

**Sundaram Home**  
Finance Limited



Fourth Annual Report  
2002-2003



Expanding horizon

**Board of Directors**

S. Viji  
G.K. Raman  
T.T. Srinivasaraghavan  
N. Ganga Ram  
Nitin Palany

Chairman  
  
  
  
Managing Director

**Audit Committee**

N. Ganga Ram  
G.K. Raman  
T.T. Srinivasaraghavan

Chairman

**Executive Committee**

G.K. Raman  
T.T. Srinivasaraghavan  
Nitin Palany

Chairman

**Asset Liability Risk  
Management Committee**

N. Ganga Ram  
Nitin Palany  
S. Ramabadrn  
G. Satish Kumar

Chairman

**Company Secretary**

S. Ramabadrn

Executive Director &  
Company Secretary

**Senior Executives**

G. Satish Kumar  
M. Narayanan

General Manager - Finance  
Deputy General Manager - Operations

**Auditors**

M/s. Brahmayya & Co.,  
Chartered Accountants,  
Chennai

**Registered Office**

21, Patullos Road, Chennai 600 002.  
Tel: 044-28521181 Fax: 044-28520456

**Corporate Office**

Sundaram Towers, I Floor,  
46, Whites Road, Chennai 600 014.  
Tel: 044-28515267 Fax: 044-28515269



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**Notice of the  
Fourth Annual  
General Meeting  
of the Members**

Notice is hereby given that the Fourth Annual General Meeting of the Members of the Company will be held on Thursday, 7th August 2003 at 2.30 p.m. at the Registered Office of the Company at 21, Patullos Road, Chennai 600 002 to transact the following business :

**Ordinary Business :**

1. To receive and adopt the audited statements of accounts for the year ended 31st Mar. '03 and to consider the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Sri. Nitin Palany who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Sri S. Viji who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors and fix their remuneration. The retiring Auditors, M/s. Brahmaya & Co, Chartered Accountants, Chennai are eligible for reappointment.

**Special Business :**

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 293(1)(d) of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing moneys for the purposes of the Company, from time to time, notwithstanding that the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, provided however that the aggregate of amounts so borrowed and to be borrowed and outstanding at any time (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) shall not exceed Rs.1000 crores (Rupees One thousand crores). “



6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT subject to the provisions of Sections 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent for revising the terms of remuneration of Sri Nitin Palany, Managing Director, with effect from 1st October 2002, as set out hereunder:

- a) Salary : Rs.70,000/- (Rupees Seventy Thousand per month).
- b) House Rent Allowance @ 60% of the Basic Salary per month.
- c) Special Allowance of Rs.4,20,000/- (Rupees Four lakhs twenty thousand) payable annually after finalisation of Annual Accounts of the Company.

#### **Perquisites**

- i. Medical reimbursement : Expenses incurred for self and family including premium payable for medical insurance in accordance with the rules of the Company ;
- ii. Leave Travel Assistance for self and family once in a year in accordance with the rules of the Company ;
- iii. Encashment of leave at the end of the tenure ;
- iv. Contribution to Provident Fund, Superannuation Fund and payment of Gratuity as per the rules of the Company ;
- v. Fees for clubs, subject to a maximum of two clubs excluding admission and life membership fees ;
- vi. Provision of car with driver for Company business, the value of which will be evaluated as per Income – Tax Rules, 1962 ;
- vii. Provision of telephone at the residence ;
- viii. Personal Accident and Life Insurance Cover as per the rules of the Company ;
- ix. Benefits under the loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time, subject to the provisions of the Companies Act, 1956. ”



“ RESOLVED FURTHER THAT subject to the provisions of Sections 198, 309 and 310 and other applicable provisions, if any, any benefits or perquisites and amenities as may be provided by the Company to other senior executives from time to time may be extended to Managing Director, within the overall minimum managerial remuneration as prescribed from time to time. ”

**Minimum Remuneration:** Where in any financial year, during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of Salary and Perquisites not exceeding the limits specified in Part II Section II 1(A) of Schedule XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.”

**By Order of the Board**

**S. Ramabadran  
Executive Director &  
Company Secretary**

Place : Chennai

Date : 25th April 2003

Registered Office:

21, Patullos Road,  
Chennai 600 002.

**Notes :**

1. A Member entitled to attend and vote is entitled to appoint a proxy and such a proxy need not be a Member.
2. The proxy form, duly stamped and executed, should be deposited at the Registered Office of the Company at least 48 hours before the time fixed for the commencement of the Meeting.
3. An Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 in respect of Special Business set out in the Notice is annexed.



**Explanatory Statement pursuant to Section 173 (2) of the  
Companies Act, 1956 annexed to the Notice dated 25th April  
2003 convening the Fourth Annual General Meeting**

**Item No.5**

At the Second Annual General Meeting held on 24th August 2001, the Board of Directors was authorised under Section 293 (1) (d) of the Companies Act, 1956, to borrow moneys (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) up to a limit of Rs.500 crores. The aggregate borrowings including fixed / cumulative deposits amount to Rs.330.44 Crores as at 31st March 2003.

Considering the growth in the volume of business, the demand for funds is expected to increase substantially and it is considered desirable to raise the present limit of borrowing to Rs.1000 crores. Accordingly, the ordinary resolution as set out in the Notice is submitted for the consideration of the Members. The Board recommends that the Resolution be passed.

**Interest of Directors**

None of the Directors of the Company is directly or indirectly concerned or interested in the Resolution.

**Item No.6**

Sri Nitin Palany was appointed as Managing Director of the Company with effect from 1st October 1999 for a period of 5 years and necessary resolutions for his appointment and remuneration were passed by the Members in the Extraordinary General Meeting held on 10th September 1999.

The Board of Directors at the Meeting held on 19th December 2002 revised the basic salary of the Managing Director from Rs.60,000/- to Rs.70,000/- per month and also the perquisites and benefits as set out in the Resolution with effect from 1st October 2002, subject to approval of the Members.





Necessary notices under Section 302 of the Companies Act, 1956 for the variation in terms of remuneration were sent to the Members on 3rd January 2003. The said terms of remuneration are within the Guidelines laid down in Schedule XIII to the Companies Act, 1956. Accordingly, the Resolution is submitted for the consent of Members.

**Interest of Directors**

Except Sri Nitin Palany, no other Director is directly or indirectly concerned or interested in the Resolution.

