

SUNDARAM FINANCE DISTRIBUTION LIMITED

11th Annual Report 2004 - 05



SUNDARAM DISTRIBUTION



Board of Directors

S Venkatesan

A N Raju

G C Rangan

Bankers

State Bank of Travancore

ICICI Bank

Auditors

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

Registered Office

21, Patullos Road, Chennai 600 002



SUNDARAM FINANCE DISTRIBUTION LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE
Enduring values. New age thinking.

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Directors' Report

Your Directors present the Eleventh Annual Report and Audited Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

Particulars	(Rs. in Lakhs)	
	Year ended March 31, 2005	Year ended March 31, 2004
Profit after tax	18.87	38.42
Add: Surplus of Previous Year	93.75	55.33
Surplus carried to Balance Sheet	112.61	93.75

BUSINESS REVIEW

The main activity of your company continued to be the Insurance Agency where it acted as a composite agent for National Insurance Company Ltd for General Insurance products and SBI Life Insurance Company Ltd for its Life Insurance products.

During the year, your company strengthened its distribution activities and improved its reach by availing the services of Aparajita Corporate Services Ltd to provide manpower support.

Your company also expanded its activities by taking up distribution of Mutual Funds for various Asset Management Companies during this year. It earned a gross income of Rs.130.78 lakhs and profit after tax of Rs.18.87 lakhs during the year.

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

DIRECTORS

Sri Moahan Ananda Venkatesan relinquished his office on 2nd March 2005. Sri Moahan Ananda Venkatesan served as a director since 1998. Your directors wish to place on record their sincere appreciation of the valuable contribution made by him to the company.

Sri. A N Raju was co-opted as an Additional Director of your company on 2nd March 2005. Under Section 260 of the Companies Act, 1956, he holds office upto the date of the ensuing Annual General Meeting. The company has received due notice from a member proposing his appointment as Director of the Company.

Sri. S Venkatesan, Director, retires by rotation and being eligible offers himself for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, your directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed;

- (ii) 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;
- (iii) 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
- (iv) that they had prepared the annual accounts on a going concern basis.

SECRETARIAL COMPLIANCE CERTIFICATE

In accordance with Section 383A of the Companies Act, 1956, the Secretarial Compliance Certificate is attached with this report.

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. Your Company did not have any foreign exchange earnings or outgo during the year.

PERSONNEL

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

DEPOSITS

Your Company has not accepted any public deposit during the period under review.

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors thank the holding company, Sundaram Finance Ltd for its support. They also wish to place on record their appreciation of all the employees of the Company for their sincere and dedicated service.

Chennai 600 002
Date : 28th May 2005

S Venkatesan
A N Raju
G C Rangan
Directors



Secretarial Compliance Certificate

Name of the Company : SUNDARAM FINANCE DISTRIBUTION LIMITED
Registration No. : U67120TN1993PLC25996
Authorized Capital : Rs.3,00,00,000/-
Paid-up Capital : Rs.1,50,00,000/-

To,
The Members
Sundaram Finance Distribution Limited
21, Patullos Road
Chennai – 600 002.

I have examined the registers, records, books and papers of **SUNDARAM FINANCE DISTRIBUTION LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March 2005**. In my opinion and to the best of information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company is a Public limited Company and has the minimum prescribed paid up capital.
4. The Board of Directors duly met Five (5) times on 22nd April 2004, 29th July 2004, 27th December 2004, 02nd March 2005 and 23rd March 2005 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year ended 31st March 2005.
6. The Tenth Annual General Meeting for the financial year ended 31st March, 2004 was held on 16th June 2004 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. There was no Extra-Ordinary General Meeting held during the period under review.
8. The Company has not advanced any loans or given any guarantees or provided any securities to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year ended 31st March 2005.
13. The Company:
 - (i) has not effected any allotment / transfer/ transmission of Securities during the financial year ended 31st March 2005.
 - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year ended 31st March 2005.
 - (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial year ended 31st March 2005.
 - (iv) has not declared any dividend, issued any shares or debentures and has not accepted any deposits. Hence, the question of transfer of dividend to unpaid dividend

