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# SUBUTHI FINANCE LIMITED

## **BOARD OF DIRECTORS**

	S / Shri		
1.	K. V.BALA	-	DIRECTOR
2.	T.R.JAYARAMAN	-	DIRECTOR
3.	T.S.RAGHAVAN	-	DIRECTOR

## **AUDITORS**

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

## **LEGAL ADVISORS**

Shri.S.SRIDHAR, B.COM., B.L.,  
NEW NO.14. OLD NO. 82, FLAT NO. 5,  
1<sup>ST</sup> AVENUE, INDIRA NAGAR, ADYAR,  
CHENNAI – 600 020.

## **BANKERS**

ANDHRA BANK  
ICICI BANK LIMITED

## **REGISTERED OFFICE**

“KOTHARI BUILDINGS”, 4<sup>TH</sup> FLOOR,  
114, MAHATMA GANDHI SALAI,  
NUNGAMBAKKAM,  
CHENNAI- 600 034.  
TEL: 044-28330867 / 28331310  
FAX: 044-28330208.  
E-MAIL – [sflmds@md2.vsnl.net](mailto:sflmds@md2.vsnl.net)  
[diraviam@subuthi.in](mailto:diraviam@subuthi.in)

Website - [www.subuthi.in](http://www.subuthi.in)

## **REGISTRAR AND SHARE TRANSFER AGENT**

CAMEO CORPORATE SERVICES LIMITED,  
“SUBRAMANIAN BUILDINGS”,  
No.1, CLUB HOUSE ROAD,  
CHENNAI- 600 002.  
TEL: 044-28460390  
FAX: 044-28460129  
E-MAIL – [cameosys@satynam.net.in](mailto:cameosys@satynam.net.in)



**NOTICE** is hereby given that the 19th Annual General Meeting of Company will be held at “Hotel The Accord Metropolitan”, 35, G.N.Chetty Road, T. Nagar, Chennai – 600 017 at 04.00 p.m. on 24<sup>th</sup> September 2010 to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the audited Profit and Loss Account for the year ended 31<sup>st</sup> March 2010 and the Balance Sheet as on that date along with the Auditor’s and Directors’ Report thereon.
2. To appoint Shri..K.V.Bala 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 & if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.

“**RESOLVED THAT** Shri. T. S. Raghavan be and is hereby appointed as a Director of the Company, whose period of office will be subject to retirement by rotation”.

**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 from 17<sup>th</sup> September 2010 to 24<sup>th</sup> September 2010(both days inclusive )
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.

Place: Chennai  
Date: 02.07.2010

BY ORDER OF THE BOARD  
For **SUBUTHI FINANCE LIMITED**  
Sd/  
**T.R. Jayaraman**  
Director



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

**ITEM No. (4)**

Shri. T.S. Raghavan was appointed as additional Director u/s 260 of the Companies Act, 1956 on 18<sup>th</sup> March 2010. He holds office up to the conclusion of this meeting. The Company has received a notice from a member proposing Shri. T.S. Raghavan as a Director along with necessary deposit in accordance with sec. 257 of the Companies Act 1956.

The Directors recommend the resolution for approval of shareholders. Except Shri. T.S. Raghavan no other Director is interested in this Resolution.

Place: Chennai  
Date: 02.07.2010

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

Sd/  
**T.R. Jayaraman**  
Director

**RESUME OF Shri. T.S. RAGHAVAN**

Shri. T.S. Raghavan MA CAIIB –70 years , is a Non Executive and Independent Director. He joined Indian overseas Bank, Madras in 1965 as probationary officer and became the General Manager of the Bank in 1992. Subsequently he became the Executive Director of Vijaya Bank ,Bangalore from 1996 to May 1997. Then he held the position of Chairman and Managing Director of Bank of Maharashtra from May 1997 to October 1998 and Chairman and Managing Director of Indian Bank from October 1998 to April 2000. He is a Director of many companies in Chennai and also a member, Board of Management in Sri Chandrasekhara Viswa Maha vidhyalaya .Kanchipuram. (Deemed University). He joined the Board of Subuthi Finance Limited on 18<sup>th</sup> March 2010.



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**REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS**

To  
**The Shareholders**

Your Directors have great pleasure in presenting the 19<sup>th</sup> Annual Report of the Company along with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2010.

**FINANCIAL PERFORMANCE**

Rs.in Lakhs

<b>PARTICULARS</b>	<b>2009-10</b>	<b>2008-09</b>
Total Income	52.85	50.66
Profit before Depreciation, Bad debt and Tax	26.58	25.07
Depreciation	11.19	11.05
Tax provision	1.33	3.72
Deferred Tax Asset	3.36	-
Profit after Tax	17.10	10.82
Amount available for appropriation	17.10	10.82
Transfer to Statutory Reserve	3.42	2.16
Transfer to Profit and Loss Account	13.86	8.66

**FINANCIAL PERFORMANCE:**

Your Company's income has marginally increased from Rs.50.66 lacs to Rs 52.85 lacs for the period under review. Similarly PBT has increased by 6% to Rs 26.58 lacs for the period under review from Rs. 25.07 lacs of previous financial year. Your company has registered a Net Profit of Rs.17.10 lacs for the year under review against the Net profit Rs.10.82 lacs of the previous year. Rs.3.42 lacs has been transferred to Statutory Reserve and transferred Rs13.86 lacs to Profit and Loss Account for the year under review. The Board does not recommend dividend for the year under review with a view to consolidate and improve the future performance of your company.

