



SUBUTHI FINANCE LIMITED

BOARD OF DIRECTORS

1.	BALA K V	-	DIRECTOR
2.	SATHYENDRAN R	-	DIRECTOR
3.	RAJASUKUMAR A	-	DIRECTOR
4.	RAJADURAI K	-	DIRECTOR

AUDITORS

Mr. S. VASUDEVAN & ASSOCIATES
B1-H2, NUTECH INDIRA APARTMENTS,
150, PILLAYAR KOVIL STREET, JAFFERKHANPET,
ASHOKNAGAR,
CHENNAI – 600 083.

LEGAL ADVISORS

MR. SRIDHAR, B.COM., B.L.,
NEW NO.14. OLD NO. 82, FLAT NO. 5,
1ST AVENUE, INDIRA NAGAR, ADYAR,
CHENNAI – 600 020.

BANKERS

ANDHRA BANK
ICICI BANK LIMITED
STATE BANK OF MYSORE
CENTURION BANK LIMITED
STANDARD CHARTERED BANK LTD

REGISTERED OFFICE

“KOTHARI BUILDINGS”, 4^H FLOOR,
114, MAHATMA GANDHI SALAI,
NUNGAMBAKKAM,
CHENNAI- 600 034.
TEL: 044-28330867 / 28331310
FAX: 044-28330208.
E-MAIL – sflmids@md2.vsnl.net



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 17th Annual General Meeting of Company will be held at the registered office of the company at "Kothari Buildings", IV Floor, 114, Mahatma Gandhi Road, Nungambakkam, Chennai – 600 034 at 9.30 A.M. on 30th September 2008

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Profit and Loss Account for the year ended 31st March 2008 and the Balance Sheet as on that date along with the Auditor's and Director's Report thereon.
2. To appoint Shri.A.Raja Sukumar who retires at the end of this meeting and being eligible offers himself for re-appointment.
3. To appoint M/s.S.Vasudevan & Associates, Chartered Accountants who retire at the end of this Annual General Meeting and are being eligible for re-appointment as Auditors till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, with or without modification(s) the following resolution as a Special Resolution.

"**RESOLVED THAT** subject to the provisions of the companies Act 1956, the securities contracts (Regulation) Act 1956, the Securities & Exchange Board of India (Delisting of Securities) Guidelines 2003 or any amendment thereof, subject to such approvals, permissions and sanctions as may be prescribed by any authority, while granting such approvals, which may be agreed to by the Board of Directors, consent of the Company be and is hereby accorded to the Board of Directors. (which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board of Directors by this resolution) to delist the equity shares of the Company from Madras stock Exchange Limited and Coimbatore Stock Exchange Limited".

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTIALED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT THE PROXY NEED NOT BE A MEMBER, THE DULY COMPLETED PROXY FORMS SHOULD BE SUBMITTED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HRS BEFORE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Book will remain closed on 30/09/08.
3. Members seeking any information are requested to write to the company at least 10 days in advance so as to enable the company to keep the information ready.
4. Members are requested to bring their copies of the Annual Report to the Annual General Meeting.

BY ORDER OF THE BOARD
For **SUBUTHI FINANCE LIMITED**

Sd/

A.RAJA SUKUMAR

Director

Place: Chennai
Date: 30th June 2008



EXPLANATORY STATEMENT PURSUANT SEC 173(2) OF THE COMPANIES ACT, 1956.

The Equity Shares are listed on the following Stock exchanges.

1. Madras Stock Exchange Limited
2. Coimbatore Stock Exchange Limited
3. Bombay Stock Exchange Limited

The Shares of the company resulted in Nil or extremely low volumes in the Madras Stock Exchange Ltd and Coimbatore Stock Exchange Ltd. The Board of Directors is of the view that considering the above said fact, and for saving costs as well for enhancing administrative convenience, it would be adequate to continue listing of the company's equity shares only on "Bombay Stock Exchange Limited" this proposal will not in any manner adversely affect investors, including the members of the company located in various regions.

Pursuant to clause 5.2 Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 an exit opportunity need not be given in cases where securities continue to be listed in a Stock Exchange having national terminals. The Company's shares are traded on Stock Exchange, Mumbai having national wide terminals and therefore, in accordance with the said guidelines, an exit opportunity need not be given to those shareholders of the regions where the Stock Exchanges, from which the company propose to delist its equity shares, are situated.

Accordingly the member's approval is sought by a Special Resolution in accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, to enable voluntary delisting of Company's equity shares from the Madras Stock Exchange Limited and Coimbatore Stock Exchange Limited.

BY ORDER OF THE BOARD
For **SUBUTHI FINANCE LIMITED**

Sd/

Place: Chennai
Date: 30th June 2008

A.RAJA SUKUMAR
Director



REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

To
The Shareholders

Your Directors have great pleasure in presenting the 17th Annual Report of the Company along with the Audited Accounts of the Company for the year ended 31st March 2008.