**By Order of the Board**

**S. Ramabdran  
Executive Director &  
Company Secretary**

Place : Chennai

Date : 25th April 2003

Registered Office:

21, Patullos Road,

Chennai 600 002.



## Directors' Report

To the Members

Your Directors have pleasure in presenting the Fourth Annual Report of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2003.

### Financial Results

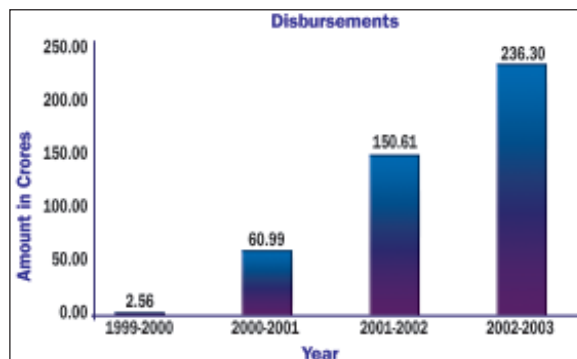
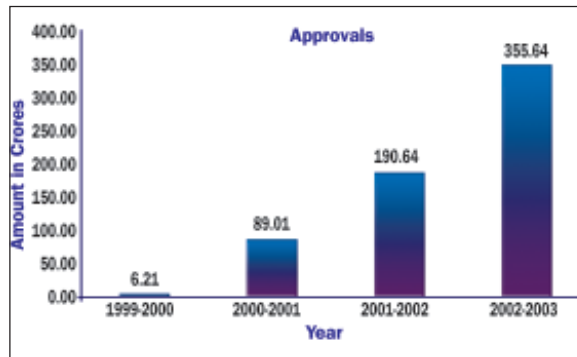
	For the year ended 31 <sup>st</sup> March 2003 Rs.	For the year ended 31 <sup>st</sup> March 2002 Rs.
Profit Before Tax	5,59,45,726	2,56,72,398
Provision for Tax (Including Deferred Tax)	1,12,79,788	51,27,478
Profit After Tax	4,46,65,938	2,05,44,920
Balance brought forward from previous year	1,16,63,676	69,24,928
Contingency Reserve written back to Profit & Loss Account	5,00,000	...
Amount available for Appropriation	<u>5,68,29,614</u>	<u>2,74,69,848</u>
Appropriations have been made as under :		
1. Special Reserve under Sec.36 (1) (viii) of the Income - Tax Act, 1961	1,45,75,000	55,00,000
2. General Reserve	3,00,00,000	1,03,06,172
3. Surplus carried to Balance Sheet	1,22,54,614	1,16,63,676
Total	<u>5,68,29,614</u>	<u>2,74,69,848</u>

With a view to conserving resources and building up reserves, your Directors do not recommend any dividend for the year.



## Industry Scenario and Outlook

- The housing finance industry continued to witness robust growth though the economy generally remained subdued. This was largely due to continuation of tax and other incentives to the Housing Sector and increasing disposable incomes of the households.
- The housing finance market which has hitherto been the domain of HFCs saw the entry of other players, especially Commercial Banks. In a bid to capture a sizeable share of the growing market, the new players were aggressive, offering home loans at more competitive rates than HFCs. With lending rates thus dropping sharply during the year under review, HFCs have had to meet the challenge by offering enhanced value added services to customers.
- In India, outstanding residential mortgage loans, as a percentage of GDP are low as compared to other Asian countries. Considering the huge shortage of dwelling units and the potential for Home Loans in underserved markets in semi-urban areas, the housing finance market is expected to register further growth in the years to come.
- Securitisation is expected to emerge as one of the important alternative sources of funds for HFCs. In this context, there is a need for reduction in Stamp Duty applicable for Mortgage Backed Securities (MBS) by the State Governments and inclusion of HFCs approved by National Housing Bank under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 to widen and deepen primary and secondary markets for MBS. The proposal by NHB to introduce Mortgage Insurance is also expected to help this process.



## NHB Guidelines

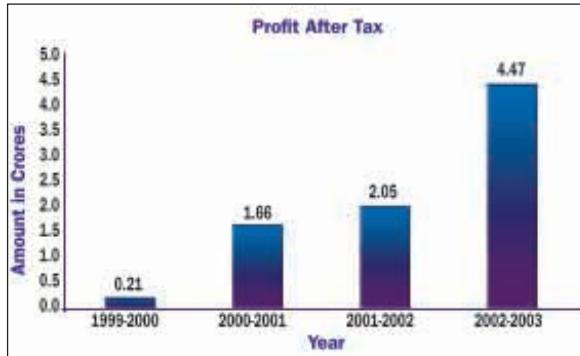
- NHB has reduced the risk weightage for Home Loans of HFCs from 75% to 50% for the purpose of calculation of Capital Adequacy Ratio. This welcome development will enable HFCs to leverage their capital better.

## Operational and Financial Review

- There was a substantial increase in the sanctions and disbursements of housing loans during the year under review. Loan approvals during the year aggregated Rs.356 Crores, registering a growth



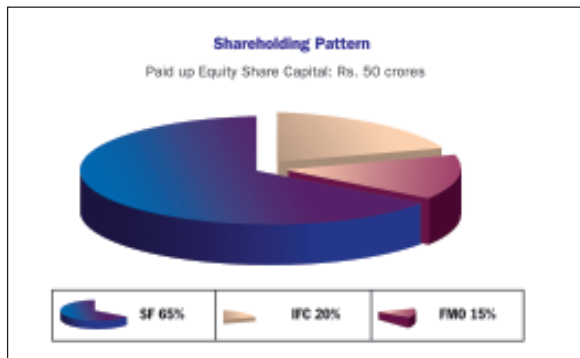
of 83% over the previous year (Rs.194 Crores). Similarly, Loan disbursements during the year were also higher at Rs.237 Crores, up 53% over the previous year.



- Cumulative Loan approvals and disbursements as at 31<sup>st</sup> March 2003 stood at Rs.649 Crores and Rs. 466 Crores as against Rs.300 Crores and Rs.229 Crores as at 31<sup>st</sup> March 2002 respectively. Cumulative loan disbursements constituted 72% of cumulative approvals as at 31<sup>st</sup> March 2003.
- Your Company continued to focus on individual home loans which accounted for 98% of the cumulative approvals. Average individual loan size as at 31<sup>st</sup> March 2003 was Rs.4 lakhs.
- Net outstanding loan portfolio as at 31<sup>st</sup> March 2003 was Rs.355 Crores of which individual retail loan portfolio constituted 99%.
- Non Performing Loans (NPL) as on 31<sup>st</sup> March 2003 amounted to Rs.1.67 Crores (0.48% of total housing loan portfolio). Necessary provision has been made in the Accounts for Non Performing Loans in accordance with the Guidelines issued by NHB.

