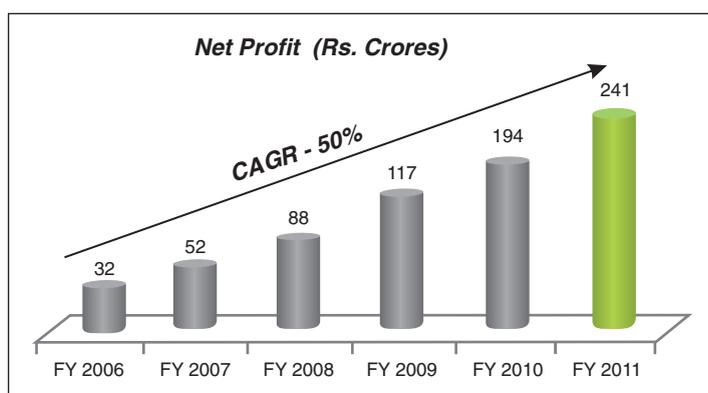
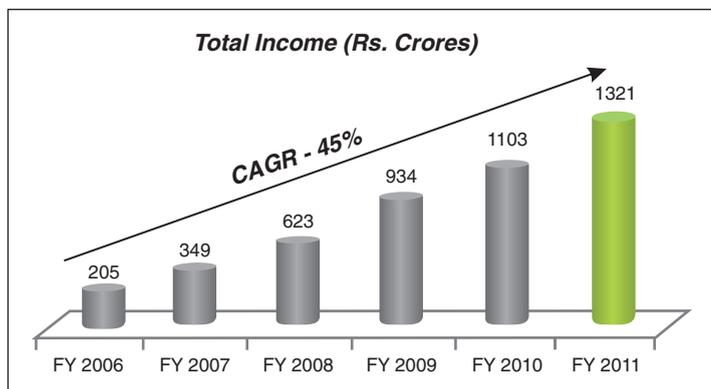
Shriram City is listed in the NSE, BSE and the Madras Stock Exchange.

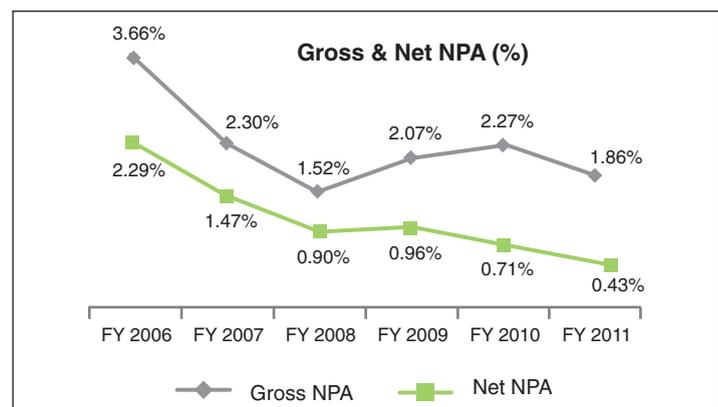
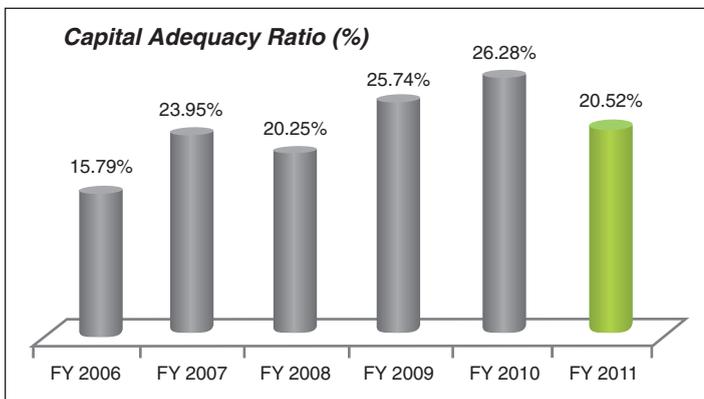
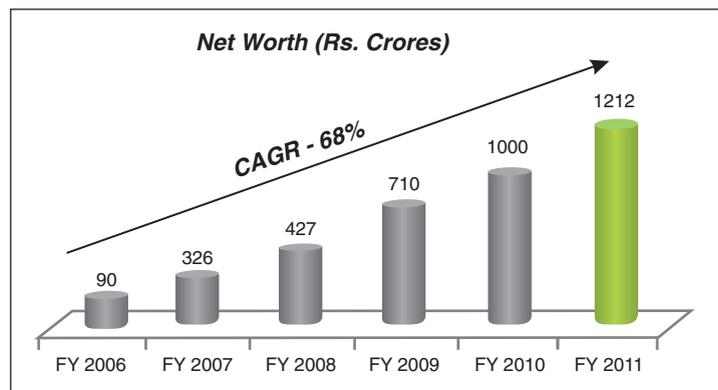
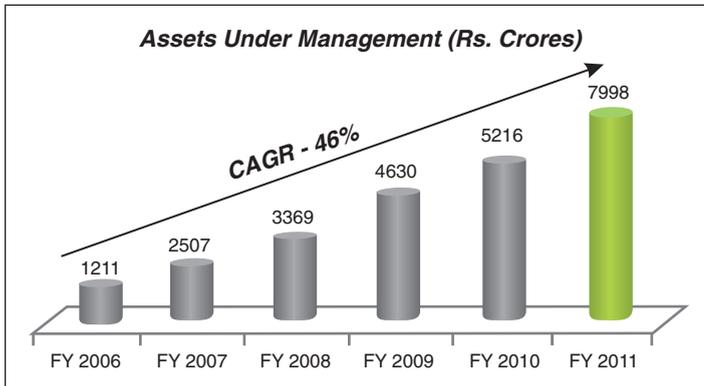
CORPORATE INFORMATION

Chairman	:	Sri Arun Duggal (Non Executive, Non Independent)
Managing Director	:	Sri R Kannan (Executive, Non Independent)
Directors	:	Sri S Krishnamurthy (Non Executive, Independent)
		Smt Lakshmi Pranesh (Non Executive, Independent)
		Sri Mukund Govind Diwan (Non Executive, Independent)
		Sri Puneet Bhatia (Non Executive, Non Independent)
		Sri K R Ramamoorthy (Non Executive, Independent)
		Sri Ranvir Dewan (Non Executive, Non Independent)
		Sri G S Sundararajan (Non Executive, Non Independent)
		Sri Sunil Varma (Non Executive, Independent)
		Sri S Venkatakrisnan (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
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	:	Andhra Bank Axis Bank Ltd Bank of India Bank of Maharashtra Canara Bank Central Bank of India City Union Bank Ltd Corporation Bank Credit Agricole Corporate & Investment Bank DBS Bank Ltd Dena Bank Dhanalaxmi Bank Federal Bank HDFC Bank Ltd. HSBC Ltd ICICI Bank Ltd. IDBI Bank Ltd. Indian Bank Indian Overseas Bank IndusInd Bank Ltd	ING Vysya Bank Ltd Jammu & Kashmir 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 Mauritius Ltd State Bank of Mysore State Bank of Patiala State Bank of Travancore Syndicate Bank Tamilnad Mercantile Bank Ltd The Royal Bank of Scotland N V The South Indian Bank Ltd Union Bank of India United Bank of India Vijaya Bank Yes Bank Ltd
Institutions	:	Small Industries Development Bank of India (SIDBI)	

PERFORMANCE ANALYSIS





OUR PRESENCE IN INDIA

Adilabad	Belgaum	Coochbehar	Haldwani	Kanpur
Adoni	Bellary I	Cuddalore	Hanmana	Karad
Aduthurai	Berhampur	Cuddapah	Hassan	Karaikudi
Agartala	Bethaniapuram	Cuddapah II	Haveri	Karim Nagar
Agra	Betul	Cumbum	Hazaribagh	Karnal
Ahmedabad	Bhagalpur	Cumbum I	Himayathnagar	Karol Bagh
Ahmednagar	Bhandara	Cuttack	Himmatnagar	Karur
Ajmer	Bharatpur	Daba Gardens	Hindupur	Kasargod
Akola	Bharuch	Dahisar	Hissar	Kathua
Alappuzha	Bhatinda	Dahod	Hooghly	Katni
Aligarh	Bhavanipuram	Dausa	Hospet	Katol
Allahabad	Bhavnagar	Davangere	Hosur	Kattappana
Alwar	Bhilai	Deepika	Hosur - 2	Kattedan
Amalapuram	Bhilwara	Dehradun	Hubli	Kattur
Amaravati 1	Bhimavaram	Dewas	Hunsur	Kaveripattinam
Ambala	Bhiwadi	Dhamtari	ilkal	Kawardha
Ambasumudram	Bhiwandi	Dhanbad	Indore	Kayamkulam
Ambikapur	Bhopal	Dharmapuri	Indore 2	Keeranur
Amravati	Bhubaneshwar I	Dharwad	Itchapuram	Keonjhar
Amreli	Bhubaneswar	Dhulia	J P Nagar	Khamgaon
Amritsar	Bhuj	Dindigul	Jabalpur	Khammam
Anakapalli	Bidar	Dindigul I	Jabalpur 1	Khargapur
Anand	Bijapur	Durgapur	Jagadamba	Kodada
Anantapur	Bijnore	Eluru	Jagdalpur	Koilpatti
Ananthapur - I I	Bikaner	Ernakulam II	Jaihindpuram	Kolar
Anchal	Bilashpur	Ernakulam New	Jaipur	Kolathur
Andipatty	Bilaspur	Ernakulam Old	Jaipur Lajpat Marg	Kolhapur
Angamaly	Birbhum	Erode	Jaisalmer	Kolkatta South
Angul	Boisar	Erode I	Jajpur	Kompally
Arakonam	Bokaro	Etawah	Jalandhar	Koothanallur
Arani	Bongaigaon	Faizabad	Jalgaon	Koppal
Ariyalur	Bundi	Faridabad	Jalna	Korba
Arrah	Burdwan	Farrukhabad	Jamkhabhalia	Kota
Arumbakkam	Burhanpur	Fathepur	Jammu	Kothagudam
Asansol	Calcutta Central	Ferozepur	Jamnagar	Kotputli
Ashok Nagar	Calicut	Gadag	Jamshedpur	Kottayam
Attingal	Chakan	Gadhinglaj	Janakpuri	Krishnagiri
Attur I	Chamaraj Nagar	Gadwal	Janjgir	Krishnanagar
Attur II	Chandan Nagar	Gajuwaka	Jayankondam	Kukatpally
Aurangabad	Chandigarh	Gandhidham	Jetpur	Kullu
Azadpur	Chandikhol	Ganganagar	Jhalawar	Kumarapalayam
Bacheli	Chandrapur	Gaya	Jhansi I	Kumbakonam
Baddi	Channapatna	Ghaziabad	Jhansi II	Kumta
Bagalkot	Channarayapatna	Goa/panjim	Jharsuguda	Kundapur
Baharampur	Chattarpur	Gobichettipalayam	Jhunjhunu	Kunnamkulam
Balaghat	Chembur	Godhara	Jodhpur	Kuntrathur
Balasore	Chengalpattu	Godhavari Khani	Jorhat	Kurnool I
Bangalore Kh Road	Chevapettai	Gondia	Junagadh	Kurnool II
Bankura	Chickballapur	Gorakhpur	Jyepore	Kurukshetra
Baramati	Chidambaram	Gudiwada	Kaithal	L B Nagar
Barasat	Chikkamagalore	Gudur	Kakinada	Lakhimpur
Bardoli	Chikkodi	Guduvancherry	Kakinada III	Latur
Bareilly	Chinchwad	Gulbarga	Kakinada IV	Lucknow
Barmar	Chindwara	Gummidipoondi	Kallakurichi	Ludhiana
Baroda	Chiplun	Guna	Kallukuzhi (trichy)	Machilipatnam
Basavakalyan	Chitradurga	Guntur	Kalyan	Madanapalli
Batlakundu	Chittore	Gurgaon	Kamareddy	Madhurawada
Beed	Chittorgarh	Gurgaon I (sohana)	Kanchangadh	Madikeri
Begusarai	Cholavanthan	Guwahati 1	Kanchipuram	Madiwala I
Behraich	Chowtuppal	Guwahati 2	Kankavali	Madras Main Branch
Belapur	Coimbatore	Gwalior	Kannur	Madurai

Madurai 2	Ongole	Ranipet	T Dasarahalli	Wadi
Malda	Ooty	Rasipuram	Tadepalligudem	Wadkhal
Malegaon	Osmanabad	Ratlam	Tadipatri	Waidhan
Manapparai	Ottanchatram	Ratnagiri	Tambaram	Warangal
Mancherial	Padi	Raygada	Tanjavur	Warangal II
Mandapeta	Palacode	Renukoot	Tanjavur I	Wardha
Mandi	Palam	Rewa	Tarnaka	Wardhaman Nagar
Manendragarh	Palani	Roha	Tenali	Washim
Mangalore - New	Palanpur	Rohini	Tenkasi	West Mambalam
Mangalore (O)	Palayamkottai	Rohtak	Tezpur	Westend Mall
Manjeri	Palghat	Rourkela	Thalassery	Woraiyur I
Marathali	Pandarpur	Sadulpur	Thane	Woraiyur II
Margao	Panvel	Sagar	Theni	Yamunanagar
Markapuram	Paonta Sahib	Sagara	Thiruchengode	Yavatmal
Marthandam	Papanasam	Sahibabad	Thirunindravur	
Masjid	Paramakudi	Sakinaka	Thiruppathur	
Mayiladithurai	Paramakudi 1	Salem	Thiruvallur	
Mehboob Nagar	Paravathipuram	Salem I	Thiruvarur I	
Mehboob Nagar I	Parbhani	Salem II	Thiruvarur II	
Mehsana	Parbhani I	Salur	Thiruverumbur	
Melur	Parrys	Sambalpur	Tindivanam	
Mettupalayam	Patan	Sandur	Tinsukhia	
Mettur	Pathanamthitta	Sangagiri	Tiptur	
Miryalaguda	Pathankot	Sangamner	Tiruchendur	
Moga	Patiala	Sangareddy	Tirunelveli	
Moradabad	Patna	Sangli	Tirunelveli I	
Morbi	Patna I	Sangroor	Tirupathi	
Morena	Pendurthi	Sangrur	Tiruppur I	
Motihari	Piduguralla	Saraipalli	Tirupur	
Mudbidiri	Pollachi	Satara	Tirur	
Muzaffarpur	Pondicherry	Satna	Tiruvannamalai	
Mylapore	Pondicherry I	Satthanur	Tiruvarur	
Mysore I	Ponneri	Secunderabad	Tiruvotriyur	
Mysore II	Porbander	Sembanar Koil	Tonk	
Nadiad	Proddatur	Sendhwa	Trichur	
Nagercoil	Proddatur-II	Shahapur	Trichy	
Nagole	Pudukottai	Shahdol	Trivandrum	
Nagour	Pudukottai I	Shahjahanpur	Tumkar I	
Nagpur	Pune	Shimla	Tuticorin	
Namakkal	Puri	Shimla	Udaipur	
Namakkal I	Purnea	Shimoga I & II	Udhampur	
Nanded	Pusad	Shivpuri	Udupi	
Nanded I	Puttur	Shrinagar	Ujjain	
Nandigama	Quilon	Shrirampur	Ulundurpet	
Nandurbar	R.s.puram	Sikar	Una	
Nandyal I	Rai Bareilly	Silchar	Uttam Nagar	
Nandyal II	Raichur	Siliguri	Vapi	
Narsipatnam	Raigarh	Sindhanur	Varanasi	
Nashik	Raipur	Singarayakonda	Vasai	
Nashik Road	Raipur II	Sirohi	Vashi	
Navsari	Rajahmundry Iv	Sivakasi	Vatakara	
Needamangalam	Rajahmundry I	Solapur	Vellore	
Neemuch	Rajahmundry III	Sriganaganagar	Veraval	
Nellore	Rajapalayam	Srikakulam	Vijayawada I	
Nellore II	Rajkot	Sultanpur	Vijayawada II	
Nerkundram	Rajnandgaon	Sulthan Bathery	Villupuram	
Neyveli	Rajpibla	Sulur	Virudhachalam	
Neyyatinkara	Rajsamand	Surat	Virudhunager	
Nirmal	Ranchi	Surendranagar	Visakapatnam	
Nizamabad	Rani Bagh	Swai Modhopur	Vizianagaram	

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in placing before you their Twenty Fifth Annual Report on the business and Operations of the Company together with the Accounts for the year ended 31st March, 2011.

FINANCIAL PERFORMANCE

(Rs. in lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
Profit before Depreciation and Taxation	36807.50	29090.63
Less: Depreciation	747.41	464.77
PROFIT BEFORE TAX	36060.09	28625.86
Less: Provision for taxation	12001.24	9200.00
PROFIT AFTER TAX	24058.85	19425.86
Add: Profit brought forward from Previous Year	22730.09	12003.01
Profit available for appropriation	46788.94	31428.87

APPROPRIATIONS

(Rs. in lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
General Reserve	2410.00	1940.00
Statutory Reserve	4810.00	3890.00
Capital Redemption Reserve	-	-
Dividend (interim Rs.2.5 and final Rs 3.5) on Equity Shares of Rs. 10/- each fully paid-up	2970.04	2456.92
Tax on Dividend	486.59	411.86
Balance Carried to Balance Sheet	36112.31	22730.09

BUSINESS SCENARIO AND BUSINESS OPPORTUNITIES

The timely support through a series of economic measures and by active governmental monitoring of the Indian economy, it registered speedy recovery. India managed to grow at 8.00 percent in 2009-10 and 6.80 percent in 2008-09 in the face of global melt down. The growth during the financial year 2010-11 is reported to be about 8.60 percent. Indian economy derived major benefits from robust domestic demand and a revival in investor and consumer sentiment. This contributed for stronger capital inflows into the country. The Indian economy is projected to grow 8.50 percent - 9.00 percent in 2011-12. The volatile interest rates could pose a challenge. The growth in Retail Finance disbursement would largely be driven by increasing propensity to consume, increasing affordability. The penetration in retail finance still remains low.

