

23rd

ANNUAL

REPORT



2003 - 2004

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

P Viswanathan	<i>Vice-President & 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, Bank of India, Indian Overseas Bank, United Bank of India, Canara Bank, Bank of Baroda, ABN Amro Bank N.V. and HDFC Bank Ltd.

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

SUBSIDIARY

LGF Services Private Limited

BRANCHES

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

CONTENTS

	PAGE
GROWTH AT A GLANCE	3
DIRECTORS' REPORT	5
AUDITORS' REPORT	9
BALANCE SHEET	12
PROFIT & LOSS ACCOUNT	13
SCHEDULES.....	14
SCHEDULE UNDER RBI NORMS	28
CASH FLOW STATEMENT	32



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 *
31-03-2004	7.00	109.26	116.26	135.70	18.64	70%	5.46 *

* 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
31-03-2004	506.10	--	506.10	705.72	27.32	737.25

Year ended

	31.03.2004	31.03.2003
Book Value per Share	Rs. 168.08	Rs. 158.02
Earnings per Share	Rs. 26.95	Rs. 25.04



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 23rd Annual Report with audited accounts for the year ended 31st March, 2004. The summarised financial results of the Company, are given hereunder:

FINANCIAL RESULTS

	For the Year ended 31 st March, 2004 (Rs. in lakhs)	For the Year ended 31 st March, 2003 (Rs. in lakhs)
Profit after Tax	1863.81	1664.87
Surplus brought forward from Previous year	816.50	416.32
Total	<u>2680.31</u>	<u>2081.19</u>
Amount available for appropriation	2680.31	2081.19
From this, the following sums have been appropriated towards:		
Statutory Reserve	380.00	336.00
Dividend		
First Interim @ 30% (paid)	207.50	380.00 (@60%)
Second Interim @ 40% (paid)	276.67	—
Dividend Tax	62.03	48.69
General Reserve	900.00	500.00
Surplus carried to balance sheet	854.11	816.50
	<u>2680.31</u>	<u>2081.19</u>

DIVIDEND

As you are aware, your company has already paid two interim dividends aggregating to 70% for the year, on the capital of Rs.7.00 cr. Your Directors propose to treat the total interim dividends paid as the total dividend for the year ended 31st March, 2004. 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.0.62 cr. absorbed a sum of Rs.5.46 cr. against Rs.4.29 cr. in the previous year.

BUSINESS

During 2003-2004, there was an overall improvement in the economy. The sale of Light, Medium and Heavy Commercial Vehicles as well as Cars and Multi-utility Vehicles registered a substantial growth. Your Company made a gross disbursement of Rs.506.10 cr. in its core business of Hire Purchase Finance/Loan against hypothecation of assets as against Rs.406.16 cr. in the previous year, registering a growth of 24.61%. The margins continued to be under strain, with intense competition, mainly from banks.

The gross receivables under Hire Purchase Finance / Loans against hypothecation of assets stood at Rs. 705.72 cr. as at 31.3.2004 against Rs. 570.26 cr. at the end of the previous year.

The stock-on-hire / loans receivable as on 31st March, 2004 includes overdues of Rs. 8.00 cr. After taking into account subsequent realisations, the balance still to be collected stands reduced to Rs. 6.08 cr., for the recovery of which efforts are being continued.

The Capital to Risk Assets Ratio (CRAR) of the company stood at 17.1% as at 31.3.2004 (last year 17.9%), well above the prescribed minimum of 12%. Standard assets constituted 97.46% of the total business assets and the gross and net Non-performing Assets (NPA) stood at 2.54% and 0.66% respectively of the total business assets. However, the level of NPAs under the core business of Hire Purchase Finance/Loans against hypothecation of assets was lower at 0.44% of the Gross Hire Purchase / Loan Assets and 0.28% 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.

RESOURCE MOBILISATION

During the financial year, the Reserve Bank continued its soft interest rate policy and provided 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. 270.00 cr. from Rs. 250.00 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. 278.00 cr. The amount outstanding as at the end of the year was Rs. 25.00 cr.

(iii) FCNR (B) Loans :

During the year, the company availed Foreign Currency Non-resident (B) Loans aggregating to Rs. 268.68 cr. from its bankers, within the working capital limits. The amount outstanding as at the end of the year was Rs. 87.28 cr.

(iv) Term Loan :

During the year, the company has repaid term loans aggregating to Rs. 25.00 cr. to banks and also availed a fresh term loan of Rs. 15.00 cr. from a bank.

b) Debentures

Your company's Secured Non-convertible Debenture programmes to the tune of Rs. 150.00 cr. continues to enjoy the highest rating of "MAAA" (M Triple A) from ICRA Ltd. The Balance outstanding as on 31.03.2004 was Rs. 150.00 cr. Besides, ICRA had awarded the highest rating of "MAAA" (M Triple A) for a further issue of Rs. 100.00 cr. of Secured Non-convertible Debentures, of which Rs. 60.00 cr. have been issued and allotted.



c) Deposits

Your company mobilised fresh deposits of Rs. 15.96 cr. during the year. The renewals amounted to Rs. 45.03 cr. constituting 70% of the maturities during the year. After taking into account repayments made, deposits outstanding at the year-end were at Rs. 135.70 cr. as against Rs.143.19 cr. in the previous year.

