

22nd

ANNUAL

REPORT



2002 - 2003

Lakshmi General Finance Limited



LAKSHMI GENERAL FINANCE LIMITED

BOARD OF DIRECTORS

A Rangaswami	<i>Chairman</i>
R Ramanujam	<i>Vice-Chairman</i>
G.K. Raman	
T T Rangaswamy	
C Ramakrishna	
K R Ragavan	
T T Srinivasaraghavan	
Srivats Ram	
Srinivas Acharya	<i>Managing Director</i>

AUDIT COMMITTEE

T T Rangaswamy	<i>Chairman</i>
G K Raman	
Srinivas Acharya	

SENIOR EXECUTIVES

V K Raman	<i>Executive Director</i>
P Viswanathan	<i>Secretary</i>
G Sundararajan	<i>General Manager</i>

AUDITORS

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

SYSTEMS AUDITORS

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

BANKERS

State Bank of India, State Bank of Travancore, Indian Overseas Bank, Bank of India, Canara Bank, Bank of Baroda, United Bank of India and ABN Amro Bank N.V.

REGISTERED OFFICE

21 Patullos Road, Chennai 600 002

ADMINISTRATIVE OFFICE

Desabandhu Plaza, 47 Whites Road, Chennai 600 014
e-mail: lgf@vsnl.com; Home page: www.lgfl.com

BRANCHES

Bangalore, Bhimavaram, Chennai, Coimbatore, Dharmapuri, Erode, Hanuman Junction, Hyderabad, Indore, Kanchikacherala, Kochi, Kodad, Kolkata, Kozhikode, Kannur, Ludhiana, Madurai, Nellore, New Delhi, Perambalur, Pondicherry, Rajapalayam, Rajahmundry, Ramanathapuram, Salem, Tambaram, Tiruchengode, Tirupati, Trichy, Vellore, Vijayawada and Visakhapatnam.

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GROWTH AT A GLANCE

(Rupees in crores)

Year Ended	Paid-up Capital	Reserves & Surplus	Owned Funds	Public Deposits	Profit after Tax	Dividend Rate	Dividend Amount
30-06-1982	0.25	--	0.25	2.01	0.02	10%	0.02
30-06-1986	0.55	0.58	1.13	8.43	0.33	18%	0.09
31-03-1991	1.46	4.56	6.02	23.76	1.64	25%	0.37
31-03-1992	2.35	5.54	7.89	26.82	2.07	25%	0.55
31-03-1993	2.81	7.61	10.42	30.89	2.40	25%	0.66
31-03-1994	3.51	11.00	14.51	42.32	3.68	30%	0.98
31-03-1995	4.22	17.06	21.28	56.09	6.03	35%	1.39
31-03-1996	6.00	31.05	37.05	75.27	8.48	40%	1.98
31-03-1997	6.00	39.04	45.04	113.15	10.52	40%	2.52 *
31-03-1998	6.00	49.76	55.76	122.58	13.68	45%	2.97 *
31-03-1999	6.00	57.47	63.47	127.15	11.03	50%	3.32 *
31-03-2000	6.00	65.47	71.47	110.91	11.34	50%	3.33 *
31-03-2001	6.00	78.29	84.29	130.40	11.36	50%	3.45 *
31-03-2002	6.00	78.72	84.72	144.56	12.60	60%	3.97 *
31-03-2003	6.50	93.58	100.08	143.19	16.65	60%	4.29 *

* Inclusive of Dividend Tax

Year Ended	Hire Purchase/ Loan Payments	Lease Payments	Total Disbursements	Stock on Hire/ Loan Receivables	Lease Receivables	Total Receivables
30-06-1982	3.45	--	3.45	3.75	--	3.75
30-06-1986	7.64	0.50	8.14	14.37	2.26	16.63
31-03-1991	35.06	4.23	39.29	50.58	9.54	60.12
31-03-1992	37.70	5.00	42.70	58.90	13.27	72.17
31-03-1993	57.30	7.49	64.79	80.31	19.55	99.86
31-03-1994	83.52	13.25	96.77	113.65	30.89	144.54
31-03-1995	121.40	15.06	136.46	162.87	40.99	203.86
31-03-1996	161.32	24.63	185.95	232.19	61.26	293.45
31-03-1997	171.65	25.81	205.36	273.16	79.51	358.94
31-03-1998	172.75	34.00	230.12	278.75	107.12	391.95
31-03-1999	177.68	24.00	232.74	282.92	111.30	403.45
31-03-2000	221.92	12.53	258.33	314.00	94.36	419.69
31-03-2001	267.58	6.77	288.63	373.78	79.49	460.71
31-03-2002	335.19	2.40	339.82	465.67	58.50	531.48
31-03-2003	406.16	--	406.96	570.26	38.34	613.16

	Year ended	
	31.03.2003	31.03.2002
Book Value per Share	Rs. 158.02	Rs. 141.20
Earnings per Share	Rs. 26.42	Rs. 20.19

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 22nd Annual Report with audited accounts for the year ended 31st March, 2003. The summarised financial results of the Company, are given hereunder:

FINANCIAL RESULTS

	For the Year ended 31 st March, 2003 (Rs. in lakhs)	For the Year ended 31 st March, 2002 (Rs. in lakhs)
Profit after Tax	1664.87	1259.71
Surplus brought forward from Previous year	416.32	169.99
Amount available for appropriation	<u>2081.19</u>	<u>1429.70</u>
From this, the following sums have been appropriated towards:		
Statutory Reserve	336.00	255.00
Dividend		
Interim @ 60%	380.00	360.00
Dividend Tax	48.69	36.72
General Reserve	500.00	361.66
Surplus carried to balance sheet	816.50	416.32
	<u>2081.19</u>	<u>1429.70</u>

DIVIDEND

As you are aware, your Company has already paid an interim dividend of 60% for the year, on the capital of Rs.6.50 cr. Your Directors propose to treat the interim dividend paid as the total dividend for the year ended 31st March, 2003. The Right shares allotted during August, 2002 also qualified for the dividend but on a pro-rata basis on the amount paid-up. The dividend, together with Dividend Tax of Rs.0.49 cr. absorbed a sum of Rs.4.29 cr. against Rs.3.97 cr. in the previous year.

BUSINESS

During 2002-2003, even though the economic situation improved only marginally, the sale of Medium and Heavy Commercial Vehicles as well as Light Commercial Vehicles registered a substantial growth. In spite of intense competition, your Company was able to maintain its



market share. Your Company made a gross disbursement of Rs.406.16 cr. under Hire Purchase Finance/Loans against hypothecation of assets as against Rs.335.19 cr. in the previous year, registering a growth of 21.17%. Though the volumes were higher, the margins continued to be under strain.

