

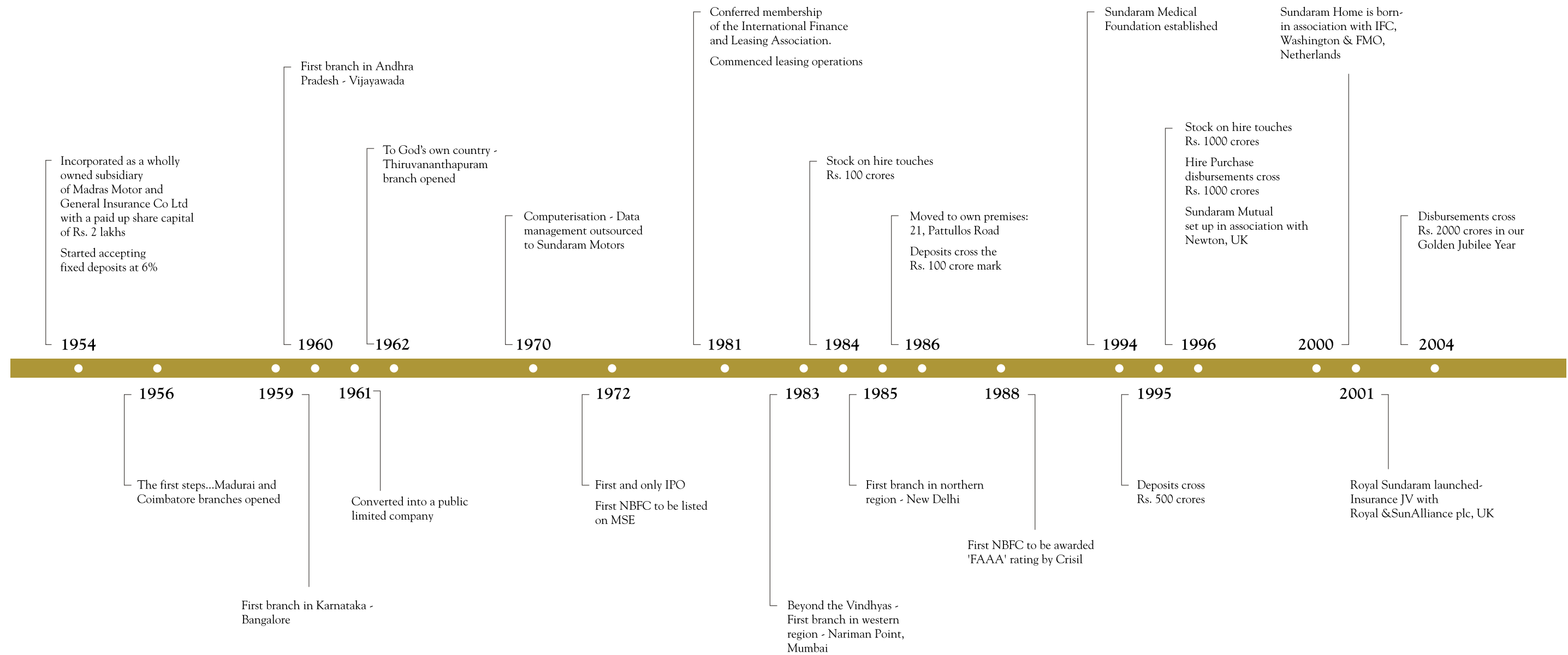
Sundaram Finance Limited

51st Annual Report



SUNDARAM FINANCE
Enduring values. New age thinking.

A journey in time...



In the year 1954, the late Sri. Mani Bhagavathar was our first depositor... In 2004, his wife continues to be one...

Board of Directors

T S Santhanam	Chairman
S Viji	Vice Chairman
S Ram	
S Narayanan	
A Rangaswami	
S Padmanabhan	
T R Seshadri	
Srinivas Acharya	
G K Raman	Wholetime Director
TT Srinivasaraghavan	Managing Director

Audit Committee

S Padmanabhan	Chairman
A Rangaswami	
S Viji	

Share Transfer & Investor Relations Committee

S Padmanabhan	Chairman
A Rangaswami	
TT Srinivasaraghavan	

Asset Liability Management Committee

TT Srinivasaraghavan	Chairman
S Venkatesan	
P S Raghavan	
A N Raju	
M Ramaswamy	

Company Secretary

S Venkatesan	Executive Director (Finance) & Secretary
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Auditors

M/s. Brahmaya & Co., Chennai	Chartered Accountants
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Systems Auditors

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

21, Patullos Road, Chennai - 600 002
Tel: 044 2852 1181, Fax: 044 2858 6641

Website : www.sundaramfinance.com

Senior Management

S Venkatesan	Executive Director (Finance) & Secretary
P S Raghavan	Executive Director (Operations)
Paramesh Krishnaier	Sr. Vice President (Operations)
A N Raju	Sr. Vice President (Operations)
K Swaminathan	Sr. Vice President (Sundaram Infotech Solutions)
Moahan Ananda Venkatesan	Vice President (Operations)
G C Rangan	Vice President (Operations)
S Ravindran	Vice President (Operations)
M Ramaswamy	Vice President (Finance & Accounts)
R Anand	Vice President (Corporate Affairs)
S Sivakumar	General Manager (Operations)
S Srinivasan	General Manager (Operations)
T S Venkataraman	General Manager (Operations)
S Ramachandran	General Manager (Audit)
K Manivannan	General Manager (Training)
J Raghunathan	General Manager (Sundaram Infotech Solutions)

Subsidiaries

Sundaram Home Finance Limited
Sundaram Asset Management Company Limited
Sundaram Finance Distribution Limited
Sundaram Finance Trustee Company Limited

Bankers

State Bank of India
State Bank of Travancore
State Bank of Hyderabad
State Bank of Saurashtra
State Bank of Patiala
Indian Overseas Bank
Indian Bank
United Bank of India
Canara Bank
Bank of India
Bank of Baroda
Syndicate Bank
UCO Bank
HDFC Bank Ltd
IDBI Bank Ltd
Standard Chartered Bank
The Hongkong & Shanghai Banking Corporation Ltd

Debenture Trustee

Indian Overseas Bank
Merchant Banking Division
763, Anna Salai, Chennai 600 002

CURRENCY EQUIVALENTS

Rs. One Million	=	Rs. 10 Lakhs	US\$ 1	=	Indian Rs. 43.7175*
Rs. One Billion	=	Rs. 100 Crores or Rs. 10,000 Lakhs			* Foreign Exchange Dealers' Association of India Rate as on 31.03.2004

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SUNDARAM FINANCE
Enduring values. New age thinking.

A member of the



International Finance & Leasing Association

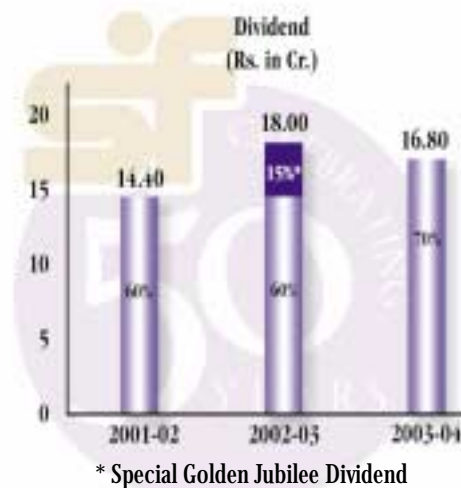
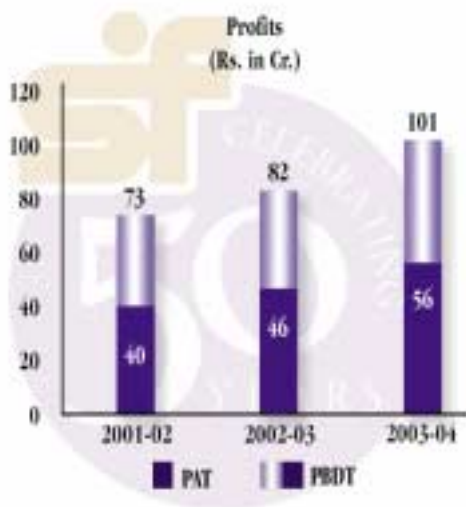
Directors' Report

Your directors have pleasure in presenting the 51st Annual Report with audited accounts for the year ended 31st March 2004. The summarised financial results of the Company, are given hereunder:

FINANCIAL RESULTS:

(Rs. in Cr.)

Particulars	Year ended March 31, 2004	Year ended March 31, 2003
Profit after Tax	55.62	45.66
Surplus brought forward	33.55	41.07
Total	89.17	86.73
Amount available for appropriation	89.17	86.73
Appropriations have been made as under:		
Transfer to Special Reserve	2.50	–
Transfer to Statutory Reserve	11.13	9.14
Transfer to General Reserve	30.00	23.74
Dividend	16.80	18.00
Dividend Tax	2.15	2.30
Surplus carried to balance sheet	26.59	33.55
	89.17	86.73



DIVIDEND

In April 2004, your directors declared a tax-free interim dividend of 70 % on the paid-up capital of Rs. 24 Cr., for the financial year ended 31st March 2004. The dividend, together with dividend tax of Rs. 2.15 Cr. absorbs a sum of Rs. 18.95 Cr. Your directors propose to treat the said interim dividend as the total dividend for the year.

BUSINESS

The year 2003-04 witnessed robust growth in the automotive sector with the sale of Medium and Heavy Commercial Vehicles increasing by 38% and the sale of Light Commercial Vehicles increasing by 35% during the year. Sales of Cars and Multi-Utility Vehicles went up substantially by 27% as compared to 5% growth during the previous year. Reflecting this trend, your Company achieved a record

growth in business during the year. Disbursements in hire purchase and hypothecation loans crossed the 2000 Cr. mark and reached Rs.2,105 Cr. as against Rs.1,532 Cr in the previous year, thereby registering a growth of more than 37%. Your Company maintained a healthy market share in the commercial vehicle financing segment, despite intense competition from banks, in particular.

The Capital to Risk Assets Ratio of your Company stood at 15.84% as on 31st March 2004, well above the minimum of 12%. Standard Assets stood at 97.56% of the total business assets. The gross and net non-performing assets stood at 2.44% and 0.83% of the total business assets as against 3.38% and 1.45% respectively in the previous year.

As required by the Reserve Bank of India, the Asset Liability Management Committee (ALCO) formulates and reviews the risk management policies of the Company and reports to the Audit Committee. Your Company continues to follow the prudential norms directions issued by the Reserve Bank of India from time to time.

RESOURCE MOBILISATION

The Reserve Bank's continuing initiative in supporting a soft interest rate environment and providing adequate liquidity to meet credit growth and spur investment demand in the economy, coupled with active treasury management, has enabled your Company to reduce its funding costs.

a) Deposits

Your Company mobilised fresh deposits during 2003-04 aggregating to Rs. 80.29 Cr. Renewal of deposits matured during the year amounted to Rs. 212.55 Cr., representing 71% of the matured deposits. Deposits outstanding at the year-end were at Rs. 717.29 Cr., as against Rs. 744.11 Cr., in the previous year and the number of depositors exceeded 347000.

Your Company continues to enjoy the "MAAA" rating from ICRA for its deposit schemes, signifying the highest degree of safety for depositors' funds. CRISIL reaffirmed the FAA+ rating and assigned a "**positive outlook**" to the same signifying that the degree of safety regarding timely payment of interest and principal is strong.

As at the year-end, 3863 deposit receipts amounting to Rs. 8.08 Cr., had matured for payment and were due to be claimed or renewed. After close follow-up of repayments/renewals, the figures are currently down to 1831 and Rs. 3.40 Cr. respectively. Steps are continuously being taken to arrange for repayment/renewal of these deposits.

b) Term Funding

During the year, your Company raised term funding in the form of non-convertible debentures and term loans to the tune of Rs.748.37 Cr. across various tenors. This includes a 6-year loan of Rs 200 Cr. from International Finance Corporation (Washington) and medium term External Commercial Borrowings of Rs. 115 Cr. from banks.

Your Company continues to enjoy the "MAAA" rating from ICRA for its medium term debentures, signifying highest degree of safety and "A1+" rating from ICRA, "P1+" rating from CRISIL for its short term debentures / CP borrowings.

c) Bank Finance

Your Company's bankers continued to extend their support by participating in the Company's commercial paper programme and provided Foreign Currency loans at competitive rates. The working capital credit limit of your Company was enhanced from Rs.750 Cr. to Rs.850 Cr. during the year.

Your Company issued commercial paper aggregating Rs.245 Cr., during the year. The maximum amount outstanding at any time was Rs.130 Cr., and the amount outstanding at the end of the year was Rs. 20 Cr.

d) Asset Securitisation

During the year, your Company has securitised hire purchase and hypothecation loan assets to the tune of Rs. 44.34 Cr. at a competitive rate.

LISTING AGREEMENT COMPLIANCE

- Your Company has been adopting good Corporate Governance practices since inception and complying with the code of Corporate Governance. A detailed report on corporate governance, together with a certificate from the Statutory Auditors in compliance with Clause 49 of the Listing Agreement, is attached, forming part of this report.
- Management's Discussion and Analysis, in compliance with Clause 49 of the Listing Agreement, is attached, forming part of this report.
- Your Company has been filing the shareholding pattern, quarterly/annual financial statements, annual report and other related documents on the Electronic Data Information Filing and Retrieval (EDIFAR) website – www.sebiedifar.nic.in, in compliance with Clause 51 of the Listing Agreement.

SUBSIDIARIES / JOINT VENTURE

SUBSIDIARIES

Sundaram Home Finance Limited (SHFL)

SHFL, in its fifth year of operation made loan approvals aggregating Rs. 476 Cr., and disbursements of Rs. 370 Cr., thereby registering a growth of 34% and 56% respectively, over the previous year. The Company earned a gross income of Rs. 56.45 Cr. as against Rs. 40.83 Cr. in the previous year and reported a profit after tax of Rs. 5.60 Cr. as against Rs. 4.47 Cr. in the previous year. The directors decided to retain the entire profits to conserve resources for growth. The loan portfolio as at 31st March 2004 stood at Rs. 619 Cr. as against Rs. 355 Cr. in the previous year.

Sundaram Asset Management Company Limited

During the year, Sundaram Asset Management Company Limited was able to achieve a substantial growth in the assets under management and the resultant increase in its income enabled it to recoup the entire past erosion of its net worth.

The overall Assets Under Management amounted to Rs. 2018 Cr. as on 31.3.2004, as against Rs. 1151 Cr. at the end of the previous year, recording a growth of 75%. The gross mobilisation under the various schemes of Sundaram Mutual Fund (SMF) during the year amounted to Rs. 8456 Cr. The Company earned a gross income of Rs. 16.94 Cr. as against Rs. 10.44 Cr. in the previous year. After providing for depreciation and tax, it reported a profit of Rs. 4.47 Cr. as against a loss of Rs. 23.53 lakhs in the previous year.

The commendable performance of Sundaram Select Midcap, Sundaram Select Focus and Sundaram Bond Saver attracted considerable investor interest. Sundaram Mutual Fund launched the Sundaram Monthly Income Plan in December 2003, which was well received by the investors. The 2003 performance of Sundaram Select Midcap earned it the MFR1 ranking by ICRA ONLINE, among the top diversified aggressive equity schemes during the year.

Sundaram Finance Distribution Limited (SFDL)

During the year, SFDL changed its objects clause in order to engage in the distribution of financial products and act as an insurance agent and changed its name to Sundaram Finance Distribution Limited. Thereafter, the Company obtained a composite licence to act as an agent in respect of both life and general insurance. It commenced operations as a corporate agent of National Insurance

Company Ltd in December 2003 and has since entered into an agreement with SBI Life Insurance Company Ltd in May 2004.

The Company earned a gross income of Rs. 66.90 lakhs, as against Rs. 106.84 lakhs in the previous year and reported a profit after tax of Rs. 38.42 lakhs as against Rs. 58.43 lakhs in the previous year.

Sundaram Finance Trustee Company Limited

During the year, it was considered necessary to convert the Board of Trustees of Sundaram Mutual Fund into a corporate body for the purpose of managing the affairs of Sundaram Mutual Fund. Necessary approvals were obtained from the Securities and Exchange Board of India and Sundaram Finance Trustee Company Limited was formed in December 2003, as a wholly-owned subsidiary of your company, with a paid-up capital of Rs. 5.00 lakhs. The Company started operating from March 2004.

JOINT VENTURE

Royal Sundaram Alliance Insurance Company Ltd (Royal Sundaram)

Royal Sundaram, in its fourth year of operations, earned a net profit of Rs. 8.01 Cr. for the year, as against a net loss of Rs. 4.99 Cr. in the previous year. The Company has written a gross premium of Rs. 257.76 Cr. as against Rs. 184.44 Cr. in the previous year and reported an investment income of Rs. 17.89 Cr. The underwriting loss was Rs. 9.76 Cr. as against Rs. 23.97 Cr. in the previous year.

During the year, the Company was honoured with the "Organisation with innovative HR practices" award by Deccan Herald Avenues, in association with the Centre for Change Management, based on the presentation of "Empower – the e-workplace".

CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to publish the Consolidated Financial Statements in the Annual Report under Clause 32 of the Stock Exchange Listing Agreement. Accordingly, the Consolidated Financial Statements, drawn up in accordance with the applicable Accounting Standards, form part of the Annual Report.

In view of this and in accordance with the approval granted by the Central Government under section 212(8) of the Companies Act, 1956, as in the last year, the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of the Subsidiary Companies have not been attached to the Balance Sheet

of your Company. Each subsidiary company's financial information in aggregate has been disclosed in the consolidated financial statements, as required by the Central Government as part of its approval. Further,

- The annual accounts together with the documents/details relating to all the subsidiary companies have been posted by your Company on its website – www.sundaramfinance.com.
- The annual accounts of the subsidiary companies and related detailed information will be made available to the members upon request.
- Annual accounts of the subsidiary companies will be kept for inspection by the members, at the head office of the company and the subsidiary company concerned.

DELISTING OF EQUITY SHARES FROM THE MADRAS STOCK EXCHANGE LIMITED (MSE)

In view of the fact that there was no trading of the shares of your Company on the MSE after October 2000, the equity shares of the Company have been delisted from MSE with effect from 27th January, 2004, in accordance with SEBI (Delisting of Securities) Guidelines, 2003, for voluntary delisting.

DIRECTORS

Sarvashri S Viji, G K Raman and T T Srinivasaraghavan retire by rotation and, being eligible, offer themselves for re-election. Necessary resolutions are submitted for your approval.

Sri T R Seshadri and Sri Srinivas Acharya demitted their office as members of the Audit Committee during December 2003.

AUDITORS

M/s Brahmaya & Co., Chartered Accountants, Chennai, retire and are eligible for re-appointment. A certificate under Section 224 (1B) of the Companies Act, 1956 has been received from them.