As at the close of the year, 536 Deposit receipts totaling Rs. 1.11 cr., which matured for payment, remained unclaimed / unrenewed. Of this, 202 Term Deposit Receipts for amounts aggregating to Rs. 0.55 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** for its fixed deposit programme. During the year, the rating of the fixed deposit programme of the Company was upgraded from FAA to "FAA+" with a "positive" outlook by CRISIL, signifying that the degree of safety regarding timely payment of interest and principal is strong.

SUBSIDIARY

LGF Services Private Limited, a subsidiary of your Company was incorporated on 23rd January, 2004 with a paid-up capital of Rs.1 lakh with the main object of engaging in distribution of various insurance/financial and other products. As the Company did not commence business upto 31.03.2004, it was decided to close its books of accounts for the period ending 31.03.2005 from inception.

CORPORATE GOVERNANCE

The Audit Committee constituted by the Board met at periodical intervals during the year 2003-2004 to review internal controls and compliance with the norms of corporate governance.

The Asset Liability Management Committee (ALCO) meets frequently and plays a vital role in the company's risk management strategies.

PROSPECTS

The outlook for all sectors of the economy continues to be positive. The continued focus on infrastructure by the new Government at the centre, together with the anticipated completion of the ongoing road projects and the prospects of a good monsoon are expected to increase the demand for vehicles. In spite of stiff competition and reduced margins, your Company hopes to maintain its due share in the available business, with the continued support of its customers, vehicle manufacturers and dealers and aided by a well-established branch network and skilled and dedicated employees.

DIRECTORS

Sarvashri K R Ragavan, G K Raman and T T Srinivasaraghavan 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 2003-2004, expenditure in foreign currencies amounted to Rs. 397.70 lakhs on account of interest and other charges.

PERSONNEL

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

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, 2004, the applicable accounting standards had been followed and there are no material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period;
- (iii) that the directors had 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 had prepared the accounts for the financial year ended 31st March, 2004 on a going concern basis.

AUDITORS

Ms 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 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 16, 2004

For and on behalf of the Board
A Rangaswami
Chairman



AUDITORS' REPORT TO THE MEMBERS OF M/S. LAKSHMI GENERAL FINANCE LIMITED

1. We have audited the attached balance sheet of M/s. Lakshmi General Finance Limited, as at 31st March 2004, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the Act), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
 - (v) On the basis of written representations received from the directors, as on 31st March 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2004;
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Place : Chennai
Dated : 16th June, 2004

For **BRAHMAYYA & Co.,**
Chartered Accountants
L RAVI SANKAR
Partner
Membership No. 25929

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

1. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. The company has a phased programme of physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the company and nature of fixed assets. In accordance with the programme, the fixed assets have been physically verified by the management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. Fixed assets disposed off during the year were not substantial and therefore does not affect the going concern status of the company.
2. In our opinion and according to the information and explanations given to us, the company has not granted / taken any loan secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets. During the course of our audit, no major weakness has been noticed in the above controls and therefore the reporting of the same does not arise.
4. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 :
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that need to be entered into the register, have been so entered.
 - b) According to the information and explanations given to us, where each of such transactions is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are, prima facie, reasonable having regard to the prevailing market prices at the relevant time.
5. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public.
6. The company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
7. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
8.
 - a) According to the records of the company, Provident Fund, Investor Education and Protection Fund, Employees State Insurance, income tax, wealth tax and sales tax were regularly deposited during the year with the appropriate authorities.
 - b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, income tax, wealth tax and sales tax which are outstanding as at 31st March, 2004 for a period of more than six months from the date they became payable.



9. According to the records of the company and the information and explanations given to us, there are no dues of income tax, wealth tax, customs duty, excise duty and cess which have not been deposited on account of dispute. Details of disputed sales tax not deposited are as follows:

Nature of dues	Amount in Rupees	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Demands	10,91,410	Assessment years 1997-98 to 2000-01	Various appellate authorities

10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceding financial years.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks or debenture holders. The company has not availed facilities from financial institutions during the year.
12. According to the information and explanations given to us and based on our examination of records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund / nidhi / mutual benefit fund or society.
14. Based on our examination of records and the information and explanations given to us, the company does not deal/trade in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks and financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained, other than temporary deployment, pending application.
17. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall examination of the balance sheet of the company, funds raised on short term basis, prima facie, have not been used during the year for long term investment and vice versa, other than temporary deployment, pending application.
18. According to the information and explanations given to us, the company has created securities in respect of secured debentures issued.
19. The company has not raised money by public issues during the year.
20. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
21. In our opinion and according to the information and explanations given to us, the nature of the company's business / activities during the year have been such that clauses (ii), (xiii) and (xviii) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

For **BRAHMAYYA & Co.,**
Chartered Accountants
L RAVI SANKAR
Partner
Membership No. 25929

Place : Chennai
Dated : 16th June, 2004

BALANCE SHEET AS AT 31ST MARCH, 2004

(In Rupees)

