



SUNDARAM ASSET MANAGEMENT COMPANY LIMITED



Board of Directors

D.N. Ghosh	<i>Chairman</i>
S. Krishnamurthy	
M.S. Parthasarathy	
T.N. Anantharama Iyer	
S.N. Inamdar	
T.T. Srinivasaraghavan	
A.V.Rajwade	
Ashoke Bijapurkar	
Banikanta Mishra	
T.P.Raman	<i>Managing Director</i>

Audit Committee

S.Krishnamurthy	<i>Chairman</i>
T.N.Anantharama Iyer	
T.P.Raman	

Investment Committee

M.S. Parthasarathy	<i>Chairman</i>
T.T. Srinivasaraghavan	
T.P.Raman	

Secretary

P. Sundararajan

Bankers

State Bank of Mysore
HDFC Bank Ltd.

Auditors

M/s. Brahmaya & Co., *Chartered Accountants*

Systems Auditors

M/s. Tejas Brainware Systems (P) Ltd., Chennai

Registered Office

21 Patullos Road, Chennai 600 002

Corporate Office

SUNDARAM TOWERS
II Floor, 46, Whites Road, Chennai 600 014.
Tel No: 28583362 Fax: 28583156

Home Page

www.sundarammutual.com



SUNDARAM ASSET MANAGEMENT COMPANY LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE
Enduring values. New age thinking.

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BRANCHES

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- | | | |
|--------------|-------------|--------------|
| • Ahmedabad | • Hyderabad | • Trichy |
| • Bangalore | • Kolkatta | • Vijayawada |
| • Cochin | • Madurai | • Vizag |
| • Coimbatore | • Mumbai | |
| • Delhi | • Pune | |
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Directors' Report

Your Directors have pleasure in presenting the Eighth Annual Report with the audited financial statements for the year ended 31 March 2004.

The year marked a major watershed in the Company's performance and history. Thanks to various strategic initiatives by the Company

and conducive economic and capital market conditions, the Company was able to achieve a substantial growth in the assets under its management and augment its income, and, more importantly, recoup the entire past erosion in its net worth and begin building up reserves.

FINANCIAL RESULTS

The financial performance of the Company during the year is summarised below:

	(Rs. in Lakhs)	
Particulars	Year ended 31 March 2004	Year ended 31 March 2003
Gross Income	16,93.61	10,43.89
Profit before Depreciation and Tax	5,07.77	11.99
Less: Provision for Depreciation	(39.17)	(33.65)
Provision for Taxation	(21.72)	(1.86)
Profit/ (loss) after Tax	4,46.88	(23.52)
Less: Prior period expenses	66.76	-
	3,80.12	(23.52)
Loss brought forward from the previous year	(3,42.93)	(3,19.41)
Surplus / (Loss) carried forward	37.19	(3,42.93)

Your Directors are pleased to inform you that, aided by a 62% rise in gross income, the Company recorded a net income of Rs. 4.47 lakh during the year compared to the net loss of Rs. 24 lakh in the previous year. The Company was thus able to wipe out the entire accumulated losses and carry forward a surplus of Rs. 37 lakh. With a view to conserving resources and building up reserves, no dividend is proposed to be declared.

PERFORMANCE

The year witnessed a strong 76% growth in the assets managed by the public and private sectors of the mutual funds industry from Rs.79,464 crore to Rs. 1,39,616 crore. The Company kept pace with the industry, the net assets of Rs. 2,018 crore under its

management on 31st March 2004 showing an almost equal rate of growth from the Rs. 1,151 crore a year earlier. However, the Company's share of the assets of private sector funds declined marginally from 2.07% to 1.92% over the year.

During the year, the Company managed 11 open-ended funds, viz., Sundaram Bond Saver, Sundaram Growth Fund, Sundaram Tax saver (Open-ended), Sundaram Money Fund, Sundaram Balanced Fund, Sundaram Gilt Fund, Sundaram Monthly Income Plan, Sundaram Select Midcap, Sundaram Select Focus, Sundaram Income Plus and Sundaram Select Debt, and two close-ended funds, viz., Sundaram Tax Saver' and Sundaram Tax saver'98 , with a range of options under different funds to meet various investor expectations and preferences. In all, Sundaram Mutual (SM) funds attracted gross

investments totalling Rs. 8,456 crore during the year, reflecting the funds' attractiveness to investors and their confidence in the funds' performance. In particular, the successful launch of Sundaram Monthly Income Plan in December 2003 brought in Rs. 236 crore. Excluding redemptions, net inflows into SM funds amounted to Rs. 1,456 crore during the year.