World over, the Micro Small and Medium Enterprises or MSMEs have been recognised as engines of economic growth. In India, MSMEs are the second largest source of employment after agriculture. They account for almost 40 per cent of industrial production, 95 per cent of the industrial units, 34 percent of the exports and manufacture over 6000 products. It is estimated that to create one job in the MSME sector, only Rs 72,000 is required as against Rs 5.5 lacs required in the large organised sector.

It is estimated that to achieve the target of 10 per cent growth by 2011, the MSME sector needs to grow at 12%. There are some major hurdles which do not allow this sector to flourish well.

The first major hurdle is that the credit availability is low for this sector. It is estimated that the unorganised sector comprises 95% of the total industrial units, employing more than 65 million people. Yet only 8% of the total bank credit finds its way into this sector. Arranging collateral security, documentation etc makes clearance of the loan all the more difficult. Inevitably, many of these small units fall into the vicious cycle of debt and poverty and eventually many of them perish.

Formal sector has the option to raise huge sum from the money market, while the unorganised sector doesn't have any such opportunity. In the 11th Five Year Plan, Planning Commission estimates that in the next five years the total working capital and loan requirement by the MSMEs/unorganised sector would be 2,96,000 crore. This huge credit requirement cannot be met by the banking system alone. The Company finds here huge scope in financing this sector of the economy through its product "SMALL BUSINESS LOANS".

The exceptional growth in gold loan disbursements (loans against gold jewellery) in recent years, the under-penetrated nature of this market, being secured and negligible NPA levels make the lending against gold business attractive within the banking/NBFC space.

The gold loan market is pre-dominantly un-organised lending against this collateral, Indian households are estimated to have a gold holding of anywhere between 18,000 and 20,000 tonnes. Given that gold is not an income-generating asset, the only means to monetise gold holdings is through loans. Theoretically, this translates into a Rs 30 lac crore lending business opportunity (assuming a 75 per cent loan-to-value). The organised market size could be about Rs 38,000 crore (March 2011). This leaves a huge space for Financing against gold and Jewellery. The Company with its wide-spread business outlets sees huge opportunities of growth, particularly in the small business loans and loan against gold.

OPERATIONS

Income from Operations for the period under consideration was Rs.132091.19 lacs as against Rs.110284.71 lacs for the previous year posting an increase of 19.77% year-on-year basis.

The Company earned a Profit before Tax of Rs.36060.09 lacs for the year ended 31st March, 2011, registering an increase of Rs.7434.23 lacs (25.97%) over the previous year, which was at Rs 28625.86 lacs. The profit after tax at Rs.24058.85 lacs grew 23.85% than the previous year (Rs 19425.86 lacs).

RESOURCES INCLUDING FIXED DEPOSITS

The Resource of the Company stood as under :

(Rs in Lacs)

Year ending on	Amount of Deposits	Amount of Privately placed Non Convertible Debentures	Amount of Subordinated Debt	Amount of Commercial Papers	Amount of Listed Non Convertible Debentures	Amount of Term Loan
31 st March, 2011	55.10	155294.31	53272.33	22500.00	64583.33	302177.28
31 st March, 2010	100.74	154073.77	53002.95	NIL	20000.00	114164.17

As on 31st March 2011, 113 nos deposits amounting to Rs. 20.83 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 77 deposits amounting to Rs.13.47 lacs. However there are no deposits which had matured and which were claimed but not paid by the Company. Steps are continuously being taken to arrange for repayment/renewal of deposits.

DIVIDEND: The Board of Directors declared Interim and Final Dividend based on the financials of the Company. The Final Dividend recommended by the Board are subject to approval by the Members of the Company. The Details of Dividend are given below.

For the Year 2010-11

	No of Shares	Dividend per Share (Rs)	Dividend Amount (Rs in lacs)	Dividend Tax (Rs in Lacs)	Total Outflow (Rs in Lacs)	Date of payment
Interim Dividend	49392739	2.50	1236.25	205.33	1441.58	25.11.2010
Final Dividend	49536877	3.50	1733.79	281.26	2015.05	
Total		6.00	2970.04	486.59	3456.63	

For the year 2009-2010

	No of Shares	Dividend per Share (Rs)	Dividend Amount (Rs in lacs)	Dividend Tax (Rs in Lacs)	Total Outflow (Rs in Lacs)	Date of payment
Interim Dividend	49113850	2.00	982.28	166.94	1149.22	23.11.2009
Final Dividend	49154700	3.00	1474.64	244.92	1719.56	18.08.2010
Total		5.00	2456.92	411.86	2868.78	

An amount of Rs.22.11 lacs (previous year Rs.16.87 lacs) is lying in unpaid Equity dividend account of the Company. During the financial year an amount of Rs 0.10 lacs (Previous year Rs 0.36 lacs) was transferred to Investor Education & Protection Fund.

SHARE CAPITAL AND EMPLOYEE STOCK OPTION SCHEME

The Company has got Employees Stock Options Scheme (ESOS).ESOS was approved by the Members at the Extra-Ordinary General Meeting held on dt 30th October, 2006.ESOS was implemented 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.

During the year under review, the company allotted 3,82,177 Nos of fully paid up equity shares of the face value of Rs.10/- each to its employees on exercise of stock options by them.

The details of Shares issued and allotted under ESOS and the disclosures required under Clause 12 under SEBI Guidelines as on 31st March, 2011 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.

HUMAN RESOURCE

The Company strongly believes that the human resource built up by it over the years is its most valuable asset. In order to strengthen them, internal and external trainings are imparted to them continuously. All efforts are made to empower them continuously. The broader employee ownership of its share capital has contributed to a large extent on retaining its employees and has also impacted positively on the Company's performance.

SUBSIDIARY

During the Financial Year ended 31st March, 2011, the Company incorporated a wholly owned subsidiary Company, "Shriram Housing Finance Limited" (SHFL). SHFL was incorporated on 09th November, 2010 and received its Certificate of Commencement of Business from the Registrar of Companies, Tamilnadu on 21st January, 2011. SHFL is a non-material unlisted subsidiary of the Company and is yet to commence business. SHFL has made applications to National Housing Bank (NHB) for obtaining Certificate of Registration.

The Board of Directors by way of a resolution passed at its meeting held on May 26, 2011 has given consent for not attaching the Balance Sheet of the Subsidiary to its Balance Sheet as per Section 212 of the Companies Act, 1956 read with General Circular No.2/2011 (51/12/2007-CL-III dt 8th February 2011) of the Ministry of Corporate Affairs (MCA), Govt of India. A statement on Consolidated Financial Statement of the Company with that of the Subsidiary prepared in compliance with accounting standards and listing Agreements with Stock Exchanges is attached to this Annual Report.

The Annual Accounts, Annual Reports and the related detailed information of the subsidiary shall be made available to the Share holders of the Company and the Subsidiary Company seeking such information at any point of time. The Annual Accounts of the Subsidiary shall be kept at the Registered Office of the Company and at the Registered Office of the Subsidiary Company for inspection by any shareholder. The Company shall furnish hard copy of the detail of the Accounts of the Subsidiary to any Shareholder on demand. The annual accounts of the Subsidiary shall be available on the web site of the Company (www.shriramcity.in) and shall be provided to Shareholders on their written request to the Company.

RESERVE BANK OF INDIA (RBI) GUIDELINES

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 endeavored 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.

As required by Clause 49 (IV) (F) of the Listing Agreement with Stock Exchanges the Management Discussion Analysis on the business of the Company given as a separate statement forming a part of this report is attached.

Further, as required under Clause 49 of the Listing Agreement, a certificate, duly signed by the Managing Director and Chief Financial Officer on the Financial Statements of the Company for the year ended March 31, 2011, was submitted to the Board of Directors at their meeting held on May 26, 2011. The certificate is attached to the Report on Corporate Governance.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

The Board of Directors have taken note of the 'Corporate Governance Voluntary Guidelines 2009' issued by the Ministry of Corporate Affairs (MCA) in December 2009. Though these guidelines are recommendatory in nature, the Board is aware of its importance and would consider adopting the relevant provisions of these Guidelines as and when deemed appropriate.

DIRECTORATE

As per Section 256 of Companies Act, 1956, Sri Arun Duggal, Chairman and Sri Mukund Govind Diwan, 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, Smt Lakshmi Pranesh, Sri Puneet Bhatia, Sri K R Ramamoorthy and Sri Ranvir Dewan were appointed as Additional Directors of the Company. As per the provisions of Section 260 of the Companies Act, 1956, Smt Lakshmi Pranesh, Sri Puneet Bhatia, Sri K R Ramamoorthy and Sri Ranvir Dewan hold office upto the date of the ensuing Annual General Meeting of the Company. The Company has received notice from members proposing Smt Lakshmi Pranesh, Sri Puneet Bhatia, Sri K R Ramamoorthy and Sri Ranvir Dewan as candidate for the office of Director.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures .
- such accounting policies as mentioned in Schedule 17 of the Accounts have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 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.

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 them to the effect that their re-appointment as Auditors of the Company, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 they hold valid peer review certificate as prescribed under Clause 41(1)(h) of the Listing Agreement with Stock Exchanges. Necessary resolution for their reappointment is proposed at the ensuing Annual General Meeting.

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

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

- a. The Company does not have any activity involving conservation of energy or technology absorption.
- b. The Company does not have any Foreign Exchange Earnings.
- c. Outgo under Foreign Exchange - Rs. 0.09 lacs (Previous Year : 0.08 Lacs)

ACKNOWLEDGEMENT

The Board of Directors would like to place on record their gratitude for the guidance and cooperation extended by Reserve Bank of India, other statutory authorities and the Auditors of the Company. The Board takes this opportunity to express their sincere appreciation for the excellent patronage received from the Banks and Financial Institutions. The Board is pleased to record its appreciation for the enthusiasm, commitment, dedicated efforts of the employees of the Company at all levels. The Board is also deeply grateful for the continued confidence and faith reposed on us by the Shareholders, Depositors, Debenture holders and Debt holders.

For and on behalf of the Board of Directors

Place: Chennai
Date: 26th May, 2011

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 Housing Finance Limited, Shriram Motor Finance, S R Real Estate Finance, Shriram Chits (Karnataka) Private Limited, Shriram Chits Private Limited, Shriram Chits Tamilnadu Private Limited, Shriram Chits (Maharashtra) Limited, Shriram Enterprise Holdings Private Limited, Shriram Automall Land Holdings Private Limited (formerly Shriram Projects Development Private Limited), Shriram Retail and Franchisees Private Limited (formerly DNM Consultancy Private Limited), Shriram Insight Share Brokers Limited, Shriram Wealth Advisors Limited, Insight Commodities & Futures Private Limited, Shriram Fortune Solutions Limited, Shriram Value Services Private Limited, Shriram Marketing Agencies (Chennai) Private Limited, Shriram Capital Limited, 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 Holdings Private Limited, Shriram Enterprises Trust, Shriram Entrepreneurial Ventures Limited, Shriram Overseas Investments Private Limited (formerly Dhanashri Investments Private Limited), Shriram Financial Ventures (Chennai) Private Limited, Shriram Financial Products Solutions (Chennai) Private Limited and 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, 2010 - 11

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, 2011

	Particulars	SCUF Employees Stock Option Scheme, 2006
a)	Options Granted	1355000 Equity Shares of Rs.10/- each.
b)	The pricing formula	Rs. 35/- per option
c)	Options vested	540170
d)	Options exercised (as at March 31, 2011)	382177
e)	The total number of shares arising as a result of exercise of option	382177
f)	Options lapsed (as at March 31, 2011)	Nil
g)	Variation of terms of options	Nil
h)	Money realised by exercise of options	Rs. 13376195/-
i)	Total number of options in force (as at March 31, 2011)	918123
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. 47.97
	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. 3068.40 Lacs As per Fair Value method Using Black Scholes Model Rs. 3081.54 Lacs Difference in cost (Rs.13.14) Lacs

ANNEXURE TO THE DIRECTOR'S REPORT, 2010 - 11

	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 11 As per Intrinsic Value method Rs. 471.68 lacs As per Fair Value method Rs. 473.70 lacs Using Black Scholes Method Impact on Profit (Rs. 2.02 lacs) 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	7.67%
	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

This is to certify that the `SCUF Employees Stock Options Scheme 2006' of Shriram City Union Finance Ltd 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.

For **Pijush Gupta & Co.**
Firm Registration No : 309015E
Chartered Accountants

Ramendra Nath Das
Partner
Membership No. 014125

Place: Chennai
Date: 26th May 2011

Annexure to the Director's Report, 2010 - 11

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 IA (iii) of the Listing Agreement with stock exchanges.

The present Strength of Directors is 12, consisting of Non Executive and Non Independent Chairman, Managing Director and 10 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 :-

S.No	Name of the Director	Category of Directorships		Position
		Executive / Non Executive	Independent / Non Independent	
1	Sri Arun Duggal	Non Executive	Non Independent	Chairman
2	Sri R Kannan	Executive	Non Independent	Managing Director
3	Sri S Krishnamurthy	Non Executive	Independent	Director
4	Smt Lakshmi Pranesh #	Non Executive	Independent	Director
5	Sri Mukund Govind Diwan	Non Executive	Independent	Director
6	Sri Puneet Bhatia #	Non Executive	Non Independent	Director
7	Sri Ranvir Dewan #	Non Executive	Non Independent	Director
8	Sri K R Ramamoorthy #	Non Executive	Independent	Director
9	Sri G S Sundararajan	Non Executive	Non Independent	Director
10	Sri Sunil Varma	Non Executive	Independent	Director
11	Sri S Venkatakrishnan	Non Executive	Non Independent	Director
12	Sri Vipen Kapur	Non Executive	Independent	Director

inducted as additional directors w.e.f. 1.12.2010

None of the Directors hold any equity shares/warrants in the Company. All the Directors have made declaration about their category of directorships in the Company.

Annexure to the Director's Report, 2010 - 11

Board Process :

The Board meets at least once 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 including the information as mentioned in Annexure-1A to Clause 49 of the Listing Agreement 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.

Important Decisions taken at the Board Meeting/Committee Meetings are promptly communicated to concerned Departments and Action Taken Report on decisions/minutes of previous meetings is placed at the succeeding meetings of the Board/Committee for noting.

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 :

Six meetings of the Board of Directors were held during the year ending 31st March 2011 - on 21st May, 2010, 15th June, 2010, 30th July, 2010, 28th October 2010, 29th January 2011 and 24th March, 2011 and the maximum gap between the two board meeting 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, 2010 - 11

Attendance

Sl. No	Name of the Director	Position	No of Board Meetings held	Board Meetings attended	AGM Held on dt 30 th July, 2010	No of Directorship held in Other Companies	Membership and Chairmanship of the Committees of the Board	
							Membership	Chairmanship
1	Sri Arun Duggal	Chairman	6	6	Present	19	2	2
2	Sri R Kannan	Managing Director	6	6	Present	4	-	-
3	Sri S Krishnamurthy	Director	6	6	Present	3	2	1
4	Smt Lakshmi Pranesh #	Director	6	2	-	-	-	-
5	Sri Mukund Govind Diwan	Director	6	3	Present	8	3	-
6	Sri Puneet Bhatia #	Director	6	-	-	5	-	-
7	Sri Ranvir Dewan #	Director	6	-	-	2	-	-
8	Sri K R Ramamoorthy #	Director	6	1	-	10	4	2
9	Sri G S Sundararajan	Director	6	5	Not Present	5	-	-
10	Sri Sunil Varma	Director	6	5	Present	3	1	-
11	Sri S Venkatakrishnan	Director	6	5	Present	18	1	1
12	Sri Vipen Kapur	Director	6	5	Present	1	-	-

inducted as additional directors w.e.f. 1.12.2010

Annexure to the Director's Report, 2010 - 11

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 14.1). 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.

Annexure to the Director's Report, 2010 - 11

The details of sitting fees / remuneration paid to the Directors for the year 2010-2011 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	-	-	-
2	Sri R Kannan	Executive, Non Independent	Managing Director	-	-	-
3	Sri S Krishnamurthy	Non Executive, Independent	Director	195000/-	-	195000/-
4	Smt Lakshmi Pranesh #	Non Executive, Independent	Director	30000/-	-	30000/-
5	Sri Mukund Govind Diwan	Non Executive, Independent	Director	105000/-	-	105000/-
6	Sri Puneet Bhatia #	Non Executive, Non Independent	Director	-	-	-
7	Sri Ranvir Dewan #	Non Executive, Non Independent	Director	-	-	-
8	Sri K R Ramamoorthy #	Non Executive, Independent	Director	15000/-	-	15000/-
9	Sri G S Sundararajan	Non Executive, Non Independent	Director	-	-	-
10	Sri Sunil Varma	Non Executive, Independent	Director	115000/-	-	115000/-
11	Sri S Venkatakrishnan	Non Executive, Independent	Director	-	-	-
12	Sri Vipen Kapur	Non Executive, Independent	Director	115000/-	-	115000/-

inducted as additional directors w.e.f. 1.12.2010

Annexure to the Director's Report, 2010 - 11

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:

- To oversee the financial reporting process
- To recommend appointment and re-appointment of Auditors and their remuneration
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors
- Reviewing, with the management, the Financial Statements before submission to the Board
- To ensure proper disclosure in the quarterly, half yearly and Audited Financial Statements
- 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
- To approve appointment of Chief Financial Officer (CFO) of the Company(person heading the finance function or discharging that function) .
- To have management discussion and analysis of financial condition and results of operations;
- To review significant related party transactions
- Management letters/letters of internal control weaknesses issued by the Statutory Auditors
- Internal Audit Reports relating to internal control weaknesses
- To review the appointment, removal and terms of remuneration of the Internal Auditor
- Reviewing, with the management, performance of Statutory and Internal Auditors, adequacies of the internal control systems
- To Carry out any other function as decided by the Board from time to time

Annexure to the Director's Report, 2010 - 11

Composition & Attendance :

The Committee met 4 times during the financial year on 21st May, 2010, 29th July, 2010, 28th October, 2010 and 28th January, 2011 .