	Schedule	31.03.2004	31.03.2003
I SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Capital	1	7,00,00,000	6,50,00,000
b) Reserves and Surplus	2	109,25,57,550	93,57,96,663
		116,25,57,550	100,07,96,663
2. LOAN FUNDS			
a) Secured Loans	3	398,15,93,473	307,02,04,725
b) Unsecured Loans	4	160,69,83,996	143,67,81,201
		558,85,77,469	450,69,85,926
TOTAL		675,11,35,019	550,77,82,589
II APPLICATION OF FUNDS			
1. FIXED ASSETS	5		
a) Gross Block		87,14,20,930	97,07,18,841
b) Less : Depreciation		63,18,77,449	66,14,61,004
c) Net Book Value		23,95,43,481	30,92,57,837
d) Add / (Less) : Lease Adjustment Account		(1,21,44,921)	2,86,76,327
e) Net Block		22,73,98,560	33,79,34,164
2. INVESTMENTS	6	34,66,06,884	34,74,77,604
3. DEFERRED TAX ASSET (Net)			
Deferred Tax Asset		4,97,57,870	2,30,77,292
(Less) : Deferred Tax Liability		(2,68,54,561)	(5,38,92,797)
		2,29,03,309	(3,08,15,505)
4. CURRENT ASSETS, LOANS AND ADVANCES			
a) Current Assets	7	78,19,59,431	147,15,37,765
b) Loans and Advances	8	588,91,57,969	388,73,22,412
	(A)	667,11,17,400	535,88,60,177
Less : CURRENT LIABILITIES AND PROVISIONS			
a) Current Liabilities	9	35,07,77,536	40,40,22,794
b) Provisions	10	16,61,13,598	10,16,51,057
	(B)	51,68,91,134	50,56,73,851
NET CURRENT ASSETS (A - B)		615,42,26,266	485,31,86,326
TOTAL		675,11,35,019	550,77,82,589
Notes to the Accounts	17		

Per our report of even date
for **BRAHMAYYA & CO.,**
Chartered Accountants
L RAVI SANKAR
Partner
Membership No. 25929
Chennai
16th June, 2004

A RANGASWAMI
Chairman
R RAMANUJAM
Vice-Chairman
SRINIVAS ACHARYA
Managing Director
P VISWANATHAN
Vice-President & 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, 2004

(In Rupees)

	Schedule	2003-2004	2002-2003
INCOME			
Income from operations	11	93,37,92,763	101,88,61,119
Other Income	12	1,18,56,522	78,25,547
TOTAL	(A)	94,56,49,285	102,66,86,666
EXPENDITURE			
Financial Expenses	13	28,30,88,102	39,65,76,409
Establishment Expenses	14	5,10,98,736	4,41,38,653
Administrative and Other Expenses	15	5,84,68,783	5,63,55,111
TOTAL	(B)	39,26,55,621	49,70,70,173
Gross Profit	(A - B)	55,29,93,664	52,96,16,493
Less:			
Provisions and Write off	16	13,86,59,552	12,82,49,684
Depreciation		7,20,51,731	9,23,07,916
Lease Equalisation Account		5,67,16,908	5,06,94,948
Taxation			
- Current (including Wealth Tax)		15,29,03,270	13,71,00,000
- Deferred		(5,37,18,814)	(4,52,22,756)
		36,66,12,647	36,31,29,792
Net Profit		18,63,81,017	16,64,86,701
Add: Balance brought forward from previous year		8,16,50,069	4,16,32,119
Amount available for appropriation		26,80,31,086	20,81,18,819
APPROPRIATIONS			
Dividend			
I Interim (paid)		2,07,50,056	-
I Interim (payable)		-	3,80,00,000
II Interim (payable)		2,76,66,679	-
Final (proposed)		-	-
		4,84,16,735	3,80,00,000
Dividend Tax		62,03,395	48,68,750
Statutory Reserve		3,80,00,000	3,36,00,000
General Reserve		9,00,00,000	5,00,00,000
Surplus - Balance carried to Balance Sheet		8,54,10,956	8,16,50,069
		26,80,31,086	20,81,18,819

Notes to the Accounts 17

EARNINGS PER EQUITY SHARE: (Refer Point 4.3 in Schedule 17)

Profit for the year after taxation (Adjusted) (in Rupees)	18,63,81,017	15,85,86,659
Face Value per Equity share (in Rupees)	10	10
Number of Equity shares	70,00,000	70,00,000
Weighted Average No. of Equity shares	69,16,667	63,33,333
Basic and Diluted Earnings per Equity share (in Rupees)	26.95	25.04

Per our report of even date

for **BRAHMAYYA & CO.,**
Chartered Accountants

L RAVI SANKAR
Partner

Membership No. 25929

Chennai
16th June, 2004

A RANGASWAMI
Chairman

R RAMANUJAM
Vice-Chairman

SRINIVAS ACHARYA
Managing Director

P VISWANATHAN
Vice-President & Secretary

G K RAMAN

T T RANGASWAMY

C RAMAKRISHNA

K R RAGAVAN

T T SRINIVASARAGHAVAN

SRIVATS RAM

Directors

SCHEDULES

(In Rupees)