## Resources

### Loan Funds



- As at 31<sup>st</sup> March 2003, borrowed funds amounted to Rs.330 Crores. As on that date, your Company had raised term loans of Rs.181 Crores from Banks, constituting 55% of total funds employed.
- During the year, your Company raised Rs.50 crores from International Finance Corporation, Washington as Rupee Term Loan.

### Fixed Deposits

- In October 2002, ICRA upgraded the Company's Deposit Programme to MAA-.
- During the year, your Company mobilised additional Public Deposits of Rs.28.79 Crores. Public Deposits as on 31<sup>st</sup> March 2003 stood at Rs.49.30 Crores.



- As at 31<sup>st</sup> March 2003, unclaimed deposits amounted to Rs.5.70 lakhs. Steps are being taken to arrange for repayment / renewal of these deposits.

### **Non Convertible Debentures**

- Your Company raised Rs.50 crores by way of private placement of Secured Redeemable Non-Convertible Debentures. These NCDs are guaranteed by Sundaram Finance Limited and carry LAA<sup>+</sup> (SO) rating by ICRA.

### **Board Committees**

- The Executive Committee met 41 times during the year under review. The Committee sanctioned loan proposals besides considering other operational matters.
- The Audit Committee met three times during the year. The Committee reviewed internal controls and internal audit reports besides annual accounts before submission to the Board.
- The Asset Liability Risk Management Committee met three times during the year and reviewed the policies with respect to risk management.



*Knowledge Management process*

### **Organisation**

- During the year, the Company established Branch Offices at Vijayawada, Visakhapatnam (Andhra Pradesh), Trivandrum, Calicut, Palghat (Kerala) and Mysore, Hubli (Karnataka), taking the total number of Branches from 13 to 20 at the end of the year under review.

### **Human Resources**

- Keeping pace with the expansion in operations, manpower was augmented during the year. The number of employees on the rolls of the Company as at 31<sup>st</sup> March 2003 stood at 86.
- In keeping with the Company's philosophy of enhancing employees' professional skills, suitable training programmes were organized during the year.



### **Personnel**

- Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 is not applicable as none of the employees drew remuneration in excess of Rs.2 lakhs per month or Rs.24,00,000/- per annum during the year.

### **Statutory Compliance**

- Your Company has complied with all the statutory requirements under the Companies Act, 1956, Income - Tax Act, 1961 and other applicable laws. Your Company has complied with all the guidelines prescribed by NHB from time to time including those relating to prudential norms such as asset classification, income recognition, provisioning, capital adequacy, concentration of credit and credit rating.

### **Information as per Section 217 (1)(e) of the Companies Act, 1956 - Foreign Exchange, Energy and Technology**

- Your Company has no activity relating to conservation of energy or technology absorption.
- During the Financial Year 2002 – 03, the Company used foreign exchange to the extent of Rs.80,50,703/- for payment of Fees and other charges for Rupee Loan extended by IFC, Foreign Travel and Membership Subscription. There was no earning in foreign exchange.

### **Directors**

- Sri Nitin Palany and Sri S.Viji retire by rotation and being eligible, offer themselves for re-election.

### **Directors' Responsibility Statement**

- In terms of Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Board of Directors confirm –
  - That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any ;



- That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of Financial Year and of the profit of the Company for that period ;
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- That the Directors had prepared the Annual Accounts on a 'going concern' basis.

#### **Auditors**

- M/s.Brahmayya & Co., Chartered Accountants, Statutory Auditors of the Company retire at the Fourth Annual General Meeting and are eligible for reappointment. The Company has received a certificate from the Auditors to the effect that their reappointment, if made, will be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956.

#### **Appreciation**

- Your Directors place on record support received from National Housing Bank, Commercial Banks, Depositors and Institutional Investors for the Company's Debenture Programme.
- Your Directors express their gratitude for the support and guidance received from Sundaram Finance Limited, International Finance Corporation (Washington) and FMO, Netherlands.
- Your Directors place on record the significant contribution made by employees at all levels towards the growth of the Company.

**For and on behalf of the Board of Directors**



Place : Chennai  
Date : 25<sup>th</sup> April 2003

**S.Viji**  
**Chairman**

**Auditors' Report  
to the Shareholders  
of Sundaram Home  
Finance Limited**

We have examined the attached Balance Sheet of M/s Sundaram Home Finance Limited, as at 31<sup>st</sup> 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 Central Government 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2003; and
  - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.



Place : Chennai  
Dated : 25<sup>th</sup> April, 2003

For **Brahmaya & Co.,**  
Chartered Accountants

**L.Ravi Sankar**  
Partner



**Annexure to the Auditors’  
Report Referred to in  
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 not taken any 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 (1-B) of section 370 of the Companies Act, 1956.
- 4) The Company has granted loans under housing schemes to M/s Sundaram Asset Management Company Ltd., a company under the same management, under a line of credit and granted a secured loan to a company listed in the Register maintained under section 301 of the Companies Act, 1956 in an earlier year. The rate of interest and other terms and conditions of the loans are, prima facie, not prejudicial to the interest of the Company. These loans have been repaid during the year. During the year, the Company has granted a housing loan to the Managing Director of the Company. The rate of interest and other terms and conditions of the loan are, prima facie, not prejudicial to the interests of the Company. Apart from the above, the Company has not granted any other 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)
  - a) Loans and advances in the nature of loans have been given to employees and other parties who are repaying the principal amounts as stipulated and are regular in payment of interest, wherever applicable, except in some secured loans where there is a delay in repayment of principal and interest as stipulated, for which the Company has taken reasonable steps for recovery.
  - b) In respect of amounts overdue under financing operations entered into by the Company, in the ordinary course of business, we are of the opinion that reasonable steps have been taken by the Company for the recovery of the same.
- 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 accepted deposits from the public and has complied with the directives issued by the National Housing Bank and the provisions of section 58A of the Companies Act, 1956 and Rules framed thereunder, wherever applicable.
- 9) The Company has an internal audit system commensurate with the 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) Provident Fund dues have been regularly deposited with the appropriate authorities. We have been informed that the provisions of the Employees State Insurance Act are not applicable to the Company for the year under review.
- 12) There are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs duty and Excise duty as on 31<sup>st</sup> 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 other provisions of Manufacturing and other Companies (Auditors’ Report) Order, 1988 are not applicable for the year covered by the aforesaid accounts.