- account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund does not arise.
- (v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment to the Board has been duly made and registered.
 15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year under review.
 16. The Company has not appointed any sole selling agent during the financial year ended 31st March 2005.
 17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and / or such authorities prescribed under the various provisions of the Act during the financial year ended 31st March 2005.
 18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
 19. The Company has not issued any shares, debentures or other securities during the financial year ended 31st March 2005.
 20. The Company has not bought back any shares during the financial year and hence the question of complying with the buy back provisions does not arise.
 21. The Company has no preference share capital and has not issued debentures and hence the question of redemption of preference shares/ debentures during the financial year does not arise.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year ended 31st March 2005.
 24. The Company has not made any borrowings during the financial year ended 31st March 2005.
 25. The Company has made loans to a body corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
 26. During the period under review, the Company has not altered the provisions of its Memorandum and its Articles of Association.
 27. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
 28. The Company has not received any money as security from its employees during the financial year ended 31st March 2005.
 29. According to the information and explanations given to me, during the period under review, the provisions relating to contribution to Provident Fund did not apply to the company.

Chennai

Date: 20th May 2005

MALINI SESHADRI, A.C.S.

No. 5493 CP1323



Annexure A to Secretarial Compliance Certificate

Registers as maintained by the Company during the financial year ending on 31st March, 2005

Sl. No.	Section Number	Name of the Register
1.	-	Share Transfer Register
2.	150	Register of Members
3.	193	Minutes of the meetings of Board of directors
4.	193	Minutes of the meetings of the Members
5.	303	Register of Directors
6.	307	Register of Directors' Shareholding
7.	372A	Register of Investments/Loans / Guarantees and Securities
8.	-	Board Meeting Attendance Register
9.	-	General Meeting Attendance Register
10.	-	Common Seal Register

Chennai

Date: 20th May 2005

MALINI SESHADRI, A.C.S.

No. 5493 CP1323



Annexure B to Secretarial Compliance Certificate

Returns/Documents/forms filed with the Registrar of Companies, Regional Director,
Central Government or other authorities during the financial year ended 31st March 2005

REGISTRAR OF COMPANIES

Sl.No	Form No.	Relevant Section	Description
1.	Sch VI	220	Balance Sheet for the financial year ended 31 st March 2004.
2.	-	383A	Compliance Certificate issued by R Sridharan & Associates, Company Secretaries, for the financial year ended 31 st March 2004.
3.	Sch V	159	Annual Return made upto 16 th June 2004 (Date of AGM).
4.	32	303	Resignation of Shri. Moahan Ananda Venkatesan from the Board and Appointment of Shri. A N Raju as Additional Director with effect from 2 nd March 2005.
5.	29	264	Consent to act as Director given by Shri. A N Raju.

REGIONAL DIRECTOR

NIL

CENTRAL GOVERNMENT & OTHER AUTHORITIES

NIL

CHENNAI

DATE: 20th May 2005

MALINI SESHADRI, A.C.S.

No. 5493 CP1323

Auditors' Report

TO THE MEMBERS OF M/S SUNDARAM FINANCE DISTRIBUTION LIMITED

1. We have audited the attached balance sheet of M/s. Sundaram Finance Distribution 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, we give 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 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) 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 the year ended on that date.

Chennai
28th May 2005.

For BRAHMAYYA & CO.,
Chartered Accountants

P.BABU
Partner

Membership No. 203358

Annexure to the Auditors' Report Referred to in Paragraph 3 of our Report of even date

1. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of fixed assets. No discrepancies noticed on such verification. There was no disposal of fixed assets during the year.
2. In our opinion and according to the information and explanations given to us, the company has not granted or taken any loan secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
3. In 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 and sale of services. 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. In our opinion, and according to the information and explanations given to us, there are no transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956.
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 Companies Act, 1956.
8.
 - a) According to the records of the company, income tax was 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, which are outstanding as at 31st March, 2005 for a period of more than six months from the date they become payable.
9. According to the records of the company and the information and explanations given to us, there are no dues of income 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 by issue of debentures.
12. According to the information and explanations given to us, the company has not:
 - a) granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
 - b) given any guarantees for loan taken by others from banks or financial institutions.
 - c) availed any term loan during the year.
 - d) raised funds during the year.
 - e) issued any debentures.
 - f) raised monies by public issue during the year.
13. The company is not a chit fund / nidhi / mutual benefit fund or society.
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 securities and timely entries have been made therein. The shares and securities have been held by the company in its own name.
15. 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.
16. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the year have been such that clauses ii, xiii, and xviii of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company.