**FUTURE OUTLOOK:**

Your Company is set to begin the upcoming financial year on a positive note, with its appeal in High Court against the Income Tax demand is expected to be sorted out at the earliest. Leveraging on the groups strength, Your Company is set to establish itself as major investment vehicle in promoting already existing and newly formed group companies. It is also looking at diversifying into areas of Micro Finance, and other avenues of Project funding by mobilising funds in range of Rs. 80 to 100 crores through private placements from PE investors. With favorable economic condition & huge opportunities in NBFC industry, your company is expected to increase its customer base, Net profit and Net worth in the upcoming FY 2010-11.

**OPPORTUNITIES & THREATS:**

The NBFC industry holds immense potential and the Government of India's increased focus towards Financial Inclusion has created various opportunities for existing NBFCs to leverage on their established customer base in rural areas. The recent steps by the Government of India to create Infrastructure NBFC and to provide banking license for NBFCs is a positive signal and the emergence of REMF & REIT has brought new scope for funding in Real Estate Sector. The above opportunities have made the Industry highly competitive with the emergence of new category of systematically important NBFCs, along with existing local and Multinational players leading to tough competition within the industry.

**RISK AND CONCERNS:**

As an NBFC, your Company is subjected to both external risk and internal risk. External risk due to interest rate fluctuation, slowdown in economic growth rate, political instability, market volatility, decline in foreign exchange reserves, etc. Internal risk is associated with your Company's business which includes deployment of funds in specific projects, diversification into other business operations, retention of talented personnel, managing effective growth rate, volatility in interest rate, NPAs in portfolio, changes in compliance norms and regulations, contingent liabilities and other legal proceedings. Your Company recognizes the importance of risk management and has invested in people, process and technologies to effectively mitigate the above risks.



### **THE RBI NORMS AND ACCOUNTING STANDARDS**

To comply with RBI directions, your company closed its accounts for the full year ending March 2010, 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**

Your 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 your company. There were no foreign exchange earnings or outgo for your Company during the year.

### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to section 217 (2A) of the Companies (Amendment) Act 2000, the Directors confirm that;

1. In the preparation of Annual Accounts for the year ended 31<sup>st</sup> March 2010, 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 31<sup>st</sup> March 2010 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.K.V.Bala retires at the end of this meeting and being eligible, offers himself for re-appointment.

Shri. A. Rajasukumar resigned as director effective 18<sup>th</sup> March 2010 the Board places on record his services to the Company during his tenure as Director of the Company.

Shri.T.S. Raghavan who was appointed as Additional Director during the financial year 2009-10, retires at the end of this meeting. A proposal has been received from a member signifying his candidature for the office of the Directors. Necessary Resolutions are placed before the Shareholders for their approval in this regard.

### **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 Directors' Report.

### **PERSONNEL**

Your 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 the bankers of the company and various Government agencies for their support, assistance and co-operation and look forward for their continued support.

Place: Chennai  
Date: 02.07.2010

For and on behalf of Board of  
**SUBUTHI FINANCE LIMITED**  
**K.V. Bala T.R.Jayaraman**  
**Director Director**



## 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 norms in terms of constitution of the board. The Board comprises of 3 Directors and their details are given in Table 1.

#### B) NUMBER OF BOARD MEETINGS

Subuthi Finance Limited held 5 Board Meetings during the year ended 31<sup>st</sup> March 2010. These were on 30<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 26<sup>th</sup> October 2009, 12<sup>th</sup> January 2010, & 18<sup>th</sup> March 2010.

#### C) DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIP HELD

Table I: Details about Subuthi Finance Limited 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	5	4	Yes	<del>M/s.Ind Eco Ventures Ltd</del> <del>M/s.Indowind Energy Ltd</del> <del>M/s.Indonet Global Ltd.</del> <del>M/s.Loyal Credit &amp; Investments Ltd.</del>
Shri.A.Raja Sukumar*	Director	5	5	Yes	Nil
#Shri.T.R.Jayaraman	Director	5	3	Yes	<del>M/s.Indowind Energy Ltd</del>
#Shri.T.S.Raghavan**	Director	5	-	-	<del>M/s.Tanfac Industries Ltd</del> <del>M/s.Empee Sugars &amp; Chemicals Ltd.</del> <del>M/s.Empee Distilleries Ltd.</del> <del>M/s.Viswapriya Financial Services &amp; Securities Ltd.</del> <del>M/s.Swajas Air Charters Ltd.</del> <del>M/s.Leather Crafts India Ltd.</del>

\* Ceased to be a Director effective 18<sup>th</sup> March 2010.