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

Your Company has no activity relating to conservation of energy or technology absorption. During 2003-04, expenditure in foreign currencies amounted to Rs. 11.91 Cr., on account of interest and other charges. Foreign Currency earnings amounted to Rs. 0.91 Cr.

PERSONNEL

None of the employees of the Company are in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed;
2. That they 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 the financial year and of the profit or loss of the Company for that period;
3. That 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. That they had prepared the annual accounts on a going-concern basis.

ACKNOWLEDGEMENT

Over the past five decades, your Company has grown on the foundations of dedicated and qualitative service. Your directors gratefully acknowledge the support and cooperation extended by the various stakeholders of your company over these fifty years. Your directors also thank all the shareholders, depositors, customers, vehicle manufacturers, dealers, bankers, mutual funds and joint venture partners for their continued support to your Company during the year and look forward to their continued support.

Your directors also place on record their appreciation of the dedication and commitment displayed by the employees of the company, thus enabling it to register a good performance.

For and on behalf of the Board

Chennai 600 002
31st May 2004

T S SANTHANAM
Chairman

Management's Discussion and Analysis

OVERVIEW

The Indian Economy recorded strong growth in 2003-04, aided by an improvement across almost all the major sectors. Initial estimates put GDP growth at 8.1% over last year, led by agricultural growth, which is estimated at 9.1% (although on a low starting base). The manufacturing and service sectors are estimated to have grown at 6.5% and 8.4% respectively. Significantly, the capital goods sector registered an impressive growth of 12.7% over the previous year, raising hopes of a revival in investments and creation of new capacities. Exports are estimated to have increased by 17.3%, in dollar terms, while imports grew by 25%. The balance of payments situation continues to be comfortable, in the wake of robust Dollar inflows and a current account surplus for the second successive year. Foreign exchange reserves stood at USD 113 Billion at the end of March 2004 and have since exceeded USD 119 Billion. The fiscal deficit of the Central Government has been estimated at 4.8%, lower than the target of 5.6 %, thanks, in good measure, to the disinvestments undertaken by the Government of India. Overall, the Indian Economy showed itself to be resilient and is amongst the better performing economies in the world.

AUTOMOTIVE SECTOR

The automotive sector turned in a strong performance for the second year in succession, led by commercial vehicles. While sales of medium and heavy commercial vehicles (M&HCV) grew by 38%, sales of light commercial vehicles grew by 35%. Sales of cars and multi-utility vehicles also registered a healthy growth of 27% during the year. Growth in the commercial vehicle segment continues to be driven by the developments in the infrastructure sector, especially the Golden Quadrilateral and the North-South East-West Corridor Projects. In addition, some states have started to impose restrictions on the maximum age of trucks, making for replacement demand. Last, but not least, the availability of low cost financing continued to be a significant driver of demand in the commercial vehicle sector. Cars and multi-utility vehicles came back strongly after a relatively modest 5% growth last year. Attractive financing options were the order of the day, which, coupled with higher disposable incomes and an array of new model introductions, contributed to the buoyancy in car sales.

REGULATORY

The Reserve Bank of India has been continually strengthening the supervisory framework for NBFCs in order to ensure sound and

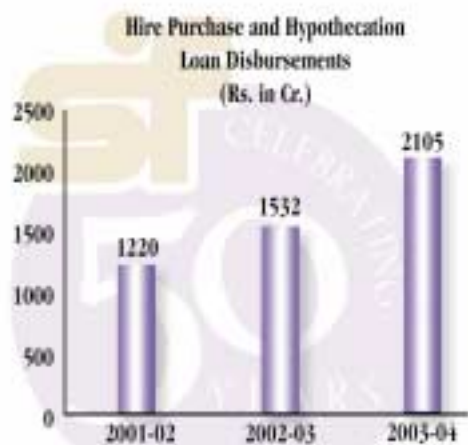
healthy functioning and avoid excessive risk taking. The degree of supervision is based on three broad criteria, namely, size, type of activity and acceptance (or non-acceptance) of deposits.

During the year, the Reserve Bank of India announced the following measures to strengthen the regulatory framework for NBFCs:

- Nomination facility extended to the depositors of NBFCs on the same lines prescribed under the Banking Companies (Nomination) Rules, 1985.
- NBFCs to maintain an exclusive Constituents' Subsidiary General Ledger (CSGL) Account or demat account to hold Government Securities, which should be operated only for purchase or sale of securities due to increase or decrease in the quantum of public deposits or withdrawal of securities for encashment on maturity or for repayment to depositors in special circumstances, if permitted by Reserve Bank of India or any other authority. This account should not be used to undertake repo or other transactions. If necessary, NBFCs can hold Government Securities for trading purposes in a second CSGL or demat account.
- Non-performing Assets are to be classified as doubtful category after a period of 18 months as against 24 months earlier.
- Know Your Customer Guidelines: NBFCs to obtain proper identification and introduction for all customers (depositors and borrowers). The guidelines also aim at safeguarding NBFCs from being unwittingly used for transfer or deposit of funds derived from criminal activity or for financing of terrorism.

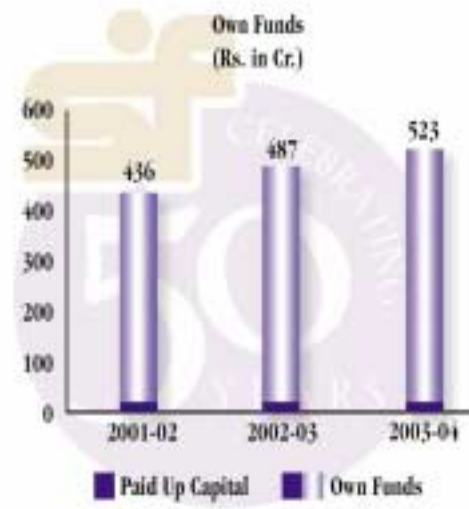
OPERATING & FINANCIAL PERFORMANCE

Your Company's hire purchase and loan disbursements touched Rs. 2105 Cr. during the year as against Rs. 1532 Cr. in the previous year, registering a growth of 37%. This translates to a Compounded Annual Growth Rate of 26.7% over the last 3 years. The gross receivables of the company stood at Rs. 3093 Cr. as against Rs. 2670 Cr. in the previous year. Your Company's emphasis on growth with quality has ensured that the performance of the core retail portfolio continues to be excellent, with gross and net NPAs standing at 0.67% and 0.47% respectively. On an overall basis, standard assets stood at 97.56% and net NPAs stood at 0.83% of total business assets as on 31.03.2004 as against 96.62% and 1.45% respectively in the previous year.



SIS strengthened its presence in the domestic and overseas markets with its flagship product, Smartlend. The product was successfully implemented in leading financial services companies in Srilanka and Muscat. SBS, while expanding its activities in the domestic market, has also commenced operations in overseas markets.

The net profit for the year was Rs. 55.62 Cr. (PY Rs 45.66 Cr.), registering a growth of 21.81%. The company's net-worth stood at Rs.523 Cr. as on 31.3.2004, while Capital Adequacy (CRAR) at 15.84% was comfortably higher than the statutory requirement of 12%.



Reflecting the general decline in interest rates and the heightened competition in the commercial vehicle and passenger car segments, gross income for the year from hire purchase and loans grew by a mere 1.55% over last year. Correspondingly, however, the company achieved a significant reduction of 18% in interest costs, as a result of effective treasury management and new sources of funding at very competitive rates. Establishment and administrative expenses have been consistent with the growth in business. Your Company continues to focus on productivity improvements and cost efficiencies in order to improve profitability.

Your Company's Software/IT Consulting and Business Process Outsourcing divisions, Sundaram Infotech Solutions (SIS) and Sundaram Business Services (SBS), have made further strides during the year.

BUSINESS OUTLOOK

The outlook for the industrial and services sectors continues to be positive. The early onset of the monsoon augurs well for the agriculture sector and the economy as a whole. The increase in farm incomes over the past year is expected to spur demand during the current year. With early signs of increases in manufacturing capacity utilisation and a revival in capital expenditure spending, the signals would appear to be encouraging.

These are positive indicators for the commercial vehicle industry. Given the continuing investments in infrastructure projects and normal replacement demand, sales of medium and heavy commercial vehicles are expected to grow, albeit at a lower rate of 10-12%, during the current year. Sales of passenger cars and multi-utility vehicles have been projected to grow at 10%.

Your Company intends to further strengthen its position in the retail-financing segment, focussing exclusively on Commercial Vehicles and passenger cars. While competition in this segment is

high, your Company is confident of retaining its position as one of the leading players in this segment, based on its ability to respond to changing customer needs and strong customer relationships, built on the platform of trust and superior customer service. Geographical expansion is a strategy that your Company has implemented consistently over the past several years and will continue to do so as opportunities present themselves.

SIS has secured several prestigious assignments for End-to-End implementation of Navision, a Microsoft business solution for manufacturing companies in the SME sector. The division is also likely to expand its overseas customer base in the coming year.

SBS is amongst the few players in the market that focuses exclusively on transaction processing. Leveraging its capabilities and experience, the division is poised to increase its presence in the growing BPO market.

INTERNAL AUDIT AND COMPLIANCE

Your Company's internal audit department is responsible for evaluating the robustness and adequacy of internal controls and in ensuring that the operating departments are in compliance both with internal policies and procedures, as well as regulatory, legal and statutory requirements. In conjunction with the statutory auditors, it reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The department functions under the direct supervision of the Managing Director and reports to the Audit Committee of the Board, which regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures. Additionally, an independent systems audit is undertaken by a qualified firm of systems auditors and the measures recommended by them in respect of operational and accounting related areas, apart from security related measures, are being effectively implemented by your Company. Improvements in processes and controls are an ongoing effort and the internal audit function is fully geared to meet the challenges that are an inevitable part of a rapidly changing landscape.

RISK MANAGEMENT

Your Company's endeavour, over the years, has been to achieve an appropriate balance between risk and returns, by establishing an efficient risk management system. The policies and procedures established by your Company for the purpose of risk identification, measurement and management are in tune with some of the best practices in the financial services sector. The Asset Liability Management Committee (ALCO), functioning under the supervision

of the Audit Committee, is responsible for assessment, management and mitigation of various forms of financial risk faced by the Company. The Committee is also responsible for the formulation of appropriate risk policies and tolerance levels.

HUMAN RESOURCES

Your Company has grown over the years due to its strong identification with its customers, which has enabled it to understand their needs and satisfy them in the best possible manner. This is largely attributable to the unstinting and dedicated efforts of the nearly 1500 strong 'Team Sundaram', which has ensured a high degree of customer satisfaction over the five decades of the company's existence.

In its ongoing endeavour to maintain excellence in quality and customer service delivery, your Company has put in place a comprehensive performance evaluation system, ensuring that remuneration and rewards are strongly performance linked. Your Company remains committed to the development of employee skills. To this end, specialised training programmes are conducted on a regular basis in managerial and technical areas, as well as in areas such as personality development, selling techniques, customer handling, stress management, fitness and relaxation, at the well-equipped Sundaram Finance Training Centre in Chennai. Overall, 55 training sessions were conducted within and outside Chennai during the year, involving a total period of 96 training days and 1270 man-days. Your Company also sponsored several employees for external training, seminars and conferences conducted by premier institutions and organisations, thereby affording them opportunities to hone their skills.

THE SUNDARAM PRODUCT SPECTRUM

Distribution of a wide range of retail financial products is a key initiative that your Company embarked upon, two years ago. This includes both the group companies' products and other complementary products, catering to the varied needs of the customer. Your Company has taken up the corporate agency of Royal Sundaram Alliance Insurance Company Limited and through its subsidiary, Sundaram Finance Distribution Limited, distributes the products of National Insurance and SBI Life. Further, by offering the products of Sundaram Home Finance and Sundaram Mutual, your Company today offers its customers a diverse range of financial products under one umbrella, while also enhancing its fee based income. During the year, the company has undertaken a branding exercise to communicate the breadth and diversity of the group's offerings. Your Company reaches out to its customers through its 127 strong branch network spread across the country.

Financial Highlights

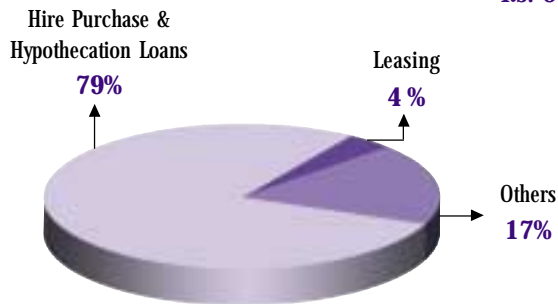
(Rs. in Cr.)

Year	Paid-up Capital	Reserves	Deposits	Total Receivables	PAT	Dividend %	Dividend Amount
1955	0.07		0.20	0.57	0.01	5	0.004
1972	1.00	0.58	8.35	9.86	0.30	16	0.16
1976	1.50	0.99	13.57	19.87	0.67	16	0.24
1978	2.00	1.37	14.65	27.18	0.77	18	0.36
1982	3.00	3.00	45.20	76.60	1.58	20	0.60
1986	6.00	6.59	104.10	184.66	2.67	16	0.96
1990-91	12.00	30.24	201.02	483.21	12.01	25	3.00
1995-96	24.00	204.31	550.44	1637.05	64.92	35	8.40
1996-97	24.00	261.10	729.09	2009.97	68.67	45	10.80
1997-98	24.00	323.17	775.53	2102.05	76.59	55	13.20
1998-99	24.00	369.24	774.65	1956.35	63.31	65	15.60
1999-00	24.00	405.01	696.61	2027.88	51.58	60	14.40
2000-01	24.00	477.33	682.46	2073.53	70.54	60	14.40
2001-02	24.00	411.67	752.88	2258.59	40.36	60	14.40
2002-03	24.00	462.57	744.11	2669.91	45.66	75*	18.00
2003-04	24.00	499.24	717.29	3093.32	55.62	70	16.80

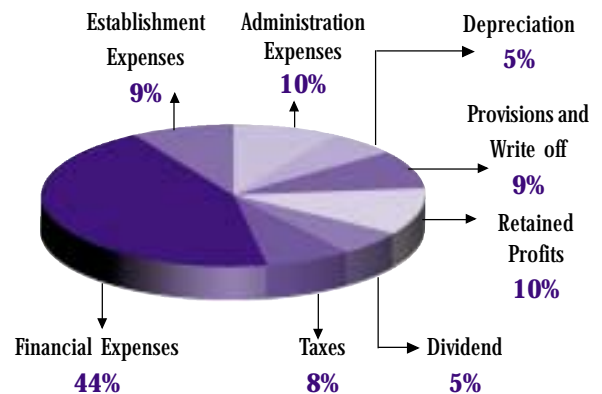
* Includes 15% Special Golden Jubilee Dividend

SOURCES AND DISTRIBUTION OF INCOME (2003 - 2004)

Rs. 357.89 Cr.



SOURCES



DISTRIBUTION

Auditors' Report

To the Shareholders of Sundaram Finance Limited, Chennai

1. We have audited the attached balance sheet of M/s. Sundaram Finance 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 (the Act), 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

L. RAVI SANKAR
Partner

Place : Chennai
Date : 31st May, 2004

Membership No.25929

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. The company has a phased programme of physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the company and nature of fixed assets. In accordance with the programme, the fixed assets have been physically verified by the management during the year. 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 and therefore does not affect the going concern status of the company.
2. In our opinion and according to the information and explanations given to us, the company has granted unsecured loans to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 695.98 lakhs. The rate of interest and other terms and conditions of the loan, are prima facie, not prejudicial to the interest of the company and the repayment of principal and the payment of interest is regular. There is no amount overdue on the loans. Apart from the above, the company has not granted loans to other parties covered in the register maintained under section 301 of the Companies Act, 1956. The company has not taken any loans, secured or unsecured from companies or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
3. 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 weakness has been noticed in the above controls and therefore the reporting of the same does not arise.
4. 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 need to be entered into the register, have been so entered.
 - b) According to the information and explanations given to us, where each of such transactions is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are, prima facie, reasonable having regard to the prevailing market prices at the relevant time.
5. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public.
6. The company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.

7. The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
8. a) According to the records of the company, Provident Fund, 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, wealth 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 became payable.
9. According to the records of the company and the information and explanations given to us, there are no dues of income tax, wealth tax, customs duty, excise duty and cess which have not been deposited on account of dispute. Details of disputed sales tax not deposited are as follows:

Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Demands	15.11	Assessment years 1994-95, 1995-96, 1997-98 to 2000-01	Various appellate authorities

10. 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.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us, we are of the opinion that the company has maintained adequate records in respect of a loan granted on the basis of security by way of pledge of shares.
13. The company is not a chit fund / nidhi / mutual benefit fund or society.
14. Based on our examination of records and the information and explanations given to us, the company does not deal/trade in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks and financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained, other than temporary deployment, pending application.
17. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall examination of the balance sheet of the company, funds raised on short term basis, prima facie, have not been used during the year for long term investment and vice versa, other than temporary deployment, pending application.
18. According to the information and explanations given to us, the company has created securities in respect of secured debentures issued.

19. The company has not raised money by public issues during the year.

and xviii of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

20. 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.