	31.03.2004	31.03.2003
1. CAPITAL :		
Authorised :		
100,00,000 Equity Shares of Rs.10/- each	<u>10,00,00,000</u>	<u>10,00,00,000</u>
Issued, Subscribed and fully paid-up :		
70,00,000 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)	7,00,00,000	6,00,00,000
Partly paid-up :		
10,00,000 Equity Shares of Rs.10/- each, Rs.5/- per share paid-up	-	50,00,000
	<u>7,00,00,000</u>	<u>6,50,00,000</u>
2. RESERVES AND SURPLUS :		
Capital Reserve Per last Balance Sheet	5,31,50,000	5,31,50,000
Securities Premium Account Per last Balance Sheet	12,54,96,594	10,04,96,594
Add: Received during the year	<u>2,50,00,000</u>	2,50,00,000
	15,04,96,594	12,54,96,594
Statutory Reserve - Per last Balance Sheet	17,55,00,000	14,19,00,000
Add: Transfer from Profit and Loss Account	<u>3,80,00,000</u>	3,36,00,000
	21,35,00,000	17,55,00,000
General Reserve - Per last Balance Sheet	50,00,00,000	45,00,00,000
Add: Transfer from Profit and Loss Account	<u>9,00,00,000</u>	5,00,00,000
	59,00,00,000	50,00,00,000
Surplus - Balance in Profit and Loss Account	8,54,10,956	8,16,50,069
	<u>109,25,57,550</u>	<u>93,57,96,663</u>
3. SECURED LOANS :		
Non-Convertible Debentures	150,00,00,000	80,00,00,000
From Scheduled Banks	<u>248,15,93,473</u>	227,02,04,725
	398,15,93,473	<u>307,02,04,725</u>
4. UNSECURED LOANS :		
Fixed Deposits: From Directors	1,00,27,028	1,08,37,028
From Others	<u>134,69,56,968</u>	1,42,10,98,349
	135,69,83,996	143,19,35,377
Short term loans and advances: Commercial Paper	25,00,00,000	-
Other Loans and Advances: From Others: Housing Development Finance Corporation Ltd	-	48,45,824
	<u>160,69,83,996</u>	<u>143,67,81,201</u>

SCHEDULES

5. FIXED ASSETS:													(In Rupees)	
Sl. No.	DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				Net Book Value As at 31.03.2004	Balance in Lease Adjustment Account As at 31.03.2004	NET BLOCK		
		As at 01.04.2003	Additions/ Transfer	Deductions/ Transfer	As at 31.03.2004	Upto 01.04.2003	Additions	Deductions	Upto 31.03.2004			As at 31.03.2004	As at 31.03.2003	
1	Land and Buildings	4,08,53,417	62,70,030	-	4,71,23,447	94,82,449	12,13,699	-	1,06,96,148	3,64,27,299	-	3,64,27,299	3,13,70,968	
2	Leasehold Building	9,15,610	-	-	9,15,610	3,38,548	28,853	-	3,67,401	5,48,209	-	5,48,209	5,77,062	
3	Plant and Machinery	3,17,45,253	7,22,95,559	27,41,946	10,12,98,866	2,33,15,805	1,50,64,597	25,21,896	3,58,58,506	6,54,40,360	-	6,54,40,360	84,29,448	
4	Furniture and Fittings	1,27,57,954	4,21,078	2,781	1,31,76,251	96,10,131	8,29,156	2,686	1,04,36,601	27,39,650	-	27,39,650	31,47,823	
5	Vehicles	84,02,009	87,93,416	5,40,385	1,66,55,040	35,02,575	35,19,270	4,40,681	65,81,164	1,00,73,876	-	1,00,73,876	48,99,434	
6	Assets on Finance Lease :													
	a. Plant and Machinery	50,33,25,941	-	15,83,60,455	34,49,65,486	31,23,47,681	2,99,12,899	8,17,16,732	26,05,43,848	8,44,21,638	(2,01,64,986)	6,42,56,652	17,71,60,252	
	b. Furniture/ Office Equipment	5,68,62,444	-	1,51,54,311	4,17,08,133	4,40,05,907	15,11,894	1,18,51,838	3,36,65,963	80,42,170	(69,45,886)	10,96,284	74,10,241	
	c. Vehicles	31,58,56,213	-	1,02,78,116	30,55,78,097	25,88,57,908	1,99,71,363	51,01,453	27,37,27,818	3,18,50,279	1,49,65,951	4,68,16,230	10,49,38,936	
	TOTAL	97,07,18,841	8,77,80,083	18,70,77,994	87,14,20,930	66,14,61,004	7,20,51,731	10,16,35,286	63,18,77,449	23,95,43,481	(1,21,44,921)	22,73,98,560	33,79,34,164	



SCHEDULES

(In Rupees)