FINANCIAL PERFORMANCE		Rs.in Lakhs	
PARTICULARS	2007-08	2006-07	
Total Income	56.64	59.37	
Profit before Depreciation, Bad debt and Tax	24.61	26.64	
Depreciation	11.06	13.22	
Tax provision	7.83	1.68	
Profit after Tax	5.72	11.73	
Amount available for appropriation	5.72	11.73	
Transfer of Statutory Reserve	1.14	2.35	
Transfer to Profit and Loss Account	4.57	9.39	

PERFORMANCE

During the year, under review your company has achieved a profit after tax of Rs. 5.72 Lakhs as compared to the previous year profit after tax of Rs. 11.73 Lakhs. The volatile financial market prevailed during the financial year causes significant impact on the performance of your company. Your Directors do not recommend any dividend, for the year under review in order to strengthen the net worth of the Company.

FUTURE OUTLOOK

Your Company is confident of increasing the profits in the years to come which would in turn increase the returns to shareholders as the company has adopted various prudent credit management measures.

OPPORTUNITIES AND THREATS

The volatile financial market not only prevailed throughout the financial year and is also continuing for the year 2008-09 which causes concern and throws challenges. However the increase of lending rates by RBI & Banks have through wide opportunities for increasing the margin in the operation of your company in future.

THE RBI NORMS AND ACCOUNTING STANDARDS

To comply with RBI directions, the company closed its accounts for the full year ending march 2008, and your Company continues to comply with the directives issued as well as the norms prescribed by Reserve Bank of India for NBFCs.

INFORMATION AS PER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956

The Company is a Non-Banking Finance Company and is not engaged in manufacturing activity of any kind. The disclosure of information relating to conservation of energy and technology absorption are therefore not applicable to the company. There were no foreign exchange earnings or outgo for the Company during the year.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to section 217 (AA) of the Companies (Amendment) Act 2000, the Directors confirm that;

1. In the preparation of Annual Accounts for the year ended 31st March 2008, all the applicable accounting standards have been followed along with proper explanation relating to material departures.



2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2008 and of the Profit or Loss of the company for the year under review.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the Annual Accounts for the current financial year on a 'going concern' basis.

DIRECTORS

Shri.Mr.A.Raja Sukumar retires at the end of this meeting and being eligible, offers himself for re-appointment.

CORPORATE GOVERNANCE

Your Company provides considerable importance to good Corporate Governance and complying with the Code of Corporate Governance introduced by SEBI. A detailed report on Corporate Governance together with a certificate from the Statutory Auditors in compliance of Clause 49 of the Listing Agreement has been annexed as part of the Annual Report. Management Discussion and Analysis Report highlighting the performance of the company is attached forming part of the Director's Report.

PERSONNEL

The company does not have any employee drawing salary in excess of the amount stipulated under Section 217 (2A) of the Companies Act, 1956.

AUDITORS

M/s.S.Vasudevan & Associates, Chartered Accountants, Chennai retires at the ensuing Annual General Meeting and are being eligible for re-appointment. Necessary resolutions are placed before the Shareholders for their approval.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation and gratitude to Andhra Bank, Centurion Bank Limited, ICICI Bank Limited, Standard Chartered Bank Limited, State Bank of Mysore and various Government agencies for their support, assistance and co-operation and look forward for their continued support.

**By order of the Board
For SUBUTHI FINANCE LIMITED**

Sd/-

**A.RAJA SUKUMAR
Director**

Place: Chennai
Date : 30th June, 2008



REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

The company is complying with the mandatory requirements of the Code of Corporate Governance (Code) introduced by the Securities and Exchange Board of India (SEBI) and incorporated in Clause 49 of the Listing Agreement in all material aspects.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The company is committed to the highest standards of corporate governance in all its activities and business practices. The Company looks at Corporate Governance as a measure to ensure sustained better financial performance and to serve the shareholders by providing better service. The company considers Corporate Governance in its widest sense. The Corporate Governance measures the delivery of Company's objects with a view to translate the ability, opportunity into reality and results. The Board ensures better implementation of the key elements in Corporate Governance like transparency, disclosure, internal controls etc. It takes feedback into account in its reviews of the principles of commitment and growth to ensure better improvement and growth.

The following is the report on the practices of the company on major aspects of corporate governance:

A) COMPOSITION OF THE BOARD

The company has complied with the corporate governance norm in terms of constitution of the board, headed by its Chairperson, Shri.A.Rajasukumar. The Board comprises of 3 Directors details are given in Table 1.

B) NUMBER OF BOARD MEETINGS

Subuthi Finance Limited held 4 Board Meetings during the year ended 31st March 2008. These were on 9th June 2007, 31st July 2007, 10th October 2007, and 31st January 2008.

C) DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIP HELD

See table 1 for details

Table I: Details about Subuthi Finance Limited's Board of Directors

Name	Designation	Board Meetings held during the year	Board Meetings attended during the year	Whether attended last AGM	Other Directorship
Shri.K.V.Bala	Director	4	3	Yes	✗M/s.Ind Eco Ventures Ltd ✗M/s.Indowind Energy Ltd ✗M/s.Indonet Global Ltd. ✗M/s.Loyal Credit & Investments Ltd
Shri.R.Satyendran	Director	4	4	Yes	✗M/s.SGM Windfarms Pvt Ltd.
Shri.A.Raja Sukumar	Director	4	4	Yes	✗ M/s.Televista Digitals Ltd.
Shri.K.Rajadurai	Director	4	4	Yes	Nil

Independent Director means a Director who, apart from receiving a Director's remuneration does not have any other material pecuniary relationship or transactions with the company, its promoters, its management, or its subsidiaries, which in the judgment of the Board may affect the independence of judgment of the Director.

