
Chairman's Message



Dear Friends,

It gives me great pleasure to greet you all at the commencement of the 50th year of operations of Sundaram Finance.

Sundaram Finance has grown over the years because of its complete identification with its customers. This has enabled the company to understand the customers' needs and satisfy them in the best possible manner.

The greatest asset of Sundaram Finance is the trust that has been invested in us by our customers, depositors, bankers, business partners, shareholders and well-wishers. It is this trust that instils in us a deep sense of pride and purpose. But at the same time, it teaches us to act with humility. For, with such great trust comes great responsibility.

Best wishes,

A handwritten signature in blue ink, which appears to read "U.S. Sarinam". The signature is fluid and cursive.

U.S. Sarinam
Chairman

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	Managing Director
T T Srinivasaraghavan	Joint Managing Director

Audit Committee

S Padmanabhan	Chairman
A Rangaswami	
S Viji	
T R Seshadri	
Srinivas Acharya	

Share Transfer & Investor Relations Committee

S Padmanabhan	Chairman
A Rangaswami	
T T Srinivasaraghavan	

Asset Liability Management Committee

T T 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 28521181, Fax: 044 28520456

Website : www.sundaramfinance.com

Senior Management

S Venkatesan	Executive Director (Finance) & Secretary
S V Raghavan	Executive Director (Operations)
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)
K Venkatesan	Vice President (Operations)
G C Rangan	Vice President (Operations)
M Ramaswamy	Vice President (Finance & Accounts)
R Anand	Vice President (Corporate Affairs)
S Ravindran	General Manager (Operations)
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 Securities 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
Standard Chartered Bank
The Hongkong and Shanghai
Banking Corporation Limited

CURRENCY EQUIVALENTS

Rs. One Million	=	Rs. 10 Lakhs	US\$ 1	=	Indian Rs. 47.50*
Rs. One Billion	=	Rs. 100 Crores or Rs. 10,000 Lakhs			*RBI Reference Rate as on 31.03.2003

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SUNDARAM FINANCE LIMITED

A member of the



International Finance & Leasing Association

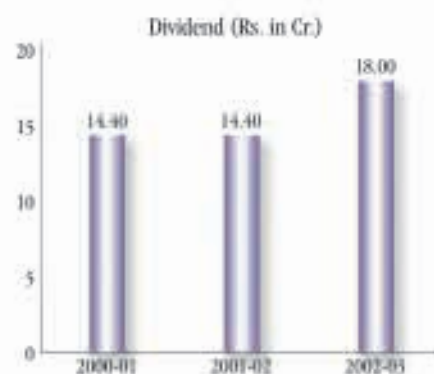
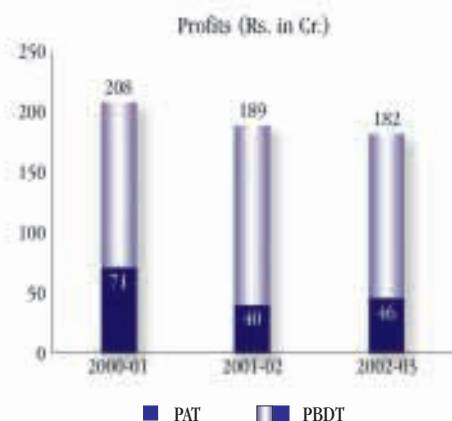
Directors' Report

Your directors have pleasure in presenting the 50th Annual Report with audited accounts for the year ended 31st March 2003. The summarised financial results of the Company, are given hereunder:

FINANCIAL RESULTS:

(Rs. in Cr.)

Particulars	Year ended March 31, 2003	Year ended March 31, 2002
Profit after Tax	45.66	40.36
Surplus brought forward	41.07	72.21
Total	86.73	1,12.57
Add: Transfer from Debenture Redemption Reserve	–	1.00
Amount available for appropriation	86.73	1,13.57
Appropriations have been made as under:		
Transfer to Statutory Reserve	9.14	8.10
Transfer to General Reserve	23.74	50.00
Dividend	18.00	14.40
Dividend Tax	2.30	–
Surplus carried to balance sheet	33.55	41.07
	86.73	1,13.57



DIVIDEND

Your Directors are happy to recommend a tax-free dividend of 60%. On August 11th, this year, your Company enters its 50th year. To commemorate this event, your directors are pleased to recommend a special golden jubilee dividend of 15%, thus making a total of 75% on the paid-up capital of Rs. 24 Cr., for the financial year ended 31st March 2003. The dividend, together with dividend tax of Rs. 2.30 Cr. absorbs a sum of Rs. 20.30 Cr.

BUSINESS

The year 2002-03 witnessed an overall growth in the automobile sector. The sale of Medium and Heavy Commercial Vehicles increased by 29%, while the sale of Light Commercial Vehicles increased by 32% during the year. Sales of Cars and Multi Utility Vehicles went up marginally by about 5%. Reflecting this trend, your Company achieved a healthy growth in business during the year. Disbursements in hire purchase and hypothecation loans crossed the 1500 Cr. mark and reached Rs.1,532 Cr. as against Rs.1,220 Cr in the previous year, thereby registering a growth of more than 25%. Your Company maintained a healthy market share in the commercial vehicle financing segment, despite intense competition from NBFCs and banks.

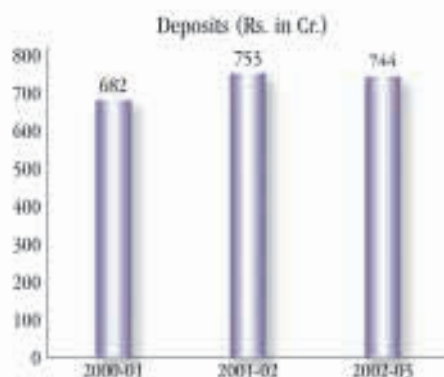
Your Company continues to follow the prudential norms directions issued by the Reserve Bank of India from time to time. The Capital to Risk Assets Ratio of your Company stood at 17.28% as on 31st March 2003, well above the minimum of 12%. Standard Assets stood at 96.62% of the total business assets. The gross and net non-performing assets stood at 3.38% and 1.45% of the total business assets as against 4.71% and 2.37% respectively in the previous year. In accordance with the prudential norms, your Company has appended a schedule to the balance sheet containing additional particulars relating to the financial statements.

RESOURCE MOBILISATION

During the financial year, The Reserve Bank continued to support a soft interest rate environment and provide adequate liquidity to meet credit growth and spur investment demand in the economy. These factors, combined with active treasury management, helped your Company to reduce interest costs substantially.

a) Deposits

Your Company mobilised fresh deposits during 2002-03 aggregating to Rs. 101.69 Cr. Renewal of deposits matured during the year amounted to Rs. 255.01 Cr., representing 73% of the matured deposits. Deposits outstanding at the year-end were at Rs. 744.11 Cr., as against Rs. 752.88 Cr., in the previous year and the number of depositors exceeded 3,95,000.



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

As at the year end, 4,067 deposit receipts amounting to Rs. 7.63 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 2,173 and Rs. 3.63 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.527.45 Cr., for tenors ranging from 12 months to 36 months. The amount outstanding at the year-end was Rs.790.19 Cr.

During the year, ICRA assigned the 'MAAA' rating for your Company's medium term debenture programme of Rs.250 Cr. CRISIL reaffirmed the 'P1+' rating for the Company's commercial paper/short-term 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.600 Cr. to Rs.750 Cr. during the year.

Your Company issued commercial paper aggregating to Rs.370 Cr., during the year. The maximum amount outstanding at any time was Rs.215 Cr., and the amount outstanding at the end of the year was Rs. 80 Cr.

Your Company also availed of FCNR (B) loans aggregating to Rs.1028.37 Cr., and the amount outstanding at the end of the year was Rs.390.16 Cr.

CORPORATE GOVERNANCE

Your Company has been complying with all the requirements of the code of corporate governance, as specified by SEBI. A detailed report on corporate governance, together with a certificate from the Statutory Auditors in compliance of Clause 49 of the Listing Agreement, is attached, forming part of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with the listing requirement, the Management's Discussion and Analysis forms part of this report.

SUBSIDIARIES / JOINT VENTURES

Sundaram Home Finance Limited (SHFL)

SHFL, in its fourth year of operation made loan approvals aggregating to Rs. 356 Cr., and disbursements of Rs. 237 Cr., thereby registering a growth of 83% and 53% respectively, over the previous year. The Company earned a gross income of Rs. 40.83 Cr. as against Rs. 22.25 Cr. in the previous year and reported a profit after tax of Rs. 4.47 Cr. as against Rs. 2.05 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 2003 stood at Rs. 355 Cr. as against Rs. 204 Cr. in the previous year.

Sundaram Asset Management Company Limited

Sundaram Newton Asset Management Company Ltd became a wholly

owned subsidiary of your Company from September 2003, consequent to the acquisition of 39% equity shares held by the joint venture partner M/s Stewart Newton Holdings (Mauritius) Limited. The name of the Company was thereafter changed to **Sundaram Asset Management Company Limited.**

The Company earned a gross income of Rs. 10.44 Cr. as against Rs. 8.39 Cr. in the previous year. After providing for depreciation and tax, it reported a loss of Rs. 23.53 lakhs as against Rs. 90.44 lakhs in the previous year.

The gross mobilisation under the various schemes of Sundaram Mutual Fund (SMF) during the year amounted to Rs. 3,000.09 Cr. The overall Assets Under Management amounted to Rs. 1,151.31 Cr. as on 31.3.2003, as against Rs. 671.36 Cr. at the end of the previous year, recording a growth of 71%. SMF launched four new schemes during the year – Sundaram Select Focus, Sundaram Select Midcap, Sundaram Income Plus and Sundaram Select Debt. All the newly launched schemes were well received by the investors and are performing well. Sundaram Bond Saver, the flagship scheme of the Fund continued its good performance during the year.

Sundaram Finance Securities Limited (SFSec)

During the year, SFSec was primarily engaged in the distribution of financial products of your Company and the group. The Company earned a gross income of Rs. 102.70 lakhs, as against Rs. 57.96 lakhs in the previous year and reported a profit after tax of Rs. 58.43 lakhs as against Rs. 2.85 lakhs in the previous year.

JOINT VENTURES

Royal Sundaram Alliance Insurance Company Ltd (Royal Sundaram)

Royal Sundaram, in its third year of operations, has written a gross premium of Rs. 184.44 Cr. as against Rs. 71.13 Cr. in the previous year and reported an investment income of Rs. 19.08 Cr. The underwriting loss was Rs. 23.97 Cr. as against Rs. 34.41 Cr. in the previous year. The Company incurred a net loss of Rs. 4.99 cr. for the year, as against a net loss of Rs. 24.53 Cr. in the previous year.

Sundaram Auto Finance Limited (SAF)

Fiat Sundaram Auto Finance Limited (FISAF) became a wholly owned subsidiary of your Company consequent to the acquisition of the

51% shareholding held by Fidis S.p.A., the joint venture partner. Subsequent to the acquisition, the name of FISAF was changed to **Sundaram Auto Finance Limited**. It was merged with your Company with effect from 01.04.2002 after necessary approvals.

A surplus of Rs. 25.54 Cr. arising out of the merger, has been transferred to Capital Reserve and the current year profits of your Company include a profit of Rs. 2.74 Cr. relating to SAF.

CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to publish the Consolidated Financial Statements (CFS) 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, 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.

Your Company has been following the practice of posting the Annual Report together with the documents/details relating to all the Subsidiary Companies on its web site – www.sundaramfinance.com. Arrangements have also been made to provide the financial results and related documents of the Subsidiary Companies to the members upon request.

DIRECTORS

Sri G K Raman, Managing Director and Sri T T Srinivasaraghavan, Joint Managing Director, complete their respective terms of office at the conclusion of the 50th Annual General Meeting.

Sri G K Raman will be laying down his responsibilities as Managing Director, at the conclusion of the 50th Annual General meeting. He has served your company in various capacities, in an outstanding career spanning over 45 years, culminating in his 8-year stint as its Managing Director. During his long and illustrious career, Sri G K Raman has provided dynamic leadership, not only for your Company, but also for the Non-Banking financial sector. Your Directors place on record their recognition and appreciation of Sri G K Raman's leadership, which has enabled the company to retain its pre-eminent position in the industry.

Your Board of Directors has appointed Sri T T Srinivasaraghavan to succeed Sri G K Raman as Managing Director. Sri G K Raman has been appointed as Wholetime Director in which capacity, he will also guide the management of Royal Sundaram Alliance Insurance Company Limited, of which he is the Chairman.

Sri Srinivas Acharya was co-opted as additional director on 30th May 2003. Under Section 260 of the Companies Act, 1956, he holds office up to 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.

Sarvashri T S Santhanam, S Narayanan and S Padmanabhan retire by rotation and, being eligible, offer themselves for re-election. Necessary resolutions are submitted for your approval.

The Audit Committee of the Board has been expanded with the induction of Sri T R Seshadri and Sri Srinivas Acharya, Independent Directors.

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 2002-2003, expenditure in foreign currencies amounted to Rs. 12.25 Cr., on account of interest and other charges. Foreign Currency earnings from software business amounted to Rs. 1.37 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;

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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

On the historic occasion of the Golden Jubilee, your directors gratefully acknowledge the support and co-operation extended by

the various stakeholders of your company over the past five decades. 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
12th June 2003

T S SANTHANAM
Chairman

Management's Discussion and Analysis

OVERVIEW

The year 2002-03 was a mixed one for the Indian economy. While agricultural output was adversely affected by the failure of the monsoons, the services sector registered a healthy growth of 7.1% and more importantly, the industrial sector is estimated to have grown by nearly 6%, during the year. The initial GDP growth estimate of 5 to 5.5%, however, has been revised downwards to 4.4%. The average annual rate of inflation, as measured by the wholesale price index was around 3.3%, though it spiked to over 6% towards the end of the year, largely on account of higher fuel prices, occasioned by the war in Iraq. On the balance of payments front, the position continued to be comfortable, with robust dollar inflows and a current account surplus. The country's foreign exchange reserves increased by US\$ 21.3 Billion during the year and stood at US\$75.4 Billion by the end of March 2003 and have since crossed the 82 Billion mark. This, combined with the continuing weakness of the US Dollar, has resulted in a strong appreciation of the Rupee. The fiscal deficit of the Central Government has been estimated at 5.8%, marginally lower than the target of 5.9% set by the Government.

The comfortable foreign exchange position and stable inflation enabled the Reserve Bank to continue a policy of soft interest rates. During the year, RBI reduced the Bank Rate by 25 basis points to 6.25% as also the Cash Reserve Ratio (CRR) by 75 basis points, in two phases, taking it from 5.50% to 4.75%. These measures had a salutary impact both on interest rates and liquidity.

AUTOMOTIVE SECTOR

The automotive sector witnessed overall growth, especially in the Commercial Vehicle Segment. The sale of Medium and Heavy Commercial Vehicles registered a growth of 29%, while Light Commercial Vehicles grew by 32% during the year. Sales of cars and multi utility vehicles on the other hand grew modestly by 5%. The strong performance of the commercial vehicle sector during the year is largely attributable to the significant investments in the infrastructure sector, especially roads. The implementation of the Golden Quadrilateral Project is encouraging by all accounts and a major portion of this project is expected to be completed by December 2003. On the negative side, however, cheap credit appears to have been one of the key factors contributing to growth during the year. Growth can be sustained only if it is based on the other traditional demand drivers as well, namely, overall growth of the economy, availability of freight, remunerative freight rates, ready

availability of credit, and increased usage of road transport. Low interest rates, to the exclusion of the other factors above, as a primary driver of demand could lead to the creation of excess capacity of the like witnessed in the mid 90's, with disastrous consequences.