For BRAHMAYYA & CO.,
Chartered Accountants

P.BABU
Partner

Membership No. 203358

Chennai
28th May 2005.



Balance Sheet

as at 31st March, 2005

	Schedule	31.03.2005		31.03.2004	
		Rs.		Rs.	
I SOURCES OF FUNDS:					
1. Shareholders' Funds					
a) Capital	1	1,50,00,000		1,50,00,000	
b) Reserves and Surplus	2	<u>1,12,61,489</u>	2,62,61,489	<u>93,74,556</u>	2,43,74,556
2. Loan Funds					
a) Secured Loans			—		—
b) Unsecured Loans			—		—
Total			<u>2,62,61,489</u>		<u>2,43,74,556</u>
II APPLICATIONS OF FUNDS:					
1. Fixed Assets					
a) Gross Block	3	8,04,670		8,04,670	
b) Less: Depreciation		<u>7,79,482</u>	25,188	<u>7,62,684</u>	41,986
c) Net Block					
2. Investments					
	4		1,78,37,640		2,12,76,834
3. Deferred Tax Asset					
			7,89,971		6,88,171
4. Current Assets, Loans and Advances					
a) Current Assets	5	22,45,102		12,78,242	
b) Loans and Advances	6	<u>63,74,554</u>		<u>24,04,023</u>	
	(A)		<u>86,19,656</u>		<u>36,82,265</u>
Less: Current Liabilities and Provisions					
a) Current Liabilities	7	10,10,966		13,14,700	
b) Provisions			—		—
	(B)		<u>10,10,966</u>		<u>13,14,700</u>
Net Current Assets	(A-B)		76,08,690		23,67,565
Total			<u>2,62,61,489</u>		<u>2,43,74,556</u>
Notes to the accounts	11				

As per our report of even date attached

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

S Venkatesan
Director

A N Raju
Director

G C Rangan
Director

P Babu
Partner
Membership No: 203358

Chennai
28th May, 2005

Profit and Loss Account

for the year ended 31st March, 2005

	Schedule	2004-05 Rs.	2003-04 Rs.
<u>INCOME:</u>			
Income from Operations	8	1,24,68,869	41,90,974
Other Income	9	6,09,085	24,99,318
Total	(A)	1,30,77,954	66,90,292
<u>EXPENDITURE:</u>			
Administrative and Other Expenses	10	1,03,86,557	13,68,190
Preliminary Expenses written off		-	10,909
Total	(B)	1,03,86,557	13,79,099
Gross Profit	(A-B)	26,91,397	53,11,193
<u>Less :</u>			
Depreciation		16,798	27,991
Provision for Taxation			
- Current		8,89,466	10,85,000
- Deferred		(1,01,800)	3,56,217
Net Profit		18,86,933	38,41,985
Balance brought forward from previous year		93,74,556	55,32,571
Amount available for Appropriation		1,12,61,489	93,74,556
<u>APPROPRIATIONS</u>			
Surplus - Balance carried to Balance Sheet		1,12,61,489	93,74,556
		1,12,61,489	93,74,556
Notes to the accounts	11		
Earnings per Equity Share			
Number of shares (Face value Rs. 10/- per share)		15,00,000	15,00,000
Basic and Diluted earnings per share (in Rupees)		1.26	2.56