	31.03.2004		31.03.2003	
6. <u>INVESTMENTS :</u>	Face Value		Face Value	
I. <u>IN GOVERNMENT SECURITIES/TRUST SECURITIES</u>				
Long Term - At Cost				
QUOTED - NON TRADE				
GOVERNMENT SECURITIES				
(i) CENTRAL GOVERNMENT LOANS (Face Value of Rs. 1,50,00,000 purchased and Face Value of Rs.20,00,000 redeemed during the Year)	12,50,00,000	13,40,04,180	11,20,00,000	11,91,96,680
(ii) STATE GOVERNMENT LOANS (Face Value of Rs.10,00,000 redeemed during the year)	2,43,54,000	2,47,36,750	2,53,54,000	2,57,36,750
(iii) GOVERNMENT GUARANTEED BONDS (Face Value of Rs.5,00,000 redeemed during the year)	15,00,000	14,93,400	20,00,000	19,93,400
	15,08,54,000	16,02,34,330	13,93,54,000	14,69,26,830
UNQUOTED				
Indira Vikas Patra (Face Value of Rs.1,50,45,500 sold during the year)	-	-	1,50,45,500	1,41,00,000
		16,02,34,330		16,10,26,830
II. <u>IN SHARES -</u>				
Long Term - At Cost - Fully Paid-up				
<u>EQUITY SHARES</u>				
A. <u>QUOTED</u>				
India Motor Parts and Accessories Ltd (1,15,782 Equity Shares of Rs.10/- each)		34,92,091		34,92,091
Sundaram Finance Ltd (7,12,012 Equity Shares of Rs.10/- each)		9,74,40,838		9,74,40,838
Industrial Development Bank of India (14,240 Equity Shares of Rs.10/- each)		11,39,645		11,39,645
Indian Overseas Bank (18,000 Equity Shares of Rs.10/- each sold during the year)		-		1,78,200
B. <u>UNQUOTED</u>				
Royal Sundaram Alliance Insurance Co. Ltd. (84,20,000 Equity Shares of Rs.10/- each)		8,42,00,000		8,42,00,000
<u>In Subsidiary Company</u>				
LGF Services Private Ltd. (9,998 Equity Shares of Rs.10/- each subscribed during the year)		99,980		-
<u>Current Investments:</u>				
<u>EQUITY SHARES - Fully Paid-up</u>				
<u>QUOTED</u>				
Indian Overseas Bank (2,300 Equity Shares of Rs.10/- each subscribed and sold during the year)		-		-
		34,66,06,884		34,74,77,604



(In Rupees)

SCHEDULES

	31.03.2004		31.03.2003
<u>Mutual Fund Units Purchased and Sold during the year</u>	FV/Unit	Units	Cost
Birla Cash Plus	10	12,23,840	2,00,00,000
Birla Bond	10	31,05,893	3,50,00,000
Sundaram Money Fund	10	2,80,06,858	36,55,00,000
Sundaram Select Short Term Fund	10	47,05,572	5,00,00,000
HDFC Short Term Plan	10	45,15,692	5,00,00,000
HDFC Cash Management Fund	10	1,42,17,516	18,25,00,000
Templeton India Liquid Fund	10	13,22,603	2,00,00,000
Grindlays Cash Fund	10	3,03,76,195	35,00,00,000
DSP Merrill Lynch Liquidity Fund	10	1,84,37,097	28,00,00,000
Alliance Cash Manager	10	58,78,855	6,00,00,000
Prudential ICICI Liquid Fund	10	40,88,748	6,25,00,000
JM High Liquidity Fund	10	39,11,713	4,00,00,000
First India Liquid Fund	10	6,48,82,282	71,85,00,000
		As at 31.03.2004	
<u>Aggregate of Quoted Investments :</u>		Cost	Market value
Government Securities / Trust Securities Shares		16,02,34,330	19,11,75,542
		10,20,72,574	17,04,72,208
		26,23,06,904	36,16,47,750
<u>Aggregate of Unquoted Investments :</u>			
Government Securities / Trust Securities Shares		-	
		8,42,99,980	
		34,66,06,884	
7. CURRENT ASSETS :			
Stock-on-Hire and bills purchased			
(a) Net Investment in Stock on Hire		63,22,83,636	127,52,92,749
(b) Repossessed Assets (Net)		1,29,93,893	4,10,14,955
(c) Net Investment in Lease		93,08,536	1,66,44,231
(d) Trade Bills Purchased - (Unsecured, considered good)			
Outstanding for a period exceeding six months	-		-
Others	-		35,00,000
		-	35,00,000
Interest Accrued on Investments		45,01,527	45,91,155
Cash and Bank Balances:			
With Scheduled Banks in			
Current Accounts	1,98,43,941		2,93,71,456
Deposit Accounts	7,50,18,000		8,50,18,000
(Deposits of Rs.18,000 under lien to Government Authorities)			
Remittances in Transit	1,33,80,000		25,66,000
Cash on hand	1,38,00,851		1,27,86,712
Stamps and Stamp Papers on hand	8,29,047		7,52,507
		12,28,71,839	13,04,94,675
		78,19,59,431	147,15,37,765

SCHEDULES

(In Rupees)