\*\* Appointed as additional Director effective 18<sup>th</sup> March 2010.

# 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, Shri.A.Raja Sukumar, Shri. T.R. Jayaraman and Shri.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 5 times during the year ended 31<sup>st</sup> March 2010.

Table 2: Attendance record of Audit Committee Members

Name of Director	No. of Meetings	Meetings attended
Shri.A.Raja Sukumar	5	5
Shri.K.V. Bala	5	4
Shri.T.R. Jayaraman	5	3
Shri.T.S. Raghavan*	5	0

\*Appointed effective 18<sup>th</sup> March 2010.

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 Shri.A.Raja Sukumar and Shri.T.R. Jayaraman Since there was no shareholder or investor grievance, there was no meeting held during the year.



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## **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 1/3<sup>rd</sup> 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.

Shri. K.V.Bala is retiring at the conclusion of the forthcoming AGM and being eligible offers himself for reappointment.

Shri. T. S. Raghavan was appointed as additional Director u/s 260 of the Companies Act, 1956 on 18<sup>th</sup> March 2010. He holds office up to the conclusion of this meeting. The Company has received a notice from a member proposing Shri. T. S. Raghavan as a Director, in accordance with sec. 257 of the Companies Act 1956.

### **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**

The Remuneration Committee consists of Shri. K.V. Bala and Shri. T. R. Jayaraman, 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.

The Board felt that increase in remuneration to Managerial personnel could be considered after substantial improvement in the performance of the Company. Therefore no Remuneration Committee was held during the Financial Year 2009-10

### **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(c) 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
2008-09	The Accord Metropolitan, 35, G.N.Chetty Road, T. Nagar, Chennai – 600 017	30.9.09	4.00 P.M
2007-08	Kakani Towers, IInd Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006	30.9.08	9.30 A.M
2006-07	Kakani Towers, IInd Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006	29.9.07	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

Date	24 <sup>th</sup> September 2010
Time	4.00P.M.
Venue	“Hotel The Accord Metropolitan”, 35, G.N.Chetty Road, T. Nagar, Chennai – 600 017
Date of Book Closure	17 <sup>th</sup> September 2010 to 24 <sup>th</sup> September 2010
Listing on Stock Exchanges	The Bombay Stock Exchange Limited & The Madras Stock Exchange Limited
ISIN Number for NSDL & CDSL	INE075B01012
Registrar and Share Transfer Agent	M/s.Cameo Corporate Services Limited, Subramanian Building, No.1 Club House Road, Chennai – 600 002 Ph: 044-28460390 Fax: 044-28460129, E-mail:cameosys@satyam.net.in

## K) FINANCIAL CALENDAR:

Adoption of the Quarterly Results for the quarter ending:

30 <sup>th</sup> June 2009	31 <sup>st</sup> July 2009
30 <sup>th</sup> September 2009	22 <sup>nd</sup> October 2009
31 <sup>st</sup> December 2009	24 <sup>th</sup> January 2010
31 <sup>st</sup> March 2010	30 <sup>th</sup> June 2010



**L) DISTRIBUTION OF SHARE HOLDING AS ON 31.3.2010**

Shareholding	Shareholders		Share Allotment	
	Number	% of total	(in Rs.)	% of total
10 — 5000	1030	89.4874	1667470	3.3349
5001 – 10000	45	3.9096	389000	0.7780
10001 – 20000	30	2.6064	422590	0.8451
20001 – 30000	5	0.4344	121740	0.2434
30001 – 40000	6	0.5212	217310	0.4346
40001 – 50000	2	0.1737	90100	0.1802
50001 – 100000	5	0.4344	429160	0.8583
100001 and above	24	2.4326	46662630	93.3252
<b>Total</b>	<b>1147</b>	<b>100.0000</b>	<b>50000000</b>	<b>100.0000</b>

**M) DISTRIBUTION OF SHAREHOLDING PATTERN**

Name of the Company :				SUBUTHI FINANCE LIMITED				
Scrip Code : 531841				As on 31 <sup>ST</sup> March 2010				
Cate-gory code	Category of Shareholder	Number of Share holders	Total number of shares	Number of shares held in demate-rialized form	Total shareholding as a percentage of total number of shares		Shares pledged of otherwise encumbered	
					As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)	Number of Shares	As Percentage (IX)= (VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group<sup>2</sup></b>							
<b>1</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	12	1769968	1326868	35.40	35.40	0	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	3	1474800	1471300	29.50	29.50	0	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Others(Specify)							
	<b>Sub Total(A)(1)</b>	<b>15</b>	<b>3244768</b>	<b>2798168</b>	<b>64.90</b>	<b>64.90</b>	<b>0</b>	<b>0.00</b>
<b>2</b>	<b>Foreign</b>							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
b	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
c	Institutions	0	0	0	0.00	0.00	0	0.00
d	Any Others(Specify)							
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>15</b>	<b>3244768</b>	<b>2798168</b>	<b>64.90</b>	<b>64.90</b>	<b>0</b>	<b>0.00</b>