None of the Directors is a member of more than 10 Board-level committees, or a Chairman of more than five such committees, as required under Clause 49 of the listing agreement.



D. INFORMATION SUPPLIED TO THE BOARD:

Among others, this includes:

- a) Annual operating plans and budgets and any updates.
- b) Quarterly financial results of the company
- c) Minutes of meeting of Audit Committee and other committees of the Board
- d) Materially important show cause, demand, prosecution and penalty notices
- e) Fatal or serious accidents of dangerous occurrences
- f) Any materially relevant default in financial obligations to and by the company.
- g) Any issue which involves possible public claims of substantial nature
- h) Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- i) Sale of material nature, of investments, assets, which is not in the normal course of business
- j) Any issue which involves possible public claims of substantial nature
- k) Non-compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

The Board of M/s. Subuthi Finance Limited is routinely presented with information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings.

E) COMMITTEES OF THE BOARD

i) Audit Committee

A qualified and independent Audit Committee of the Board of the company is functioning. It monitors and supervises the Management's financial reporting process with a view to ensure accurate and proper disclosure, transparency and quality of financial reporting. The committee reviews the financial and risk management policies and also the adequacy of internal control systems and holds discussions with Statutory Auditors and Internal Auditors. This is enhancing the credibility of the financial disclosures of the company and also provides transparency.

The company continued to derive immense benefit from the deliberation of the Audit Committee comprising of three Directors, Mr.A.Raja Sukumar, R.Satyendran and Mr.K.V.Bala who are eminent professionals having knowledge in project finance, accounts and company law. The minutes of each Audit Committee meeting are placed before, and discussed in the full by the Board.

The Audit Committee met 4 times during the year ended 31st March 2008.

Table 2: Attendance record of Audit Committee Members

Name of Director	No. of Meetings	Meetings attended
Mr.A.Raja Sukumar	4	4
Mr.R.Satyendran	4	4
Mr.K.V.Bala	4	3

In addition to the areas, Subuthi's Audit Committee looks into controls and security of the company's critical internal control and assurance audit reports of all major divisions and profit centers and deviations from the code of business principles, if any.

ii) Shareholders / Investors Grievances Committee

The Shareholders / Investors Grievances Committee specifically looks into redressing of shareholders' and investors' complaints such as transfer of shares, non-receipt of shares, non-receipt of declared dividends and to ensure expeditious share transfer process. This Committee comprises of Mr.A.Raja Sukumar and Mr.R.Satyendran. Since there was no shareholder or investor grievance, there was no meeting held during the year.



F) MANAGEMENT

Disclosures by management to the Board

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board, and interested Directors neither participate in the discussion, nor do they vote on such matters.

G) SHAREHOLDERS

a) Disclosure regarding appointment or re-appointment of Directors

According to the Articles of Association of Subuthi, not less than 1/3rd of the Directors who are liable to retire by rotation, shall retire from office. All the Directors are eligible and are offering themselves for re-appointment as and when required.

Mr.A.Raja Sukumar and R.Satyendran are retiring at the conclusion of the forthcoming AGM and being eligible offer themselves for reappointment.

b) Communication to shareholders

Subuthi Finance Limited has its own web-site and all vital information relating to the company and its performance including quarterly results, official releases and presentation to analysts are posted on the web-site.

c) Remuneration Committee

Subuthi's remuneration policy is based on three principles: Pay for responsibility, pay for performance and potential, and pay for growth. The company's Remuneration Committee is vested with all the necessary powers and authority to deal with all elements of remuneration package of all directors. This includes details of fixed components and performance-linked incentives.

As for the Non-Managing Directors, their appointment is for the benefit of their professional expertise in their individual capacity as independent business executives. Accordingly, the service contract, notice period and severance fees, if any of the company are not applicable to such Non-Managing Directors.

As the performance of the company is not good, the increase in remuneration is not considered. Hence, no Remuneration Committee Meeting was held during the year.

d) Investor Grievances

As mentioned earlier in this chapter, the company has constituted Shareholder / Investors' Grievances Committee for redressing shareholders' and investors' complaints. The status on complaints is reported to the Board of Directors as an agenda item.

e) Share transfer

The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Shares in physical mode which are lodged for transfer at either with the company or with the Share Transfer Agent are processed and share certificates are returned within the time prescribed by the authorities. A summary of transfer / transmission etc. of the company so approved by the Chairman is placed at every board meeting.

The company obtains from a Company Secretary in practice on half-yearly basis, a certificate of compliance with the share transfer formalities as required under clause 47© of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock exchanges.