The commendable performance of Sundaram Select Midcap, Sundaram Select Focus, and Sundaram Bond Saver attracted considerable investor interest. The 2003 performance of Select Midcap earned it the distinction of being ranked MFR1 by ICRA ONLINE among the top diversified aggressive equity schemes during that year.

Details of the assets under management of different SM schemes and their net asset values (NAVs) as on 31st March 2004 are annexed.

During the current year, new SM schemes proposed to be introduced by the Company will help it meet the requirements of wider cross-sections of the investor community. The Board is confident that the Company's style of fund management, with emphasis on thorough professionalism, continued adherence to the values cherished by the Sundaram Finance group, and quality investor services, will enable the Company to achieve significant further growth with enhanced profitability.

BRANCHES, DISTRIBUTORS, AND AGENTS

The 13th branch of the Company was opened in Ahmedabad during the past year. The Company's geographical reach will be considerably expanded this year with the planned opening of eight more branches in Baroda, Chandigarh, Indore, Jaipur, Lucknow, Nagpur, Raipur and Trivandrum. In addition, reflecting the Company's current strategic emphasis on targeting retail investors, apart from tapping corporate and high-net-worth individuals, the Company has plans to broaden and deepen its network of agents and distributors at various centres.

CHANGES IN THE BOARD OF DIRECTORS

The Board reappointed Mr. T.P. Raman as the Managing Director from 23 March 2004 up to 30 June 2005, with enhanced remuneration.

Mr. R. Seshasayee, who had been on the Board since inception, relinquished his Directorship effective 18 August 2003. The Board places on record its sincere appreciation of his valuable contributions

to the Board's deliberations and to the growth and progress of the Company.

The vacancy was filled by the appointment of Dr. Banikanta Mishra, MA (Economics), M. Phil, and Ph. D in Business Administration (Finance), Professor of Finance at the Xavier Institute of Management, Bhubaneswar. The Company stands to benefit from his rich knowledge and experience in finance and investment.

Mr. S. Krishnamurthy and Mr. T.N. Anantharama Iyer retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election. Necessary resolutions are submitted for your consideration.

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee comprises Mr. Krishnamurthy, Chairman of the Committee, Mr. Anantharama Iyer, and Mr. Raman. The Committee regularly invites the Internal Auditor, Compliance Officer, the Secretary, and the Manager (Finance) to the meetings of the Committee. The Committee holds discussions with the statutory and internal auditors and systems auditors of the Company and SM funds when needed. During the year the Committee met five times and reviewed the Company's financial policies and accounts, and the adequacy of internal control systems. Besides, the Committee reviewed audit plans, periodical unaudited and audited financial results, and the management's observations and follow-up reports.

Investment Committee

The Investment Committee consists of Mr. Srinivasaraghavan and Mr. Raman, and Mr. M.S. Parthasarathy, who chairs the meetings. The Chief Investment Officer, the Compliance Officer, and the Secretary of the Company are permanent invitees. At eight meetings during the past year, the Committee reviewed the investment norms and strategy and the periodical performance of the SM schemes, and took note of the purchases and sales of investments under the schemes.

Remuneration Committee

The Remuneration Committee constituted by the Board with Mr. D.N. Ghosh, Chairman, Mr. Raman, Managing Director, Mr. Srinivasaraghavan and Mr. Seshasayee the directors. The Committee, reviewed and recommended changes in the compensation policy applied to key employees of the Company.

Personnel

The recruitment of 37 persons during the year raised the Company's staff strength to 99 as at 31 March 2004. Given the knowledge- and skill-intensive nature of the industry, staff training has received special attention in the Company's human resource development.

As required by Section 217(2A) of the Companies Act, 1956, read with the amended Companies (Particulars of Employees) Rules, 1975, the names and other particulars of the employees concerned are attached.

Information under Section 217(1)(e) of the Companies Act, 1956

The Company has no specific activity directly related to energy conservation or technology absorption. The Company has no foreign exchange earnings. The Company incurred foreign exchange expenditure on employees' travel and payment of brokerage and commission on behalf of SM.

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

The Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed;
2. they had selected such accounting policies and applied them consistently and made judgments 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 the financial year and the profit or loss for that period;
3. they had 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; and

4. they had prepared the annual accounts on a going-concern basis.

AUDITORS

The Company's statutory auditor, Messrs Brahmayya & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The firm has furnished a certificate under Section 224(1B) of the Companies Act, 1956.

SEBI REGULATIONS

Your Company complied with all SEBI (Mutual Fund) Regulations, 1996, with regard to the Company during the year.