The gross receivables under Hire Purchase Finance/Loans against hypothecation of assets stood at Rs.570.26 cr. as at 31.3.2003 against Rs.465.67 cr. at the end of the previous year.

The stock-on-hire/loans receivable as on 31st March, 2003 includes overdues of Rs.12.58 cr. After taking into account subsequent realisations, the balance still to be collected stands reduced to Rs.10.27 cr., for the recovery of which efforts are being continued.

Your Company continues to comply with the prudential norms for NBFCs prescribed by Reserve Bank of India. The Capital to Risk Assets Ratio (CRAR) of the company stood at 17.9% as at 31.3.2003 (last year 17.5%), well above the prescribed minimum of 12%. Standard assets constituted 97.52% of the total business assets and the gross and net Non-performing Assets (NPA) stood at 2.48% and 1.42% respectively of the total business assets. However, the level of NPAs under Hire Purchase Finance/Loans against hypothecation of assets was lower at 0.95% of the Gross Hire Purchase/Loan Assets and 0.32% of such assets after provisioning. As required by Reserve Bank of India, your Company has appended a schedule to the balance sheet containing additional particulars relating to the financial statements.

During the year, your Company became a Corporate Agent for Royal Sundaram Alliance Insurance Company Limited for non-life insurance and Life Insurance Corporation of India for life insurance.

RESOURCE MOBILISATION

During the financial year, the Reserve Bank continued to maintain a soft interest rate regime and provide adequate liquidity to help credit growth and spur investments. These factors, combined with active treasury management, helped your Company to reduce interest costs substantially.

a) Banks

(i) Working Capital Limits:

During the year under review, your Company's cash credit limit was enhanced to Rs.250.00 cr. from Rs.200.00 cr. The banks' funds were used mostly in the form of foreign currency loans at competitive rates and short term loans at rates linked to Commercial Paper reference rates.

(ii) Short term instruments:

The Company's Short Term Debt programme enjoys the highest credit rating of "P1+" from Credit Rating and Information Services of India Ltd. (**CRISIL**) for a limit of Rs.75.00 cr. During the year, your Company issued Commercial Papers and short term debt instruments amounting to Rs.189.00 cr.

(iii) FCNR (B) Loans:

During the year, the Company availed Foreign Currency Non-resident (B) Loans aggregating to Rs.311.81 cr. from its bankers, within the working capital limits. The amounts outstanding as at the end of the year was Rs.152.66 cr.

(iv) Term Loan:

During the year, the Company availed a term loan of Rs.15.00 cr. from HDFC Bank Ltd.

b) Debentures

Your Company's Secured Non-convertible Debenture programme to the tune of Rs.100.00 cr. continues to enjoy the highest rating of "MAAA" (M Triple A) from **ICRA Ltd.** The Balance outstanding as on 31.03.2003 is Rs.80.00 cr. Besides, **ICRA Ltd.** have awarded the highest rating of "MAAA" (M Triple A) for a further issue of Rs.100.00 cr. of Secured Non-convertible Debentures. Your Company is in the process of issuing the same.

As a result of the continuous and prudent treasury operations through readjustment of funding mix, your Company was able to make substantial savings in interest outgo during the year.

c) Deposits

Your Company mobilised fresh deposits of Rs.18.42 cr. during the year. The renewals amounted to Rs.49.55 cr. constituting 75.08% of the maturities during the year. Your Company effected revisions in interest rates on deposits during the year in line with market conditions.

As at the close of the year, 619 Deposit receipts totalling Rs.1.19 cr., which matured for payment, remained unclaimed/unrenewed. Of this, 244 Term Deposit Receipts for amounts aggregating to Rs.0.35 cr. remain unclaimed or unrenewed as on date. Steps have been taken to obtain depositors' instructions for renewal/repayment of these deposits.

The Company continues to enjoy the highest rating of "MAAA" (M Triple A) from **ICRA Ltd.** and "FAA" (F double A) from **CRISIL** for its fixed deposit programme.

CAPITAL

During the year, the Company issued 10,00,000 equity shares of Rs.10/- each at a premium of Rs.50/- per share on rights basis in the ratio of one share for every six shares held. The entire issue has been fully subscribed and the shares were allotted in August, 2002.

The Directors are happy to inform that the net owned funds of your Company has crossed the **Rs.100 cr. mark** as at 31st March, 2003.

With the receipt of the First & Final Call Money of Rs.30/- per share during June, 2003, the Share Capital and Share Premium Account as on the date of this Report stand increased to Rs.7.00 cr. and Rs.15.05 cr. respectively.



CORPORATE GOVERNANCE

The Audit Committee constituted by the Board met at periodical intervals during the year 2002-2003 to review internal controls and compliance with the norms of corporate governance.

The Asset Liability Management Committee constituted during the previous year, meets frequently and plays a vital role in the Company's risk management strategies.

PROSPECTS

The industrial sector is showing signs of recovery. Commercial vehicle sales are expected to improve further with the work on the "Golden Quadrilateral" and other arterial roads shifting to top gear. The road conditions and connectivity are improving at a faster pace. Normal monsoon has been predicted. Though all these factors augur well for our business, the keen competition from other NBFCs and more particularly Banks, will exert further pressure on the margins. Your Company will, therefore, continue to adopt a very cautious approach in writing fresh business. With the continued support of our customers, vehicle manufacturers and dealers and aided by a well-established branch network and skilled and dedicated employees, your Company hopes to maintain its due share in the available business.

DIRECTORS

Sarvashri A Rangaswami, C Ramakrishna and R Ramanujam retire by rotation and being eligible, offer themselves for re-election.

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.355.65 lakhs on account of interest and other charges.

PERSONNEL

Particulars of employees in terms of the requirements of Section 217 (2A) of the Companies Act, 1956, are set out in the annexure.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state

- (i) that in the preparation of the accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed and there are no material departures;

- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profits of the Company for that period;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) that the directors have prepared the accounts for the financial year ended 31st March, 2003 on a going concern basis.

AUDITORS

Ms Brahmayya & Co., Chartered Accountants, Chennai, retire and are eligible for re-appointment. A Certificate under Section 224 (1B) of the Companies Act, 1956 has been obtained from them.

ACKNOWLEDGEMENT

Your Directors thank the Company's bankers and the debenture-holders for their valuable support. Your Directors also place on record the valuable support received from Sundaram Finance Limited.

Your Directors also thank the customers, vehicle manufacturers and dealers and the depositors for their support. Your Directors place on record their appreciation of the good work done by the employees of the Company.