For BRAHMAYYA & CO.,
Chartered Accountants

21. 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

Place : Chennai

Date : 31st May, 2004

L. RAVI SANKAR
Partner
Membership No.25929

Balance Sheet

as at 31st March, 2004

(Rs. in Lakhs)

		31.03.2004		31.03.2003	
I SOURCES OF FUNDS					
1. Shareholders' Funds					
(a) Capital	1	24,00.00		24,00.00	
(b) Reserves and Surplus	2	4,99,24.41	5,23,24.41	4,62,57.29	4,86,57.29
2. Loan Funds					
(a) Secured Loans	3	16,24,23.89		12,92,27.09	
(b) Unsecured Loans	4	9,60,88.27	25,85,12.16	8,94,12.01	21,86,39.10
3. Deferred Tax Liability (Net)					
Deferred Tax Liability		47,42.13		75,48.34	
Less: Deferred Tax Asset		26,32.81	21,09.32	28,42.53	47,05.81
Total		31,29,45.89		27,20,02.20	
II APPLICATIONS OF FUNDS					
1. Fixed Assets	5				
(a) Gross Block		6,14,35.91		6,77,60.91	
(b) Less: Depreciation		4,23,90.60		4,54,38.61	
(c) Net Book Value		1,90,45.31		2,23,22.30	
(d) Add: Lease Adjustment Account		43,43.88		62,10.27	
(e) Net Block		2,33,89.19		2,85,32.57	
2. Investments	6	2,86,55.92		2,80,95.66	
3. Current Assets, Loans and Advances					
(a) Current Assets	7	5,00,96.05		7,62,43.84	
(b) Loans and Advances	8	23,89,29.29		16,57,41.44	
	(A)	28,90,25.34		24,19,85.28	
Less: Current Liabilities and Provisions					
(a) Current Liabilities	9	2,12,90.35		1,98,35.96	
(b) Provisions	10	68,34.21		67,75.35	
	(B)	2,81,24.56		2,66,11.31	
Net Current Assets	(A-B)	26,09,00.78		21,53,73.97	
Total		31,29,45.89		27,20,02.20	
Notes to the accounts	17				

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

L Ravi Sankar
Partner
Membership No. 25929
Chennai,
31st May, 2004

T S Santhanam
Chairman

S Viji
Vice-Chairman

T T Srinivasaraghavan
Managing Director

G K Raman
Wholtime Director

S Venkatesan
Executive Director (Finance) & Secretary

S Narayanan

A Rangaswami

S Padmanabhan

T R Seshadri

Srinivas Acharya
Directors

Profit and Loss Account

for the Year Ended 31st March, 2004

(Rs. in Lakhs)

	Schedule	2003 - 2004	2002 - 2003
<u>INCOME</u>			
Income from Operations	11	3,48,26.86	3,65,19.95
Other Income	12	9,61.71	10,32.23
Total	(A)	<u>3,57,88.57</u>	<u>3,75,52.18</u>
<u>EXPENDITURE</u>			
Financial Expenses	13	1,57,41.08	1,90,33.11
Establishment Expenses	14	31,16.75	27,75.52
Administrative and Other Expenses	15	35,43.78	33,44.63
Total	(B)	<u>2,24,01.61</u>	<u>2,51,53.26</u>
Gross Profit	(A)-(B)	<u>1,33,86.96</u>	<u>1,23,98.92</u>
Less:			
Provisions and Write Off	16	32,79.49	42,41.85
Depreciation		18,20.59	14,30.09
Taxation			
- Current (Including Wealth Tax)		53,21.00	53,40.00
- Deferred		(25,96.49)	(31,79.51)
Net Profit		<u>55,62.37</u>	<u>45,66.49</u>
Add:			
Balance brought forward from previous year		33,54.65	41,06.78
Amount available for Appropriation		<u>89,17.02</u>	<u>86,73.27</u>
APPROPRIATIONS			
Dividend			
- Interim		16,80.00	-
- Final (proposed)		-	14,40.00
Golden Jubilee Dividend		-	3,60.00
Dividend Tax		2,15.25	2,30.62
Special Reserve		2,50.00	-
Statutory Reserve		11,13.00	9,14.00
General Reserve		30,00.00	23,74.00
Surplus - Balance carried to Balance Sheet		26,58.77	33,54.65
		<u>89,17.02</u>	<u>86,73.27</u>
Notes to the accounts	17		
Earnings per Equity Share			
Number of Shares (Face value Rs 10/- per share)		24000000	24000000
Basic and Diluted earnings per share (in Rupees)		23.18	19.03

As per our report of even date attached

For Brahmayya & Co.,
Chartered Accountants

L Ravi Sankar
Partner
Membership No. 25929
Chennai,
31st May, 2004

T S Santhanam
Chairman

S Viji
Vice-Chairman

T T Srinivasaraghavan
Managing Director

G K Raman
Wholtime Director

S Venkatesan
Executive Director (Finance) & Secretary

S Narayanan

A Rangaswami

S Padmanabhan

T R Seshadri

Srinivas Acharya
Directors

SCHEDULES

	31.03.2004		(Rs. in Lakhs) 31.03.2003	
1 Capital				
Authorised				
10,00,00,000 Equity Shares of Rs.10/- each		1,00,00.00		1,00,00.00
Issued, Subscribed and fully paid-up		24,00.00		24,00.00
2,40,00,000 Equity Shares of Rs.10/- each (includes 2,31,99,580 Equity Shares allotted as fully paid-up by way of bonus shares by Capitalisation of Reserves)				
2 Reserves and Surplus				
Capital Reserve				
Per Last Balance Sheet		45,48.14	19,93.79	
On Amalgamation			25,54.35	45,48.14
General Reserve				
Per Last Balance Sheet	3,00,00.00		2,76,26.00	
Add: Transfer from Profit and Loss account	30,00.00		23,74.00	
Less: Transfer to Special Reserve	30,00.00	3,00,00.00	-	3,00,00.00
Statutory Reserve				
Per last Balance Sheet	83,54.50		74,40.50	
Add: Transfer from Profit and Loss account	11,13.00	94,67.50	9,14.00	83,54.50
Special Reserve				
Transfer from General Reserve	30,00.00			
Add: Transfer from Profit and Loss account	2,50.00	32,50.00		-
Surplus - Balance in Profit and Loss account		26,58.77		33,54.65
		4,99,24.41		4,62,57.29
3 Secured Loans				
Non - Convertible Debentures		4,35,00.00		4,74,80.00
From Scheduled Banks		9,70,71.18		8,17,01.70
From International Finance Corporation		2,00,00.00		-
From Financial Institutions		18,52.71		45.39
		16,24,23.89		12,92,27.09
4 Unsecured loans				
i) Fixed deposits				
From Directors	1,82.78		1,65.87	
From Others	7,15,45.97	7,17,28.75	7,42,45.72	7,44,11.59
ii) Non - Convertible Debentures		1,95,00.00		35,00.00
iii) Short term loans and advances				
From Scheduled Banks		28,59.52		35,00.42
Commercial Paper		20,00.00		80,00.00
		9,60,88.27		8,94,12.01

5 Fixed Assets (Rs. in Lakhs)												
Description	GROSS BLOCK AT COST				DEPRECIATION				Net Book Value	Balance in Lease Adjustment Account as at 31.03.2004	NET BLOCK	
	As at 01.04.2003	Additions	Deductions	As at 31.03.2004	Upto 01.04.2003	Additions*	Deductions	Upto 31.03.2004			As at 31.03.2004	As at 31.03.2003
1 Freehold land and Buildings	33,62.98	16,41.93		50,04.91	2,91.01	1,07.11		3,98.12	46,06.79		46,06.79	30,71.97
2 Leasehold office / Residential Premises	15,77.26		25.37	15,51.89	4,83.49	54.32	5.42	5,32.39	10,19.50		10,19.50	10,93.77
3 Plant and Machinery	81,08.73	3,98.98	1,98.23	83,09.48	44,34.85	10,93.74	1,89.85	53,38.74	29,70.74		29,70.74	36,73.88
4 Vehicles	16,16.80	11,22.96	3,21.26	24,18.50	7,70.68	3,59.28	2,19.68	9,10.28	15,08.22		15,08.22	8,46.12
5 Furniture/Office Equipment	14,35.00	4,53.73	57.15	18,31.58	761.35	1,80.83	47.68	8,94.50	9,37.08		9,37.08	6,73.65
6 Vehicles taken on lease	1,08.04			1,08.04	25.78	18.35		44.13	63.91		63.91	82.26
7 Assets on Finance Lease												
a) Plant and Machinery	2,65,00.31		70,31.42	1,94,68.89	1,85,21.66	12,60.62	52,10.45	1,45,71.83	48,97.06	-3,36.81	45,60.25	92,26.32
b) Vehicles	2,43,19.76		23,59.14	2,19,60.62	1,96,89.19	14,69.00	18,53.98	1,93,04.21	26,56.41	47,96.17	74,52.58	97,26.33
c) Furniture/Office Equipment	7,32.03		1,46.40	5,85.63	4,60.60	31.52	1,08.63	3,83.49	2,02.14	-1,15.48	86.66	1,38.27
8 Intangible Assets Computer Software		1,96.37		1,96.37		12.91		12.91	1,83.46		1,83.46	
Total	6,77,60.91	38,13.97	1,01,38.97	6,14,35.91	4,54,38.61	45,87.68	76,35.69	4,23,90.60	1,90,45.31	43,43.88	2,33,89.19	2,85,32.57

* Finance Lease Depreciation Rs.2761.14 Lakhs netted off against Lease Income from Operations

Depreciation on assets used for development of Computer Software amounting to Rs.5.95 lakhs Capitalised to Intangible assets

SCHEDULES

	Face Value (FV)	(Rs. in Lakhs)	
		31.03.2004	31.03.2003
6 Investments			
Long Term - At Cost			
I In Government / Trust Securities			
Non Trade			
A Quoted			
1) Government Securities			
Central Government Loans	72,40.20	79,51.70	81,75.13
(Face Value of Rs. 1790 lakhs purchased and Face Value of Rs. 2001.50 lakhs sold during the year)			
2) Government Guaranteed Bonds			
12.50% National Housing Bank Bonds 2004	25.00	24.89	24.89
13.50% Industrial Finance Corporation of India Ltd. Bonds 2003 (Redeemed during the year)	–	–	25.00
11.50% Maharashtra State Road Development Corporation Ltd. Infrastructure Bonds 2005 (Face Value of Rs 700 lakhs sold during the year, Rs. 200 lakhs redeemed during the year)	1,00.00	1,00.00	10,00.00
14.50% Maharashtra State Electricity Board Bonds 2003 (Redeemed during the year)	–	–	5,00.00
		80,76.59	97,25.02
B Unquoted			
1) Government Securities			
Kisan Vikas Patra	0.05	0.05	0.05
(FV Rs.0.05 lakhs under lien to Government Authorities)			
6 year National Savings Certificates	0.15	0.15	0.15
(FV Rs.0.15 lakhs under lien to Government Authorities)			
2) Trust Securities			
Sundaram Growth Fund - Appreciation (14,31,148 units of Rs.10/- each, 4,00,000 units sold during the year)	1,43.11	2,61.82	3,35.00
Sundaram Bond Saver - Appreciation (25,45,241 units of Rs 10/- each)	2,54.52	5,00.00	5,00.00
Sundaram Bond Saver - Institutional Plan -Growth (13,93,838 units of Rs.10/- each purchased during the year)	1,39.38	3,00.00	–
Sundaram Bond Saver-Institutional Bonus - Growth (6,98,152 units of Rs.10/- each) (Purchased 6,98,152 units of Rs.10/- each, units received during the year 6,98,152 units and sold 6,98,152 units)	69.82	74.95	–
Sundaram Bond Saver Bonus Units Account (11,50,972 units sold during the year)		–	1,18.55
Birla Income Plus - Institutional Plan (Growth) (19,53,018 units of Rs 10/- each)	1,95.30	5,00.00	5,00.00

SCHEDULES

6 Investments (contd.)	Face Value (FV)	(Rs. in Lakhs)	
		31.03.2004	31.03.2003
HDFC Income Fund - Growth (17,42,196 units of Rs 10/- each)	1,74.22	2,50.00	2,50.00
Kotak Mahindra Mutual Fund (K- Bond Unit Scheme 99) (Whole Sale Plan - Growth) (16,05,425 units of Rs 10/- each)	1,60.54	2,50.00	2,50.00
DSP Merrill Lynch Bond Fund Retail - Dividend (21,57,497 units of Rs 10/- each)	2,15.75	2,50.00	2,50.00
SBI Magnum Income Fund - Growth (14,74,621 units of Rs 10/- each)	1,47.46	2,50.00	2,50.00
Prudential ICICI Income Plan - Dividend (22,80,044 units of Rs 10/- each)	2,28.00	2,50.00	2,50.00
HSBC Income Fund - Investment Plan - Dividend (24,52,615 units of Rs 10/- each)	2,45.26	2,50.00	2,50.00
Kotak Mahindra Mutual Fund (K- Bond Unit Scheme 99) (Institutional Plan - Growth) (17,35,840 units of Rs 10/- each purchased during the year)	1,73.58	3,00.00	—
HSBC Income Fund - Institutional Plan - Growth (17,70,836 units of Rs 10/- each purchased during the year)	1,77.08	2,00.00	—
DSP Merrill Lynch Bond Fund - Institutional Plan - Growth (18,10,807 units of Rs 10/- each purchased during the year)	1,81.08	2,00.00	—
Templeton India Income Builder Account (Institutional Plan - Growth) (16,79,854 units of Rs 10/- each purchased during the year)	1,67.99	2,00.00	—
HDFC Income Fund - Premium Plan - Growth (12,71,629 units of Rs 10/- each) (31,68,286 units purchased during the year and 18,96,657 units sold during the year)	1,27.16	2,00.67	—
Alliance Income Fund - Regular - Growth (8,70,466 units of Rs 10/- each purchased during the year)	87.05	2,00.00	—
Prudential ICICI Income Plan - Growth (10,15,595 units of Rs 10/- each) (25,33,814 units purchased during the year and 15,18,219 units sold during the year)	1,01.56	2,00.40	—
Reliance Fixed Term Scheme- Annual Plan - Growth (25,00,000 units of Rs 10/- each subscribed during the year)	2,50.00	2,50.00	—
Birla Fixed Maturity Plan - Growth (40,00,000 units of Rs 10/- each subscribed during the year)	4,00.00	4,00.00	—
Grindlays Fixed Maturity Plan - Growth (25,00,000 units of Rs 10/- each subscribed during the year)	2,50.00	2,50.00	—
Kotak Fixed Maturity Plan - Growth (10,00,000 units of Rs 10/- each subscribed during the year)	1,00.00	1,00.00	—
		56,38.04	29,53.75

SCHEDULES

(Rs. in Lakhs)

6 Investments (contd.)

	31.03.2004	31.03.2003
Long Term - At Cost		
II In Equity Shares - Fully paid		
Quoted		
Wheels India Ltd. 13,33,741 Equity shares of Rs.10/- each	8,38.14	8,38.14
Sundaram Clayton Ltd. 11,61,666 Equity shares of Rs.10/- each	9.04	9.04
India Motor Parts & Accessories Ltd. 2,51,914 Equity shares of Rs.10/- each	2,44.34	2,44.34
Techtran Polylenses Ltd. 2,50,000 Equity shares of Rs.10/- each	5.00	5.00
Tata Iron & Steel Co. Ltd. 5,109 Equity shares of Rs.10/- each (9,000 Equity shares of Rs 10/- each sold during the year)	10.34	28.55
Recron Synthetics Ltd 67,16,700 Equity Shares of Rs 10/- each (1,00,000 Equity shares of Rs10/- each sold during the year)	2,35.09	2,38.58
	13,41.95	13,63.65
Unquoted		
i) In Subsidiary Companies:		
Sundaram Asset Management Co. Ltd. 1,50,00,000 Equity shares of Rs.10/- each	19,68.00	19,68.00
Sundaram Home Finance Ltd * 3,25,00,000 Equity shares of Rs 10/- each	32,50.00	32,50.00
Sundaram Finance Distribution Ltd (Formerly Sundaram Finance Securities Ltd.) 15,00,000 Equity shares of Rs.10/- each	1,65.18	1,65.18
Sundaram Finance Trustee Company Ltd. 50,000 Equity shares of Rs 10/- each (subscribed during the year)	5.00	—
ii) In Other Companies		
Royal Sundaram Alliance Insurance Company Ltd ** 6,43,50,000 Equity shares of Rs.10/- each	64,86.28	64,86.28
Brakes India Ltd. 79,730 Equity shares of Rs.100/- each	15.33	15.33
Axles India Ltd. 24,24,661 Equity shares of Rs.10/- each	2,68.99	2,68.99
Lucas-TVS Ltd. 63,224 Equity shares of Rs.100/- each	27.22	27.22
Delphi TVS Diesel Systems Ltd. 2,52,896 Equity shares of Rs.10/- each	18.15	18.15
Turbo Energy Ltd. 12,80,000 Equity shares of Rs.10/- each	1,88.41	1,88.41
* 2,55,00,000 shares are subject to a lock in period		
** The transfer of these shares is subject to certain restrictions till 31-12-2005		
Carried over	1,23,92.56	1,23,87.56

SCHEDULES

6 Investments (contd.)

		(Rs. in Lakhs)	
		31.03.2004	31.03.2003
	Brought Over	1,23,92.56	1,23,87.56
	Sundaram Dynacast Private Ltd. 11,70,000 Equity shares of Rs.10/- each	1,17.00	1,17.00
	Transenergy Ltd. 30,000 Equity shares of Rs.100/- each	30.00	30.00
	Lakshmi General Finance Ltd. 12,60,533 Equity shares of Rs.10/- each (1,80,076 Equity shares of Rs 10/- each subscribed under a Rights offer at a premium of Rs 50/- per share. Final call of Rs 30/- per share has been paid during the year)	7,56.32	7,02.29
	InFreight Technologies India Pvt Ltd. 4,00,000 Equity shares of Rs 10/- each	40.00	40.00
	NTTF Industries Ltd. 75,000 Equity shares of Rs.10/- each	15.00	15.00
	Credit Analysis and Research Ltd. 5,00,000 Equity shares of Rs.10/- each	50.00	50.00
	Tulya Alloy Casting Ltd. 1,200 Equity shares of Rs.10/- each	0.12	0.12
	Vishnu Forge Industries Ltd. 2,70,100 Equity shares of Rs.10/- each	43.22	43.22
		<u>1,34,44.22</u>	<u>1,33,85.19</u>
iii) In Bonds / Debentures / Others			
Non Trade - Quoted			
A) Recron Synthetics Ltd.			
	20,984 Units of Zero Coupon Secured Redeemable Non-Convertible Debentures of Rs 100/- each acquired during the year	20.98	-
	1,500 units of Rs 100 each in 12% Non-convertible debentures of Textool Company Ltd redeemed during the year	-	0.01
		<u>20.98</u>	<u>0.01</u>
Unquoted			
B) Pass Through Certificate			
	PFSL - Sundaram Finance Ltd - Pass Through Certificate - April 2003 (net of provision)	1,11.46	-
		<u>1,11.46</u>	<u>-</u>
Current Investments			
i) In Trust Securities - Unquoted			
	Kotak Mahindra Liquid Scheme - Growth (24,81,533 units of Rs 10/- each sold during the year)	-	3,00.00
	HDFC Liquid Fund - Growth (24,94,129 units of Rs 10/- each sold during the year)	-	3,00.00
ii) In Preference Shares - Fully paid - Unquoted			
	Balaji Distilleries Ltd. (2,26,800 Optionally Convertible Cumulative Redeemable Preference Shares of FV of Rs 10/- each) (4,53,600 shares sold during the year)	22.68	68.04
iii) In Equity Shares - Fully paid - Quoted			
	Uco Bank (3,900 Equity Shares of Rs10/- each subscribed and sold during the year)	-	-
		<u>22.68</u>	<u>6,68.04</u>