ACKNOWLEDGEMENTS

The Board wishes to record its deep appreciation of the professional support and guidance received from the Trustees of Sundaram Mutual Fund and Sundaram Finance Ltd. The Board also thanks various organisations that have extended continued support and co-operation to the Company, and in particular the Securities and Exchange Board of India and the Association of Mutual Funds in India, and the Company's bankers. The Board recognises that the Company's achievements during the year would not have been possible but for the dedication and commitment displayed by the management, officers, and other employees of the Company.

For and on behalf of the Board

Chennai
19th April 2004

D.N. Ghosh
Chairman

Annexure to the Directors' Report

Scheme	NAV as on 31st March 2004 (Rs.)	Assets Under Management as on 31st March 2004 (Rs. in Crores)
Sundaram Tax saver '97	15.6191	1.85
Sundaram Growth Fund		113.48
<ul style="list-style-type: none"> • Dividend • Appreciation 	 11.0238 26.3575	
Sundaram Bond Saver		840.98
<ul style="list-style-type: none"> • Dividend option <ul style="list-style-type: none"> - Quarterly - Half yearly - Annual • Appreciation option • Bonus Option • Institutional Plan <ul style="list-style-type: none"> - Dividend quarterly - Appreciation option - Bonus option 	 10.3562 12.0955 11.2274 21.4848 11.3103 10.4055 21.5599 10.7759	
Sundaram Tax saver '98	32.4137	0.68
Sundaram Tax saver (Open-ended)	11.1367	5.72
Sundaram Money Fund		499.45
<ul style="list-style-type: none"> • Daily dividend reinvestment option • Weekly dividend reinvestment option • Fortnightly dividend reinvestment option • Monthly dividend reinvestment option • Quarterly dividend reinvestment option • Appreciation option 	 10.0921 10.0210 10.0295 10.0350 10.1400 13.3075	
Sundaram Balanced Fund		23.68
<ul style="list-style-type: none"> • Dividend option • Appreciation option 	 13.0454 16.7147	
Sundaram Gilt Fund		3.66
<ul style="list-style-type: none"> • Dividend option • Appreciation option 	 10.1459 12.2393	
Sundaram Select Focus		72.33
<ul style="list-style-type: none"> • Dividend option • Appreciation option 	 15.7225 22.9042	

Scheme	NAV as on 31st March 2004 (Rs.)	Assets Under Management as on 31st March 2004 (Rs. in Crores)
Sundaram Select Midcap		94.75
• Dividend option	10.8443	
• Appreciation option	22.8938	
Sundaram Income Plus		54.63
• Dividend option	10.4163	
• Appreciation option	11.4882	
Sundaram Select Debt		
Dynamic Asset Plan		15.66
• Dividend option		
– Quarterly dividend	10.1714	
– Half-yearly dividend	10.1883	
– Annual dividend	10.3751	
• Appreciation option	12.1315	
Long-term Asset Plan		
• Appreciation option	10.5551	0.07
3 year Asset plan		0.01
• Dividend option		
– Quarterly dividend	10.2465	
– Annual dividend	10.4629	
• Appreciation option	10.7270	
Short-term Asset plan		44.14
• Dividend option		
– Weekly dividend	10.3079	
– Quarterly dividend	10.1760	
– Half yearly dividend	10.2722	
– Annual dividend	10.6760	
• Appreciation option	11.0893	
Sundaram Monthly Income Plan		247.21
• Dividend option		
– Monthly dividend	10.0900	
– Quarterly dividend	10.0900	
– Half yearly dividend	10.0900	
• Growth option	10.0900	
Total		2018.30

Particulars of Employees as per Section 217(2A) of the Companies Act, 1956

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975.

Name	Age in years	Designation	Gross Remuneration Rupees	Qualification	Experience in years	Date of Joining	Details of Previous employment
Mr. Nalam Prasad	44	Chief Investment Officer	35,00,800/-	M.Com	21	26/8/1996	Fund Manager, ICICI Asset Management Co. Ltd.
Mr. Sanjay Santhanam	36	Chief Marketing Officer	25,00,624/-	B.Tech PGDM (IIM, Bangalore)	13	12/6/2000	Account Manager Branch Network ANZ Grindlays Bank

