



SUNDARAM ASSET MANAGEMENT COMPANY LIMITED

9TH ANNUAL REPORT

2004-2005



Board of Directors

D N Ghosh
T P Raman
S Krishnamurthy
T N Anantharama Iyer
T T Srinivasaraghavan
A V Rajwade
Ashoke Bijapurkar
Banikanta Mishra
Narayan K Seshadri

Chairman
Managing Director

Audit Committee

S Krishnamurthy
T N Anantharama Iyer
T P Raman

Chairman

Investment Committee

S. Krishnamurthy
T T Srinivasaraghavan
T P Raman

Chairman

Chief Finance Officer

T S Sritharan

Secretary

P Sundararajan

Bankers

State Bank of Mysore
HDFC Bank Ltd.

Auditors

M/s Brahmayya & Co.
Chennai

Chartered Accountants

Systems Auditors

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

Registered Office

No. 21, Patullos Road, Chennai – 600 002.

Corporate Office

SUNDARAM TOWERS
II Floor, 46, Whites Road, Chennai – 600 014.
Tel: 28583362, Fax: 28583156

Home Page

<http://www.sundarammutual.com/>



Other Committees

Remuneration Committee

D N Ghosh	Chairman
T P Raman	
T T Srinivasaraghavan	
Ashoke Bijapurkar	

Products & Strategy Committee

T P Raman	Chairman
A V Rajwade	
T T Srinivasaraghavan	
Ashoke Bijapurkar	
Narayan K Seshadri	

Joint Committee

Nominees from Trustee Board

G K Raman	Chairman
K V Krishnamurthy	

Nominees from the Company

T T Srinivasaraghavan	
Narayan K Seshadri	
T P Raman (Secretary to the Committee)	

BRANCHES

Ahmedabad	Delhi	Mumbai	Vizag
Bangalore	Hyderabad	Pune	Jaipur
Cochin	Kolkatta	Trichy	Chandigarh
Coimbatore	Madurai	Vijayawada	Kanpur



SUNDARAM ASSET MANAGEMENT COMPANY LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE

Enduring values. New age thinking.

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Directors' Report

Your Directors have pleasure in presenting the Ninth Annual Report with the audited financial statement of accounts for the year ended 31st March 2005. The financial performance of your Company for the year 2004-05 is summarised below:

FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	Year ended 31 March 2005	Year ended 31 March 2004
Gross Income	1342.67	1693.61
Profit before depreciation and tax	90.51	507.77
Less: Provision for Depreciation	(54.36)	(39.17)
Provision for Taxation	0.00	(21.72)
Profit after tax	36.14	446.88
Less: Prior period expenses	30.84	(66.76)
	5.30	380.12
Profit / (Loss) brought forward from the previous year	37.19	(342.93)
Surplus carried to Balance Sheet	42.49	37.19

Your Company earned a total income of Rs.1342.67 lakhs, by way of investment management fee and other income during the year as against a total income of Rs. 1693.61 lakhs in the previous year. The profit after tax for the year amounted to Rs. 36.14 lakhs as against Rs. 446.88 lakhs in the previous year.

PERFORMANCE

Fiscal year 2004-05 was a year with a difference for the mutual fund industry. It was the year in which the largest number of new schemes- 97 in all, were launched. The amount mobilised by new schemes at over Rs. 25000 cr. was also a new record. However, the discouraging fact was the net accretion which was only Rs. 2154 cr., the lowest in the last five years. This was mainly due to the net outflow of over Rs. 15,785 cr from income, gilt and ELSS schemes on account of redemption pressures and shift of resources in favour of small savings schemes. The net inflow in liquid funds was substantially lower at Rs 10,347 cr. The net inflow in equity and balanced funds was only Rs. 7592 cr. The AUM of the industry as on March 31, 2005 stood at Rs. 1,49,554 cr as against Rs. 1,39,616 cr as at the end of the previous year, registering a moderate increase of 7% over the year.

During the year under review, the gross mobilisation under various schemes of Sundaram Mutual Fund amounted to Rs. 8079 cr. as against Rs. 8456 cr. in the previous year. After redemptions, net outflows from SM Funds amounted to Rs. 180 cr. Sundaram Mutual Fund launched four new schemes viz. Sundaram India Leadership Fund, Sundaram Floating Rate Fund-Short Term Plan, Sundaram Floating Rate Fund-Long Term Plan and Sundaram Small and Medium Indian Leading Equities Fund (SMILE) and mobilized a sum of Rs. 630 cr. SMILE Fund in particular mobilized a record sum of Rs. 362 cr. The overall Assets Under Management amounted to Rs. 1860 cr. as on March 31, 2005, as against Rs. 2018 cr. at the end of the previous year. The company's share of the assets of private sector funds declined from 1.92% to 1.58%.

Your company managed 16 open-ended and 2 close-ended schemes, with a range of options under different funds to meet investor expectations and preferences. The commendable performance of Sundaram Mutual schemes attracted considerable investor interest. The number of investors at the end of the year was 1,71,177 as against 1,21,805 at the end of the previous financial year.

A table showing the net asset value (NAV) per unit and Assets under Management of the schemes of Sundaram Mutual Fund as on 31st March 2005 is enclosed vide **annexure I**.

BRANCHES, DISTRIBUTORS AND AGENTS

During the year your Company opened 3 new branches at Jaipur, Chandigarh and Kanpur taking the total number of branches to 17. Your Company will continue to enhance the network of agents and distributors to target retail savings.

In order to expand distribution coverage, your company entered into agreements with Indian Bank, Indian Overseas Bank and Andhra Bank. These banks will distribute the entire range of Mutual Fund products through their select branch network.

Your Company proposes to enter into similar agreements with other banks and financial service companies to widen its distribution network.

Further, reflecting the company's current strategic emphasis on targeting retail investors, the company has plans to broaden and deepen its network of agents and distributors at various centers.