H) REGISTRAR AND TRANSFER AGENT

M/s.Cameo Corporate Services Limited Registrar, who is registered with SEBI as a category II Registrar, have been appointed as the registrar and share transfer agent of the company for both physical and electronic segment and have attended to share transfer formalities regularly.



I) GENERAL BODY MEETINGS

Details of last three annual general meetings are given in Table 3

Year	Location	Date	Time
2006-07	"Kothari Buildings" IV Floor 114, M.G.Road, Nungambakkam, Chennai – 600 034	29.9.07	9.30 A.M
2005-06	Kakani Towers, IIInd Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006	30.9.06	9.30 A.M
2004-05	Kakani Towers, IIInd Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006	30.9.05	9.30 A.M

Disclosures:

- a) Disclosure on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

There are no materially significant related party transactions made by the company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

- b) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently there were no strictures or penalties imposed by either SEBI or the stock exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

- c) Compliance by the Company.

The company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to capital markets as and when applicable. The Stock Exchanges or SEBI or any other Statutory Authority has not imposed any penalty or stricture on the Company.

J) GENERAL SHAREHOLDERS INFORMATION

AGM

Date	30 th September 2008
Time	9.30 A.M.
Venue	Kothari Buildings, IV Floor,114, Mahatma Gandhi Road, Nungambakkam, Chennai – 600 034
Date of Book Closure	23 rd September 2008 to 30 th September 2008
Listing on Stock Exchanges	The Bombay Stock Exchange Limited & The Madras Stock Exchange Limited, Coimbatore Stock Exchange
ISIN Number for NSDL & CDSL	INE075B01012
Registrar and Share Transfer Agent	M/s.Cameo Corporate Services LimitedSubramanian BuildingNo.1 Club House RoadChennai – 600 002 Ph: 044-28460390 Fax: 044-28460129E-mail:came osys@satyam.net.in



K) FINANCIAL CALENDER:

Adoption of the Quarterly Results for the quarter ending:

30 th June 2007	31 st July 2007
30 th September 2007	10 th October 2007
31 st December 2007	31 st January 2008
31 st March 2008	16 th April 2008

L) DISTRIBUTION OF SHARE HOLDING AS ON 31.3.2008

Shareholding	Shareholders		Share Allotment	
	Number	% of total	(in Rs.)	% of total
10 — 5000	1111	87.7567	1877440	3.7548
5001 – 10000	79	6.2401	661950	1.3239
10001 – 20000	40	3.1595	559210	1.1184
20001 – 30000	5	0.3949	115910	0.2318
30001 – 40000	5	0.3949	171760	0.3435
40001 – 50000	3	0.2369	135550	0.2711
50001 – 100000	1	0.0789	96960	0.1939
100001 and above	22	1.7377	46381220	92.7624
Total	1266	100.0000	50000000	100.0000

M) DISTRIBUTION OF SHAREHOLDING PATTERN

Name of the Company :		SUBUTHI FINANCE LIMITED				
Scrip Code : 531841		Quarter Ended 31 ST March 2008				
Category code	Category of Shareholder	Number of Share holders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B+C)	As a percentage of (A+B) ¹
(A)	Shareholding of Promoter and Promoter Group²					
1	Indian					
(a)	Individuals/ Hindu Undivided Family	12	2246800	1123700	44.94	44.94
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00
(c)	Bodies Corporate	2	1166200	1166200	23.32	23.32
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00
(e)	Any Others(Specify)					
	Sub Total(A)(1)	14	3413000	2289900	68.26	68.26
2	Foreign					
a	Individuals (Non-Residents)	0	0	0	0.00	0.00
	Individuals/Foreign Individuals)	0	0	0	0.00	0.00
b	Bodies Corporate	0	0	0	0.00	0.00
c	Institutions					
d	Any Others(Specify)					
	Sub Total(A)(2)	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	14	3413000	2289900	68.26	68.26



(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/ UTI				0.00	0.00
(b)	Financial Institutions / Banks	1	96100	95000	1.92	1.92
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0				
(h)	Any Other (specify)					
	Sub-Total (B)(1)	1	96100	95000	1.92	1.92
B 2	Non-institutions					
(a)	Bodies Corporate	41	591958	591958	11.84	11.84
(b)	Individuals					
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	1189	313625	108925	6.27	6.27
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	7	581699	394999	11.63	11.63
(c)	Any Other (specify)					
(c-i)	Clearing Member	2	743	743	0.01	0.01
(c-ii)	Hindu Undivided Families	5	1875	1875	0.04	0.04
(c-iii)	Non Resident Indians	1	1000	1000	0.02	0.02
	Sub-Total (B)(2)	1245	1490900	1099500	29.82	29.82
(B)	Total Public Shareholding (B)=(B)(1)+(B)(2)	1246	1587000	1194500	31.74	31.74
	TOTAL (A)+(B)	1260	5000000	3484400	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued					
	GRAND TOTAL (A)+(B)+(C)	1260	5000000	3484400		100.00

N) NON-MANDATORY REQUIREMENTS

- Chairperson of the Board: Whether the Chairperson of the Board is entitled to maintain a Chairperson's Office at the Company's expense and also allowed reimbursement of expenses incurred in the performance of his duties: No
- The Company's audited and un-audited results are widely published in English and Tamil Newspapers.
- Postal Ballot:
There were no resolutions passed through Postal Ballot.