CHENNAI
June 15, 2003

For and on behalf of the Board
A Rangaswami
Chairman



AUDITORS' REPORT TO THE SHAREHOLDERS OF LAKSHMI GENERAL FINANCE LIMITED, CHENNAI

We have examined the attached Balance Sheet of M/s Lakshmi General 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. 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 (Auditors' 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in the sub section (3C) of section 211 of the Companies Act, 1956;
 - (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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003;
 - (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Chennai
Dated: 15th June, 2003

For **BRAHMAYYA & Co.,**
Chartered Accountants
L RAVI SANKAR
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 any loans, secured or unsecured from the 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 as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956.
4. The Company has granted a secured loan to a Company listed in the Register maintained under Section 301 of the Companies Act, 1956. On the basis of explanations furnished, the rate of interest and other terms and conditions of the loan are, prima facie, not prejudicial to the interest of the company. Apart from the above, 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 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 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 period 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 the 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 amounts 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 to the Company.
15. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
16. According to the information and explanations given to us, the provisions of special statute applicable to chit fund, nidhi or mutual benefit society are not applicable to the Company.
17. The Company is not dealing or trading in shares, securities, debentures and other investments.
18. 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.

Chennai
Dated: 15th June, 2003

For **BRAHMAYYA & Co.,**
Chartered Accountants
L RAVI SANKAR
Partner

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	6,50.00	6,00.00
b) Reserves and Surplus	2	93,57.97	78,71.79
		1,00,07.97	84,71.79
2. DEFERRED TAX LIABILITY (Net) :			
Deferred Tax Liability		5,38.93	8,61.02
Less: Deferred Tax Asset		2,30.77	1,00.64
		3,08.16	7,60.38
3. LOAN FUNDS :			
a) Secured Loans	3	3,07,02.05	2,02,40.90
b) Unsecured Loans	4	1,43,67.81	1,80,08.60
		4,50,69.86	3,82,49.50
	TOTAL	5,53,85.99	4,74,81.67
II APPLICATION OF FUNDS			
1. FIXED ASSETS	5		
a) Gross Block		97,07.19	1,11,80.92
b) Less : Depreciation		66,14.61	66,97.44
c) Net Book Value		30,92.58	44,83.48
d) Add : Lease Adjustment Account		2,86.76	5,02.35
e) Net Block		33,79.34	49,85.83
2. INVESTMENTS	6	34,74.78	34,94.60
3. CURRENT ASSETS, LOANS AND ADVANCES			
a) Current Assets	7	1,47,15.38	2,83,39.06
b) Loans and Advances	8	3,87,78.67	1,50,93.08
	(A)	5,34,94.05	4,34,32.14
Less : CURRENT LIABILITIES AND PROVISIONS			
a) Current Liabilities	9	39,45.67	42,10.52
b) Provisions	10	10,16.51	2,20.38
	(B)	49,62.18	44,30.90
NET CURRENT ASSETS (A - B)		4,85,31.87	3,90,01.24
	TOTAL	5,53,85.99	4,74,81.67
Notes to the Accounts	17		

As per our report of even date
for **BRAHMAYYA & CO.,**
Chartered Accountants
L RAVI SANKAR
Partner

Chennai
15th June, 2003

A RANGASWAMI
Chairman
R RAMANUJAM
Vice-Chairman
SRINIVAS ACHARYA
Managing Director
P VISWANATHAN
Secretary

G K RAMAN
T T RANGASWAMY
C RAMAKRISHNA
K R RAGAVAN
T T SRINIVASARAGHAVAN
SRIVATS RAM
Directors



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

(Rs. in Lakhs)

	Schedule	2002-2003	2001-2002
INCOME			
Income from operations	11	1,01,88.61	83,56.88
Other Income	12	78.26	70.02
	(A)	<u>1,02,66.87</u>	<u>84,26.90</u>
EXPENDITURE			
Financial Expenses	13	39,65.76	37,69.98
Establishment Expenses	14	4,41.39	3,72.66
Administrative and Other Expenses	15	5,63.55	5,54.44
	(B)	<u>49,70.70</u>	<u>46,97.08</u>
Gross Profit	(A - B)	<u>52,96.17</u>	<u>37,29.82</u>
Less:			
Provisions and Write off (Net)	16	12,82.50	3,23.28
Depreciation		9,23.08	10,96.80
Lease Equalisation Account		5,06.94	3,71.31
Taxation			
- Current Tax		13,71.00	7,80.00
- Deferred Tax		(4,52.22)	(1,01.28)
		<u>36,31.30</u>	<u>24,70.11</u>
Net Profit		<u>16,64.87</u>	<u>12,59.71</u>
Add: Balance brought forward from previous year		4,16.32	1,69.99
Amount available for appropriation		<u>20,81.19</u>	<u>14,29.70</u>
APPROPRIATIONS			
Dividend			
Interim (payable)		3,80.00	3,60.00
Final (proposed)		—	—
		<u>3,80.00</u>	<u>3,60.00</u>
Dividend Tax		48.69	36.72
Statutory Reserve		3,36.00	2,55.00
General Reserve		5,00.00	3,61.66
Surplus - Balance carried to Balance Sheet		8,16.50	4,16.32
		<u>20,81.19</u>	<u>14,29.70</u>
Notes to the Accounts	17		

EARNINGS PER EQUITY SHARE

Face Value per Equity share	Rs.10.00	Rs.10.00
Number of Equity shares	*70,00,000	60,00,000
Basic and Diluted Earnings per Equity share	Rs.26.42	Rs.20.19

* (includes 10,00,000 Equity Shares of Rs.10/- each, Rs.5/- per share paid-up -- allotted on 31.08.2002)

As per our report of even date

for **BRAHMAYYA & CO.,**
Chartered Accountants
L RAVI SANKAR
Partner

Chennai
15th June, 2003

A RANGASWAMI
Chairman

R RAMANUJAM
Vice-Chairman

SRINIVAS ACHARYA
Managing Director

P VISWANATHAN
Secretary

G K RAMAN

T T RANGASWAMY

C RAMAKRISHNA

K R RAGAVAN

T T SRINIVASARAGHAVAN

SRIVATS RAM

Directors

SCHEDULES

(Rs. in Lakhs)