SCHEDULES

6 Investments (contd.)

Mutual Fund Units Purchased and Sold during the year	Face Value	Units	Cost
	Rs	in Lakhs	Rs. in Lakhs
Sundaram Bond Saver (Annual Dividend option)	10	8.46	1,80.00
Sundaram Money Fund (Appreciation)	10	3,95.32	51,00.00
Birla Cash Plus	10	89.93	15,00.00
HSBC Cash Fund	10	3,84.86	40,00.00
Prudential ICICI (Liquid Plan)	10	66.34	10,00.00
Grindlays Cash Fund	10	1,93.78	22,00.00
IDBI Principal MF	10	41.28	5,00.00
Tata Liquid HIF	10	29.46	3,00.00
ILFS Mutual Fund	10	3,62.76	41,00.00
Templeton Mutual Fund (Treasury Management Fund)	1,000	0.33	5,00.00
Reliance Mutual Fund (Treasury Plan)	10	46.42	7,00.00
SBI Cash Plan	10	49.93	7,00.00
Pru ICICI Liquid Plan (Dividend option)	10	25.31	3,00.00

SUMMARY OF INVESTMENTS

(Rs in Lakhs)

	31.03.2004	31.03.2003
I In Government / Trust Securities		
A Quoted	80,76.59	97,25.02
B Unquoted - Long Term	56,38.04	29,53.75
C Unquoted - Current	—	6,00.00
II In Equity Shares		
A Quoted	13,41.95	13,63.65
B Unquoted	1,34,44.22	1,33,85.19
III In Bonds / Debentures/ Others		
A Quoted	20.98	0.01
B Unquoted	1,11.46	—
IV In Preference Shares		
Unquoted	22.68	68.04
GRAND TOTAL	2,86,55.92	2,80,95.66

Aggregate of quoted Investments - Long Term

Government / Trust Securities

Equity Shares

Bonds / Debentures

	Cost	MV *
	31.03.2004	
	80,76.59	88,60.68
	13,41.95	87,00.13
	20.98	20.98
(A)	94,39.52	1,75,81.79

Aggregate of unquoted Investments - Long Term

Government / Trust Securities

Equity Shares

Bonds / Debentures/Others

	56,38.04	
	1,34,44.22	
	1,11.46	
(B)	1,91,93.72	

Aggregate of unquoted Investments - Current

Preference Shares

	22.68	
(C)	22.68	
GRAND TOTAL [A + B + C]	2,86,55.92	

* Cost has been considered wherever market value is not available

SCHEDULES

	31.03.2004		(Rs. in Lakhs) 31.03.2003	
7 Current Assets				
(a) Stock-on-hire and bills purchased				
Net Investment in Stock-on-hire		3,64,21.91		6,29,53.06
Repossessed assets (net)		5,91.39		6,79.95
Debtors on Securitisation		0.13		–
Trade bills purchased (unsecured, considered good)				
Outstanding for a period exceeding six months	2,26.00		5,99.99	
Others	9,45.14	11,71.14	19,82.68	25,82.67
Net Investment in lease		46,67.21		39,54.78
		4,28,51.78		7,01,70.46
(b) Interest accrued on investments		1,77.64		2,74.52
(c) Cash and bank balances				
With scheduled banks in Current Accounts	9,84.19		9,85.29	
Unpaid dividend account	13.94		11.69	
Deposit accounts	55,76.05		42,94.74	
Cash on hand	4,80.37		4,94.26	
Stamps and Stamp Papers on hand	12.08	7066.63	12.88	57,98.86
		5,00,96.05		7,62,43.84

SCHEDULES

	31.03.2004	31.03.2003
(Rs. in Lakhs)		
8 Loans and Advances		
Unsecured unless otherwise stated :		
Considered good :		
Loans - Secured	21,80,63.62	14,04,51.92
- Unsecured	8,63.45	1,97.63
Advance Income Tax and Tax Deducted at Source (Net of Provision)	54,24.29	48,19.49
Advances and deposits recoverable in cash or kind or for value to be received		
- subsidiary companies	15.89	19.32
- others	7,92.99	11,27.95
Advance for purchase of Investments	1,08.90	1,29.88
Advance for purchase of assets		
- Business Assets	1,00,69.44	1,14,64.44
- Others	3,62.24	19,21.80
Income receivable	32,28.47	56,09.01
	<u>23,89,29.29</u>	<u>16,57,41.44</u>
9 Current Liabilities *		
Sundry Creditors		
- For expenses	14,96.35	17,55.61
- For other finance	1,21,02.17	97,76.12
Unpaid dividend	13.94	11.69
Interest accrued but not due	76,77.89	82,92.54
	<u>2,12,90.35</u>	<u>1,98,35.96</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
10 Provisions		
Against non-performing assets	45,79.03	47,44.73
Against Investments	3,59.93	-
Interim dividend	16,80.00	-
Final dividend	-	18,00.00
Dividend Tax and Surcharge	2,15.25	2,30.62
	<u>68,34.21</u>	<u>67,75.35</u>

SCHEDULES

	2003 - 2004	(Rs. in Lakhs) 2002 - 2003
11 Income from Operations		
Hire Purchase / Hypothecation Loans (net) (tax deducted at source Rs.79.02 lakhs)	2,82,24.84	2,77,92.92
Lease (net) (tax deducted at source Rs. 7.71 lakhs)	13,93.10	37,52.46
Interest on Loans (tax deducted at source Rs. 13.78 lakhs)	1,92.54	1,64.92
Bills Discounting	3,44.86	4,44.59
Investments (tax deducted at source Rs. 109.87 lakhs)	16,19.73	24,48.30
Services (tax deducted at source Rs. 109.82 lakhs)	8,95.35	7,49.47
Software Development/ Trading	81.23	35.35
Recovery of Bad debts / Loss on Sale of assets	12,77.03	7,08.90
Profit on Sale of Leased Assets	5,74.89	3,96.47
Others	2,23.29	26.57
	<u>3,48,26.86</u>	<u>3,65,19.95</u>
12 Other Income		
Interest receipts (tax deducted at source Rs.1.07 lakhs)	71.04	1,73.71
Dividend	4,25.68	4,69.17
Rent receipts (tax deducted at source Rs. 79.99 lakhs)	3,41.55	2,76.17
Profit on sale of assets	6.34	2.81
Miscellaneous income	1,17.10	1,10.37
	<u>9,61.71</u>	<u>10,32.23</u>
13 Financial Expenses		
Interest - Fixed loans	1,14,10.79	1,32,56.72
- Debentures	38,25.70	45,92.87
- Others	1,29.92	2,22.15
Other financial expenses	3,74.67	9,61.37
	<u>1,57,41.08</u>	<u>1,90,33.11</u>

SCHEDULES

	(Rs. in Lakhs)	
	2003 - 2004	2002 - 2003
14 Establishment Expenses		
Salaries, allowances, commission and bonus	27,40.18	23,85.17
Company's contribution to Provident Fund, Superannuation and Employees' State Insurance schemes	1,86.07	1,76.39
Staff welfare expenses	1,38.50	1,41.63
Gratuity	52.00	72.33
	<u>31,16.75</u>	<u>27,75.52</u>
15 Administrative and other expenses		
Rent	2,21.75	2,68.36
Lease rent	23.83	48.88
Rates and taxes	55.57	55.20
Communication expenses	4,56.76	4,68.79
Electricity expenses	2,30.85	1,80.51
Travelling and conveyance (net)	4,87.46	4,54.90
Advertisement charges	3,14.83	1,61.10
Directors' sitting fee	11.40	8.00
Insurance	68.49	56.97
Repairs to buildings	50.63	19.54
Repairs to machinery	3,73.19	3,60.37
Donations	2,81.97	2,62.45
Miscellaneous expenses	9,67.05	9,99.56
	<u>35,43.78</u>	<u>33,44.63</u>
16 Provisions and Write off		
Bad Debts	25,10.17	30,68.62
Loss on Assets sold/written off	4,01.80	8,75.91
Loss on sale of investments	88.07	23.05
Provision against Investments	3,51.94	-
Diminution in Value of Investments	-	4,44.57
	<u>33,51.98</u>	<u>44,12.15</u>
(Less) / Add :Provision against non-performing assets	(72.49)	(1,70.30)
	<u>32,79.49</u>	<u>42,41.85</u>

SCHEDULES

17. NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), as applicable. The Company follows the directions prescribed by the Reserve Bank of India for Non Banking Financial Companies.

1.2 Income recognition:

- a) Income in respect of Hire Purchase and Hypothecation loan transactions is accounted on the basis of the Internal Rate of Return method.
- b) Lease income is accounted as per the terms of the lease agreements for contracts entered into upto 31st March 2001. Income from leases entered into on or after 1st April, 2001 is accounted as per the Accounting Standard – AS 19 – ‘Leases’ issued by ICAI. Initial direct costs are written off in the year in which they are incurred.
- c) Income from Services, Trading Activities and Insurance Agency Commission is recognised on accrual basis.

1.3 Fixed Assets:

Fixed Assets are stated at historical cost less accumulated depreciation. The Value of assets on Finance Lease is further adjusted for balance in Lease Adjustment Account.

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 fully depreciated. Cost of assets given on lease is amortised during the lease period, for all leased assets acquired prior to 01-04-2001 as recommended in the “Guidance Note on Accounting for Leases (Revised)” issued by ICAI. Lease Equalisation Account, which represents the excess of annual lease charge over statutory depreciation, is recognised.

Cost of assets taken on lease on or after 1st April, 2001 is amortised over the lease tenure as per the Accounting Standard – AS 19 – ‘Leases’ issued by ICAI, based on the capital recovery method.

1.5 Valuation of Investments:

Long-term investments are stated at cost and provision for decline in value, other than temporary, has been considered wherever necessary.

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

1.6 Foreign Currency Loans:

Foreign exchange transactions covered by forward contracts are stated at the forward / option contract rates while those not so covered are restated at rates ruling at the year end. Exchange differences resulting in income or expense are dealt with in the profit and loss account. Premium on forward contracts is recognised as an expense over the tenure of the contract.

1.7 Retirement Benefits:

- a) The Company’s liability towards gratuity to the employees is covered by a Group Policy with Life Insurance Corporation of India.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

- b) The Company contributes to a group policy with Life Insurance Corporation of India towards a Superannuation scheme for its employees.
- c) Liability on account of encashment of leave to employees is provided on the basis of an actuarial valuation as on 31st March 2004.

1.8 Taxation:

Current tax is provided on the taxable income for the year. Deferred tax liabilities on the timing differences have been fully provided for. Deferred tax assets are recognised on the consideration of prudence.

1.9 Intangible Assets:

Computer software acquired /developed are recorded as intangible assets and their cost is amortised over their expected useful life.

2. BALANCE SHEET:

2.1 Reserves and Surplus

Special Reserve has been created in terms of the Rupee Term Loan agreement entered into with International Finance Corporation and is not distributable during the subsistence of the loan.

2.2 Secured loans:

- a) Details of Privately placed Secured Redeemable Non-Convertible Debentures:

Date of Allotment / Reissue	Amount (Rs. in Lakhs)		Redemption
	31.03.2004	31.03.2003	
28.10.1998		1500	Redeemed during the year
25.12.1998		1000	Redeemed during the year
29.06.2000		8000	Redeemed during the year
24.11.2000		500	Redeemed during the year
13.12.2000		455	Redeemed during the year
13.12.2000		500	Redeemed during the year
29.12.2000		2000	Redeemed during the year
29.12.2000		25	Redeemed during the year
26.06.2001		500	Redeemed during the year
29.01.2003		500	Redeemed during the year
30.04.2002	1000	1000	At par at the end of 2 years
24.05.2002		1500	Redeemed during the year
24.05.2002		1000	Redeemed during the year
24.05.2002		2000	Redeemed during the year
24.05.2002	1000	1000	At par at the end of 2 years
07.06.2002		2000	Redeemed during the year
28.06.2002		500	Redeemed during the year
28.06.2002	500	500	At par at the end of 3 years
28.06.2002		2000	Redeemed during the year
02.07.2002	2000	2000	At par at the end of 3 years
31.07.2002		2000	Redeemed during the year
31.07.2002	2000	2000	At par at the end of 2 years

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

Date of Allotment / Reissue	Amount (Rs. in Lakhs)		Redemption
	31.03.2004	31.03.2003	
31.07.2002	2000	2000	At par at the end of 3 years
27.09.2002	1000	1000	At par at the end of 1 year and 352 days
27.09.2002	2000	2000	At par at the end of 3 years
27.09.2002		1500	Redeemed during the year
28.11.2002	2000	2000	At par at the end of 2 years
28.11.2002	1000	1000	At par at the end of 3 years
07.12.2002	2000	2000	At par at the end of 2 years
07.12.2002	2000	2000	At par at the end of 3 years
31.12.2002	1500	1500	At par at the end of 2 years
27.06.2003	2000		At par at the end of 343 days
27.06.2003	2500		At par at the end of 364 days
27.06.2003	1000		At par at the end of 355 days
27.06.2003	2000		At par at the end of 2 years
30.07.2003	2000		At par at the end of 2 years
25.08.2003	1000		At par at the end of 2 years
30.09.2003	1000		At par at the end of 1 year and 332 days
30.09.2003	1000		At par at the end of 2 years
01.03.2004	6500		At par at the end of 2 years
01.03.2004	4500		At par at the end of 3 years
TOTAL	43500	47480	

The debentures are secured by mortgage of immovable property ranking pari passu and specific assets covered by Hire purchase, Hypothecation loans and Lease agreements.

b) Loans from scheduled banks under "Secured Loans" include	(Rs. in lakhs)	
	31.03.2004	31.03.2003
Working Capital Demand Loan	6,11,91.59	5,35,53.79
Term Loans	3,58,79.59	2,81,47.91
Total	9,70,71.18	8,17,01.70

(i) Rs 61191.59 lakhs availed under working capital facilities are secured by hypothecation of assets covered by Hire Purchase, Hypothecation Loan and Lease Agreements, ranking pari passu, excluding assets, which are specifically charged to others. The facilities include foreign currency loans of Rs 27300.64 lakhs outstanding as on 31.03.2004 (31.03.2003 - Rs 38846.42 lakhs)

(ii) Rs 35879.59 lakhs availed as Term Loans are secured by hypothecation of specific assets covered by Hire purchase, Hypothecation loans and Lease agreements and include foreign currency loans of Rs 2105.41 lakhs (31.03.2003 - Rs 4579.91 lakhs)

c) From International Finance Corporation:

The Company has availed a rupee term loan of Rs.20000 lakhs from International Finance Corporation, repayable in instalments upto January 2010. The term loan is secured by a charge on specific assets covered by Hire Purchase, Hypothecation loans and Lease agreements.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

- d) Term loans from Financial Institutions are secured by hypothecation of specific assets covered by Hire purchase, Hypothecation loans and Lease agreements and include foreign currency loans of Rs.1813.80 lakhs (31.03.2003- Nil)
- e) Interest accrued on the foreign currency loans have been provided at the forward exchange contract rate, wherever covered by forward contracts and for others at exchange rate prevailing at the year-end.

2.3 Unsecured Loans:

a) Debentures:

i) Details of Privately placed Non-convertible Debentures:

Date of Allotment / Reissue	Amount (Rs. in Lakhs)		Redemption
	31.03.2004	31.03.2003	
07.06.2002		1000	Redeemed during the year
28.11.2002		2500	Redeemed during the year
30.07.2003	2000		At par at the end of 345 days
25.08.2003	2000		At par at the end of 1 year
16.10.2003	1000		Maturing on 30.09.2006 -Put/Call option on a daily basis.
31.10.2003	1000		At par at the end of 364 days
29.12.2003	2000		At par at the end of 361 days
29.12.2003	1000		At par at the end of 364 days
31.12.2003	1000		At par at the end of 364 days
30.01.2004	2000		At par at the end of 341 days
30.01.2004	1000		At par at the end of 342 days
30.01.2004	3500		Maturing on 28.01.2005-Put/Call option on a daily basis
27.02.2004	1500		Maturing on 29.01.2005-Put/Call option on a daily basis
01.03.2004	1000		Maturing on 01.02.2005-Put/Call option on a daily basis
22.03.2004	500		Maturing on 29.01.2005-Put/Call option on a daily basis
TOTAL	19500	3500	

- ii) The Company issued MIBOR linked Debentures from time to time, aggregating to Rs.16000 lakhs, as on 31.03.2004, with a daily put / call option and with a right to reissue the same. The outstanding MIBOR linked Debentures as on 31.03.2004 was Rs.7500 lakhs (31.03.2003- Rs.3000 lakhs). The balance Debentures of Rs.8500 lakhs have been redeemed on exercise of call option and are in the name of a nominee of the company at the year-end.

b) Short term Loans and advances:

- i) Loans from Scheduled banks under "Unsecured Loans" include foreign currency loan of Rs.1359.52 lakhs outstanding as on 31.03.2004 (previous year - Nil)
- ii) Commercial Paper outstanding - Rs.2000.00 lakhs (31.03.2003 - Rs.8000 lakhs). Maximum amount outstanding at any time during the year was Rs.13000.00 lakhs (previous year - Rs.21500 lakhs).

2.4 Fixed Assets:

- a) Buildings on leasehold land include Rs.861.12 lakhs (31.03.2003 - Rs.883.92 lakhs) being the cost of ownership flats in co-operative societies / associations.
- b) Plant and Machinery and Vehicles include assets costing Rs.7121.74 lakhs (gross block) on operating lease contracts. (31.03.2003 - Rs.6453.39 lakhs)

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

- c) Maturity Pattern of the Minimum Lease payment (MLP) and its present value in respect of assets taken on lease as on 31.03.2004 are given below:

	2003-2004		2002-2003	
	MLP	Present Value of MLP	MLP	Present Value of MLP
Less than 1 year	29.55	21.36	29.22	18.20
Later than 1 year and not later than 5 year	45.84	42.43	74.40	63.00
Later than 5 years	Nil	Nil	Nil	Nil
Total	75.39	63.79	103.62	81.20

- d) Intangible Assets:

In accordance with the Accounting Standard, AS-26 - Intangible Assets comprise of software purchased amounting to Rs.158.99 lakhs (Previous year – Nil) and software developed internally amounting to Rs.37.38 lakhs (Previous year – Nil) being amortised over a period of 3 to 5 years on the straight-line method.