O) ADDRESS FOR CORRESPONDENCE:

- | | |
|--|---|
| <p>1) Subuthi Finance Limited
"Kothari Building", 4th Floor,
114, Mahatma Gandhi Road,
Nungambakkam,
Chennai – 600 034.
Tel: 044-28330867 / 28331310
Fax: 044-28330208.
E-Mail – sflmids@md2.vsnl.net</p> | <p>2) Cameo Corporate Services Ltd
Subramanian Building, V Floor,
No.1, Club House Road,
Chennai – 600 002.
Phone : 044-28460390 – 394 & 28460718
Fax : 044 – 28460129
E-mail: cameosys@satyam.net.in</p> |
|--|---|

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by M/s. Subuthi Finance Limited, for the year ended 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement. As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investor's Grievance committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **S. VASUDEVAN AND ASSOCIATES**
Chartered Accountants

Sd/-

Place: Chennai
Date: 30th June, 2008

S. VASUDEVAN
Partner



AUDITORS' REPORT

To

The Members of
SUBUTHI FINANCE LIMITED

We have audited the attached Balance Sheet of **SUBUTHI FINANCE LIMITED**, as at 31st March, 2008 and the Profit and Loss Account of the Company for the same period ended on that date, annexed thereto. 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 misstatements. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' report) Order 2003, issued by the Central Government of India in terms of Section 227 (IV) (a) of the Companies Act, 1956, we annex hereto a statement of the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the statement 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 purpose of our audit.
 - b. In our opinion, proper books of account, as required by law have been kept by the company so far as it appears from our examination of such books.
 - c. The Company's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d. In our opinion the Profit & Loss Account and the Balance Sheet comply with the applicable Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - e. On the basis of the written representations received from the Directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (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 read with the notes thereon under Schedule 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 principle generally accepted in India
 - i. In the case of the Balance Sheet, the state of affairs of the company as at 31st March, 2008 and
 - ii. In the case of the Profit and Loss Account, profit for the period ended on that date.

For S. VASUDEVAN & ASSOCIATES
Chartered Accountants

Sd/-

Place: Chennai
Date: 30th June, 2008

S. VASUDEVAN
Partner



Annexure - I

RE: SUBUTHI FINANCE LIMITED

Referred to Paragraph 2 of our report of even date

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.

(b) All the Assets have been physically verified by the management during the year and the Company has regular programme of verification which, in our opinion, is reasonable having regard to the nature of the Company and its size. No material discrepancies were noticed.

(c) The year, the Company has not disposed off substantial portion of the fixed assets during the year, affecting the concern.
2. As the Company is a Non Banking Finance Company, the requirement for verification of inventory is not applicable.
3. The company has taken unsecured loan from a company covered under register maintained under section 301 of the Act. The maximum amount involved during year was Rs. 34,42,751/=. The balance outstanding at the end of the year was Rs. 22,08,930/=.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanation given to us and according to the contracts and arrangements entered in the register maintained under section 301 of the Companies Act, 1956, the value of transactions exceeding Rs.5,00,000/- with those parties, are reasonable having regard to the prevailing market price.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public to which the provisions of section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under are applicable and therefore paragraph 4(vi) of the Order is not applicable.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. As the Company is Non Banking Finance Company, it is not required to maintain Cost Audit Records under the Act.
9. In our opinion and according to the information and explanations given to us, the company does not have any undisputed statutory dues, as at 31st March, 2008 for a period of more than six months from the date they became payable to investor education protection fund, employees' state insurance, sales tax, wealth tax, customs duty, excise duty, cess and other statutory dues, if any, with the appropriate authorities except Income Tax where the Income Tax Assessing Authorities have passed orders disallowing depreciation claimed by the Company and have demanded Rs. 1,02,43,906/- by way of Income Tax for the block assessment period 1993 - 94 to 1996 - 97 on 29th October, 1997, and have also raised a Tax demand of Rs. 1,74,10,868/- by disallowing certain lease expenses and levy of penalty for the assessment years 1996-97,1997-98 and 1998-99. Also for the A Y 2004-05, the department had raised a demand of Rs. 2,20,56,304/-.
10. The Company has neither accumulated losses nor incurred cash loss during the financial year covered under our audit and preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has no overdue of Installments payable to any financial Institutions.



