



Board of Directors

D.N. Ghosh *Chairman*

A.V.Rajwade

Ashoke Bijapurkar

S. Krishnamurthy

M.S. Parthasarathy

T.N. Anantharama Iyer

S.N. Inamdar

R. Seshasayee

T.T. Srinivasaraghavan

T.P.Raman

Managing Director

Audit Committee

S.Krishnamurthy

Chairman

T.N.Anantharama Iyer

T.P.Raman

Secretary

S. Subashri

Bankers

State Bank of Mysore

HDFC Bank Ltd.

Auditors

M/s. Brahmaya & Co.,
Chennai

Chartered Accountants

Registered Office

21 Patullos Road, Chennai 600 002

Corporate Office

II Floor, 46, Whites Road, Chennai 600 014.



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Directors' Report

Your Directors have pleasure in presenting the Seventh Annual Report, with audited financial statements for the year ended 31st March, 2003.

FINANCIAL RESULTS

The salient features of the Company's financial results for the seventh accounting year are as follows:

	(Rs. In Lakhs)	
	Year Ended	
	31.03.2003	31.03.2002
Gross Income	1043.89	838.52
Profit / (Loss) before Depreciation and Tax	11.99	(56.44)
Provision for Depreciation	(33.65)	(31.79)
Deferred tax	(1.86)	(2.21)
Profit / (Loss) after Tax	(23.52)	(90.44)

The Company earned a total income of Rs.1,043.89 lakhs, including investment management and advisory fees of Rs.913.60 lakhs.

PERFORMANCE

During the year, the gross mobilization under all the schemes taken

together — Sundaram Bond Saver, Sundaram Growth Fund, Sundaram Tax saver (Open-ended), Sundaram Money Fund, Sundaram Balanced Fund, Sundaram Gilt Fund, Sundaram Select Midcap, Sundaram Select Focus, Sundaram Income Plus and Sundaram Select Debt — amounted to Rs.3,000.09 crores. The net mobilization amounted to Rs.479.95 crores.

The net assets under your Company's management on 31st March, 2003 were Rs.1,151.31 crores, up from Rs.671.36 crores at the end of the previous year, a growth of 71%.

The industry, inclusive of both public and private sector, grew by Rs.8,705 crores during the year (i.e from Rs.1,00,594 crores to Rs.1,09,299 crores) and your company grew by Rs.480 crores, a share of around 5.51%. The asset size on the closing date i.e Rs.1,151.31 crores gives your company a share of 2.07% of private sector asset base of Rs.55,522 crores. The share of Mumbai in the assets under management of your company, increased to 22% as on 31st March, 2003 from 5.44% as on 31st March, 2002.

The Net Asset Value (NAV) per unit and Assets under Management of the schemes of Sundaram Mutual Fund as on 31st March, 2003 were as follows:

Scheme	NAV as on 31 st March, 2003 (Rs.)	Assets under Management as on 31 st March 2003 (Rs. in Crores)
Sundaram Tax saver '97 (NAV excluding unamortised initial issue expenses of Rs.0.09 per unit)	7.06	1.09
Sundaram Growth Fund • Dividend option • Appreciation option	10.13 12.06	34.75
Sundaram Bond Saver • Dividend option • Appreciation option • Bonus option	10.6605 19.7519 10.3958	786.24
Sundaram Tax saver '98	15.09	0.47
Sundaram Tax saver (Open-ended)	8.45	4.61
Sundaram Money Fund • Dividend Reinvestment option • Appreciation option	10.1860 12.6597	148.55
Sundaram Balanced Fund	10.16	13.19
Sundaram Gilt Fund • Dividend option • Appreciation option	10.1953 11.6943	5.04
Sundaram Select Focus	10.83	5.30