Auditors' Report

To the members of M/s. Sundaram Asset Management Company Limited, Chennai

1. We have audited the attached balance sheet of M/s Sundaram Asset Management Company Limited, as at 31st March 2004, and also the profit and loss account and the cash flow statement 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 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.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) 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.
 - ii) 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.
 - iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
 - v) On the basis of written representations received from the directors, as on 31st March 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi) 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 2004;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

for BRAHMAYYA & CO
Chartered Accountants

P. BABU

Partner

Place: Chennai

Date : 19th April, 2004

Membership No. 203358

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. Fixed Assets disposed off during the year were not substantial.
2. In our opinion and according to the information and explanations given to us, the company has not granted or taken any loan secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
3. In respect of loans granted by the company to the employees, the payment of interest and the repayment of principal are regular.
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 the nature of its business with regard to purchases of fixed assets. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
5. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register, have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted deposits from public.
7. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
9.
 - a) According to the records of the company, Provident Fund, Employees' State Insurance, income tax, sales tax and excise duty were regularly deposited during the year with the appropriate authorities.
 - b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, sales tax and excise duty which are outstanding as at 31st March, 2004 for a period of more than six months from the date they become payable.
- 10) According to the records of the company and the information and explanations given to us, there are no dues of sales tax, income tax and excise duty which have not been deposited on account of any dispute.
- 11) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceding financial years.
- 12) The company does not have any borrowing from financial institutions, banks or by issue of debentures.



- 13) According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 14) The company is not a chit fund/nidhi/mutual benefit fund/society.
- 15) Based on our examination of records and information and explanations given to us, proper records have been maintained of the transactions and contracts relating to dealing in shares, securities, and debentures and timely entries have been made therein. The shares, securities, and debentures have been held by the company in its own name.
- 16) In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loan taken by others from banks or financial institutions.
- 17) The company has not availed any term loan during the year.
- 18) According to the information and explanations given to us, the company has not raised funds on short term or long term basis during the year.
- 19) The company has not issued any debentures.
- 20) The company has not raised monies by public issue during the year.
- 21) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
- 22) In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the year have been such that clauses ii, xiii and xviii of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company.

for BRAHMAYYA & CO.,
Chartered Accountants

P. BABU
Partner

Place: Chennai
Date : 19th April, 2004

Membership No. 203358

Balance Sheet

as at 31st March, 2004

		31.03.2004		31.03.2003	
Schedule		Rs.		Rs.	
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
(a) Capital	1	15,00,00,000		15,00,00,000	
(b) Reserves and Surplus	2	37,18,841	15,37,18,841	—	15,00,00,000
2. Deferred Tax Liability (net)					
Deferred Tax Liability		7,04,141		6,04,490	
Less: Deferred Tax Asset		5,25,199	1,78,942	1,97,117	4,07,373
3. Loan Funds					
(a) Secured Loans		—		—	
(b) Unsecured Loans		—	—	—	—
Total		15,38,97,783		15,04,07,373	
II. APPLICATIONS OF FUNDS					
1. Fixed Assets					
(a) Gross Block	3	2,68,71,068		2,20,09,633	
(b) Less: Depreciation		1,22,40,523		92,17,712	
(c) Net Block			1,46,30,545		1,27,91,921
2. Investments					
	4		8,19,84,545		4,53,16,513
3. Current Assets, Loans and Advances					
(a) Current Assets	5	1,10,40,411		61,59,121	
(b) Loans and Advances	6	6,75,78,529		6,86,08,495	
	(A)	7,86,18,940		7,47,67,616	
Less: Current Liabilities and Provisions					
(a) Current Liabilities	7	1,87,75,501		1,66,20,999	
(b) Provisions	8	26,00,000		2,00,000	
	(B)	2,13,75,501		1,68,20,999	
Net Current Assets	(A-B)		5,72,43,439		5,79,46,617
4. (a) Miscellaneous expenditure					
(to the extent not written off or adjusted)	9		39,254		58,881
Profit and Loss Account			—		34,293,441
Total		15,38,97,783		15,04,07,373	
Notes to the accounts	15				