REGULATORY

Non-Banking Financial Companies (NBFCs) in India have transformed over the years through functional specialisation. The role of NBFCs as effective financial intermediaries has been well recognised by various committees constituted by the Reserve Bank of India over the years. NBFCs have displayed an inherent ability to take quicker decisions, assume slightly higher risks and customise their services and rates according to the needs of the customer. Their knowledge of local markets and personalised customer service have ensured their relevance even in the fast changing world of technology driven financial supermarkets.

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

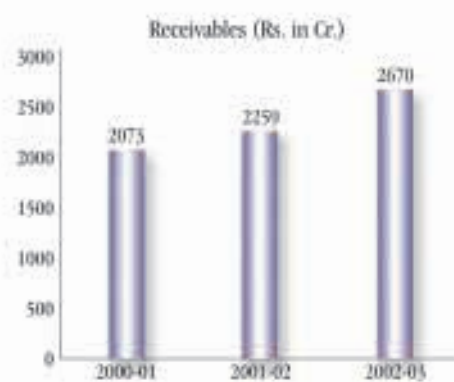
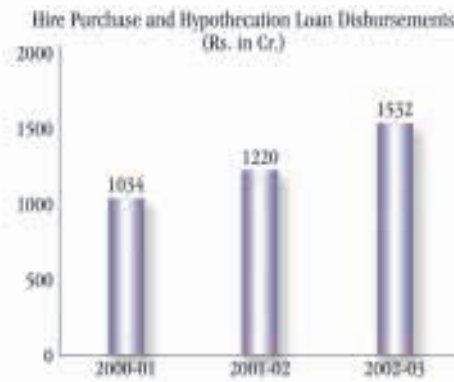
- Maximum interest rate payable by NBFCs on public deposits reduced from 12.5% p.a. to 11% p.a.
- Past due period of 30 days for identification of NPAs by NBFCs to be done away with, effective March 31st, 2003. Consequently, a loan asset would become an NPA if the instalment or interest remains overdue for six months or more.
- NBFCs to attach a schedule to the balance sheet, containing additional particulars relating to borrowings, loans and advances, receivables, investments and non-performing assets. This requirement is effective from the balance sheet for the financial year ending March 31st, 2003.
- NBFCs should necessarily hold their investments in government securities either in Constituent Subsidiary General Ledger with Scheduled Commercial Banks/Stock Holding Corporation of India Limited or in a dematerialised account with NSDL/CDSL.

OPERATING & FINANCIAL PERFORMANCE

Your Company achieved a growth of 25% in hire purchase and loan disbursements during the year in a highly competitive market, while at the same time maintaining the high quality of its portfolio. Gross disbursements touched Rs.1532 Cr. as against Rs.1220 Cr. in the previous year. This translates to a Compounded Annual

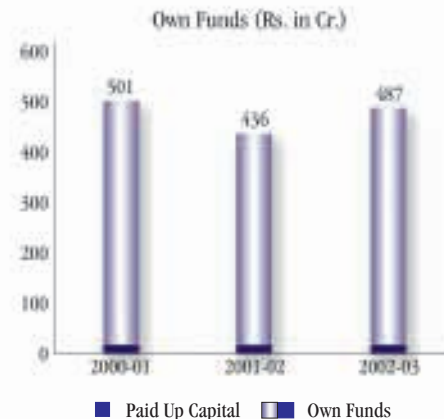
Growth Rate of 21.36% over the last 3 years. The gross receivables of the company stood at Rs.2670 Cr. as against Rs.2259 Cr. in the previous year. The performance of the core retail portfolio has been excellent for the fifth consecutive year, with gross and net NPAs standing at 0.55% and 0.34% respectively. On an overall basis, standard assets stood at 96.62% and net NPAs stood at 1.45% of total business assets as on 31.03.2003 as against 95.29% and 2.37% respectively in the previous year.

Gross income for the year from hire purchase and loans grew by 18.35% compared to the 25% growth in disbursements, bringing into sharp focus the continuing pressure on lending rates. Effective treasury management, coupled with soft interest rates, enabled your company to contain the financial expenses below last year's level, despite the increased level of borrowing, thereby partly mitigating the reduction in lending rates. Establishment and administrative expenses have been consistent with the growth in the business.



Your Company continues to focus on productivity improvements and cost efficiencies in order to improve profitability. The net profit for the year was Rs. 45.66 Cr. (PY Rs 40.36 Cr.), registering a growth of 13.13%. The company's net-worth stood at Rs.487 Cr. as on 31.3.2003. Capital Adequacy (CRAR) at 17.28% as on 31.03.2003 was comfortably higher than the statutory requirement of 12%.

During the year, Fiat Sundaram Auto Finance Limited (FISAF) became a wholly owned subsidiary of the company, consequent to the acquisition of the 51% stake held by Fidis S.p.A, the joint venture partner. It was thereafter merged with your company, with effect from 1.4.2002. A surplus of Rs.25.54 Cr. resulting from the merger has been added to the reserves.



BUSINESS OUTLOOK

The up trend in the industrial and services sectors is expected to continue during the current year. There is also the prediction of a normal monsoon, which would put agriculture back on the growth path. Dollar inflows during the first quarter of the current year have been strong, driven by software and BPO exports, as also FII investments in the debt markets. All of these factors should ensure a continuing surplus in the current account.

These are positive indicators for the commercial vehicle industry. Coupled with the continuing government investments in infrastructure projects and replacement demand, sales of medium and heavy commercial vehicles are expected to grow by 8-10% during the current year. Sales of passenger cars and multi utility vehicles have been projected to grow at 8% and 9%, respectively.

Over the past five decades, your company has carved out a niche for itself in the retail-financing segment, focussing almost entirely on Commercial Vehicles and passenger cars. Customer knowledge, easy accessibility through its wide network of branches and an unswerving commitment to deliver superior customer service, have enabled the company to retain or grow its market share in all of the segments in which it operates. In spite of the relentless pressure on lending rates, your company is confident of meeting the challenges and posting a satisfactory performance for the year.

The new initiatives undertaken by the company in the previous year, with the aim of delivering greater value addition to customers

namely, PowerPlus Fleet Card and Tyre Financing, have begun to stabilise and it is hoped that their contribution to the bottom line of your Company will begin to show from the current year onwards. Distribution of the group companies' products is another important initiative that has started delivering results. On the one hand, it provides greater value addition to the customer and results in fee income for the company, on the other.

Your Company's Software and IT Consulting Division, **Sundaram Infotech Solutions (SIS)** has made rapid strides during the current financial year. Sarva Nidhi, its flagship software solution for the financial services sector has matured into a robust product. SIS successfully implemented Sarva Nidhi for a leading financial services company in the Sultanate of Oman and has delivered the Fixed Deposit module for a consumer durables financing company in India. The Division has also secured an order for this solution from a leading group in Sri Lanka. SIS has been certified for ISO 9001-2000 quality accreditation by KPMG. SIS is now well positioned to expand its operations and deliver complete IT solutions in the financial services domain.

Sundaram Business Services (SBS), the Business Process Outsourcing division of the Company has made steady progress since its inception and has acquired five new domestic customers during the year, in Banking, Insurance and Manufacturing verticals. SBS has also made forays into selected overseas markets and hopes to conclude some prestigious contracts during the current year.

In October 2002, Bureau Veritas Quality International (BVQI) re-certified the Quality Management System of SBS for compliance with ISO 9001:2000 standards.

INTERNAL AUDIT AND COMPLIANCE

As part of the effort to evaluate the effectiveness of the internal control systems, your Company's internal audit department reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The internal audit department reports directly to the Managing Director and the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures. Additionally, an independent systems audit by a qualified firm of systems auditors is also undertaken. Based on their recommendations, the Company has implemented a number of control measures both in operational and accounting related areas, apart from security related measures.

RISK MANAGEMENT

Your Company lays great emphasis on risk management, primarily

in the areas of credit, interest rates and liquidity. Dealing as it does, with a wide variety of retail customers across India, your company has honed its skills in the area of credit evaluation, as demonstrated by the consistently low level of delinquencies in the retail portfolio. Based on the higher risk perception of corporate lending, your company has progressively reduced its exposure to the corporate sector over the past few years. The Asset Liability Management Committee (ALCO) monitors the risk management policies and treasury operations, to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

HUMAN RESOURCES

A major strength for your Company has been its 1311 employees on rolls as on 31st March 2003, spread across various divisions. Your Company's relationship with its employees continues to be excellent. A detailed performance evaluation system is in place and remuneration and rewards are strongly linked to performance indicators. Your Company continues to maintain its commitment towards providing training to its employees at all levels. During the year, based on an employee satisfaction survey, specialised training programmes on personality development, selling techniques, customer handling, stress management and fitness/relaxation were added on to the regular managerial and technical training programmes, conducted at the well-equipped Sundaram Finance Training Centre in Chennai. Overall, 101 training sessions were conducted during the year, involving a total period of 161 training days and 1527 man days. Additionally, several employees were sponsored for external training and seminars in premier institutions and organisations, enabling them to upgrade their skills.

THE SUNDARAM FINANCE GROUP

In its continuing endeavour to meet every customer need, your Company is today able to offer a wide range of financial services to its customers. To differentiate on the basis of quality and deliver superior products and services to customers remains your Company's prime objective. In an era of extreme competition and multiple market players, where rates seem to be the only differentiator, your Company's strategy to position itself as a high quality service provider has yielded positive results and strengthened its competitive edge. Your Company continues to be wedded to the ideal of total customer care and reaches out to its customers through its 122 strong branch network spread across the country, with a diverse range of financial products. Sundaram Mutual, Sundaram Home and Royal Sundaram, have all made significant strides during the year and are poised to scale greater heights in the years to come.

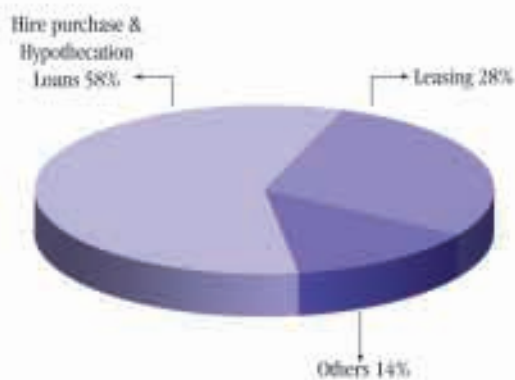
Financial Highlights

(Rs. in Cr.)

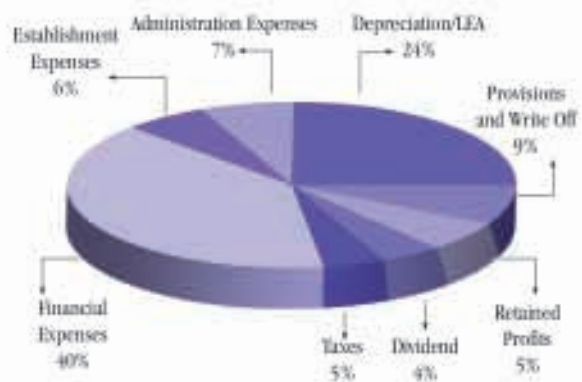
Year	Paid-up Capital	Reserves	Deposits	Total Receivables	PBDT	PAT	Dividend %	Dividend Amount
1955	0.07		0.20	0.57	0.01	0.01	5	0.004
1972	1.00	0.58	8.35	9.86	0.73	0.30	16	0.16
1976	1.50	0.99	13.57	19.87	1.78	0.67	16	0.24
1978	2.00	1.37	14.65	27.18	2.01	0.77	18	0.36
1982	3.00	3.00	45.20	76.60	4.28	1.58	20	0.60
1986	6.00	6.59	104.10	184.66	10.35	2.67	16	0.96
1990-91	12.00	30.24	201.02	483.21	34.69	12.01	25	3.00
1995-96	24.00	204.31	550.44	1637.05	127.50	64.92	35	8.40
1996-97	24.00	261.10	729.09	2009.97	153.68	68.67	45	10.80
1997-98	24.00	323.17	775.53	2102.05	177.52	76.59	55	13.20
1998-99	24.00	369.24	774.65	1956.35	177.72	63.31	65	15.60
1999-00	24.00	405.01	696.61	2027.88	176.32	51.58	60	14.40
2000-01	24.00	477.33	682.46	2073.53	208.42	70.54	60	14.40
2001-02	24.00	411.67	752.88	2258.59	188.59	40.36	60	14.40
2002-03	24.00	462.57	744.11	2669.91	181.75	45.66	75	18.00

SOURCES AND DISTRIBUTION OF INCOME (2002 - 2003)

Rs. 476.07 Cr.



SOURCES



DISTRIBUTION

Auditors' Report

To the Shareholders of Sundaram Finance Limited, Chennai

We have examined the attached Balance Sheet of M/s. Sundaram Finance Limited, as at 31st March, 2003 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto [incorporating the accounts of M/s.Sundaram Auto Finance Limited (formerly Fiat Sundaram Auto Finance Limited) amalgamated with the company with effect from 1st April, 2002 in terms of the order of the Hon'ble High Court of Judicature of Madras. The accounts of M/s.Sundaram Auto Finance Ltd. have been audited by another firm of Chartered Accountants for the financial year ended 31st March, 2003 and have been considered by us]. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (c) The Balance Sheet, the Profit and Loss Account and the cash flow statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet and the Profit and Loss Account are in compliance with the accounting standards referred to in the sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
- (e) According to the information and explanations given to us, in relation to the affairs of the company, none of the directors are disqualified from being appointed as directors as on 31st March 2003 under section 274(1)(g) of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003;
 - 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
12th June, 2003.

For BRAHMAYYA & CO.,
Chartered Accountants
L. MALLIKHARJUNA RAO
Partner

Annexure to the Auditors' Report Referred to in Paragraph 1 of Our Report of Even Date

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The equipment on lease have been physically verified by the management in accordance with a regular programme which in our opinion is reasonable. All other assets have been physically verified by the management during the year. No discrepancies were noticed on such physical verification.
2. None of the fixed assets have been revalued during the year.
3. The company has not taken loans secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or from Companies under the same management within the meaning of Section 372A read with subsection (1-B) of section 370 of the Companies Act, 1956.

4. The company has not granted loans secured or unsecured to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or to Companies under the same management within the meaning of Section 372A read with subsection (1-B) of section 370 of the Companies Act, 1956.
5. a) Loans and advances in the nature of loans have been given to employees and parties who are repaying the principal amounts as stipulated and are regular in payment of interest wherever applicable, except in some secured loans from parties where there is a delay in repayment of principal and interest as stipulated, for which the company has taken reasonable steps for recovery.
b) In respect of amounts overdue under financing operations entered into by the company, in the ordinary course of business, we are of the opinion that reasonable steps have been taken by the Company for the recovery of the same.
6. In our opinion and in accordance with the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for purchase of assets.
7. In respect of transactions entered into for services rendered, entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to more than Rs.50,000/- based on the information and explanations given to us, we are of the opinion, that the prices for such services are reasonable.
8. The Company has accepted fixed deposits from the public and has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A of the Companies Act, 1956 and Rules framed thereunder, wherever applicable.
9. The Company has an internal audit system commensurate with the size and nature of its business.
10. The Central Government has not prescribed the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.
11. The Company is regular in depositing the Provident Fund and the Employees' State Insurance dues with the appropriate authorities.
12. There are no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs duty and Excise duty as on 31st March, 2003, for a period of more than six months from the date they became payable.
13. To the best of our knowledge and according to the information and explanations given to us, there are no expenses of personal nature charged to the revenue account.
14. Being a finance company, the provisions of Section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable.
15. The Company has granted loans and advances on the basis of security by way of pledge of shares.
16. According to the information and explanations given to us, the provisions of special statutes applicable to chit fund, nidhi or mutual benefit society are not applicable to the Company.
17. In respect of trading activities during the year,
 - there have been no unserviceable or damaged stores or finished goods
 - physical verification has been conducted by the management at reasonable intervals in respect of trading stock.
 - the procedures of physical verification of stocks are reasonable and adequate in relation to the size of the activity.
 - no material discrepancies have been noticed on physical verification of stocks as compared to book records.
18. In respect of service activities, in our opinion and according to the information and explanations given to us, the company has a reasonable system, commensurate with the size and nature of its business, of allocating man hours utilised to relative jobs and authorisation at proper levels.
19. The other provisions of the Manufacturing and other Companies (Auditor's Report) Order, 1988 are not applicable for the year covered by the aforesaid accounts.