Scheme	NAV as on 31 st March, 2003 (Rs.) (Rs. in Crores)	Assets under Management as on 31 st March 2003
Sundaram Select Midcap	9.75	5.64
Sundaram Income Plus		105.26
• Dividend option	10.5090	
• Appreciation option	10.7467	
Sundaram Select Debt		
Dynamic Asset Plan		19.55
• Dividend option		
- Quarterly dividend	10.5917	
- Half-yearly dividend	10.8945	
- Annual dividend	10.8946	
• Appreciation option	10.8948	
Long Term Asset Plan		0.04
• Dividend option		
- Quarterly dividend	10.1027	
- Half-yearly dividend	10.3053	
- Annual dividend	10.3053	
• Appreciation option	10.3061	
5 Year Asset Plan		0.006
• Dividend option		
- Quarterly dividend	10.0660	
- Half-yearly dividend	10.0904	
- Annual dividend	10.0904	
• Appreciation option	10.0904	
3 Year Asset Plan		3.19
• Dividend option		
- Quarterly dividend	10.1797	
- Half-yearly dividend	10.3013	
- Annual dividend	10.3012	
• Appreciation option	10.3013	
Short Term Asset Plan		18.39
• Dividend option		
- Quarterly dividend	10.2436	
- Half-yearly dividend	10.4475	
- Annual dividend	10.4465	
• Appreciation option	10.4475	
Total		1151.31

Four new funds viz. Sundaram Select Midcap, Sundaram Select Focus, Sundaram Income Plus and Sundaram Select Debt were launched during the year.

RECENT DEVELOPMENT

During the year, Sundaram Finance Ltd. acquired the 39% stake in your Company held by Stewart Newton Holdings (Mauritius) Ltd. Consequent on acquisition, the name of your Company has been changed to Sundaram Asset Management Company Limited. Now your Company is a wholly owned subsidiary of Sundaram Finance Limited.

PROSPECTS

The Fund currently manages ten open-ended schemes and two close-ended schemes. During the year 2003-2004, it is proposed to widen the range of products offered by the Fund, and thus cater to the varying needs and expectations of investors.

DIRECTORS

During the year, Shri Shreekanth Prasad Panday and Shri Jon Groom resigned from the Board, after the acquisition of stake held by Stewart Newton Holdings (Mauritius) Ltd., by Sundaram Finance Limited. Your directors would like to place on record their appreciation for the contribution made by them.

Shri A.V.Rajwade and Dr. Ashok Bijapurkar were appointed as additional directors in the vacancies caused by the resignation of Shri Shreekant Prasad Panday and Shri Jon Groom. They would be eligible for appointment as directors at the ensuing Annual General Meeting.

Shri S.N.Inamdar and Shri R Seshasayee retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election.

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

Your Company has no activity relating to conservation of energy or technology absorption. The Company has no foreign exchange earnings.

PERSONNEL

In accordance with the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report, excluding the annexure prescribed under Section 217(2A) of the Act, is being sent to all the members of the Company. The annexure, setting out the names and other particulars of certain employees covered by the provision, is available for members' inspection at the Corporate Office of the Company during office hours till the date of the Annual General Meeting, viz, 16th June 2003.

COMMITTEES OF THE BOARD

The Committees of the Board are

- a. Investment Committee
- b. Remuneration Committee
- c. Audit Committee

a. Investment Committee

The Investment Committee, comprising the Managing Director and two directors, generally meets monthly to lay down guidelines for investments and to review the performance of the schemes.

b. Remuneration Committee

The Remuneration Committee, comprising the Chairman, the Managing Director and two other directors, was formed to decide the remuneration policy for the key employees of the Company.

c. Audit Committee

The Audit Committee, comprising the Managing Director and two other directors, has been meeting periodically with the internal auditors and statutory auditors to discuss and review internal controls and financial reporting.

The Directors' responsibility statement pursuant to Section 217(2AA) of the Companies Act, 1956.

The financial statements are prepared in conformity with the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable to the Company.

The accounting policies used in the preparation of the financial statements have been applied consistently. The estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis so as to give a true and fair view of the state of affairs of the Company for the year.

The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.

The annual accounts have been prepared on a going-concern basis.

The financial statements of the Company have been audited by Messrs Brahmayya & Co., Chartered Accountants, Chennai.

AUDITORS

Messrs Brahmayya & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment. A certificate under Section 224(1B) of the Companies Act, 1956, has been received from them.