As per our report of even date attached

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

S Venkatesan
Director

A N Raju
Director

G C Rangan
Director

P Babu
Partner
Membership No: 203358

Chennai
28th May, 2005

SCHEDULES

	31.03.2005	31.03.2004
	Rs.	Rs.
1. Capital		
Authorised		
30,00,000 Equity Shares of Rs.10/- each	<u>3,00,00,000</u>	<u>3,00,00,000</u>
Issued, Subscribed and fully paid-up:		
15,00,000 Equity Shares of Rs.10/- each		
(The shares are held by Sundaram Finance Ltd.		
- the holding company and its nominees)	<u>1,50,00,000</u>	<u>1,50,00,000</u>
	<u>1,50,00,000</u>	<u>1,50,00,000</u>
2. Reserves And Surplus		
Surplus - Balance in Profit and Loss Account	<u>1,12,61,489</u>	<u>93,74,556</u>
	<u>1,12,61,489</u>	<u>93,74,556</u>

3. Fixed Assets

(In Rs.)

DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2004	Additions	Deletions	As at 31.03.2005	Upto 01.04.2004	Depreciation for the year	Deductions	Upto 31.03.2005	As at 31.03.2005	As at 31.03.2004
Office Equipment	8,04,670	–	–	8,04,670	7,62,684	16,798	–	7,79,482	25,188	41,986
Total	8,04,670	–	–	8,04,670	7,62,684	16,798	–	7,79,482	25,188	41,986

SCHEDULES

	(in Rs.)	
	31.03.2005	31.03.2004
4. Investments		
A Long Term - At cost		
I In Trust Securities		
Unquoted		
Non - Trade		
Sundaram Bond Saver - Appreciation Scheme (Opening Balance 9,79,782 units sold during the year)	—	2,05,25,000
Birla Sun Life-Fixed Term Plan-Annual-Growth (9,00,000 units of Rs.10/- each purchased during the year)	90,00,000	90,00,000
Birla Sun Life-Fixed Term Plan-Growth (5,00,000 units of Rs.10/- each purchased during the year)	50,00,000	50,00,000
II In Equity shares		
Unquoted		
UMW Industries Ltd. (78,000 Equity shares of Rs.10 each)	1,560	1,560
B Current Investments		
In Trust Securities		
Sundaram Money Fund-Appreciation Scheme (18,40,002 units purchased and 18,96,492 units sold during the year)	—	7,50,274
Sundaram Money Fund-Dividend Reinvest - Monthly 1,55,583 units of Rs.10/- each (5,79,825 units purchased and 424242 units sold during the year)	15,55,830	15,69,857
Sundaram Money Fund-Inst. Dividend Reinvest -Daily (75,064 units of Rs.10/- each purchased during the year)	7,50,640	7,57,795
Sundaram Floater Regular 50,843 units of Rs.10/- each (2,00,000 units purchased and 1,49,157 units sold during the year)	5,08,430	5,08,427
UTI-Fixed Maturity Plan-Growth (1,00,000 units of Rs.10/- each purchased during the year)	10,00,000	10,00,000
	<u>1,78,37,640</u>	<u>2,12,76,834</u>



Mutual Fund Units Purchased and sold during the year	Face Value (Rs.)	Units	Cost
Sundaram Money Fund Institutional - Appreciation	10	8,22,130	1,11,91,080
Reliance Fixed Term Scheme-Quarterly-Growth	10	4,00,000	40,00,000
Reliance Fixed Term Scheme-Monthly-Dividend option	10	4,50,000	45,00,000
UTI-Fixed Maturity Plan-Quarterly-Growth	10	3,50,000	35,00,000
UTI-Liquid Cash Plan-Regular-Growth	1000	3,293	35,49,105

SUMMARY OF INVESTMENTS	31.3.2005	31.3.2004
I Trust Securities		
Unquoted - Long Term	1,40,00,000	2,05,25,000
Unquoted - Current	38,36,080	7,50,274
II In Equity Shares		
Unquoted	1,560	1,560
Grand Total	1,78,37,640	2,12,76,834