PROSPECTS

During the current year, new SM schemes proposed to be introduced by the company will help meet the requirements of a wider cross section of the investor community. Your Company is confident of growing on the back of performance and improved customer services. Your Board of Directors are confident that the company's style of fund management, with emphasis on thorough professionalism, continued adherence to values cherished by the Sundaram Finance group, and quality investor services, will enable the company to achieve significant further growth with enhanced profitability.

Your company also filed an application with SEBI for commencing Portfolio Management Services (PMS) and is awaiting its approval.

DIRECTORS

Mr. M.S. Parthasarathy and Mr. S.N. Inamdar demitted their offices as directors of the Board during November 2004. Your Directors place on record their recognition and appreciation of valuable

contribution made by Mr. Parthasarathy and Mr. Inamdar to the growth and progress of the Company.

Mr. Narayan K. Seshadri was appointed as a director during December 2004. Your company stands to gain from his rich knowledge and experience in financial services and investment.

Mr. T.P. Raman was reappointed as the Managing Director of your Company for a period of 2 years, with effect from July 1, 2005.

Mr. A.V. Rajwade and Mr. Ashoke Bijapurkar retire by rotation at the ensuing Annual General meeting, and, being eligible, offer themselves for re-election. Necessary resolutions are submitted for your approval.

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

Your Company has no activity relating to conservation of energy or technology absorption. The Company has no foreign exchange earnings. The company incurred foreign exchange expenditure for travel and payment of brokerage and commissions on behalf of the mutual fund.

PERSONNEL

During the year your company recruited 55 persons to the work force. The number of employees on the rolls of the company as at 31 March 2005 stood at 119. Your company imparted various training programmes to the employees to enhance their skills.

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report.

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Board comprising of Mr. S. Krishnamurthy, Mr.T.N. Anantharama Iyer, Directors and Mr. T.P. Raman, Managing Director. Mr .S. Krishnamurthy chaired the Meetings of the Committee. The Statutory Auditor, Internal

Auditor, and senior management personnel are invited to the meetings of the Committee. During the year the Committee met Six times and reviewed the financial accounts/policies, adequacy of internal control systems and interacted with Statutory Auditors, Internal Auditors and Systems Auditors. Besides, the Committee reviewed audit plans, unaudited financial results of Sundaram Mutual Schemes.

Investment Committee

The Investment Committee was reconstituted with Mr. S. Krishnamurthy, Mr. T.T. Srinivasaraghavan, Directors, and Mr. T.P. Raman, Managing Director. Mr. S. Krishnamurthy chaired the meetings of the Committee. The Chief Investment Officer, Company Secretary and the Chief Financial Officer attend the meetings of the Committee. During the year the Committee met four times and reviewed the performance of the schemes of Sundaram Mutual, and reviewed investment norms and the investment strategy. The Committee took note of the purchases and sale of investments made by the schemes.

Remuneration Committee

The remuneration committee was reconstituted with the co-option of Dr. Ashoke Bijapurkar. The Committee comprising the Chairman Mr. DN Ghosh, Mr.T.P.Raman, Mr.T.T.Srinivasaraghavan and Dr. Ashoke Bijapurkar reviews the remuneration policy for the key employees of the Company.

Products and Strategy Committee

Products and Strategy committee was constituted exclusively to evaluate new products proposed by the AMC and recommend launch of schemes. It also reviews the business plans and the marketing and distribution strategy adopted for promoting SM Schemes. The committee consisting of Mr. A.V. Rajwade, Mr.T.T. Srinivasaraghavan, Mr. T.P. Raman Dr. Ashoke Bijapurkar and Mr. Narayan Seshadri met three times during the year under review.

Joint Committee

A joint committee comprising Mr. T.T. Srinivasaraghavan and Mr. Narayan Seshadri from your company and Mr. G.K. Raman and Mr. K.V. Krishnamurthy from the Trustee company was constituted

to exclusively consider the introduction of new schemes and vet offer documents, after the Product & Strategy committee examines and recommends new products. Mr. G.K. Raman is the Chairman and Mr. T.P. Raman is the Secretary of the Committee.

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

THE DIRECTORS CONFIRM:

1. That in 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 judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit or loss for that period;
3. 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.

AUDITORS

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

SEBI REGULATIONS

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

TRIBUTE

Your Directors record with profound regret the passing away of Sri. T.S. Santhanam, the Founder Chairman of Sundaram Finance Limited on 15th April 2005.

Born on 8th November 1912, Sri T.S.Santhanam was the fourth son of late T.V. Sundram Iyengar. Having taken to his family business at a very young age, along with his father and brothers, he played an important role in setting up of various companies under the TVS group, many with foreign partners, most of whom are market leaders today and renowned internationally for their quality. He founded Sundaram Finance Limited in 1954 to fulfill the long felt need for auto financing on fair terms. Today, the Company that he founded is recognised as one of the most respected Financial Services Company in the country. He was instrumental in the formation of the Sundaram Mutual Fund.

Recognizing his invaluable expertise, the Government of India nominated him as a member of several important committees constituted by it in the areas of road transport, industrial development, banking, taxation and company law. The manifold achievements of this enlightened pioneer stand testimony to his farsightedness, vision

and commitment to values. His passing marks the end of an era and the void it has created is immeasurable.

ACKNOWLEDGEMENT

Your Directors wish to place on record their deep appreciation of the professional support and guidance received from the Trustees of Sundaram Mutual Fund, and from Sundaram Finance Ltd. Your Board of Directors also thank the Securities and Exchange Board of India and Association of Mutual Funds in India, Company's bankers and other intermediaries for their continued support and co-operation. Your Directors place on record their appreciation of the dedication and commitment displayed by the employees of your Company.