COMPLIANCE WITH SEBI REGULATIONS

SEBI (Mutual Funds) Regulations, 1996 with regard to the Asset Management Company have been complied with.

ACKNOWLEDGEMENT

Your directors wish to place on record their deep appreciation of the professional support and guidance received from the Trustees of Sundaram Mutual Fund, and from Sundaram Finance Ltd., SEBI and the Company's bankers. Your Directors also express their appreciation to the Company's employees for their sincere and dedicated service to the Company.

For and on behalf of the Board

Chennai
5th June 2003

D.N. Ghosh
Chairman



Auditor's Report

To the shareholders of Sundaram Asset Management Company Limited, Chennai

We have examined the attached Balance Sheet of M/s.Sundaram Asset Management Company Limited, as at 31st March, 2003 and also the Profit and Loss Account for the year 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 whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.

- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and the Profit and Loss Account are in compliance with the accounting standards referred to in the sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
- e) According to the information and explanations given to us, in relation to the affairs of the company, none of the directors are disqualified from being appointed as directors as on 31st March 2003 under section 274(1)(g) of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003; and
 - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For **BRAHMAYYA & CO.,**
Chartered Accountants

Chennai
16th April, 2003

P. BABU
Partner

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. These assets have been physically verified by the management during the year. No discrepancies were noticed on such physical verification.
2. None of the fixed assets have been revalued during the year.
3. The Company has availed a housing loan line of credit from M/s. Sundaram Home Finance Ltd., a company under the same management for housing loan to an employee, in an earlier year. The employee mortgaged his property under equitable mortgage to the lender. The rate of interest and other terms and conditions of the loan are, prima facie, not prejudicial to the interest of the company. The loan has been repaid during the year. Apart from the above, the company has not taken any other loans, secured or unsecured, from companies, firms or other parties as listed in the Register maintained under Section 301 of the Companies Act, 1956 and / or from Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
4. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or to Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
5. Loans and advances in the nature of loans have been given to employees who are repaying the principal amounts as stipulated and are regular in payment of interest, wherever applicable.
6. In our opinion, and in accordance with the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of assets.
7. In respect of transactions entered into for services rendered, entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to more than Rs.50,000/- based on the information and explanations given to us, we are of the opinion that the prices for such services are reasonable.
8. The Company has not accepted deposits from the public.
9. The Company has an Internal Audit System commensurate with size and nature of its business.
10. The Central Government has not prescribed the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.
11. The Company is regular in depositing the Provident Fund and Employee's State Insurance dues with the appropriate authorities.
12. There are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs duty and Excise duty as on 31st March, 2003, for a period of more than six months from the date they became payable.
13. To the best of our knowledge and according to the information and explanations given to us, there are no expenses of personal nature charged to revenue account.
14. The Company is not dealing or trading in shares, debentures and other investments. The investments are held by the Company in its own name.
15. The other provisions of the Manufacturing and other Companies (Auditors' Report) Order, 1988 are not applicable for the year covered by the aforesaid accounts.

For **BRAHMAYYA & CO.,**
Chartered Accountants,

Chennai,
16th April, 2003

P. BABU
Partner



Balance Sheet

as at 31st March, 2003

Schedule	31.03.2003		31.03.2002		
	Rs.		Rs.		
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
(a) Capital	1	150,000,000	150,000,000		
(b) Reserves and Surplus	-	-	-	150,000,000	
2. Deferred Tax Liability (net)					
Deferred Tax Liability		604,490	220,927		
Less: Deferred Tax Asset		197,117	-	220,927	
3. Loan Funds					
(a) Secured Loans					
(b) Unsecured Loans	2	-	2,035,186	2,035,186	
Total		<u>150,407,373</u>		<u>152,256,113</u>	
II. APPLICATIONS OF FUNDS					
1. Fixed Assets					
(a) Gross Block	3	22,009,633	19,760,539		
(b) Less: Depreciation		9,217,712	6,254,250		
(c) Net Block		12,791,921	13,506,289		
2. Investments					
	4	45,316,513		61,898,235	
3. Current Assets, Loans and Advances					
(a) Current Assets	5	6,159,121	5,490,968		
(b) Loans and Advances	6	68,608,495	53,212,669		
	(A)	<u>74,767,616</u>	<u>58,703,637</u>		
Less: Current Liabilities and Provisions					
(a) Current Liabilities	7	16,620,999	13,671,317		
(b) Provisions	8	200,000	200,000		
	(B)	<u>16,820,999</u>	<u>13,871,317</u>		
Net Current Assets	(A-B)	57,946,617		44,832,320	
4. (a) Miscellaneous expenditure					
(to the extent not written off or adjusted)	9	58,881		78,508	
(b) Profit and Loss account		34,293,441		31,940,761	
Total		<u>150,407,373</u>		<u>152,256,113</u>	
Notes to the accounts	15				