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12. In our opinion the company has maintained adequate records for loans granted on the basis of security by way of pledge of shares.
 13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund, society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 14. In our opinion, where the company has given any guarantees for loans taken by others from banks or financial institutions the terms and conditions are not prejudicial to the interest of the Company.
 15. The Company has not taken term loans during the period covered under our audit and there is no term loan outstanding as on the date of audit.
 16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no short-term funds were invested in long-term investment.
 17. According to the information and explanations given to us, there is no allotment of share capital during the period under our audit.
 18. According to the information and explanations given to us during the period covered under our audit, the company has not issued any debentures during the year and hence, the provisions of clause no 4 (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
 19. According to the information and explanations given to us, the company has not raised any money by way of public issue during the year and therefore paragraph 4 (xx) of the Order is not applicable to the company.
 20. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For S. VASUDEVAN & ASSOCIATES

Chartered Accountants

Sd/-

S. VASUDEVAN

Partner

Place: Chennai
Date: 30th June, 2008

Annexure – II

RE: SUBUTHI FINANCE LIMITED

Auditors' Report as per Reserve Bank of India Notification No. DFC.114/DG(SPT)-98

1. The Company had applied for and obtained registration as provided in Section 45IA of the Reserve Bank of India Act, 1934 (2 of 1934).
2. According to Information and Explanation provided to us, the Board of Directors of the Company has passed the necessary resolution for the non-acceptance of any public deposits during the year.
3. According to Information and Explanation provided to us, the Company has not accepted deposits from the public during the year.
4. According to Information and Explanation provided to us, the Company has complied with the prudential norms relating the income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it.

For S. VASUDEVAN & ASSOCIATES

Chartered Accountants

Sd/-

S. VASUDEVAN

Partner

Place: Chennai
Date: 30th June, 2008



SUBUTHI FINANCE LIMITED					
BALANCE SHEET AS AT 31ST MARCH 2008					
PARTICULARS	SCHEDULE No.	2007-2008 Rs.	2006-2007 Rs.		
Liabilities					
Shareholders' Funds					
Share Capital	1	48,145,750.00	48,145,750.00		
Reserves & Surplus	2	121,677,777.00	121,106,033.00		
Loan Funds					
Secured Loans	3	-	16,443,269.00		
Unsecured Loans	4	-	-		
		169,823,527.00	185,695,052.00		
Assets					
Fixed assets					
Gross Block	5	46,935,415.00	46,935,415.00		
Less: Accumulated Depreciation		32,765,366.00	31,659,652.00		
Net Block		14,170,049.00	15,275,763.00		
Investments	6	33,521,085.00	35,221,085.00		
Current Assets, Loans & Advances					
A) Current Assets					
Stock	7	72,203,400.00	72,203,400.00		
Cash & bank balances		926,221.00	882,813.00		
Sundry Debtors		29,692,616.00	32,955,541.00		
B) Loans & Advances					
	8	22,164,506.00	20,793,151.00		
Total (A+B)		124,986,743.00	126,834,905.00		
Current Liabilities	9	12,882,687.00	2,445,039.00		
Net Current Assets		112,104,056.00	124,389,866.00		
Miscellaneous Expenditure	10	10,028,337.00	10,808,338.00		
		169,823,527.00	185,695,051.99		
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> For and on behalf of S. VASUDEVAN & ASSOCIATES Chartered Accountants Sd/- VASUDEVAN Partner Place : Chennai Date : 30th June, 2008 </td> <td style="width: 50%; vertical-align: top; text-align: center;"> For and on behalf of the Board Sd/- Sd/- A Raja Sukumar K V Bala Director Director </td> </tr> </table>				For and on behalf of S. VASUDEVAN & ASSOCIATES Chartered Accountants Sd/- VASUDEVAN Partner Place : Chennai Date : 30th June, 2008	For and on behalf of the Board Sd/- Sd/- A Raja Sukumar K V Bala Director Director
For and on behalf of S. VASUDEVAN & ASSOCIATES Chartered Accountants Sd/- VASUDEVAN Partner Place : Chennai Date : 30th June, 2008	For and on behalf of the Board Sd/- Sd/- A Raja Sukumar K V Bala Director Director				



SUBUTHI FINANCE LIMITED				
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2008				
	31.03.2008		31.03.2007	
1. CAPITAL				
Authorised 60,00,0000 Equity Shares of Rs.10/- each	60,000,000	60,000,000	60,000,000	60,000,000
Issued, Subscribed : 50,00,000 Equity Shares of Rs.10/- each	50,000,000		50,000,000	
Less: Call in Arrears	1,854,250	48,145,750	1,854,250	48,145,750
2. RESERVES & SURPLUS				
General Reserve As per Last Balance Sheet	8,656,000		8,656,000	
Statuary Reserve	5,759,127		5,644,778	
Profit & Loss Account	71,811,400		71,354,005	
Share Premium A/c	35,451,250	121,677,777	35,451,250	121,106,033
3. SECURED LOANS				
From Scheduled Banks :	-		-	
From Others	-	-	16,443,269	16,443,269
4. UNSECURED LOANS	-	-	-	-
7. CURRENT ASSETS				
A) STOCK-ON-HIRE & BILL PURCHASE				
Stock-on-Hire	2		2	
Bills Purchased	1		1	
Stock on Shares	72,203,397	72,203,400	72,203,400	72,203,403
B) CASH AND BANK BALANCES				
Cash at Bank	453,576		428,576	
Cash on Hand	472,645	926,221	454,237	882,813
C) SUNDRY DEBTORS		29,692,616		32,955,541