	31.03.2003	31.03.2002
1. CAPITAL:		
Authorised :		
1,00,00,000 Equity Shares of Rs.10/- each	<u>10,00.00</u>	<u>10,00.00</u>
Issued and Subscribed		
Fully Paid-up :		
60,00,000 Equity Shares of Rs.10/- each (previous year 60,00,000 Equity shares of Rs.10/- each) (includes 15,64,100 Equity Shares of Rs.10/- each allotted as fully paid up by way of Bonus Shares by capitalisation of Reserves)	<u>6,00.00</u>	<u>6,00.00</u>
Partly paid up:		
10,00,000 Equity Shares of Rs.10/- each, Rs.5/- per share paid up	<u>50.00</u>	-
	<u>6,50.00</u>	<u>6,00.00</u>
2. RESERVES AND SURPLUS:		
Capital Reserve		
Per last Balance Sheet	5,31.50	4,90.00
Add: Amount received from Royal & Sun Alliance Insurance plc. towards Capital subsidy	<u>-</u>	<u>41.50</u>
	<u>531.50</u>	<u>531.50</u>
Share Premium Account		
Per last Balance Sheet	10,04.97	10,04.97
Add: Received during the year	<u>2,50.00</u>	<u>-</u>
	<u>12,54.97</u>	<u>10,04.97</u>
Statutory Reserve - Per last Balance Sheet	14,19.00	11,64.00
Add: Transfer from Profit and Loss Account	<u>3,36.00</u>	<u>2,55.00</u>
	<u>17,55.00</u>	<u>14,19.00</u>
General Reserve - Per last Balance Sheet	45,00.00	50,00.00
Less: Recognition of Deferred Tax Liability (net) at the commencement of the year	<u>-</u>	<u>8,61.66</u>
	<u>45,00.00</u>	<u>41,38.34</u>
Add: Transfer from Profit and Loss Account	<u>5,00.00</u>	<u>3,61.66</u>
	<u>50,00.00</u>	<u>45,00.00</u>
Surplus - Balance in Profit and Loss Account	<u>8,16.50</u>	<u>4,16.32</u>
	<u>93,57.97</u>	<u>78,71.79</u>
3. SECURED LOANS:		
Non-Convertible Debentures	80,00.00	49,00.00
Borrowings from Banks	1,97,02.05	1,38,40.90
Other Loans and Advances: From Banks	30,00.00	15,00.00
	<u>3,07,02.05</u>	<u>2,02,40.90</u>
4. UNSECURED LOANS:		
Fixed Deposits: From Directors	1,08.37	1,13.86
From Others	<u>1,42,10.98</u>	<u>1,43,42.15</u>
	<u>1,43,19.35</u>	<u>1,44,56.01</u>
Short term loans and advances:		
Commercial Paper	-	35,00.00
Other Loans and Advances:		
From Others: Housing Development Finance Corporation Ltd	<u>48.46</u>	<u>52.59</u>
	<u>1,43,67.81</u>	<u>1,80,08.60</u>

SCHEDULES

5. FIXED ASSETS:													(Rs. in Lakhs)	
Sl. No.	DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				Net Book Value As at 31.03.2003	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	Land and Buildings	4,00.86	7.67	–	4,08.53	82.77	12.05	–	94.82	3,13.71	–	3,13.71	3,18.09	
2	Leasehold Building	9.16	–	–	9.16	3.08	0.31	–	3.39	5.77	–	5.77	6.08	
3	Plant and Machinery	2,98.97	35.31	16.82	3,17.46	2,15.23	32.64	14.71	2,33.16	84.30	–	84.30	83.74	
4	Furniture and Fittings	1,21.32	6.34	0.08	1,27.58	87.69	8.48	0.07	96.10	31.48	–	31.48	33.63	
5	Vehicles	44.02	45.50	5.50	84.02	22.32	17.13	4.43	35.02	49.00	–	49.00	21.70	
6	Assets on Lease :													
	a. Plant and Machinery	61,05.30	–	10,72.04	50,33.26	33,16.64	4,80.37	6,73.53	31,23.48	19,09.78	(1,38.18)	17,71.60	27,34.32	
	b. Other Equipment	7,43.54	–	1,74.92	5,68.62	4,96.00	29.63	85.57	4,40.06	1,28.56	(54.46)	74.10	2,24.33	
	c. Vehicles	34,57.75	–	2,99.19	31,58.56	24,73.71	3,42.47	2,27.60	25,88.58	5,69.98	4,79.40	10,49.38	15,63.94	
	TOTAL	1,11,80.92	94.82	15,68.55	97,07.19	66,97.44	9,23.08	10,05.91	66,14.61	30,92.58	2,86.76	33,79.34	49,85.83	



SCHEDULES

(Rs. in Lakhs)

	31.03.2003		31.03.2002	
6. INVESTMENTS:	Face Value		Face Value	
I. <u>IN GOVERNMENT SECURITIES/TRUST SECURITIES</u>				
Long Term - At Cost				
<u>QUOTED - NON TRADE</u>				
<u>GOVERNMENT SECURITIES - QUOTED</u>				
(i) CENTRAL GOVERNMENT LOANS	11,20.00	11,91.97	8,70.00	8,63.05
(Face Value of Rs. 270.00 lakhs purchased and Face Value of Rs.20.00 lakhs sold during the Year)				
(ii) STATE GOVERNMENT LOANS	2,53.54	2,57.37	2,57.54	2,61.58
(Face Value of Rs.4.00 lakhs sold during the year)				
(iii) GOVERNMENT GUARANTEED BONDS	20.00	19.93	2,20.00	2,17.93
(Face Value of Rs.200.00 lakhs sold during the year)				
		<u>14,69.27</u>		<u>13,42.56</u>
<u>UNQUOTED</u>				
Indira Vikas Patra	1,50.46	1,41.00	3,15.46	3,04.35
(Face Value of Rs.165.00 lakhs sold during the year)				
<u>Current Investments</u>				
<u>TRUST SECURITIES UNQUOTED -</u>				
Birla Cash Plus - Growth Option (82,24,581 units of Rs.10/- each purchased and sold during the year)		-		-
Sundaram Money Fund (24,22,008 units of Rs.10/- each purchased and sold during the year)		-		-
First India Liquid Fund (60,96,255 units of Rs.10/- each purchased and sold during the year)		-		-
II. <u>IN SHARES -</u>				
<u>Long Term - At Cost - Fully Paid-up</u>				
<u>EQUITY SHARES</u>				
<u>QUOTED</u>				
India Motor Parts and Accessories Ltd				
1,15,782 Equity Shares of Rs.10/- each		34.92		34.92
Sundaram Finance Ltd				
7,12,012 Equity Shares of Rs.10/- each (15,000 Equity Shares purchased during the year)		9,74.41		9,57.59
Industrial Development Bank of India				
14,240 Equity Shares of Rs.10/- each		11.40		11.40
Indian Overseas Bank - 18,000 Equity Shares of Rs.10/- each		1.78		1.78
<u>UNQUOTED</u>				
Royal Sundaram Alliance Insurance Co. Ltd.		8,42.00		8,42.00
84,20,000 Equity Shares of Rs.10/- each				
		<u>34,74.78</u>		<u>34,94.60</u>
		As at 31.03.2003		
<u>Aggregate of Quoted Investments:</u>		<u>Cost</u>		<u>Market value</u>
Government Securities		14,69.27		17,41.91
Shares		10,22.51		8,78.75
		<u>24,91.78</u>		<u>26,20.66</u>
<u>Aggregate of Unquoted Investments:</u>				
Government Securities		1,41.00		
Shares		8,42.00		
		<u>34,74.78</u>		