As per our report of even date attached

For Brahmaya & Co.
Chartered Accountants

P. Babu
Partner

Chennai
16th April 2003

D N Ghosh
Chairman

M S Parthasarathy
Director

R Seshasayee
Director

Ashoke Bijapurkar
Director

T P Raman
Managing Director

T N Anantharama Iyer
Director

T T Srinivasaraghavan
Director

S Subashri
Secretary

S Krishnamurthy
Director

S N Inamdar
Director

A V Rajwade
Director



Profit and Loss Account

for the Year Ended 31st March, 2003

	Schedule	31.03.2003 Rs.	31.03.2002 Rs.
INCOME			
Income from operations	10	91,360,444	68,988,094
Other Income	11	13,029,475	14,864,857
Total	(A)	<u>104,389,919</u>	<u>83,852,951</u>
EXPENDITURE			
Financial expenses		185,147	297,020
Establishment Charges	12	28,382,254	23,185,713
Administrative and other expenses	13	48,720,137	48,747,662
Scheme expenses borne by the company	14	25,883,637	17,246,702
Preliminary expenses written off		19,627	19,627
Total	(B)	<u>103,190,802</u>	<u>89,496,724</u>
Profit / (Loss) before depreciation and tax	(A-B)	1,199,117	(5,643,773)
Less / Add : Depreciation		3,365,351	3,179,479
Loss before taxation		<u>2,166,234</u>	<u>8,823,252</u>
Add : Provision for taxation			
Deferred Tax		186,446	220,927
Loss after Tax		<u>2,352,680</u>	<u>9,044,179</u>
Balance of loss brought forward from the previous year		31,940,761	22,896,582
Loss carried to the Balance Sheet		<u>34,293,441</u>	<u>31,940,761</u>
Notes to the Accounts	15		

As per our report of even date attached

For Brahmaya & Co.
Chartered Accountants

P. Babu
Partner

Chennai
16th April 2003

D N Ghosh
Chairman

M S Parthasarathy
Director

R Seshasayee
Director

Ashoke Bijapurkar
Director

T P Raman
Managing Director

T N Anantharama Iyer
Director

T T Srinivasaraghavan
Director

S Subashri
Secretary

S Krishnamurthy
Director

S N Inamdar
Director

A V Rajwade
Director

**SCHEDULES**

	31.03.2003 Rs.	31.03.2002 Rs.
1. Share Capital		
Authorised		
1,50,00,000 Equity Shares of Rs 10/- each	150,000,000	150,000,000
5,00,000 Redeemable Preference Shares of Rs.100/- each	50,000,000	—
	<u>200,000,000</u>	<u>150,000,000</u>
Issued, Subscribed and fully paid up		
1,50,00,000 Equity Shares of Rs 10/- each	150,000,000	150,000,000
[1,50,00,000 equity shares are held by Sundaram Finance Ltd., Holding Company and its nominees (previous year - 91,50,000 equity shares held by Holding Company.)]		
2. Unsecured Loans		
Line of credit from a Housing Finance Company	—	2,035,186
3. Fixed Assets		(In Rupees)