For and on behalf of the Board

Chennai
19 May 2005

D.N. Ghosh
Chairman

Annexure I to the Directors' Report

Scheme	NAV as on 31st March 2005 (Rs.)	Assets Under Management as on 31st March 2005 (Rs. in Crores)
1 Sundaram Tax saver '97	18.5614	1.96
2 Sundaram Growth Fund		110.55
• Dividend	12.1395	
• Appreciation	33.5883	
3 Sundaram Tax saver '98	37.5631	0.71
4 Sundaram Tax saver (Open-ended)	13.2260	10.56
5 Sundaram Select Focus		62.23
• Dividend option	11.9357	
• Appreciation option	27.7068	
6 Sundaram Select Midcap		262.27
• Dividend option	13.1628	
• Appreciation option	37.8295	
7 Sundaram India Leadership Fund		79.8
• Dividend	11.2217	
• Appreciation	13.7713	

Scheme	NAV as on 31st March 2005 (Rs.)	Assets Under Management as on 31st March 2005 (Rs. in Crores)
8 Sundaram S.M.I.L.E Fund		352.13
• Dividend	10.0715	
• Appreciation	10.0724	
9 Sundaram Balanced Fund		49.67
• Dividend option	11.7953	
• Appreciation option	20.4634	
10 Sundaram Monthly Income Plan		76.51
• Dividend option		
– Monthly dividend	10.2398	
– Quarterly dividend	10.3614	
– Half yearly dividend	10.4987	
• Growth option	10.7078	
11 Sundaram Gilt Fund		1.77
• Dividend option	10.1841	
• Appreciation option	12.4238	
12 Sundaram Bond Saver - Regular		177.20
• Dividend option		
– Quarterly	10.0713	
– Half yearly	10.5029	
– Annual	10.2592	
• Appreciation option	21.3604	
• Bonus Option	11.2477	
Sundaram Bond Saver - Institutional		
– Dividend quarterly	10.1939	
– Bonus option	10.7897	
13 Sundaram Income Plus		16.51
• Dividend option	10.4261	
• Appreciation option	11.8617	
14 Sundaram Select Debt -Dynamic Asset Plan		2.66
• Dividend option		
– Quarterly dividend	10.1053	
– Half-yearly dividend	10.1413	

Scheme	NAV as on 31st March 2005 (Rs.)	Assets Under Management as on 31st March 2005 (Rs. in Crores)
<ul style="list-style-type: none"> - Annual dividend 	10.3875	
<ul style="list-style-type: none"> • Appreciation option 	12.1659	
15 Sundaram Select Debt –Short term Asset plan		5.88
<ul style="list-style-type: none"> • Dividend option 		
<ul style="list-style-type: none"> - Weekly dividend 	10.5651	
<ul style="list-style-type: none"> - Fortnightly dividend 	10.3210	
<ul style="list-style-type: none"> - Monthly 	10.3250	
<ul style="list-style-type: none"> - Quarterly dividend 	10.4236	
<ul style="list-style-type: none"> - Half yearly dividend 	10.4440	
<ul style="list-style-type: none"> - Annual dividend 	10.7052	
<ul style="list-style-type: none"> • Appreciation option 	11.6174	
16 Sundaram Money Fund - Regular		504.92
<ul style="list-style-type: none"> • Dividend 		
<ul style="list-style-type: none"> Daily Dividend Reinvestment option 	10.0953	
<ul style="list-style-type: none"> Weekly dividend reinvestment option 	10.1364	
<ul style="list-style-type: none"> Fortnightly dividend reinvestment option 	10.0900	
<ul style="list-style-type: none"> Monthly dividend reinvestment option 	10.0994	
<ul style="list-style-type: none"> Quarterly dividend reinvestment option 	10.3554	
<ul style="list-style-type: none"> • Appreciation option 	13.9481	
Sundaram Money Fund – Institutional Plan		
<ul style="list-style-type: none"> • Dividend 		
<ul style="list-style-type: none"> Daily Dividend Option 	10.0953	
<ul style="list-style-type: none"> Weekly Dividend 	10.1385	
<ul style="list-style-type: none"> • Appreciation 	13.9577	
17 Sundaram Floating Rate Fund -Short Term Plan		129.05
Regular		
<ul style="list-style-type: none"> • Monthly 	10.1297	
<ul style="list-style-type: none"> • Appreciation 	10.1297	
Institutional		
<ul style="list-style-type: none"> • Dividend 		
<ul style="list-style-type: none"> - Daily 	10.0519	
<ul style="list-style-type: none"> - Weekly 	10.1196	

Scheme	NAV as on 31st March 2005 (Rs.)	Assets Under Management as on 31st March 2005 (Rs. in Crores)
<ul style="list-style-type: none"> – Monthly • Appreciation 	<p>10.1365</p> <p>10.1365</p>	15.59
<p>18 Sundaram Floating Rate Fund – Long Term Plan</p> <p>Regular</p> <ul style="list-style-type: none"> • Dividend <ul style="list-style-type: none"> – Monthly – Quarterly – Half yearly – Annual • Appreciation <p>Institutional</p> <ul style="list-style-type: none"> • Dividend <ul style="list-style-type: none"> – Monthly – Quarterly • Appreciation <p>Total</p>	<p>10.1217</p> <p>10.1217</p> <p>10.1217</p> <p>10.1217</p> <p>10.1217</p> <p>10.1220</p> <p>10.1220</p> <p>10.1220</p>	
		1859.97

Annexure II to the Directors' Report

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

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

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

Auditors' Report

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

1. We have audited the attached balance sheet of M/s. Sundaram Asset Management Company Limited, as at 31st March 2005, 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of sub-section (4A) of section 227 of the companies Act, 1956 (the Act) we give in the Annexure a statement on the matters specified in paragraph 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 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) According to the explanations given to us and considering the change in the method of accounting of upfront brokerage and incentive incurred on certain Sundaram Mutual Fund Equity Schemes which were accounted for as an expense at the time of subscription to the schemes upto 31st October, 2004 and with effect from 1st November, 2004 are amortised over a period of twenty four months or the period of investment, whichever is earlier (as detailed in Note No.3.5 of Schedule 15), the profit before depreciation and tax of the company is higher by Rs.1,41,01,922 on account of this change. Subject to the above, 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 2005;
 - 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 year ended on that date.