- e) The details of assets given on operating lease as on 31.03.2004 are:

	(Rs. in Lakhs)		
	Vehicles 2003-2004	Vehicles 2002-2003	Computers 2002-2003
Gross carrying amount (Cost)	13,86.84	5,12.32	5.24
Accumulated Depreciation	3,52.25	1,47.17	2.72
Depreciation recognised in Profit and Loss account for the year	<u>2,07.75</u>	<u>83.05</u>	<u>1.68</u>

Maturity Pattern of the future minimum lease payments is given below:

	(Rs. in Lakhs)	
	2003-2004	2002-2003
Less than 1 year	3,60.03	1,33.97
Later than 1 year and not later than 5 years	7,81.23	3,62.36
Later than 5 years	0.90	0.76
Total	11,42.16	4,97.09

2.5 Current Assets

- a) During the year, the company securitised a part of its vehicle finance portfolio and has followed the 'Guidance Note on Accounting for Securitisation' issued by the Institute of Chartered Accountants of India. The details pertaining to the securitised assets are as follows:

	(Rs. in lakhs)	
	2003-2004	2002-2003
Assets derecognised	44,34.10	Nil
Assets subordinated	3,41.43	Nil
Bank deposits given as collateral	1,36.60	Nil

- b) In terms of Accounting Standard (AS-19) – "Leases", the reconciliation between the total gross investment in the lease and the present value of minimum lease payments (MLP) of the leases written and the total hire purchase receivables as on 31.03.2004 is given under:

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

Maturity Pattern of the Gross / Present Value of MLP receivables.	(Rs. in Lakhs)			
	2003-2004		2002-2003	
	Gross	Net	Gross	Net
Less than 1 year	2,61,49.52	2,26,98.05	4,17,95.27	3,56,10.31
Later than 1 year and not later than 5 years	1,58,29.99	1,41,12.69	2,78,76.66	2,47,00.87
Later than 5 years	2,54.17	2,23.74	4,36.23	3,77.96
Total	<u>4,22,33.68</u>	<u>3,70,34.48</u>	<u>7,01,08.16</u>	<u>6,06,89.14</u>

2.6 "Secured Loans" from Scheduled Banks and Current Accounts with Scheduled Banks under "Cash and Bank Balances" are stated after deduction / addition of Cheques on hand to the extent of Rs. 2277.27 lakhs (31.03.2003 - Rs.2197.89 lakhs).

2.7 Loans and advances:

- Secured loans include Rs 32.32 lakhs (31.03.2003 - Rs.62.84 lakhs) due from officers of the Company. Maximum amount due at any time during the year Rs. 62.84 lakhs (Previous year - Rs.62.87 lakhs).
- Unsecured loans include Rs 0.14 lakhs (31.03.2003 Rs. 0.06 lakhs) due from an officer of the company. Maximum amount due at any time during the year Rs 0.20 lakhs (previous year - Rs.0.19 lakhs).
- Advance Income Tax and Tax Deducted at Source is net of Provision for Tax of Rs 21802.59 lakhs (31.03.2003 - Rs 14532.64 lakhs) and includes Rs 3533.24 lakhs towards income tax paid under dispute.
- Advances and deposits recoverable in cash or in kind or for value to be received include Rs. 16.70 lakhs (31.03.2003 - Rs. 10.19 lakhs) towards sales tax paid under dispute in respect of which appeals are pending.
- Advance for purchase of business assets includes an advance of Rs 37.13 lakhs for which a High court decree has been obtained. The advance is covered by collateral security. (31.03.2003 - Rs.37.13 lakhs)

2.8 Current liabilities:

- Sundry creditors for expenses include Rs. 90.50 lakhs (31.03.2003 - Rs. 96.00 lakhs) payable to directors.
- Interest accrued but not due includes Rs.18.84 lakhs on deposits of directors (31.03.2003 - Rs. 9.18 lakhs)

2.9 The components of Deferred Tax Liability / Asset as on 31.03.2004 are as follows:

	(Rs. in lakhs)	
	Current Year	Previous Year
(i) Deferred Tax Liabilities		
a) Depreciation	36,98.85	50,44.85
b) Hire Purchase Income	10,35.60	24,91.34
c) Investment in Mutual funds	7.68	12.15
Total (A)	<u>47,42.13</u>	<u>75,48.34</u>
(ii) Deferred Tax Assets:		
a) Provision for Non-performing assets /Investments	18,12.57	17,75.70
b) Income deferment on Non performing Assets	7,03.55	9,81.26
c) Others	1,16.69	85.57
Total (B)	<u>26,32.81</u>	<u>28,42.53</u>
(A - B)	<u>21,09.32</u>	<u>47,05.81</u>

3. PROFIT AND LOSS ACCOUNT

3.1 Income from operations -

Hire Purchase / Hypothecation loans is net of business origination cost of Rs 1328.40 lakhs (previous year - Rs 1128.19 lakhs)
Lease is net of depreciation of Rs.2761.14 lakhs (Previous year Rs.4756.65 lakhs) and Lease Equalisation Account Rs 3176.81 lakhs (Previous year - Rs 5260.91 lakhs)
Others includes revenue from securitisation amounting to Rs 138.55 lakhs (Previous year Rs Nil)

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

3.2 Income from operations - Investments comprises of:

	(Rs. in lakhs)	
	2003-2004	2002-2003
i) Interest	11,91.49	13,16.87
ii) Dividend	1,55.93	40.06
iii) Profit on sale of investments:		
Long term	2,64.02	10,35.15
Current	8.29	56.22

3.3 Income from Software Development/ Trading:

	(Rs. in lakhs)	
	2003-2004	2002-2003
Income from Software Development	56.78	Nil
The details relating to trading items are as under:		
Sales	95.87	44.87
Purchases	71.42	38.29

The revenue from sale of computer software and accessories and their individual related costs constitute less than 10% of the total turnover of the Company. Therefore, quantitative information relating to this business is not stated.

3.4 Financial Expenses:

3.4.1 Interest on fixed/cumulative deposits includes Rs.18.62 lakhs (previous year - Rs.16.76 lakhs) paid / credited to directors

3.4.2 Other Financial Expenses in Schedule 13 - Financial Expenses include exchange gain in respect of foreign currency loans amounting to Rs.1407.63 lakhs (previous year - Exchange loss Rs.97.90 Lakhs). Forward premium to be recognised in subsequent accounting periods amount to Rs. -75.35 lakhs. (Previous year Rs.134.37 lakhs)

3.5 Remuneration to directors:

	(Rs. in lakhs)	
	2003-2004	2002-2003
i) Salary	23.62	24.00
ii) Commission		
- Wholetime Directors	60.00	70.00
- Non Wholetime Directors	30.50	26.00
iii) Sitting fees to Wholetime Directors	2.00	1.65
iv) Contributions to provident, superannuation and gratuity funds	6.07	8.35
v) Other allowances and perquisites	26.93	20.89
Total	<u>1,49.12</u>	<u>1,50.89</u>

3.6 Computation of net profit for calculation of commission to directors:

	(Rs.in lakhs)	
Net Profit		55,62.37
Add: Directors' Remuneration	1,49.12	
Directors' Sitting fee (other than whole-time Directors)	9.40	
Depreciation as per books	45,81.73	
Lease Equalisation Account	31,76.81	
Loss on sale of investments	88.07	
Provision for Investments	3,51.94	
Provision for Taxation (Including Wealth Tax)	<u>27,18.51</u>	<u>1,10,75.58</u>
		1,66,37.95
Less : Depreciation as per Sec.350 of the Companies Act,1956	45,81.73	
Profit on sale of investments	2,72.31	
Provision against Non-Performing assets	<u>- 72.49</u>	47,81.55
Net profit as per Section 198 of the Companies Act, 1956		<u>1,18,56.40</u>
1% thereof		<u>1,18.56</u>
Commission to Managing and Wholetime Director -@1% restricted to		60.00
Commission to Non-Wholetime Directors -@1 % restricted to		30.50

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

3.7 Miscellaneous expenses under “Administrative and other expenses” include:	(Rs. in lakhs)	
	2003-2004	2002-2003
Remuneration to Auditors towards:		
Statutory Audit	12.00	12.00
Tax Audit	3.50	3.50
Certification	7.81	5.25
Service Tax	1.86	1.66
Travelling Expenses	1.02	0.71

3.8 Depreciation:

Depreciation includes additional depreciation amounting to Rs. 383.99 Lakhs (Previous year Rs.Nil) due to wear and tear of windmills on operating lease.

3.9 Provisions and Write offs -

- Provision against investments Rs 351.94 Lakhs represents excess of cost over Face Value of Investment in Government Securities (Previous year Rs. Nil)
- Loss on sale of investments comprises of Rs 1.98 lakhs (Previous year Rs 17.61 lakhs) pertaining to long term investments and Rs 86.09 lakhs (Previous year Rs 5.44 lakhs) pertaining to short term investments.

4. GENERAL

4.1 Segment Reporting

Segment information is presented in the Consolidated Financial Statements in terms of the Accounting Standard AS 17 – Segment Reporting.

4.2 Related Party Disclosures

Related party disclosures, as required by Accounting Standard 18, ‘Related Party disclosures’, issued by The Institute of Chartered Accountants of India are given below:

Related parties:

Subsidiaries :

Sundaram Finance Distribution Ltd.
Sundaram Home Finance Ltd
Sundaram Asset Management Company Ltd.
Sundaram Finance Trustee Company Ltd.

Associates :

Axles India Ltd
Turbo Energy Ltd
Transenergy Ltd
Sundaram Dynacast Pvt Ltd.
InFreight Technologies India Pvt Ltd.
Sundaram Mutual Fund
Sundaram Medical Foundation

Joint Venture :

Royal Sundaram Alliance Insurance Company Ltd

Key Management Personnel:

Sri T.T.Srinivasaraghavan, Managing Director
Sri G K Raman, Wholetime Director

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

The nature and volume of transactions of the Company during the year, with the above related parties are as follows :

Nature of Transactions	Subsidiary Companies	Joint Venture / Associates	Key Management Personnel	Relatives of Key Management Personnel	(Rs. in Lakhs)	
					Total 2003-04	Previous Year 2002-03
INCOME						
Income from Lease	9.85	1,19.47	–	–	1,29.32	1,35.89
Income From Bills Discounting	–	1,67.47	–	–	1,67.47	1,98.37
Income from Services rendered	2,42.06	2,32.94	–	–	4,75.00	2,59.76
Sale of Fixed Assets	9.22	–	–	–	9.22	9.57
Insurance Agency commission	–	3,26.08	–	–	3,26.08	4,52.17
Dividend	–	79.17	–	–	79.17	1,95.52
Rent Receipts	93.89	1,96.49	–	–	2,90.38	2,26.55
Others	45.47	5.52	–	–	50.99	54.54
Expenses						
Business sourcing cost	–	–	–	–	–	53.28
Donations	–	2,00.00	–	–	2,00.00	2,06.00
Interest	–	–	3.14	0.54	3.68	3.25
Remuneration	–	–	1,18.62	–	1,18.62	1,24.89
Cost of Personnel on Deputation	2.89	–	–	–	2.89	19.57
Insurance Premium	–	9.48	–	–	9.48	3.72
Others	–	0.80	–	–	0.80	0.80
Assets						
Investment in Equity Shares	5.00	–	–	–	5.00	10,93.00
Redemption of Preference shares	–	–	–	–	–	80.00
Investments in Trust Securities	–	57,30.00	–	–	57,30.00	1,07,68.15
Disinvestments in Trust Securities	–	55,46.79	–	–	55,46.79	1,10,46.57
Investment in Trust Securities - at the end of the year	–	11,36.77	–	–	11,36.77	9,53.55
Housing Loan- at the end of the year	–	–	32.32	–	32.32	26.40
Bills Purchased - at the end of the year	–	4,99.62	–	–	4,99.62	13,81.06
Future Lease Receivables	9.92	1,64.98	–	–	1,74.90	2,79.88
Deposits	–	15.00	–	–	15.00	–
Liabilities						
Deposits	–	–	28.00	5.40	33.40	29.90
Advance Received	–	0.10	–	–	0.10	0.94

4.3 Earnings per Share (Basic and diluted)

A. Profit for the year after taxation (Rs. in lakhs)

2003-2004

2002-2003

55,62.37

45,66.49

B. Total number of equity shares of Face value Rs.10/- outstanding at the end of the year (in numbers)

24000000

24000000

C. Basic and diluted earnings per share (A/B) (in Rs.)

23.18

19.03

4.4 (a) The Company has challenged the levy of Value Added Tax (VAT) in respect of Hire Purchase transactions in the state of Maharashtra, which was effective from 01.10.1995 to 31.03.1999. The writ petition of the company has been admitted by the Bombay High Court. However, VAT is paid under protest.

(b) The levy of service-tax on hire purchase and leasing transactions introduced with effect from 16.07.2001 has been challenged by Trade Associations before the Madras High Court and a stay has been obtained. Pending disposal of the writ petitions, the company is not remitting service-tax on the aforesaid transactions.

4.5 In respect of a lease transaction, the Commissioner of Customs and Excise, Tiruchirapalli and the Special Director of Enforcement imposed penalties of Rs.15 crore and Rs.10 lakhs respectively. Based on a legal opinion that the demand by the Commissioner of Customs and Excise is untenable, the company has repudiated the demand and filed an appeal against the same. A stay has been granted against this demand. The Company has also filed an appeal and a stay application against the demand of the Special Director of Enforcement.

4.6 Estimated amount of contracts remaining to be executed on capital account – Rs.106.79 lakhs (net of advances). (31.03.2003 - Rs 219.13 lakhs)

4.7 The Company does not owe any amount to Small Scale Industries.

4.8 The future rentals payable under the agreements amount to Rs.10.81 lakhs (31.03.2003 - Rs.22.96 lakhs), in respect of Assets taken on lease prior to 1st April,2001.

4.9 Contingent liabilities in respect of	(Rs. in lakhs)	
	As at 31.03.2004	As at 31.03.2003
a) Liability :		
To Banks – On Cheques discounted	17,44.88	11,14.91
– On Counter Guarantees	39.92	24.13
– On letters of credit	NIL	97.61
To Sales Tax Authorities	6.45	10.00
On Guarantees given on behalf of a Subsidiary company	1,00,00.00	50,00.00
b) Claims against the company not acknowledged as debts	1,64.67	1,09.46
4.10 Uncalled Liability on partly paid shares	NIL	54.02
4.11 CIF value of imports:		
Capital goods (on payment basis)	1,58.64	3,30.28
	(Rs. in lakhs)	
4.12. Expenditure in foreign currency (on payment basis):	2003-2004	2002-2003
Interest	11,37.34	12,22.29
On other matters	53.28	23.66
4.13 Earnings in Foreign Currency	91.12	1,36.84
4.14 Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.		

Signatures to Schedules 1 to 17

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

T S Santhanam
Chairman

T T Srinivasaraghavan
Managing Director

S Narayanan

A Rangaswami

L Ravi Sankar
Partner
Membership No. 25929
Chennai,
31st May, 2004

S Viji
Vice-Chairman

G K Raman
Wholtime Director

S Padmanabhan

T R Seshadri

S Venkatesan
Executive Director (Finance) & Secretary

Srinivas Acharya
Directors

SCHEDULE

As required in terms of Paragraph 9BB of NBFC Prudential Norms (Reserve Bank) Directions, 1998

(Rs. in Lakhs)

	Particulars	Amount Outstanding	Amount Overdue
	Liabilities side:		
(1)	Loans and advances availed by the NBFCs @		
a	Debentures : Secured	4,35,00.00	-
	: Unsecured	1,95,00.00	-
	(other than falling within the meaning of public deposits)		
b	Deferred Credits	-	
c	Term Loans	5,77,32.30	-
d	Inter-corporate loans and borrowings	-	
e	Commercial paper	20,00.00	-
f	Public Deposits	7,12,31.83	808.18 #
g	Other loans		
	- Bank Borrowing	6,40,51.11	-
	- Deposits from Corporates	4,96.92	-
(2)	Break-up of 1 (f) above (Outstanding public deposits) @		
a	In the form of Unsecured debentures	-	-
b	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
c	Other public deposits	7,12,31.83	8,08.18 #

@ Interest accrued but not paid - Nil

Represents unclaimed deposits

(Rs. in Lakhs)

	Particulars	Amount Outstanding
	Assets side:	
(3)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
a	Secured	75,86.20
b	Unsecured (including Advance for Business Assets)	1,22,47.86
(4)	Break-up of Leased Assets and Stock on hire and hypothecation loans counting towards EL / HP activities :	
(i)	Lease assets including lease rentals under sundry debtors	
a	Financial Lease	1,33,23.06
b	Operating Lease	32,33.07
(ii)	Net Stock on hire including hire charges under sundry debtors	
a	Assets on hire	3,84,22.86
b	Repossessed Assets	2,26.18
(iii)	Hypothecation loans counting towards EL / HP activities	
a	Loans where assets have been repossessed	3,65.21
b	Loans other than (a) above	21,18,79.08

(Rs. in Lakhs)

	Particulars	Amount Outstanding	Market Value *
(5)	Break-up of Investments :		
	Current Investments:		
1.	Quoted:	-	-
2.	Unquoted:		
i)	Preference Shares	22.68	22.68
	Long Term Investments:		
1.	Quoted:		
i)	Equity Shares	13,41.94	87,00.13
ii)	Debentures and Bonds	20.98	20.98
iii)	Government Securities	80,76.59	88,60.68
2.	Unquoted:		
i)	Equity Shares	1,34,44.22	1,79,77.70
ii)	Government Securities	0.20	0.40
iii)	Units of mutual funds	56,37.84	59,11.59
iv)	Others	1,11.46	1,11.46
	Total	2,86,55.92	4,16,05.62

* Unquoted Investments disclosed at break up / fair value / NAV

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances : (Rs. in Lakhs)				
	Category	Amount net of provisions		
		Secured	Unsecured	Total
1.	Related Parties**			
a	Subsidiaries	25.81		25.81
b	Companies in the same group			
c	Other related parties	1,64.98	4,99.62	6,64.60
2.	Other than related parties	27,07,91.84	1,12,22.25	28,20,14.09
	Total	27,09,82.63	1,17,21.87	28,27,04.50

(7) Investor group-wise classification of all investments(current and long term) in shares and securities (both quoted and unquoted): (Rs. in Lakhs)			
	Category	Market Value Break up or fair value or NAV	Book Value (Net of Provisions)
1.	Related Parties**		
a	Subsidiaries	59,23.50	53,88.18
b	Companies in the same group		
c	Other related parties	84,82.99	82,67.45
2.	Other than related parties	2,71,99.13	1,46,40.36
	Total	4,16,05.62	2,82,95.99

** As per Accounting Standard

(8) Other Information (Rs. in Lakhs)		
	Particulars	Amount
(i)	Gross Non-Performing Assets	
a	Related Parties	Nil
b	Other than related parties	69,03.05
(ii)	Net Non-Performing Assets	
a	Related Parties	Nil
b	Other than related parties	23,24.02
(iii)	Assets acquired in satisfaction of debt (during the year)	Nil

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.

0 2 4 2 9

State Code 1 8

Balance Sheet Date

3 1 0 3 2 0 0 4

Date Month Year

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

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

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

Total Liabilities

3 1 2 9 4 5 8 9

Sources of Funds

Paid up Capital

2 4 0 0 0 0

Deferred Tax Liability (net)

2 1 0 9 3 2

Secured Loans

1 6 2 4 2 3 8 9

Applications of Funds

Net Fixed Assets

2 3 3 8 9 1 9

Net Current Assets

2 6 0 9 0 0 7 8

Accumulated Loss

N I L

Total Assets

3 1 2 9 4 5 8 9

Reserves & Surplus

4 9 9 2 4 4 1

Unsecured Loans

9 6 0 8 8 2 7

Investments

2 8 6 5 5 9 2

Misc. Expenditure

N I L

IV Performance of Company (Amount in Rs. Thousands)

Turnover

3 5 7 8 8 5 7

+ - Profit / (Loss) Before Tax

8 2 8 6 8 8

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

Earnings Per Share Rs. Ps.