Description	GROSS BLOCK AT COST			DEPRECIATION					NETBLOCK	
	As at 01.04.2002	Additions	Deductions	As at 31.03.2003	Upto 31.03.2002	Additions	Deductions	Upto 31.03.2003	As at 31.03.2003	As at 31.03.2002
Office Equipment	5,768,952	517,341	35,850	6,250,443	905,859	789,756	23,174	1,672,441	4,578,002	4,863,093
Computers	5,367,900	1,775,742	0	7,143,642	3,236,112	1,329,269	0	4,565,381	2,578,261	2,131,788
Furniture and fixtures	7,347,575	556,699	0	7,904,274	1,558,697	1,103,434	0	2,662,131	5,242,143	5,788,878
Vehicles	1,276,112	0	564,838	711,274	553,582	142,892	378,715	317,759	393,515	722,530
Total	19,760,539	2,849,782	600,688	22,009,633	6,254,250	3,365,351	401,889	9,217,712	12,791,921	13,506,289

Face Value (FV)	31.03.2003	31.03.2002
Rs.	Rs.	Rs.

4. Investments**I. Long Term Investments**

At Cost - Fully paid up

Unquoted

A. In Government/Trust Securities :

Indra Vikas Patra

1,750,200	3,035,138	3,035,138
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B. In Bonds/ Debentures :

10, Series I 13.85% Unsecured Redeemable

Non convertible subordinated Bonds of

Rs.5,00,000 each in Canara Bank

5,000,000	5,000,000	5,000,000
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SCHEDULES

	Face Value (FV) Rs.	31.03.2003 Rs.	31.03.2002 Rs.
10, Series II 14.30% Unsecured Redeemable Non Convertible subordinated Bonds of Rs.1,00,000 each in Bank of Baroda	1,000,000	1,000,000	1,000,000
50 Series K, 14.50% Unsecured Redeemable Non - convertible Bonds of Indian Petrochemicals Corpn Ltd of Rs.100000/- each	5,000,000	5,000,000	5,000,000
1000, 14% Unsecured Regular Income Bonds of Rs.5000 each in Industrial Development Bank of India (Sold during the year)	5,000,000	–	4,962,500
16, 13.75% Unsecured Redeemable Regular Income Bonds of Rs. 5000 each in ICICI Ltd.	80,000	79,200	79,200
2, 12.95% Unsecured Subordinated Bonds in the nature of Non-Convertible debentures of Rs. 25,00,000 each in Centurion Bank Limited.	5,000,000	5,000,000	5,000,000
4000 Unsecured redeemable Growing Interest Bonds of Rs.5000/- each with Industrial Development Bank of India	20,000,000	20,689,600	20,689,600
Total (A)		<u>39,803,938</u>	<u>44,766,438</u>
II Current Investments			
Unquoted			
In Trust Securities			
In Units of Mutual Fund:			–
437283 Units in Sundaram Money Fund Scheme under the appreciation scheme (713921 units purchased and 276638 units sold during the year)	4,372,830	5,512,575	–
Units in Sundaram Select Focus - NIL (47775 Units Purchased and 47775 Units sold during the year)	–	–	–
Units in Sundaram Select Debt - NIL (395148 Units purchased and 395148 Units sold during the year)	–	–	–
Units in Sundaram Bond Saver - NIL (Opening balance of 1089445 units, 139431 Units purchased and 1228876 Units sold during the year)	–	–	–
Total (B)	–	5,512,575	17,131,797
Grand Total (A) + (B)	–	<u>45,316,513</u>	<u>61,898,235</u>
Summary of the Investment :			
Aggregate of Unquoted investments:			
I. Long Term Investments			
A. In Government / Trust Securities		3,035,138	
B. In Bonds / Debentures		36,768,800	
	(A)	39,803,938	
II. Current Investments			
In Trust Securities		5,512,575	
	(B)	5,512,575	
TOTAL	(A)+(B)	<u>45,316,513</u>	