SCHEDULES FORMING PART OF BALANCE SHEET									
5. FIXED ASSETS									
(Rs.)									
PARTICULARS	GROSS BLOCK				DEPRECIATION		NET BLOCK		
	As at 1.4.2007	Additions During the year	Deductions During the year	As at 31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	
LEASED ASSETS									
Plant & Machinery	4724902	0	0	4724902	1820141	1820141	2904761	2904761	
office Equipments	250000	0	0	250000	250000	250000	0	0	
Vehicles	0	0	0	0	0	0	0	0	
A	4974902	0	0	4974902	2070141	2070141	2904761	2904761	
OWN ASSETS									
Plant & Machinery	22000000	0	0	22000000	11000000	12100000	11000000	9900000	
Office Equipments	1341429	0	0	1341429	1310636	1316350	30793	25079	
Portals	16000000	0	0	16000000	14689583	14689583	1310417	1310417	
Vehicles	2619084	0	0	2619084	2589292	2589292	29792	29792	
B	41960513	0	0	41960513	29589511	30695225	12371002	11265288	
(A + B)	46935415	0	0	46935415	31659652	32765366	15275763	14170049	





SUBUTHI FINANCE LIMITED			
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2008			
	No. of Shares	31.03.2008	31.03.2007
		Rs.	Rs.
6. INVESTMENTS			
1. In Shares @ Cost - Fully Paid			
Listed Shares			
Amruta Inns Ltd.,	1,900	39,710	39,710
Andhra Bank	9,100	91,000	91,000
Avikem Resins Ltd	650	6,500	6,500
ICICI Bank Ltd.,	256	25,211	25,211
Damania Airways	10,000	100,000	100,000
Hindustan Industrial Chemicals Ltd.,	2,700	45,900	45,900
IDBI Ltd.,	4,960	403,000	403,000
ITC Ltd.,	1,050	99,264	99,264
NEPC India Ltd.,	1,200	36,000	36,000
Ravlon Pen Co. Ltd.,	5,000	87,500	87,500
Reliance Industries Ltd.,	200	82,000	82,000
Telephoto Enterprises Ltd.,	500	5,000	5,000
Unlisted Shares			
Green Star Limited	170,000	0	1,700,000
2. In Bonds / Mutual Funds - At Cost			
ICICI Units	2,000	20,000	20,000
3. Others			
LIC Policies - Paid up value		32,480,000	32,480,000
		33,521,085	35,221,085



SUBUTHI FINANCE LIMITED				
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2008				
	31.03.2008		31.03.2007	
8. LOANS AND ADVANCES	Rs.		Rs.	
Loans Against Shares	-		10,505	
Loans Against Property	-		1,306,439	
Personal Loan	-		7,367,507	
Npa Accounts	3,540,711		856,263	
Income Tax	11,753,829		10,385,961	
Advances / Deposits Recoverable In Cash or Kind	6,869,966	22,164,506	866,476	20,793,151
9. CURRENT LIABILITIES :				
Creditors For Expenses	1,341,696		533,989	
Creditors For Others	1,404,839		1,179,838	
Creditors For Assets	10,136,152	12,882,687	731,212	2,445,039
10. MISCELLANEOUS EXPENDITURE				
Public Issue Exp	1,560,000		2,340,000	
Bad Debts	8,468,337	10,028,337	8,468,338	10,808,338
11. INCOME FROM FINANCING OPERATIONS				
Investment Income		28,232		41,466
12. OTHER INCOME				
Other Income			3,999,997	
Income From Sale of Power	1,430,875		1,875,507	
Profit on Sale of Investments	4,205,000	5,635,875	20,703	5,896,207
13. FINANCIAL EXPENSES				
Interest - on Loans		1,183,253		1,509,259
14. ESTABLISHMENT, ADMIN & OTHER EXPENSES				
Advertisement	27,915		50,068	
Bank Charges	5,483		6,820	
Insurance	0		4,548	
Miscellaneous	30,000		9,769	
Conveyance	6,429		14,212	
Repairs & Maintenance	7,700		14,230	
Salaries	562,283		198,803	
Staff Welfare	7,371		11,743	
Fees, Rates & Taxes	592,611		425,416	
Printing, Stationery & Software	456		5,335	
Misc. Exp Written Off	780,000		780,000	
Bad Debts	-		51,000	
Loss on Sale of Assets	-		183,615	
Business Promotion	-	2,020,248	9,300	1,764,859



15 I Significant Accounting Policies

1. Basis of Accounting

The Financial Statements are prepared on Accrual Basis under the Historic Cost Convention.

2. Recognition of Income and Expenditure

Revenues / Incomes and Costs / Expenditure are generally accounted on Accrual Basis as they are earned or incurred.

Finance Charges in respect of Hire-Purchase transactions are apportioned over the period of the contract on the basis of internal rate of return method.

Lease income is accounted as per the terms of lease agreement entered into with the lessees from time to time in respect of leases entered prior to 31st March 2001. No lease agreements have been entered since 1st April 2001.

3. Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation.

4. Amortisation Policy

a) Leased Assets - Depreciation on all leased assets are provided over the primary lease period.

b) Assets held for own use - Depreciation on Assets held for own use is provided under Straight Line Method, at the rates prescribed by Schedule XIV of the Companies (Amendment), Act 1988.