SCHEDULES

	31.03.2005		31.03.2004
	Rs.		Rs.
5. Current Assets			
Cash and Bank Balances :			
With Scheduled Banks in			
Current accounts	12,45,102		2,78,242
Deposit account	10,00,000		10,00,000
	<u>22,45,102</u>		<u>12,78,242</u>
6. Loans and Advances			
Secured Loan	11,30,000		-
Advance payment of Income Tax and Tax			
deducted at Source (Net of Provision for Income tax)	19,45,615		3,06,929
Income Receivable	32,98,939		20,97,094
	<u>63,74,554</u>		<u>24,04,023</u>
7. Current Liabilities			
Sundry Creditors			
- For Expenses	8,87,018		10,73,634
- For Others	1,23,948	10,10,966	2,41,066
	<u>10,10,966</u>		<u>13,14,700</u>

SCHEDULES

	2004-05	2003-04
	Rs.	Rs.
8. Income From Operations		
Insurance Agency Commission	1,19,11,872	39,22,770
Brokerage, Service Charge, Incentives etc.	5,56,997	2,68,204
	<u>1,24,68,869</u>	<u>41,90,974</u>
9. Other Income		
Interest (tax deducted at source Rs.11978/-)	1,25,194	51,737
Profit on Sale of Investments	4,59,195	24,17,512
Bad Debts Recovered	-	18,150
Miscellaneous Income	24,696	11,919
	<u>6,09,085</u>	<u>24,99,318</u>
10. Administrative and Other expenses		
Sourcing Fee	99,24,698	11,67,696
Rates and Taxes	3,620	3,200
Travelling and conveyance	2,79,870	1,12,464
Miscellaneous Expenses	85,908	84,830
Loss on Sale of Investments	92,461	-
	<u>1,03,86,557</u>	<u>13,68,190</u>

SCHEDULES

11 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 provision of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), as applicable.

1.2 Income Recognition

Income in respect of Insurance agency commission and Broking income is accounted on accrual basis.

1.3 Fixed Assets :

Fixed Assets are stated at historical cost less accumulated depreciation.

1.4 Depreciation / Amortisation Policy

Depreciation on assets is provided on Written Down Value Method at rates prescribed in Schedule XIV to the Companies Act, 1956.

1.5 Valuation of Investments :

Long Term investments are stated at cost. 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 Taxation

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

2. BALANCE SHEET :

2.1 Deferred Tax Asset:

In accordance with Accounting Standard – 22 “Accounting for taxes on Income” issued by ICAI, the company has recognised the Deferred Tax Asset arising out of timing difference. The details of Deferred tax Asset as on 31st March, 2005 are as follows:

(in Rs.)

Particulars	Balance as on 31.03.2005
Unabsorbed Loss	7,78,185
Depreciation	11,786
Total	7,89,971

2.2 Advance payment of Income Tax and Tax deducted at source is net of Provision for Income Tax of Rs.62,18,936 (31.03.2004 - Rs.53,29,470).

3. PROFIT AND LOSS ACCOUNT

3.1 Profit / Loss on Sale of Investments comprises of: (In Rs.)

Particulars	2004-05		2003-04	
	Profit	Loss	Profit	Loss
Long term Investments	2,20,869	92,461	23,31,162	-
Current Investments	2,38,326	-	86,350	-
Total	4,59,195	92461	24,17,512	-

3.2 Miscellaneous expenses under “Administrative and Other Expenses” include Remuneration to Auditors towards :

	(in Rs.)	
	2004-05	2003-04
Statutory Audit	20,000	20,000
Tax Audit	8,000	8,000
Certification	2,500	2,500
Service Tax	3,111	2,440
Total	33,611	32,940

3.3 The company does not have any employee on its rolls.

GENERAL

4.1 The company is engaged primarily in the business of Agency & Retail Distribution. There are no separate reportable segments as per Accounting Standard AS 17 ‘ Segment Reporting’.

4.2 Related Party disclosures: In accordance with the Accounting Standard 18 on ‘Related Party disclosures’, issued by the ICAI, the details of related parties and the transactions with related parties are given below:

Related Parties:

Holding Company	: Sundaram Finance Ltd.
Fellow Subsidiaries	: Sundaram Home Finance Ltd. Royal Sundaram Alliance Insurance Co. Ltd. Sundaram Asset Management Company Ltd. Sundaram Finance Trustee Company Ltd. LGF Services Private Ltd.