<b>(B)</b>								
<b>1</b>	<b>Public shareholding Institutions</b>							
(a)	Mutual Funds/ UTI	0	0	0	0.00	0.00	NA	NA
(b)	Financial Institutions / Banks	1	1100	0	0.02	0.02	NA	NA
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	NA	NA
(d)	Venture Capital Funds	0	0	0	0.00	0.00	NA	NA
(e)	Insurance Companies	0	0	0	0.00	0.00	NA	NA
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00	NA	NA
(g)	Foreign Venture Capital Investors							
(h)	Any Other (specify)							
	<b>Sub-Total (B)(1)</b>	<b>1</b>	<b>1100</b>	<b>0</b>	<b>0.02</b>	<b>0.02</b>	NA	NA
<b>2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	41	797598	797598	15.95	15.95	NA	NA
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	1067	259901	70701	5.20	5.20	NA	NA
II	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	11	694762	508062	13.90	13.90	NA	NA
(c)	Any Other (specify)							
(c-i)	Clearing Members	6	545	545	0.01	0.01	NA	NA
(c-ii)	Hindu Undivided Families	5	1151	1151	0.02	0.02	NA	NA
(c-iii)	Non Resident Indians	1	175	175	0.003	0.003	NA	NA
	<b>Sub-Total (B)(2)</b>	<b>1131</b>	<b>1754132</b>	<b>1378232</b>	<b>35.08</b>	<b>35.08</b>	NA	NA
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>1132</b>	<b>1755232</b>	<b>1378232</b>	<b>35.10</b>	<b>35.10</b>	NA	NA
	<b>TOTAL (A)+(B)</b>	<b>1147</b>	<b>5000000</b>	<b>4176400</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	NA	NA
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>1147</b>	<b>5000000</b>	<b>4176400</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>



#### **N) NON-MANDATORY REQUIREMENTS**

- a. 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
- b. The Company's audited and un-audited results are widely published in English and Tamil Newspapers.
- c. Postal Ballot:  
There were no resolutions passed through Postal Ballot.

#### **O) ADDRESS FOR CORRESPONDENCE:**

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

#### **AUDITOR'S 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 2010, 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'/Investors' 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.

Place: Chennai  
Date: 02.07.2010

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

**S. VASUDEVAN**  
Partner



**R. Kannan**  
Practicing Company Secretary

New No.9, II Floor, 2nd Main Road, Karpagam  
Gardens, Adyar, Chennai - 600 020.  
E-mail : [gkrkg@sify.com](mailto:gkrkg@sify.com) Ph : 044 - 43511150

**Nominal Capital: 600, 000, 00**  
**Reg No: 18- 022317**

### COMPLIANCE CERTIFICATE

To  
The Members of the Company,  
M/s. Subuthi Finance Limited  
Chennai

Sir,

**Sub: Inspection of records.**

I have examined the registers, records, books and papers of M/s Subuthi Finance Limited as required to be maintained under the Companies Act, 1956 (the act) and the rules made there under and also the provisions contained in the Memorandum and articles of association of the Company for the financial year ended on Mar 31, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its Officers and Agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate with the registrar of companies, Regional Director, Central Government, Company Law Board or other authorities prescribed under the Act and the rules made there under.
3. The company being a public limited company has the minimum prescribed paid up Capital.
4. The Board of directors duly met 5 (Five) times respectively on 30th June 2009, 31st July 2009, 26th October 2009, 12th January 2010, & 18th March 2010. in respect of which meetings, proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was required to close its Register of Members and Share Transfer Book as per the provisions of the Companies Act 1956 and has closed 23rd September 2009 to 30th September 2009. The advertisement could not be verified.
6. The Annual General Meeting for the financial year ended Mar 31, 2009 was held on 30<sup>th</sup> September 2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in minutes book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the Financial Year
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The company has not entered into a contract falling within the purview of section 297 of the Act during the year.
10. The Company has made entries in the register maintained under section 301 of the Act and the Board has approved the transactions.