	31.03.2004	31.03.2003
8. <u>LOANS AND ADVANCES :</u>		
Unsecured unless otherwise stated:		
Considered good:		
Loans - Secured	571,46,64,449	372,77,05,992
- Unsecured	16,99,179	7,39,668
Advance Income tax and tax deducted at source (net of provision)	5,66,95,534	6,84,29,530
Advances and Deposits recoverable in cash or in kind or for value to be received	1,78,25,084	1,58,29,612
Advance for purchase of Assets:		
Business Assets	2,17,27,932	1,75,79,457
Others	-	16,438
Income Receivable	7,65,45,791	5,70,21,715
	<u>588,91,57,969</u>	<u>388,73,22,412</u>
9. <u>CURRENT LIABILITIES* :</u>		
Sundry Creditors:		
For Expenses	2,09,34,635	2,42,05,436
For Other Finance	18,02,97,597	21,45,76,324
Interest accrued but not due	14,94,87,949	16,48,06,814
Income received in advance	57,355	4,34,220
	<u>35,07,77,536</u>	<u>40,40,22,794</u>
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund		
10. <u>PROVISIONS :</u>		
Against Non-performing assets	12,43,01,035	5,77,45,065
Against Investments	1,06,01,090	10,37,242
Interim Dividend	2,76,66,679	3,80,00,000
Dividend Tax and Surcharge	35,44,794	48,68,750
	<u>16,61,13,598</u>	<u>10,16,51,057</u>
	2003-2004	2002-2003
11. <u>INCOME FROM OPERATIONS :</u>		
Hire Purchase / Hypothecation Loan (Net) (Tax deducted at source Rs.24,74,004)	75,41,75,949	79,38,39,436
Lease (Tax deducted at source Rs.48,850)	11,17,98,084	14,97,35,913
Investments (Tax deducted at source Rs.11,95,256)	4,01,72,211	4,43,11,562
Interest on Loans	6,21,601	1,38,11,680
Bills Discounting	52,015	2,99,191
Recovery of Bad Debts	1,25,24,698	55,89,315
Profit on Sale of Leased Assets	89,17,061	68,70,634
Services (Tax deducted at source Rs.11,85,045)	55,31,144	44,03,388
	<u>93,37,92,763</u>	<u>1,01,88,61,119</u>



SCHEDULES

(In Rupees)

	2003-2004	2002-2003
12. OTHER INCOME :		
Interest Receipts (Tax deducted at source Rs.4,55,306)	39,69,555	19,65,186
Dividend Receipts	71,37,482	56,14,416
Rent Receipts (Tax deducted at source Rs.1,20,385)	5,87,256	52,573
Profit on Sale of Assets	32,943	18,240
Miscellaneous Income	1,29,286	1,75,132
	<u>1,18,56,522</u>	<u>78,25,547</u>
13. FINANCIAL EXPENSES :		
Interest - Fixed Loans	18,81,07,552	31,03,39,939
- Debentures	8,76,47,334	7,39,96,034
- Others	25,52,035	38,82,190
Other Financial Expenses	47,81,181	83,58,246
	<u>28,30,88,102</u>	<u>39,65,76,409</u>
14. ESTABLISHMENT EXPENSES :		
Salaries, Allowances, Commission and Bonus	4,16,11,272	3,54,38,308
Company's Contribution to Provident Fund, Superannuation and Employees State Insurance Schemes	39,59,165	35,62,463
Staff Welfare Expenses	47,64,172	44,66,552
Gratuity	7,64,127	6,71,330
	<u>5,10,98,736</u>	<u>4,41,38,653</u>
15. ADMINISTRATIVE AND OTHER EXPENSES :		
Rent	27,06,528	24,41,164
Lease Rent	4,61,556	25,64,635
Rates and Taxes	11,56,623	10,09,942
Electricity Charges	29,26,832	25,17,656
Directors' sitting fees	3,85,000	2,20,000
Insurance	17,12,706	10,09,770
Repairs to Building	67,705	2,93,360
Repairs to Machinery	26,55,619	21,22,993
Repairs to Other Assets	1,00,188	76,391
Donations	62,15,000	67,27,000
Miscellaneous Expenses	4,00,81,026	3,73,72,200
	<u>5,84,68,783</u>	<u>5,63,55,111</u>
16. PROVISIONS AND WRITE OFF :		
Provision against Non-Performing assets / Repossessed assets	6,52,91,245	3,99,55,856
Bad debts	4,71,22,232	5,72,53,456
Provision against Investments	96,83,848	1,47,651
Loss on Assets Sold / Written off	1,65,62,227	3,08,92,721
	<u>13,86,59,552</u>	<u>12,82,49,684</u>

SCHEDULES

17. NOTES TO THE ACCOUNTS :

1.0 SIGNIFICANT ACCOUNTING POLICIES :

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

1.2 Income Recognition :

- a) 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 are recognised on accrual basis.

1.3 Fixed Assets :

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

1.4 Depreciation / Amortisation policy :

Depreciation on assets is provided on the Written Down Value method 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 assets given on lease 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 assets given on lease is amortized fully 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 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 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 forward rates while those not so covered are restated at rates ruling at the year-end. Exchange differences resulting in income or expense are dealt with in the profit and loss account. Premium on forward contracts is recognised as an expense over the tenure of the contract.



1.7 Retirement Benefits :

- The company's liability towards gratuity to the employees is covered by a Group Policy with Life Insurance Corporation of India.
- The company contributes to a group policy with Life Insurance Corporation of India towards a Superannuation scheme for its employees.
- Liability on account of encashment of leave to employees is provided on the basis of an actuarial valuation as on 31st March 2004.