Name of the Directors	Position	Category	No of Meetings held (2010-2011)	No. of Meetings Attended (2010-2011)
Sri Sunil Varma	Chairman	Non Executive ,Independent	4	4
Sri Mukund Govind Diwan	Member	Non Executive ,Independent	4	3
Sri S Krishnamurthy	Member	Non Executive ,Independent	4	4
Sri S Venkatakrishnan	Member	Non Executive, Non Independent	4	3
Sri Ranvir Dewan *	Member	Non Executive, Non Independent	4	-
Smt Lakshmi Pranesh *	Member	Non Executive, Independent	4	-

*Inducted as a Member of the Committee w.e.f. 1.2.2011

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

REMUNERATION AND COMPENSATION COMMITTEE :

Terms of Reference :

1. To determine salaries, benefits and stock options grants to Directors of the Company.
2. To develop guidelines, review and approve the Remuneration Policy of the Company.
3. To guide the management regarding the Company's compensation, bonus, pension and other benefit plans, policies and practices and the talent management .
4. To review and approve employment agreements , severance arrangements, change in control agreements and any other benefits, compensation or arrangements for the Directors of the Company
5. To establish guidelines and to grant the stock options to employees and officers of the Company .
6. To administer the Company's stock incentive plans and other similar incentive plans and interpret and adopt rules for the operation thereof.

Composition and attendance:

The Committee had met 4 times during the financial year on 21st May, 2010, 29th July, 2010, 28th October, 2010 and 28th January, 2011 . The composition of the Committee and their attendance are as under .

Name of the Directors	Position	Category	No of Meetings held (2010-2011)	No. of Meetings Attended (2010-2011)
Sri Vipen Kapur	Chairman	Non Executive, Independent	4	4
Sri S Krishnamurthy	Member	Non Executive, Independent	4	4
Sri Mukund Govind Diwan	Member	Non Executive, Independent	4	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 under Company's Employees Stock Option Scheme to those employees who exercise the options .The Committee met on 31.5.2010, 30.6.2010, 13.8.2010,17.9.2010, 19.10.2010, 8.11.2010, 4.12.2010, 31.12.2010, 31.1.2011, 2.3.2011 and 31.3.2011 during the financial year .

During the year ended 31.3.2011, 3,82,177 options were allotted to the employees in exercise of their Options .

Annexure to the Director's Report, 2010 - 11

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 :

- Redressal of shareholders' and investors' complaints
- Review the Shareholding pattern and Ownership .
- Facilitate better investor services and relations.
- Transfer of unclaimed Dividend/Deposits/Debentures/Subordinated Debt , to Investor Education and Protection Fund
- Listing of Securities on Stock Exchanges including Global depository receipts
- Review of Secretarial audits, appointment of Secretarial Auditors and their remuneration
- Any other subject as may be assigned by the Board from time to time.
- To form Sub Committees

Composition & Attendance :

The Committee had met 4 times during the financial year on 21st May, 2010, 29th July, 2010, 28th October, 2010 and 28th January, 2011 . The composition of the Committee and their attendance are as under

Name of the Directors	Position	Category	No of Meetings held (2010-2011)	No. of Meetings Attended (2010-2011)
Sri S Venkatakrisnan	Chairman	Non Executive, Non Independent	4	3
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 received 2 complaints during the year ended on March 31, 2011 and both the complaints were resolved

Annexure to the Director's Report, 2010 - 11

BANKING & FINANCE COMMITTEE OF DIRECTORS :

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

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 of 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 do to 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 48 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 (2010-2011)	No. of Meetings Attended (2010-2011)
Sri S Venkatakrisnan	Chairman	Non Executive, Non Independent	48	48
Sri R Kannan	Member	Executive, Non Independent	48	48

Annexure to the Director's Report, 2010 - 11

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, popularly known as ALCO is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Company in line with the Company's budget and decided risk management objectives. The ALCO is a decision-making unit responsible for balance sheet planning from risk-return perspective including strategic management of interest rate and liquidity risks.

Its function include -

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

During the year under review, the Committee met 2 times on 29th April, 2010 and 28th October 2010 .

Composition & Attendance :

Name of the Director	Position	Category	No of Meetings held (2010-2011)	No. of Meetings Attended (2010-2011)
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	1
Sri R Chandrasekar *	Member	Executive Director	2	1

@ Resigned as the Member w.e.f. 21.5.2010

* Appointed as the Member w.e.f. 21.5.2010

GENERAL BODY MEETINGS:

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

Year	AGM	Location	Date & Time
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
2009-2010	24 th AGM	Narada Gana Sabha (Mini Hall) No 314 (Old No 254) T T K Road, Alwarpet, Chennai - 600 018	30 th July, 2010 at 11.00 A M

There were no special resolutions passed in previous three Annual General Meetings (AGM) held on date 1st August, 2008, 30th July, 2009 and 30th July, 2010.

During the financial year 2010-11, 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, 2010 - 11

EXTRAORDINARY GENERAL MEETINGS : No EGM was held during the financial year 2010-11.

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, the details of which has been given earlier in this Report.

The Company has adopted Code of Conduct (Code) for the Members of the Board and Senior Management Personnel as required under Clause 49 of the Listing Agreement with Stock Exchanges. All the Board Members and the Senior Management Personnel have affirmed compliance of the Code. The Annual Report of the Company contains a declaration to this effect signed by the Managing Director of the Company. Further, the Code of Conduct applicable to the Board and Senior Management Personnel is also posted on the website of the Company.

CAPITAL AUDIT :

The capital audit as required under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 read with SEBI Circular No. D&CC/FITTC/Cir-16/2002 dated 31/12/2002 and SEBI Circular No. CIR/MRD/DP/30/2010, a Qualified Practising Company Secretary carries out Capital Audit to reconcile the total admitted equity capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Ltd (CDSL) and the total issued and listed equity capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and to the Board of Directors .

The Company has complied with all the mandatory requirements as stipulated in Clause 49 of the Listing Agreement.

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

As required under Clause 49 (V) of the Listing Agreement with Stock Exchanges , a Certificate by the Managing Director and the Chief Financial Officer of the Company 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 Company's website www.shriramcity.in .

In compliance of Clause 52 of the Listing Agreement with stock exchanges, all data relating to quarterly financial results, shareholding patterns, etc. were filed within the stipulated time on under Corporate Filing and Dissemination System (CFDS) in the web site www.corpfiling.co.in The Shareholders/Investors can view the information by visiting the website of CFDS viz www.corpfiling.co.in .

Annexure to the Director's Report, 2010 - 11

GENERAL SHAREHOLDER INFORMATION :

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

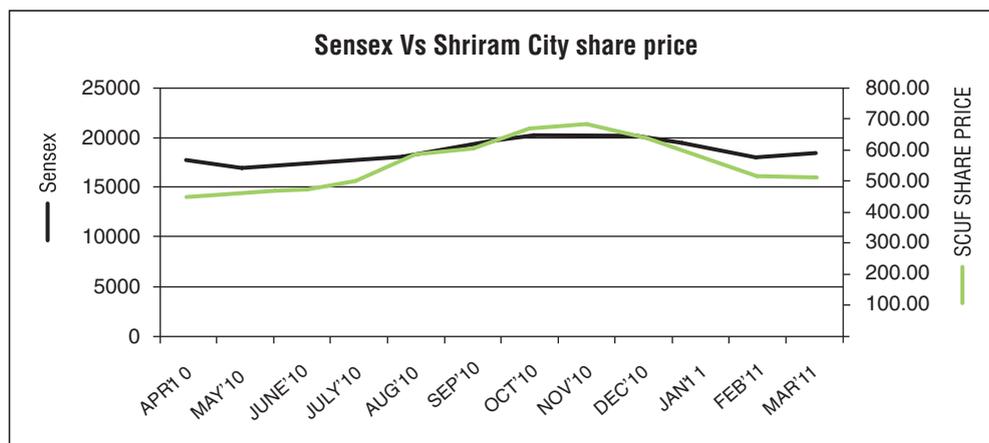
a. Date and Time	28 th July 2011 at 11 AM
b. Venue	Narada Gana Sabha, Chennai
c. Book Closure Date	21.7.2011 – 28.7.2011(both days inclusive)
d. Dividend	<p>An interim dividend of Rs.2.5 per equity share was declared by the board of directors at its meeting held on 28th October, 2010 and the payments thereof were effected on 25th November, 2010.</p> <p>The payment of final dividend upon declaration by the shareholders at the Annual General Meeting, will be made on or after 1st August, 2011.</p>

2. Details of Listing on Stock Exchanges :

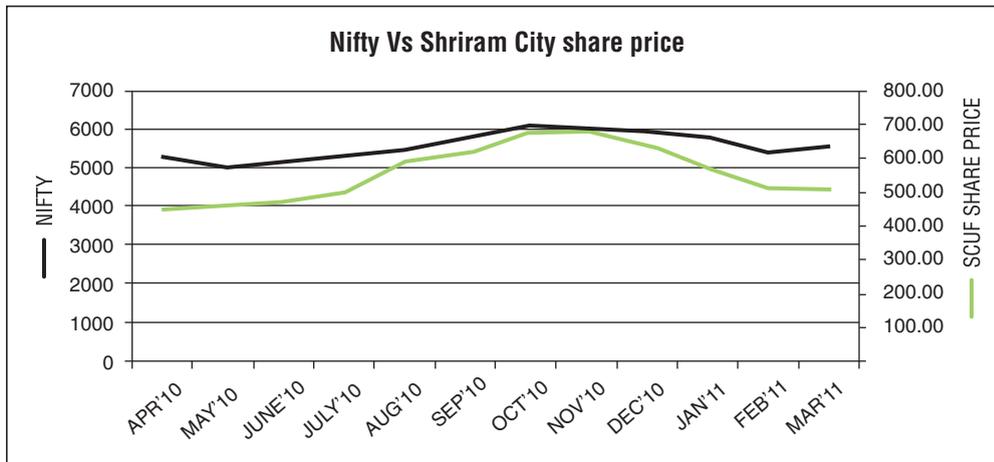
Name of the Stock Exchange	Stock Code
Madras Stock Exchange Limited	SRIRACITUN
Bombay Stock Exchange Limited	532498
National Stock Exchange of India Limited	SHRIRAMCIT
Demat ISIN Number in NSDL & CDSL	INE722A01011

The Company paid Listing Fees for the year 2011-12 to Madras Stock Exchange Ltd, Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd on time.

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



Annexure to the Director's Report, 2010 - 11



4. The high and low market price and volume of shares traded during each month of the financial year ended March 31, 2011:

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 10	465.00	440.10	9381	460.00	440.90	28086
May 10	474.45	450.55	4295	474.95	452.95	171342
June 10	479.00	455.10	43701	475.05	458.65	20134
July 10	538.70	467.00	11713	535.25	468.75	39659
August 10	619.45	558.80	15710	621.25	561.00	48877
Sep 10	638.25	570.85	24497	651.65	569.25	67894
Oct 10	713.50	625.05	11880	712.45	628.85	67189
Nov 10	704.00	662.50	29092	701.85	663.05	52654
Dec 10	688.25	595.90	5751	680.10	601.05	107244
Jan 11	616.60	523.75	8042	603.85	530.00	37159
Feb 11	538.95	490.10	6938	525.40	499.85	44856
Mar 11	523.90	500.00	7388	521.00	500.00	30180

Annexure to the Director's Report, 2010 - 11

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:

99.20% of the equity shares of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with Registrar and Transfer Agent at the above mentioned addresses. 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 31st March, 2011

No. of equity shares held	Shareholders		Shares	
	Number	%	Number	%
Upto 500	4548	88.37	517469	1.04
501 – 1000	333	6.47	241040	0.49
1001 – 2000	139	2.70	196628	0.40
2001 – 3000	52	1.01	136722	0.28
3001 – 4000	14	0.27	50070	0.10
4001 – 5000	11	0.21	51805	0.10
5001 – 10000	19	0.37	124727	0.25
10001 and above	31	0.60	48218416	97.34
Total	5147	100.00	49536877	100.00

Shareholding pattern (in %) as on 31st March, 2011

Promoters	Banks	NRIS	Mutual Fund	Foreign Companies	FII	Trusts	Public	Total
53.45	0.20	0.06	0.02	20.79	14.95	7.47	3.06	100

8. Dematerialisation of Shares :

The Company's scrip forms part of the compulsory Demat segment for all investors effective July 24, 2000. The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The connectivity is established through Integrated Enterprises (India) Limited. As on March 31, 2011, 49536877 No of equity shares (99.20 % 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.

10. Plant Location : In view of the nature of the Company's business viz. Non Banking Finance Company, the Company operates from various offices in India. The list of Locations are mentioned in the Annual Report.

Annexure to the Director's Report, 2010 - 11

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

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 2011 – 2012 (tentative) :

Annual General Meeting	September 2012
Unaudited results for the quarter ending 30 th June, 2011	Last week of July, 2011
Unaudited results for the quarter/ half - year ending September 30, 2011	Last week of October, 2011
Unaudited results for the quarter ending December 31, 2011	Last week of January, 2012
Audited results for the year ending 31 st March 2012	June 2012

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 PURSUANT TO CLAUSE 49 IV (G) (I) OF THE LISTING AGREEMENT :

I. Sri Arun Duggal, Chairman

Sri Arun Duggal is a Visiting Professor at the Indian Institute of Management, Ahmedabad where he teaches a course on Venture Capital & Private Equity.

Sri Arun Duggal is Chairman of Board of Directors of Shriram Capital, Shriram Transport Finance Company, Shriram Properties and Shriram EPC. He is also Vice Chairman of International Asset Reconstruction Company. He is an experienced international Banker and has advised companies and financial institutions on Financial Strategy, M&A and Capital Raising.

He is on the Board of Directors of Jubilant Energy, Netherlands (Chairman Audit Committee), Patni Computers, Fidelity Fund Management, Ecron Acunova, Zuari Industries, Info Edge (Chairman Audit Committee), Dish TV, Mundra Port and Mortice Limited (Singapore) (Chairman of Audit Committee). He is a member of the Investment Committee of Axis Private Equity. He was erstwhile Chairman of the American Chamber of Commerce, India He was on the Board of Governors of the National Institute of Bank Management.

Sri Duggal is involved in several initiatives in social and education sectors. He is a Trustee of Centre for Civil Society, New Delhi, which focuses on improving the quality and access of education to students especially for the poor. Sri Duggal is Chairman of Bellwether Microfinance Fund, a social sector fund, which provides equity capital to smaller, promising Micro Finance organizations

Sri Duggal had a 26 years career with Bank of America, mostly in the U.S., Hong Kong and Japan. His last assignment was as Chief Executive of Bank of America in India from 1998 to 2001. He is an expert in Oil & Gas Financing and from 1981-1990 he was head of Bank of America's (oil & gas) practice handling relationships with companies like Exxon, Mobil, Etc. From 1991-94 as Chief Executive of BA Asia Limited, Hong Kong he looked after Investment Banking activities for the Bank in Asia. In 1995, he moved to Tokyo as the Regional Executive, managing Bank of America's business in Japan, Australia and Korea. From 2001 to 2003 he was Chief Financial Officer of HCL Technologies, India.

A Mechanical Engineer from the prestigious Indian Institute of Technology, Delhi, Sri Duggal holds an MBA from the Indian Institute of Management, Ahmedabad.

Annexure to the Director's Report, 2010 - 11

II. Sri Mukund Govind Diwan, Director

Sri Mukund Govind Diwan has a rich experience in the Insurance industry. He has an expertise in carrying out Management and Actuarial Consultant Assignments. He served at all levels, including as a Chairman of Life Insurance Corporation of India. His assignments included Actuarial, Investments, New Business Underwriting Policyholder's Services, Management Services, HRD, Marketing.

Since 1991, he is working as a Consulting Actuary in the areas of Life Insurance, General Insurance and Retirement Benefits. He is also currently the Appointed Actuary for LIC, Nepal; LIC, Sri Lanka and a couple of companies in the gulf.

He had served on the Boards of various Companies in the Financial Sectors like Life Insurance Corporation of India, General Insurance Corporation of India, Industrial Development Bank of India, Unit Trust of India, Industrial Finance Corporation, India, Kotak Mahindra Old Mutual Life Insurance Co Ltd., KenIndia Insurance Company.

He serves on the boards of VLS Finance Ltd., G. M. Breweries Ltd., Dwarikesh Sugar Industries Ltd., Marketing Research Corporation of India Ltd., Shriram Chits (Maharashtra) Ltd., GDA Trustee & Consultancy Ltd., Indian Institute of Public Opinion Pvt. Ltd., DS Actuarial Education Services Pvt. Ltd and a partner in K A Pandit (Consulting Actuaries).

Sri Diwan holds M.Sc (Statistics), Fellow of the Institution of Actuaries, London (FIA) and a fellow member of the Institute of Actuaries of India.