for BRAHMAYYA & CO
Chartered Accountants

Place: Chennai
Date : 19th May, 2005

P. BABU
Partner
Membership No. 203358

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

1. a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the company and the nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) There was no substantial disposal of fixed assets during the year.
2. a) In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register under Section 301 of the Act.
- b) In our opinion and according to the information and explanations given to us, the company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
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 purchase of fixed assets. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
4. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
5. The company has not accepted deposits from 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 Act.
8. According to the records of the company, Provident Fund Employees State Insurance, Income tax and Service Tax have generally been regularly deposited during the year with the appropriate authorities except delay in deposit of Provident Fund in a few cases. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March, 2005.
9. According to the records of the company and the information and explanations given to us, there are no dues of Provident Fund, Employees State Insurance, Income tax and Service tax, which have not been deposited on account of any dispute.
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 year.
11. The company does not have any borrowing from financial institutions, banks or on issue of debentures.
12. According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

- | | |
|---|---|
| <p>13. The company is not a chit fund / nidhi / mutual benefit fund / society.</p> <p>14. Based on our examination of records and information and explanations given to us, proper records have been maintained of the transactions and contracts relating to dealing in shares, securities, debentures and other investments and timely entries have been made therein. The securities and other investments have been held by the company in its own name.</p> <p>15. In our opinion and according to the information and explanation given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.</p> <p>16. The company has not availed any term loan during the year.</p> <p>17. According to the information and explanations given to us, the company has not raised funds on short term or long term basis during the year.</p> <p>18. Based on the information and explanations given to us, the company has not made any preferential allotment of shares to</p> | <p>parties and companies covered in the register maintained under Section 301 of the Act</p> <p>19. The company has not issued debentures during the year.</p> <p>20. The company has not raised monies by public issue during the year.</p> <p>21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year</p> <p>22. In our opinion and according to the information and explanations given to us, the nature of the company's business /activities during the year have been such that clauses ii and xiii of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the company</p> |
|---|---|

for BRAHMAYYA & CO.,
Chartered Accountants

Place: Chennai
Date : 19th May, 2005

P. BABU
Partner

Membership No. 203358

Balance Sheet

as at 31st March, 2005

	Schedule	31.03.2005		31.03.2004	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	150,000,000		150,000,000	
b) Reserves and Surplus	2	4,248,974	154,248,974	3,718,841	153,718,841
2. Deferred Tax Liability (net)					
Deferred Tax Liability		1,249,212		704,141	
Less: Deferred Tax Asset		1,070,270	178,942	525,199	178,942
3. Loan Funds					
a) Secured Loans		-			
b) Unsecured Loans		-			
Total			154,427,916		153,897,783
II. Applications of Funds					
1. Fixed Assets					
a) Gross Block	3	34,262,371		26,871,068	
b) Less: Depreciation		17,137,226		12,240,523	
c) Net Block			17,125,145		14,630,545
2. Investments					
	4		38,804,690		81,984,545
3. Current Assets, Loans and Advances					
a) Current Assets	5	38,124,357		11,040,411	
b) Loans and Advances	6	91,005,733		67,578,529	
(A)		<u>129,130,090</u>		<u>78,618,940</u>	
Less: Current Liabilities and Provisions					
a) Current Liabilities	7	28,051,636		18,775,501	
b) Provisions	8	2,600,000		2,600,000	
(B)		<u>30,651,636</u>		<u>21,375,501</u>	
Net Current Assets	(A-B)		98,478,454		57,243,439
4. a) Miscellaneous expenditure					
(to the extent not written off or adjusted)	9		19,627		39,254
Total			154,427,916		153,897,783
Notes to the accounts	15				

As per our report of even date attached

For Brahmayya & Co.
Chartered Accountants

D N Ghosh
Chairman

T P Raman
Managing Director

S Krishnamurthy
Director

P. Babu
Partner
Membership No. 203358

T N Anantharama Iyer
Director

A V Rajwade
Director

T T Srinivasaraghavan
Director

Chennai
19th May 2005

Ashoke Bijapurkar
Director

Banikanta Mishra
Director

P Sundararajan
Secretary

Profit and Loss Account

for the Year Ended 31st March, 2005

Schedule	01.4.2004 to 31.3.2005	01.4.2003 to 31.3.2004
	Rs.	Rs.
INCOME		
Income from operations	120,194,799	159,659,726
Other Income	14,072,451	9,701,400
Total	<u>134,267,250</u>	<u>169,361,126</u>
Expenditure		
Establishment expenses	51,064,111	45,750,778
Administrative and other expenses	59,341,173	50,765,604
Scheme expenses borne by the company	14,791,662	22,047,785
Preliminary expenses written off	19,627	19,627
Total	<u>125,216,573</u>	<u>118,583,794</u>
Profit before depreciation and tax	(A-B) 9,050,677	50,777,332
Less :Depreciation	5,436,544	3,917,481
Profit before taxation	<u>3,614,133</u>	<u>46,859,851</u>
Taxation		
– Current	-	2,400,000
– Deferred Tax	-	(228,431)
Profit after Tax	<u>3,614,133</u>	<u>44,688,282</u>
Less: Prior-Period expenses	3,084,000	6,676,000
	<u>530,133</u>	<u>38,012,282</u>
Balance of profit / (loss) brought forward from the previous year	3,718,841	(34,293,441)
Surplus - Balance carried to Balance Sheet	<u>4,248,974</u>	<u>3,718,841</u>
Earnings per Equity Share		
Number of Shares (Face value Rs.10/- per share)	15,000,000	15,000,000
Basic and Diluted earnings per share (in Rupees)	0.04	2.53
Notes to the accounts	15	