Place : Chennai  
Dated : 25<sup>th</sup> April, 2003

For **Brahmayya & Co.,**  
Chartered Accountants

**L.Ravi Sankar**  
Partner

## Balance Sheet as at 31st March 2003

	Schedule	31st March 2003 Rupees		31st March 2002 Rupees	
<b>I Sources of Funds :</b>					
1. Shareholders' Funds					
a) Capital	1	50,00,00,000		50,00,00,000	
b) Reserves and Surplus	2	8,02,54,614	58,02,54,614	3,55,88,676	53,55,88,676
2. Deferred Tax Liability (Net)					
Deferred Tax Liability		30,55,922		-	
Less: Deferred Tax Asset		13,42,484	17,13,438	-	-
3. Loan Funds					
a) Secured Loans	3	281,16,73,000		150,85,90,390	
b) Unsecured Loans	4	49,28,94,570	330,45,67,570	20,49,63,000	171,35,53,390
Total			388,65,35,622		224,91,42,066
<b>II Applications of Funds :</b>					
1. Loans	5		354,85,40,816		203,99,41,368
2. Fixed Assets :	6				
Gross Block		3,07,06,514		2,67,80,930	
Less : Depreciation		1,29,30,891		76,87,418	
Net Block			1,77,75,623		1,90,93,512
3. Investments	7		23,93,76,101		16,39,27,360
4. Deferred Tax Asset (Net)					
Deferred Tax Asset		-		1,89,330	
Less: Deferred Tax Liability		-	-	1,22,980	66,350
5. Current Assets, Loans and Advances :					
a) Current Assets	8	9,74,08,936		2,46,41,244	
b) Loans and Advances	9	5,13,34,638		1,89,72,578	
	(A)	14,87,43,574		4,36,13,822	
Less : Current Liabilities and Provisions					
a) Current Liabilities	10	5,23,52,494		1,33,04,350	
b) Provisions	11	1,57,00,000		45,00,000	
	(B)	6,80,52,494		1,78,04,350	
Net Current Assets	(A - B)		8,06,91,080		2,58,09,472
6. Miscellaneous Expenditure (to the extent not written off or adjusted)					
Preliminary Expenses	12		1,52,002		3,04,004
Total			388,65,35,622		224,91,42,066
Notes to the Accounts	17				

Schedules 1 to 17 annexed hereto form part of the Balance Sheet and Profit and Loss Account.

As per our report of even date attached  
For **Brahmayya & Co.,**  
Chartered Accountants

**L.Ravi Sankar**  
Partner

**S.Viji**  
Chairman

**Nitin Palany**  
Managing Director

**S.Ramabadran**  
Executive Director & Company Secretary

**G.Satish Kumar**  
General Manager - Finance

**G.K.Raman**  
Director

**T.T.Srinivasaraghavan**  
Director

**N.Ganga Ram**  
Director

Chennai  
25th April 2003

## Profit and Loss Account For the year ended 31st March 2003

Schedule	2002-2003 Rupees	2001-2002 Rupees
<b>Income :</b>		
Interest on Loans (Tax deducted at Source Rs.9,02,143/-)	33,59,93,751	17,71,91,796
Loan processing and other fees	4,10,54,268	3,19,57,292
Other Income	3,12,91,974	1,33,01,239
<b>Total</b>	<b>40,83,39,993</b>	<b>22,24,50,327</b>
<b>Expenditure :</b>		
Financial Expenses	26,15,60,476	13,24,53,414
Establishment Expenses	2,36,67,078	1,44,02,950
Administrative and Other Expenses	6,00,68,626	4,54,27,966
Preliminary Expenses written off	1,52,002	1,52,002
Provision for Contingencies	17,00,000	-
<b>Total</b>	<b>34,71,48,182</b>	<b>19,24,36,332</b>
Profit Before Depreciation and Tax	6,11,91,811	3,00,13,995
Less : Depreciation	52,46,085	43,41,597
Profit Before Tax	5,59,45,726	2,56,72,398
Less : Provision for Taxation	95,00,000	50,51,182
Deferred Tax Liability	17,79,788	76,296
Profit After Tax	4,46,65,938	2,05,44,920
Transfer from Contingency Reserve	5,00,000	-
Balance brought forward from previous year	1,16,63,676	69,24,928
Amount available for Appropriation	5,68,29,614	2,74,69,848
<b>Appropriations:</b>		
Special Reserve	1,45,75,000	55,00,000
General Reserve	3,00,00,000	1,03,06,172
Surplus - Balance carried to Balance Sheet	1,22,54,614	1,16,63,676
	5,68,29,614	2,74,69,848
Notes to the Accounts	17	

Schedules 1 to 17 annexed hereto form part of the Balance Sheet and Profit and Loss Account.

As per our report of even date attached  
For **Brahmayya & Co.,**  
Chartered Accountants

**L.Ravi Sankar**  
Partner

Chennai  
25th April 2003

**S.Viji**  
Chairman

**Nitin Palany**  
Managing Director

**S.Ramabadrn**  
Executive Director & Company Secretary

**G.Satish Kumar**  
General Manager - Finance

**G.K.Raman**  
Director

**T.T.Srinivasaraghavan**  
Director

**N.Ganga Ram**  
Director

## Schedules forming part of the Accounts

### Schedule 1

#### Capital

Authorised:

5,00,00,000 Equity Shares of Rs. 10/- each

Issued, Subscribed and Fully Paid - up:

5,00,00,000 Equity Shares of Rs. 10/- each

[Of the above 3,25,00,000 equity shares are held by M/s.Sundaram Finance Limited

(the Holding Company) and its nominees ]