PROFILE OF DIRECTORS PROPOSED FOR APPOINTMENT AS A DIRECTOR AT THE ENSUING ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 IV (G) (I) OF THE LISTING AGREEMENT :

Smt Lakshmi Pranesh

Smt Lakshmi Pranesh holds B Sc and M Sc (Mathematics) degrees from the University of Madras, securing the Fischer medal for Mathematics.

She joined the Indian Administrative Service in 1968 and retired in 2005 as the Chief Secretary to the Government of Tamil Nadu. During her service, she held many senior posts like Collector, Director of Social Welfare, Director of Employment and Training, Chairman-Teachers' recruitment Board, Chairman-Handicrafts Development Corporation, Secretary to Government of Tamil Nadu in the departments of Social Welfare, Chief Minister's Nutritious Noon Meal Programme, Personnel and Administrative Reforms, Labour and Employment and Food & Civil Supplies.

She was ex-officio Chairman of the Tamil Nadu Civil Supplies Corporation, Overseas Manpower Corporation, and Women's Economic Development Corporation. She served as Government nominated Director in many corporations in the Public Sector like the Tamil Nadu Industrial development Corporation, Small Industries Development Corporation, Police Housing Corporation and Agro-industries Corporation.

She has participated in many international conferences dealing with subjects like Rural Development, Gender Equity, Micro-credit, Disaster Management and Labour Welfare.

Presently, she does not hold Directorship in any other company.

Annexure to the Director's Report, 2010 - 11

Sri Puneet Bhatia

Sri Puneet Bhatia holds a B.Com Honors degree and M.B.A from the Indian Institute of Management, Calcutta.

Sri Bhatia is presently working as the Managing Director and Country Head- India for TPG Asia. He was the chief Executive of the Private Equity Group GE Capital India, where he managed a portfolio that included Companies such as TCS, Patni Computers, BirlaSoft, Serra Atlantic, iGate, Indus Software and Rediff.

Sri K R Ramamoorthy

Sri K. R. Ramamoorthy is a senior banker, with over 40 years of commercial and banking experience in India. He was the Chairman and Managing Director of Corporation Bank, (1990 - 1997) and the Chairman and CEO of ING Vysya Bank, (1997 - 2001). He is credited with providing transformational leadership to these two banks, at different periods of financial liberalization in India. He served as the non-Executive Chairman of ING Vysya Bank until June 2010. After his leadership positions, Sri Ramamoorthy served as an Advisor to CRISIL (2001-2004), on its advisory assignments relating to commercial banks, in the area of development of risk rating model for SMEs. Since 2005, he has been consulting independently, through his firm, Bank Consult, for The World Bank, IFC, IMF and other multilateral agencies and commercial banks in India and other developing countries in South Asia and Africa

During his tenure in the banking sector, Sri Ramamoorthy served on the various Committees constituted by the Reserve Bank of India (RBI), SEBI and the Indian Banks Association. Prior to joining the Banking Industry in his formative career, he served the private sector entities for nearly two decades - in Pharma, Entertainment, and Engineering and Consumer Product Marketing Organizations including Lipton. Currently, he serves on the Board of various corporate entities as Independent Director.

Mr Ramamoorthy holds a degree in Economics and Law and is a senior Fellow Member of the Institute of Company Secretaries of India.

Sri Ranvir Dewan

He joined TPG Capital in July 2006 and is based in Singapore . He is currently the Head of Financial Institutions Group Operations. From April 2000 to July 2006 he was Executive Vice President and Chief Financial Officer of Standard Chartered First Bank (formerly Korea First Bank) in Seoul , Korea.

Prior to that Sri Dewan spent 13 years with Citibank and held various senior positions in its international businesses. In his previous assignment he was Vice President and Regional Financial Controller of Citibank's Global Consumer Bank with responsibilities covering 11 countries in the Asia Pacific region. Sri Dewan has also held senior positions with KPMG in Canada and England where he specialised in the audits of financial institutions .

He serves on the Boards of Shriram Transport Finance Company Limited (the largest Non Banking Financial Company in India) and Bank BTPN in Jakarta, Indonesia. He is also an advisor of Taishin Financial Holdings (the 9th largest financial holding Company in Taiwan)

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, 2011 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: 26th May 2011

R KANNAN
Managing Director

SUBHASRI SRIRAM
Chief Financial Officer

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 Limited at its Meeting held on 28th January, 2005 adopted Code of Conduct 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 Stock Exchanges, all the Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended March 31, 2011

Place: Chennai
Date: 26th May 2011

R KANNAN
Managing Director

Annexure to the Director's Report, 2010 - 11

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS
P-199, C.I.T.ROAD ,SCHEME IV-M, KOLKATA –700 010

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

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 (“the Company”) for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges .

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

For **Pijush Gupta & Co.**
Firm Registration No : 309015E
Chartered Accountants

Ramendra Nath Das
Partner
Membership No. 014125

Place: Chennai
Date: 26th May 2011

Management Discussions and Analysis

Macro Economic Environment:

Today, the Indian economy is dynamic and expanding, the country's GDP is soaring and one significant contributor to this are the Micro, Small and Medium Enterprises. With increasing global competition, SMEs – Small and Medium Enterprises – are globally reckoned with as a strong contender to develop the baseline economy, especially in emerging countries such as India.

According to a study by Associated Chambers of Commerce and Industry of India (ASSOCHAM), it was estimated that Small and Medium Enterprises (SMEs) contribute 22% to India's GDP by 2012

According to the Quick Results of the fourth All India Census of MSMEs (2006-07), there were 26 million MSMEs in India, which provided employment to about 60 million people. Rural enterprises account for 52 per cent of all MSMEs. The majority of the enterprises are in the service sector; manufacturing units make up around 28 per cent of the total.

The largest sector within the MSME sector is retail trade and repair and maintenance of personal and household goods, which accounts for a little over a third of total employment in the sector. The bulk of MSMEs fall in the unregistered category. Registered units, or the enterprises permanently registered up to March 31, 2007 at District Industry Centres of the respective State Directorate of Industries, comprise just 5.94 per cent of the total MSME units.

One of the biggest problems facing the MSME sector is the lack of access to quality credit. More than 90 per cent of the units are self-financed; Institutional finance is only for a minority. There is also a significant difference in access for registered and unregistered units - more than 10 per cent of registered MSMEs have received finance through institutional sources, while less than 5 per cent of unregistered MSMEs have had that advantage. Although the small-scale sector, now designated as micro and small units, has been a part of priority sector lending for commercial banks, small units continue to face significant credit constraints.

RESOURCE CRUNCH		
2006-07 (%)	Registered	Unregistered
Share in total MSMEs	5.94	94.06
Enterprises by source of finance :		
Self-finance/ No finance	87.77	93.08
Finance through institutional sources	11.21	4.80
Finance through non-institutional sources	1.02	2.12

Source: Quick Results of 4th Census of MSME, Ministry of Micro, Small and Medium Enterprises

Financing of MSME's:

While the Small & Medium enterprises drive economic evolution with their capability to modernize and engage in significant amounts, the largest challenge encountered by them is access to finance. Small enterprises, such as brick kilns, grocery stores, small restaurants etc., need finance to purchase raw materials, procure stock, meet working capital requirements and support expansion plans.

Despite the efforts of Ministry of Small and Medium Enterprises, SIDBI and support from the RBI by inclusion under priority sector, there continues to be a huge demand-supply mismatch in small enterprise financing.

One of the major reasons for banks/financial institutions (FIs) being unable to bridge this gap is on account of difficulty faced in assessing credit needs for small enterprises. This is primarily on account of non-availability of valid bills, proper accounting systems and lack of known buyers.

To overcome, banks typically look for collateral in the form of property / Bank deposits which cannot be brought in by most entrepreneurs. Further, due to their small size and local presence, the transaction costs involved in financing them are very high.

Assessing Lending Risks

In the face of banks'/FIs' reluctance to lend, these enterprises are compelled to resort to high cost, non-continuous financing from money lenders and other informal sources, or continue to operate at sub-scale.

Risks faced by any business can be broadly classified as idiosyncratic or systemic. Idiosyncratic risks are specific to an enterprise, like location of business or skill of the entrepreneur. Systemic risks, on the other hand, are beyond the control of any enterprise.

The key to financing any enterprise lies in the ability of the financier to evaluate and manage such business risks. High quality origination can help evaluate idiosyncratic risks well. A high quality local originator with geography and business specific information about such enterprises in the operational area will be able to evaluate and manage this risk well

A financier searches for cues to establish that the business has a current and future ability to service loans, even in an uncertain business environment. For small enterprises that have large number of cash transactions, poor record of sales, produce undifferentiated goods and lack known clients, assessment of systemic risk becomes very difficult.

Financier with a localized presence and who has a domain knowledge, understands the working capital cycle, seasonality, procurement place and mode, point of sales, and demand for the product or service, can finance small enterprises based on an understanding of the geography in general and various aspects of the business in particular. Ascertaining the turnover, income and other key financial information are pre- requisite to arrive at a credit decision about the enterprise.

Financing of MSME's by Shriram City:

Shriram City sees huge opportunity availability for financing by NBFC's - as the Company has well- developed techniques to assess and evaluate the credit worthiness of these classes of customers.

Also the major challenge found in financing to this sector as explained above has been well managed by Shriram City, by way of its localized presence, field force being drawn locally and the domain knowledge.

Year 2010 - 11 at Shriram City:

During the year ended March 2011, the performance of Shriram City has been robust. Shriram City has continued its growth through the leveraging of the business outlets and offering the highest quality of services to its customers. The customer base of the Company touched 62.5 Lacs in the lending side alone and 90 Lacs customers as depositors.

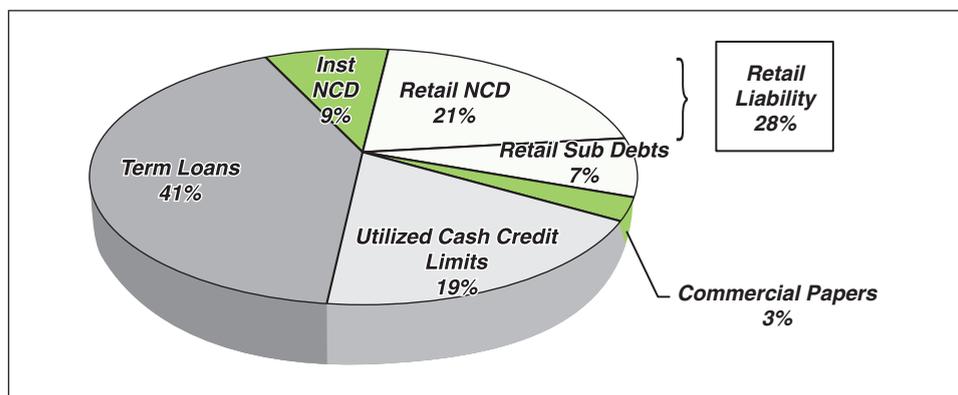
Financial Performance:

The company in its Silver Jubilee year recorded a profit after tax of Rs.24059 Lacs as against Rs. 19426 Lacs during the same period previous year , recording a year on year growth of 24%. The same has been on account of the growth in the total income of the company by 20% to Rs. 132091 Lacs during the year ended March 2011. The assets under management of the Company stood at Rs. 799805 Lacs, recording a 53% growth over the previous year. The Company's EPS for the year ended March 2011 stood at Rs. 48.78/-

Borrowing Profile: The Company has a judicious mix of borrowings from the retail sources and institutional sources. The ratio of the borrowings through retail and institutions are in 28: 72 respectively.

While the retail borrowings are through deposits, non-convertible debentures and subordinated debts from the retail public. The institutional borrowings are by way of bank borrowings by way of term loans and working capital limits. The company also raises funds by issuing non-convertible debentures and commercial papers to institutions.

The Company has been taking constant effort to contract the liabilities with a prudent mix of floating rate and fixed rate borrowings in order to effectively address interest rate risk.



Credit Ratings: During the year, the Company had witnessed improvement in its external credit rating.

FITCH Ratings upgraded the Company's long term rating from A+ to AA- and also upgraded the Short term ratings to F1+.

CRISIL rated the Company for the first time and has assigned rating of AA- on the long term and P1+ on the short term rating

All the three rating agencies has assigned rating of AA-inthe Long term and have all so assigned the highest rating (F1+, P1+, PR1+) in the Short term.

Instrument Rated	FITCH	CRISIL	CARE
Long Term Ratings	AA-	AA-	AA-
Short Term Ratings	F1+	P1+	PR1+
Bank Loan Ratings	AA-	-	-

Capital Adequacy Ratio: The capital adequacy ratio of the Company as at 31st March 2011 stood at 20.52%, out of which the Tier I capital adequacy ratio was at 16.35% and the Tier II capital adequacy at 4.17%.

Asset Quality: Maintenance and constant improvement of the asset quality remains the prime focus of the Company. The Company while increasing its assets base has also been able to maintain the Non- Performing Assets (NPA) under control and the same is evident from the fact that the company has been recording lower NPA year on year.

The Gross NPA for the year ended 31st March 2011 stood at 1.86% as against 2.27% as at 31st March 2010, while the Net NPA levels recorded a drop to 0.43% from 0.71% in March 2010.

The strong credit evaluation techniques, localized presence and individual knowledge of the customers, combined with the well- established collection skills have attributed to the maintenance of NPA Levels.

Internal Audits and Controls:

Internal auditing is an independent, objective of assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal auditing is a catalyst for improving an organization's effectiveness and efficiency by providing insight and recommendations based on analyses and assessments of data and business processes. With commitment to integrity and accountability, internal auditing provides value to the senior management as an objective source of independent advice.

In the Company, internal audit is an independent, appraising activity for the review of the various functions. The Company also takes continuous efforts to upgrade the system of internal audit to make the same contemporary and relevant with change in business.

The internal audit is operative in the Company in three layers- "Internal Audit", "Management Audit" and the "Audit Committee". While the internal audit team is responsible for conducting the audits in various departments of the Company, the Management audit team reviews the adequacy of the internal controls and findings thereof. The improvements required system to make the same more effective are suggested by the Management Audit team. The Audit Committee reviews the internal audit reports and monitors the implementation of the suggestions if any along with the Management Audit team

Technology:

The Company has been effectively implementing latest technologies, the uniqueness being that the up gradations are all being handled by the "in-house" team. All the business outlets of the Company are all connected through the technology platform with Centralized Server Application - controlled and hosted centrally; the same has enabled the real time information access.

The Company during the year had introduced the *Handheld Devices*, with an objective to remove the usage of manual receipt books and bring in online receipting. *Image Scanning*, have also been introduced during the year, to capture the image of all loan documents & use the same for various purposes without disturbing the physical documents.

Human Resources Management:

The Company takes continuous HR initiatives, to ensure the team is empowered to perform to their fullest extent towards achieving the Company's growth plan. The effective HR management becomes more critical, as the business model of the Company is more towards relationship - based business. However the effectiveness of the HR management system is evident from the relatively low -attrition levels of the Company.

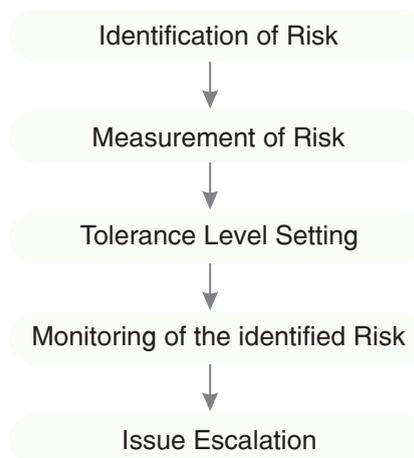
The Company's compensation package includes performance based incentives and Employees Stock Option Plan (ESOP) for eligible employees.

Training and development are an integral part of the HR Management and that the Company has been conducting various training sessions for its employees to develop and enhance their skills and experience.

Risk Management:

Risk is inherent part of any business and that the risk management function helps to identify the vulnerabilities through quantitative and qualitative techniques. The Company has well - developed risk management techniques and also takes efforts to constantly upgrade the same to make the same in line with the best practices available in the industry.

Processes of Risk Management:



<i>Type of Risk</i>	<i>Mitigating Factors</i>
Operational Risk	<ul style="list-style-type: none"> ❖ Comprehensive internal controls – effective risk management system ❖ Efficient Credit Management policy effectively addresses the credit risk
Market Risk	<ul style="list-style-type: none"> ❖ Multiple products ensure risk diversification. ❖ Localized presence and domain knowledge, helps in addressing the market risks
Interest Rate Risk	<ul style="list-style-type: none"> ❖ High External Credit Ratings ❖ Balanced mix of fixed & floating rate loans. ❖ Optimum mix of retail & institutional borrowings
Asset – Liability Mismatch Risk	<ul style="list-style-type: none"> ❖ Constant efforts to borrow long term funds ❖ Conformed availability of borrowings lines ❖ Prudent mix of retail & institutional sources of funds
Human Resources Risk	<ul style="list-style-type: none"> ❖ Continuous upgrading of skills through various trainings ❖ Compensation package includes Performance – based incentives. ❖ Promising career growth for deserving employees – evident from the low attrition rate

PIJUSH GUPTA & CO.
CHARTERED ACCOUNTANTS

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

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, 2011 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 2011 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 2011;
- (ii) in the case of profit and loss account , of the profit for the year ended on that date ; and
- (iii) in the case of cash flow statement , of the cash flows for the year ended on that date.