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11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
  12. The Company has not issued any duplicate certificates during the financial year.
  13.
    - i) The Company has not allotted any Equity Shares / transfer / transmission of securities during the financial year.
    - ii) The company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
    - iii) The company has not posted warrants to any member of the company as no dividend was declared during the financial year.
    - iv) Duly complied with requirements of section 217 of the Act.
  14. The Board of Directors of the company is duly constituted. There was no appointment of alternate Directors during the financial year. The company has effected changes in the directors and there was a resignation of a director. The company has also appointed a director during the year.
  15. The company has not appointed any Managing Director/ whole time directors/ managers during the financial year.
  16. The company has not appointed any sole selling agents during the financial year.
  17. The company was not required to obtain any approvals of the Central Government, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
  18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
  19. The company has not issued Equity Shares / Debentures during the financial year.
  20. The company has not bought back any shares during the financial year ending Mar 31, 2010
  21. There was no redemption of preference shares or debentures during the financial year.
  22. There were no transactions necessitating the company to keep in abeyance the rights to Dividend, rights shares and bonus shares pending registration of transfer of shares.
  23. The company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
  24. The Company has not borrowed any amount and the provisions of Section 293(1)(d) of the Act .
  25. The company has not made loans or advances, or given guarantees or provided securities to other bodies corporate and consequently no entries has been made in the register kept for the purpose. The Company has made investments.
  26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office.
  27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
  28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny. However the company proposed to change the name of the company and applied for name availability.



29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its articles of association during the financial year in respect of the authorised capital.
31. There were no prosecution initiated against or show cause notices received by the company, during the financial year, for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The company has not constituted any trust for the purpose of the Provident Fund pursuant to section 418 of the Act.

Place: Chennai  
Date: 02.07.2010

Signature:  
Name: R.KANNAN  
C. P. No 3363

#### **ANNEXURE - A**

Registers as maintained by the Company:

1. Register of Members u/s.150
2. Register of Directors section 303 of the Companies Act, 1956.
3. Register of Directors' Shareholding u/s.307 of the Companies Act, 1956.
4. Register of contracts with Directors, Companies and Firms in which Directors are interested under section 301 of the Companies Act, 1956.
5. Register of Share Transfer
6. Register of Investments u/s. 372

#### **ANNEXURE - B**

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending Mar 31, 2010.

<b>FORM NO.</b>	<b>FILED U/S</b>	<b>SUBJECT MATTER</b>	<b>DATE OF CHALLAN/ FILING</b>	<b>SRN</b>
Schedule V	159	Annual Return	10-03-2010	P28562718
Schedule VI	220	Balance Sheet / 31.03.2009	24-02-2010	P46000105
Form 32	303(2)	Change in Director	22-03-2010	A81150997
Form 66	393 (1)	Compliance Certificate by Practicing Company Secretary	20-02-2010	P45902004



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## AUDITORS' REPORT

To

The Members of  
SUBUTHI FINANCE LIMITED

We have audited the attached Balance Sheet of SUBUTHI FINANCE LIMITED, as at 31<sup>st</sup> March, 2010 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 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 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
    - 1 In the case of the Balance Sheet, the state of affairs of the company as at 31<sup>st</sup> March, 2010 and
    - 2 In the case of the Profit and Loss Account, profit for the period ended on that date.

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

CHENNAI  
02.07.2010

S. Vasudevan  
Partner





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## **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 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 not taken any unsecured loan from a company covered under register maintained under section 301 of the Act.
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, 2010 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 29<sup>th</sup> October, 1997, and have also raised a Tax demand of Rs. 99,32,914/- by disallowing certain lease expenses 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. 2,15,48,229/-.
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.
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

CHENNAI  
02.07.2010

**S. VASUDEVAN**  
Partner

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### **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

CHENNAI  
02.07.2010

**S. VASUDEVAN**  
Partner



<b>SUBUTHI FINANCE LIMITED</b>			
<b>BALANCE SHEET AS AT 31ST MARCH 2010</b>			
<b>PARTICULARS</b>	<b>SCHEDULE No.</b>	<b>2009-2010 Rs.</b>	<b>2008-2009 Rs.</b>
<b>Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	48,145,750	48,145,750
Reserves & Surplus	2	124,350,215	122,760,033
<b>Loan Funds</b>			
Secured Loans	3	19,654,961	19,375,259
Unsecured Loans		-	-
		<b>192,150,926</b>	<b>190,281,042</b>
<b>Assets</b>			
Fixed assets			
Gross Block	4	40,985,103	43,604,513
Less: Accumulated Depreciation		29,211,193	30,540,178
Net Block		<b>11,773,910</b>	<b>13,064,335</b>
<b>Investments</b>	5	120,604,485	114,924,485
<b>Current Assets, Loans &amp; Advances</b>			
<b>A) Current Assets</b>			
Stock	6	3	3
Cash & bank balances		484,389	922,352
Sundry Debtors		30,494,771	33,482,048
<b>B) Loans &amp; Advances</b>	7	23,171,712	21,970,574
<b>Total ( A+B )</b>		<b>54,150,875</b>	<b>56,374,977</b>
<b>Less: Current Liabilities</b>	8	3,182,868	3,331,092
<b>Net Current Assets</b>		50,968,007	53,043,885
<b>Deferred Tax Assets</b>		336,187	-
Miscellaneous Expenditure to be written off	9	8,468,337	9,248,337
		<b>192,150,926</b>	<b>190,281,042</b>
Notes on Accounts	14		
For and on behalf of <b>S. VASUDEVAN &amp; ASSOCIATES</b> Chartered Accountants		For and on behalf of the Board <b>SUBUTHI FINANCE LIMITED</b>	
<b>S. VASUDEVAN</b> Partner		<b>K V BALA</b> Director	<b>T R JAYARAMAN</b> Director
Place : Chennai Date : 02.07.2010			