As per our report of even date attached

For Brahmayya & Co.
Chartered Accountants

D N Ghosh
Chairman

T P Raman
Managing Director

S Krishnamurthy
Director

P. Babu
Partner
Membership No. 203358

T N Anantharama Iyer
Director

M S Parthasarathy
Director

A V Rajwade
Director

Chennai
19th April 2004

T T Srinivasaraghavan
Director

Ashoke Bijapurkar
Director

P Sundararajan
Secretary

Profit and Loss Account

for the Year Ended 31st March, 2004

	Schedule	2003 - 2004 Rs.		2002 - 2003 Rs.
INCOME				
Income from operations	10	15,96,59,726		9,13,60,444
Other Income	11	97,01,400		1,30,29,475
Total (A)		<u>16,93,61,126</u>		<u>10,43,89,919</u>
EXPENDITURE				
Financial expenses		-		1,85,147
Establishment expenses	12	4,57,50,778		2,83,82,254
Administrative and other expenses	13	5,07,65,604		4,87,20,137
Scheme expenses borne by the company	14	2,20,47,785		2,58,83,637
Preliminary expenses written off		19,627		19,627
Total (B)		<u>11,85,83,794</u>		<u>10,31,90,802</u>
Profit before depreciation and tax (A-B)		5,07,77,332		11,99,117
Less : Depreciation		39,17,481		33,65,351
Profit / (Loss) before taxation		4,68,59,851		(21,66,234)
Taxation				
- Current	24,00,000		-	
- Deferred Tax	(2,28,431)	21,71,569	1,86,446	1,86,446
Profit / (Loss) after Tax		4,46,88,282		(23,52,680)
Less: Prior-Period expenses		66,76,000		-
		3,80,12,282		(23,52,680)
Balance of loss brought forward from the previous year		(3,42,93,441)		(3,19,40,761)
Surplus / (Deficit) - Balance carried to Balance Sheet		<u>37,18,841</u>		<u>(3,42,93,441)</u>
Notes to the Accounts	15			

As per our report of even date attached

For Brahmaya & Co.
Chartered Accountants

D N Ghosh
Chairman

T P Raman
Managing Director

S Krishnamurthy
Director

P. Babu
Partner
Membership No. 203358

T N Anantharama Iyer
Director

M S Parthasarathy
Director

A V Rajwade
Director

Chennai
19th April 2004

T T Srinivasaraghavan
Director

Ashoke Bijapurkar
Director

P Sundararajan
Secretary

Schedules

1 SHARE CAPITAL :

Share Capital

Authorised

1,50,00,000 Equity Shares of Rs 10/- each

5,00,000 Redeemable Preference Shares of Rs.100/- each

Issued, Subscribed and fully paid up

1,50,00,000 Equity Shares of Rs 10/- each

[1,50,00,000 equity shares are held by Sundaram Finance Ltd., held by Holding Company and its nominees (previous year -1,50,00,000 equity shares held by Holding Company and its nominees.)]

	31.03.04	31.03.03
	Rs.	Rs.
	15,00,00,000	15,00,00,000
	<u>5,00,00,000</u>	<u>5,00,00,000</u>
	20,00,00,000	20,00,00,000
	<u>15,00,00,000</u>	<u>15,00,00,000</u>
	<u>37,18,841</u>	—
	<u>37,18,841</u>	<u>—</u>

2 RESERVES AND SURPLUS

Surplus - Balance in Profit and Loss Account

3 FIXED ASSETS

(In Rupees)

Description	GROSS BLOCK AT COST			DEPRECIATION					NETBLOCK	
	As at 01.04.2003	Additions	Deductions	As at 31.03.2004	Upto 31.03.2003	Additions	Deductions	Upto 31.03.2004	As at 31.03.2004	As at 31.03.2003
Office Equipment	6250443	490599	42551	6698491	1672441	804729	8823	2468347	4230144	4578002
Computers	7143642	3558309	586000	10115951	4565381	1854404	566472	5853313	4262638	2578261
Furniture & fixtures	7904274	1324421	46597	9182098	2662131	1098548	18946	3741733	5440365	5242143
Vehicles	711274	796222	632968	874528	317759	159800	300429	177130	697398	393515
Total	2,20,09,633	61,69,551	13,08,116	2,68,71,068	92,17,712	39,17,481	8,94,670	1,22,40,523	1,46,30,545	1,27,91,921

SCHEDULES

	Face Value Rs.	31.03.2004 Rs.	31.03.2003 Rs.
4. INVESTMENTS			
I. Long Term Investments			
At Cost - Fully paid up			
Unquoted			
A. In Government/Trust Securities :			
Indra Vikas Patra (redeemed during the year)	–	–	30,35,138
Sub-Total		Nil	30,35,138
B. In Bonds/ Debentures :			
10, Series I 13.85% Unsecured Redeemable Non convertible subordinated Bonds of Rs.5,00,000 each in Canara Bank	50,00,000	50,00,000	50,00,000
10, Series II 14.30% Unsecured Redeemable Non Convertible subordinated Bonds of Rs.1,00,000 each in Bank of Baroda	10,00,000	10,00,000	10,00,000
50 Series K, 14.50% Unsecured Redeemable Non convertible Bonds of Indian Petrochemicals Corpn Ltd of Rs.66,667/- each (face value of Rs.33,333 per bond redeemed during the year)	33,33,350	33,33,350	50,00,000
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.	50,00,000	50,00,000	50,00,000
4000 Unsecured redeemable Growing Interest Bonds of Rs.5000/- each with Industrial Development Bank of India	2,00,00,000	2,06,89,600	2,06,89,600
Sub-Total		3,51,02,150	3,67,68,800
C. In Equity Shares :			
Quoted			
Andhra Sugars Ltd - 1000 Equity Shares of Rs.10 each (purchased during the year)	10,000	43,520	–
Apollo Hospitals Ltd - 1000 Equity Shares of Rs.10 each (purchased during the year)	10,000	1,58,700	–
Swaraj Mazda Ltd - 5000 Equity Shares of Rs.10 each (purchased during the year)	50,000	9,26,069	–
Sub-Total		11,28,289	–
TOTAL (A)		3,62,30,439	3,98,03,938