For Pijush Gupta & Co.
Firm Registration No : 309015E
Chartered Accountants

Ramendra Nath Das

Place: Chennai

Partner

Date: 26thMay, 2011

Membership No. 014125

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. All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- c. There was no substantial disposal of fixed assets during the year.
- II. The Company is primarily engaged in financing activities which does not involve maintenance of any inventory.
- 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.
- 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 the purchase of fixed assets. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. There is no sale of services.
- 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.
- 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 and nature of its business.
- VIII. As per the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Act.
- IX. A) On the basis of our examination of the Company's books and records and on the basis of information and explanations given to us the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, sales tax, 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
Wealth Tax Act, 1957	Wealth tax demands	0.75	A.Y.2001-02	CIT(Appeals)
Wealth Tax Act, 1957	Wealth tax demands	0.57	A.Y.2002-03	CIT(Appeals)
Wealth Tax Act, 1957	Wealth tax demands	0.43	A.Y.2003-04	CIT(Appeals)
Finance Act, 1994 (Service Tax)	Service tax on hire purchase and lease transactions	1553.08	2001-02 to 2007-08	Before Madras High Court

- 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, it appears that 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.
- XIV. In our opinion, the Company is not dealing or trading in shares, securities, debentures 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, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **Pijush Gupta & Co.**
 Firm Registration No : 309015E
 Chartered Accountants

Ramendra Nath Das
 Partner
 Membership No. 014125

Place: Chennai
 Date: 26th May, 2011

Balance Sheet as at March 31, 2011

(Rs. in lacs)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	4953.69	4915.47
Share application money pending allotment		-	0.71
Stock option outstanding	2	1887.27	2281.04
Reserves and surplus	3	114366.32	92803.11
Loan Funds			
Secured loans	4	656951.01	413610.55
Unsecured loans	5	75827.43	53,103.69
Total		853985.72	566714.57
APPLICATION OF FUNDS			
Fixed and intangible assets	6		
Gross block		4653.43	3029.89
Less : Accumulated depreciation and amortisation		1709.00	985.37
Net block		2944.43	2044.52
Investments	7	551.45	101.45
Deferred tax asset (net) (Refer Note 2(7) of Schedule 17)		1581.66	1122.70
Current Assets, Loans and Advances	8		
- Assets under financing activities		698921.22	473139.63
- Cash and bank balances		216540.14	140208.46
- Other current assets		17497.02	5966.52
- Other Loans and advances		3162.84	2230.92
		936121.22	621545.53
Less : Current Liabilities & Provisions	9		
Current liabilities		70089.54	46393.55
Provisions	10	17123.50	11706.08
		87213.04	58099.63
Net Current Assets		848908.18	563445.90
Total		853985.72	566714.57
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 Pijush Gupta & Co.

Firm Registration No : 309015E

Chartered Accountants

Ramendra Nath Das

Partner

Membership No : 014125

Place: Chennai

Date: 26th May, 2011

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

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

(Rs. in lacs)

	Schedule	Year Ended March 31, 2011	Year Ended March 31, 2010
Income			
Income from operations	11	131800.12	107205.35
Other income	12	291.07	3079.36
Total		132091.19	110284.71
Expenditure			
Financial expenses	13	58848.26	51759.01
Personnel expenses	14	4367.02	3611.63
Operating & other expenses	15	20470.16	14163.60
Depreciation and amortisation		747.41	464.77
Provisions & write offs (net)	16	11598.25	11659.84
Total		96031.10	81658.85
Profit before taxation		36060.09	28625.86
Provision for taxation			
Current tax		12460.20	9972.11
Deferred tax (Refer Note 2(7) of Schedule 17)		(458.96)	(809.65)
Fringe benefit tax of earlier year		-	37.54
Total tax expense / (income)		12001.24	9200.00
Net profit		24058.85	19425.86
Balance brought forward from previous year		22730.09	12003.01
Profit available for appropriation		46788.94	31428.87
Appropriations:			
Interim dividend - Equity		1236.25	982.28
Proposed Final Equity dividend		1733.79	1474.64
Tax on dividend		205.33	166.94
Tax on proposed dividend		281.26	244.92
Transfer to Statutory Reserve		4810.00	3890.00
Transfer to General Reserve		2410.00	1940.00
Surplus carried to Balance Sheet		36112.31	22730.09
Earnings per share (Refer note 2(6) of Schedule 17)			
Basic (Rs.)		48.78	41.22
Diluted (Rs.)		47.97	40.32
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 Profit and Loss Account

As per our report of even date

For Pijush Gupta & Co.

Firm Registration No : 309015E

Chartered Accountants

Ramendra Nath Das

Partner

Membership No : 014125

Place: Chennai

 Date: 26th May, 2011

 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

Cash Flow Statement for the year ended March 31,2011

(Rs. in lacs)

	Year Ended March 31, 2011	Year Ended March 31, 2010
A. Cash flow from operating activities		
Net profit before taxation	36060.09	28625.86
Depreciation and amortisation	747.41	464.77
(Profit) / loss on sale of assets (net)	13.78	1.60
Interest income on current and long term investments and interest income on fixed deposits	(270.70)	(1203.65)
Dividend Income	-	(444.91)
Employees Stock option compensation cost	471.68	751.53
Provision for hedging contracts	(546.62)	-
Provision for non performing assets and bad debts written off	10136.82	12165.62
Contingent Provision against Standard assets	1714.89	-
Provision for gratuity	40.82	15.88
Provision for leave encashment	27.48	9.87
Provision for diminution in value of investments	-	-
Operating profit before working capital changes	48395.65	40386.57
Movements in working capital:		
(Increase) / decrease in Current assets		
(Increase) / decrease in assets under financing activities	(233365.56)	(111057.74)
(Increase) / decrease in lease assets - net of sales	-	-
(Increase) / decrease in Sundry Debtors	-	89.03
(Increase) / decrease in other current assets	(11530.50)	(1010.73)
(Increase) / decrease in other loans and advances	(931.92)	166.31
Increase / (decrease) in current liabilities	23690.91	13272.05
Cash generated from operations	(173741.43)	(58154.51)
Direct taxes paid (net of refunds)	(11127.69)	(9197.57)
Net cash used in operating activities (A)	(184869.12)	(67352.08)
B. Cash flows from investing activities		
Investment in Fixed deposits (net)	7992.17	(12665.70)
Purchase of fixed and intangible assets	(1663.61)	(1058.11)
Proceeds from sale of fixed assets	2.52	2269.20
Purchase of investments	(200.00)	-
Investment in subsidiary company	(250.00)	-
Proceeds from sale of investments	-	1905.00
Interest received on current and long term investments and interest on fixed deposit	270.70	1203.65
Dividend received	-	444.91
Net cash used in investing activities (B)	6151.78	(7901.05)

(Rs. in lacs)

	Year Ended March 31, 2011	Year Ended March 31, 2010
C. Cash Flows from financing activities		
Proceeds from issue of equity share capital including securities premium and Share Application Money	133.05	10317.48
Increase / (decrease) in bank borrowings (net)	180566.59	(3271.14)
Increase / (decrease) in long term borrowings (net)	62773.87	26436.27
Increase / (decrease) in fixed deposits (net)	(45.64)	(12.06)
Increase / (decrease) in subordinate debts (net)	269.38	11284.42
Increase / (decrease) in unsecured loans	22500.00	-
Dividend paid	(2710.89)	(2358.20)
Tax on dividend	(450.25)	(400.77)
Net cash from financing activities (C)	263036.11	41996.00
Net increase / (decrease) in cash and cash equivalents (A + B + C)	84318.77	(33257.14)
Cash and Cash Equivalents at the beginning of the year	116711.86	149969.00
Cash and Cash Equivalents at the end of the year	201030.63	116711.86

Components of Cash and Cash Equivalents	As at March 31, 2011	As at March 31, 2010
Cash and Cash Equivalents at the end of the year as per Balance Sheet	216540.14	140208.46
Less: Balance in Current account held for unpaid dividends	22.11	17.03
Less: Fixed deposits held for more than three months	51.00	106.00
Less: Fixed deposit under lien	15436.40	23373.57
	201030.63	116711.86
Significant Accounting Policies and Notes to Accounts	17	

As per our report of even date

For Pijush Gupta & Co.

Firm Registration No : 309015E

Chartered Accountants

Ramendra Nath Das

Partner

Membership No : 014125

Place: Chennai

Date: 26th May, 2011For 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, 2011	As at March 31, 2010
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		
4,95,36,877 (Previous Year : 4,91,54,700) equity Shares of Rs.10/- each	4953.69	4915.47
Of the above:		
i) 15,00,000 Equity shares of Rs.10/- each issued as Bonus shares by capitalising of Securities Premium Account		
ii) 382,177 (Previous Year : 54,700) equity shares of Rs.10/- each have been issued under employee stock option scheme. [Refer note 2 (11) of schedule 17]		
	4953.69	4915.47

(Rs. in lacs)

Schedule 2 - Stock Option Outstanding	As at March 31, 2011	As at March 31, 2010
Employee Stock option outstanding	2079.09	2882.26
Less : Deferred Employee compensation outstanding	191.82	601.22
	1887.27	2281.04

(Rs. in lacs)

Schedule 3 - Reserves and Surplus	As at March 31, 2011	As at March 31, 2010
Capital Reserve		
Balance as per Last account	1400.00	-
Add: Forfeiture of optionally convertible warrants	-	1400.00
	1400.00	1400.00
Capital Redemption Reserve		
Balance as per Last account	2328.98	2328.98
Add: Transfer from Profit & Loss account	-	-
	2328.98	2328.98
Securities Premium Account		
Balance as per last account	49836.14	37040.70
Add: Amount received during the year	960.99	12795.44
	50797.13	49836.14
Statutory Reserve *		
Balance as per last account	11150.00	7260.00
Add: Transfer from Profit & Loss Account	4810.00	3890.00
	15960.00	11150.00
General Reserve		
Balance as per last account	5357.90	3417.90
Add: Transfer from Profit & Loss Account	2410.00	1940.00
	7767.90	5357.90
Balance in Profit & Loss Account		
	36112.31	22730.09
	36112.31	22730.09
	114366.32	92803.11

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

(Rs. in lacs)

Schedule 4 - Secured Loans	As at March 31, 2011	As at March 31, 2010
Redeemable non convertible debentures [Refer note 2(1)(a) and 2 (1)(b) of Schedule 17]	219877.64	154073.77
Term loans		
i) From Banks [Refer note 2(1)(c)(ii) of Schedule 17]	295677.28	104634.17
ii) From Financial institutions / Corporate [Refer note 2(1)(c)(i) of Schedule 17]	6500.00	9530.00
Cash credit from banks including working Capital demand loan [Refer note 2(1)(d) of Schedule 17]	134896.09	145372.61
	656951.01	413610.55

(Rs. in lacs)

Schedule 5 - Unsecured Loans	As at March 31, 2011	As at March 31, 2010
Fixed deposits [Due within one year Rs.41.53 lacs (Previous Year : Rs.59.43 lacs)]	55.10	100.74
Subordinated debts [Due within one year Rs. 3114.99 lacs (Previous Year : Rs.4357.93 lacs)]	53272.33	53002.95
Commercial papers [Maximum amount raised at anytime during the year Rs. 22500 lacs]	22500.00	-
	75827.43	53103.69

(Rs in lacs)

Schedule 6 - Fixed and intangible assets	Gross Block				Depreciation / Amortisation				Impairment Loss			Net Block	
	As at April 1, 2010	Additions during the year	Deletions during the year	As at March 31, 2011	As at April 1, 2010	For the year	Deletions	As at March 31, 2011	As at April 1, 2010	For the year	Deletions	As at March 31, 2011	As at March 31, 2010
ASSETS FOR OWN USE													
Land - Freehold	1.76	-	-	1.76	-	-	-	-	-	-	-	1.76	1.76
Buildings	12.94	-	-	12.94	2.14	0.21	-	2.35	-	-	-	10.59	10.80
Plant and Machinery	1347.95	559.49	9.86	1897.58	420.34	248.89	1.90	667.33	-	-	-	1230.25	927.61
Furniture and Fixtures	548.01	480.69	9.52	1019.18	130.07	101.73	3.55	228.25	-	-	-	790.93	417.94
Vehicles	23.53	6.42	0.48	29.47	4.39	2.57	0.21	6.74	-	-	-	22.73	19.14
Leasehold Improvement	744.85	576.04	20.21	1300.68	369.96	267.15	18.11	619.00	-	-	-	681.68	374.89
INTANGIBLE ASSETS													
Computer Software	350.85	40.97	-	391.82	58.47	126.86	-	185.33	-	-	-	206.49	292.38
TOTAL	3029.89	1663.61	40.07	4653.43	985.37	747.41	23.77	1709.00	-	-	-	2944.43	2044.52
Year ended March 31, 2010	7918.90	1058.11	5947.12	3029.89	3010.11	464.77	2489.51	985.37	1186.81	-	1186.81	2044.52	-

(Rs. in lacs)

Schedule 7 - Investments	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
	Quantity	Quantity	Amount	Amount
Long Term Investments (At cost)				
Other than trade				
A. Government Securities *				
Quoted				
6.13% GOI Loan 2028 (Face Value - Rs.100 lacs)			101.45	101.45
B. Shares : Fully paid up				
Unquoted - Equity shares				
In Wholly Owned Subsidiary				
Shriram Housing Finance Ltd (25,00,000 Face Value of Rs 10/- each) (Purchased during the year)	2,500,000		250.00	-
Others				
Highmark Credit Information services Private Ltd (16,32,653 Face Value of Rs 10/- each) (Purchased during the year)	1,632,653		200.00	-
			551.45	101.45
Aggregate Value of Quoted Investments				
Cost			101.45	101.45
Market Value			83.52	83.52
Aggregate Value of Unquoted Investments				
Cost			450.00	-

* 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, 2011 - Rs. Nil
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
Tlso1 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
Tltdo1 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
Tlstdo1 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

Schedules forming part of the Balance Sheet as at March 31, 2011

(Rs. in lacs)

Schedule 8 - Current Assets and Loans and Advances	As at March 31, 2011	As at March 31, 2010
Assets under financing activities		
a) Secured Loans - considered good	617967.11	418113.82
- considered doubtful	7066.95	4950.58
b) Unsecured Loans - considered good	70970.68	47595.24
- considered doubtful	2916.48	2479.99
	698921.22	473139.63
Cash and bank balances		
i) Cash on hand	6025.87	3590.69
ii) Balances with scheduled banks in:		
Current accounts	95526.87	93150.93
Deposit Accounts #	114987.40	43466.84
	216540.14	140208.46
Other current assets		
i) Interest accrued on fixed deposits and other Loans and advances	324.96	1262.84
ii) Other assets	24.99	161.60
iii) Securitisation -Receivable	17147.07	4542.08
	17497.02	5966.52
Other Loans and Advances		
Advances recoverable in cash or in kind or for value to be received	1547.91	2065.94
Advance - Capital Assets	108.93	12.60
Prepaid expenses	952.29	24.00
Security deposits	553.71	128.38
	3162.84	2230.92
	936121.22	621545.53

Includes Fixed deposits of Rs.15436.40 lacs(March 31,2010 : Rs.7373.57 lacs) pledged with Banks as margin for securitisation and Rs. Nil (March 31, 2010: Rs.16000 lacs) as pledged Lien against loan taken.

Schedules forming part of the Balance Sheet as at March 31, 2011

(Rs. in lacs)

Schedule 9 - Current Liabilities	As at March 31, 2011	As at March 31, 2010
Sundry creditors *	2653.61	1133.96
Interest accrued but not due on loans	32818.43	28902.17
Application Money on Redeemable non convertible debentures	967.07	117.27
Application Money on Subordinated debts	107.47	4.00
Unclaimed Matured Deposits	20.83	21.01
Unclaimed Matured Debentures	3777.27	2744.13
Unclaimed Matured Sub-ordinate debts	210.19	13.85
Interest accrued and due on Unclaimed matured deposits, debentures and subdebts	858.63	568.99
Unclaimed dividend	22.11	17.03
Temporary credit balance in bank accounts	3122.28	7126.55
Securitization deferred income	23686.37	4025.63
Other liabilities	1845.28	1718.96
	70089.54	46393.55

As at March 31, 2011, there are no amounts due and outstanding to be credited to investor Education and Protection Fund (IEPF) in respect of Deposits, Debentures subdebts. (March 31, 2010: Rs. Nil).