2 3 . 1 8

Total Expenditure

2 2 4 0 1 6 1

+ - Profit / (Loss) After Tax

5 5 6 2 3 7

Dividend Rate %

7 0

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

Item Code No. (ITC Code)

Not Applicable

Product / Service Description

H I R E P U R C H A S E

L E A S I N G

H Y P O T H E C A T I O N L O A N

Statement in Pursuance of Section 212 (1) (e) of The Companies Act, 1956

1	Name of the Holding Company	SUNDARAM FINANCE LIMITED	SUNDARAM FINANCE LIMITED	SUNDARAM FINANCE LIMITED	SUNDARAM FINANCE LIMITED
2	Name of the Subsidiary Company	SUNDARAM ASSET MANAGEMENT COMPANY LIMITED	SUNDARAM FINANCE DISTRIBUTION LIMITED	SUNDARAM FINANCE TRUSTEE COMPANY LIMITED	SUNDARAM HOME FINANCE LIMITED
3	Financial year of the Subsidiary ended on	31.03.2004	31.03.2004	– *	31.03.2004
4	Holding Company's interest in the Subsidiary	1,50,00,000 Equity shares of Rs 10/- each (100%)	15,00,000 Equity shares of Rs 10/- each (100%)	50,000 Equity shares of Rs 10/- each (100%) (Subscribed in Dec'03)	3,25,00,000 Equity shares of Rs 10/- each (65%)
5	Net aggregate amount of the profits of the subsidiary not dealt with in the the Holding Company's accounts				(Rs. in lakhs)
	a) For the financial year of the Subsidiary Company	4,46.88	38.42	Nil	3,64.00
	b) For the Previous financial years of the Subsidiary Company	-2,18.37	28.40	Nil	5,13.90
6	Net aggregate amount of the profits of the subsidiary dealt with in the the Holding Company's accounts				
	a) For the financial year of the Subsidiary Company	Nil	Nil	Nil	Nil
	b) For the Previous financial years of the Subsidiary Company	Nil	Nil	Nil	Nil

* The subsidiary is yet to close its books of account for the first financial year

T S Santhanam
Chairman

T T Srinivasaraghavan
Managing Director

S Narayanan

A Rangaswami

S Viji
Vice-Chairman

G K Raman
Wholtime Director

S Padmanabhan

T R Seshadri

Chennai,
31st May, 2004

S Venkatesan
Executive Director (Finance) & Secretary

Srinivas Acharya
Directors

Cash Flow Statement

	2003-2004		2002-2003	
(Rs. in Lakhs)				
A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit	55,62.37		45,66.49	
Add: Lease Equalisation Account	31,76.81		52,60.91	
Provision for Taxation (Including Wealth Tax)	27,24.51		21,60.49	
	1,14,63.69		1,19,87.89	
Add: Financial Expenses	1,57,41.08	2,72,04.77	1,90,69.90	3,10,57.79
Depreciation		45,81.73		61,86.74
Provision against Investments		3,51.94		-
Diminution- Value of investments		-		4,44.57
Provision against Non - Performing assets		(72.49)		(1,70.30)
(Profit) loss on assets		(4,73.82)		2,87.79
(Profit) loss on Investments		(1,84.25)		(10,68.32)
Interest / Dividend Received		(18,44.14)		(18,49.51)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		2,95,63.74		3,48,88.76
(Increase) Decrease in net stock on hire	2,65,26.40		4,51,26.80	
(Increase) Decrease in leased assets - net of sales	7,18.85		19,80.84	
(Increase) Decrease in Trade Bills purchased	14,11.53		13,11.52	
(Increase) Decrease in Net Investment in Lease	(7,12.43)		(10,45.75)	
(Increase) Decrease in Loans and Advances	(7,25,83.04)		(8,19,01.72)	
(Increase) Decrease in Other Receivables	96.88		(62.81)	
(Increase) Decrease in Bank Deposits (net)	(12,81.31)		(2,41.69)	
(Increase) Decrease in SLR Investments - net of sales	18,45.82		(9,06.36)	
Increase (Decrease) in Current Liabilities	14,54.39	(4,25,22.91)	(3,22.57)	(3,60,61.74)
Cash generated from Operations		(1,29,59.17)		(11,72.98)
Financial Expenses	(1,57,41.08)		(1,90,69.90)	
Direct Taxes Paid	(59,25.81)	(2,16,66.89)	(51,54.77)	(2,42,24.67)
NET CASH FROM OPERATING ACTIVITIES (A)		(3,46,26.06)		(2,53,97.65)
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(29,40.88)		(13,24.15)
Sale of Fixed Assets		80.69		52.94
Purchase of Investments		(2,73,73.00)		(2,67,20.63)
Sale of Investments		2,51,59.14		2,05,84.53
Interest Received		12,62.53		13,40.28
Dividend Received		5,81.61		5,09.23
NET CASH FROM INVESTING ACTIVITIES (B)		(32,29.91)		(55,57.80)
C) CASH FROM FINANCING ACTIVITIES				
Proceeds from issue of debentures		7,59,00.00		5,25,00.00
Debentures Redeemed		(6,38,80.00)		(3,65,00.00)
Increase (Decrease) in long term borrowings		3,71,76.80		2,35,93.08
Increase (Decrease) in Fixed Deposits		(26,82.84)		(9,90.06)
Increase (Decrease) in short term loans and advances		(66,40.91)		(62,73.64)
Dividend paid (including Corporate Dividend Tax)		(20,30.62)		(14,40.00)
NET CASH FROM FINANCING ACTIVITIES (C)		3,78,42.43		3,08,89.38
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)		(13.54)		(66.07)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		15,04.12		15,70.19
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		14,90.58		15,04.12
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR				
Current Account with Banks		9,98.13		9,96.98
Cash, Stamps and Stamp Papers on Hand		4,92.45		5,07.14

T S Santhanam
Chairman

S Viji
Vice-Chairman

Chennai,
31st May, 2004

T T Srinivasaraghavan
Managing Director

G K Raman
Wholetime Director

S Venkatesan
Executive Director (Finance) & Secretary

S Narayanan

A Rangaswami

S Padmanabhan

T R Seshadri

Srinivas Acharya
Directors

Report on Corporate Governance

Sundaram Finance Limited has been practising the code of good Corporate Governance since inception. The strong edifice of the Company, built in 1954, is supported by the pillars of Faith, Depositor Confidence, Institutional Trust, Investor Steadfastness and Employee Loyalty. The Company has been growing over the past five decades on the foundations of dedicated customer service, fair business practices, efficient, safe and trusted financial policies. It continues to maintain high standards of integrity through excellence in service to all stakeholders.

I. BOARD OF DIRECTORS

All the members of the Board are eminent persons with considerable expertise and experience in the automobile, engineering, banking, finance, insurance and transport sectors. The Company is immensely benefitted by the range of experience and skills that the Directors bring to the Board.

The Board comprises ten members, of which eight are Non-Executive Directors. The Executive Directors are Sri T T Srinivasaraghavan, Managing Director and Sri G K Raman, Wholetime Director. The Board is chaired by Sri T S Santhanam, a Non-Executive Director. Sri S Padmanabhan, Sri A Rangaswami, Sri T R Seshadri and Sri Srinivas Acharya are the Independent Directors. The composition of the Board is in conformity with the listing requirements.

II. BOARD MEETINGS

The Board of Directors formulates the business and operational policies and decide on strategic issues concerning the Company. The Board generally meets every month to review the business performance.

During the year under review, 13 meetings of the Board of Directors were held.

2003			2004
25 th April	30 th July	31 st October	30 th January
30 th May	25 th August	28 th November	1 st March
12 th June	30 th September	29 th December	29 th March
27 th June			

The details of attendance at Board Meetings and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

Name of the Director	Board Meetings Attended	Directorships (other than M/s. Sundaram Finance Limited)		Committees in which Chairman/Member (other than M/s Sundaram Finance Limited)	
		Chairman	Director	Chairman	Member
Sri T S Santhanam	13	-	1	-	-
Sri S Viji	13	2	8	-	4
Sri S Ram	12	2	5	1	-
Sri S Narayanan	11	2	3	5	-
Sri A Rangaswami	13	1	1	-	-
Sri S Padmanabhan	8	-	-	-	-
Sri T R Seshadri	10	-	1	-	-
Sri Srinivas Acharya	12	-	3	-	2
Sri G K Raman	12	1	5	2	3
Sri T T Srinivasaraghavan	13	1	4	-	1

Except Sri S Ram and Sri S Padmanabhan, all the Directors of the Company attended the 50th Annual General Meeting held on 11th August 2003.

III. AUDIT COMMITTEE

The Audit Committee reviews the financial accounts/policies, adequacy of internal control systems and interacts with the statutory auditors, systems auditors and internal auditors. The Executive Directors and other functional heads are invitees to all the committee meetings. Besides, the Committee reviews the audit plans, interim financial results, observations of the internal and external auditors and follow-up reports of the management.

During the year, the Committee met 6 times on 7th June, 28th July, 23rd September, 29th October, 24th November in 2003 and on 27th January in 2004.

Composition of the Committee and attendance of the members are as follows:

Name of the Director		No. of Meetings Attended
Sri S Padmanabhan	Chairman	4
Sri S Viji	Member	6
Sri A Rangaswami	Member	6
Sri T R Seshadri*	Member	4
Sri Srinivas Acharya*	Member	5

* served as Additional Members during June to December 2003.

IV. REMUNERATION OF DIRECTORS

The Managing Director and Wholetime Director of the Company have been appointed on contractual terms, based on the approval of the shareholders. The remuneration comprises of salary, allowances and perquisites. The quantum of commission payable to the managerial personnel is decided by the Board of Directors. The remuneration is within the limits prescribed under Schedule XIII to the Companies Act, 1956.

The Non-Executive Directors are remunerated by way of sitting fees and commission for each financial year as decided by the Board of Directors, within the ceiling of 1% of the net profits of the Company, approved by the shareholders. The details of remuneration paid to the Directors are disclosed in the notes on the accounts, forming part of the annual accounts vide note no. 3.5 & 3.6.

As on March 31, 2004 the amount of deposits placed by the Directors in the Company aggregated to Rs. 182.78 lakhs. The interest on these deposits paid/credited during the year 2003-04 amounted to Rs. 18.62 lakhs.

V. SHARE TRANSFER AND INVESTOR RELATIONS COMMITTEE

The Share Transfer and Investor Relations Committee formed under Clause VI C of Clause 49 of the Listing Agreement

- i) approves and monitors transfers, transmission, splits and consolidation of shares of the Company,
- ii) reviews redressal of complaints from shareholders relating to transfer of shares, non-receipt of dividends and other grievances, and
- iii) reviews the compliances with various statutory and regulatory requirements.

During the year, the Committee met on 10th September in 2003 and 16th February in 2004. Besides, transfers of shares were approved by resolutions passed in circulation on 10 occasions.

Composition of the Committee and the attendance of the members are as follows:

Name of the Director		No. of Meetings attended
Sri S Padmanabhan	Chairman	2
Sri A Rangaswami	Member	2
Sri T T Srinivasaraghavan	Member	2

Sri P N Srikant, Assistant Secretary, was appointed as Compliance Officer with effect from 30th July 2003 in place of Sri P Sundararajan. During the year under review, the Company has received 30 correspondences from shareholders, which have been attended to. There were two investor complaints received and resolved during the year. None was pending unresolved as on 31st March, 2004.

VI. GENERAL BODY MEETINGS

Time and location of last three Annual General Meetings

Year	Date	Time	Location
2003	11.08.2003	10.00 A M	The Music Academy, 306, T T K Road, Chennai 600 014
2002	25.07.2002	10.00 AM	The Music Academy, 306, T T K Road, Chennai 600 014
2001	30.08.2001	10.00 AM	The Music Academy, 306, T T K Road, Chennai 600 014

No Special Resolutions were put through postal ballot last year.

VII. DISCLOSURES

There are no materially significant transactions with related parties i.e. subsidiaries, promoters, directors or the management and their relatives conflicting with the Company's interest.

VIII. MEANS OF COMMUNICATION

- Quarterly unaudited results of the Company were published in accordance with the Stock Exchange Listing Agreement in "Business Line" (English) and "Dinamalar" (Tamil). Annual audited results of the Company were published in "The Hindu", "Business Line" (English) and "Dinamalar" (Tamil). The results were also displayed on the Company's website @ www.sundaramfinance.com.
- Quarterly/annual results, shareholding pattern and other documents have also been published in Electronic Data Information Filing and Retrieval System (EDIFAR) in accordance with Clause 51 of the Stock Exchange Listing Agreement.
- A press meet was organized by the Company on 12th June 2003 for dissemination of audited results.
- Management's Discussion and Analysis forms part of the Annual Report.

IX. GENERAL SHAREHOLDER INFORMATION

• Annual General Meeting

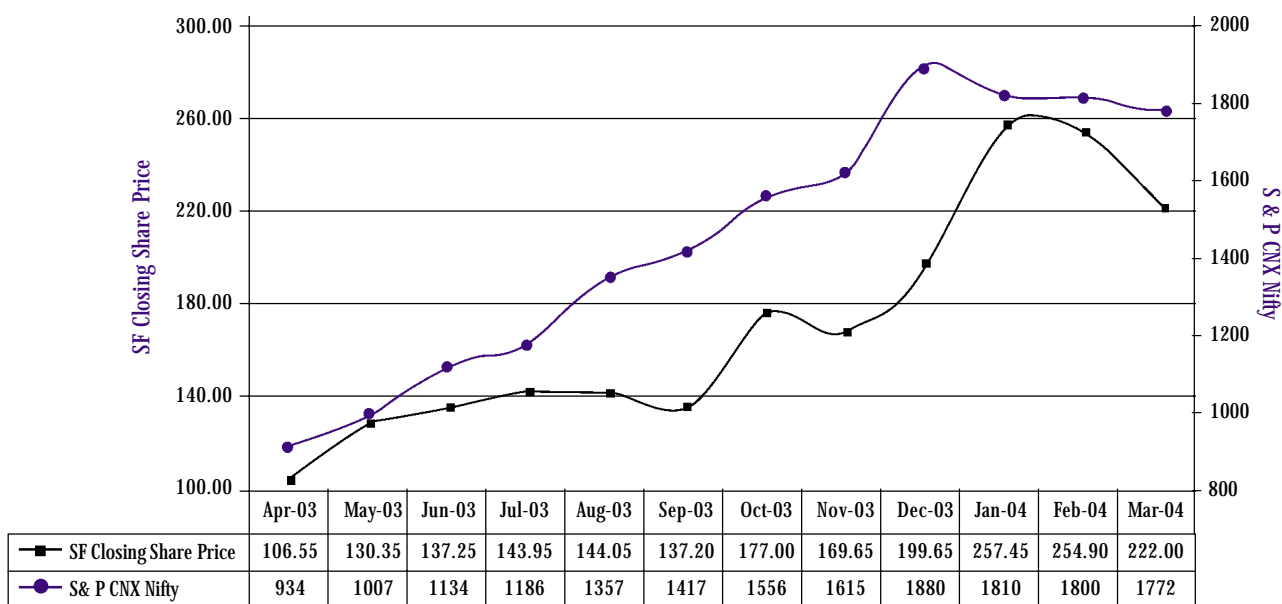
Date	Time	Venue
11.08.2004	10.00 AM	The Music Academy, 306 TTK Road, Chennai 600 014

• Financial Calendar

Financial Year – 1 st April 2004 to 31 st March 2005	
Date of payment of interim dividend	21 st May 2004
Board Meeting for consideration of accounts	31 st May 2004
Posting of Annual Report along with notice of AGM	On or before - 16 th July 2004
Book Closure dates	03/08/04 to 11/08/04
Last date for receipt of proxy forms	9 th August 2004 (Before 10.00 AM)
Un-audited Results for the quarter ending June 30, 2004	End July, 2004
Un-audited Results for the quarter/half year ending September 30, 2004	End October, 2004
Un-audited Results for the quarter ending December 31, 2004	End January, 2005

- The equity shares of the Company have been delisted from the Madras Stock Exchange Limited with effect from 27.01.2004. The company's shares continue to be listed on the National Stock Exchange of India Ltd (NSE), Mumbai.
- The Company has paid the listing fees for the financial year 2003-2004 to the above stock exchanges.
- **NSE Stock Code:** SUNDARMFN • **ISIN :** INE660A01013

SHARE PRICE PERFORMANCE



Period MARKET PRICE DATA

	Month	April-03	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan-04	Feb	March
NSE	High	111.75	134.00	145.75	165.00	154.00	146.00	214.40	193.00	229.40	310.00	262.00	262.00
	Low	98.00	105.25	126.10	130.10	132.00	130.55	137.30	140.70	173.90	202.00	221.55	211.00

- Share transfers were processed and share certificates despatched within 30 days from the date of lodgement in accordance with the stock exchange listing agreement.
- M/s Cameo Corporate Services Ltd, who have been appointed as the Registrar and Share Transfer Agents of the company for both physical and electronic segments have attended to the share transfer formalities regularly. The Registrar and Share Transfer Agents can be contacted by the investors at the following address:

M/s. Cameo Corporate Services Ltd
 'Subramanian Building'
 No 1 Club House Road, Chennai 600 002
 Ph: 044 2846 0390 Fax: 044 2846 0129
 Email: cameo@cameoindia.com

Contact Persons: Mr R D Ramasamy, General Manager
 Ms Rohini Sambamurthy, Sr. Executive (Shares)

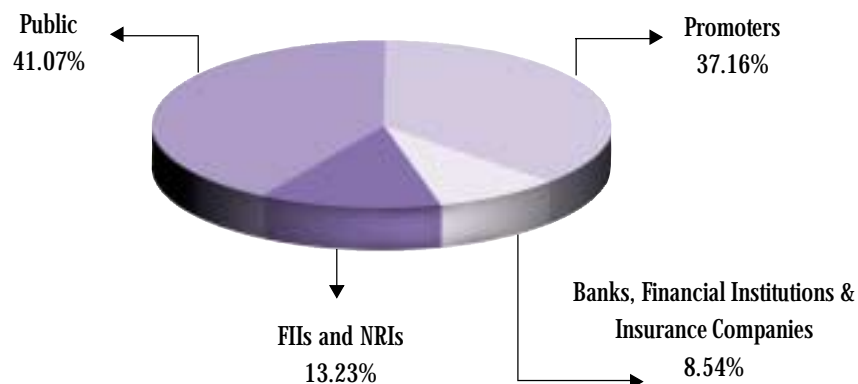
DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2004

No. of Equity Shares Held	Total Shareholders	Total Shares	Total % to Capital
Upto 250	6965	753614	3.14
251 to 500	1353	527476	2.20
501 to 1000	910	690947	2.88
1001 to 5000	1084	2213120	9.22
5001 to 10000	168	1212014	5.05
10001 to 50000	194	4283253	17.85
50001 to 100000	48	3369503	14.04
100001 and above	36	10950073	45.62
TOTAL	10758	24000000	100.00

Total shares held in electronic mode 40.40%

Public shareholding in electronic mode 58.09%

SHAREHOLDING PATTERN AS ON 31.03.2004



Address for correspondence and any assistance/clarification

Sri P N Srikant
 Compliance Officer
 21 Patullos Road
 Chennai 600 002
 Ph: 044-2855 8236
 Fax: 044-2855 0290
 E mail : pnsrik@sundaramfinance.com

Auditor's Certificate on Corporate Governance

We have examined the compliance of conditions of corporate governance by Sundaram Finance Limited, Chennai for the year ended on 31st March, 2004, as stipulated in clause 49 of the Listing Agreement entered into by the company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

The Registrar and Share Transfer Agents of the company for equity shares have certified that there were no investor grievances pending as on 31st March, 2004.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For BRAHMAYYA & CO.,
Chartered Accountants

L. RAVI SANKAR
Partner
Membership No. 25929

Place : Chennai
Dated: 31st May, 2004.