### Schedule 2

#### Reserves and Surplus

Special Reserve

Per last Balance Sheet

Add : Transfer from Profit and Loss Account

Contingency Reserve

Per last Balance Sheet

Less: Transfer to Profit and Loss Account

General Reserve

Per last Balance Sheet

Add : Deferred Tax Asset (Net) at the commencement of the year

Add : Transfer from Profit and Loss Account

Surplus - Balance in Profit and Loss Account

As at 31st March 2003

Rupees

As at 31st March 2002

Rupees

50,00,00,000

50,00,00,000

50,00,00,000

50,00,00,000

50,00,00,000

50,00,00,000

84,25,000

1,45,75,000

5,00,000

5,00,000

1,50,00,000

-

3,00,00,000

1,22,54,614

8,02,54,614

29,25,000

55,00,000

5,00,000

35,00,000

11,93,828

1,03,06,172

1,16,63,676

3,55,88,676

### Schedule 3

#### Secured Loans

Non Convertible Debentures

From Scheduled Banks:

Term Loans

Other Loans and Advances

Rupee Term Loans from

International Finance Corporation, Washington

50,00,00,000

181,16,73,000

50,00,00,000

281,16,73,000

-

150,85,90,390

-

150,85,90,390

### Schedule 4

#### Unsecured Loans

Fixed Deposits

From Directors

From Others

26,60,000

49,02,34,570

49,28,94,570

11,60,000

20,38,03,000

20,49,63,000

### Schedule 5

#### Loans

Individuals

Corporate Bodies and Others

350,99,79,482

3,85,61,334

354,85,40,816

192,21,94,338

11,77,47,030

203,99,41,368

Schedule 6

Fixed Assets

In Rupees

Description	Gross Block at cost			Depreciation			Net Block			
	As at 01/04/02	Additions	Deductions	As at 31/03/03	Upto 01/04/02	For the year	Deductions	Upto 31/03/03	As at 31/03/02	As at 31/03/03
Land	-	1,91,829	-	1,91,829	-	-	-	-	-	1,91,829
Furniture and Fittings	1,09,43,037	9,57,897	-	1,19,00,934	29,18,630	17,53,787	-	46,72,417	80,24,407	72,28,517
Office Equipments	16,55,368	6,23,411	900	22,77,879	4,01,370	2,93,172	899	6,93,643	12,53,998	15,84,236
Computers	61,94,320	15,83,803	2,450	77,75,673	29,25,527	17,31,830	1,713	46,55,644	32,68,793	31,20,029
Plant and Machinery	31,15,554	5,14,520	-	36,30,074	8,07,640	3,58,499	-	11,66,139	23,07,914	24,63,935
Vehicles	48,72,651	57,474	-	49,30,125	6,34,251	11,08,797	-	17,43,048	42,38,400	31,87,077
Total	2,67,80,930	39,28,934	3,350	3,07,06,514	76,87,418	52,46,085	2,612	1,29,30,891	1,90,93,512	1,77,75,623

**Schedule 7****Investments****Long Term - At Cost**

1. In Government / Trust Securities  
Non Trade

**A Quoted****Government Securities**

Central Government Loans

(Face Value of Rs. 1,48,00,000/- purchased during the year)

**B Un-Quoted:**

In Trust Securities

Sundaram Bond Saver Appreciation Option Scheme

11,49,425 units of Rs. 10/- each (Sold during the year)

Alliance Income Fund - Growth Option Scheme

7,97,872 units of Rs. 10/- each (Sold during the year)

Birla Income Plus - Growth Option Scheme

8,77,963 units of Rs. 10/- each (Sold during the year)

Prudential ICICI Income Fund - Growth Option Scheme

9,28,793 units of Rs. 10/- each (Sold during the year)

DSP Merrill Lynch Fund - Growth Option Scheme

8,00,854 units of Rs. 10/- each (Sold during the year)

Grindlays Super Saver Income Fund - Growth Option Scheme

19,48,558 units of Rs. 10/- each (Sold during the year)

HDFC Income Fund - Growth Option Scheme

19,69,124 units of Rs. 10/- each (Sold during the year)

Templeton Floating Rate Income Fund - Growth Option Scheme

14,86,620 units of Rs. 10/- each (Sold during the year)

Prudential ICICI Institutional Income Plan Fund - Dividend Option

(36,53,702 units of Rs. 10/- each)

(45,67,128 units purchased and 9,13,426

units sold during the year)

K Bond - Institutional Plan - Dividend Option

(19,03,910 units of Rs. 10/- each) (Purchased during the year)

Sundaram Bond Saver - Dividend Option

(37,73,051 units of Rs. 10/- each) (Purchased during the year)

Birla Income Plus - Institutional Plan - Dividend Option

(11,72,809 units of Rs. 10/- each)

(19,53,028 units purchased and 7,80,219

units sold during the year)

Templeton India Income Builder Account -

Institutional Plan - Dividend Option

(28,21,299 units of Rs. 10/- each) (Purchased during the year)

Grindlays Super Saver Income Fund -

Institutional Plan - Dividend Option

(37,23,632 units of Rs. 10/- each)

(46,54,540 units purchased and 9,30,908 units

sold during the year)

Sundaram Bond Saver - Bonus Option

(6,90,583 units of Rs. 10/- each)

(7,67,314 units purchased, Bonus received 6,90,583 units

and 7,67,314 units sold during the year)