* 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, 2011 and March 31, 2010

(Rs. in lacs)

Schedule 10 - Provisions	As at March 31, 2011	As at March 31, 2010
For non-performing assets	9983.42	7430.57
For Standard assets (Ref note 1(e) of schedule 17)	1714.89	-
For taxation [net of advance for income tax of Rs 40053.93 lacs (March 31,2010: 28,926.24 lacs)]	1882.40	549.89
For diminution in value of investments	17.93	17.93
For hedging contracts	1259.24	1805.86
For leave encashment and availment	54.23	26.75
For gratuity	196.34	155.52
Proposed dividend	1733.79	1474.64
Tax on Proposed dividend	281.26	244.92
	17123.50	11706.08

Schedules forming part of the Profit and Loss account for the year ended March 31, 2011

(Rs. in lacs)

Schedule 11 - Income from Operations	For the year ended March 31, 2011	For the year ended March 31, 2010
Income from financing activities *	122778.70	96759.92
Gain on securitisation / assignment	8222.30	9695.44
Interest on Margin money on securitisation *	799.12	749.99
	131800.12	107205.35

*Tax deducted at source of Rs.858.59 lacs (March 31, 2010 : Rs.463.24 lacs)

(Rs. in lacs)

Schedule 12 - Other Income	For the year ended March 31, 2011	For the year ended March 31, 2010
Interest on deposits with banks ^	264.57	1197.52
Income from Long Term Investment (non trade)		
- Profit on sale of investments	-	1400.00
- Interest on government securities	6.13	6.13
Income from Current Investments (non trade)		
- Dividend	-	444.91
Profit on sale of assets	0.16	0.15
Commission/Referral fees received ^	10.23	10.37
Miscellaneous income	9.98	20.28
	291.07	3079.36

^Tax deducted at source of Rs.51.70 lacs (March 31, 2010 : Rs.196.11 lacs)

(Rs. in lacs)

Schedule 13 - Financial expenses	For the year ended March 31, 2011	For the year ended March 31, 2010
Interest on :		
- Debentures	18256.28	17817.36
- Subordinated debts	7456.74	6764.46
- Fixed deposits	6.03	10.42
- Loans from banks #	18914.70	15549.18
- Loans from institutions and others	1243.82	962.59
- Commercial paper	1434.16	30.40
Bank charges	1535.79	3289.78
Processing and other charges	2413.69	907.39
Brokerage & commission	7587.05	6427.43
	58848.26	51759.01

includes interest on loans other than loans for fixed period Rs 4299.87 lacs (March 31,2010: Rs 1841.21 lacs)

(Rs. in lacs)

Schedule 14 - Personnel Expenses	For the year ended March 31, 2011	For the year ended March 31, 2010
Salaries, allowances and Bonus	4150.24	3472.85
Gratuity	40.51	14.60
Contribution to provident and other funds	138.21	94.27
Staff welfare	38.06	29.91
	4367.02	3611.63

(Rs. in lacs)

Schedule 15 - Operating and other Expenses	For the year ended March 31, 2011	For the year ended March 31, 2010
Rent	1007.21	689.58
Electricity expenses	360.57	452.72
Repairs & Maintenance		
- Others	437.90	1176.79
Rates, Duties & taxes	636.02	643.41
Printing & stationery	1649.92	835.83
Travelling & conveyance	3704.17	2166.87
Advertisement	520.06	49.84
Business Promotion Expenses	3495.02	2533.95
Sourcing fees and other charges	1444.79	1123.68
Royalty	364.24	304.08
Directors' sitting fees	5.45	5.55
Insurance	167.01	44.07
Communication expenses	1908.24	1603.23
Auditor's remuneration		
- Audit fees	7.65	7.58
- Limited Review fees	5.88	4.65
- Tax audit fees	3.10	2.59
- Certification Fees	4.60	7.41
Professional charges	2092.43	1069.77
Legal & Recovery Expenses	2053.29	1295.15
Donations	1.00	-
Loss on sale of assets	13.94	1.75
Miscellaneous expenses	587.67	145.10
	20470.16	14163.60

(Rs. in lacs)

Schedule 16 - Provisions & Write offs	For the year ended March 31, 2011	For the year ended March 31, 2010
Provision for non performing assets	2552.85	3236.89
Provision for standard assets	1714.89	-
Bad debts written off	7583.97	8928.73
Bad debt recovery	(253.46)	(505.78)
	11598.25	11659.84

Schedule 17: Significant Accounting Policies & Notes to Accounts

1. Significant Accounting Policies

Back Ground

Shriram City Union Finance Limited (SCUFL) was incorporated on 27th March 1986, as a Private Limited Company and became a Public Limited Company on 29th 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 year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future years.

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

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation/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.

Depreciation / Amortisation

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:

Particulars	Rates (SLM)	Schedule XIV rates (SLM)
Computer Software	33.33%	16.21%

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.

Impairment of assets

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>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)	<i>Investments</i>
	<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 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)	<i>Assets under financing activities</i>
	<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. Non Performing 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. Provision @0.25% on standard Asset is made as required under Reserve bank of India (RBI) notification No. DNBS.222/CGM(US-2011) Dated January 17, 2011.</p>
(f)	<i>Foreign currency translation</i>
	<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. All Exchange differences are dealt within the profit & loss account.</p>
(g)	<i>Revenue recognition</i>
	<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 services is recognized as per the terms of the contract on accrual basis. v. Interest Income on deposit accounts with banks is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. vi. Dividend is recognized as Income when right to receive is established by the date of balance sheet. vii. Profit / Loss on sale of investments is recognized at the time of actual sale / redemption.

(h)	Employee benefits
	<p>Provident Fund</p> <p>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</p> <p>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 separation from employment as per Provisions of payment of Gratuity Act 1972 . 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</p> <p>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.</p> <p>Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.</p>
(i)	Income tax
	<p>Tax expense comprises of current tax, deferred tax 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>
(j)	Segment reporting
	The company operates in one reportable segment.

(k)	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>
(l)	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(ICAI) comprise cash at bank, cash in hand and short term investments with an original maturity of three months or less.
(m)	Expenses on deposits / debentures
	Expenses on mobilization of deposits / debentures are charged to Profit & Loss account in the year in which they are incurred.
(n)	Provisions
	A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
(o)	Derivative instruments
	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 the 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 of Rs.1,000/- each (Retail)

As at March 31,2011		As at March 31,2010	
Number	Amount (Rs.in lacs)	Number	Amount (Rs.in lacs)
1,55,29,431	155294.31	1,34,07,377	134073.77

Secured by equitable mortgage of title deeds of immovable property. Further secured by charge on plant and machinery, furniture and other fixed assets of the Company, charge on Company's hypothecation loans, other loans, advances and investments of the Company subject to prior charges created or to be created in favor of the Company's bankers, financial institutions and others.

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 April 1, 2011 (March 31, 2010; April 1, 2010). The last date of redemption is October 25, 2017 (March 31, 2010; October 25, 2017).

Debentures may be bought back subject to applicable statutory and /or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of Non Convertible Debentures upon the terms and conditions as may be decided by the Company and subject to applicable statutory and/or regulatory requirements.

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

Date of Allotment / renewal	Face Value	Number	Amount (Rs. in lacs)		Redeemable at par on
			As at March 31, 2011	As at March 31, 2010	
23.04.2009	100000	1000	-	10000.00	23.04.2010
24.09.2009	100000	2500	2500.00	2500.00	30.09.2014
17.09.2009	100000	1000	1000.00	1000.00	30.09.2014
17.09.2009	100000	1000	1000.00	1000.00	30.09.2014
17.09.2009	100000	500	500.00	500.00	30.09.2014
23.09.2009	100000	2000	2000.00	2000.00	30.09.2014
06.10.2009	100000	2000	2000.00	2000.00	07.10.2014
06.10.2009	100000	1000	1000.00	1000.00	07.10.2014
22.04.2010	1000000	1458	14583.33	-	22.04.2013
05.07.2010	1000000	750	7500.00	-	05.01.2013
23.11.2010	1000000	200	2000.00	-	23.11.2017
13.12.2010	1000000	100	1000.00	-	13.12.2017
13.12.2010	1000000	150	1500.00	-	13.12.2017
04.02.2011	1000000	50	500.00	-	04.02.2021
30.03.2011	1000000	2750	27500.00	-	30.03.2017
Total			64583.33	20000.00	

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of title deeds of immovable property.

c) Term Loans:

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
<i>i. From Financial Institutions/Corporate :</i>		
Secured by an exclusive charge by way of hypothecation of assets under financing.	6500.00	9530.00
<i>Total</i>	<i>6500.00</i>	<i>9530.00</i>
<i>ii. From Banks :</i>		
Secured by an exclusive charge by way of hypothecation of assets under financing.	295677.28	104634.17
<i>Total</i>	<i>295677.28</i>	<i>104634.17</i>

d) Cash Credit from Banks

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Cash Credit from Banks	134896.09	145372.61

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

2. Subordinated Debt

The Company has as on 31.03.2011 subordinated debt bonds amounting to Rs. 53272.33 Lacs (March 31,2010: Rs. 53002.95 Lacs) with coupon rate of 7.00% to 13.00% Per annum which are redeemable over a period of 60 months to 216 months.

3. 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 basic 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, 2011	March 31, 2010
Current service cost	4.84	21.49
Interest cost on benefit obligation	12.44	12.38
Expected return on plan assets	N.A	N.A
Net actuarial (gain) / loss recognized in the year	23.23	(19.27)
Past service cost	NIL	NIL
Net benefit expense	40.51	14.60
Actual return on plan assets	N.A	N.A

Balance sheet

Details of Provision for gratuity (Rs. in lacs)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Defined benefit obligation	196.34	155.52
Fair value of plan assets	N.A	N.A
Total	196.34	155.52
Less: Unrecognized past service cost	NIL	NIL
Plan asset / (liability)	(196.34)	(155.52)

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

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Opening defined benefit obligation	155.52	139.64
Interest cost	12.44	12.38
Current service cost	4.84	21.49
Benefits paid	--	1.28
Actuarial (gains) / losses on obligation	23.54	(19.27)
Closing defined benefit obligation	196.34	155.52

The Company would not contribute any amount to gratuity in 2011-12 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, 2011	March 31, 2010
	%	%
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, 2011	March 31, 2010
Discount Rate	8.25%	7.75%
Increase in compensation cost	5.00%	5.00%
Employee Turnover	2.00%	3.25%

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

Amounts for the current and previous years are as follows:

(Rs. in lacs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined Benefit obligation	196.34	155.52	139.64	133.18
Plan Assets	N.A	N.A	N.A	N.A
Surplus / (Deficit)	(196.34)	(155.52)	(139.64)	(133.18)
Experience adjustment on Plan Liabilities	(29.63)	(19.27)	(39.51)	53.10
Experience adjustment on Plan Assets	N.A	N.A	N.A	N.A

4. Related Party Disclosures

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

Subsidiary	Shriram Housing Finance Limited (from 9th November 2010)
	Shriram Non-Conventional Energy Limited (till 26th 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	
	2011	2010	2011	2010	2011	2010
Payments						
Royalty	338.15#	304.08*	-	-	338.15#	304.08*
Data Sourcing fees	206.40#	160.53*	-	-	206.40#	160.53*
Service Charges	1238.39#	963.15*	-	-	1238.39#	963.15*
Reimbursement of Business Promotion Expenses	33.09 *	44.12*	-	-	33.09*	44.12*
Equity dividend	985.68\$	896.07\$	-	-	985.68\$	896.07\$
Equity dividend	470.59@	334.38@	-	-	470.59@	334.38@
Investments in Equity shares	-	-	250.00^	-	250.00^	--
Receipts						
Sale of investments	-	1900.00*	-	-	-	1900.00*
Balance outstanding at the year end						
Share Capital	1792.15*	1792.15#	-	-	1792.15*	1792.15#
Share Capital	855.62@	855.62@	-	-	855.62@	855.62@
Investment in Shares	-	-	250.00^	-	250.00^	-
Outstanding Expenses	-	41.84*	-	-	-	41.84*

*	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 Ownership Trust Limited
^	Denotes transactions with Shriram Housing Finance Limited

5. In accordance with the Reserve Bank of India circular no. RBI/2006-07/225 DNBS (PD) C.C No.87/03.02.2004/2006-07 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 (March 31,2010: Rs: 101.45Lacs) in favour of trustees representing the public deposit holders of the Company.

6. Earnings per share

(Rs. in lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Net Profit after tax and Share of loss of Associates as per profit and loss account (Rs. in lacs) (A)	24058.85	19425.86
Weighted average number of equity shares for calculating Basic EPS (in lacs) (B)	493.23	471.32
Weighted average number of equity shares for calculating Diluted EPS (in lacs) (C)	501.55	481.77
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	48.78	41.22
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	47.97	40.32

(Rs. in lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Weighted average number of equity shares for calculating EPS (in lacs)	493.23	471.32
Add : Equity shares arising on conversion of optionally convertible warrants (in lacs)	-	-
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in lacs)	8.32	10.45
Weighted average number of equity shares in calculation diluted EPS (in lacs)	501.55	481.77

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

(Rs. in lacs)

The break up of deferred tax asset / liabilities is as under:-	As at March 31, 2011	As at March 31, 2010
<u>Deferred Tax Liabilities</u>		
Timing difference on account of :		
Differences in depreciation in block of fixed assets as per tax books and financial books	85.63	92.32
Gross Deferred Tax Liabilities (A)	85.63	92.32
<u>Deferred Tax Asset</u>		
Timing difference on account of :		
Service Tax Provision	515.90	527.89
Additional Provision against standard assets	569.65	0.00
Leave Encashment Provision	18.01	9.09
Gratuity Provision	65.22	52.86
Derivative Provision	418.29	613.81
Bonus Provision	13.78	11.42
Estimated Disallowances	66.44	
Gross Deferred Tax Assets (B)	1667.29	1215.02
Deferred Tax Liabilities/(Asset) (Net) (A-B)	(1581.66)	(1122.70)

8. Capital commitments

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	61.78	2.80

9. Contingent Liabilities not provided for

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Guarantees issued by the Company	6.81	6.81
Guarantees issued by others	1942.77	1942.77

10. Income Tax/Wealth Tax/Service Tax/Fringe Benefit Tax

Disputed Wealth Tax/Service Tax demands contested in appeal as on March 31st , 2011.

Wealth tax – Rs. 1.76 lacs (March 31st 2010 : Rs.1.76 lacs)

Service Tax - Rs.1553.08 Lacs (March 31st 2010 : Rs.1553.08 lacs)

However provision is made in the books for any liability that may arise.

11. Employee Stock Option Plan:

Date of grant	October 19 2007
Date of Board Approval	October 19 2007
Date of Shareholder's approval	October 30 2006
Number of options granted	1355000
Method of Settlement (Cash/Equity)	Equity
Graded vesting period:	
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 Stock option plan are summarized below:

	As at March 31, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price(Rs.)	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	1272800	35.00	1320700	35.00
Add: Granted during the year	27500		-	-
Less: Forfeited during the year	-		-	-
Less: Exercised during the year	382177	35.00	47900	35.00
Less: Expired during the year	-		-	-
Outstanding at the end of the year	918123	35.00	1272800	35.00
Exercisable at the end of the year	-		-	-
Weighted average remaining contractual life (in years)	-	9.55	-	10.55
Weighted average fair value of options granted	-	227.42	-	227.42

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

As at	Range of Exercise Prices (Rs.)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average Exercise Price(Rs.)
March 31 2011	35	9,18,123	9.55	35
March 31 2010	35	12,72,800	10.55	35

Stock Options granted

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 would 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, 2011	As at March 31, 2010
Compensation cost pertaining to equity-settled employee share-based payment plan included above	471.68	751.53
Liability for employee stock options outstanding as at year end	2079.09	2882.26
Deferred compensation cost	191.82	601.22

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, the ICAI 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, 2011	Year ended March 31, 2010
Profit as reported (Rs. in lacs)	24058.85	19425.86
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	471.68	751.53
Less: Employee stock compensation under fair value method (Rs. in lacs)	473.70	754.75
Proforma profit (Rs. in lacs)	24056.83	19422.64
Less Preference Dividend	-	-
Proforma Net Profit for Equity Shareholders	24056.83	19422.64
Earnings per share		
Basic (Rs.)		
- As reported	48.78	41.22
- Proforma	48.77	41.21
Diluted (Rs.)		
- As reported	47.97	40.32
- Proforma	47.96	40.31

12. Securitisation

The information on securitisation & direct assignment activity of the Company as an originator for the year March 31 2011 and March 31 2010 is given below:
 (Rs. in lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
Total number of assets securitized	178502	146402
Total book value of assets securitised (Rs. in lacs)	117915.72	30000.00
Sale consideration received for the securitised assets (Rs. in lacs)	126737.01	30000.00
Net gain on account of securitization (Rs. in lacs)	27163.76	2554.73
Outstanding credit enhancement- Deposit with banks/corporate	15436.40	7373.57
Outstanding Credit enhancement – Assets under financing	1900.63	2735.13

13. Derivative Instruments:

The Notional principal amount of derivative transactions outstanding as on March 31 2011 for interest rate swaps Rs.12500 lacs (March 31 2010 – 12500 lacs).

14. Supplementary Statutory Information

14.1	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)

14.2	Expenditure in foreign currency (On cash basis)		
		Year ended March 31, 2011	Year ended March 31, 2010
	Subscription Fees	0.09	0.08

15. Additional information pursuant to the provisions of paragraphs 3 4C and 4D of Part II of schedule VI to the Act

The Company does not have licensed capacity as it is a Non Banking Finance Company.

16. 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

For Pijush Gupta & Co.

Firm Registration No : 309015E
Chartered Accountants

Ramendra Nath Das

Partner
Membership No : 014125

Place: Chennai

Date: 26th May, 2011

R. Kannan

Managing Director

S.Venkatakrishnan

Director

C R Dash

Company Secretary

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	242299.99	4487.39
	Unsecured	nil	nil
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	nil	nil
	(c) Term Loans	302979.72	nil
	(d) Inter-corporate loans and borrowings	nil	nil
	(e) Commercial Paper	22500.00	nil
	(f) Public Deposits*	90.85	27.05
	(g) Other Loans - HP Refinance	nil	nil
	- Cash Credit from banks	134965.79	nil
	- Others - Subordinated Debts	68701.99	352.48
	- 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	90.85	27.05

(Rs. in lacs)

	Particulars	Amount Outstanding
	Asset side :	
3	<i>Break-up of Loans and advances including bills receivables [other than those included in (4) below]</i>	
	(a)Secured	625034.06
	(b)Unsecured	71548.15
4	<i>Break-up of Lease Assets and stock on hire counting towards AFC activities</i>	
	(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	450.00
	(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	617967.11	68631.67	686598.78	
Total	617967.11	68631.67	686598.78	

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	533.52	533.52
	Total	533.52	533.52

** 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	12966.18
(ii)	Net Non-Performing Assets	
	(a) Related Parties	nil
	(b) Other than related parties	2982.76
(iii)	Assets acquired in satisfaction of debt	nil

Notes:

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

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.
(ITC Code)

Product Description

For Shriram City Union Finance Limited

Place: Chennai
Date: 26th May, 2011

R.KANNAN
Managing Director

S VENKATAKRISHNAN
Director

C R DASH
Company Secretary

Auditors' Report (consolidated accounts)

PIJUSH GUPTA & CO.
CHARTERED ACCOUNTANTS

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

AUDITORS' REPORT

The Board of Directors Shriram City Union Finance Limited

1. We have audited the attached Consolidated Balance Sheet of Shriram City Union Finance Limited group as at March 31, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Shriram City Union Finance Limited's management and have been prepared by the said management on the basis of separate financial statements and other financial information regarding components (holding company and subsidiary). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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.
3. The financial statements of one component, viz., Shriram Housing Finance Limited, wholly owned subsidiary, whose financial statements reflect total assets of Rs. 250 lacs as at March 31, 2011, the total revenue of Rs. Nil and net cash out flows amounting to Rs 5.07 lacs for the year then ended were not audited by us and were audited by other auditors.
4. We report that the consolidated financial statements have been prepared by the holding company, Shriram City Union Finance Limited's management in accordance with the requirements of Accounting Standards 21, Consolidated Financial Statements and Accounting Standard 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of review reports of other auditors as stated above and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Shriram City Union Finance Limited Group as at March 31, 2011;
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit/loss for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Ramendra Nath Das

Partner

Membership No. 014125

For and on behalf of

Pijush Gupta & Co.