As per our report of even date attached

For Brahmaya & Co.
Chartered Accountants

P. Babu
Partner
Membership No. 203358

Chennai
19th May 2005

D N Ghosh
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Director

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Director

P Sundararajan
Secretary

Schedules

1 SHARE CAPITAL :

	31.03.2005	31.03.2004
	Rs.	Rs.
Share Capital		
Authorised		
1,50,00,000 Equity Shares of Rs 10/- each	150,000,000	150,000,000
5,00,000 Redeemable Preference Shares of Rs.100/- each	50,000,000	50,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and fully paid up		
1,50,00,000 Equity Shares of Rs 10/- each	<u>150,000,000</u>	<u>150,000,000</u>
1,50,00,000 equity shares are held by Sundaram Finance Ltd., the Holding Company and its nominees.		
2 RESERVES AND SURPLUS		
Surplus - Balance in Profit and Loss Account	4,248,974	37,18,841
	<u>4,248,974</u>	<u>37,18,841</u>

3 FIXED ASSETS

(In Rupees)

Description	GROSS BLOCK AT COST			DEPRECIATION				NETBLOCK		
	As at 1.4.2004	Additions	Deductions	As at 31.3.2005	Upto 31.3.2004	Additions	Deductions	Upto 31.3.2005	As at 31.3.2005	As at 31.3.2004
Office Equipment	4,352,416	1,408,651	102,613	5,658,454	1235765	746381	61122	1921024	3737430	3116651
Electrical Equipment	2,346,075	34,695	-	2,380,770	1232582	164305	-	1396887	983883	1113493
Computers	10,115,951	2,647,512	520,896	12,242,567	5853313	2504389	478719	7878983	4363584	4262638
Furniture and fixtures	9,182,098	331,685	-	9,513,783	3741733	1127619	-	4869352	4644431	5440365
Vehicles	874,528	62,989	-	937,517	177130	195981	-	373111	564406	697398
Intangible Assets										
Computer Software	-	3,529,280	-	3,529,280	-	697869	-	697869	2831411	-
Total	26,871,068	8,014,812	623,509	34,262,371	12240523	5436544	539841	17137226	17125145	14630545

SCHEDULES

	Face Value Rs.	31.03.2005 Rs.	31.03.2004 Rs.
4. INVESTMENTS			
I. Long Term Investments			
At Cost - Fully paid up			
Unquoted			
A. In Trust Securities:			
In Mutual Funds			
Units of Sundaram Select Debt - Nil units (3470987 units purchased and redeemed under short term asset plan during the year and (opening balance of 2034293 units redeemed during the year)	-	-	24,000,000
Units of Sundaram India Leadership fund - 381484 units purchased during the year under dividend option	3,814,840	5,000,000	-
Units of Sundaram Balanced Fund - 931989 units purchased during the year under dividend option	9,319,890	15,000,000	-
Units of Sundaram Growth Fund - 178544 (140637 units under dividend option purchased during the year)	1,785,440	2,500,000	500,000
Units of Sundaram Select focus - 192237 (154763 units under dividend option purchased during the year)	1,922,370	2,500,000	500,000
Units of Sundaram Midcap - 39718 units under dividend option	397,180	500,000	500,000
Units of Hdfc Mutual Fund - 11703 units under Dividend plan.	117,030	200,000	200,000
Units of Franklin Templeton Mutual Fund - 13012 units under Bluechip Fund Dividend payout plan	130,120	200,000	200,000
Units of Sundaram Income Plus (opening balance of 441244 units under the Appreciation plan switched out to money fund during the year)	-	-	5,000,000
Units of Sundaram Bond Saver (476476 Units in Sundaram Bond Saver under Dividend option and 471376 Units in Sundaram Bond Saver under Appreciation option sold during the year)	-	-	14,854,106
Sub-total (A)		<u>25,900,000</u>	<u>45,754,106</u>
B. In Bonds/ Debentures:			
10, Series I 13.85% Unsecured Redeemable Non convertible subordinated Bonds of Rs.5,00,000 each in Canara Bank (redeemed during the year)	5,000,000	-	5,000,000
10, Series II 14.30% Unsecured Redeemable Non Convertible subordinated Bonds of Rs.1,00,000 each in Bank of Baroda	1,000,000	1,000,000	1,000,000
50 Series K, 14.50% Unsecured Redeemable Non-convertible Bonds of Indian Petrochemicals Corpn Ltd of Rs.33,333/- each (face value of Rs.33,333 per bond redeemed during the year)	1,666,650	1,666,650	3,333,350
16, 13.75% Unsecured Redeemable Regular Income Bonds of Rs. 5000 each in ICICI Ltd. (redeemed during the year)	80,000	-	79,200
2, 12.95% Unsecured Subordinated Bonds in the nature of Non-Convertible debentures of Rs. 25,00,000 each in Centurion Bank Limited.	5,000,000	5,000,000	5,000,000
4000 Unsecured redeemable Growing Interest Bonds of Rs.5000/- each with Industrial Development Bank of India (redeemed during the year)	20,000,000	-	20,689,600
Sub-Total (B)		<u>7,666,650</u>	<u>35,102,150</u>