SCHEDULES

(Rs. in Lakhs)

	31.03.2003	31.03.2002
7. CURRENT ASSETS:		
Stock-on-Hire and bills purchased		
(a) Stock-on-Hire net of Unmatured Finance Charges	1,27,52.93	2,66,09.63
(b) Repossessed Assets	4,10.15	1,70.29
(c) Net Investment in Lease	1,66.44	2,13.25
(d) Trade Bills Purchased - (Unsecured, considered good)		
Outstanding for a period exceeding six months	-	1,04.38
Others	35.00	20.00
	35.00	1,24.38
Interest Accrued on Investments	45.91	38.05
Cash and Bank Balances:		
With Scheduled Banks in		
Current Accounts	2,93.71	2,08.21
Deposit Accounts	8,50.18	7,70.18
(Deposits of Rs.0.18 lakhs under lien to Government Authorities)		
Remittances in Transit	25.66	47.40
Cash on hand	1,27.87	1,51.99
Stamps and Stamp Papers on hand	7.53	5.68
	13,04.95	11,83.46
	1,47,15.38	2,83,39.06
8. LOANS AND ADVANCES:		
Unsecured unless otherwise stated:		
Considered good:		
Loans - Secured	3,72,77.06	1,32,83.30
- Unsecured	7.40	5.01
Advance payment of Income tax and tax deducted at source (net of provision)	4,89.24	4,48.85
Advances and Deposits recoverable in cash or in kind	2,58.79	4,29.13
Advance for purchase of Assets:		
Business Assets	1,75.80	5,79.70
Others	0.16	0.05
Income Receivable	5,70.22	3,47.04
	3,87,78.67	1,50,93.08
9. CURRENT LIABILITIES:		
Sundry Creditors:		
For Expenses	1,47.50	1,92.10
For Other Finance	21,45.76	25,06.71
Interest accrued but not due	16,48.07	15,05.70
Income received in advance	4.34	6.01
	39,45.67 *	42,10.52
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund		
10. PROVISIONS:		
For Interim Dividend	3,80.00	-
Dividend Tax and Surcharge	48.69	-
Against Non-performing assets	5,77.45	2,11.18
Against Investments	10.37	9.20
	10,16.51	2,20.38

SCHEDULES

(Rs. in Lakhs)

	2002-2003	2001-2002
11. INCOME FROM OPERATIONS:		
Hire Purchase / Hypothecation Loan (Net) (Tax deducted at source Rs.9.71 lakhs)	79,38.39	63,75.41
Lease	14,97.36	15,83.77
Interest on Loans	1,38.12	14.54
Bills Discounting	2.99	9.87
Investments (Tax deducted at source Rs.27.60 lakhs)	4,43.12	2,66.55
Profit on Sale of Leased Assets	68.71	62.88
Recovery of Bad Debts	55.89	43.86
Services (Tax deducted at source Rs.4.81 lakhs)	44.03	-
	<u>1,01,88.61</u>	<u>83,56.88</u>
12. OTHER INCOME:		
Interest Receipts	19.65	16.65
Dividend Receipts (Tax deducted at source Rs.5.90 lakhs)	56.15	49.53
Rent Receipts	0.53	0.52
Profit on Sale of Assets	0.18	0.42
Miscellaneous Income	1.75	2.90
	<u>78.26</u>	<u>70.02</u>
13. FINANCIAL EXPENSES:		
Interest - Fixed Loans	26,33.84	25,98.55
- Debentures	7,39.96	5,97.30
- Others	38.82	80.04
Other Financial Expenses	5,53.14	4,94.09
	<u>39,65.76</u>	<u>37,69.98</u>
14. ESTABLISHMENT EXPENSES:		
Salaries, Allowances, Commission and Bonus	3,54.38	3,00.51
Company's Contribution to Provident Fund, Superannuation and Employees State Insurance Schemes	35.63	32.42
Staff Welfare Expenses	44.67	33.72
Gratuity	6.71	6.01
	<u>4,41.39</u>	<u>3,72.66</u>
15. ADMINISTRATIVE AND OTHER EXPENSES:		
Rent	24.41	24.61
Lease Rent	25.65	27.95
Rates and Taxes	10.10	17.60
Electricity Charges	25.18	21.98
Directors' sitting fees	2.20	2.35
Insurance	10.10	8.14
Repairs to Building	2.93	1.05
Repairs to Machinery	21.23	24.31
Repairs to Other Assets	0.76	2.47
Donations	67.27	62.17
Miscellaneous Expenses	3,73.72	3,61.81
	<u>5,63.55</u>	<u>5,54.44</u>
16. PROVISIONS AND WRITE OFF (Net):		
Provision against Non-Performing assets/Repossessed assets	3,99.56	(1,21.71)
Provision against Investments	1.48	-
Bad debts	5,72.53	2,13.79
Loss on Assets Sold / Written off	3,08.93	2,31.17
Loss on sale of Investments	-	0.03
	<u>12,82.50</u>	<u>3,23.28</u>



SCHEDULES

17. NOTES TO THE ACCOUNTS:

1.0 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 The Institute of Chartered Accountants of India (ICAI).

1.2 Income Recognition:

- a) Finance charges pertaining to Hire Purchase contracts entered into on and from 01.04.2001 have been accounted on the basis of the Internal Rate of Return method in compliance with the Accounting Standard - AS19 - 'Leases' issued by ICAI. Finance charges in respect of Hire Purchase contracts entered upto 31.03.2001 are apportioned over the period of contract by Even Spread Method.
- b) Income in respect of Hypothecation Loan Transactions is accounted on the basis of the Internal Rate of Return method.
- c) Income from leases entered into on or after 1st April, 2001 is accounted as per Accounting Standard – AS 19 – 'Leases' issued by ICAI. Lease income is accounted as per the terms of the lease agreements for contracts entered into upto 31st March, 2001.
- d) Income from Services and Insurance Agency commission is recognized 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 on full year basis at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5,000/- or less acquired during the year have been fully depreciated.