For BRAHMAYYA & CO.,
Chartered Accountants

L. MALLIKHARJUNA RAO
Partner

Chennai
12th June, 2003.

Balance Sheet

as at 31st March, 2003

(Rs. in Lakhs)

		31.03.2003		31.03.2002	
I SOURCES OF FUNDS					
1. Shareholders' Funds					
(a) Capital	1	24,00.00		24,00.00	
(b) Reserves and Surplus	2	4,62,57.29	4,86,57.29	4,11,67.07	4,35,67.07
2. Deferred Tax Liability (Net)					
Deferred Tax Liability		75,48.34		1,08,25.77	
Less: Deferred Tax Asset		28,42.53	47,05.81	32,64.46	75,61.31
3. Loan Funds					
(a) Secured Loans	3	13,27,27.09		8,96,01.95	
(b) Unsecured Loans	4	8,51,89.34	21,79,16.43	8,87,37.66	17,83,39.61
Total			27,12,79.53		22,94,67.99
II APPLICATIONS OF FUNDS					
1. Fixed Assets	5				
(a) Gross Block		6,77,60.91		8,09,08.45	
(b) Less: Depreciation		4,54,38.61		5,01,28.51	
(c) Net Book Value		2,23,22.30		3,07,79.94	
(d) Add: Lease Adjustment Account		62,10.27		1,00,66.36	
(e) Net Block			2,85,32.57		4,08,46.30
2. Investments	6		2,80,95.66		2,48,57.79
3. Current Assets, Loans and Advances					
(a) Current Assets	7	7,62,43.84		11,48,52.05	
(b) Loans and Advances	8	16,57,41.44		7,56,68.88	
	(A)	24,19,85.28		19,05,20.93	
Less: Current Liabilities and Provisions					
(a) Current Liabilities	9	2,05,58.63		2,03,11.58	
(b) Provisions	10	67,75.35		64,45.45	
	(B)	2,73,33.98		2,67,57.03	
Net Current Assets	(A-B)		21,46,51.30		16,37,63.90
Total			27,12,79.53		22,94,67.99
Notes to the accounts	17				

As per our report of even date attached

T S Santhanam
Chairman

G K Raman
Managing Director

S Ram

For Brahmaya & Co.,
Chartered Accountants

T T Srinivasaraghavan
Joint Managing Director

S Narayanan

L Mallikharjuna Rao
Partner

A Rangaswami

Chennai,
12th June, 2003

S Viji
Vice-Chairman

S Venkatesan
Executive Director (Finance) & Secretary

Srinivas Acharya
Directors

Profit and Loss Account

for the Year Ended 31st March, 2003

		(Rs. in Lakhs)	
	Schedule	2002-2003	2001-2002
<u>INCOME</u>			
Income from Operations	11	4,65,74.30	4,56,58.35
Other Income	12	10,32.23	11,05.31
Total	(A)	<u>4,76,06.53</u>	<u>4,67,63.66</u>
<u>EXPENDITURE</u>			
Financial Expenses	13	1,90,69.90	1,95,24.40
Establishment Expenses	14	27,75.52	21,86.13
Administrative and Other Expenses	15	33,44.63	32,18.29
Total	(B)	<u>2,51,90.05</u>	<u>2,49,28.82</u>
Gross Profit	(A)-(B)	<u>2,24,16.48</u>	<u>2,18,34.84</u>
<u>Less:</u>			
Provisions and Write Off	16	42,41.85	29,75.89
Depreciation		61,86.74	89,89.55
Lease Equalisation Account		52,60.91	39,00.95
Taxation			
- Current (Including Wealth Tax)		53,40.00	37,45.00
- Deferred		(31,79.51)	(18,12.69)
Net Profit		<u>45,66.49</u>	<u>40,36.14</u>
<u>Add:</u>			
Balance brought forward from previous year		41,06.78	72,20.64
Transfer from Debenture Redemption Reserve		-	1,00.00
Amount available for Appropriation		<u>86,73.27</u>	<u>1,13,56.78</u>
<u>APPROPRIATIONS</u>			
Dividend (Proposed)		14,40.00	14,40.00
Golden Jubilee Dividend (Proposed)		3,60.00	-
Dividend Tax		2,30.62	-
Statutory Reserve		9,14.00	8,10.00
General Reserve		23,74.00	50,00.00
Surplus - Balance carried to Balance Sheet		33,54.65	41,06.78
		<u>86,73.27</u>	<u>1,13,56.78</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)		19.03	16.82

As per our report of even date attached

T S Santhanam
Chairman

G K Raman
Managing Director

S Ram

For Brahmayya & Co.,
Chartered Accountants
L Mallikharjuna Rao
Partner

T T Srinivasaraghavan
Joint Managing Director

S Narayanan

Chennai,
12th June, 2003

S Viji
Vice-Chairman

S Venkatesan
Executive Director (Finance) & Secretary

Srinivas Acharya
Directors

SCHEDULES

	31.03.2003		(Rs. in Lakhs) 31.03.2002	
1 Capital				
Authorised				
10,00,00,000 Equity Shares of Rs.10/- each	<u>1,00,00.00</u>		<u>1,00,00.00</u>	
Issued, Subscribed and fully paid-up	<u>24,00.00</u>		<u>24,00.00</u>	
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	19,93.79		19,93.79	
On Amalgamation (Note 4.1, Schedule 17)	<u>25,54.35</u>	45,48.14	<u>—</u>	19,93.79
General Reserve				
Per Last Balance Sheet	2,76,26.00		3,20,00.00	
Less: Recognition of Deferred tax liability (net) at the commencement of the year	<u>—</u>		<u>93,74.00</u>	
	2,76,26.00		2,26,26.00	
Add: Transfer from Profit and Loss account	<u>23,74.00</u>	3,00,00.00	<u>50,00.00</u>	2,76,26.00
Statutory Reserve				
Per last Balance Sheet	74,40.50		66,30.50	
Add: Transfer from Profit and Loss account	<u>9,14.00</u>	83,54.50	<u>8,10.00</u>	74,40.50
Surplus - Balance in Profit and Loss account	<u>33,54.65</u>		<u>41,06.78</u>	
	<u>4,62,57.29</u>		<u>4,11,67.07</u>	
3 Secured Loans				
Non - Convertible Debentures	5,09,80.00		3,49,80.00	
From Scheduled Banks	5,35,53.79		3,97,50.62	
Other loans and advances :				
From Banks	2,81,47.91		1,48,19.45	
From a Financial Institution	<u>45.39</u>	<u>2,81,93.30</u>	<u>51.88</u>	1,48,71.33
	<u>13,27,27.09</u>		<u>8,96,01.95</u>	
4 Unsecured Loans				
i) Fixed deposits				
From Directors	1,65.87		1,23.68	
From others	<u>7,35,23.05</u>	7,36,88.92	<u>7,45,55.30</u>	7,46,78.98
ii) Short term loans and advances				
Commercial Paper	80,00.00		1,40,00.00	
From Banks	<u>35,00.42</u>		<u>—</u>	
iii) Other Loans and advances				
From others	<u>—</u>		<u>58.68</u>	
	<u>8,51,89.34</u>		<u>8,87,37.66</u>	

5 Fixed Assets													(Rs. in Lakhs)	
Description	GROSS BLOCK AT COST						DEPRECIATION						NET BLOCK	
	As at 01.04.2002	Assets acquired on amalgamation Cost as at 01.04.2002	Additions	Deductions	As at 31.03.2003	Upto 01.04.2002	Assets acquired on amalgamation Depreciation upto 01.04.2002	Additions	Deductions	Upto 31.03.2003	Net Book Value	Balance in Lease Adjustment Account as at 31.03.2003	As at 31.03.2003	As at 31.03.2002
1 Freehold land and Buildings	25,89.50		7,73.48		33,62.98	2,09.83		81.18		2,91.01	30,71.97		30,71.97	23,79.67
2 Leasehold Office / Residential Premises	15,70.40		6.86		15,77.26	4,26.13		57.36		4,83.49	10,93.77		10,93.77	11,44.27
3 Plant and Machinery	81,17.39	1,73.94	1,49.33	3,31.93	81,08.73	37,78.02	86.68	8,25.74	2,55.59	44,34.85	36,73.88		36,73.88	43,39.37
4 Vehicles	12,10.87	2,82.44	3,56.23	2,32.74	16,16.80	5,43.21	58.92	3,13.75	1,45.20	7,70.68	8,46.12		8,46.12	6,67.66
5 Furniture/Office Equipment	13,64.34	23.52	75.74	28.60	14,35.00	6,35.89	5.86	1,36.25	16.65	761.35	6,73.65		6,73.65	7,28.45
6 Vehicles taken on lease	1,37.49		1.15	30.60	1,08.04	13.18		15.81	3.21	25.78	82.26		82.26	1,24.31
7 Assets on Finance Lease														
a) Plant and Machinery	3,83,21.76			1,18,21.45	2,65,00.31	2,50,41.95		21,24.07	86,44.36	1,85,21.66	79,78.65	1247.67	92,26.32	1,62,42.39
b) Vehicles	2,62,66.57	3,01.48		22,48.29	2,43,19.76	1,87,15.93	59.88	25,80.01	16,66.63	1,96,89.19	46,30.57	5095.76	97,26.33	1,47,18.79
c) Furniture/Office Equipment	11,50.13			4,18.10	7,32.03	7,64.37		52.57	3,56.34	4,60.60	2,71.43	-133.16	1,38.27	3,21.39
8 Repossessed Assets - Aircraft		1,80.00		1,80.00										1,80.00
Total	8,09,08.45	7,81.38	13,62.79	1,52,91.71	6,77,60.91	5,01,28.51	2,11.34	61,86.74	1,10,87.98	4,54,38.61	2,23,22.30	6210.27	2,85,32.57	4,08,46.30

SCHEDULES

	Face Value (FV)	(Rs. in Lakhs)	
		31.03.2003	31.03.2002
6 Investments			
Long Term - At Cost			
I In Government / Trust Securities			
Non Trade			
A Quoted			
1) Government Securities			
Central Government Loans	74,51.70	81,75.13	52,48.79
(Face Value of Rs. 3468.75 lakhs purchased and FV Rs.924.00 lakhs sold during the year)			
State Government Loans	—	—	0.68
[Face Value of Rs 0.68 Lakhs sold during the year]			
2) Government of India Bonds	—	—	1,98.50
[Face Value of Rs 200.00 Lakhs sold during the year]			
Government Guaranteed Bonds			
12.50% National Housing Bank Bonds 2004	25.00	24.89	24.89
12.50% SIDBI Bonds 2004	—	—	2,60.00
(FV Rs. 260.00 lakhs sold during the year)			
13.50% Industrial Finance Corporation of India Ltd. Bonds 2003	25.00	25.00	25.00
13.85% Industrial Investment Bank of India Bonds 2006	—	—	39.82
(FV Rs. 40.00 lakhs sold during the year)			
11.50% Maharashtra State Road Development Corporation Ltd. Infrastructure Bonds 2005	10,00.00	10,00.00	10,00.00
14.50% Maharashtra State Electricity Board Bonds 2003	5,00.00	5,00.00	5,00.00
3) Trust Securities			
Unit Trust of India - Mastershares	—	—	3.56
(42,000 units of Rs.10/- each sold during the year)			
		97,25.02	73,01.24
B Unquoted			
1) Government Securities			
Kisan Vikas Patra	0.05	0.05	0.05
(FV Rs.0.05 lakhs under lien to Government Authorities)			
Indira Vikas Patra	—	—	7,03.73
(FV Rs. 732.50 lakhs sold during the year)			
6 year National Savings Certificates	0.15	0.15	0.67
(Certificates for a FV Rs.0.15 lakhs under lien to Government Authorities. FV Rs 0.52 lakhs Redeemed during the year)			

SCHEDULES

	Face Value (FV)	(Rs. in Lakhs)	
		31.03.2003	31.03.2002
6 Investments (Contd.)			
2) Trust Securities			
Standard Chartered Mutual Fund (GSSIF - IP) (20,86,811 units of Rs 10/- each sold during the year)	—	—	2,50.00
Sundaram Growth Fund - Appreciation (18,31,148 units of Rs.10/- each)	1,83.11	3,35.00	3,35.00
Sundaram Bond Saver - Appreciation (Opening balance 43,83,075 units, 25,45,241 units of Rs 10/- each purchased and 43,83,075 units of Rs 10/- each sold during the year)	2,54.52	5,00.00	7,50.00
Sundaram Bond Saver Bonus Units Account (Purchased 1278857.42 units, bonus units received during the year 1150971.68 and sold 1278857.42 units) (Sundaram Bond Saver Bonus option investment)	1,15.10	1,18.55	—
Birla Income Plus - Plan B (Growth) (17,55,926 units of Rs 10/- each sold during the year)	—	—	4,00.00
Birla Income Plus - Institutional Plan (Growth) (19,53,018 units of Rs 10/- each purchased during the year)	1,95.30	5,00.00	—
HDFC Income Fund - Growth (Opening balance 31,51,343 units, 17,42,196 units of Rs 10/- each purchased and 31,51,343 units of Rs 10/- each sold during the year)	1,74.22	2,50.00	4,00.00
Kotak Mahindra Mutual Fund (K- Bond Unit Scheme 99) (Whole Sale Plan - Growth) (Opening balance 14,36,059 units, 16,05,425 units of Rs 10/- each purchased and 14,36,059 units of Rs 10/- each sold during the year)	1,60.54	2,50.00	2,00.00
DSP Merrill Lynch Bond Fund Retail - Dividend (21,57,497 units of Rs 10/- each purchased during the year]	2,15.75	2,50.00	—
SBI Magnum Income Fund - Growth (14,74,621 units of Rs 10/- each purchased during the year)	1,47.46	2,50.00	—
Prudential ICICI Income Plan - Dividend (22,80,044 units of Rs 10/- each purchased during the year)	2,28.00	2,50.00	—
HSBC Income Fund - Investment Plan - Dividend (24,52,615 units of Rs 10/- each purchased during the year)	2,45.26	2,50.00	—
		29,53.75	30,39.45

SCHEDULES

	(Rs. in Lakhs)	
	31.03.2003	31.03.2002
6 Investments (Contd.)		
Long term - At Cost		
II In Equity Shares - Fully paid (unless otherwise stated)		
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. 14,109 Equity shares of Rs.10/- each	28.55	28.55
Recron Synthetics Ltd 68,16,700 Equity Shares of Rs 10/- each (Acquired during the year)	2,38.58	—
	13,63.65	11,25.07
Unquoted		
i) In Subsidiary Companies:		
Sundaram Asset Management Co. Ltd. 1,50,00,000 Equity shares of Rs.10/- each (58,50,000 equity shares of Rs 10/- each purchased during the year]	19,68.00	9,15.00
Sundaram Home Finance Ltd * 3,25,00,000 Equiry shares of Rs 10/- each	32,50.00	32,50.00
Sundaram Finance Securities Ltd. 15,00,000 Equity shares of Rs.10/- each	1,65.18	1,65.18
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
* These shares are subject to a lock in period		
** The transfer of these shares is subject to certain restrictions till 31-12-2005.		