**Carried Over**

Face Value  
Rupees

31/03/2003  
Rupees

31/03/2002  
Rupees

2,56,00,000

3,12,70,900

1,29,27,360

1,14,94,250

-

2,00,00,000

79,78,720

-

1,50,00,000

87,79,630

-

2,00,00,000

92,87,930

-

1,50,00,000

80,08,540

-

1,50,00,000

1,94,85,580

-

2,50,00,000

1,96,91,240

-

2,50,00,000

1,48,66,200

-

1,50,00,000

3,65,37,020

4,00,00,000

-

1,90,39,100

2,00,00,000

-

3,77,30,510

4,00,00,000

-

1,17,28,090

3,00,00,000

-

2,82,12,990

3,00,00,000

-

3,72,36,320

4,00,00,000

-

69,05,830

71,05,201

-

23,83,76,101

16,29,27,360

	Face Value Rupees	31/03/2003 Rupees	31/03/2002 Rupees
<b>Brought forward</b>		23,83,76,101	16,29,27,360
<b>2. In Bonds</b>			
<b>Unquoted</b>			
11.25% NHB Priority Sector Bonds	10,00,000	10,00,000	10,00,000
<b>Current Investments</b>			
<b>Unquoted</b>			
<b>In Trust Securities</b>			
Zurich India High Interest Fund Short Term Plan - Growth Option (32,67,022 units purchased and sold during the year)	-	-	-
Prudential ICICI Liquid Plan - Growth Option (21,33,804 units purchased and sold during the year)	-	-	-
Prudential ICICI Short Term Plan - Growth Option (1,58,49,247 units purchased and sold during the year)	-	-	-
Kotak Mahindra K Liquid Plan - Growth Option (24,41,513 units purchased and sold during the year)	-	-	-
Sundaram Short Term Plan - Growth Option (1,80,98,848 units purchased and sold during the year)	-	-	-
Grindlays Super Saver Short Term Plan (1,56,87,997 units purchased and sold during the year)	-	-	-
Grindlays Super Saver Cash Fund (53,96,234 units purchased and sold during the year)	-	-	-
IL & FS Short Term Plan - Growth Plan (23,12,395 units purchased and sold during the year)	-	-	-
Alliance Short Term Fund - Growth Option (70,83,522 units purchased and sold during the year)	-	-	-
Grindlays Super Saver Floating Rate Fund - Growth Option (50,00,000 units purchased and sold during the year)	-	-	-
Birla Cash Plus - Growth Option (18,07,704 units purchased and sold during the year)	-	-	-
Sundaram Money Fund (1,82,43,907 units purchased and sold during the year)	-	-	-
HDFC Short Term Plan (91,74,168 units purchased and sold during the year)	-	-	-
HDFC Liquid Fund - Growth Option (78,65,272 units purchased and sold during the year)	-	-	-
<b>TOTAL</b>		<u>23,93,76,101</u>	<u>16,39,27,360</u>
		Cost Rupees	Market Value Rupees
Aggregate of Quoted Investments		3,12,70,900	3,17,35,760
Aggregate of Unquoted Investments		20,81,05,201	* 20,95,76,110
<b>TOTAL</b>		<u>23,93,76,101</u>	<u>3,17,35,760</u>

\* Includes Investments in Mutual Fund units at NAV and NHB Bonds at cost

	31/03/2003		31/03/2002	
	Rupees		Rupees	
<b>Schedule 8</b>				
<b><u>Current Assets</u></b>				
Interest Accrued on Investments		18,64,743		3,27,629
Income Receivable		-		1,20,984
Cash and Bank Balances with Scheduled Banks in :				
Current Accounts	5,24,60,849		1,14,40,814	
Deposit Accounts	4,27,00,000		1,27,00,000	
Cash on Hand	3,83,344	9,55,44,193	51,817	2,41,92,631
		<u>9,74,08,936</u>		<u>2,46,41,244</u>
<b>Schedule 9</b>				
<b><u>Loans and Advances</u></b>				
Secured, Considered Good :				
Instalments due from Borrowers		2,66,49,331		1,05,64,762
Loans against Deposits		10,22,042		2,04,861
Unsecured, considered good :				
Advances and Deposits recoverable in cash or for value to be received		72,27,760		25,04,631
Advance Income - Tax and Tax Deducted at Source		1,64,35,505		56,98,324
		<u>5,13,34,638</u>		<u>1,89,72,578</u>
<b>Schedule 10</b>				
<b><u>Current Liabilities</u></b>				
Sundry Creditors				
For expenses		77,38,388		59,41,228
For others		26,48,930		12,81,071
Interest accrued but not due		4,19,65,176		60,82,051
		<u>5,23,52,494</u>		<u>1,33,04,350</u>
<b>Schedule 11</b>				
<b><u>Provisions</u></b>				
Provision for Taxation		1,40,00,000		45,00,000
Provision for Contingencies		17,00,000		-
		<u>1,57,00,000</u>		<u>45,00,000</u>
<b>Schedule 12</b>				
<b><u>Miscellaneous Expenditure</u></b>				
(to the extent not written off or adjusted)				
Preliminary Expenses		3,04,004		4,56,006
Less : Written off during the year		1,52,002		1,52,002
		<u>1,52,002</u>		<u>3,04,004</u>



**Schedule 13****Other Income**

	2002-2003 Rupees	2001-2002 Rupees
Dividend Income	-	87,56,204
Interest Receipts (Tax Deducted at Source Rs.1,08,950/-)	39,94,725	4,80,814
Profit on sale of Investments	2,48,95,261	35,51,797
Miscellaneous Income	24,01,889	5,12,424
Profit on sale of Fixed Assets	99	-
	<u>3,12,91,974</u>	<u>1,33,01,239</u>

**Schedule 14****Financial Expenses**

Interest - Fixed Loans	22,45,01,112	12,88,19,210
- Debentures	2,32,98,973	-
Other Financial Expenses	1,37,60,391	36,34,204
	<u>26,15,60,476</u>	<u>13,24,53,414</u>

**Schedule 15****Establishment Charges**

Salaries, Allowances and Bonus	2,09,43,957	1,27,39,814
Company's Contribution to Provident Fund and Superannuation Schemes	13,43,979	9,65,840
Staff Welfare Expenses	10,97,837	6,15,503
Gratuity	2,81,305	81,793
	<u>2,36,67,078</u>	<u>1,44,02,950</u>

**Schedule 16****Administrative and Other Expenses**

Rent	58,81,470	40,25,133
Lease Rent	7,86,128	6,23,375
Rates and Taxes	13,92,756	7,47,072
Communication Expenses	34,92,774	26,97,128
Electricity	18,97,547	13,00,043
Travelling and Conveyance	42,79,974	25,10,765
Advertisement and Publicity	1,68,77,718	1,41,37,418
Directors' Sitting Fees	35,000	45,000
Insurance	8,10,071	4,46,933
Repairs and Maintenance		
Premises	18,37,502	-
Others	32,45,941	27,63,171
Printing and Stationery	18,46,812	11,22,616
Database and Networking Expenses	42,30,531	31,29,071
Professional and Consultancy Fees	37,73,553	29,77,232
Commission	52,53,674	29,33,289
Software charges	25,42,939	41,86,192
Miscellaneous Expenses	18,54,746	12,14,888
Bad Debts	25,014	-
Loss on sale of Investments	3,737	5,68,640
Asset discarded	739	-
	<u>6,00,68,626</u>	<u>4,54,27,966</u>

## Schedule – 17

### Notes to the Accounts

#### 1. Significant Accounting Policies

1.1 The accounts are prepared on accrual basis under the historical cost convention and based on applicable Accounting Standards.