*Consolidated
Financial
Statements*

Consolidated Balance Sheet

as at 31st March, 2004

(Rs. in Lakhs)

	Schedule	31.03.2004		31.03.2003	
I SOURCES OF FUNDS					
1. Shareholders' Funds					
(a) Capital	1	24,00.00		24,00.00	
(b) Reserves and Surplus	2	5,07,39.03	5,31,39.03	4,51,32.20	4,75,32.20
2. Minority Interest			22,26.89		20,29.83
3. Loan Funds					
(a) Secured Loans	3	21,71,55.12		15,83,44.65	
(b) Unsecured Loans	4	10,11,55.55	31,83,10.67	9,33,40.95	25,16,85.60
4. Deferred Tax Liability (Net)					
Deferred Tax Liability		47,58.18		75,84.94	
Less: Deferred Tax Asset		27,16.96	20,41.22	28,68.37	47,16.57
Total			37,57,17.81		30,59,64.20
II APPLICATIONS OF FUNDS					
1. Fixed Assets					
(a) Gross Block	5	6,33,44.23		6,92,78.94	
(b) Less: Depreciation		4,33,74.73		4,61,14.27	
(c) Net Book Value		1,99,69.50		2,31,64.67	
(d) Add: Lease Adjustment Account		43,43.88		62,10.27	
(e) Net Block			2,43,13.38		2,93,74.94
2. Investments	6		3,35,88.55		2,76,16.51
3. Current Assets, Loans and Advances					
(a) Current Assets	7	5,21,98.77		7,90,98.07	
(b) Loans and Advances	8	30,26,42.28		20,28,47.93	
(A)		35,48,41.05		28,19,46.00	
Less: Current Liabilities and Provisions					
(a) Current Liabilities	9	3,00,03.96		2,61,80.90	
(b) Provisions	10	70,21.21		67,92.35	
(B)		3,70,25.17		3,29,73.25	
Net Current Assets	(A-B)		31,78,15.88		24,89,72.75
Total			37,57,17.81		30,59,64.20
Notes to the accounts	17				

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

L Ravi Sankar
Partner
Membership No. 25929
Chennai,
31st May, 2004

T S Santhanam
Chairman

S Viji
Vice-Chairman

T T Srinivasaraghavan
Managing Director

G K Raman
Wholetime Director

S Venkatesan
Executive Director (Finance) & Secretary

S Narayanan

A Rangaswami

S Padmanabhan

T R Seshadri

Srinivas Acharya
Directors

Consolidated Profit and Loss Account

for the Year Ended 31st March, 2004

(Rs. in Lakhs)

	Schedule	2003-2004	2002-2003
INCOME			
Income from Operations	11	4,94,56.46	4,63,93.65
Other Income	12	11,05.47	8,40.41
Total	(A)	5,05,61.93	4,72,34.06
EXPENDITURE			
Financial Expenses	13	1,93,46.55	2,16,49.87
Establishment Expenses	14	48,68.33	39,66.85
Administrative and Other Expenses	15	1,08,75.39	86,01.65
Total	(B)	3,50,90.27	3,42,18.37
Gross Profit	(A)-(B)	1,54,71.66	1,30,15.69
Less:			
Provisions and Write Off	16	35,51.47	42,61.25
Depreciation		21,48.20	17,08.18
Provision for Taxation			
- Current (Including Wealth Tax)		55,06.02	54,47.36
- Deferred		(26,75.34)	(31,37.71)
Net Profit (before adjustment for minority interest)		69,41.31	47,36.61
Less: Minority Interest		1,96.00	1,56.33
		67,45.31	45,80.28
Share of Profit in Associates		7,55.47	4,67.60
Net Profit		75,00.78	50,47.88
Add			
Balance brought forward from previous year (Net of Rs.386.65 Lakhs pertaining to Subsidiaries)		33,54.65	41,06.78
Amount available for Appropriation		1,08,55.43	91,54.66
APPROPRIATIONS			
Dividend			
Interim		16,80.00	-
- Final (proposed)		-	14,40.00
- Golden Jubilee Dividend		-	3,60.00
- Dividend Tax		2,15.25	2,30.62
Special Reserve		2,50.00	-
Statutory Reserve		11,13.00	10,08.74
General Reserve		30,00.00	23,74.00
Surplus - Balance carried to Balance Sheet		45,97.18	37,41.30
		1,08,55.43	91,54.66
Notes to the accounts	17		
Earnings per Equity Share			
Number of Shares (Face value Rs 10/- per share)		2,40,00,000	2,40,00,000
Basic and Diluted earnings per share (in Rupees)		31.25	21.03
As per our report of even date attached	T S Santhanam Chairman	T T Srinivasaraghavan Managing Director	S Narayanan
For Brahmayya & Co., Chartered Accountants			A Rangaswami
L Ravi Sankar Partner Membership No. 25929 Chennai, 31st May, 2004	S Viji Vice-Chairman	G K Raman Wholtime Director	S Padmanabhan
		S Venkatesan Executive Director (Finance) & Secretary	T R Seshadri
			Srinivas Acharya Directors

SCHEDULES

	31.03.2004		(Rs. in Lakhs) 31.03.2003	
1 Capital				
Authorised				
10,00,00,000 Equity Shares of Rs.10/- each	1,00,00.00		1,00,00.00	
Issued, Subscribed and fully paid-up	24,00.00		24,00.00	
2,40,00,000 Equity Shares of Rs.10/- each (includes 2,31,99,580 Equity Shares allotted as fully paid-up by way of bonus shares by Capitalisation of Reserves)				
2 Reserves and Surplus				
Capital Reserve				
Per Last Balance Sheet	32,82.08		32,82.08	
General Reserve				
Per Last Balance Sheet	2,88,17.21		2,64,10.58	
Add: Share of Previous Year's profit in Associates	11,75.56		8,20.24	
Add: Transfer from Profit and Loss account	30,00.00		23,74.00	
Less: Transfer to Special Reserve	30,00.00	2,99,92.77	-	2,96,04.82
Statutory Reserve				
Per last Balance Sheet	85,04.00		74,95.26	
Add: Transfer from Profit and Loss account	11,13.00	96,17.00	10,08.74	85,04.00
Special Reserve				
Transfer from General Reserve	30,00.00			
Add: Transfer from Profit and Loss account	2,50.00	32,50.00		-
Surplus - Balance in Profit and Loss account		45,97.18		37,41.30
	5,07,39.03		4,51,32.20	
3 Secured Loans				
Non - Convertible Debentures	5,60,00.00		5,34,80.00	
From Scheduled Banks	13,43,03.95		9,98,18.43	
From International Finance Corporation	2,00,00.00		-	
From Financial Institutions	68,21.24		50,45.39	
Finance Lease	29.93		0.83	
	21,71,55.12		15,83,44.65	
4 Unsecured loans				
Fixed deposits				
From directors	2,09.38		1,92.47	
From others	7,65,86.64	7,67,96.02	7,91,48.06	7,93,40.53
Non - Convertible Debentures		1,95,00.00		25,00.00
Short term loans and advances				
From Scheduled Banks		28,59.53		35,00.42
Commercial Paper		20,00.00		80,00.00
	10,11,55.55		9,33,40.95	

5 Fixed Assets (Rs. in Lakhs)												
Description	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK			
	As at 01.04.2003	Additions	Deductions	As at 31.03.2004	Upto 01.04.2003	Additions*	Deductions	Upto 31.03.2004	Net Book Value	Balance in Lease Adjustment Account as at 31.03.2004	As at 31.03.2004	As at 31.03.2003
1 Freehold land and Buildings	33,64.90	16,41.93		50,06.83	2,91.01	1,07.11		3,98.12	46,08.71		46,08.71	30,73.89
2 Leasehold office / Residential Premises	15,77.26		25.37	15,51.89	4,83.49	54.32	5.42	5,32.39	10,19.50		10,19.50	10,93.77
3 Plant and Machinery	88,24.43	6,16.12	2,04.80	92,35.75	48,64.32	12,90.15	1,96.87	59,57.60	32,78.15		32,78.15	39,80.11
4 Vehicles	16,95.39	11,60.33	3,27.59	25,28.13	7,94.47	3,78.33	2,22.68	9,50.12	15,78.01		15,78.01	9,00.92
5 Furniture/Office Equipment	21,03.24	6,22.00	68.25	26,56.99	9,63.48	2,85.08	52.94	11,95.62	14,61.37		14,61.37	11,39.76
6 Vehicles taken on lease	1,61.62		8.49	1,53.13	46.06	26.25	3.86	68.45	84.68		84.68	115.56
7 Assets on Finance Lease												
a) Plant and Machinery	2,65,00.31		70,31.42	1,94,68.89	1,85,21.65	12,60.62	52,10.45	1,45,71.82	48,97.07	-3,36.81	45,60.26	92,26.32
b) Vehicles	2,43,19.76		23,59.14	2,19,60.62	1,96,89.19	14,69.00	18,53.98	1,93,04.21	26,56.41	47,96.17	74,52.58	97,26.34
c) Furniture/Office Equipment	7,32.03		1,46.40	5,85.63	4,60.60	31.52	1,08.63	3,83.49	2,02.14	-1,15.48	86.66	1,38.27
8 Intangible Assets												
Computer Software		1,96.37		1,96.37		12.91		12.91	1,83.46		1,83.46	
Total	6,92,78.94	42,36.75	1,01,71.46	6,33,44.23	4,61,14.27	49,15.29	76,54.83	4,33,74.73	1,99,69.50	43,43.88	2,43,13.38	2,93,74.94

* Finance Lease Depreciation Rs. 2761.14 Lakhs netted off against Lease Income from Operations

Depreciation on assets used for development of Computer Software amounting to Rs. 5.95 lakhs Capitalised to Intangible assets

SCHEDULES

	(Rs. in Lakhs)	
	31.03.2004	31.03.2003
6 INVESTMENTS		
Long Term - At cost		
I In Government / Trust Securities		
A. Quoted	1,05,26.72	1,04,70.42
B. Unquoted	78,42.90	81,55.96
II In Equity Shares		
A. Quoted	13,53.22	13,63.65
B. Unquoted - Associates	25,85.63	18,33.16
C. Unquoted - Others	9,30.38	8,71.33
III In Bonds / Debentures		
A. Quoted	46,30.16	16,86.69
B. Unquoted	3,61.02	5,26.19
IV Others	3,85.89	-
Current Investments		
V In Government / Trust Securities		
Quoted	28,08.50	-
Unquoted	18,92.17	9,91.36
VI In Preference Shares		
Unquoted - Others	22.68	68.04
VII In Bonds / Debentures - Quoted	2,49.28	16,49.71
Total	<u>3,35,88.55</u>	<u>2,76,16.51</u>

SCHEDULES

	31.03.2004		(Rs. in Lakhs) 31.03.2003	
7 Current Assets				
(a) Stock-on-hire and bills purchased				
Net Investment in Stock-on-hire		3,64,21.91		6,29,53.06
Repossessed assets (net)		5,91.39		6,79.95
Debtors on Securitisation		0.13		–
Trade bills purchased (unsecured, considered good)				
Outstanding for a period exceeding six months	2,26.00		5,99.99	
Others	9,45.14	11,71.14	19,82.68	25,82.67
Net Investment in lease		46,35.74		39,08.92
		4,28,20.31		7,01,24.60
(b) Interest accrued on investments		4,36.84		4,87.73
(c) Cash and bank balances:				
With scheduled banks in				
Current Accounts	16,74.47		18,72.38	
Unpaid dividend account	13.94		11.69	
Deposit accounts	65,98.30		60,04.78	
Cash on hand	6,42.83		5,84.00	
Stamps and Stamp Papers on hand	12.08	89,41.62	12.89	84,85.74
		5,21,98.77		7,90,98.07

SCHEDULES

	(Rs. in Lakhs)	
	31.03.2004	31.03.2003
8 Loans and Advances		
Unsecured unless otherwise stated:		
Considered good :		
Loans - Secured	28,03,56.58	17,62,14.04
- Unsecured	8,63.45	1,97.63
Advance Income Tax and Tax Deducted at Source (Net of Provision)	55,99.61	50,71.03
Advances and deposits recoverable in cash or kind or for value to be received		
- subsidiary companies	15.89	19.32
- others	14,95.81	19,12.71
Advance for purchase of Investments	1,08.90	1,29.88
Advance for purchase of assets		
- Business Assets	1,00,69.44	1,14,64.44
- Others	3,54.82	19,21.80
Income receivable	37,77.78	59,17.08
	<u>30,26,42.28</u>	<u>20,28,47.93</u>
9 Current Liabilities*		
Sundry Creditors		
- For expenses	56,11.19	48,63.04
- For other finance	1,21,88.61	98,20.68
- For Unexpired Insurance Risk	39,65.19	27,73.29
Unpaid dividend	13.94	11.69
Interest accrued but not due	82,25.03	87,12.20
	<u>3,00,03.96</u>	<u>2,61,80.90</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
10 Provisions		
Against non-performing assets	47,66.03	47,61.73
Against Investments	3,59.93	-
Interim dividend	16,80.00	-
Final dividend	-	18,00.00
Dividend Tax and Surcharge	2,15.25	2,30.62
	<u>70,21.21</u>	<u>67,92.35</u>

SCHEDULES

	(Rs. in Lakhs)	
	2003-2004	2002-2003
11 Income from Operations		
Hire Purchase / Hypothecation Loans - net (tax deducted at source Rs.79.02 lakhs)	2,82,24.84	2,78,46.21
Lease (net) (tax deducted at source Rs.7.71 lakhs)	13,41.64	37,09.44
Insurance	76,70.72	48,10.50
Interest on Loans (tax deducted at source Rs.16.91 lakhs)	49,34.00	35,24.86
Investments (tax deducted at source Rs.113.83 lakhs)	22,08.94	33,58.38
Investment Management and advisory fee (tax deducted at source Rs.81.83 lakhs)	15,96.60	7,61.90
Bills Discounting	3,44.86	4,44.59
Loan Processing and other fees	5,39.99	4,10.54
Services (tax deducted at source Rs. 113.67 lakhs)	4,65.31	3,59.48
Recovery of Bad debts / Loss on Sale of assets	12,77.21	7,09.24
Profit on Sale of Leased Assets	5,74.89	3,96.47
Software Development / Trading	54.17	33.36
Others	2,23.29	28.68
	<u>4,94,56.46</u>	<u>4,63,93.65</u>
12 Other Income		
Interest receipts (tax deducted at source Rs.8.39 lakhs)	1,65.33	2,40.79
Dividend	6,16.25	3,56.90
Rent receipts (tax deducted at source Rs.79.99 lakhs)	1,20.46	1,04.92
Profit on sale of assets	6.96	2.52
Miscellaneous income	1,96.47	1,35.28
	<u>11,05.47</u>	<u>8,40.41</u>
13 Financial Expenses		
Interest - Fixed loans	1,37,42.32	1,55,01.74
- Debentures	43,38.42	48,25.86
- Others	7,52.28	2,22.15
Other financial expenses	5,13.53	11,00.12
	<u>1,93,46.55</u>	<u>2,16,49.87</u>

SCHEDULES

	(Rs. in Lakhs)	
	2003-2004	2002-2003
14 Establishment Expenses		
Salaries, allowances, commission and bonus	43,69.08	35,01.34
Company's contribution to Provident Fund, Superannuation and Employees' State Insurance Schemes	2,24.50	2,02.42
Staff welfare expenses	2,09.65	1,84.68
Gratuity	65.10	78.41
	48,68.33	39,66.85
15 Administrative and other expenses		
Rent	1,86.95	2,12.36
Lease rent	14.36	46.73
Rates and taxes	2,87.84	2,69.44
Communication expenses	7,41.32	7,09.43
Electricity expenses	3,27.58	2,49.78
Travelling and conveyance (net)	8,21.54	7,21.94
Advertisement charges	6,28.59	4,97.07
Claims incurred	44,35.50	29,00.00
Marketing and related expenses	7,67.50	3,90.20
Directors' sitting fee	18.80	11.60
Insurance	82.02	61.70
Repairs to buildings	98.00	51.32
Repairs to machinery	4,25.54	3,92.83
Donations	2,81.97	2,62.45
Miscellaneous expenses	17,57.88	18,24.80
	1,08,75.39	86,01.65
16 Provisions and Write off		
Bad Debts	25,10.17	30,69.84
Loss on Assets sold/written off	4,02.67	8,76.26
Loss on sale of investments	1,89.18	23.88
Provision against Investments	3,51.94	-
Diminution in value of investments	-	4,44.57
	34,53.96	44,14.55
Add / (Less) :Provision against non-performing assets	97.51	(1,53.30)
	35,51.47	42,61.25

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

1.1 Significant Accounting Policies:

1.1.1 The parent company M/s Sundaram Finance Ltd. follows the directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies, while the subsidiary Sundaram Home Finance Ltd follows the directions prescribed by the National Housing Bank for Housing Finance Companies. The Joint Venture Company, Royal Sundaram Alliance Insurance Company Limited follows the directions prescribed by the Insurance Regulatory and Development Authority.

1.1.2 Income recognition:

- a) Income in respect of Hire Purchase, Hypothecation loan transactions and Housing Finance loan transactions is accounted on the basis of the Internal Rate of Return method.
- b) Lease income is accounted as per the terms of the lease agreements for contracts entered into upto 31st March 2001. Income from leases entered into on or after 1st April 2001 is accounted as per the Accounting Standard - AS 19 - 'Leases' issued by ICAI. Initial direct costs are written off in the year in which they are incurred.
- c) Income from Services, Trading Activities and Insurance Agency Commission is recognised on accrual basis.
- d) Premium from Insurance business is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk) and premium deficiency, if any.
- e) Investment management and advisory fee has been accounted on accrual basis.