SCHEDULES

	(Rs. in Lakhs)	
	31.03.2003	31.03.2002
6 Investments (Contd.)		
Axles India Ltd. 24,24,661 Equity shares of Rs.10/- each (1,05,219 Equity shares of Rs 10/-each purchased during the year)	2,68.99	2,14.35
Lucas-TVS Ltd. 63,224 Equity shares of Rs.100/- each	27.22	27.22
Delphi TVS Diesel Systems Ltd. (Formerly Lucas 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
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. First call of Rs 30/- per share has been paid)	7,02.29	6,48.27
InFreight Technologies India Pvt Ltd 4,00,000 Equity shares of Rs 10/- each (Purchased during the year)	40.00	—
Sundaram Auto Finance Ltd (formerly Fiat Sundaram Auto Finance Ltd) 1,12,70,000 Equity shares of Rs.10/- each (extinguished pursuant to the Scheme of Amalgamation)	—	11,27.00
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>1,33,85.19</u>	<u>1,33,10.53</u>

SCHEDULES

	Face Value (FV)	(Rs. in Lakhs)	
		31.03.2003	31.03.2002
6 Investments (Contd.)			
iii) In Preference Shares - Fully paid			
Unquoted			
Axles India Ltd. 80,000, 14.00% Redeemable Cumulative Non Convertible Preference Shares of Rs.100/- each (Redeemed during the year)		—	80.00
iv) In Bonds/Debentures			
Non Trade - Quoted			
1,500 units of Rs 100 each in 12% Non-convertible debentures of Textool Company Ltd	1.50	0.01	1.50
		0.01	81.50
Current Investments			
In Trust Securities			
Unquoted			
Kotak Mahindra Liquid Scheme - Growth (24,81,533 units of Rs 10/- each purchased during the year)	2,48.15	3,00.00	—
HDFC Liquid Fund - Growth (2,35,33,094 units of Rs 10/- purchased and 2,10,38,955 units of Rs 10/- each sold during the year)	2,49.41	3,00.00	—
In Preference Shares - Fully paid			
Unquoted			
Balaji Distilleries Ltd [6,80,400 Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of FV of Rs 10/- each. (9,07,200 OCCRPS of Rs 10/- each acquired and 2,26,800 shares sold during the year)	68.04	68.04	—
		6,68.04	—
Mutual Fund Units Purchased and Sold during the year	Face	Units	Cost
	Value Rs.	in Lakhs	Rs. in Lakhs
DSP - Merrill Lynch Liquidity Fund - Growth	10	34.100	5,00.00
IL & FS Liquid Account - Growth Plan	10	98.278	11,00.00
Birla Income Plus - Plan B (Growth)	10	9.757	2,50.00
Birla Cash Plus Plan B - Growth	10	15.343	2,49.79
Sundaram Bond Saver - Dividend	10	93.833	10,00.00
Sundaram Select Debt - Short Term Asset Plan (Appreciation)	10	1,98.969	20,18.15
Sundaram Select Debt - Short Term Asset Plan - Dividend (Quarterly)	10	1,98.223	20,00.00
Sundaram Money Fund - Appreciation	10	4,07.013	50,00.00
HDFC Liquid Fund - Premium Plus Plan - Growth	10	1,83.148	22,00.00
HDFC Liquid Fund - Growth	10	2,10.390	25,00.00
HSBC Cash Fund	10	1,27.989	13,00.00

SCHEDULES

	(Rs. in Lakhs)	
	31.03.2003	31.03.2002
6 Investments (Contd.)		
SUMMARY OF INVESTMENTS		
I In Government / Trust Securities		
A Quoted	97,25.02	73,01.24
B Unquoted - Long Term	29,53.75	30,39.45
C Unquoted - Current	6,00.00	
II In Equity Shares		
A Quoted	13,63.65	11,25.07
B Unquoted	1,33,85.19	1,33,10.53
III In Preference Shares		
A Quoted	-	-
B Unquoted	68.04	80.00
IV In Bonds / Debentures		
A Quoted	0.01	1.50
GRAND TOTAL	280,95.66	2,48,57.79
Aggregate of quoted Investments - Long Term	Cost	MV*
	31.03.2003	
Government / Trust Securities	97,25.02	1,03,92.61
Equity Shares	13,63.65	36,72.40
Bonds / Debentures	0.01	0.01
(A)	1,10,88.68	1,40,65.02
Aggregate of unquoted Investments - Long Term		
Government / Trust Securities	29,53.75	
Equity Shares	1,33,85.19	
(B)	1,63,38.94	
Aggregate of unquoted Investments - Current		
Trust Securities	6,00.00	
Preference Shares	68.04	
(C)	6,68.04	
GRAND TOTAL [A + B + C]	2,80,95.66	

* Cost has been considered wherever market value is not available.

SCHEDULES

	31.03.2003		(Rs. in Lakhs) 31.03.2002	
7 Current Assets				
(a) Stock-on-hire and bills purchased				
Net Investment in Stock-on-hire		6,29,53.06		10,23,32.19
Repossessed assets		6,79.95		4,73.92
Trade bills purchased (unsecured, considered good)				
Outstanding for a period exceeding six months	5,99.99		8,76.99	
Others	19,82.68	25,82.67	30,17.20	38,94.19
Net Investment in lease		39,54.78		23,95.46
		7,01,70.46		10,90,95.76
(b) Interest accrued on investments		2,74.52		2,11.71
(c) Cash and bank balances:				
With scheduled banks in Current Accounts	9,85.29		10,05.90	
Unpaid dividend account	11.69		11.21	
Deposit accounts	42,94.74		40,53.05	
Cash on hand	4,94.26		4,65.14	
Stamps and Stamp Papers on hand	12.88	57,98.86	9.28	55,44.58
		7,62,43.84		11,48,52.05

SCHEDULES

	31.03.2003	(Rs. in Lakhs) 31.03.2002
8 Loans and Advances		
Unsecured unless otherwise stated :		
Considered good :		
Loans - Secured	14,04,51.92	5,32,42.27
- Unsecured	1,97.63	3,16.97
Advance Income Tax and Tax Deducted at Source (Net of Provision)	48,19.49	47,14.33
Advances and deposits recoverable in cash or kind or for value to be received		
- subsidiary companies	19.32	2.10
- others	11,27.95	16,96.12
Advance for purchase of Investments	1,29.88	8,11.55
Advance for purchase of assets		
- Business Assets	1,14,64.44	1,01,17.95
- Others	19,21.80	6,23.53
Income receivable	56,09.01	41,44.06
	<u>16,57,41.44</u>	<u>7,56,68.88</u>
9 Current Liabilities		
Sundry Creditors		
- For expenses	17,55.61	14,82.02
- For other finance	97,76.12	97,93.15
Unpaid dividend *	11.69	11.21
Unpaid Matured Deposits *	7,22.67	6,08.59
Interest accrued on Unpaid Matured Deposits *	1,19.52	1,53.92
Interest accrued but not due	81,73.02	82,62.69
	<u>2,05,58.63</u>	<u>2,03,11.58</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
10 Provisions		
Against non-performing assets	47,44.73	50,05.45
Final Dividend	18,00.00	14,40.00
For Dividend Tax and Surcharge	2,30.62	-
	<u>67,75.35</u>	<u>64,45.45</u>

SCHEDULES

	(Rs. in Lakhs)	
	2002-2003	2001-2002
11 Income from Operations		
Hire Purchase / Hypothecation Loans (tax deducted at source Rs.108.94 lakhs) - net	2,77,89.95	2,34,79.90
Lease (tax deducted at source Rs.28.37 Lakhs)	1,37,70.02	1,72,19.97
Interest on Loans (tax deducted at source Rs.11.46 lakhs)	1,64.92	3,91.58
Bills Discounting	4,44.59	9,48.08
Investments (tax deducted at source Rs.203.83 lakhs)	24,48.30	20,49.73
Services (tax deducted at source Rs. 103.08 lakhs)	7,49.47	5,50.75
Software Development / Trading	35.35	49.89
Recovery of Bad debts / Loss on Sale of assets	7,08.90	4,44.83
Profit on Sale of Leased Assets	3,96.47	3,31.62
Others	66.33	1,92.00
	<u>4,65,74.30</u>	<u>4,56,58.35</u>
12 Other Income		
Interest receipts (tax deducted at source Rs.1.25 lakhs)	1,73.71	49.66
Dividend	4,69.17	6,71.36
Rent receipts (tax deducted at source Rs.67.17 lakhs)	2,76.17	2,53.10
Profit on sale of assets	2.81	53.32
Miscellaneous income	1,10.37	77.87
	<u>10,32.23</u>	<u>11,05.31</u>
13 Financial Expenses		
Interest - Fixed loans	1,26,81.99	1,33,33.81
- Debentures	45,92.87	42,70.73
- Others	8,33.67	4,52.35
Other financial expenses	9,61.37	14,67.51
	<u>1,90,69.90</u>	<u>1,95,24.40</u>

SCHEDULES

	2002-2003	(Rs. in Lakhs) 2001-2002
14 Establishment Expenses		
Salaries, allowances, commission and bonus	23,85.17	18,84.62
Company's contribution to Provident Fund, Superannuation and Employees State Insurance schemes	1,76.39	1,56.23
Staff welfare expenses	1,41.63	94.80
Gratuity	72.33	50.48
	<u>27,75.52</u>	<u>21,86.13</u>
15 Administrative and Other Expenses		
Rent	2,68.36	2,39.02
Lease rent	48.88	1,64.99
Rates and taxes	55.20	84.10
Communication expenses	4,68.79	4,77.22
Electricity expenses	1,80.51	1,55.85
Travelling and conveyance (net)	4,54.90	3,57.34
Advertisement charges	1,61.10	1,17.53
Directors' sitting fee	8.00	6.45
Insurance	56.97	46.96
Repairs to buildings	19.54	24.59
Repairs to machinery	3,60.37	4,19.86
Donations	2,62.45	2,08.95
Miscellaneous expenses	9,99.56	9,15.43
	<u>33,44.63</u>	<u>32,18.29</u>
16 Provisions and Write off (Net)		
Bad Debts	30,68.62	20,23.56
Loss on Assets sold/written off	8,75.91	5,02.27
Loss on sale of investments	23.05	11.90
(Less)/Add: Provision against non-performing assets	(1,70.30)	4,38.16
Diminution in Value of investments	4,44.57	—
	<u>42,41.85</u>	<u>29,75.89</u>

SCHEDULES

17. NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 The company follows the directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies and the applicable Accounting Standards issued by 'The Institute of Chartered Accountants of India' (ICAI).

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 on or after 1st April 2001 is accounted as per 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, Insurance Agency Commission and Trading Activities is recognised on accrual basis.

1.3 Valuation of fixed Assets:

Fixed assets are stated at historical cost less accumulated depreciation and further adjusted for balance in Lease Adjustment Account, wherever applicable.

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 debited to the Profit and Loss Account.

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.

1.5 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 contract rates while those not covered by forward contracts 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, wherever applicable.

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.
- 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 2003.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

2 BALANCE SHEET:

2.1 Secured loans:

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

	Date of Allotment /Reissue	Amount (Rs. In Lakhs)		Redemption
		31.03.2003	31.03.2002	
(A)	28.10.1998	1500	1500	At par at the end of 5 years.
	25.12.1998	1000	1000	At par at the end of 5 years.
	25.06.1999		500	Redeemed during the year
	01.10.1999		5000	Redeemed during the year
	06.12.1999		2500	Redeemed during the year
	04.01.2000		2500	Redeemed during the year
	29.06.2000	8000	8000	At par at the end of 3 years
	31.10.2000		2500	Redeemed during the year
	24.11.2000	500	500	At par at the end of 30 months.
	13.12.2000	455	455	At par at the end of 30 months
	13.12.2000	500	500	At par at the end of 3 years.
	13.12.2000		500	At par at the end of 16 months.
	29.12.2000	2000	2000	At par at the end of 3 years.
	29.12.2000	25	25	At par at the end of 30 months.
	29.01.2001		1500	Redeemed during the year
	02.06.2001		500	Redeemed during the year
	25.06.2001		2000	Redeemed during the year
	26.06.2001	500	500	At par at the end of 2 years
	03.08.2001		1000	Redeemed during the year
	29.01.2003	500		Maturing on 20.03.2005. Put/Call option on a daily basis
	30.04.2002	1000		At par at the end of 2 years
	24.05.2002	1500		At par at the end of 350 days
	24.05.2002	1000		At par at the end of 1 year and 351 days. Put/Call option at the end of 1 year and 169 days
	24.05.2002	2000		At par at the end of 349 days
	24.05.2002	1000		At par at the end of 2 years
	07.06.2002	2000		At par at the end of 1 year
	28.06.2002	500		At par at the end of 354 days
	28.06.2002	500		At par at the end of 3 years
	28.06.2002	2000		At par at the end of 1 year
	02.07.2002	2000		At par at the end of 3 years
	31.07.2002	2000		At par at the end of 1 year
	31.07.2002	2000		At par at the end of 2 years
	31.07.2002	2000		At par at the end of 3 years
	27.09.2002	1000		At par at the end of 1 year and 352 days
	27.09.2002	2000		At par at the end of 3 years
	27.09.2002	1500		At par at the end of 1 year
	28.11.2002	2000		At par at the end of 2 years
	28.11.2002	1000		At par at the end of 3 years
	07.12.2002	2000		At par at the end of 2 years
	07.12.2002	2000		At par at the end of 3 years
	31.12.2002	1500		At par at the end of 2 years
	Total (A)	47480	32980	
(B)	29.05.2000		1000	Redeemed during the year
	13.12.2000		1000	Redeemed during the year
	07.06.2002	1000		At par at the end of 18 months
	28.11.2002	2500		At par at the end of 3 years. Put/Call on a daily basis
	Total (B)	3500	2000	
	Total (A)+(B)	50980	34980	

The Company had issued MIBOR linked Debentures to the extent of Rs.4500 lakhs (31.03.2002 – Rs.2500 lakhs) with a daily put / call option and with the right to reissue the same. These debentures were reissued from time to time during the year and the outstanding as on 31.03.2003 was Rs.3000 lakhs (31.03.2002 – Rs.Nil). The Debentures of Rs. 4000 lakhs have since been redeemed on exercise of call option by the investors and are in the name of a nominee of the company at the year-end.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

The debentures are secured by mortgage of immovable property ranking *pari passu* and those grouped under (A) are further secured by a charge on specific assets under Hire purchase, Hypothecation loans and Lease Agreements.

- b) Loans from Scheduled Banks “under Secured loans” are secured by hypothecation of assets covered by Hire Purchase, Hypothecation loans and Lease Agreements, ranking *pari passu*, excluding assets, which are specifically charged to others. The facilities include foreign currency loans of Rs. 39016.22 lakhs outstanding as on 31.03.2003. (31.03.2002 - Rs.28431.97 lakhs).
- c) Other loans and advances:

Term loans from Banks and Financial Institution are secured by hypothecation of specific assets covered by Hire purchase, Hypothecation loans and Lease agreements and include foreign currency loans of Rs.4597.91 lakhs (31.03.2002 – Rs.4719.45 lakhs).

Interest accrued on the foreign currency loans has been provided at the forward exchange contract rate, except where forward contracts have not been entered into.

2.2 Unsecured Loans

Short term Loans and advances:

Commercial Paper outstanding – Rs.8000 lakhs (31.03.2002 – Rs. 14000 lakhs). Maximum amount outstanding at any time during the year was Rs.21500 lakhs (previous year – Rs. 20000 lakhs).

2.3 Fixed Assets:

- a) Buildings on leasehold land include Rs.883.92 lakhs (31.03.2002 - 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.6453.39 lakhs (gross block) on operating lease contracts. (31.03.2002 - Rs. 6512.43 lakhs).
- c) Maturity Pattern of the Minimum Lease Payment (MLP) and its present value in respect of assets taken on lease as on 31.03.2003 are given below.