SCHEDULES

	Face Value Rs.	31.03.2005 Rs.	31.03.2004 Rs.
C. In Equity Shares:			
Quoted			
Andhra Sugars Ltd - 500 Equity Shares of Rs.10 each	5,000	21,760	43,520
Apollo Hospitals Ltd (opening balance of 1000 equity shares of Rs.10/- each sold during the year)	-	-	158,700
Swaraj Mazda Ltd - 260 Equity Shares of Rs.10 each (opening balance of 5000 equity shares of Rs.10/- each and 4740 equity shares of Rs.10 each sold during the year)	2,600	48,174	926,069
Sub-Total (C)		69,934	1,128,289
Total (A) + (B) + (C) = I		33,636,584	81,984,545
II Current Investments			
In Trust Securities - In Mutual Funds			
Units of Sundaram Money Fund 511932 units under the Institutional Div Reinvest Daily option (1619295 units purchased and redeemed during the year under the Appreciation Option) (10926142 units purchased and redeemed during the year under the Institutional Plan Appreciation option) (1312 units purchased and redeemed during the year under the Dividend reinvestment daily option) (511932 units purchased during the year under the Institutional Div Reinvest Daily Option)	5,119,325	5,168,106	-
Total (II)		5,168,106	-
Grand Total (I) + (II)		38,804,690	81,984,545
Summary of Investments :			
I. Long Term Investments			
Quoted			
In Equity Shares		69,934	1,128,289
Unquoted			
In Bonds / Debentures		7,666,650	35,102,150
In Trust Securities		25,900,000	-
II. Current Investments			
Trust Securities		5,168,106	45,754,106
GRAND TOTAL		38,804,690	81,984,545

	Cost 31.03.2005 Rs.	Market Value Rs.
Aggregate of unquoted Investments - Long Term		
In Bonds / Debentures	7,666,650	-
Aggregate of quoted Investments - Long Term		
In Equity Shares	69,934	126,000
In Trust Securities	25,900,000	20,784,000*
Aggregate of unquoted Investments - Current		
In Trust Securities	5,168,106	5,168,112*

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

SCHEDULES

	31.03.2005		31.03.2004	
	Rs.	Rs.	Rs.	Rs.
5 CURRENT ASSETS				
Interest accrued on Investments		228,987		2,015,596
Cash and Bank Balances				
With Scheduled Banks in				
Current Accounts	2,766,103		8,863,315	
Fixed Deposits	35,000,000		-	
Cash on Hand	129,267	37,895,370	161,500	9,024,815
		<u>38,124,357</u>		<u>11,040,411</u>
6 LOANS AND ADVANCES				
Unsecured unless otherwise stated				
Considered Good				
Advances and Deposits recoverable in cash or kind				
Inter Corporate Deposits		18,100,000		18,100,000
Other Advances		33,350,262		12,905,064
Loans to Staff		2,113,799		2,496,929
Tax deducted at source		18,641,241		17,792,388
Income Receivable		18,800,431		16,284,148
		<u>91,005,733</u>		<u>67,578,529</u>
7 CURRENT LIABILITIES				
Sundry Creditors				
For expenses		26,252,169		15,983,059
For others		1,799,467		2,792,442
		<u>28,051,636</u>		<u>18,775,501</u>
8 PROVISIONS				
Provision for Income-tax		2,600,000		2,600,000
		<u>2,600,000</u>		<u>2,600,000</u>
9 MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Preliminary expenses				
As per last Balance Sheet	39,254		58,881	
Less : Written off during the year	19,627	19,627	19,627	39,254
		<u>19,627</u>		<u>39,254</u>

SCHEDULES

	01.04.2004 to 31.03.2005	01.04.2003 to 31.03.2004
	Rs.	Rs.
10 INCOME FROM OPERATIONS		
Investment Management and Advisory Fee [Tax Deducted at Source Rs.68,41,248 /-]	120,194,799	159,659,726
	120,194,799	159,659,726
11. OTHER INCOME		
Interest receipts [Tax deducted at source Rs.2,96,504 /-]	2,160,552	3,204,476
Dividend Income	6,041,216	1,082,243
Income from Investments [Tax deducted at source Rs.2,43,309 /-]	2,477,848	4,926,400
Profit on sale of Investments	2,761,870	141,531
Profit on Sale of Assets	6,141	2,953
Miscellaneous income	624,824	343,797
	14,072,451	9,701,400
12. ESTABLISHMENT EXPENSES		
Salaries and allowances	45,339,288	41,468,911
Company's contribution to Provident fund and Employees State Insurance Schemes	2,661,095	2,063,030
Staff welfare expenses	2,503,303	1,815,510
Gratuity	560,425	403,327
	51,064,111	45,750,778
13. ADMINISTRATIVE AND OTHER EXPENSES		
Rent	13,259,185	10,144,194
Rates and Taxes	25,010	5,885
Communication Expenses	6,204,675	7,771,063
Subscription	3,608,536	2,511,339
Printing and Stationery	2,533,345	1,605,617
Electricity charges	2,483,190	1,969,548
Travelling and conveyance	9,898,185	9,065,172
Directors' sitting fee	710,000	440,000
Insurance	708,440	656,774
Professional and Consultancy fees	3,641,946	1,561,836
Business Development Expenses	1,933,997	4,808,929
Repairs and Maintenance		
- Building	2,361,487	1,151,251
- Others	2,887,420	1,472,337
Software charges	908,011	2,868,817
Database and Networking Expenses	4,101,015	3,322,509
Miscellaneous expenses	2,976,789	1,359,030
Loss on sale of assets	67,708	51,303
Loss on sale / redemption of investments	979,678	-
Diminution in value of Investments	52,556	-
	59,341,173	50,765,604
14 SCHEME EXPENSES BORNE BY THE COMPANY		
Brokerage and Commission	7,675,396	16,004,511
Advertisement, Printing, Mailing and other expenses	7,076,676	6,043,274
Ipo - Floating rate fund	39,590	-
	14,791,662	22,047,785