SCHEDULES

	Face Value Rs.	31.03.2004 Rs.	31.03.2003 Rs.
II Current Investments			
In Trust Securities :			
In Units of Mutual Fund:			
Unquoted			
Units of Sundaram Money Fund - Nil units (Opening balance of 4,37,283 units redeemed during the year)	–	–	55,12,575
Units of Sundaram Select Debt - 20,34,293 units purchased during the year under appreciation option of dynamic asset plan	2,03,42,930	2,40,00,000	–
Units of Sundaram Growth Fund - 37,907 units purchased during the year under dividend option	3,79,070	5,00,000	–
Units of Sundaram Select focus - 37,474 units purchased during the year under dividend option	3,74,740	5,00,000	–
Units of Sundaram Midcap - 39,718 units purchased during the year under dividend option	3,97,180	5,00,000	–
Units of HDFC Mutual Fund - 11,703 units purchased during the year under Dividend plan of HDFC Top 200 Fund	1,17,030	2,00,000	–
Units of Franklin Templeton Mutual Fund - 13,012 units purchased during the year under Bluechip Fund Dividend payout plan	1,30,120	2,00,000	–
Units of Sundaram Income Plus - 4,41,244 units were purchased during the year under the Appreciation plan	44,12,440	50,00,000	–
4,76,476 Units in Sundaram Bond Saver under Dividend option purchased during the year and 4,71,376 Units in Sundaram Bond Saver under Appreciation option purchased during the year.	94,78,520	1,48,54,106	–
TOTAL (B)		4,57,54,106	55,12,575
Grand Total (A) + (B)		8,19,84,545	4,53,16,513
Summary of Investments :			
I In Bonds / Debentures			
Unquoted - Long Term		3,51,02,150	3,98,03,938
II In Equity Shares			
Quoted - Long Term		11,28,289	–
III In Government / Trust Securities			
Unquoted - Current		4,57,54,106	55,12,575
GRAND TOTAL		8,19,84,545	4,53,16,513
		Cost	Market Value
		31.03.2004	
		Rs.	Rs.
Aggregate of unquoted Investments - Long Term			
In Bonds / Debentures	[A]	3,51,02,150	–
Aggregate of quoted Investments - Long Term			
Equity Shares	[B]	11,28,289	14,86,000
Aggregate of unquoted Investments - Current			
In Government / Trust Securities	[C]	4,57,54,106	4,67,53,000*

* Market value of Investments in Mutual Fund Units at Net Asset Value

SCHEDULES

	31.03.04		31.03.03	
	Rs.	Rs.	Rs.	Rs.
5 CURRENT ASSETS				
Interest accrued on Investments		20,15,596		23,81,112
Cash and Bank Balances with Scheduled Banks in Current Accounts	88,63,315		37,11,014	
Cash on Hand	1,61,500	90,24,815	66,995	37,78,009
		1,10,40,411		61,59,121
6 LOANS AND ADVANCES				
Unsecured unless otherwise stated Considered Good				
Advances and Deposits recoverable in cash or kind				
Inter Corporate Deposits		1,81,00,000		1,81,00,000
Other Advances		1,29,05,064		2,49,76,797
Loans to Staff		24,96,929		18,11,856
Tax deducted at source		1,77,92,388		1,79,13,045
Income Receivable		1,62,84,148		58,06,797
		6,75,78,529		6,86,08,495
7 CURRENT LIABILITIES				
Sundry Creditors				
For expenses		1,59,83,059		148,23,310
For others		27,92,442		17,97,689
		1,87,75,501		1,66,20,999
8 PROVISIONS				
Provision for Income-tax		26,00,000		2,00,000
		26,00,000		2,00,000
9 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)				
Preliminary expenses				
As per last Balance Sheet	58,881		78,508	
Less : Written off during the year	19,627	39,254	19,627	58,881
		39,254		58,881
		2003 - 2004		2002 - 2003
10 INCOME FROM OPERATIONS				
Investment Management and Advisory Fee (Tax Deducted at Source Rs.81,82,561/-)		15,96,59,726		9,13,60,444
		15,96,59,726		9,13,60,444
11 OTHER INCOME				
Interest receipts (Tax deducted at source Rs. 4,13,711/-)		32,04,476		37,35,128
Dividend Income		10,82,243		
Income from Investments (Tax deducted at source Rs. 3,96,398/-)		49,26,400		58,23,485
Profit on sale of Investments		1,41,531		34,46,614
Profit on Sale of Assets		2,953		10,247
Miscellaneous income		3,43,797		14,001
		97,01,400		1,30,29,475