	(Rs. in Lakhs)	
	MLP	Present value of MLP
Less than 1 year	29.22	18.20
Later than 1 year & not later than 5 years	74.40	63.00
Later than 5 years	Nil	Nil
Total	<u>1,03.62</u>	<u>81.20</u>

- d) The details of the assets given on operating lease as on 31.03.2003 are:

	(Rs. in Lakhs)	
	Vehicles	Computers
Gross carrying amount	5,12.32	5.24
Accumulated Depreciation	1,47.17	2.72
Depreciation recognised in Profit and Loss account for the year	83.05	1.68

Maturity Pattern of the future minimum lease payments under non-cancelable operating leases are given below.

	(Rs. in Lakhs)
Less than 1 year	1,33.97
Later than 1 year & not later than 5 years	3,62.36
Later than 5 years	0.76
Total	<u>4,97.09</u>

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

2.4 Current Assets:

As per 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 receivable as on 31.03.2003 is given hereunder:

Maturity Pattern of the Gross / Present Value of MLP receivables.

	(Rs. in Lakhs)	
	Gross	Net
Less than 1 year	4,17,95.27	3,56,10.31
Later than 1 year & not later than 5 years	2,78,76.66	2,47,00.87
Later than 5 years	4,36.23	3,77.96
Total	<u>7,01,08.16</u>	<u>6,06,89.14</u>

Unearned Finance Charges : Rs. 9419.02 lakhs

Accumulated provision for un-collectible minimum lease payments receivable: Rs. Nil

2.5 "Secured Loans" availed / Current Accounts with Scheduled Banks under "Cash and Bank Balances" are stated after deduction / addition of Cheques to the extent of Rs.2197.89 lakhs (31.03.2002 - Rs.2283.60 lakhs).

2.6 Loans and advances:

- Secured loans include Rs 62.84 lakhs (31.03.2002 - Rs.2.88 lakhs) due from officers of the Company. Maximum amount due at any time during the year Rs. 62.87 lakhs (Previous year - Rs.3.58 lakhs).
- Unsecured loans include Rs 0.06 lakhs (31.03.2002 Rs. 0.19 lakhs) due from an officer of the company. Maximum amount due at any time during the year Rs 0.19 lakhs (previous year - Rs.0.34 lakhs).
- Advance Income Tax and Tax deducted at source is net of Provision for Tax of Rs. 14532.64 lakhs (31.03.2002 -Rs. 9244.18 lakhs) and includes Rs.862.72 lakhs towards income tax paid under dispute.
- Advances and deposits recoverable in cash or in kind or for value to be received include Rs. 10.19 lakhs (31.03.2002 - Rs. 8.05 lakhs) paid towards sales tax in 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. (31.03.2002 - Rs. 37.13 lakhs)

2.7 Current liabilities:

- Sundry creditors for expenses include Rs.96.00 lakhs (31.03.2002 - Rs. 66.00 lakhs) payable to directors.
- Interest accrued but not due includes Rs.9.18 lakhs on deposits of directors (31.03.2002 - Rs. 24.35 lakhs).

2.8 The components of Deferred Tax Liability / Asset as on 31.03.2003 are as follows:

(i) Deferred Tax Liabilities:	(Rs. in Lakhs)
a) Depreciation	50,44.85
b) Hire Purchase Income recognition between Books and Income Tax	24,91.34
c) Investment in Mutual funds	12.15
Total (A)	<u>75,48.34</u>

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

(ii) Deferred Tax Assets:		(Rs in Lakhs)
a) Provision for Non-performing assets / Investments		17,75.70
b) Income deferment on Non Performing Assets		9,81.26
c) Others		85.57
	Total (B)	<u>28,42.53</u>
Net Deferred Tax Liability	(A-B)	<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. 1128.19 lakhs (previous year – Rs 514.20 lakhs)

3.2 Income from operations - Investments comprises of:

	(Rs. in Lakhs)	
	2002-2003	2001-2002
i) Interest	13,08.77	11,34.63
ii) Dividend	40.06	37.15
iii) Profit on sale of investments:		
Long term	10,35.15	8,38.63
Current	56.22	39.21

3.3 Income from Software Development / Trading:

The details relating to trading items are as under:

	(Rs in Lakhs)
Sales	44.87
Purchases	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 required to be stated.

3.4 Financial Expenses:

Interest on fixed deposits includes Rs.16.76 lakhs (previous year - Rs.16.13 lakhs) paid / credited to directors.

3.4.1 Other Financial Expenses in Schedule 13 - Financial Expenses include exchange difference in respect of forward contracts / Export activities amounting to Rs.97.90 lakhs (previous year - Rs.1854.13 Lakhs). Forward premium to be recognised in one or more subsequent accounting periods amount to Rs.134.37 lakhs.

3.5 Remuneration to directors:

	(Rs. in Lakhs)	
	2002-2003	2001-2002
i) Salary	24.00	21.50
ii) Commission		
- Wholetime Directors	70.00	50.00
- Non Wholetime Directors	26.00	16.00
iii) Sitting fees to Wholetime Directors	1.65	1.30
iv) Contributions to provident, superannuation and gratuity funds	8.35	6.60
v) Other allowances and perquisites	20.89	19.08
	<u>1,50.89</u>	<u>1,14.48</u>

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

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

		(Rs. in Lakhs)
Net Profit		45,66.49
Add: Directors' Remuneration	1,50.89	
Directors' Sitting fee (other than whole-time Directors)	6.35	
Depreciation as per books	61,86.74	
Lease Equalisation Account	52,60.91	
Loss on sale of investments	23.05	
Diminution in Value of Investments	4,44.57	
Provision for Taxation (Including Wealth Tax)	21,60.49	1,42,33.00
		<u>1,87,99.49</u>
Less: Depreciation as per Sec.350 of the Companies Act,1956	61,86.74	
Profit on sale of investments	10,91.37	
Provision against Non-Performing assets	1,70.30	
		<u>74,48.41</u>
Net profit as per Section 198 of the Companies Act, 1956		<u>1,13,51.08</u>
1% thereof		<u>1,13.51</u>
Commission to Managing and Joint Managing Director -@1% each restricted to		<u>70.00</u>
Commission to Non-Wholetime directors -@1 % restricted to		<u>26.00</u>

3.7 Miscellaneous expenses under "Administrative and other expenses" include:

	(Rs. in lakhs)	
	2002-2003	2001-2002
Remuneration to Auditors towards:		
Statutory Audit	12.00	9.00
Tax Audit	3.50	3.00
Certification	5.25	3.93
Service Tax	1.66	0.80
Travelling Expenses	0.71	0.89

3.8 Provisions and Write offs - Loss on sale of investments comprises of Rs 17.61 lakhs pertaining to long term investments and Rs 5.44 lakhs pertaining to short term investments.

4. GENERAL

4.1 Amalgamation

Sundaram Auto Finance Limited (formerly Fiat Sundaram Auto Finance Ltd (FISAF), a Joint Venture Company promoted by Sundaram Finance Ltd., and Fidis S. p. A., Italy) amalgamated with the company with effect from 01.04.2002 in accordance with the Order of the Hon'ble High Court of Madras dated 26.03.2003.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

The operations of the amalgamating company include Hire Purchase, Leasing and other allied activities.

The amalgamation has been accounted for under the "Purchase method" as prescribed by Accounting Standard (AS-14) – Accounting of Amalgamations issued by the Institute of Chartered Accountants of India.

The Scheme of Amalgamation of the erstwhile Sundaram Auto Finance Limited with the company as approved earlier by the shareholders has been given effect to in the accounts. Accordingly, the assets and liabilities of the amalgamating company were transferred to and vested with the company with effect from 01.04.2002.

The company paid a total consideration of Rs.4428.32 Lakhs for acquisition of shares of the amalgamating company. The resultant amount of Rs.2554.35 Lakhs after transfer of all assets and liabilities, has been transferred to Capital Reserve.

4.2 Segment Reporting

The financial statements comprise of the consolidated financial statements and the financial statement of the parent company. Therefore, segment information needs to be presented only on the basis of the consolidated financial statements in terms of the Accounting Standard (AS17) – Segment Reporting.

4.3 Related Party Disclosures

Related party disclosures, as required by Accounting Standard (AS18), 'Related Party disclosures', issued by the Institute of Chartered Accountants of India are given below:

Related parties:

Subsidiaries :

Sundaram Finance Securities Ltd.
Sundaram Home Finance Ltd.
Sundaram Asset Management Company Ltd.

Associates :

Axles India Ltd.
Turbo Energy Ltd.
Trans Energy 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 G.K.Raman, Managing Director
Sri T.T.Srinivasaraghavan, Joint Managing 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 :

(Rs. in Lakhs)

Particulars	Subsidiary Companies	Joint Venture / Associates	Key Management Personnel	Relatives of Key Management Personnel	Total 2002-03	Previous Year 2001-02
INCOME						
Income from Lease	7.88	1,30.84	–	–	1,35.89	1,70.36
Income from Bills Discounting	–	1,98.37	–	–	1,98.37	2,00.75
Income for Services rendered	1,05.00	1,54.76	–	–	2,59.76	4,82.24
Trading Income	–	9.57	–	–	9.57	–
Commission	–	4,52.17	–	–	4,52.17	66.29
Dividend	–	1,95.52	–	–	1,95.52	1,82.75
Rent Receipts	79.76	1,46.79	–	–	2,26.55	1,76.37
Others	47.62	6.92	–	–	54.54	14.10
EXPENSES						
Business Sourcing Cost	53.28	–	–	–	53.28	–
Donations	–	2,06.00	–	–	2,06.00	1,50.10
Interest	–	–	2.74	0.51	3.25	14.47
Remuneration	–	–	1,24.89	–	1,24.89	83.16
Cost of Personnel on deputation	19.57	–	–	–	19.57	18.83
Lease rent	–	–	–	–	–	86.85
Others	–	4.52	–	–	4.52	2.90
ASSETS						
Investments in Equity Shares	10,53.00	40.00	–	–	10,93.00	33,92.00
Redemption of Preference Shares	–	80.00	–	–	80.00	–
Investment in Trust Securities	–	1,07,68.15	–	–	1,07,68.15	17,50.00
Disinvestment in Trust Securities	–	1,10,46.57	–	–	1,10,46.57	16,24.97
Investments in Trust Securities - at the end of the year	–	9,53.55	–	–	9,53.55	10,85.00
Housing Loan	–	–	26.40	–	26.40	–
Bills Purchased - at the end of the year	–	13,81.06	–	–	13,81.06	11,65.00
Future Lease Receivables	19.09	2,63.24	–	–	2,79.88	3,27.92
Others	–	–	–	–	–	(5.22)
LIABILITIES						
Deposits	–	–	25.00	4.90	29.90	30.25
Advance Received	–	0.94	–	–	0.94	85.99
Loan Principal Repayment	–	–	–	–	–	2,15.35
Future Lease Payable	–	–	–	–	–	1,83.58

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 a Trade Association of which the company is a member, 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.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

4.5 The company received a demand of Rs.15 crore from the Commissioner of Customs and Excise, Tiruchirappalli, in respect of a lease transaction. Based on the legal opinion that the demand is untenable, the company has repudiated the demand and filed an appeal against the same. A stay has been granted against this demand.

4.6 Estimated amount of contracts remaining to be executed on capital account – Rs.219.13 lakhs (net of advances). (31.03.2002 - Rs.77.84 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. 22.96 lakhs (31.03.2002 - Rs.334.53 lakhs), in respect of the Assets taken on lease prior to 1st April,2001.

4.9 Contingent liabilities in respect of	(Rs in Lakhs)	
	As at 31.03.2003	As at 31.03.2002
a) Liability to banks/others:		
Banks - On Cheques discounted	11,14.91	12,15.62
Counter guarantee given to banks	24.13	10.06
On guarantees to Sales Tax Authorities	10.00	10.00
On letters of credit	97.61	1,47.28
Guarantee on behalf of a Subsidiary company	50,00.00	–
b) Claims against the Company not acknowledged as debts	1,09.46	1,95.04
4.10 Uncalled Liability on partly paid Shares	54.02	43.99
4.11 CIF value of imports:		
Capital goods (on payment basis)	3,30.28	6,33.88
4.12 Expenditure in foreign currency (on payment basis):	2002-2003	2001-2002
Interest	12,22.29	16,08.93
On matters other than royalty know-how, fees and interest	23.66	16.51
4.13 Earnings in Foreign Currency:		
Software	1,36.84	17.02

4.14 The figures of the current year include figures of the amalgamating company. Therefore, the figures of the current year are not strictly comparable with those of the previous year.

4.15 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	T S Santhanam Chairman	G K Raman Managing Director	S Ram
For Brahmayya & Co., Chartered Accountants		T T Srinivasaraghavan Joint Managing Director	S Narayanan
L Mallikharjuna Rao Partner			A Rangaswami
Chennai, 12th June, 2003	S Viji Vice-Chairman	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	Debtentures : Secured	50980.00	–
	Unsecured	–	–
	(other than falling within the meaning of public deposits)		
b	Deferred Credits	–	–
c	Term Loans	28193.30	–
d	Inter-corporate loans and borrowings	–	–
e	Commercial paper	8000.00	–
f	Public Deposits	74411.59	763.55 #
g	Other loans (specify nature)		
	- Bank Borrowing	57054.21	–
(2)	Break-up of 1 (f) above (Outstanding public deposits) *		
a	In the form of Unsecured debtentures	–	–
b	In the form of partly secured debtentures i.e. debtentures where there is a shortfall in the value of security	–	–
c	Other public deposits	74411.59	763.55 #

* Interest accrued but not paid - Nil

Represents unrenewed 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	4956.75
b	Unsecured (including Advance for Business Assets)	14139.81
(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	23099.04
b	Operating Lease	3939.40
(ii)	Net Stock on hire including hire charges under sundry debtors	
a	Assets on hire	64238.24
b	Repossessed Assets	372.99
(iii)	Hypothecation loans counting towards EL / HP activities	
a	Loans where assets have been repossessed	282.10
b	Loans other than (a) above	136431.82

(Rs. in Lakhs)

	Particulars	Cost	Market Value *
(5)	Break-up of Investments :		
	<u>Current Investments:</u>		
1.	<u>Quoted:</u>	–	–
2.	<u>Unquoted:</u>		
(i)	Preference Shares	68.04	68.04
(ii)	Units of mutual funds	600.00	600.00
	<u>Long Term Investments:</u>		
1.	<u>Quoted:</u>		
(i)	Equity Shares	1363.65	3672.40
(ii)	Debentures and Bonds	0.01	0.01
(iii)	Government Securities	9725.02	10392.61
2.	<u>Unquoted:</u>		
(i)	Equity Shares	13385.19	15683.42
(ii)	Government Securities	0.20	0.40
(iii)	Units of mutual funds	2953.55	2854.76
	Total	28095.66	33271.64

* 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	38.41	–	38.41
b	Companies in the same group	–	–	–
c	Other related parties	263.24	1381.06	1644.30
2.	<i>Other than related parties</i>	228957.47	12075.26	241032.73
	Total	229259.12	13456.32	242715.44

(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	5133.78	5383.18	
b	Companies in the same group	–	–	
c	Other related parties	7035.02	8084.23	
2.	<i>Other than related parties</i>	21102.83	14628.25	
	Total	33271.64	28095.66	

** As per Accounting Standard

(8) Other Information (Rs. in Lakhs)		
	Particulars	Amount
(i)	Gross Non-Performing Assets	
a	Related Parties	–
b	<i>Other than related parties</i>	8207.82
(ii)	Net Non-Performing Assets	
a	Related Parties	–
b	<i>Other than related parties</i>	3463.11
(iii)	Assets acquired in satisfaction of debt (during the year)	753.62