<b>SUBUTHI FINANCE LIMITED</b>			
<b>PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010</b>			
<b>PARTICULARS</b>	<b>SCHEDULE No.</b>	<b>2009-2010 Rs.</b>	<b>2008-2009 Rs.</b>
<b>Income</b>			
Income from Operations	10	3,327,000	4,103,491
Other Income	11	1,958,364	962,594
		<b>5,285,364</b>	<b>5,066,085</b>
<b>Expenditure</b>			
Financial Expenses	12	279,702	339,309
Establishment, Administrative & Other expenses	13	2,378,874	2,168,006
		<b>2,658,576</b>	<b>2,507,315</b>
Profit before Depreciation & Tax		2,626,788	2,558,770
Depreciation		1,119,365	1,105,714
Profit before Tax		1,507,423	1,453,056
Provision for Tax		133,428	370,800
Deferred Tax Asset		336,187	-
Profit after Tax		1,710,182	1,082,256
Amount available for appropriation		1,710,182	1,082,256
Amount transferred to Statutory Reserve		342,036	216,451
Amount transferred to P & L Account		<b>1,368,146</b>	<b>865,805</b>
Notes on Accounts	14		
For and on behalf of <b>S. VASUDEVAN &amp; ASSOCIATES</b> Chartered Accountants		For and on behalf of the Board <b>SUBUTHI FINANCE LIMITED</b>	
<b>S. VASUDEVAN</b> Partner		<b>K V BALA</b> Director	<b>T R JAYARAMAN</b> Director
Place : Chennai Date : 02.07.2010			



<b>SUBUTHI FINANCE LIMITED</b>				
<b>SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2010</b>				
	<b>31.03.2010</b>		<b>31.03.2009</b>	
<b>1. CAPITAL</b>				
Authorised 6,000,000 Equity Shares of Rs.10/- each		<b>60,000,000</b>		60,000,000
Issued, Subscribed : 5,000,000 Equity Shares of Rs.10/- each	50,000,000		50,000,000	
Less: Call in Arrears	1,854,250	<b>48,145,750</b>	1,854,250	48,145,750
<b>2. RESERVES &amp; SURPLUS</b>				
General Reserve	8,656,000		8,656,000	
Profit & Loss Account	74,045,351		72,677,205	
Share Premium A/c	35,451,250		35,451,250	
	118,152,601		116,784,455	
Less: Investment written off	120,000			
	118,032,601			
Statutory Reserve	6,317,614	<b>124,350,215</b>	5,975,578	122,760,033
<b>3. SECURED LOANS</b>				
L I C of India		<b>19,654,961</b>		19,375,259
<b>6. CURRENT ASSETS</b>				
<b>A) STOCK IN TRADE</b>				
Stock-on-Hire	2		2	
Bills Purchased	1		1	
Stock on Shares	0	<b>3</b>	0	3
<b>B) CASH AND BANK BALANCES</b>				
Cash at Bank	481,224		430,982	
Cash on Hand	3,165	<b>484,389</b>	491,370	922,352
<b>C) SUNDRY DEBTORS</b>				
		<b>30,494,771</b>		33,482,048

**SUBUTHI FINANCE LIMITED**

<b>SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2010</b>										
<b>(Rs.)</b>										
<b>4. FIXED ASSETS</b>	<b>PARTICULARS</b>	<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>			<b>NET BLOCK</b>	
		<b>As at 1.4.2009</b>	<b>Additions During the year</b>	<b>Deductions During the year</b>	<b>As at 31.03.2010</b>	<b>UP TO</b>			<b>AS AT</b>	
						<b>31.03.2009</b>	<b>31.03.2010</b>	<b>31.03.2009</b>	<b>31.03.2010</b>	
	<b>LEASED ASSETS(A)</b>									
	Plant & Machinery	2,000,000	0	0	2,000,000	0	0	0	2,000,000	2,000,000
		<b>2,000,000</b>	0	0	<b>2,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,000,000</b>	<b>2,000,000</b>
	<b>OWN ASSETS (B)</b>									
	Plant & Machinery	22,000,000	0	0	22,000,000	13,200,000	14,300,000	8,800,000	7,700,000	
	Office Equipments	1,156,052	0	1,156,052	-	1,136,687	-	19,365	-	
	Portals	16,000,000	0	0	16,000,000	14,689,583	14,689,583	1,310,417	1,310,417	
	Vehicles	2,448,461	0	1,463,358	985,103	1,513,908	221,610	934,553	763,493	
		<b>41,604,513</b>	0	<b>2,619,410</b>	<b>38,985,103</b>	<b>30,540,178</b>	<b>29,211,193</b>	<b>11,064,335</b>	<b>9,773,910</b>	
	<b>(A + B)</b>	<b>43,604,513</b>	0	<b>2,619,410</b>	<b>40,985,103</b>	<b>30,540,178</b>	<b>29,211,193</b>	<b>13,064,335</b>	<b>11,773,910</b>	