1.1.3 Fixed Assets:

Fixed assets are stated at historical cost less accumulated depreciation. The Value of assets on Finance Lease is further adjusted for balance in Lease Adjustment Account.

1.1.4 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 fully depreciated. Cost of assets given on lease is amortised during the lease period, for all leased assets acquired prior to 01.04.2001 as recommended in the "Guidance Note on Accounting for Leases (Revised)" issued by ICAI. Lease Equalisation Account, which represents the excess of annual lease charge over statutory depreciation, is recognised.

Cost of assets taken on lease on or after 01st April 2001 is amortised over the lease tenure as per the Accounting Standard (AS 19) - 'Leases' issued by ICAI, based on the capital recovery method.

1.1.5 Valuation of Investments:

Long-term investments are stated at cost and provision for decline in value, other than temporary, has been considered wherever necessary.

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

1.1.6 Foreign Currency Loans:

Foreign exchange transactions covered by forward contracts are stated at the forward/option contract rates while those not so covered are restated at rates ruling at the year end. Exchange differences resulting in income or expense are dealt with in the profit and loss account. Premium on forward contracts is recognised as an expense over the tenure of the contract.

1.1.7 Retirement Benefits:

- a) Liability towards gratuity to the employees is covered by a Group Policy with Life Insurance Corporation of India. In other cases, gratuity has been provided based on an actuarial valuation conducted at the end of the year.
- b) Liability on account of Superannuation benefits to employees is covered by means of a group policy with Life Insurance Corporation of India.
- c) Liability on account of encashment of leave to employees is provided on the basis of an actuarial valuation as on 31st March 2004.

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1.1.8 Taxation:

Current tax is provided on the taxable income for the year. Deferred tax liability and the timing differences have been fully provided for. Deferred tax assets are recognized on the consideration of prudence.

1.1.9 Intangible Assets:

Cost of computer software acquired/developed are recorded as intangible assets and amortised over their expected useful life.

1.2 Basis of Presentation:

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), to the extent applicable.

1.3 Basis of Consolidation:

- a) The Consolidated Financial Statements include the Financial Statements of Sundaram Finance Ltd (SFL) and its Subsidiaries, namely Sundaram Finance Distribution Ltd (SF Distribution), Sundaram Home Finance Ltd (Sundaram Home) and Sundaram Asset Management Company Ltd. (Sundaram Mutual)

Name of the Subsidiary	Country of incorporation	Proportion of ownership interest(%)
Sundaram Home Finance Ltd.	India	65
Sundaram Finance Distribution Ltd. (formerly Sundaram Finance Securities Ltd.)	India	100
Sundaram Asset Management Company Ltd.	India	100

Sundaram Finance Trustee Company Ltd, incorporated on 2nd December 2003, became a subsidiary on 8th December 2003, and commenced operations in March 2004 and as such no financial statements have been drawn upto 31/03/2004. Hence it is excluded from consolidation in these accounts.

- b) The statements also include the Financial Statements of Royal Sundaram Alliance Insurance Company Ltd., which is a Joint Venture Company of Sundaram Finance Ltd. and Royal & SunAlliance Insurance plc.

Name of the Joint Venture	Country of Incorporation	Proportion of ownership interest(%)
Royal Sundaram Alliance Insurance Company Ltd.	India	49.50

- c) The company has the following investments in Associates for which the required treatment as per AS-23 (Accounting for Investments in Associates) has been given in the Consolidated Financial Statements.

Name of the Associates	Country of Incorporation	Proportion of ownership interest(%)
Axles India Ltd. *	India	23.77
Turbo Energy Ltd.*	India	32.00
Transenergy Ltd. *	India	42.31
Sundaram Dynacast Pvt. Ltd.	India	26.00
InFreight Technologies India Pvt. Ltd. *	India	40.00

* Considered on the basis of Unaudited financial statements

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

d) The Consolidated Financial Statements have been prepared on the following basis.

The Financial Statements of the Parent Company and its Subsidiary Companies have been consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

The financial statements of Joint Venture Company Royal Sundaram Alliance Insurance Company Ltd. have been consolidated applying the proportionate method in accordance with AS-27 (Financial Reporting of Interests in Joint Ventures)

The Consolidated Financial Statements have been prepared by adopting Uniform Accounting Policies except the Joint Venture, Royal Sundaram Alliance Insurance Company Ltd., which depreciates Information technology software using straight-line method of depreciation.

The associate, Sundaram Dynacast Pvt. Ltd.'s reporting date was 31.12.2003 and the Financial statements as on that date have been considered for the purpose of preparation of Consolidated Financial Statements.

2. General

2.1 Segmental Reporting

(Rs. in Lakhs)

Business Segments	Assets Financing		Insurance		Other Operations		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE								
Segment Revenue	3,91,80.28	3,97,61.63	81,68.39	53,98.04	40,15.23	28,45.32	5,13,63.90	4,80,04.99
Less: Inter Segment	41.60	1,11.62	9.59	4.74	7,50.78	6,54.57	8,01.97	7,70.93
Total Revenue	3,91,38.68	3,96,50.01	81,58.80	53,93.30	32,64.45	21,90.75	5,05,61.93	4,72,34.06
RESULT								
Segment Result	84,72.66	68,87.56	4,32.36	(1,40.27)	8,66.97	2,98.97	97,71.99	70,46.26
Income tax	-	-	-	-	-	-	28,30.68	23,09.65
Unallocated items	-	-	-	-	-	-	5,59.47	3,11.27
Net Profit	-	-	-	-	-	-	75,00.78	50,47.88
OTHER INFORMATION								
Segment Assets	39,20,92.82	32,21,70.97	1,26,98.04	1,00,89.20	12,45.27	9,63.03	40,60,36.13	33,32,23.20
Segment Liabilities	34,93,95.71	28,35,07.27	78,69.67	57,07.86	1,81.54	1,70.73	35,74,46.92	28,93,85.86
Capital expenditure	1,06.79	2,19.13	3.01	2.72	0.44	0.59	1,10.24	2,22.44
Depreciation	18,85.22	14,82.55	2,23.53	1,96.28	39.45	29.35	21,48.20	17,08.18
Non-cash expenses other than depreciation	1.52	1.52	5.10	5.10	0.31	0.31	6.93	6.93

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.1.1 Related Party Disclosures

Related parties:

Associates

Axles India Limited

Turbo Energy Limited

Sundaram Mutual Fund

InFreight Technologies India Pvt. Limited

Sundaram Medical Foundation

Transenergy Limited

Sundaram Dynacast Private Limited

Key Management Personnel.

Sri T.T.Srinivasaraghavan, Managing Director

Sri G.K.Raman, Wholetime Director

2.1.2 The nature and volume of transactions of the company during the year, with the above related parties are as follows.

(Rs. in Lakhs)

Nature of Transactions	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total 2003-2004	Previous Year 2002-2003
INCOME					
Income from Lease	35.42	–	–	35.42	59.81
Income from Bills Discounting	1,67.47	–	–	1,67.47	1,98.37
Income from Services rendered	36.81	–	–	36.81	2.46
Dividend	79.17	–	–	79.17	1,95.52
Rent Receipts	14.01	–	–	14.01	–
Expenses					
Donations	2,00.00	–	–	2,00.00	2,06.00
Interest	–	3.14	0.54	3.68	3.25
Remuneration	–	1,18.62	–	1,18.62	1,24.89
Others	0.80	–	–	0.80	0.80
Assets					
Investment in Equity Shares	–	–	–	–	40.00
Redemption of Preference shares	–	–	–	–	80.00
Investments in Trust Securities	57,30.00	–	–	57,30.00	1,07,68.15
Disinvestments in Trust Securities	55,46.79	–	–	55,46.79	1,10,46.57
Investment in Trust Securities - at the end of the year	11,36.77	–	–	11,36.77	9,53.55
Housing Loan- at the end of the year	–	32.32	–	32.32	26.40
Bills Purchased - at the end of the year	4,99.62	–	–	4,99.62	13,81.06
Future Lease Receivables	49.99	–	–	49.99	73.17
Liabilities					
Deposits	–	28.00	5.40	33.40	29.90

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.2 Contingent liabilities in respect of

(Rs. in lakhs)

	As at 31.03.2004	As at 31.03.2003
a) Liability		
To Banks - On Cheques discounted	17,44.88	11,14.91
- On Counter guarantees	39.92	24.13
- On letters of credit	Nil	97.61
To Sales Tax Authorities	6.45	10.00
On Guarantees given on behalf of a Subsidiary company	1,00,00.00	50,00.00
b) Claims against the Company not acknowledged as debts	1,64.68	1,09.46
2.3 Uncalled Liability on partly paid Shares	NIL	54.02
2.4 Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.		

Signatures to Schedules 1 to 17

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

L Ravi Sankar
Partner
Membership No. 25929
Chennai,
31st May, 2004

T S Santhanam
Chairman

S Viji
Vice-Chairman

T T Srinivasaraghavan
Managing Director

G K Raman
Wholetime Director

S Venkatesan
Executive Director (Finance) & Secretary

S Narayanan

A Rangaswami

S Padmanabhan

T R Seshadri

Srinivas Acharya
Directors

Consolidated Cash Flow Statement

(Rs. in Lakhs)

	2003-2004		2002-2003	
A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit	75,00.78		50,47.88	
Lease Equalisation Account	31,76.81		52,60.91	
Provision for Taxation (Including Wealth Tax)	28,30.68		23,09.65	
	<u>1,35,08.27</u>		<u>1,26,18.44</u>	
Add: Financial Expenses	1,93,46.55	3,28,54.82	2,16,86.66	3,43,05.10
Depreciation		49,15.29		64,64.83
Profit attributable to Minority Interests		1,96.00		1,56.33
Diminution/provision- Value of investments		3,51.94		4,44.57
Provision against Non - Performing assets		97.51		(1,53.30)
(Profit) loss on assets		(4,73.57)		2,88.15
(Profit) loss on Investments		(5,29.54)		(14,47.72)
Interest / Dividend Received		(23,69.72)		(22,43.70)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		3,50,42.73		3,78,14.26
(Increase) Decrease in net stock on hire	2,65,26.40		4,51,26.80	
(Increase) Decrease in leased assets - net of sales	7,18.85		19,80.84	
(Increase) Decrease in Trade Bills purchased	14,11.53		13,11.52	
(Increase) Decrease in Net Investment in Lease	(7,26.82)		(9,99.89)	
(Increase) Decrease in Loans and Advances	(9,92,65.77)		(9,75,88.54)	
(Increase) Decrease in Other Receivables	50.89		(86.18)	
(Increase) Decrease in Bank Deposits (net)	(5,93.52)		(12,07.96)	
(Increase) Decrease in SLR Investments - net of sales	15,71.12		(10,89.80)	
Increase (Decrease) in Current Liabilities	38,23.06	(6,64,84.26)	37,42.88	(4,88,10.33)
Cash generated from Operations		<u>(3,14,41.53)</u>		<u>(1,09,96.07)</u>
Financial Expenses	(1,93,46.55)		(2,16,86.66)	
Direct Taxes Paid	(60,34.60)	(2,53,81.15)	(52,91.46)	(2,69,78.12)
NET CASH FROM OPERATING ACTIVITIES (A)		(5,68,22.68)		(3,79,74.19)
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(33,58.92)		(16,84.18)
Sale of Fixed Assets		85.48		57.56
Purchase of Investments		(5,96,64.17)		(2,97,95.23)
Sale of Investments		5,26,58.49		2,13,42.94
Interest Received		15,94.57		18,46.74
Dividend Received		7,75.15		3,96.96
NET CASH FROM INVESTING ACTIVITIES (B)		(79,09.40)		(78,35.21)
C) CASH FROM FINANCING ACTIVITIES				
Proceeds from issue of debentures		8,34,00.00		5,75,00.00
Debentures Redeemed		(6,38,80.00)		(3,65,00.00)
Increase in long term borrowings		5,62,90.47		3,51,29.59
Increase in Fixed Deposits		(25,44.51)		12,80.66
Increase (Decrease) in short term loans and advances		(66,40.90)		(97,99.67)
Dividend paid (including Corporate Dividend Tax)		(20,30.62)		(14,40.00)
NET CASH FROM FINANCING ACTIVITIES (C)		6,45,94.44		4,61,70.58
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)		(1,37.64)		3,61.18
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		24,80.96		21,19.78
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		23,43.32		24,80.96
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR				
Current Account with Banks		16,88.41		18,84.07
Cash, Stamps and Stamp Papers on Hand		6,54.91		5,96.89

T S Santhanam
Chairman

T T Srinivasaraghavan
Managing Director

S Narayanan

S Viji
Vice-Chairman

G K Raman
Wholetime Director

A Rangaswami

Chennai,
31st May, 2004

S Venkatesan
Executive Director (Finance) & Secretary

S Padmanabhan

T R Seshadri

Srinivas Acharya
Directors

Auditors' Report to the Board of Directors of Sundaram Finance Limited on the Consolidated Financial Statements

We have examined the attached consolidated balance sheet of Sundaram Finance Limited, its subsidiaries, a joint venture company and associate companies as at 31st March, 2004, the Consolidated Profit and Loss Account for the year ended on that date and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of Sundaram Finance Limited. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of four subsidiary companies, one joint venture company and five associate companies have been considered for the purposes of consolidation. A subsidiary company – M/s. Sundaram Finance Trustee Company Ltd. was incorporated on 2nd December, 2003. We have been informed that the company intends to close its books of account after 31st March, 2004. The transactions of this company upto 31st March, 2004 are not material and have not been considered for the purposes of consolidation.

The financial statements of five associate companies have been considered for the purposes of consolidation. The financial statements of a associate company reflecting total assets of Rs. 646.41 lakhs on 31st December, 2003 and total revenue of Rs. 739.34 lakhs for the year ended on that date has been audited by other

auditors, whose report has been furnished to us. We have relied upon this report for the purpose of the amounts included in respect of the associate company in the consolidated financial statements. The financial statements of the other four associate companies reflecting total assets of Rs. 20222.53 Lakhs as on 31st March, 2004 and total revenue of Rs. 29853.68 Lakhs for the year ended on that date are based on their unaudited financial statements as on 31st March, 2004.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard:

AS 21 Consolidated Financial Statements

AS 23 Accounting for Investments in Associates in Consolidated Financial Statements.

AS 27 Financial Reporting of Interests in Joint Ventures

issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Sundaram Finance Limited, its three subsidiaries, a joint venture company and the audited/ unaudited financial statements of its five associate companies, as mentioned above, included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports of individual audited financial statements of Sundaram Finance Limited, its three subsidiaries, one associate company, a joint venture company and the unaudited financial statements of four associate companies, we are of the opinion that in conformity with the accounting principles generally accepted in India,

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Sundaram Finance Limited, its subsidiaries, a joint venture company and associate companies as at 31st March, 2004,

-
- b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Sundaram Finance Limited, its subsidiaries, a joint venture company and associate companies for the year ended 31st March, 2004 and
- c) the Consolidated cash flow statement gives a true and fair view of the consolidated cash flows of Sundaram Finance Limited, its

subsidiaries, a joint venture company and associate companies for the year ended 31st March, 2004.

For BRAHMAYYA & CO.,
Chartered Accountants

L. RAVI SANKAR
Partner

Place : Chennai
Dated: 31st May, 2004

Membership No. 25929

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31.03.2004

(As per approval under Section 212(8) of the Companies Act, 1956)

(Rs. in Lakhs)

Description	Sundaram Home Finance Ltd.	Sundaram Asset Management Company Ltd.	Sundaram Finance Distribution Ltd.
Share Capital	50,00.00	15,00.00	1,50.00
Reserves	13,62.54	37.19	93.75
Total Assets	6,61,62.58	15,38.98	2,43.75
Total Liabilities	5,98,00.04	1.79	—
Investment	36,28.89	8,19.85	2,12.77
Turnover	52,81.45	15,96.60	41.91
Profit Before Taxation	6,29.92	4,68.60	52.83
Provision for Taxation	69.92	21.72	14.41
Profit After Taxation	5,60.00	4,46.88	38.42
Proposed Dividend	—	—	—

Nationwide Network of 127 Branches

TAMIL NADU	: Chennai (Adyar, Anna Nagar, City Branch, T. Nagar), Chengalpattu, Coimbatore, Dindigul, Erode, Hosur, Kancheepuram, Karaikudi, Karur, Kumbakonam, Madurai, Nagapattinam, Namakkal, Ooty, Pollachi, Pudukkottai, Salem, Sankari, Sivakasi, Tiruvannamalai, Thanjavur, Theni, Tiruchy, Tirunelveli, Tiruppur, Tuticorin, Vellore, Villupuram.
PONDICHERRY	: Pondicherry
ANDHRA PRADESH	: Anantapur, Bhimavaram, Chittoor, Guntur, Hyderabad, Kakinada, Khammam, Kurnool, Nellore, Nizamabad, Ongole, Rajahmundry, Secunderabad, Srikakulam, Tirupathi, Vijayawada, Visakhapatnam, Warangal.
KARNATAKA	: Bangalore (Manipal Centre, Jayanagar), Basavakalyan (Bidar Dist), Belgaum, Bellary, Gulbarga, Hassan, Hubli, Mangalore, Mysore, Raichur, Shimoga, Udipi.
KERALA	: Alapuzha, Attingal, Ernakulam, Kannur, Kattappana, Kayamkulam, Kollam, Kottayam, Kozhikode, Manjeri, Muvattupuzha, Palakkad, Pathanamthitta, Perinthalmanna, Sulthan Bathery, Thalassery, Thiruvananthapuram, Thrissoor, Tirur, Vadakara.
MAHARASHTRA	: Mumbai - R.O [Carnac Bunder, Chembur, Nariman Point, Vashi (Navi Mumbai)], Akola, Amaravati, Aurangabad, Kolhapur, Nagpur, Nasik, Pune.
GOA	: Panjim
GUJARAT	: Ahmedabad, Baroda, Gandhidham, Rajkot, Surat
MADHYA PRADESH	: Bhopal, Gwalior, Indore, Jabalpur
NEW DELHI	: New Delhi - R.O (Ashoka Estate, Punjabi Bagh, East Delhi)
HARYANA	: Ambala, Faridabad, Gurgaon
PUNJAB	: Bhatinda, Jullundhar, Ludhiana, Moga
CHANDIGARH	: Chandigarh
RAJASTHAN	: Ajmer, Bhilwara, Chittorgarh, Jaipur, Jodhpur, Udaipur
UTTAR PRADESH	: Kanpur
WEST BENGAL	: Asansol, Durgapur, Kolkata

Notes

Notes