Depreciation on leased assets is provided on Straight Line method on full year basis at rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on plant and machinery is provided on Triple Shift basis.

The cost of leased assets is amortized fully during the lease period for all contracts acquired prior to 31.03.2001 as recommended in "The Guidance Note on Accounting for Leases (Revised)" issued by ICAI. Lease Equalisation which represents the difference between annual lease charge and statutory depreciation is debited to the Profit and Loss Account.

1.5 Valuation of Investments:

Long Term Investments are stated at cost.

1.6 Foreign Currency Loans:

Foreign currency transactions covered by forward contracts are stated at 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 exchange contracts is recognized as an expense over the tenure of the contract wherever applicable.

1.7 Retirement Benefits:

- a) The company's liability towards gratuity and superannuation to the employees is covered by a Group Policy with Life Insurance Corporation of India.
- b) Liability on account of encashment of leave to employees has been provided on the basis of an actuarial valuation as on 31st March, 2003.

2.0 BALANCE SHEET:

2.1 Secured Loans:

- a) Details of privately placed Secured Redeemable Non-convertible debentures:

Date of Allotment	Amount (Rs. in lakhs)		Redemption
	31.03.2003	31.03.2002	
30.04.1999	—	510.00	Redeemed during the year
02.06.1999	—	590.00	Redeemed during the year
06.03.2000	—	800.00	Redeemed during the year
27.04.2000	3,000.00 *	3,000.00	At par at the end of 36 months
31.08.2002	3,400.00	—	At par at the end of 36 months
03.10.2002	1,000.00	—	At par at the end of 35 months
03.10.2002	600.00	—	At par at the end of 36 months
TOTAL	8,000.00	4,900.00	

* The debentures are secured by mortgage of an immovable property ranking *pari passu* and first charge on specific hire purchase, hypothecation loans and lease assets. The other debentures are secured by mortgage of an immovable property and first charge on specific hire purchase, hypothecation loans and lease assets.



b) Secured Loans from Scheduled Banks are secured by hypothecation of assets covered by Hire Purchase, Hypothecation Loan and Lease agreements, ranking pari passu, excluding assets which are specifically charged to others. The facilities include Foreign Currency Loans of Rs.15,265.70 lakhs outstanding as on 31.03.2003 (31.03.2002: Rs.11,962.28 lakhs).

c) Other Loans and Advances:

Term Loans from Banks are secured by hypothecation of specific assets covered by Hire Purchase, Hypothecation Loan and Lease agreements. Outstanding as on 31.03.2003 - Rs.3,000 lakhs (31.03.2002 - Rs.1,500 lakhs).

2.2 Unsecured Loans:

a) Short Term Loans and Advances:

Commercial Paper - balance outstanding as on 31.03.2003 : NIL (31.03.2002 : Rs.3,500 lakhs). Maximum amount outstanding at any time during the year Rs.6,500 lakhs (2001-2002 : Rs.5,500 lakhs).

b) Other Loans and Advances:

The Company has availed a Line of Credit from Housing Development Finance Corporation Limited, under a Housing Loan Scheme for employees.

2.3 Fixed Assets:

Land and Buildings include Rs.84.74 lakhs representing undivided share of land (31.03.2002 - Rs.84.74 lakhs).

2.4 Current Assets:

The reconciliation between the total Gross Investment in the lease and the present value of minimum lease payments of the lease business written during the year and the total Hire Purchase receivable as on 31/03/2003 is given hereunder:

	(Rs. in lakhs)
Gross Investment	- Rs. 11,028.83
Net Investment	- Rs. 9,830.73

Maturity Pattern of Gross Investment in lease and Net Investment in Lease

(Rs. in lakhs)

Description	Gross Investment	Net Investment
Less than 1 year	8,239.80	7,245.82
Later than 1 year and not later than 5 years	2,789.03	2,584.91
Later than 5 years	—	—

Unearned Finance Income : Rs.1,198.10 lakhs

The accumulated provision for uncollectible minimum lease payments receivable - Nil

2.5 Loans and Advances:

- a) Secured Loans include Rs.34.42 lakhs (31.03.2002 - Rs.35.85 lakhs) due from Officers of the Company. Maximum amount due at any time during the year Rs.35.85 lakhs (Previous year - Rs.37.24 lakhs).
- b) Unsecured Loans include Rs.0.15 lakhs (31.03.2002 - Rs.0.21 lakhs) due from an Officer of the Company. Maximum amount due at any time during the year Rs.0.24 lakhs (Previous year - Rs.0.42 lakhs).
- c) Advances and Deposits recoverable in cash or in kind includes Rs.12.67 lakhs (31.03.2002 : Rs.4.54 lakhs) paid towards Sales Tax in dispute against which appeals are pending.
- d) Advance payment of Income Tax and tax deducted at source is net of provision for tax aggregating to Rs.3,165.61 lakhs (31.03.2002 : Rs.1,828.02 lakhs).

2.6 Borrowings from Banks under 'Secured Loans' and in Current accounts with Scheduled Banks under 'Cash and Bank Balances' are stated after deduction / addition of cheques on hand of the value of Rs.176.02 lakhs (31.03.2002: Rs.155.48 lakhs).

2.7 Current Liabilities:

Sundry Creditors for Expenses include Rs.29.50 lakhs payable to Directors (31.03.2002 : Rs.12.00 lakhs).

Interest accrued but not due includes Rs.5.66 lakhs on deposits of Directors (31.03.2002 : Rs.9.66 lakhs).

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

Deferred Tax Liabilities:		Rs. in lakhs
Depreciation		538.93
Less: Deferred Tax Assets:		
a) Provisions	207.16	
b) Others	23.61	
		<u>230.77</u>
Net Deferred Tax Liability		308.16

3.0 PROFIT AND LOSS ACCOUNT:

3.1 Income from operations - Hire purchase / Hypothecation Loans Income is net of business origination cost of Rs.91.16 lakhs (previous year - Rs.61.11 lakhs).

3.2 Income from operations - Investments Income comprises of:

(Rs. in lakhs)

Description	2002-2003	2001-2002
Interest	279.27	260.34
Profit on Sale of Investments		
Long Term	161.76	6.21
Current	2.09	Nil



3.3 Interest on Fixed deposits includes Rs.13.42 lakhs paid/credited to Directors (Previous year: Rs.14.15 lakhs).

3.4 Other Financial Expenses in Schedule 13 – Financial Expenses include exchange difference in respect of forward exchange contracts amounting to Rs. 469.56 lakhs (previous year – Rs. 452.49 lakhs). Forward premium to be recognized in the following accounting year amounts to Rs. 42.02 lakhs.