SCHEDULES

	2003 - 2004	2002 - 2003
	Rs.	Rs.
12 ESTABLISHMENT CHARGES		
Salaries and allowances	4,14,68,911	2,53,94,261
Company's contribution to Provident fund and Employees State Insurance Scheme	2,063,030	15,10,730
Staff welfare expenses	18,15,510	10,95,584
Gratuity	4,03,327	3,81,679
	<u>4,57,50,778</u>	<u>2,83,82,254</u>
13 ADMINISTRATIVE AND OTHER EXPENSES		
Rent	1,01,44,194	69,95,179
Rates and Taxes	5,885	2,74,868
Communication Expenses	77,71,063	68,58,725
Subscription	25,11,339	25,24,235
Printing and Stationery	16,05,617	14,08,103
Electricity charges	19,69,548	16,89,959
Travelling and conveyance	90,65,172	62,26,288
Directors' sitting fee	4,40,000	2,75,000
Insurance	6,56,774	1,41,205
Professional and Consultancy fees	15,61,836	16,35,283
Business Development Expenses	48,08,929	47,37,493
Repairs and Maintenance		
– Building	11,51,251	9,16,531
– Others	14,72,337	13,13,476
Software charges	28,68,817	91,68,154
Database and Networking Expenses	33,22,509	29,64,989
Miscellaneous expenses	13,59,030	15,45,854
Loss on sale of assets	51,303	44,795
	<u>5,07,65,604</u>	<u>4,87,20,137</u>
14 SCHEME EXPENSES BORNE BY THE COMPANY		
Advertisement	54,31,989	1,25,71,150
Brokerage and Commission	1,60,04,511	90,06,220
Meeting, Travelling and other expenses	6,11,285	43,06,267
	<u>2,20,47,785</u>	<u>2,58,83,637</u>

15 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 Revenue Recognition
Investment Management and Advisory Fee has been accounted on accrual basis.
- 1.3 Valuation of Fixed Assets
Fixed assets are carried at historical cost less accumulated depreciation
- 1.4 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 costing Rs. 5000/-or less acquired during the year have been written down to Re.1/-.
- 1.5 Valuation of Investments
Long Term Investments are carried at cost. Current Investments are carried at lower of cost and market value / net asst value.
- 1.6 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.
- 1.7 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 31.03.2004 is as follows:

Particulars	Balance as on 01.04.2003	Additions	Balance as on 31.03.2004	
Deferred Tax Liability				
Depreciation	6,04,490	99,651	7,04,141	(A)
Deferred Tax Asset				
Leave encashment	1,97,117	3,28,082	5,25,199	(B)
Net Deferred Tax Liability / (Asset)	4,07,373	(2,28,431)	1,78,942	(A-B)

- 2.2. Sunday Creditors for Expenses under Current Liabilities include Rs. 3,27,177 (31.03.03 - Rs Nil) payable to the Managing Director.
- 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. Establishment expenses include remuneration to the Managing Director

Particulars	2003-2004 Rs.	2002-2003 Rs.
Salary and Allowance	13,74,145	NIL
Contribution to Provident Fund and Gratuity	1,24,677	NIL
Other Allowance and Perquisites	1,07,004	NIL
TOTAL*	16,05,826	NIL

* of this, Rs. 53,243/- representing increase in remuneration from 23rd March 2004 is subject to the approval of the Shareholders in General Meeting.

3.2. Profit on sale of investments includes:

(In Rupees)		
Particulars	2003-2004	2002-2003
Long Term Investments	NIL	7,15,400
Current Investments	1,41,531	27,31,214
TOTAL	1,41,531	34,46,614

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

(In Rupees)		
Particulars	2003-2004	2002-2003
Statutory Audit	90,000	65,000
Tax Audit	36,000	26,000
Certification	32,000	32,000
Service Tax	12,640	9,840

3.4. Prior period expenses pertain to performance incentives to employees for the previous accounting year, determined and paid during the current year.