1.8 Taxation :

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

2.0 BALANCE SHEET :

2.1 Secured Loans :

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

Date of Allotment	Amount (in Rupees)		Redemption
	31.03.2004	31.03.2003	
27.04.2000	—	30,00,00,000	Redeemed during the year
31.08.2002	34,00,00,000	34,00,00,000	At par at the end of 3 years
03.10.2002	10,00,00,000	10,00,00,000	At par at the end of 2 years and 11 months
03.10.2002	6,00,00,000	6,00,00,000	At par at the end of 3 years
28.05.2003	10,00,00,000	—	At par at the end of 3 years
15.06.2003	25,00,00,000	—	At par at the end of 3 years
11.08.2003	25,00,00,000	—	At par at the end of 1 year and 358 days
30.10.2003	15,00,00,000	—	At par at the end of 3 years
27.02.2004	10,00,00,000	—	At par at the end of 1 year and 299 days
27.02.2004	2,00,00,000	—	At par at the end of 2 years
27.02.2004	5,00,00,000	—	At par at the end of 1 year and 316 days
27.02.2004	* 8,00,00,000	—	At par at the end of 1 year
TOTAL	150,00,00,000	80,00,00,000	

* The debentures are secured by mortgage of an immovable property, ranking *pari passu*. The other debentures are secured by mortgage of an immovable property, ranking *pari passu* and first charge on specific Hire Purchase and Hypothecation Loans.

- Loans from Scheduled Banks under "Secured Loans" include :

	31.03.2004 Rs.	31.03.2003 Rs.
Cash credit facilities (including Working Capital Demand Loans)	228,15,93,473	197,02,04,725
Term Loans	20,00,00,000	30,00,00,000
TOTAL	248,15,93,473	227,02,04,725

- i) Rs. 228,15,93,472 availed under cash credit / working capital facilities are secured by hypothecation of assets covered by Hire Purchase, Hypothecation Loan and Lease Agreements, ranking pari passu, excluding assets which are specifically charged to others. The facilities include Foreign Currency Loans of Rs. 87,27,66,394 outstanding as on 31.03.2004 (31.03.2003: Rs. 152,65,70,000).
- ii) Rs. 20,00,00,000 availed as Term Loans are secured by hypothecation of specific assets covered by Hire Purchase and Hypothecation Loans.
- iii) Interest accrued on the foreign currency loans have been provided at the exchange rate prevailing at the year-end.

2.2 Unsecured Loans:

Short Term Loans and Advances:

Commercial Paper - balance outstanding as on 31.03.2004 : Rs. 25,00,00,000 (31.03.2003 : NIL).
Maximum amount outstanding at any time during the year Rs. 25,00,00,000 (2002-2003 : Rs. 65,00,00,000).

2.3 Fixed Assets:

- a. Land and Buildings include Rs. 1,33,67,018 representing undivided share of land (31.03.2003 - Rs. 84,74,080).
- b. Certain assets which were hitherto classified as financial leases have been reclassified as operating leases under Plant and Machinery during the year. The details of operating leases as on 31.03.2004 are as follows:

	2003-2004
	Rs.
Gross Carrying Amount (Cost)	6,91,06,407
Accumulated Depreciation	1,18,81,954
Depreciation recognised in Profit and Loss account for the year	1,18,81,954

Maturity Pattern of future minimum lease payments is given below:

	Rs.
Less than 1 Year	1,19,34,400
Later than 1 year and not later than 5 years	3,72,58,800
Later than 5 years	47,53,400

2.4 Current Assets:

In terms of Accounting Standard (AS-19) – “Leases”, the reconciliation between the total Gross Investment in the lease and the present value of minimum lease payments (MLP) of the leases written and the total Hire Purchase receivables as on 31.03.2004 is given under:

Maturity Pattern of Gross / Present value of MLP receivables:

(in Rupees)

Description	31.03.2004		31.03.2003	
	Gross Investment	Net Investment	Gross Investment	Net Investment
Less than 1 year	48,44,64,536	43,22,69,306	82,39,80,000	72,45,82,000
Later than 1 year and not later than 5 years	17,35,56,749	15,98,79,293	27,89,03,000	25,84,91,000
Later than 5 years	NIL	NIL	NIL	NIL



2.5 Loans and Advances :

- a) Secured Loans include Rs. NIL (31.03.2003 - Rs.34,42,096) due from Officers of the Company. Maximum amount due at any time during the year Rs.49,85,605 (Previous year - Rs. 35,84,421).
- b) Unsecured Loans include Rs.1,45,339 (31.03.2003 - Rs.15,134) due from an Officer of the Company. Maximum amount due at any time during the year Rs.1,48,058 (Previous year - Rs.23,592).
- c) Advances and Deposits recoverable in cash or in kind include Rs.18,19,236 (31.03.2003: Rs.12,67,114) paid towards Sales Tax in dispute against which appeals are pending.
- d) Advance Income Tax and Tax Deducted at Source is net of provision for tax of Rs.30,45,67,914 (31.03.2003: Rs. 31,65,99,952) and includes Rs.3,06,64,584 towards income tax paid under dispute.

2.6 Secured Loans from Scheduled Banks and Current accounts with Scheduled Banks under 'Cash and Bank Balances' are stated after deduction / addition of cheques on hand of the value of Rs.2,18,79,000 (31.03.2003: Rs.1,76,01,999).

2.7 Current Liabilities:

Sundry Creditors for Expenses include Rs.33,50,000 payable to Directors (31.03.2003: Rs.29,50,000). Interest accrued but not due includes Rs.4,47,155 on deposits of directors (31.03.2003: Rs.5,66,024).