15 NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- 1.1 The financial statements are 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 applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).
- 1.2 **Income Recognition**
Investment Management and Advisory Fee is accounted on accrual basis.
- 1.3 **Valuation of Fixed Assets**
Fixed assets are stated at historical cost less accumulated depreciation.
- 1.4 **Depreciation / Amortisation Policy**
Depreciation on assets is provided on the Written Down Value Method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs. 5000/- or less acquired during the year are written down to Re.1.
- 1.5 **Valuation of Investments**
Long Term investments are carried at cost and provision for decline in value, other than temporary is considered wherever necessary.
Current Investments are valued at lower of cost and market value/ net asset value.
- 1.6 **Transactions in Foreign Currency**
Transactions in foreign currency are accounted for at the rates prevailing on the date of the transaction. Exchange differences resulting in Income or expense are dealt with in the profit and loss account.
- 1.7 **Retirement Benefits**
The company's liability towards gratuity and leave encashment to the employees is covered by a group policy with Life Insurance Corporation of India.
- 1.8 **Preliminary Expenses**
Preliminary expenses incurred in connection with the incorporation of the Company are written off in ten equal instalments.
- 1.9 **Taxation**
Current tax is provided on the taxable income for the year. Deferred tax liabilities on the timing differences are fully provided for. Deferred tax assets are recognised on the consideration of prudence.
- 1.10 **Intangible Assets**
Computer Software acquired is recorded as an intangible asset and the cost is amortised over the expected useful life.

2. BALANCE SHEET

2.1 Fixed Assets

Intangible Assets: In accordance with Accounting Standard AS - 26 – Intangible Assets issued by ICAI, Intangible Assets comprise of software purchased amounting to Rs. 35,29,280/- (Previous year - Nil) being amortised on the basis of a technical evaluation over a period of three years on straight-line basis.

2.2 Current Liabilities:

Sundry Creditors for expenses include Rs. 7,22,153/-

(31.03.2004 – Rs. 3,27,177/-) payable to Managing Director.

3. PROFIT AND LOSS ACCOUNT

3.1 Profit / Loss on sale of investments comprise of: (In Rupees)

	2004 - 2005		2003 - 2004	
	Profit	Loss	Profit	Loss
Long Term Investments	772,141	979,678	NIL	NIL
Current Investments	1,989,729	NIL	141,531	NIL
TOTAL	2,761,870	979,678	141,531	NIL

3.2 Establishment expenses include remuneration to the Managing Director as follows:

Particulars	2004 - 2005	2003 - 2004
Salary and Allowance	2,258,153	1,374,145
Contribution to Provident Fund and Gratuity	161,354	124,677
Other Allowances and Perquisites	157,315	107,004
TOTAL	2,576,822	1,605,826

3.3 Miscellaneous expenses under "Administrative and other expenses" include remuneration to Auditors towards:

	2004- 2005	2003 -2004
Statutory Audit	90,000	90,000
Tax Audit	36,000	36,000
Certification	44,000	32,000
Service Tax	17,340	12,640

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

3.5 Brokerage Paid on Equity Schemes

The Company discontinued the levy of entry load for the following Sundaram Mutual Fund Equity Schemes with effect from 1st November, 2004:

- i) Sundaram Select Midcap
- ii) Sundaram Select Focus
- iii) Sundaram Tax Saver (Open Ended)
- iv) Sundaram India Leadership Fund
- v) Sundaram Growth Fund

Upfront brokerage and incentive paid on the above Schemes and borne by the company were accounted for as an expense at the time of subscription to the schemes upto 31st October, 2004 and with effect from 1st November 2004 are amortised over a period of twenty four months or the period of investment, whichever is earlier. Consequent to this change in the method of accounting, the profit before depreciation and tax of the company for the year is higher by Rs. 1,41,01,922 and Brokerage and Commission expenses under 'Scheme expenses borne by the company' are lower by a corresponding amount.

3.6 Initial Issue Expenses of Schemes launched by Sundaram Mutual Fund:

In the earlier years, initial issue expenses of schemes launched by Sundaram Mutual Fund, borne by the company, were written off in the books of account in the respective year. During the year, the company intends to amortise such initial issue expenses over a period of five years. Consequent to this change in the method of accounting of initial issue expenses of schemes, the profit for the year is higher by Rs.5,54,253 and "Schemes expenses borne by the company" are lower by a corresponding amount.

4. GENERAL

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

4.2 In accordance with the Accounting Standard AS – 22 “Accounting for taxes on Income” – issued by ICAI, the details of Deferred Tax liabilities and Assets arising on account of timing differences are follows:

	Balance as on 01.04.2004 Rs.	Additions Rs.	Balance as on 31.03.2005 Rs.	
Deferred Tax Liability: Depreciation	704,141	545,071	1,249,212	(A)
Deferred Tax Asset: Leave encashment	525,199	545,071	1,070,270	(B)
Net Deferred Tax Liability/ (Asset)	178,942	0	178,942	(A) – (B)

4.3 Related Party Disclosures: In accordance with the Accounting Standard AS - 18 on ‘Related Party Disclosures’ issued by ICAI, the details of transactions with related parties are given below.

Holding Company	:	M/s. Sundaram Finance Limited
Fellow Subsidiaries	:	M/s. Sundaram Home Finance Limited M/s. Sundaram Finance Trustee Company Limited M/s. Royal Sundaram Alliance Insurance Company Limited M/s. LGF Services Private Limited M/s. Sundaram Finance Distribution Limited
Associate	:	M/s. Sundaram Mutual Fund
Key Management Personnel	:	Mr T P Raman – Managing Director

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

Particulars	Holding Company	Fellow Subsidiaries/ Associate	Key Management Personnel	Total	2003-2004
Income					
Sundaram Mutual Fund					
Investment Management and Advisory fees		120,194,799			
Others					
Claims received	—	45,403		45,403	NIL
Total					
Expenses					
Sundaram Finance Ltd.					
Rent and Office Maintenance	8,355,168			8,355,168	9,523,278
Provident Fund Administration Charges	10,400			10,400	11,000
Maintenance of Website	244,287			244,287	260,403
Internal Audit fees	54,825			54,825	53,000
Data base, Connectivity and Other Charges	7,810,256			7,870,256	5,024,927
Others					
Insurance Premium	—	60,000		298,178	691,250
Remuneration	—		2,576,822	2,576,822	1,605,826
Total					
Assets					
Sundaram Mutual Fund					
Investment in Trust Securities		24,117,800		24,117,800	4,549,500
				25,557,800	5,654,000
Disinvestment in Trust Securities		25,557,800		—	45,354,106
				30,720,662	
Investments in Trust Securities at the end of the year					
Others					
Purchase of Fixed Assets	—	—		—	122,857
Total					

There are no amounts written off/written back during the year on the above transactions.