<b>SUBUTHI FINANCE LIMITED</b>			
<b>SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2010</b>			
<b>SCHEDULE 5</b>	<b>No. of Shares</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
		Rs.	Rs.
<b>1. In Shares @ Cost - Fully Paid</b>			
<b>Listed Shares</b>			
Country Club India Ltd. (Amruta Inns Ltd.,)	9,500	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 Ltd.,	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
Indowind Energy Limited.,	6,421,765	57,276,500	57,276,500
<b>Unlisted Shares</b>			
Bekea Properties Pvt Limited	150,000	15,000,000	9,200,000
ABC Insurance Services Limited	12,000	0	120,000
Indonet Global Limited	2,228,880	11,144,400	11,144,400
Money Shoppe Network	240,000	2,400,000	2,400,000
SGM windfarms Private Limited	250,000	1,250,000	1,250,000
Televista Digitals Ltd	2,500	12,500	12,500
<b>2. In Bonds / Mutual Funds - At Cost</b>			
ICICI Units	2,000	20,000	20,000
<b>3. Others</b>			
LIC Policies - Paid up value		32,480,000	32,480,000
		<b>120,604,485</b>	<b>114,924,485</b>



<b>SUBUTHI FINANCE LIMITED</b>				
<b>SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2010</b>				
	<b>31.03.2010</b>		<b>31.03.2009</b>	
<b>7. LOANS AND ADVANCES</b>	Rs.		Rs.	
Npa Accounts	3,482,211		3,482,211	
Income Tax	12,823,026		11,621,891	
Advances / Deposits Recoverable In Cash or Kind	6,866,475	<b>23,171,712</b>	6,866,472	21,970,574
<b>8. CURRENT LIABILITIES :</b>				
Creditors For Expenses	1,694,257		755,144	
Creditors For Others	1,179,839		1,179,839	
Creditors For Assets	308,772	<b>3,182,868</b>	1,396,109	3,331,092
<b>9. MISCELLANEOUS EXPENDITURE TO BE WRITTEN OFF</b>		<b>8,468,337</b>		9,248,337
<b>10. INCOME FROM FINANCING OPERATIONS</b>				
Financial Income			500,000	
Investment Income		<b>3,327,000</b>	3,603,491	4,103,491
<b>11. OTHER INCOME</b>				
Income from Sale of Power		<b>1,958,364</b>		962,594
<b>12. FINANCIAL EXPENSES</b>				
Interest on Loans		<b>279,702</b>		339,309
<b>13. ESTABLISHMENT, ADMIN &amp; OTHER EXPENSES</b>				
Advertisement	17,360		23,800	
Bank Charges	9,269		8,519	
Miscellaneous	9,341		-	
AGM Expenses	21,730		-	
Salaries	1,002,888		949,285	
Repairs & Maintenance	82,338		-	
Fees, Rates & Taxes	427,327		402,110	
Printing & Stationery	28,620		4,292	
Misc. Exp Written Off	780,000	<b>2,378,874</b>	780,000	2,168,006





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**14 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.

**9. Impairment of Assets:**

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of the net selling price of the assets and their value in use.



## 10. Provisions:

Provisions are recognized when the company has present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

## 11. Taxation:

Current Tax is provided on the taxable income for the year.

Deferred tax liabilities arising from timing differences have been fully provided for. Deferred tax assets are recognized on the consideration of prudence.

## II NOTES TO THE ACCOUNTS

### A. Balance Sheet

#### Secured Loans

The Company availed loan from the Life Insurance Corporation of India on the security of the Key Man Insurance Policies.

#### Current Assets, Loans and Advances

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.

### B. Profit & Loss Account

“Administrative and other expenses” includes remuneration to Auditors towards:

	2009-10	2008-09
	(Rs. in thousands)	
Statutory Audit	25.00	25.00
Tax Audit	10.00	10.00
Certification	3.00	2.00

### C. Contingent Liabilities:

Income Tax Demand Rs. 41,725,049/-

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.10,243,906/-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. 9,932,914/- disallowing certain lease expenses and levy of penalty for the years. However, for the A Y 1995-96, the company has a preferred a writ before the Hon'ble High Court of Madras against the dismissal of Petition U/s. 264 of the income Tax Act by the Income Tax Department. When the company succeeds, there would be a substantial relief in the above demand.

For the A Y 2004-05, there is a demand of Rs. 21,548,229/- by making certain additions. The company's appeal is pending before the Appellate Tribunal.