Balance Sheet Abstract and Company's General Business Profile

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

I Registration Details

Registration No. State Code
 Balance Sheet Date
 Date Month Year

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

Public Issue	Rights Issue
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Bonus Issue	Private Placement
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

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

	Total Liabilities		Total Assets
Sources of Funds	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Paid up Capital	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Deferred Tax Liability (net)	Reserves & Surplus
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Secured Loans	Unsecured Loans
Applications of Funds	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Net Fixed Assets	Investments
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Net Current Assets	Misc. Expenditure
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Accumulated Loss	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		

IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) After Tax
<input checked="" type="checkbox"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input checked="" type="checkbox"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
(Please tick appropriate box + for profit, -loss)	
Earnings Per Share Rs. Ps.	Dividend Rate %
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

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

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

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
2	Name of the Subsidiary Company	SUNDARAM ASSET MANAGEMENT COMPANY LIMITED	SUNDARAM FINANCE SECURITIES LIMITED	SUNDARAM HOME FINANCE LIMITED
3	Financial year of the Subsidiary ended on	31.03.2003	31.03.2003	31.03.2003
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%)	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	-23.53	58.43	2,90.33
	b) For the Previous financial years of the Subsidiary Company	-1,94.84	-30.03	2,23.57
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
	b) For the Previous financial years of the Subsidiary Company	Nil	Nil	Nil

T S Santhanam
Chairman

G K Raman
Managing Director

S Ram

S Viji
Vice-Chairman

T T Srinivasaraghavan
Joint Managing Director

S Narayanan

A Rangaswami

Chennai,
12th June, 2003

S Venkatesan
Executive Director (Finance) & Secretary

Srinivas Acharya
Directors

Cash Flow Statement

	2002-2003		2001-2002	
	(Rs. in Lakhs)			
A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit	45,66.49		40,36.14	
Add: Lease Equalisation Account	52,60.91		39,00.95	
Provision for Taxation (Including Wealth Tax)	21,60.49		19,32.32	
	1,19,87.89		98,69.41	
Add: Financial Expenses	1,90,69.90	3,10,57.79	1,95,24.40	2,93,93.81
Depreciation		61,86.74		89,89.55
Diminution- Value of investments		4,44.57		-
Provision against Non - Performing assets		(1,70.30)		4,38.16
(Profit) loss on assets		2,87.79		(8.86)
(Profit) loss on Investments		(10,68.32)		(8,65.94)
Interest / Dividend Received		(18,49.51)		(18,43.14)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		3,48,88.76		3,61,03.57
(Increase) Decrease in net stock on hire	4,51,26.80		1,97,35.70	
(Increase) Decrease in leased assets - net of sales	19,80.84		6,27.47	
(Increase) Decrease in Trade Bills purchased	13,11.52		60,47.71	
(Increase) Decrease in Net Investment in Lease	(10,45.75)		(23,95.46)	
(Increase) Decrease in Loans and Advances	(8,19,01.72)		(4,11,39.31)	
(Increase) Decrease in Other Receivables	(62.81)		(3.48)	
(Increase) Decrease in Bank Deposits (net)	(2,41.69)		(6,58.00)	
(Increase) Decrease in SLR Investments - net of sales	(9,06.36)		1,42.75	
Increase (Decrease) in Current Liabilities	(3,22.57)	(3,60,61.74)	90.01	(1,75,52.61)
Cash generated from Operations		(11,72.98)		1,85,50.96
Financial Expenses	(1,90,69.90)		(1,95,24.40)	
Direct Taxes Paid	(51,54.77)	(2,42,24.67)	(41,22.22)	(2,36,46.62)
Net Cash From Operating Activities (A)		(2,53,97.65)		(50,95.66)
B) CASH FLOW FROM INVESTING ACTIVITIES				
Increase in Reserve (Received from Royal Sun Alliance)		-		2,11.75
Purchase of Fixed Assets		(13,24.15)		(11,84.27)
Sale of Fixed Assets		52.94		4,12.23
Purchase of Investments		(267,20.63)		(78,21.33)
Sale of Investments		205,84.53		28,48.15
Interest Received		13,40.28		11,71.78
Dividend Received		5,09.23		6,71.36
Net Cash From Investing Activities (B)		(55,57.80)		(36,90.33)
C) CASH FROM FINANCING ACTIVITIES				
Proceeds from issue of debentures		5,25,00.00		6500.00
Debentures Redeemed		(3,65,00.00)		(10300.00)
Increase (Decrease) in Bank Borrowings		1,38,03.17		3479.77
Increase in long term borrowings		97,89.91		5508.30
Increase in Fixed Deposits		(9,90.06)		7041.24
Increase (Decrease) in short term loans and advances		(62,73.64)		(2212.50)
Dividend paid (including Corporate Dividend Tax)		(14,40.00)		(1586.88)
Net Cash From Financing Activities (C)		3,08,89.38		8429.93
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)		(66.07)		(356.06)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		15,70.19		1847.59
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		15,04.12		1491.53
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR				
Current Account with Banks		996.98		1017.11
Cash, Stamps and Stamp Papers on Hand		507.14		474.42

T S Santhanam
Chairman
S Viji
Vice-Chairman

Chennai,
12th June, 2003

G K Raman
Managing Director
T T Srinivasaraghavan
Joint Managing Director

S Venkatesan
Executive Director (Finance) & Secretary

S Ram
S Narayanan
A Rangaswami

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

II. BOARD MEETINGS

The Board of Directors formulate the business and operational policies and decide on strategic issues concerning the company. The Board of Directors generally meet every month to review the business performance.

During the year under review, 15 meetings of the Board of Directors were held.

2002			2003
30 th April	31 st July	29 th October	11 th January
24 th May	20 th August	28 th November	27 th January
7 th June	27 th September	7 th December	26 th February
28 th June		31 st December	28 th March

The details of attendance at Board Meetings and details of other directorships, committee chairmanships/memberships held by the Directors during the period from April 1, 2002 to March 31, 2003 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	14	–	1	–	–
Sri S Viji	15	3	7	–	4
Sri S Ram	14	2	6	1	–
Sri S Narayanan	15	2	3	4	–
Sri A Rangaswami	15	1	1	–	–
Sri S Padmanabhan	15	–	1	–	–
Sri T R Seshadri	15	–	1	–	–
Sri G K Raman	15	1	5	2	2
Sri T T Srinivasaraghavan	15	1	5	1	2

All the Directors of the company attended the 49th Annual General Meeting held on 25th July 2002.

III. AUDIT COMMITTEE

Composition of the Audit Committee is as follows:

Name of the Director	
Sri S Padmanabhan	Chairman
Sri S Viji	Member
Sri A Rangaswami	Member

The Audit Committee reviews the financial accounts/policies, adequacy of internal control systems and interacts with the statutory auditor, 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, audited and un-audited 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 30th May, 26th July, 24th September and 25th October in 2002 and on 27th January and 26th March in 2003. All the members attended all the committee meetings.

IV. REMUNERATION OF DIRECTORS

The Managing Director and Joint Managing Director of the company have been appointed on contractual terms, based on the approval of the shareholders. The remuneration package comprises of salary, allowances and perquisites. The quantum of commission payable to the managerial personnel is decided by the Board of Directors, which is subject to a ceiling of 1% of the net profits for each financial year. The remuneration is within the limits prescribed under Schedule XIII to the Companies Act, 1956.

The non-executive directors are being presently remunerated by way of sitting fees and commission within the ceiling of 1% of the net profits of the company for each financial year as approved by the Board of Directors. The details of remuneration paid to the directors are disclosed in the notes to the accounts, forming part of the annual accounts vide note no. 3.5 and 3.6.

As on March 31, 2003 the amount of deposits placed by the directors in the company aggregated to Rs. 165.87 lakhs. The interest on these deposits paid/credited during the year 2002-03 amounted to Rs. 16.76 lakhs.

V. SHARE TRANSFER AND INVESTOR RELATIONS COMMITTEE

Composition of the Committee is as follows:

Name of the Director	
Sri S Padmanabhan	Chairman
Sri A Rangaswami	Member
Sri T T Srinivasaraghavan	Member

The Share Transfer and Investor Relations Committee formed under Clause VI C of Clause 49 of the Listing Agreement approves and monitors transfers, transmission, splits and consolidation of shares of the company. The committee reviews redressal of complaints from shareholders relating to transfer of shares, non-receipt of dividends and other grievances. The committee also reviews the compliances with various statutory and regulatory requirements.

During 2002 – 2003 the Committee met three times on 26th August and 16th December in 2002 and on 17th February 2003. All the members attended all the committee meetings. Additionally, transfer of shares was passed by way of resolutions in circulation on 10 occasions.

Sri. P Sundararajan, Deputy Secretary and Deputy General Manager (Audit) is the compliance officer. During the year under review, the company has received 76 correspondences from shareholders, which have been attended to and there were no grievances remaining unresolved as on 31st March, 2003.

VI. GENERAL BODY MEETINGS

Time and location of last three Annual General Meetings

Year	Date	Time	Location
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	-do-
2000	24.08.2000	10.00 AM	-do-

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 "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 from the quarter ended 30.09.2002.
- A press meet was organized by the company on 7th June, 2002 for dissemination of audited results.
- Management's Discussion and Analysis forms part of the Annual Report.

IX. GENERAL SHAREHOLDER INFORMATION

- Annual General Meeting

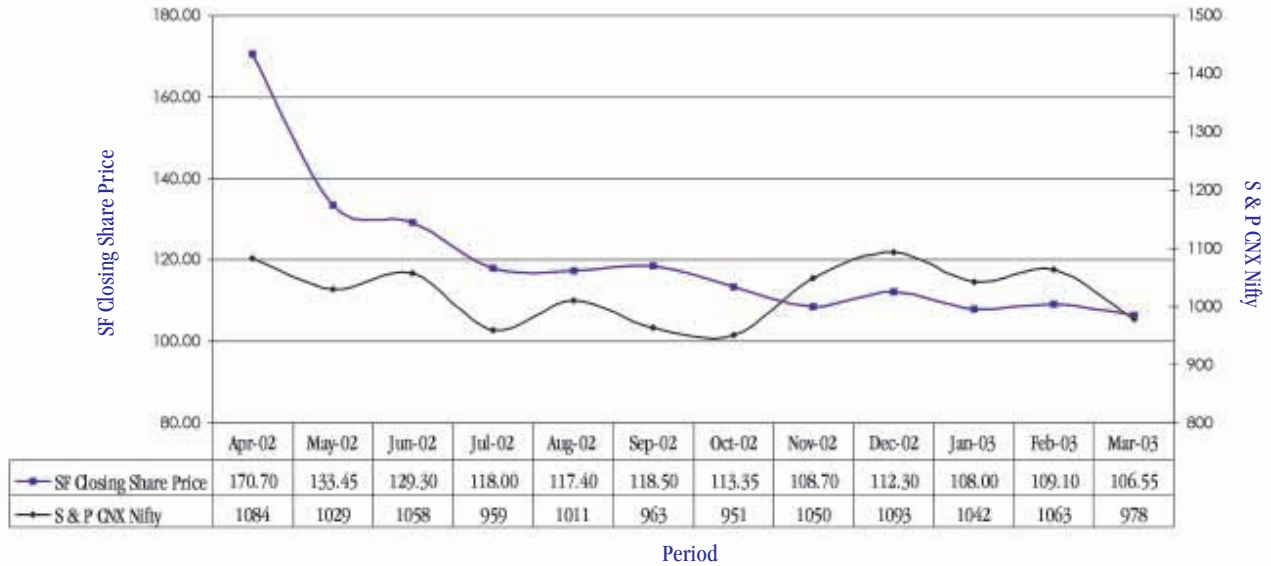
Date	Time	Venue
11.08.2003	10.00 AM	The Music Academy, 306 TTK Road, Chennai 600 014

- Financial Calendar

Financial Year – 1 st April 2003 to 31 st March 2004	
Board Meeting for consideration of accounts	12 th June, 2003
Posting of Annual Report along with notice of AGM	On or before 16 th July, 2003
Book Closure dates	01/08/03 to 11/08/03
Last date for receipt of proxy forms	9th August, 2003 (Before 10.00 AM)
Date of payment of dividend	14 th August, 2003
Un-audited Results for the quarter ending June 30, 2003	End July, 2003
Audited Results for the quarter/half year ending September 30, 2003	End November, 2003
Un-audited Results for the quarter ending December 31, 2003	End January, 2004

- The company's shares are listed on the Madras Stock Exchange, (MSE) Chennai and National Stock Exchange of India Ltd (NSE), Mumbai.
- The Company has paid the listing fees for the financial year 2002-2003 to the above stock exchanges.
- NSE Stock Code:** SUNDARFIN • **ISIN :** INE660A01013
- MSE Stock Code:** SFN
- It is proposed to delist the equity share capital of the Company from the Madras Stock Exchange Limited after obtaining approval of the members.

SHARE PRICE PERFORMANCE



MARKET PRICE DATA

Month	April-02	May	June	July	August	September	October	November	December	January-03	February	March	
NSE	High	187.65	188.90	148.00	171.90	119.55	123.80	121.45	117.00	119.00	115.40	111.90	110.00
	Low	97.00	110.00	121.70	113.55	110.60	115.00	101.55	105.00	110.00	102.10	107.10	102.55

- Share transfers were processed and share certificates despatched within 30 days from the date of lodgment in accordance with the stock exchange listing agreement.
- The company's shares are being compulsorily traded in dematerialised form with effect from 28th August 2000.
- 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 Ramaswamy, General Manager

Ms Rohini Sambamurthy, Sr. Executive (Shares)

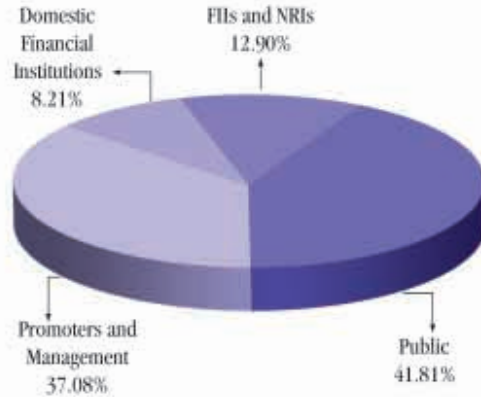
DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2003

No. of Equity Shares Held	Total Shareholders	Total Shares	Total % to Capital
Upto 250	7358	811318	3.38
251 to 500	1438	558393	2.33
501 to 1000	954	722299	3.01
1001 to 5000	1121	2267632	9.45
5001 to 10000	171	1228244	5.12
10001 to 50000	193	4289277	17.87
50001 to 100000	46	3268868	13.62
100001 and above	36	10853969	45.22
TOTAL	11317	24000000	100.00

Total shares held in electronic mode 35.08%

Public shareholding in electronic mode 51.18%

SHAREHOLDING PATTERN AS ON 31.03.2003



Address for correspondence and any assistance/clarification

Sri P Sundararajan
Compliance Officer
21 Patullos Road
Chennai 600 002
Ph: 2852 1181 (Extn. 1236)
Fax: 044- 2855 0290
E mail : psrajan@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, 2003, as stipulated in clause 49 of the Listing Agreement entered into by the company with 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 have certified that there were no investor grievances pending as on 31st March, 2003.

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.

Chennai

12th June, 2003.