3.5 Remuneration to Directors:		(Rs. in lakhs)	
		2002-2003	2001-2002
a)	Remuneration to Managing Director		
	i) Salary	9.00	6.60
	Commission	14.00	10.00
		<u>23.00</u>	<u>16.60</u>
	ii) Company's contribution to Provident Fund, Superannuation and Gratuity Schemes	2.79	2.05
	iii) Other Perquisites	7.31	6.18
		<u>10.10</u>	<u>8.23</u>
		33.10	24.83
b)	Commission to Non-whole time Directors:	<u>15.50</u>	<u>2.00</u>
		48.60	26.83

3.6 Computation of Net Profit for calculation of Commission to Directors: (Rs. in lakhs)

Profit before Tax and Lease Equalisation Account		3,094.59
Add:		
Directors' Remuneration	48.60	
Directors' Sitting Fees	2.20	
Depreciation as per Books	923.08	
Provision against non-performing assets / Repossessed assets	399.56	
		<u>1,373.44</u>
		4,468.03
Less:		
Depreciation as per Section 350 of the Companies Act, 1956	923.08	
Profit on sale of Investments	163.85	
		<u>1,086.93</u>
Profit as per Section 198 of the Companies Act, 1956		3,381.10
1% thereof		<u>33.81</u>
Commission to Managing Director		14.00
Commission to Non-whole time Directors		15.50

3.7 Miscellaneous Expenses under 'Administrative and Other Expenses', include:

Remuneration to Auditors towards:

Description	2002-2003	2001-2002
	(Rs. in lakhs)	
Statutory Audit	3.00	2.00
Tax Audit	1.00	0.80
Certification	0.99	0.87
Service Tax	0.39	0.18

4.0 **GENERAL:**

4.1 **Segment Reporting:**

The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard – AS 17 – 'Segment Reporting' issued by ICAI.

4.2 **Related Party Disclosures:**

Related party disclosures, as required by Accounting Standard – AS 18 – 'Related Party Disclosures' issued by ICAI are given below:

4.3 a) **Key Management Personnel:**

Sri. Srinivas Acharya, Managing Director

b) The disclosure of related party transactions during the year and balances as on 31st March 2003.

(Rs. in Lakhs)

Nature of transactions	Key Management Personnel	Relatives of Key Management Personnel	Total	31-03-2002
Remuneration	33.10	Nil	33.10	21.43
Housing Loan	25.38	Nil	25.38	26.12
Interest paid on Deposits	0.02	0.04	0.06	0.03
Deposits – Balance at the end of the year	1.00	0.31	1.31	0.21



4.4 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.

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

4.6 Assets costing Rs.40.30 lakhs (31.03.2002 : Rs.85.45 lakhs) have been taken on lease prior to 1st April, 2001 in respect of which future lease rentals payable under the agreements amount to Rs.10.01 lakhs (31.03.2002 - Rs. 29.11 lakhs).

4.7 a) Contingent Liabilities in respect of:

	31.03.2003	31.03.2002
	(Rs. in lakhs)	
Liabilities to banks / others		
On Guarantees	1.50	2.70
On Cheques Discounted	24.66	23.04
b) Claims against the company not acknowledged as debts	6.03	10.67

4.8 Expenditure in Foreign Currency (on payment basis)

	2002-2003	2001-2002
	(Rs. in lakhs)	
Interest	354.88	463.34
On matters other than royalty, know-how, fees and interest	0.77	0.42

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

As per our report of even date

for **BRAHMAYYA & CO.,**

Chartered Accountants

L RAVI SANKAR

Partner

Chennai

15th June, 2003

A RANGASWAMI

Chairman

R RAMANUJAM

Vice-Chairman

SRINIVAS ACHARYA

Managing Director

P VISWANATHAN

Secretary

G K RAMAN

T T RANGASWAMY

C RAMAKRISHNA

K R RAGAVAN

T T SRINIVASARAGHAVAN

SRIVATS RAM

Directors

INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

0 0 8 8 2 2

State Code : 1 8

Balance Sheet Date

3 1 0 3 2 0 0 3

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

Public Issue

N I L

Rights Issue

5 0 0 0

Bonus Issue

N I L

Private Placement

N I L

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

Total Liabilities

5 5 3 8 5 9 9

Total Assets

5 5 3 8 5 9 9

Sources of Funds

Paid up Capital

6 5 0 0 0

Reserves & Surplus

9 3 5 7 9 7

Deferred Tax Liability (Net)

3 0 8 1 6

Secured Loans

3 0 7 0 2 0 5

Unsecured Loans

1 4 3 6 7 8 1

Application of Funds

Net Fixed Assets

3 3 7 9 3 4

Investments

3 4 7 4 7 8

Net Current Assets

4 8 5 3 1 8 7

Misc. Expenditure

N I L

Accumulated Losses

N I L

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover (Total Income)

1 0 2 6 6 8 7

Total Expenditure

7 6 8 3 2 2

+ - Profit/Loss Before Tax

✓ 2 5 8 3 6 5

+ - Profit/Loss After Tax

✓ 1 6 6 4 8 7

Rs. Ps.