1.2 Income Recognition:

Interest on loans granted is recognised as income on accrual basis. Loans granted are repayable in Equated Monthly Instalments (EMIs), comprising of principal and interest. The EMIs commence on the entire disbursement of the loan sanctioned. Pre-EMI Interest is payable monthly, where the loan is partly disbursed.

1.3 The Company follows the directions prescribed by the National Housing Bank for Housing Finance Companies.

1.4 Valuation of Fixed Assets :

Fixed Assets are carried at historical cost less accumulated depreciation.

1.5 Depreciation / Amortisation Policy :

Depreciation on Assets is provided on the written down value method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets acquired costing Rs.5,000/- or less are written down in the year of acquisition to Re. 1/-.

1.6 Valuation of Investments :

Long Term Investments are carried at cost.

Current investments are valued at lower of cost and market value / net asset value.

1.7 Retirement Benefits :

(i) The Company's liability towards superannuation to the employees is covered by a group policy with Life Insurance Corporation of India.

(ii) Liability on account of gratuity and encashment of leave is provided for on the basis of an actuarial valuation conducted at the end of the year.

1.8 Preliminary Expenses :

Preliminary expenses are written off in five equal annual instalments.

#### 2. Balance Sheet

2.1 Reserves and Surplus :

Special Reserve:

The appropriation of profit to the Special Reserve is in accordance with the provisions of Section 36(1) (viii) of the Income-Tax Act, 1961 and Section 29C of the National Housing Bank Act, 1987.

2.2 Secured Loans :

2.2.1. Non Convertible Debentures :

Details of privately placed secured redeemable non convertible debentures :

Date of Allotment	Face Value (Rs.)	Date of Redemption
16 <sup>th</sup> August 2002	25,00,00,000/-	16 <sup>th</sup> August 2007
30 <sup>th</sup> November 2002	25,00,00,000/-	30 <sup>th</sup> November 2007

The Non Convertible Debentures of Rs.50,00,00,000/- are secured by a first mortgage over a specific immovable property belonging to the Company and a negative lien on the assets of the Company. M/s.Sundaram Finance Ltd., the holding Company, has guaranteed the payment of interest and the redemption of the debentures.

2.2.2. From Scheduled Banks :

Term Loans of Rs. 181,16,73,000/- are secured by a negative lien on properties acquired from the loans granted by and mortgaged to the Company.

2.2.3. From International Finance Corporation, Washington :

Rupee Term Loans of Rs.50,00,00,000/- are secured by a negative lien on the assets of the Company.

2.3 Loans :

2.3.1 Loans granted by the Company are secured by equitable mortgage of property.

2.3.2 Loans secured by equitable mortgage of property include :

(i) Rs.4,69,228/- (31.03.2002 - Nil) due from the Managing Director of the Company in respect of loan granted during the year. Maximum amount outstanding at any time during the year : Rs. 5,00,000/- (31.03.2002 - Nil ).

- (ii) Rs.4,59,722/- (31.03.2002 - Nil ) due from an Officer of the Company in respect of loan granted during the year.  
Maximum amount outstanding at any time during the year : Rs.5,00,000/- (31.03.2002 - Nil ).
- (iii) A loan of Rs. 16,29,943/- (31.03.2002 - Rs.17,33,659/-) where an Officer of the Company is the Co-Borrower.  
Maximum amount outstanding in respect of the loan at any time during the year : Rs.17,33,659/- (31.03.2002-  
Rs.18,24,448/-).

- 2.4 Fixed Assets include a vehicle acquired under a loan agreement, where the vehicle has been hypothecated for the loan.
- 2.5 Advances and deposits recoverable in cash or in kind or for value to be received under " Loans and Advances " include an amount of Rs.34,720/- (31.03.2002 - Rs.55,005/-) due from an officer of the Company. Maximum amount due at any time during the year : Rs.55,005/- (31.03.2002 - Rs.74,569/-).
- 2.6 There is no small scale industrial undertaking to whom the Company owes any sum which is outstanding for more than 30 days.
- 2.7 Sundry Creditors for expenses under Current Liabilities include Rs.4,20,000/- (31.03.2002 – Rs.3,60,000/-) payable to the Managing Director.
- 2.8 Interest accrued but not due under Current Liabilities include interest on deposits from Directors amounting to Rs.1,71,763/- (31.03.2002 – Rs.59,179/-).

### 3. Profit and Loss Account

- 3.1 Interest on Fixed loans includes interest of Rs.2,38,059/- on Fixed Deposits paid / credited to Directors (31.03.2002 - Rs.64,554/-).
- 3.2 Profit / Loss on sale of investments comprise:

	2002 – 03		2001 – 02	
	Rupees		Rupees	
	Profit	Loss	Profit	Loss
Long Term Investments	1,73,41,717	NIL	33,16,731	4,74,836
Current Investments	75,53,544	3,737	2,35,066	93,804
Total	2,48,95,261	3,737	35,51,797	5,68,640

- 3.3 Establishment Charges include remuneration to the Managing Director :

	2002 – 03	2001 – 02
	Rs.	Rs.
Salary and Allowances	14,48,000	10,56,000
Contribution to Provident Fund, Superannuation Fund and Gratuity.	2,41,143	2,09,946
Other Allowances and Perquisites	5,38,793	4,05,511
Total *	22,27,936	16,71,457

- \* Of this, Rs.1,15,086/- representing increase in remuneration from 1<sup>st</sup> October 2002 is subject to the approval of the shareholders in General Meeting.

- 3.4 Miscellaneous Expenses under "Administrative and Other Expenses" include remuneration to Auditors towards:

Statutory Audit	2,50,000/-	1,50,000/-
Tax Audit	75,000/-	42,000/-
Certification	70,000/-	48,000/-
Service tax	31,600/-	12,000/-
Total	4,26,600/-	2,52,000/-

**4. General**

- 4.1 The Company has taken assets on lease in the earlier years. The future rentals payable under the relative lease agreements amount to Rs.15,98,527/- (31.03.2002 - Rs.23,84,655/-).
- 4.2 The Company has identified Housing Finance as the only Business Segment.
- 4.3 In accordance with Accounting Standard – 22 ' Accounting for taxes on Income' - issued by The Institute of Chartered Accountants of India, the details of Deferred Tax Asset and Liability arising on account of timing differences are :

		Deferred Tax Asset	Deferred Tax Liability
		Rupees	
a.	Depreciation	...	4,41,713
b.	Others (Provision for Gratuity, Leave Encashment, Superannuation etc.)	13,42,484	26,14,209
	Total	13,42,484	30,55,922

- 4.4 The Provision for Contingencies in the Balance Sheet and Profit & Loss Account represents Provision for sub-standard assets as stipulated by the National Housing Bank.
- 4.5 Expenditure in foreign currency on payment basis :

Fees :	Rs.76,24,381/- ( 2001-02 – Nil )
On Other Matters :	Rs. 4,26,322/- ( 2001-02 – Nil )

- 4.6.1 Previous period figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.
- 4.6.2 Figures have been rounded off to the nearest rupee.