SCHEDULES

	31.03.2003	31.03.2002
	Rs.	Rs.
5. Current Assets		
Interest accrued on Investments	2,381,112	2,653,750
Cash and Bank Balances with Scheduled Banks in Current Accounts	3,711,014	2,796,162
Cash on Hand	66,995	41,032
Stamps on Hand	-	24
	<u>3,778,009</u>	<u>2,837,218</u>
	<u>6,159,121</u>	<u>5,490,968</u>
6. Loans And Advances		
Unsecured unless otherwise stated		
Considered Good		
Advances and Deposits recoverable in cash or kind		
Inter Corporate Deposits	18,100,000	18,100,000
Other Advances	24,976,797	11,610,193
Loans to Staff	1,811,856	3,634,891
Tax deducted at source	17,913,045	17,062,137
Income Receivable	5,806,797	2,608,342
Other receivables	-	197,106
	<u>68,608,495</u>	<u>53,212,669</u>
7. Current Liabilities		
Sundry Creditors		
For expenses	14,823,310	11,729,366
For others	1,797,689	1,941,951
	<u>16,620,999</u>	<u>13,671,317</u>
8. Provisions		
Provision for Income-tax	200,000	200,000
	<u>200,000</u>	<u>200,000</u>
9. Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Preliminary expenses		
As per last Balance Sheet	78,508	98,135
Less : Written off during the year	19,627	19,627
	<u>58,881</u>	<u>78,508</u>
10. Income From Operations		
Investment Management and Advisory Fee	91,360,444	68,988,094
[Tax Deducted at Source Rs. 4965090 (Previous year 3518393)]		
	<u>91,360,444</u>	<u>68,988,094</u>
11. Other Income		
Interest receipts [Tax deducted at source Rs. 456120 (Previous year 551071)]	3,735,128	3,609,530
Dividend Income	-	28,914
Income from Investments [Tax deducted at source Rs. 1114260 (Previous year 1536591)]	5,823,485	6,832,201
Profit on sale of Investments	3,446,614	2,139,003
Profit on Sale of Assets	10,247	5,491
Provision no longer required - written back	-	2,243,867
Miscellaneous income	14,001	5,851
	<u>13,029,475</u>	<u>14,864,857</u>



SCHEDULES

	31.03.2003	31.03.2002
	Rs.	Rs.
12. Establishment Charges		
Salaries and allowances	25,394,261	20864807
Company's contribution to Provident fund and Employees State Insurance Scheme	1,510,730	1164952
Staff welfare expenses	1,095,584	909691
Gratuity	381,679	246263
	<u>28,382,254</u>	<u>23,185,713</u>
13. Administrative And Other Expenses		
Rent	6,995,179	6,542,732
Lease rent	-	952,598
Rates and Taxes	274,868	42,845
Communication Expenses	6,858,725	6,697,982
Subscription	2,524,235	2,380,909
Printing and Stationery	1,408,103	1,608,213
Electricity charges	1,689,959	1,511,911
Travelling and conveyance	6,226,288	4,468,439
Directors' sitting fee	275,000	220,000
Insurance	141,205	65,567
Professional and Consultancy fees	1,635,283	5,419,507
Business Development Expenses	4,737,493	12,628,524
Repairs and Maintenance		
- Buildings	916,531	1,287,386
- Others	1,313,476	298,430
Database and Networking Expenses	2,964,989	2,097,341
Software charges	9,168,154	1,814,250
Donations	-	25,000
Miscellaneous expenses	1,545,854	543,677
Loss on sale of assets	44,795	92,559
Loss on sale of investments	-	49,792
	<u>48,720,137</u>	<u>48,747,662</u>
14. Scheme Expenses Borne By The Company		
Advertisement	12,571,150	10,520,599
(including IPO expenses of Rs.1,00,51,275)		
Brokerage and Commission	9,006,220	2,494,196
(including IPO expenses of Rs. 73,05,525)		
Meeting, Travelling and other expenses	4,306,267	4,231,907
(including IPO expenses of Rs.22,05,220)		
	<u>25,883,637</u>	<u>17,246,702</u>

**15 NOTES TO THE ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES****1.1. Revenue Recognition**

Investment Management and Advisory Fee has been accounted on accrual basis.

1.2. Valuation of Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation

1.3. Depreciation

Depreciation on assets is provided on the Written Down Value Method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5000/- or less acquired during the period have been written down to Re.1/-.

1.4. Valuation of Investments

Long Term Investments are carried at cost. Current Investments are carried at lower of cost and market value.