For BRAHMAYYA & CO.,
Chartered Accountants

L. MALLIKHARJUNA RAO
Partner

*Consolidated
Financial
Statements*

Consolidated Balance Sheet

as at 31st March, 2003

(Rs. in Lakhs)

Schedule	31.03.2003		31.03.2002	
I SOURCES OF FUNDS				
1. Shareholders' Funds				
(a) Capital	1	24,00.00		24,00.00
(b) Reserves and Surplus	2	4,51,32.20	4,75,32.20	4,13,74.52
2. Minority Interest			20,29.83	18,73.50
3. Deferred Tax Liability (net)				
Deferred Tax Liability		75,84.94		1,08,26.99
Less: Deferred Tax Asset		28,68.37	47,16.57	32,99.32
4. Loan Funds				75,27.67
(a) Secured Loans	3	16,08,44.65		10,46,87.85
(b) Unsecured Loans	4	9,01,18.28	25,09,62.93	9,07,87.29
Total			<u>30,52,41.53</u>	<u>24,86,50.83</u>
II APPLICATIONS OF FUNDS				
1. Fixed Assets				
(a) Gross Block	5	6,92,78.94		8,11,83.24
(b) Less: Depreciation		4,61,14.27		5,02,12.74
(c) Net Book Value		2,31,64.67		3,09,70.50
(d) Add: Lease Adjustment Account		62,10.27		1,00,66.36
(e) Net Block			2,93,74.94	4,10,36.86
2. Investments	6		2,76,16.51	2,31,46.41
3. Current Assets, Loans and Advances				
(a) Current Assets	7	7,90,98.07		11,51,17.36
(b) Loans and Advances	8	20,28,47.93		9,62,47.90
(A)		<u>28,19,46.00</u>		<u>21,13,65.26</u>
Less: Current Liabilities and Provisions				
(a) Current Liabilities	9	2,69,03.57		2,04,52.25
(b) Provisions	10	67,92.35		64,45.45
(B)		<u>3,36,95.92</u>		<u>2,68,97.70</u>
Net Current Assets	(A-B)		24,82,50.08	18,44,67.56
Total			<u>30,52,41.53</u>	<u>24,86,50.83</u>
Notes to the accounts	17			

As per our report of even date attached

T S Santhanam
Chairman

G K Raman
Managing Director

S Ram

For Brahmaya & Co.,
Chartered Accountants

T T Srinivasaraghavan
Joint Managing Director

S Narayanan

L Mallikharjuna Rao
Partner

A Rangaswami

Chennai,
12th June, 2003

S Viji
Vice-Chairman

S Venkatesan
Executive Director (Finance) & Secretary

Srinivas Acharya
Directors

Consolidated Profit and Loss Account

for the Year Ended 31st March, 2003

(Rs. in Lakhs)

	Schedule	2002-2003	2001-2002
<u>INCOME</u>			
Income from Operations	11	5,64,48.00	4,77,80.95
Other Income	12	8,40.41	11,89.38
Total	(A)	<u>5,72,88.41</u>	<u>4,89,70.33</u>
<u>EXPENDITURE</u>			
Financial Expenses	13	2,16,86.66	2,08,44.68
Establishment Expenses	14	39,66.85	22,40.34
Administrative and Other Expenses	15	86,01.65	37,22.02
Total	(B)	<u>3,42,55.16</u>	<u>2,68,07.04</u>
Gross Profit	(A-B)	<u>2,30,33.25</u>	<u>2,21,63.29</u>
<u>Less:</u>			
Provisions and Write Off (Net)	16	42,61.25	30,21.74
Depreciation		64,64.83	90,34.86
Lease Equalisation Account		52,60.91	39,00.95
Provision for Taxation			
- Current (Including Wealth Tax)		54,47.36	37,85.00
- Deferred		(31,37.71)	(18,21.89)
Net Profit (before adjustment for minority interest)		<u>47,36.61</u>	<u>42,42.63</u>
Less: Minority Interest		<u>1,56.33</u>	<u>72.44</u>
		<u>45,80.28</u>	<u>41,70.19</u>
Share of Profit in Associates		4,67.60	-
Net Profit		<u>50,47.88</u>	<u>41,70.19</u>
<u>Add:</u>			
Balance brought forward from previous year (Net of Rs.98.30 Lakhs pertaining to Subsidiaries)		41,06.78	72,20.64
Transfer from Debenture Redemption Reserve		-	1,00.00
Amount available for Appropriation		<u>91,54.66</u>	<u>1,14,90.83</u>
<u>APPROPRIATIONS</u>			
Dividend (proposed)		14,40.00	14,40.00
Golden Jubilee Dividend (proposed)		3,60.00	-
Dividend Tax		2,30.62	-
Statutory Reserve		10,08.74	8,45.75
General Reserve		23,74.00	50,00.00
Surplus - Balance carried to Balance Sheet		37,41.30	42,05.08
		<u>91,54.66</u>	<u>1,14,90.83</u>
Notes to the accounts	17		
Earnings Per Equity Share			
Number of Shares (Face value of Rs.10/- per share)		2,40,00,000	2,40,00,000
Basic and Diluted earnings per share (in Rupees)		21.03	17.38

As per our report of even date attached
T S Santhanam
Chairman

G K Raman
Managing Director

S Ram

For Brahmayya & Co.,
Chartered Accountants
L Mallikharjuna Rao
Partner

T T Srinivasaraghavan
Joint Managing Director

S Narayanan

A Rangaswami

Chennai,
12th June, 2003

S Viji
Vice-Chairman

S Venkatesan
Executive Director (Finance) & Secretary

Srinivas Acharya
Directors

SCHEDULES

	31.03.2003		(Rs. in Lakhs) 31.03.2002	
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	19,96.89		17,85.14	
Add: Amount received from Royal & SunAlliance Insurance Plc., towards Capital Subsidy	–		2,11.75	
Add: On Amalgamation (Note 2.1, schedule 17)	25,54.35		–	
Add: Capital Reserve on acquisition of shares in Associates	13.19		–	
Less: Goodwill on acquisition of shares in Royal Sundaram Alliance Insurance Company Ltd	6,40.54		–	
Less: Goodwill on acquisition of shares in Sundaram Asset Management Company Ltd.	6,41.81		–	
	<u>32,82.08</u>		<u>19,96.89</u>	
General Reserve				
Per Last Balance Sheet	2,64,10.58		3,20,51.29	
Less: Recognition of Deferred tax liability (net) at the commencement of the year	–		93,74.00	
Add: Share of Previous Years profit in Associates	8,20.24		–	
Add: Transfer from Profit and Loss account	23,74.00	2,96,04.82	<u>50,00.00</u>	2,76,77.29
Statutory Reserve				
Per last Balance Sheet	74,95.26		66,49.51	
Add: Transfer from Profit and Loss account	10,08.74	85,04.00	<u>8,45.75</u>	74,95.26
Surplus - Balance in Profit and Loss account		<u>37,41.30</u>		<u>42,05.08</u>
		<u>4,51,32.20</u>		<u>4,13,74.52</u>
3 Secured Loans				
Non - Convertible Debentures		5,59,80.00		3,49,80.00
From Banks		5,35,53.79		3,97,50.62
Other loans and advances :				
- Banks	4,62,64.64		2,99,05.35	
- Financial Institutions	50,45.39		51.88	
- Finance Lease	0.83	5,13,10.86	–	2,99,57.23
		<u>16,08,44.65</u>		<u>10,46,87.85</u>
4 Unsecured loans				
i) Fixed deposits				
From directors	1,92.47		1,35.28	
From others	7,84,25.39	7,86,17.86	<u>7,65,93.33</u>	7,67,28.61
ii) Short term loans and advances				
Commercial Paper		80,00.00		1,40,00.00
iii) Other Loans and advances		35,00.42		58.68
		<u>9,01,18.28</u>		<u>9,07,87.29</u>

5 Fixed Assets										(Rs.In Lakhs)		
Description	GROSS BLOCK AT COST				DEPRECIATION				Net Book Value	Balance in Lease Adjustment Account as at 31.03.2003	NET BLOCK	
	As at 01.04.2002	Additions	Deductions	As at 31.03.2003	Upto 01.04.2002	Additions	Deductions	Upto 31.03.2003			As at 31.03.2003	As at 31.03.2002
1 Freehold land and Buildings	25,89.50	7,75.40	—	33,64.90	2,09.83	81.18	—	2,91.01	30,73.89	—	30,73.89	23,79.67
2 Leasehold office / Residential Premises	15,70.40	6.86	—	15,77.26	4,26.13	57.36	—	4,83.49	10,93.77	—	10,93.77	11,44.27
3 Plant and Machinery	88,04.28	3,52.95	3,32.79	88,24.44	41,31.26	9,88.98	2,55.91	48,64.33	39,60.11	—	39,60.11	43,92.36
4 Vehicles	15,54.81	3,78.97	2,38.39	16,95.39	6,14.01	3,29.45	1,48.99	7,94.47	9,00.92	—	9,00.92	7,10.04
5 Furniture/Office Equipment	19,33.03	2,00.16	29.95	21,03.24	7,52.34	2,28.28	17.14	9,63.48	11,39.76	—	11,39.76	8,22.49
6 Vehicles taken on lease	1,82.23	14.52	35.13	1,61.62	20.64	28.75	3.33	46.06	1,15.56	—	1,15.56	1,25.46
7 Assets on Finance Lease												
a) Plant and Machinery	3,83,21.75	—	1,18,21.45	2,65,00.30	2,50,41.95	21,24.06	86,44.36	1,85,21.65	79,78.65	12,47.67	92,26.32	1,62,42.39
b) Vehicles	2,65,68.05	—	22,48.29	2,43,19.76	1,87,75.80	25,80.01	16,66.63	1,96,89.18	46,30.58	50,95.76	97,26.34	1,47,18.79
c) Furniture/Office Equipment	11,50.13	—	4,18.10	7,32.03	7,64.37	52.57	3,56.34	4,60.60	2,71.43	-1,33.16	1,38.27	3,21.39
8 Repossessed Assets - Aircraft	1,80.00	—	1,80.00	—	—	—	—	—	—	—	—	1,80.00
Total	8,28,54.18	17,28.86	1,53,04.10	6,92,78.94	5,07,36.33	64,70.64	1,10,92.70	4,61,14.27	2,31,64.67	62,10.27	2,93,74.94	4,10,36.86

SCHEDULES

	(Rs. in Lakhs)	
	31.03.2003	31.03.2002
6 INVESTMENTS		
Long Term - At cost		
I. In Government / Trust Securities		
A. Quoted	1,04,70.42	74,30.51
B. Unquoted	81,55.96	46,13.98
II. In Equity Shares		
A. Quoted	13,63.65	11,25.07
B. Unquoted - Associates	18,33.16	5,49.76
C. Unquoted - Others	8,71.33	93,45.59
III. In Bonds / Debentures		
A. Quoted	16,86.69	-
B. Unquoted	5,26.19	-
Current Investments		
IV In Government / Trust Securities		
Unquoted	9,91.36	-
V In Preference Shares		
A. Unquoted - Associates	-	80.00
B. Unquoted - Others	68.04	-
VI In Bonds / Debentures - Unquoted	16,49.71	1.50
Total	<u>2,76,16.51</u>	<u>2,31,46.41</u>

SCHEDULES

	31.03.2003		(Rs. in Lakhs) 31.03.2002	
7 Current Assets				
(a) Stock-on-hire and bills purchased				
Net Investment in Stock-on-hire		6,29,53.06		10,23,32.19
Repossessed assets		6,79.95		4,73.92
Trade bills purchased (Net of Bills rediscounted) (unsecured, considered good)				
Outstanding for a period exceeding six months	5,99.99		8,76.99	
Others	19,82.68	25,82.67	30,17.20	38,94.19
Net Investment in lease		39,08.92		23,95.46
		7,01,24.60		10,90,95.76
(b) Interest accrued on investments		4,87.73		2,14.99
(c) Cash and bank balances:				
With scheduled banks in				
Current Accounts	18,72.38		11,40.41	
Unpaid dividend account	11.69		11.21	
Deposit accounts	60,04.78		41,80.05	
Cash on hand	5,84.00		4,65.66	
Stamps and Stamp Papers on hand	12.89	84,85.74	9.28	58,06.61
		7,90,98.07		11,51,17.36

SCHEDULES

	(Rs. in Lakhs)	
	31.03.2003	31.03.2002
8 Loans and Advances		
Unsecured unless otherwise stated :		
Considered good :		
Loans - Secured	17,62,14.04	7,37,49.38
- Unsecured	1,97.63	3,16.97
Advance Income Tax and Tax Deducted at Source (Net of Provision)	50,71.03	47,34.60
Advances and deposits recoverable in cash or kind or for value to be received		
- subsidiary companies	19.32	1.22
- others	19,12.71	17,32.55
Advance for purchase of Investments	1,29.88	8,11.55
Advance for purchase of assets		
- Business Assets	1,14,64.44	1,01,17.95
- Others	19,21.80	6,23.52
Income receivable	59,17.08	41,60.16
	<u>20,28,47.93</u>	<u>9,62,47.90</u>
9 Current Liabilities		
Sundry Creditors		
- For expenses	48,63.04	16,05.24
- For other finance	98,20.68	98,10.60
- For Unexpired Insurance Risk	27,73.29	-
Unpaid dividend *	11.69	11.21
Unpaid Matured Deposits *	7,22.67	6,08.59
Interest accrued on Unpaid Matured Deposits *	1,19.52	1,53.92
Interest accrued but not due	85,92.68	82,62.69
	<u>2,69,03.57</u>	<u>2,04,52.25</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
10 Provisions		
Against non-performing assets	47,61.73	50,05.45
For final dividend	18,00.00	14,40.00
For Dividend Tax and Surcharge	2,30.62	-
	<u>67,92.35</u>	<u>64,45.45</u>

SCHEDULES

	(Rs. in Lakhs)	
	2002-2003	2001-2002
11 Income from Operations		
Hire Purchase / Hypothecation Loans (tax deducted at source Rs.108.94 lakhs)	2,78,43.24	2,34,79.89
Lease (tax deducted at source Rs.28.37 lakhs)	1,37,27.00	1,72,17.66
Insurance	48,10.50	—
Interest on Loans (tax deducted at source Rs.20.48 lakhs)	35,24.86	21,60.47
Investments (tax deducted at source Rs.212.02 lakhs)	33,58.38	20,85.14
Investment Management and advisory fee (tax deducted at source Rs.41.57 lakhs)	7,61.90	—
Bills Discounting	4,44.59	9,48.08
Loan Processing and other fees	4,10.54	3,19.57
Services (tax deducted at source Rs.103.08 lakhs)	3,59.48	5,09.75
Recovery of Bad debts / Loss on Sale of assets	7,09.24	4,45.02
Profit on Sale of Leased Assets	3,96.47	3,31.62
Software Development / Trading	33.36	47.11
Others	68.44	2,36.64
	<u>5,64,48.00</u>	<u>4,77,80.95</u>
12 Other Income		
Interest receipts (tax deducted at source Rs.6.01 lakhs)	2,40.79	54.47
Dividend	3,56.90	7,63.71
Rent receipts (tax deducted at source Rs.67.17 lakhs)	1,04.92	2,28.26
Profit on sale of assets	2.52	56.31
Miscellaneous income	1,35.28	86.63
	<u>8,40.41</u>	<u>11,89.38</u>
13 Financial Expenses		
Interest - Fixed loans	1,49,27.01	1,46,18.96
- Debentures	48,25.86	42,70.73
- Others	8,33.67	4,52.71
Other financial expenses	11,00.12	15,02.28
	<u>2,16,86.66</u>	<u>2,08,44.68</u>

SCHEDULES

	(Rs. in Lakhs)	
	2002-2003	2001-2002
14 Establishment Expenses		
Salaries, allowances, commission and bonus	35,01.34	18,10.88
Company's contribution to Provident Fund, Superannuation and ESI schemes	2,02.42	1,67.07
Staff welfare expenses	1,84.68	2,10.80
Gratuity	78.41	51.59
	39,66.85	22,40.34
15 Administrative and other expenses		
Rent	2,12.36	2,54.44
Lease rent	46.73	1,71.22
Rates and taxes	2,69.44	91.68
Communication expenses	7,09.43	5,05.38
Electricity expenses	2,49.78	1,68.85
Travelling and conveyance (net)	7,21.94	4,89.80
Advertisement charges	4,97.07	2,58.90
Claims Incurred	29,00.00	-
Marketing and related expenses	3,90.20	35.96
Directors' sitting fee	11.60	6.90
Insurance	61.70	51.76
Repairs to buildings	51.32	24.59
Repairs to machinery	3,92.83	4,89.39
Donations	2,62.45	2,08.95
Miscellaneous expenses	18,24.80	9,64.20
	86,01.65	37,22.02
16 Provisions and Write off (net)		
Bad Debts	30,69.84	20,62.42
Loss on Assets sold/written off	8,76.26	5,07.99
Loss on sale of investments	23.88	13.17
(Less) / Add : Provision against non-performing assets	(1,53.30)	4,38.16
Diminution in value of investments	4,44.57	-
	42,61.25	30,21.74

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 The Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) have been followed to the extent applicable.
- 1.1.3 Income recognition:
- a) Income in respect of Hire Purchase, Hypothecation 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 on or after 1st April 2001 is accounted as per 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, Insurance Agency Commission and Trading Activities are 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.
- 1.1.4 Valuation of fixed Assets:
- Fixed assets are stated at historical cost less accumulated depreciation and further adjusted for the balance in Lease Adjustment Account, wherever applicable.
- 1.1.5 Depreciation / Amortisation policy:
- Depreciation on assets is provided on the Written Down Value Method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets 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 debited to the Profit and Loss Account.
- 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.
- 1.1.6 Valuation of Investments:
- Long-term investments are stated at cost and provision for decline in value, other than temporary, has been made wherever necessary.
- Current investments are valued at lower of cost or market value/ net asset value.