4.4 Earnings per Share (Basic and diluted)

	2004-2005	2003-2004
A. Profit after Prior Period Expenses (in Rs.)	5,30,133	3,80,12,282
B. Total number of equity shares of Face Value Rs.10/- Outstanding at the end of the year (in numbers)	1,50,00,000	1,50,00,000
C. Basic and diluted earnings per share (A/B) (in Rs.)	0.04	2.53

4.5 The company does not owe any sum, which is outstanding for more than 30 days to a Small Scale Industrial undertaking (31-03-2004 – Nil).

4.6 Expenditure in foreign Currency (On Payment Basis): Travelling Expenses Rs. 8,14,605/- (Previous year- Rs. 1,87,322/-)

4.7 Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

As per our report of even date attached

For Brahmayya & Co.
Chartered Accountants

P. Babu
Partner
Membership No. 203358

Chennai
19th May 2005

D N Ghosh
Chairman

T N Anantharama Iyer
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Managing Director

A V Rajwade
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Director

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Director

T T Srinivasaraghavan
Director

P Sundararajan
Secretary

Cash flow statement for the year 2004-05

	2004-05		2003-04	
	Rs.	Rs.	Rs.	Rs.
A Cash Flow from operating activities				
Profit after prior period expenses	530,133		38,012,282	
Add: Profit on sale of assets	(6,141)		48,350	
Profit on sale of investments	(2,761,870)		(141,531)	
Loss on sale of assets	67,708		51,303	
Loss on sale of investments	979,678		-	
Provision for tax during the year	-		2,400,000	
Depreciation	5,436,544		3,917,481	
Diminution in Investments	52,556		-	
Preliminary expenses written off	19,627		19,627	
Financial expenses	-		-	
Deferred Tax	-		(228,431)	
Interest income	(4,638,400)		(8,130,876)	
Dividend income	(6,041,216)		(1,082,243)	
Operating loss before working capital changes		(6,361,381)		34,865,962
- (Increase) / Decrease in Current assets	1,786,610		365,516	
- (Increase) / Decrease in Loans and advances	(23,427,204)		1,029,966	
- Increase / (Decrease) in Current Liabilities	9,276,135	(12,364,459)	2,154,502	3,549,984
Cash generated from Operations		(18,725,840)		38,415,946
Financial expenses		-		-
Net cash from operating activities (A)		(18,725,840)		38,415,946
B Cash flow from Investing activities				
- Purchase of investments	(241,230,556)		(46,882,396)	
- Sale of investments	284,357,855		10,163,060	
- Purchase of fixed assets	(8,014,812)		(6,169,551)	
- Sale of fixed assets	22,100		365,096	
- Profit on sale of investments	2,761,870		141,531	
- Loss on sale of investments	(979,678)		-	
- Dividend income	6,041,216		1,082,243	
- Interest income	4,638,400		8,130,876	
Net cash used in Investment Activities (B)		47,596,395		(33,169,141)
C Cash Flow from Financing Activities				
- Increase (Decrease) in Borrowings				
Net Cash from Financing Activities (C)				
Net Change in Cash & Cash Equivalents (A) + (B) + (C)		28,870,555		5,246,806
Cash and Cash Equivalents at the beginning of the Year		9,024,815		3,778,009
Cash and Cash Equivalents at the end of the Year		37,895,370		9,024,815

For Brahmayya & Co.
Chartered Accountants

D N Ghosh
Chairman

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Managing Director

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T T Srinivasaraghavan
Director

Chennai
19th May 2005

Ashoke Bijapurkar
Director

Banikanta Mishra
Director

P Sundararajan
Secretary

Balance Sheet Abstract and Company's General Business Profile

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

I Registration Details

Registration No.	3 4 6 1 5	State Code	1 8
Balance Sheet Date	3 1 0 3 2 0 0 5		
	Date Month Year		

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

Public Issue	Rights Issue
[][][][N][I][L][][][]	[][][][N][I][L][][][]
Bonus Issue	Private Placement
[][][][N][I][L][][][]	[][][][N][I][L][][][]

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

	Total Liabilities		Total Assets
Sources of Funds	[][][][1][5][4][4][2][7]	Applications of Funds	[][][][1][5][4][4][2][7]
	Paid up Capital		Reserves & Surplus
	[][][][1][5][0][0][0][0]		[][][][][][4][2][4][8]
	Secured Loans		Unsecured Loans
	[][][][N][I][L][][][]		[][][][][][][][N][I][L][]
	Deferred Tax Liability		Investments
	[][][][][][][1][7][8]		[][][][][3][8][8][0][4]
	Net Fixed Assets		Misc. Expenditure
	[][][][][1][7][1][2][5]		[][][][][][][][1][9]
	Net Current Assets		
	[][][][][9][8][4][7][8]		

IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
[][][][1][3][4][2][6][7]	[][][][1][2][5][2][1][6]
+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) After Tax
+ [][][][3][6][1][4]	+ [][][][3][6][1][4]
(Please tick appropriate box + for profit, -loss)	
Earnings Per Share Rs. Ps.	Dividend Rate %
[][][][][0][.][0][4]	[-][-]

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

Item Code No. (ITC Code)	Not Applicable
Product/Service Description	I N V E S T M E N T
	M A N A G E M E N T
	A N D
	A D V I S O R Y
	S E R V I C E S

Notes