Earnings Per Share in Rs. 2 6 . 4 2

Dividend rate % 6 0

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

Item Code No : N A

(ITC Code) H I R E P U R C H A S E

Product / Service Description H Y P O T H E C A T I O N L O A N

L E A S I N G



(Rs in Lakhs)
2001-2002

CASH FLOW STATEMENT

2002-2003

A) CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before DTL Release	12,12.64		11,58.43
Add: Lease Equalisation Account	5,06.95		3,71.31
Provision for Taxation	13,71.00		7,80.00
	<u>30,90.59</u>		<u>23,09.74</u>
Add: Financial Expenses	39,65.76		37,69.98
		70,56.35	60,79.72
Depreciation		9,23.08	10,96.80
Provision against Non-Performing Assets		3,99.56	(1,21.71)
Provision against Investements		1.48	--
(Profit) loss on leased assets		1,22.08	(39.12)
(Profit) loss on general assets		1.48	0.69
(Profit) loss on Investments		(1,63.84)	(6.18)
Interest/Dividend Received		(3,35.42)	(3,09.87)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		80,04.77	67,00.33
(Increase) Decrease in net stock on hire	1,35,83.55		34,44.24
(Increase) Decrease in leased assets - net of sales	1,46.01		2,08.14
(Increase) Decrease in net investments in lease	46.81		(2,13.25)
(Increase) Decrease in Trade Bills Purchased	89.38		(33.84)
(Increase) Decrease in Loans and Advances	(2,36,45.19)		(1,22,38.41)
(Increase) Decrease in Other Receivables	(7.86)		0.66
Increase (Decrease) in Current Liabilities	<u>(2,65.09)</u>	<u>(1,00,52.39)</u>	<u>4,96.27</u>
Cash generated from Operations		(20,47.62)	(16,35.86)
Financial Expenses	(39,65.76)		(37,69.98)
Direct Taxes Paid	(14,11.39)	(53,77.15)	(10,75.99)
NET CASH FROM OPERATING ACTIVITIES (A)		(74,24.77)	(64,81.83)
B) CASH FLOW FROM INVESTING ACTIVITIES			
Bank Deposits (net)		(80.00)	(20.00)
Purchase of Fixed Assets		(94.82)	(62.49)
Sale of Fixed Assets		1.71	1.18
Purchase of Investments		(26,15.86)	(5,15.69)
Sale of Investments		27,99.46	6,20.39
Interest Received		2,79.27	2,60.34
Dividend Received		56.14	49.53
NET CASH FROM INVESTING ACTIVITIES (B)		3,45.90	3,33.26
C) CASH FROM FINANCING ACTIVITIES			
Increasing in Capital		50.00	--
Increase in Reserve		2,50.00	41.50
Proceeds from issue of debentures		50,00.00	--
Debentures Redeemed		(19,00.00)	(6,00.00)
Increase (Decrease) in Bank Borrowings		58,61.15	26,69.72
Increase (Decrease) in long term borrowings		14,95.87	14,96.88
Increase in Fixed Deposits		(1,36.66)	13,14.95
Increase (Decrease) in Short term loans and advances		(35,00.00)	20,00.00
Dividends Paid (including Corporate Dividend Tax)		--	(5,95.08)
NET CASH FROM FINANCING ACTIVITIES (C)		71,20.36	63,27.97
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)		41.49	1,79.40
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		4,13.28	2,33.88
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		4,54.77	4,13.28

As per our report of even date
for **BRAHMAYYA & CO.,**
Chartered Accountants
L RAVI SANKAR
Partner
Chennai
15th June, 2003

A RANGASWAMI
Chairman
R RAMANUJAM
Vice-Chairman
SRINIVAS ACHARYA
Managing Director
P VISWANATHAN
Secretary

G K RAMAN
T T RANGASWAMY
C RAMAKRISHNA
K R RAGAVAN
T T SRINIVASARAGHAVAN
SRIVATS RAM
Directors

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2003

(As required under Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998).

Sl.No.	Particulars	(Rs. in Lakhs)	
Liabilities Side:			
1.	Loans and Advances availed by the NBFCs*	Amount Outstanding	Amount Overdue
	(A) Debentures Secured	8,000.00	–
	Unsecured (other than falling within the meaning of public deposit)*	–	–
	(B) Deferred Credits	–	–
	(C) Term Loans	3,000.00	–
	(D) Inter-Corporate Loans and Borrowing	–	–
	(E) Commercial Paper	–	–
	(F) Public Deposits* (Includes unrenewed deposits of Rs.118.69 lakhs)	14,319.36	–
	(G) Other Loans Bank Borrowings	19,702.05	–
	Line of Credit from HDFC	48.46	–
2	Breakup of (1) (F) above (Outstanding Public Deposits inclusive of interest accrued thereon but not paid):	Amount Outstanding	Amount Overdue
-	(A) In the form of Unsecured Debentures	–	–
	(B) In the form of Partly secured debentures i.e. Debentures where there is a shortfall in the value of security	–	–
	(C) Other Public Deposits* (Includes unrenewed deposits of Rs.118.69 lakhs)	14,319.36	–

* Interest Accrued but not paid - NIL



Sl.No.	Particulars	(Rs. in Lakhs)	
Assets Side:			
3	Break-up of Loans and Advances including Bills Receivables (other than those included in (4) below):		
		Amount Outstanding	
	(A) Secured	9,322.13	
	(B) Unsecured (including advance for business assets)	233.18	
4.	Break-up of Leased Assets and Stock-on-hire and Hypothecation Loans counting towards EL/HP activities:		
		Amount Outstanding	
	(A) Lease Assets including lease rentals under Sundry Debtors:		
	(i) Financial Lease	3,428.10	
	(ii) Operating Lease	NIL	
	(B) Net Stock on Hire including Hire Charges under Sundry Debtors:		
	(i) Assets on Hire	12,663.24	
	(ii) Repossessed Assets	240.79	
	(C) Hypothecation Loans counting towards EL/HP activities		
	(i) Loans where assets have been repossessed	169.36	
	(ii) Loans other than (i) above	28,037.71	
5	Break-up of Investments:	Amount Outstanding	
		Market Value *	Cost
	Long Term Investments:		
	(A) Quoted:		
	(i) Equity Shares	878.75	1,022.51
	(ii) Government Securities	1,741.91	1,469.27
	(B) Unquoted:		
	(i) Equity Shares	579.30	842.00
	(ii) Government Securities - IVPs	150.00	141.00

* Unquoted Investment disclosed at break-up / fair value

Sl.No.	Particulars	(Rs. in Lakhs)		
6	Borrower Group-wise classification of all Leased assets, Stock-on-hire and Loan and Advances:			
	Category	Amount net of Provisions		
		Secured	Unsecured	TOTAL
	(A) Related Parties			
	(i) Subsidiaries	–	–	–
(ii) Companies in the same Group	–	–	–	
(iii) Other Related Parties	–	–	–	
(B) Other than Related Parties	52,903.64	203.27	53,106.91	
TOTAL	52,903.64	203.27	53,106.91	
7	Investor Group-wise classification of all Investments (Current and Long term) in shares and securities (both quoted and unquoted):			
	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	
	(A) Related Parties			
	(i) Subsidiaries	–	–	
	(ii) Companies in the Same Group	–	–	
	(iii) Other Related Parties	–	–	
	(B) Other than Related Parties	3,349.96	3,464.41	
	TOTAL	3,349.96	3,464.41	
8	Other Information	Amount		
	(A) Gross Non-Performing Assets			
	(i) Related Parties	NIL		
	(ii) Other than Related Parties	1,330.45		
	(B) Net Non-Performing Assets			
	(i) Related Parties	NIL		
	(ii) Other than Related Parties	753.00		
	(C) Assets acquired in satisfaction of debt	NIL		