Firm Registration No : 309015E

Chartered Accountants

Place: Chennai

Date: 26th May, 2011

Consolidated Balance Sheet as at March 31, 2011

(Rs. in lacs)

	Schedule	Total As at March 31, 2011	Total As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	4953.69	4915.47
Share application money pending allotment		-	0.71
Stock option outstanding	2	1887.27	2281.04
Reserves and surplus	3	114366.32	92803.11
Loan Funds			
Secured loans	4	656951.01	413610.55
Unsecured loans	5	75827.43	53103.69
Total		853985.72	566714.57
APPLICATION OF FUNDS			
Fixed and intangible assets	6		
Gross block		4656.17	3029.89
Less : Accumulated depreciation and amortisation		1709.01	985.37
Net block		2947.16	2044.52
Investments	7	301.45	101.45
Deferred tax asset (net) (Refer note 2(8) of Schedule 18)		1581.66	1122.70
Current Assets, Loans and Advances	8		
- Assets under financing activities		698921.22	473139.63
- Cash and bank balances		216782.33	140208.46
- Other current assets		17497.02	1424.44
- Other Loans and advances		3162.84	6773.00
		936363.41	621545.53
Less : Current Liabilities & Provisions	9	70108.22	46393.55
Current liabilities	10	17123.50	11706.08
Provisions			
		87231.72	58099.63
Net Current Assets		849131.69	563445.90
Miscellaneous Expenditure			
Preliminary and Incorporation expenditure		2.73	-
Pre Operative expenditure	11	21.03	-
		23.76	-
Total		853985.72	566714.57
Significant Accounting Policies and Notes to Accounts	18		

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

As per our report of even date

For Pijush Gupta & Co.

Firm Registration No : 309015E

Chartered Accountants

Ramendra Nath Das

Partner

Membership No : 014125

Place: Chennai

 Date: 26th May, 2011

 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

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

(Rs. in lacs)

	Schedule	Total As at March 31, 2011	Total As at March 31, 2010
Income			
Income from operations	12	131800.12	107205.35
Other income	13	291.07	3079.36
Total		132091.19	110284.71
Expenditure			
Financial expenses	14	58848.26	51759.01
Personnel expenses	15	4367.02	3611.63
Operating & other expenses	16	20470.16	14163.60
Depreciation and amortisation		747.41	464.77
Provisions & write offs (net)	17	11598.25	11659.84
Total		96031.10	81658.85
Profit before taxation		36060.09	28625.86
Provision for taxation			
Current tax		12460.20	9972.11
Deferred tax (Refer note 2(8) of Schedule 18)		(458.96)	(809.65)
Fringe benefit tax of earlier year		-	37.54
Total tax expense / (income)		12001.24	9200.00
Net profit		24058.85	19425.86
Balance brought forward from previous year		22730.09	12003.01
Profit available for appropriation		46788.94	31428.87
Appropriations:			
Interim dividend - Equity		1236.25	982.28
Proposed Final Equity dividend		1733.79	1474.64
Tax on dividend		205.33	166.94
Tax on proposed dividend		281.26	244.92
Transfer to Statutory Reserve		4810.00	3890.00
Transfer to General Reserve		2410.00	1940.00
Surplus carried to Balance Sheet		36112.31	22730.09
Earnings per share (Refer note 2(7) of Schedule 18)			
Basic (Rs.)		48.78	41.22
Diluted (Rs.)		47.97	40.32
Nominal Value of equity Share (Rs.)		10.00	10.00
Significant Accounting Policies and Notes to Accounts	18		

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

As per our report of even date

For Pijush Gupta & Co.

Firm Registration No : 309015E

Chartered Accountants

Ramendra Nath Das

Partner

Membership No : 014125

Place: Chennai

 Date: 26thMay, 2011

 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

Consolidated Cash Flow Statement for the Year ended March 31, 2011 (Rs. in lacs)

	Total As at March 31, 2011	Total As at March 31, 2010
A. Cash flow from operating activities		
Net Profit before taxation	36060.09	28625.86
Depreciation and amortisation	747.42	464.77
(Profit)/loss on sale of assets(net)	13.78	1.60
Interest income on current and long term investments and interest income on fixed deposits	(270.70)	(1203.65)
Dividend Income	-	(444.91)
Employees Stock option compensation cost	471.68	751.53
Provision for hedging contracts	(546.62)	-
Provision for non performing assets and bad debts written off	10136.80	12165.62
Contingent Provision against Standard assets	1714.89	-
Provision for gratuity	40.82	15.88
Provision for leave encashment	27.48	9.87
Operating profit before working capital changes	48395.64	40386.57
Movements in working capital:		
(Increase) / decrease in assets under financing activities	(233365.55)	(111057.74)
(Increase) / decrease in Sundry Debtors	-	89.03
(Increase) / decrease in other current assets	(11530.50)	(1010.73)
(Increase) / decrease in other loans and advances	(931.92)	166.31
Increase / (decrease) in current liabilities	23709.59	13272.05
Cash generated from operations	(173722.74)	(58154.51)
Direct taxes paid (net of refunds)	(11127.69)	(9197.57)
Net cash used in operating activities (A)	(184850.43)	(67352.08)
B. Cash flows from investing activities		
Investment in Fixed deposits (net)	7992.17	(12665.70)
Purchase of fixed and intangible assets	(1666.35)	(1058.11)
Proceeds from sale of fixed assets	2.52	2269.20
Investment in subsidiary company	-	-
Proceeds from sale of investments	-	1905.00
Interest on fixed deposit	270.70	1203.65
Dividend received	0.00	444.91
Pre-operative Expenditure	(21.03)	-
Preliminary Expenditure	(2.73)	-
Net cash used in investing activities (B)	6575.28	(7901.05)

(Rs. in lacs)

	Total As at March 31, 2011	Total As at March 31, 2010
C. Cash Flows from financing activities		
Proceeds from issue of equity share capital including securities premium and Share Application Money	133.05	10317.48
Increase/ (decrease) in bank borrowings(net)	180566.59	(3271.14)
Increase/ (decrease) in long term borrowings (net)	62773.87	26436.27
Increase/ (decrease) in fixed deposits (net)	(45.64)	(12.06)
Increase/ (decrease) in subordinate debts (net)	269.38	11284.42
Increase / (decrease) in unsecured loans	22500.00	-
Dividend paid	(2710.89)	(2358.20)
Tax on dividend	(450.25)	(400.77)
Net cash from financing activities (C)	263036.11	41996.00
Net increase / (decrease) in cash and cash equivalents (A + B + C)	84560.97	(33257.13)
Cash and Cash Equivalents at the beginning of the period	116711.86	149969.00
Cash and Cash Equivalents at the end of the year	201272.83	116711.87
Components of Cash and Cash Equivalents		
Cash and Cash Equivalents at the end of the year as per Balance Sheet	216782.34	140208.46
Less: Balance in Current account held for unpaid dividends	22.11	17.03
Less: Fixed deposits held for more than three months	51.00	106
Less: Fixed deposit under lien	15436.40	23373.57
	201272.83	116711.86
Significant Accounting Policies and Notes to Accounts	18	

As per our report of even date

For and on behalf of the Board of Directors of
Shriram City Union Finance Limited**For Pijush Gupta & Co.**

Firm Registration No : 309015E

Chartered Accountants

Ramendra Nath Das

Partner

Membership No : 014125

Place: Chennai

Date: 26thMay, 2011**R. Kannan**
Managing Director**S.Venkatakrishnan**
Director**C R Dash**
Company Secretary

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

Schedule 1 - Share Capital	Total As at March 31, 2011	Total As at March 31, 2010
Authorised		
Equity Shares of Rs 10/- each SCUF : 6,00,00,000 (Previous Year : 6,00,00,000) SHFL : 2500000(Previous Year: NIL)	6250.00	6000.00
Preference Shares of Rs.100/- each SCUF : 40,00,000 (Previous Year : 40,00,000) SHFL : NIL(Previous Year: NIL)	4000.00	4000.00
	10250.00	10000.00
Issued, Subscribed & Fully Paid up Equity Shares of Rs. 10/- each		
SCUF: 4,95,36,900(Previous Year : 4,91,54,700) SHFL: 25,00,000 (Previous year : NIL)	4953.69	4915.47
Of the above: i) 15,00,0000 Equity Shares of Rs.10/- each issued as Bonus shares by capitalising of Securities Premium Account ii) 3,82,177 (Previous Year: 54700) equity shares of Rs.10/- each have been issued under employee stock option scheme [Refer note 2 (12) of schedule 18]		
	4953.69	4915.47

(Rs. in lacs)

Schedule 2 - Stock Option Outstanding	Total As at March 31, 2011	Total As at March 31, 2010
Employee stock option outstanding	2079.09	2882.26
Less : Deferred employee compensation outstanding	191.82	601.22
	1887.27	2281.04

(Rs. in lacs)

Schedule 3 - Reserves and Surplus	Total As at March 31, 2011	Total As at March 31, 2010
Capital Reserve		
Balance as per Last account	1400.00	-
ADD: Forfeiture of optionally convertible Warrants.	-	1400.00
	1400.00	1400.00
Capital Redemption Reserve		
Balance as per last account	2328.98	2328.98
Add: Transfer from Profit & Loss Account	-	-
	2328.98	2328.98
Securities Premium Account		
Balance as per last account	49836.14	37040.70
Add: Amount received during the year	960.99	12795.44
	50797.13	49836.14
Statutory Reserve*		
Balance as per last account	11150.00	7260.00
Add: Transfer from Profit & Loss Account	4810.00	3890.00
	15960.00	11150.00
General Reserve		
Balance as per last account	5357.90	3417.90
Add: Transfer from Profit & Loss Account	2410.00	1940.00
	7767.90	5357.90
Balance in Profit & Loss Account	36112.31	22730.09
	36112.31	22730.09
	114366.32	92803.11

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

(Rs. in lacs)

Schedule 4 - Secured Loans	Total As at March 31, 2011	Total As at March 31, 2010
Redeemable non convertible debentures [Refer note 2(2)(a) and 2(2)(b) of Schedule 18]	219877.64	154073.77
Term loans		
i) From Banks [Refer note 2(2)(c)(ii) of Schedule 18]	295677.28	104634.17
ii) From Financial institutions [Refer note 2(2)(c)(i) of Schedule 18]	6500.00	9530.00
Cash credit from banks including working capital demand loan [Refer note 2(2)(d) of Schedule 18]	134896.09	145372.61
	656951.01	413610.55

(Rs. in lacs)

Schedule 5 - Unsecured Loans	Total As at March 31, 2011	Total As at March 31, 2010
Fixed deposits [Due within one year Rs. 41.53 lacs (previous Year : Rs. 59.43 lacs)]	55.10	100.74
Subordinated debts [Due within one year Rs. 3114.99 lacs(previous year:4357.93 lacs)]	53272.33	53002.95
Commercial Papers [Maximum amount raised at anytime during the year Rs.22,500 Lacs]	22500.00	-
	75827.43	53103.69

(Rs in lacs)

Schedule 6 - Fixed and intangible assets	Gross Block				Depreciation / Amortisation				Impairment Loss			Net Block		
	As at April 1, 2010	Additions during the year	Deletions during the year	As at March 31, 2011	As at April 1, 2010	For the year	Deletions	As at March 31, 2011	As at April 1, 2010	Deletions	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
ASSET FOR OWN USE														
Land - Freehold	1.76	-	-	1.76	-	-	-	-	-	-	1.76	1.76	1.76	1.76
Buildings	12.94	-	-	12.94	2.14	0.21	-	2.35	-	-	10.59	10.80	10.80	10.80
Plant and Machinery	1347.95	562.07	9.86	1900.16	420.34	248.90	1.90	667.34	-	-	1232.82	927.61	927.61	927.61
Furniture and Fixtures	548.01	480.85	9.52	1019.34	130.07	101.73	3.55	228.25	-	-	791.09	417.94	417.94	417.94
Vehicles	23.53	6.42	0.48	29.47	4.39	2.56	0.21	6.74	-	-	22.73	19.14	19.14	19.14
Leasehold Improvement	744.85	576.04	20.21	1300.68	369.96	267.15	18.11	619.00	-	-	681.68	374.89	374.89	374.89
INTANGIBLE ASSETS														
Computer Software	350.85	40.97	-	391.82	58.47	126.86	-	185.33	-	-	206.49	292.38	292.38	292.38
TOTAL	3029.89	1666.35	40.07	4656.17	985.37	747.41	23.77	1709.01	-	-	2947.15	2044.52	2044.52	2044.52
Year ended March 31, 2010	7918.90	1058.11	5947.12	3029.89	3010.11	464.77	2489.51	985.37	1186.81	1186.81	2044.52	0.00	2044.52	-

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

Schedule 7 - Investments	Total As at March 31, 2011	Total As at March 31, 2010	Total As at March 31, 2011	Total As at March 31, 2010
	Quantity	Quantity	Amount	Amount
Long Term Investments (At cost)*				
Other than trade				
A. Government securities*				
quoted				
6.13% G.O.I. Loan 2028(Face Value- Rs.100 lacs)			101.45	101.45
Current Investments (At lower of cost and fair value) *				
A. Shares : Fully paid up.				
Unquoted - Equity shares.				
Highmark Credit Information services Pvt. Ltd. (16,32,653 Face Value of 10/- each) (purchased during the year)	1632653		200.00	-
			301.45	101.45
Aggregate Value of Quoted Investments				
Cost			101.45	101.45
Market Value			83.52	83.52
Aggregate Value of Unquoted Investments			200.00	-
Cost			-	-

* 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, 2011 - Rs. Nil

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
Tlso1 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
Tlsdo1 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
Tlso1 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

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

Schedule 8 - Current Assets and Loans and Advances	Total As at March 31, 2011	Total As at March 31, 2010
Assets under financing activities		
a) Secured Loans - considered good	617967.11	418113.82
- considered doubtful	7066.95	4950.58
b) Unsecured Loans - considered good	70970.68	47595.24
- considered doubtful	2916.48	2479.99
	698921.22	473139.63
Cash and bank balances		
i) Cash on hand	6025.87	3590.69
ii) Balances with scheduled banks in:		
Current accounts	95769.03	93150.93
Deposit Accounts #	114987.40	43466.84
	216782.33	140208.46
Other current assets		
i) Interest accrued on fixed deposits and other Loans and advances	324.96	1262.84
ii) Other assets	24.99	161.60
iii) Securitisation Deferred Consideration Receivable	17147.07	4542.08
	17497.02	5966.52
Other Loans and Advances		
Unsecured - considered good		
Advances recoverable in cash or in kind or for value to be received	1547.91	2065.94
Advance - Capital Assets	108.93	12.60
Prepaid expenses	952.29	24.00
Security deposits	553.71	128.38
	3162.84	2230.92
	936363.41	621545.53

Includes Fixed deposits of Rs. 15436.40 Lacs (March 31,2011 : Rs. 7373.57 Lacs) pledged with banks as margin for securitisation and Rs. Nil (March 31, 2010: Rs. 16000 Lacs) as pledged Lien against loan taken.

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

Schedule 9 - Current Liabilities	Total As at March 31, 2011	Total As at March 31, 2010
Sundry creditors *	2653.61	1133.96
Interest accrued but not due on loans	32818.43	28902.17
Application Money on Redeemable non Convertible debentures	967.07	117.27
Application money on Subordinated debts	107.47	4.00
Unclaimed matured deposits	20.83	21.01
Unclaimed matured debentures	3777.27	2744.13
Unclaimed matured subordinate debts	210.19	13.85
Interest accrued and due on above	858.63	568.99
Unclaimed dividend	22.11	17.03
Temporary credit balance in bank accounts	3122.28	7126.55
Securitization deferred income	23686.37	4025.63
Other liabilities	1863.96	1718.96
	70108.22	46393.55

As at March 31,2011, there are no amounts due and outstanding to be credited to Investor Education and Protection Fund (IEPF) in respect of Deposit, Debentures and Subdebts. (March31,2010 : Rs.Nil)

* 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, 2011 and March 31, 2010.