1.5. Retirement Benefits

The Company's liability towards gratuity to the employees is covered by a Group Gratuity Policy with Life Insurance Corporation of India. Liability on account of encashment of leave to employees has been provided on the basis of an actuarial valuation conducted at the end of the year.

1.6. Preliminary Expenses

Preliminary expenses incurred in connection with the incorporation of the Company are written off in ten equal instalments.

2. BALANCE SHEET

2.1. The composition of Deferred Tax Liability / Asset as on 31.03.2003 is as follows :

	Balance as on 01.04.2002	Additions	Deletions	Balance as on 31.03.2003	
(I) Deferred Tax Liability					
Depreciation	220927	383563	–	604490	(A)
(II)Deferred Tax Asset					
Leave encashment	–	169113	–	169113	
Others	–	28004	–	28004	
	–	197117	–	197117	(B)
Net Deferred Tax Liability	220927	186446	–	407373	(A-B)

As a prudent measure, deferred tax asset on business losses carried forward has not been considered, as per the Accounting Standard.

2.2 Loans to staff under loans and advances include an amount of Rs.42500/- (31.3.2002 Rs.6000/-) due from an Officer of the Company. Maximum amount due at any time during the year Rs.50000/- (31.3.2002 Rs. 7500/-)

2.3 There is no small scale industrial undertaking to whom the company owes a sum which is outstanding for more than 30 days.



3. PROFIT AND LOSS ACCOUNT

3.1. The Managing Director of the Company has been nominated by M/s: Sundaram Finance Ltd., the holding Company and no remuneration is borne by this Company.

3.2. Profit / Loss on sale of investments includes:

(In Rupees)

	2002-2003		2001-2002	
	Profit	Loss	Profit	Loss
Long Term Investments	715400	-	1373910	16709
Current Investments	2731214	-	765093	33083
TOTAL	3446614	-	2139003	49792

3.3. Miscellaneous expenses under “ Administrative and other expenses ” include remuneration to Auditors towards :

(In Rupees)

	2002-2003	2001-2002
Statutory Audit	65000	65000
Tax Audit	26000	26000
Certification	32000	15000
Service Tax	9840	5300

4. GENERAL

4.1. Estimated amount of contracts remaining to be executed on Capital Account (Net of Advance) Rs. 59,553/- (Previous Year Rs.1,93,500/-)

4.2. Expenditure in foreign currency (On payment basis) on matters other than royalty, knowhow, fees and interest Rs.2,84,365 (Previous Year Rs.32,266/-)

4.3. The Company has identified Asset Management and Investment Advisory Service as the only business segment.

4.4. Previous year figures have been regrouped / reclassified wherever necessary.

4.5. Figures have been rounded off to the nearest rupee.

Signatures to Schedules 1 to 15

As per our report of even date attached

For Brahmaya & Co.
Chartered Accountants

P. Babu
Partner

Chennai
16th April 2003

D N Ghosh
Chairman

M S Parthasarathy
Director

R Seshasayee
Director

Ashoke Bijapurkar
Director

T P Raman
Managing Director

T N Anantharama Iyer
Director

T T Srinivasaraghavan
Director

S Subashri
Secretary

S Krishnamurthy
Director

S N Inamdhar
Director

A V Rajwade
Director



Balance Sheet Abstract and Company's General Business Profile

Information as required under Part IV of the Schedule VI of the Companies Act, 1956

I Registration Details

Registration No. State Code
 Balance Sheet Date
 Date Month Year

II Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Rights Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Private Placement	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Sources of Funds	Total Liabilities	Total Assets
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Paid up Capital	Secured Loans	Reserves & Surplus
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Applications of Funds	Unsecured Loans	Deferred Tax Liability
Net Assets	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Investments	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Net Current Assets	Misc. Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Accumulated Loss	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		

IV Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Total Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
+ - Profit / (Loss) Before Tax	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	+ - Profit / (Loss) After Tax	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
<input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

(Please tick appropriate box + for profit, -loss)

Earnings Per Share Rs. Ps.
 Dividend Rate %

V Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code) Not Applicable
 Product/Service Description