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

Nature of Transactions	Holding Company	Fellow Subsidiaries	Total	(in Rs.)
				Previous Year 2003-04
Expenses				
Sundaram Finance Ltd.-Sourcing Fee	14,18,336	—	14,18,336	11,67,696

4.3 Earnings Per Share (Basic and diluted)	<u>2004-05</u>	<u>2003-04</u>
A. Profit for the year after taxation (in Rs.)	18,86,933	38,41,985
B. Total number of equity shares of Face value Rs.10/- Outstanding at the end of the year (in numbers)	15,00,000	15,00,000
C. Basic and diluted earnings per share (A/B) (in Rs.)	1.26	2.56

4.4 The company does not owe any amount to Small Scale Industries.

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

4.6 Figures have been rounded off to the nearest rupee.

Signatures to Schedules 1 to 13

As per our report of even date attached

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

S Venkatesan
Director

A N Raju
Director

G C Rangan
Director

P Babu
Partner
Membership No: 203358

Chennai
28th May, 2005



Balance Sheet Abstract and Company's General Business Profile

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

I Registration Details

Registration No.

State Code

Balance Sheet Date

Date Month Year

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

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

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

Total Liabilities <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="1"/>	Total Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="1"/>
Paid up Capital <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves & Surplus <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="1"/>
Secured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>	Unsecured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>
Net Fixed Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="5"/>	Investments <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="8"/>
Net Current Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="9"/>	Misc. Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>

IV Performance of Company (Amount in Rs. Thousands)

Turnover <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="8"/>	Total Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="7"/>
+ - Profit / (Loss) Before Tax <input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="5"/>	+ - Profit / (Loss) After Tax <input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="7"/>

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

Earnings Per Share Rs. Ps. Dividend Rate %

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

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



CASH FLOW STATEMENT

	2004-05		2003-04	
(in Rs.)				
A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit	18,86,933		38,41,985	
Provision for Taxation (Including Wealth Tax)	7,87,666		14,41,217	
	<u>26,74,599</u>		<u>52,83,202</u>	
Add: Financial Expenses	–	26,74,599	–	52,83,202
Depreciation		16,798		27,991
Preliminary exp written off		–		10,909
(Profit) loss on Investments		(3,66,734)		(24,17,512)
Interest / Dividend Received		(1,49,890)		(51,958)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		<u>21,74,773</u>		<u>28,52,632</u>
(Increase) Decrease in Loans and Advances	(12,01,845)			(14,29,149)
(Increase) Decrease in Bank Deposits (net)	–		(10,00,000)	
Increase (Decrease) in Current Liabilities	(3,03,734)	(15,05,579)	12,70,195	(11,58,954)
Cash generated from Operations		6,69,194		16,93,678
Direct Taxes Paid	(25,28,152)	(25,28,152)	(6,62,655)	(6,62,655)
NET CASH FROM OPERATING ACTIVITIES (A)		<u>(18,58,958)</u>		<u>10,31,023</u>
B) CASH FLOW FROM INVESTING ACTIVITIES				
Loans-Secured		(11,30,000)	–	
Purchase of Investments		(7,54,87,906)		(2,14,25,000)
Sale of Investments		7,92,93,834		2,05,28,489
Interest Received		1,25,194		51,737
Dividend Received		24,696		221
NET CASH FROM INVESTING ACTIVITIES (B)		<u>28,25,818</u>		<u>(8,44,553)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A) + (B)		<u>9,66,860</u>		<u>1,86,470</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>2,78,242</u>		<u>91,772</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>12,45,102</u>		<u>2,78,242</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR				
Current Account with Banks		12,45,102		2,78,242

As per our report of even date attached

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

S Venkatesan
Director

A N Raju
Director

G C Rangan
Director

P Babu
Partner
Membership No: 203358

Chennai
28th May, 2005