5. Investments

Investments are stated at cost. Income from investments is included in the Profit and Loss Account. As the investments are long term in nature, fluctuation in its market value from time to time has not been considered.

6. Borrowing Costs

Interest and other costs incurred by the Company in connection with the borrowing of funds are recognized as an expense in the period in which they are actually incurred.

7. Lease Rentals

Lease Rentals are being accounted for on accrual basis.

8. Retirement Benefits

The Company has not provided for any retirement benefits to the employees. No Provision has been made for any liability for gratuity payable to the employees.



15 II NOTES TO THE ACCOUNTS

A. Balance Sheet

Current Assets, Loans and Advances

The Stock on Hire is after deduction of un-matured finance charges.

In the opinion of the Board, the current Assets, Loans and Advances have a value on the realisation in the ordinary course of business at least equal to the amount at which they are stated.

Current Assets include Stock of Shares, out of which shares held in Indowind Energy Limited has been attached by the Income Tax authorities.

B. Profit & Loss Account

4. "Administrative and other expenses" includes remuneration to Auditors towards:

	2007-08	2006-07
	(Rs. in thousands)	
Statutory Audit	25.00	25.00
Tax Audit	10.00	10.00
Certification	2.00	2.00

5. Contingent Liabilities:

Income Tax Demand Rs. 4,97,11,073/-

For the Block Assessment period 1993-94 to 1996-97, the Assessing Officer has passed orders disallowing the Depreciation claimed by the Company and has demanded tax of Rs.1,02,43,906/-The Company has appealed before the Hon'ble high Court of Chennai. For the assessment year 1996-97, 1997-98 and 1998-99, the Income tax authorities have raised demands totaling to Rs. 1,74,10,868/= disallowing certain lease expenses and levy of penalty for the years. The Company has filed appeals before the Commissioner - Appeals against the penalty orders. For the A Y 2004-05, the department had raised a demand of Rs. 2,20,56,304/- by making certain additions. The company's appeal is pending before the Appellate Tribunal.

Corporate Guarantee

The Company has extended corporate guarantee in respect of the credit facilities of Rs 5,00,00,000/- provided to M/s Indowind Energy Limited by Bank of India

6. Related Party Disclosure under Accounting Standard -18:

The details of related parties as identified by the management are as under:

i) Key Management Personnel:

Shri Raja Sukumar A	- Director
Shri Sathyendran R	- Director
Shri Bala K V	- Director
Shri Rajadurai K	- Director

ii) Associates:

Indowind Energy Limited



7. RELATED PARTY TRANSACTIONS:

The Company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties. There are no other related parties where control exists that need to be disclosed.

The following transactions were carried out with the Related Parties

Particular	Associates	Key management personnel
Power Income	Rs. 14,30,875	-----
Unsecured loan taken	Rs. 22,08,930	-----

- 6 Information with regard to other matters specified in Part II of schedule VI of the companies Act, 1956, are either NIL, or not applicable to the company for the period under audit.
- 7 Expenditure in Foreign currency - Nil
- 8 Earnings in Foreign Currency - Nil
- 9 Previous year's figures have been regrouped wherever found necessary.

As per our report of even date

For and on behalf of
S. VASUDEVAN & ASSOCIATES
Chartered Accountants

For and on behalf of Board of Directors

S. VASUDEVAN
Partner

K V BALA
Director

A RAJA SUKUMAR
Director

Place : Chennai

Date : 30th June, 2008

SUBUTHI FINANCE LIMITED

"Kothari Buildings", 4th Floor,114, Mahatma Gandhi Salai, Nungambakkam, Chennai- 600 034.

ATTENDANCE SLIP

Please fill Attendance Slip and hand it over at the Entrance of the Meeting Hall.

NAME AND ADDRESS OF THE SHAREHOLDER

Folio No.	_____
-----------	-------

DP.ID	_____
CLIENT ID*	_____

Applicable to investors holding shares in electronic form

I hereby record my presence at the 17th Annual General Meeting at "Kothari Buildings", 4th Floor,114, Mahatma Gandhi Salai, Nungambakkam, Chennai- 600 034.

SIGNATURE OF THE MEMBERS OR PROXY	SHARES HELD

SUBUTHI FINANCE LIMITED

"Kothari Buildings", 4th Floor,114, Mahatma Gandhi Salai, Nungambakkam, Chennai- 600 034.

PROXY FORM

I/We _____ of _____ in district of _____ being a member(s) of the above named Company hereby appoint Mr/Ms. _____ of _____ in the district _____ of or failing him Mr/Ms. _____ of _____ in district of _____ as my/our Proxy and to vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held on Tuesday the 30th September, 2008 at 9.30 am and at any adjournment thereof.

Signed this _____ day of _____ 2008.

Re.1/-
Revenue
Stamp

Folio No. _____

DPID: _____ CLIENT ID: _____

Notes:

- 1. The proxy to be valid should be deposited at the Registered Office of the Company not later than Forty- Eight hours before the time for holding the Meeting.
- 2. The Proxy should be executed on Re.1/- Revenue Stamp.