4. GENERAL

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

4.2. Provision for Income Tax has been made on the basis of Book Profits as per section 115 JB of the Income Tax Act, 1961.

4.3. Estimated amount of contracts remaining to be executed on Capital Account (Net of Advance) Rs. 43,858/- (Previous Year Rs. 59,553/-)

4.4. Expenditure in foreign Currency (On Payment Basis) on matters other than royalty, knowhow, fees and interest Rs. 1,87, 322/- (Previous year Rs. 2,84,365/-)

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

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

Signatures to Schedules 1 to 15

As per our report of even date attached

For Brahmayya & Co.
Chartered Accountants

D N Ghosh
Chairman

T P Raman
Managing Director

S Krishnamurthy
Director

P. Babu
Partner
Membership No. 203358

T N Anantharama Iyer
Director

M S Parthasarathy
Director

A V Rajwade
Director

Chennai
19th April 2004

T T Srinivasaraghavan
Director

Ashoke Bijapurkar
Director

P Sundararajan
Secretary

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
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>

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

	Total Liabilities		Total Assets
Sources of Funds	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="7"/>	Paid up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="7"/>
Applications of Funds	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Secured Loans	Reserves & Surplus
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="8"/>
	Net Assets	Deferred Tax Liability	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="9"/>
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="1"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="4"/>
	Net Current Assets	Misc. Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="9"/>
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="3"/>	Accumulated Losses	
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>		

IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="1"/>
+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) After Tax
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="8"/>

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

Earnings Per Share Rs. Ps.	Dividend Rate %
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> . <input type="text" value="9"/> <input type="text" value="8"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>

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

Item Code No. (ITC Code) Not Applicable

Product/Service Description

Cash flow statement for the year 2003-04

	2003-04		2002-03	
	Rs.	Rs.	Rs.	Rs.
A Cash Flow from operating activities				
Profit/(Loss) after tax	3,80,12,282		(21,66,234)	
Add: Profit on sale of assets (net of loss)	48,350		34,548	
Profit on sale of investments (net)	(1,41,531)		(34,46,614)	
Provision for tax during the year	24,00,000		-	
Depreciation	39,17,481		33,65,351	
Preliminary expenses written off	19,627		19,627	
Financial expenses			1,85,147	
Deferred Tax	(2,28,431)		-	
Interest income	(81,30,876)		(95,58,613)	
Dividend Income	(10,82,243)		-	
Operating Profit /(loss) before working capital changes		3,48,14,659		(1,15,66,788)
- (Increase) / Decrease in Current assets	3,65,516		2,72,662	
- (Increase) / Decrease in Loans and advances	10,29,966		(1,53,95,827)	
- Increase / (Decrease) in Current Liabilities	21,54,502	35,49,984	29,49,682	(1,21,73,483)
Cash generated from Operations		<u>3,83,64,643</u>		<u>(2,37,40,271)</u>
Financial expenses		-		<u>(1,85,147)</u>
Net cash from operating activities (A)		<u>3,83,64,643</u>		<u>(2,39,25,418)</u>
B Cash flow from Investing activities				
- Purchase of investments	(4,68,82,396)		(190,04,500)	
- Sale of investments	1,03,55,894		3,90,32,836	
- Purchase of fixed assets	(61,69,551)		(28,49,782)	
- Sale of fixed assets	3,65,096		1,64,252	
- Dividend income	10,82,243			
- Interest income	81,30,876		95,58,613	
Net cash used in Investment Activities (B)		<u>(3,31,17,838)</u>		<u>2,69,01,419</u>
C Cash Flow from Financing Activities				
-Increase (Decrease) in Borrowings	-	-	(20,35,186)	
Net Cash from Financing Activities (C)				<u>(20,35,186)</u>
Net Change in Cash & Cash Equivalents (A) + (B) + (C)		52,46,806		9,40,815
Cash and Cash Equivalents at the beginning of the Year		37,78,009		28,37,194
Cash and Cash Equivalents at the end of the Year		<u>90,24,815</u>		<u>37,78,009</u>

As per our report of even date attached

For Brahmayya & Co.
Chartered Accountants

D N Ghosh
Chairman

T P Raman
Managing Director

S Krishnamurthy
Director

P. Babu
Partner
Membership No. 203358

T N Anantharama Iyer
Director

M S Parthasarathy
Director

A V Rajwade
Director

Chennai
19th April 2004

T T Srinivasaraghavan
Director

Ashoke Bijapurkar
Director

P Sundararajan
Secretary

Notes

Notes