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As per our report of even date attached  
For **Brahmayya & Co.,**  
Chartered Accountants

**L.Ravi Sankar**  
Partner

Chennai  
25th April 2003

**S.Viji**  
Chairman

**Nitin Palany**  
Managing Director

**S.Ramabadran**  
Executive Director & Company Secretary

**G.Satish Kumar**  
General Manager - Finance

**G.K.Raman**  
Director

**T.T.Srinivasaraghavan**  
Director

**N.Ganga Ram**  
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         Rights Issue

\* Call money received

Bonus Issue         Private Placement

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

Total Liabilities         Total Assets

Sources of Funds

Paid up Capital         Reserves & Surplus        \*

Secured Loans         Unsecured Loans

Application of Funds

Net Fixed Assets        Investments

Loans         Net Current Assets

Misc. Expenditure        Accumulated Losses

\* includes Deferred Tax Liability (Net) of Rs. 1713.48 (000's)

IV Performance of Company (Amount in Rs. Thousands)

Turnover       Total Expenditure

+ Profit / (Loss) Before Tax       + Profit/(Loss) After Tax

Earnings Per Share in Rs.   .    Dividend Rate %

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

Item Code No.(ITC Code)

Product / Service Description

## Cash Flow Statement

	For the Year ended 31 <sup>st</sup> March 2003 Rupees	For the Year ended 31 <sup>st</sup> March 2002 Rupees
<b>A) Cash Flow From Operating Activities</b>		
Net Profit as per profit and loss account	4,46,65,938	2,05,44,920
<b>Adjustments</b>		
Preliminary Expense	1,52,002	1,52,002
Provision for tax	95,00,000	50,51,182
Deferred Tax	17,79,788	76,296
Dividend Income	-	(87,56,204)
Asset discarded	739	
Provision for sub-standard assets	17,00,000	
Provision for Depreciation	52,46,085	43,41,597
Financial Expenses	26,15,60,477	13,22,27,409
Operating Profit before Working Capital Changes	27,99,39,091	13,30,92,282
Operating Profit before Working Capital Changes	32,46,05,029	15,36,37,202
Adjustments for:		
Trade and other receivables	(1,08,28,125)	(2,01,54,603)
Trade payables and other liabilities	3,87,98,079	2,77,95,354
	2,77,95,354	75,77,475
Loans Disbursed (Net)	(150,85,99,448)	(132,02,98,882)
Cash Generated From Operations	(115,60,24,465)	(117,92,38,808)
Financial Expenses	(26,15,60,477)	(13,22,27,409)
Advance Tax Paid	(1,00,00,000)	(28,50,000)
	(27,15,60,477)	(13,50,77,409)
Net Cash from Operating Activity	(142,75,84,942)	(131,43,16,217)
<b>B) Cash Flow From Investing Activities</b>		
Dividend Received		87,56,204
Purchase Of Fixed Asset	(39,28,935)	(1,51,61,029)
Purchase of Investment(Net)	(7,54,48,741)	(4,74,92,197)
Net Cash from Investing Activity	(7,93,77,676)	(5,38,97,022)
<b>C) Cash Flow From Financing Activities</b>		
Increase in Share Capital	-	25,00,00,000
Increase in Borrowings(Net)	130,30,82,610	92,41,71,022
Increase in Fixed Deposits	28,79,31,570	19,88,63,000
Net Cash From Financing Activity	159,10,14,180	137,30,34,022
<b>D) Net Increase/(decrease) in cash and Cash Equivalent (A+B+C)</b>	8,40,51,562	48,20,783
Cash and cash Equivalent at the beginning of the year	1,14,92,631	66,71,848
Cash and cash equivalent at the end of the year	9,55,44,193	1,14,92,631
	8,40,51,562	48,20,783
Notes to the Cash Flow Statement		
1) Cash and Cash Equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts.		
Cash on hand	3,83,344	51,255
Balances with banks	9,51,60,849	66,20,593
Cash and Cash equivalents	9,55,44,193	66,71,848
2) Total tax paid during the year (Including tax deducted at source) amounted to Rs. 1,10,17,474/-		



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#### CORPORATE OFFICE

46, Whites Road, Chennai - 600 014. Tel: (044) 28515267

#### BRANCHES

<b>Chennai</b>	<b>044 - 28155151, 044 - 22210244</b>	<b>Villupuram</b>	<b>04146 - 226624</b>	<b>Pondicherry</b>	<b>0413 - 2330509</b>	<b>Vellore</b>	<b>0416 - 2224884</b>
<b>Coimbatore</b>	<b>0422 - 2233717</b>	<b>Salem</b>	<b>0427 - 2353506</b>				
<b>Madurai</b>	<b>0452 - 2349852</b>	<b>Tirunelveli</b>	<b>0462 - 2500 274</b>	<b>Tuticorin</b>	<b>0461 - 2328827</b>		
<b>Trichy</b>	<b>0431 - 2769200</b>	<b>Tanjore</b>	<b>04362 - 233216</b>				
<b>Hyderabad</b>	<b>040 - 27806002</b>	<b>Vijayawada</b>	<b>0866 - 5526777</b>	<b>Visakapatnam</b>	<b>0891 - 2575522</b>		
<b>Cochin</b>	<b>0484 - 2350341</b>	<b>Calicut</b>	<b>0495 - 2725604</b>	<b>Trivandrum</b>	<b>0471 - 2326086</b>	<b>Palakkad</b>	<b>0491 - 2528610</b>
<b>Bangalore</b>	<b>080 - 2124444</b>	<b>Mysore</b>	<b>0821 - 425007</b>	<b>Hosur</b>	<b>04344 - 243318</b>	<b>Hubli</b>	<b>0836 - 368919</b>