During the year the company's appeals against the penalty orders passed for the assessment years 1996-97,1997-98 and 1998-99 have been allowed in company's favour resulting in reduction in demand of Rs 6,517,464/- by the second appellate authority. The said second appellate authority had also remanded back the appeal



preferred by the company against the order of the first appellate authority for the assessment year 2004-05, directing rehearing based on decided cases of Honorable Supreme Court of India where decisions have been rendered in favour of the company in similar issues.

**Corporate Guarantee:**

The Company has extended corporate guarantee in respect of the credit facilities of Rs.50,000,000/- provided to M/s.Indowind Energy Limited by Bank of India, Andheri Corporate Banking Branch, Mumbai.

**D 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 Bala K V - Director  
Shri Jayaraman T R - Director  
Shri Raghavan T S - Director

ii) Associates:

Indowind Energy Limited  
Loyal Credit & Investments Limited  
Ind Eco Ventures Limited  
SGM Wind Farms Private Limited  
Bekae Properties Private Limited  
Bewind Power Private Limited

**E 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. 1,958,364	—
Unsecured loan taken	Rs. 308,772	—

**F** 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.

**G** There are no amounts due to Small Scale Industries in terms of "The Micro, Small and Medium Enterprises Development Act, 2006".

**H** Expenditure in Foreign currency - Nil

**I** Earnings in Foreign Currency - Nil

**J** 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

**T R Jayaraman**  
Director

Place : Chennai  
Date : 02.07.2010



## CASH FLOW STATEMENT

	2009-2010		2008-2009	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit after Tax	1,710,182		1,082,256	
Add: Financial Expenses	279,702	1,989,884	339,309	1,421,565
Depreciation		1,119,365		1,105,714
Other Income		(1,958,364)		(962,594)
		<b>1,150,885</b>		<b>1,564,685</b>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>				
(Increase) Decrease in stock of Shares	0		72,203,397	
(Increase) Decrease in Sundry Debtors	2,987,277		(3,789,432)	
(Increase) Decrease in loans and advances	(1,201,138)		193,932	
Deferred Tax (Asset) / Liability	(336,187)		-	
Increase (Decrease) in current liabilities	(148,224)		(9,551,595)	
Cash generated from operations		<b>1,301,728</b>		<b>59,056,302</b>
Financial expenses	(279,702)		(339,309)	
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>		<b>(279,702)</b>		<b>(339,309)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>2,172,911</b>		<b>60,281,678</b>
Sale / (Purchase) of fixed assets	171,060		-	
(Increase) Decrease in Investments	(5,680,000)		(81,403,400)	
Other Income	1,958,364		962,594	
		(3,550,576)		(80,440,806)
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>		(3,550,576)		(80,440,806)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Increase / (Decrease) in Reserves	(120,000)		-	
Decrease / (Increase) in Mis. expd	780,000		780,000	
Increase / (Decrease) in long term borrowings	279,702		19,375,259	
		939,702		20,155,259
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>		939,702		20,155,259
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>		(437,963)		(3,869)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		922,352		926,221
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		484,389		922,352

### AUDITORS' CERTIFICATE

We have verified the above cash flow statement of Subuthi Finance Limited derived from the audited annual accounts for the year ended March 31, 2010 and found the same to be drawn in accordance therewith and also with the requirement of clause 32 of the listing agreements with the Madras Stock Exchange Limited.

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

Place: Chennai  
Date: 02.07.2010

**S. VASUDEVAN**  
Partner



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## Balance Sheet abstract and company's general business profile

### I REGISTRATION DETAILS

Regn No. 22317	State Code 18
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Balance sheet date 31 03 2010

### II CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

Public issue NIL	Rights issue NIL
Bonus issue NIL	Private Placement NIL

### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)

Total liabilities 195338	Total assets 195338
<b>SOURCES OF FUNDS</b>	
Paid up capital 48146	Reserves & Surplus 124350
Secured loans 19655	Unsecured loan NIL
<b>APPLICATION OF FUNDS</b>	
Net fixed assets 11774	Investments 120604
Net current assets 50968	Misc. Expenditure 8468
Accumulated losses NIL	

### IV PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)

Turnover 5285	Total Expenditure 3778
Profit/(Loss) before tax 1507	Profit(Loss) after tax 1710
Earning/share 0.35	



### SUBUTHI FINANCE LIMITED

"Kothari Buildings", 4<sup>th</sup> 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.	
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DP.ID	
CLIENT ID*	

\*Applicable to investors holding shares in electronic form

I hereby record my presence at the 19<sup>th</sup> Annual General Meeting being held on Friday the 24<sup>th</sup> September, 2010 at Hotel 'The Accord Metropolitan', G.N Chetty Road, T. Nagar, Chennai – 600 017.

SIGNATURE OF THE MEMBERS OR PROXY	SHARES HELD



### SUBUTHI FINANCE LIMITED

"Kothari Buildings", 4<sup>th</sup> 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 19<sup>th</sup> Annual General Meeting of the Company to be held on Friday the 24<sup>th</sup> September, 2010 at 4.00 P.M and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Re.1/- Revenue Stamp
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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.