(Rs. in lacs)

Schedule 10 - Provisions	Total As at March 31, 2011	Total As at March 31, 2010
For non-performing assets	9983.42	7430.57
For Standard Asset (ref: Note 1(F) of Schedule 18)	1714.89	
For taxation [net of advance for income tax of Rs 40053.93 Lacs (March 31,2010: Rs. 28,926.24Lacs)]	1882.40	549.89
For diminution in value of investments	17.93	17.93
For hedging contracts	1259.24	1805.86
For leave encashment and availment	54.23	26.75
For gratuity	196.34	155.52
Proposed dividend	1733.79	1474.64
Tax on proposed dividend	281.26	244.92
	17123.50	11706.08

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

Schedule 11 - Pre Operative expenditure	Total As at March 31, 2011	Total As at March 31, 2010
Rent	16.79	-
Depreciation and amortisation	0.01	-
Printing & stationery	0.43	-
Travelling & conveyance	0.35	-
Communication expenses	0.19	-
Audit fees	0.10	-
Professional charges.	0.60	-
Legal & professional charges	0.09	-
Miscellaneous expenses	2.47	-
	21.03	-

(Rs. in lacs)

Schedule 12 - Income from Operations	Total As at March 31, 2011	Total As at March 31, 2010
Income from financing activities*	122778.70	96759.92
Gain on securitisation / Assignment	8222.30	9695.44
Interest on margin money on securitisation*	799.12	749.99
	131800.12	107205.35

*Tax deducted at source of Rs.858.59 lacs (March 31, 2010 : Rs.463.24 lacs)

(Rs. in lacs)

Schedule 13 - Other Income	Total As at March 31, 2011	Total As at March 31, 2010
Interest on deposit with banks@	264.57	1197.52
Income from Long term investment(non trade)		
- Profit on sale of investments (non trade)	-	1400.00
- Interest on government securities	6.13	6.13
Income from current investments(non trade)		
-Dividend	-	444.91
Profit on sale of assets	0.16	0.15
Commission/Referral fees Received@	10.23	10.37
Miscellaneous income	9.98	20.28
	291.07	3079.36

@ Tax deducted at source of Rs. 51.70 lacs(March 31, 2010: Rs.196.11 lacs)

(Rs. in lacs)

Schedule 14 - Financial expenses	Total As at March 31, 2011	Total As at March 31, 2010
Interest on :		
-Debentures	18256.28	17817.36
-Subordinated debts	7456.74	6764.46
-Fixed deposits	6.03	10.42
-Loans from banks#	18914.70	15549.18
-Loans from institutions and others	1243.82	962.59
-Commercial paper	1434.16	30.40
-Bank charges	1535.79	3289.78
-Processing and other charges	2413.69	907.39
-Brokerage and commission.	7587.05	6427.43
	58848.26	51759.01

includes interest on loans other than loans for fixed period Rs.4,299.87 Lacs (March 31, 2010 : Rs. 1841.21)

(Rs. in lacs)

Schedule 15 - Personnel Expenses	Total As at March 31, 2011	Total As at March 31, 2010
Salaries, other allowances and bonus	4150.24	3472.85
Gratuity	40.51	14.60
Contribution to provident and other funds	138.21	94.27
Staff welfare	38.06	29.91
	4367.02	3611.63

(Rs. in lacs)

Schedule 16 - Operating and other Expenses	Total As at March 31, 2011	Total As at March 31, 2010
Rent	1007.21	689.58
Electricity expenses	360.57	452.72
Repairs & maintenance	437.90	365.69
Rates , Duties & taxes	636.02	643.41
Printing & stationery	1649.92	835.83
Travelling & conveyance	3704.17	2977.97
Advertisement	520.06	49.84
Business Promotion Expenses.	3495.02	2533.95
Sourcing fees	1444.79	1123.68
Royalty	364.24	304.08
Directors' sitting fees	5.45	5.55
Insurance	167.01	44.07
Communication expenses	1908.24	1603.23
Auditor's remuneration		
- Audit fees	7.65	7.58
- Limited Review	5.88	4.65
- Tax audit fees	3.10	2.59
- Certification Fees	4.60	7.41
Professional charges.	2092.43	1069.77
Legal & Recovery Expenses	2053.29	1295.15
Donations	1.00	-
Loss on sale of assets	13.94	1.75
Miscellaneous expenses	587.67	145.1
	20470.16	14163.60

(Rs. in lacs)

Schedule 17 - Provisions & Write offs	Total As at March 31, 2011	Total As at March 31, 2010
Provision for non performing assets	2552.85	3236.89
Provision for standard assets	1714.89	-
Bad debts written off	7583.97	8928.73
Bad debt recovery	(253.46)	(505.78)
	11598.25	11659.84

Schedule 18: Significant Accounting Policies & Notes to Accounts

1. Significant Accounting Policies	
(a)	Basis of preparation
	<p>The Consolidated financial statements relates to M/s. Shriram City Union Finance Company Limited (the Company) and its subsidiary company. The Company and its subsidiary company constitute the Group. The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under Companies Accounting Standard Rules, 2006, as amended, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis.</p>
(b)	Basis of consolidation
	<p>(i) The financial statements of the subsidiary company Shriram Housing Finance Limited used in the consolidation are drawn up to the same reporting date as of the Company i.e. period ended March 31, 2011 and are prepared based on the accounting policies consistent with those used by the Company.</p> <p>(ii) The financial statements of the Group have been prepared in accordance with the Accounting Standard 21- 'Consolidated Financial Statements' and Accounting Standard 23 – 'Accounting for investments in Associates in Consolidated Financial Statements, notified under the Companies (Accounting Standards) Rules, 2006, as amended and other generally accepted accounting principles in India.</p> <p>(iii) The consolidated financial statements have been prepared on the following basis :</p> <p>a. The financial statements of the company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses have been fully eliminated.</p> <p>b. The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company is made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statement.</p> <p>c. Minority interest, if any, in the net assets of consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary company and further movements in their share in the equity, subsequent to the dates of investments as stated above.</p>
(c)	Use of estimates
	<p>The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future years.</p>

(d)	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> <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;">Computer Software</td> <td style="text-align: center;">33.33%</td> <td style="text-align: center;">16.21%</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> <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>	Particulars	Rates (SLM)	Schedule XIV rates (SLM)	Computer Software	33.33%	16.21%
Particulars	Rates (SLM)	Schedule XIV rates (SLM)					
Computer Software	33.33%	16.21%					
(e)	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 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>						
(f)	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. Non performing Asset 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> <p>Provision @0.25% on standard asset is made as per the notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issue by Reserve Bank of India.</p>						

(g)	Foreign currency translation
	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. All Exchange differences are dealt with in the profit and loss account.
(h)	Revenue recognition
	<ul 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 services is recognized as per the terms of the contract on accrual basis. v. Interest Income on deposit accounts with banks is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. vi. Dividend is recognized as Income when right to receive is established by the date of balance sheet. vii. 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 separation from employment as per Provisions of payment of Gratuity Act 1972 . The Group 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.</p> <p>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 tax, deferred tax 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 Group 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 Group 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 Group 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 one reportable 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(ICAI) comprise cash at bank, cash 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)	Provisions
	A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
(p)	Derivative instruments
	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.
(q)	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 the 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) The following subsidiary company is considered in the consolidated financial statements:

Sr. No.	Name of the Subsidiary Company	Country of incorporation	% of holding either directly as at March 31, 2011	% of holding either directly as at March 31, 2010
a)	Shriram Housing Finance Limited (Incorporated on 9th November 2010)	India	100%	--

(2) Particulars of Secured Loans

a) Privately placed Redeemable Non-convertible Debentures of Rs 1000/- each (Retail)

As at March 31,2011		As at March 31,2010	
Number	Amount (Rs.in lacs)	Number	Amount (Rs.in lacs)
1,55,29,431	1,55,294.31	1,34,07,377	1,34,073.77

Secured by equitable mortgage of title deeds of immovable property. Further secured by charge on plant and machinery, furniture and other fixed assets of the Company, charge on Company's hypothecation loans, other loans, advances and investments of the Company subject to prior charges created or to be created in favor of the Company's bankers, financial institutions and others.

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 April 1, 2011 (March 31, 2010; April 1, 2010). The last date of redemption is October 25, 2017 (March 31, 2010; October 25, 2017).

Debentures may be bought back subject to applicable statutory and /or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to applicable statutory and/or regulatory requirements.

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

Date of Allotment / renewal	Face Value	Number	Amount (Rs. in lacs)		Redeemable at par on
			As at March 31, 2011	As at March 31, 2010	
23.04.2009	100000	1000	-	10000.00	23.04.2010
24.09.2009	100000	2500	2500.00	2500.00	30.09.2014
17.09.2009	100000	1000	1000.00	1000.00	30.09.2014
17.09.2009	100000	1000	1000.00	1000.00	30.09.2014
17.09.2009	100000	500	500.00	500.00	30.09.2014
23.09.2009	100000	2000	2000.00	2000.00	30.09.2014
06.10.2009	100000	2000	2000.00	2000.00	07.10.2014
06.10.2009	100000	1000	1000.00	1000.00	07.10.2014
22.04.2010	1000000	1458	14583.33	-	22.04.2013
05.07.2010	1000000	750	7500.00	-	05.01.2013
23.11.2010	1000000	200	2000.00	-	23.11.2017
13.12.2010	1000000	100	1000.00	-	13.12.2017
13.12.2010	1000000	150	1500.00	-	13.12.2017
04.02.2011	1000000	50	500.00	-	04.02.2021
30.03.2011	1000000	2750	27500.00	-	30.03.2017
Total			64583.33	20000.00	

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of title deeds of immovable property.

c) Term Loans:

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
i. From Financial Institutions/Corporate :		
Secured by an exclusive charge by way of hypothecation of assets under financing.	6500.00	9530.00
Total	6500.00	9530.00
ii. From Banks :		
Secured by an exclusive charge by way of hypothecation of assets under financing.	295677.28	104634.17
Total	295677.28	104634.17

d) Cash Credit from Banks

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Cash Credit from Banks	134896.09	145372.61

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

3. Subordinated Debt

The Company issued subordinated debt bonds amounting to Rs. 53272.33 Lacs (March 31,2010: Rs. 53002.95 Lacs) with coupon rate of 7.00% to 13.00% Per annum which are redeemable over a period of 60 month to 216 month.

4. 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 basic 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, 2011	March 31, 2010
Current service cost	4.84	21.49
Interest cost on benefit obligation	12.44	12.38
Expected return on plan assets	N.A	N.A
Net actuarial (gain) / loss recognized in the year	23.23	(19.27)
Past service cost	NIL	NIL
Net benefit expense	40.51	14.60
Actual return on plan assets	N.A	N.A

Balance sheet

Details of Provision for gratuity

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Defined benefit obligation	196.34	155.52
Fair value of plan assets	N.A	N.A
Total	196.34	155.52
Less: Unrecognized past service cost	NIL	NIL
Plan asset / (liability)	(196.34)	(155.52)

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

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Opening defined benefit obligation	155.52	139.64
Interest cost	12.44	12.38
Current service cost	4.84	21.49
Benefits paid	--	1.28
Actuarial (gains) / losses on obligation	23.54	(19.27)
Closing defined benefit obligation	196.34	155.52

The Group would not contribute any amount to gratuity in 2011-12 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:

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
	%	%
Investments with insurer	NA	NA

The principal assumptions used in determining gratuity obligations for the Groups plan are shown below:

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Discount Rate	8.25%	7.75%
Increase in compensation cost	5.00%	5.00%
Employee Turnover	2.00%	3.25%

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

Amounts for the current and previous year are as follows:

(Rs. in lacs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined Benefit obligation	196.34	155.52	139.64	133.18
Plan Assets	N.A	N.A	N.A	N.A
Surplus/Deficit	(196.34)	(155.52)	(139.64)	(133.18)
Experience adjustment on Plan Liabilities	(29.63)	(19.27)	(39.51)	53.10
Experience adjustment on Plan Assets	N.A	N.A	N.A	N.A

5. 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	
	2011	2010
Payments		
Royalty	338.15#	304.08*
Data Sourcing fees	206.40#	160.53*
Service Charges	1238.39#	963.15*
Reimbursement of Business Promotion Expenses	33.09*	44.12*
Equity dividend	985.68\$	896.07\$
Equity dividend	470.59@	334.38@
Receipts		
Sale of investments		1900.00*
Balance outstanding at the year end		
Share Capital	1792.15*	1792.15#
Share Capital	855.62@	855.62@
Outstanding Expenses		41.84*

*	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 Ownership Trust Limited

6. In accordance with the Reserve Bank of India circular no. RBI/2006-07/225 DNBS (PD) C.C No.87/03.02.2004/2006-07 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 (March 31,2010: Rs.101.45 Lacs) in favour of trustees representing the public deposit holders of the Company.

7. Earnings per share

(Rs. in lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Net Profit after tax and Share of loss of Associates as per profit and loss account (Rs. in lacs) (A)	24058.85	19425.86
Weighted average number of equity shares for calculating Basic EPS (in lacs) (B)	493.23	471.32
Weighted average number of equity shares for calculating Diluted EPS (in lacs) (C)	501.55	481.77
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	48.78	41.22
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	47.97	40.32

(Rs. in lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Weighted average number of equity shares for calculating EPS (in lacs)	493.23	471.32
Add : Equity shares arising on conversion of optionally convertible warrants (in lacs)	-	-
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in lacs)	8.32	10.45
Weighted average number of equity shares in calculation diluted EPS (in lacs)	501.55	481.77

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

(Rs. in lacs)

The break up of deferred tax asset / liabilities is as under:-	As at March 31, 2011	As at March 31, 2010
<u>Deferred Tax Liabilities</u>		
Timing difference on account of :		
Differences in depreciation in block of fixed assets as per tax books and financial books	85.63	92.31
Gross Deferred Tax Liabilities (A)	85.63	92.31
<u>Deferred Tax Asset</u>		
Timing difference on account of :		
Service Tax Provision	515.90	527.89
Additional Provision against standard assets	569.65	0.00
Leave Encashment Provision	18.01	9.09
Gratuity Provision	65.22	52.86
Derivative Provision	418.29	613.81
Bonus Provision	13.78	11.42
Estimated Disallowances	66.44	0.00
Gross Deferred Tax Assets (B)	1667.29	1215.02
Deferred Tax Liabilities/(Asset) (Net) (A-B)	(1581.66)	(1122.70)

9. Capital commitments

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	61.78	2.80

10. Contingent Liabilities not provided for

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
a. Guarantees issued by the Company	6.81	6.81
b. Guarantees issued by others	1942.77	1942.77

11. Income Tax/Wealth Tax/Service Tax/Fringe Benefit Tax

Disputed Wealth Tax/Service Tax demands contested in appeal as on March 31, 2011.

Wealth Tax – Rs. 1.76 lacs (March 31, 2010 Rs. 1.76 lacs)

Service Tax – Rs.1553.08 Lacs (March 31, 2010 Rs. 1553.08 lacs)

However provision is made in the books for any liability that may arise.

12. Employee Stock Option Plan:

Date of grant	October 19 2007
Date of Board Approval	October 19 2007
Date of Shareholder's approval	October 30 2006
Number of options granted	1355000
Method of Settlement (Cash/Equity)	Equity
Graded vesting period:	
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 Stock Option plan are summarized below:

	As at March 31, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price(Rs.)	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	1272800	35	1320700	35.00
Add: Granted during the year	27500		-	-
Less: Forfeited during the year	-		-	-
Less: Exercised during the year	382177	35	47900	35.00
Less: Expired during the year	-		Nil	-
Outstanding at the end of the year	918123	35	1272800	35.00
Exercisable at the end of the year	-		-	-
Weighted average remaining contractual life (in years)	-	9.55	-	10.55
Weighted average fair value of options granted	-	227.42	-	227.42

The details of exercise price for stock options outstanding 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, 2011	Rs.35/-	918123	9.55	Rs.35/-
March 31, 2010	Rs.35/-	1272800	10.55	Rs.35/-

Stock Options granted

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, 2011	As at March 31, 2010
Compensation cost pertaining to equity-settled employee share-based payment plan included above	471.68	751.53
Liability for employee stock options outstanding as at year end	2079.09	2882.26
Deferred compensation cost	191.82	601.22

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 the 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 pro-forma 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, 2011	Year ended March 31, 2010
Profit as reported (Rs. in lacs)	24058.85	19425.86
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	471.68	751.53
Less: Employee stock compensation under fair value method (Rs. in lacs)	473.70	754.75
Proforma profit (Rs. in lacs)	24056.83	19422.64
Less Preference Dividend	-	-
Proforma Net Profit for Equity Shareholders	24056.83	19422.64
Earnings per share		
Basic (Rs.)		
- As reported	48.78	41.22
- Proforma	48.77	41.21
Diluted (Rs.)		
- As reported	47.97	40.32
- Proforma	47.96	40.31

13. Securitisation

The information on securitisation & direct assignment activity of the Company as an originator for the year March 31 2011 and March 31 2010 is given below: (Rs. in lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
Total number of assets securitised	178502	146402
Total book value of assets securitised (Rs. in lacs)	117915.72	30000.00
Sale consideration received for the securitised assets (Rs. in lacs)	126737.01	30000.00
Net gain on account of securitization (Rs. in lacs)	27163.76	2554.73
Outstanding credit enhancement- Deposit with banks/corporate	15436.40	7373.57
Outstanding Credit enhancement – Assets under financing	1900.63	2735.13

14. 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 – Rs.12500 lacs).

15. Supplementary Statutory Information

15.1	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)

15.2	Expenditure in foreign currency (On cash basis)		
		<i>Year ended March 31, 2011</i>	<i>Year ended March 31, 2010</i>
	Subscription Fees	0.09	0.08

16. Additional information pursuant to the provisions of paragraphs 3 4C and 4D of Part II of schedule VI to the Act

The Company does not have licensed capacity as it is a Non Banking Finance Company.

17. 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

For Pijush Gupta & Co.

Firm Registration No : 309015E
Chartered Accountants

Ramendra Nath Das

Partner
Membership No : 014125

Place: Chennai

Date: 26th May, 2011

R. Kannan

Managing Director

S.Venkatakrishnan

Director

C R Dash

Company Secretary