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1.1.7 Transactions in foreign exchange:

Foreign exchange transactions covered by forward contracts are stated at the forward contract rates while those not covered by forward contracts are restated at rates ruling at the year end. Exchange differences 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 wherever applicable.

1.1.8 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) The Company has been contributing to a group policy with Life Insurance Corporation of India towards Superannuation scheme for its employees.
- c) Liability on account of encashment of leave to employees has been provided on the basis of an actuarial valuation as on 31st March 2003.

1.2 Basis of Presentation:

The Accounting Policies used in the preparation of the Consolidated Financial Statements are in conformity with the Generally Accepted Accounting Principles in India and the Accounting Standards issued by 'The Institute of Chartered Accountants of India'. The statements are also in conformity to the directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies, by the National Housing Bank for Housing Finance Companies and by the Insurance Regulatory and Development Authority (Preparation of Financial and Auditor's Report of Insurance Companies) Regulations, 2002 for Insurance Companies.

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 Securities Ltd (SF Sec), Sundaram Home Finance Ltd (SHFL) and Sundaram Asset Management Company Ltd. (SAM)

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest(%)
Sundaram Home Finance Ltd	India	65
Sundaram Finance Securities Ltd	India	100
Sundaram Asset Management Company Ltd.	India	100

- 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 Co. 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.

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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	42.02

* Accounted for based on the Unaudited financial statements

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 Co. 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 Co. Ltd., which depreciates Information technology software using straight-line method of depreciation.
- The associate, Sundaram Dynacast Pvt. Ltd.'s reporting date was 31.12.2002 and the Financial Statements as on that date have been considered for the purpose of preparation of Consolidated Financial Statements.
- Sundaram Asset Management Company Ltd. (SAM) formerly Sundaram Newton Asset Management Company Limited, which was a Joint Venture Subsidiary Company as on 31.03.2002, became a wholly owned subsidiary company on 26.09.2002. Hence Consolidation of SAM was done as per AS-27 (Financial reporting of Interests in Joint Ventures) upto 30.09.2002 and as per AS-21 (Consolidated Financial Statements) for the period from 01.10.2002 to 31.03.2003.

2. GENERAL

2.1 Amalgamation:

Sundaram Auto Finance Limited (formerly Fiat Sundaram Auto Finance Ltd (FISAF), which was a Joint Venture Company promoted by Sundaram Finance Ltd., and Fidis S.p.A., Italy) amalgamated with the company with effect from 01.04.2002 in accordance with the Order of the Hon'ble High Court of Madras dated 26.03.2003.

The operations of the amalgamating company include Hire Purchase, Leasing and other allied activities.

The amalgamation has been accounted for under the "Purchase Method" as prescribed by Accounting Standard (AS-14) – Accounting of Amalgamations issued by the Institute of Chartered Accountants of India.

The Scheme of Amalgamation of the erstwhile Sundaram Auto Finance Limited with the company as approved earlier by the shareholders has been given effect to in the accounts. Accordingly, the assets and liabilities of the amalgamating company were transferred to and vested with the company with effect from 01.04.2002.

The company paid a total consideration of Rs.4428.32 Lakhs for acquisition of shares of the amalgamating company. The resultant amount of Rs.2554.35 lakhs after transfer of all assets and liabilities, has been transferred to Capital Reserve.

2.2 Segmental Reporting

The parent company is engaged primarily in the business of financing. There are no separate reportable segments as per Accounting Standard AS 17 'Segment Reporting'.

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.3 Related Party Disclosures

2.3.1 Related parties:

Associates

Axles India Limited

Turbo Energy Limited

Sundaram Mutual Fund

Infreight Technologies India Pvt. Limited

Sundaram Medical Foundation

Transenergy Limited

Sundaram Dynacast Pvt. Limited

Key Management Personnel.

Sri G.K.Raman, Managing Director

Sri T.T.Srinivasaraghavan, Joint Managing Director

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

(Rs. in Lakhs)

Particulars	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total 2002-2003	Previous Year 2001-2002
INCOME					
Income from Lease	59.81	–	–	59.81	1,68.06
Income from Bills Discounting	1,98.37	–	–	1,98.37	2,00.75
Income for Services rendered	2.46	–	–	2.46	4,89.64
Dividend	1,95.52	–	–	1,95.52	1,82.75
Rent receipts	–	–	–	–	1,51.83
Rent Others	–	–	–	–	14.10
EXPENSES					
Business sourcing cost	–	–	–	–	4.13
Donations	2,06.00	–	–	2,06.00	1,50.10
Interest	–	2.74	0.51	3.25	3.29
Remuneration	–	1,24.89	–	1,24.89	83.16
Cost of Personnel on deputation	–	–	–	–	18.83
Lease rent	–	–	–	–	86.85
Others	0.80	–	–	0.80	2.90
ASSETS					
Investments in Equity Shares	40.00	–	–	40.00	17,67.00
Redemption of Preference Shares	80.00	–	–	80.00	–
Investment in Trust Securities	1,07,68.15	–	–	1,07,68.15	17,50.00
Disinvestment in Trust Securities	1,10,46.57	–	–	1,10,46.57	16,24.97
Investments in Trust Securities - at the end of the year	9,53.55	–	–	9,53.55	10,85.00
Housing Loan	–	26.40	–	26.40	–
Bills Purchased - at the end of the year	13,81.06	–	–	13,81.06	11,65.00
Future Lease Receivables	73.17	–	–	73.17	3,27.92
Others	–	–	–	–	(5.22)
LIABILITIES					
Deposits	–	25.00	4.90	29.90	30.25
Advance received	–	–	–	–	85.99
Future Lease Payable	–	–	–	–	1,83.58
Loan Principal repayment	–	–	–	–	1,27.50

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.4 The difference of Rs.5.81 Lakhs in depreciation for the year between the fixed assets schedule and the Profit and Loss account is on account of consolidation of a subsidiary company which was a Joint Venture for a part of the year and thereafter a wholly owned subsidiary company.

2.5 Contingent liabilities in respect of

	(Rs. in Lakhs)	
	As at	As at
	31.03.2003	31.03.2002
a) Liability to banks/others:		
Banks - On Cheques discounted	11,14.91	12,15.62
Counter guarantee given to banks	24.13	10.06
On guarantees to Sales Tax Authorities	10.00	10.00
On letters of credit	97.61	1,47.28
b) Claims against the Company not acknowledged as debts	1,09.46	1,95.04

2.6 Uncalled Liability on partly paid Shares 54.02 43.99

2.7 As this is the first year of adoption of Accounting Standard (AS-23) on Accounting for Investments in Associates and Accounting Standard (AS-27) on Financial reporting of Interest in Joint Ventures (issued by the Institute of Chartered Accountants of India) in the Consolidated Financial Statements, the figures for the Previous year are not comparable.

2.8 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	T S Santhanam Chairman	G K Raman Managing Director	S Ram
For Brahmayya & Co., Chartered Accountants		T T Srinivasaraghavan Joint Managing Director	S Narayanan
L Mallikharjuna Rao Partner			A Rangaswami
Chennai, 12th June, 2003	S Viji Vice-Chairman	S Venkatesan Executive Director (Finance) & Secretary	Srinivas Acharya Directors

Consolidated Cash Flow Statement

(Rs. in Lakhs)

	2002-2003	2001-2002
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit	50,47.88	41,70.19
Add: Lease Equalisation Account	52,60.91	39,00.95
Provision for Taxation (Including Wealth Tax)	23,09.65	19,63.11
	<u>1,26,18.44</u>	<u>1,00,34.25</u>
Add: Financial Expenses	2,16,86.66	2,08,44.68
Depreciation	3,43,05.10	3,08,78.93
Profit attributable to Minority Interests	64,64.83	90,34.86
Diminution- Value of investments	1,56.33	72.44
Provision against Non - Performing assets	4,44.57	-
(Profit) loss on assets	(1,53.30)	4,38.16
(Profit) loss on Investments	2,88.15	(8.84)
Interest / Dividend Received	(14,47.72)	(8,95.56)
	(22,43.70)	(19,35.51)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,78,14.26	3,75,84.49
(Increase) Decrease in net stock on hire	4,51,26.80	1,97,35.70
(Increase) Decrease in leased assets - net of sales	19,80.84	6,27.47
(Increase) Decrease in Trade Bills purchased	13,11.52	60,47.71
(Increase) Decrease in Net Investment in Lease	(9,99.89)	(23,95.46)
(Increase) Decrease in Loans and Advances	(9,75,88.54)	(5,42,85.60)
(Increase) Decrease in Other Receivables	(86.18)	(6.49)
(Increase) Decrease in Bank Deposits (net)	(12,07.96)	(7,77.00)
(Increase) Decrease in SLR Investments - net of sales	(10,89.80)	13.48
Increase (Decrease) in Current Liabilities	37,42.88	1,51.65
Cash generated from Operations	(4,88,10.33)	(3,08,88.54)
Financial Expenses	(1,09,96.07)	66,95.95
Direct Taxes Paid	(2,16,86.66)	(2,08,44.68)
Net Cash From Operating Activities (A)	(2,69,78.12)	(41,70.89)
	<u>(3,79,74.19)</u>	<u>(1,83,19.62)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES		
Increase in Reserve	-	2,11.75
Purchase of Fixed Assets	(16,84.18)	(13,34.30)
Sale of Fixed Assets	57.56	4,12.33
Purchase of Investments	(2,97,95.23)	(99,59.74)
Equity contribution by Minority	-	8,75.00
Sale of Investments	2,13,42.94	60,28.54
Interest Received	18,46.74	11,76.59
Dividend Received	3,96.96	7,58.92
Net Cash From Investing Activities (B)	<u>(78,35.21)</u>	<u>(18,30.91)</u>
C) CASH FROM FINANCING ACTIVITIES		
Proceeds from issue of debentures	5,75,00.00	65,00.00
Debentures Redeemed	(3,65,00.00)	(1,03,00.00)
Increase (Decrease) in Bank Borrowings	1,38,03.17	34,79.78
Increase in long term borrowings	2,13,26.42	1,47,50.01
Increase in Fixed Deposits	12,80.66	90,29.87
Increase (Decrease) in short term loans and advances	(97,99.67)	(22,17.52)
Dividend paid (including Corporate Dividend Tax)	(14,40.00)	(15,86.88)
Net Cash From Financing Activities (C)	<u>4,61,70.58</u>	<u>1,96,55.26</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	3,61.18	(4,95.27)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	21,19.78	21,21.83
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>24,80.96</u>	<u>16,26.56</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	18,84.07	11,51.62
Cash, Stamps and Stamp Papers on Hand	5,96.89	4,74.94

T S Santhanam
Chairman
S Viji
Vice-Chairman

G K Raman
Managing Director
T T Srinivasaraghavan
Joint Managing Director

S Ram
S Narayanan
A Rangaswami

Chennai,
12th June, 2003

S Venkatesan
Executive Director (Finance) & Secretary

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, joint venture and associate companies as at 31st March, 2003 and the Consolidated Profit and Loss Account for the year ended on that date annexed thereto and the consolidated cash flow statement for the year ended on that date. 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 five associate companies have been considered for the purposes of consolidation. The financial statements of two associate companies reflecting total assets of Rs.6960.27 Lakhs as at 31st March, 2003 and total revenue of Rs.9586.34 Lakhs for the year ended on that date and the financial statements of one associate company reflecting total assets of Rs.656.97 lakhs on 31st December, 2002 and total revenue of Rs.600.20 lakhs for the year ended on that date have been audited by other auditors, whose reports have been furnished to us. We have relied upon these reports for the purpose of the amounts included in respect of the three associate companies in the consolidated financial statements.

The financial statements of the other two associate companies reflecting total assets of Rs.7227.51 Lakhs as on 31st March, 2003 and total revenue of Rs.9765.87 Lakhs for the year ended on that date are based on their unaudited financial statements as on 31st March, 2003.

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 Interest 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 subsidiaries, joint venture and the audited/ unaudited financial statements of its 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 on individual audited financial statements of Sundaram Finance Limited, its subsidiaries and joint venture 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, joint venture and associate companies as at 31st March, 2003 and
- 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, joint venture and associate companies for the year ended 31st March, 2003.
- c) the Consolidated cash flow statement gives a true and fair view of the consolidated cash flows of Sundaram Finance Limited, its subsidiaries, joint venture and associate companies for the year ended 31st March, 2003.

For BRAHMAYYA & CO.
Chartered Accountants

Chennai
12th June, 2003.

L. MALLIKHARJUNA RAO
Partner

Nationwide Network of 122 Branches

TAMIL NADU	Chennai (Adyar, Anna Nagar, Parrys Corner, 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, Ongole, Rajahmundry, Secunderabad, Srikakulam, Tirupathi, Vijayawada, Visakhapatnam, Warangal.
KARNATAKA	Bangalore (Manipal Centre, Jayanagar), Belgaum, Bellary, Gulbarga, Hassan, Hubli, Mangalore, Mysore, Raichur, Shimoga.
KERALA	Alapuzha, Attingal, Ernakulam, Kannur, Kattappana, Kayamkulam, Kollam, Kottayam, Kozhikode, Manjeri, Muvattupuzha, Palakkad, Pathanamthitta, Sulthan Bathery, Thalasserry, Thiruvananthapuram, Thrissoor, Tirur.
MAHARASHTRA	Mumbai - R.O. (Carnac Bunder, Chembur, Khar, Nariman Point, Vashi (Navi Mumbai), Akola, Aurangabad, Kolhapur, Nagpur, Nasik, Pune.
GOA	Panjim
GUJARAT	Ahmedabad, Baroda, Gandhidham, Rajkot, Surat
MADHYA PRADESH	Bhopal, Gwalior, Indore, Jabalpur, Raipur
NEW DELHI	New Delhi - R.O. (Ashoka Estate, Punjabi Bagh, East Delhi, South Delhi)
HARYANA	Ambala, Faridabad, Gurgaon
PUNJAB	Bhatinda, Jullundhar, Ludhiana, Moga
CHANDIGARH	Chandigarh
RAJASTHAN	Ajmer, Bhilwara, Chittorgarh, Jaipur, Jodhpur, Udaipur
UTTAR PRADESH	Kanpur
WEST BENGAL	Kolkata

Notes