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

	31.03.2004	31.03.2003
	Rs.	Rs.
a) Deferred Tax Assets :		
i) Provision for Non-performing assets / against Investments	4,83,96,137	2,10,88,153
ii) Others	13,61,733	19,89,139
TOTAL (A)	<u>4,97,57,870</u>	<u>2,30,77,292</u>
b) Deferred Tax Liabilities :		
Depreciation	2,68,54,561	5,38,92,797
TOTAL (B)	<u>2,68,54,561</u>	<u>5,38,92,797</u>
Deferred Tax Asset / (Liability)	(A – B)	<u>(3,08,15,505)</u>

3.0 PROFIT AND LOSS ACCOUNT :

3.1 Income from operations – Hire purchase / Hypothecation Loans Income is net of business origination cost of Rs. 1,15,23,621 (previous year – Rs. 91,15,863).

3.2 Income from operations - Investments Income comprises of :

(in Rupees)

Particulars	2003-2004	2002-2003
Interest	2,41,39,037	2,79,27,332
Profit on Sale of Investments:		
Long term Investments	1,39,75,392	1,61,75,435
Current Investments	20,57,782	2,08,795

3.3 Financial Expenses :

- a) Interest on Fixed Loans include Interest on Fixed / Cumulative deposits amounting to Rs. 10,71,072 paid / credited to Directors (Previous year:- Rs. 13,42,027).
- b) Interest - Fixed Loans is net of exchange gain of Rs. 4,71,38,729 (previous year – inclusive of charge of Rs. 4,69,56,959). Forward premium to be recognised in the following accounting year amounts to Rs. 4,96,870 (previous year Rs. 47,01,753).

3.4 Remuneration to Directors :

	2003-2004		2002-2003	
	Rs.	Rs.	Rs.	Rs.
a) Remuneration to Managing Director				
i) Salary	9,00,000		9,00,000	
Commission	18,00,000		14,00,000	
		27,00,000		23,00,000
ii) Company's contribution to Provident Fund, Superannuation and Gratuity Schemes	2,79,925		2,79,835	
iii) Other Perquisites	7,28,757		7,29,730	
		10,08,682		10,09,565
		37,08,682		33,09,565
b) Commission to Non-whole time Directors		15,50,000		15,50,000
		52,58,682		48,59,565

3.5 Computation of Net Profit for calculation of Commission to Directors :

	Rs.	Rs.
Net Profit		18,63,81,017
Add :		
Directors' Remuneration	52,58,682	
Directors' Sitting Fees	3,85,000	
Depreciation as per Books	7,20,51,731	
Lease Equalisation Account	5,67,16,908	
Provision against investments	96,83,848	
Provision against non-performing assets / Repossessed assets	6,52,91,245	
Provision for taxation (net of deferred tax and including Wealth tax)	9,91,84,456	
		30,85,71,870
		49,49,52,887
Less:		
Depreciation as per Section 350 of the Companies Act, 1956	7,20,51,731	
Profit on sale of Investments	1,60,33,174	
		8,80,84,905
Profit as per Section 198 of the Companies Act, 1956		40,68,67,982
1% thereof		40,68,680
Commission to Managing Director		18,00,000
Commission to non-whole time Directors		15,50,000

3.6 Miscellaneous Expenses under 'Administrative and Other Expenses', include :
Remuneration to Auditors towards: (in Rupees)

Particulars	2003-2004	2002-2003
Statutory Audit	4,00,000	3,00,000
Tax Audit	1,25,000	1,00,000
Certification	1,20,000	98,500
Service Tax	51,600	39,880



3.7 Depreciation :

Depreciation includes additional depreciation amounting to Rs. 22,69,253 (Previous year Rs. Nil) due to wear and tear of windmills on operating lease.

3.8 Provisions and Write offs :

Provisions against Investments Rs. 96,83,848 represents excess of cost over Face Value of Investment in Government Securities (Previous Year Rs. 1,47,652)

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:

a) Subsidiary Company :

LGF Services Private Limited

b) Key Management Personnel :

Sri. Srinivas Acharya, Managing Director

c) Nature and volume of transactions of the company during the year, with the above related parties are follows :

(In Rupees)

Nature of Transactions	Subsidiary Company	Key Management Personnel	Relatives of Key Management Personnel	Total	31.03.2003
Income					
Interest on housing loan	NA	1,07,483	Nil	1,07,483	1,66,280
Expenses					
Remuneration	NA	37,08,682	Nil	37,08,682	33,09,565
Interest paid on Deposits	Nil	22,289	5,109	27,398	5,806
Assets					
Investment in Equity Shares	99,980	NA	Nil	99,980	Nil
Housing Loan – at the end of the year	NA	Nil	Nil	Nil	25,38,122
Liabilities					
Commission payable	NA	18,00,000	Nil	18,00,000	14,00,000
Deposits – Balance at the end of the year	Nil	6,00,000	1,30,862	7,30,862	1,30,862

4.3	Earnings per share (Basic and diluted) (as per AS 20) :	2003-2004	2002-2003
	A. Profit for the year after taxation (Rs.)	18,63,81,017	16,64,86,701
	B. Adjustment factor based on fair value per share before and after call money	NA	1.05
	C. Profit for the year after taxation (A / B)	18,63,81,017	15,85,86,659
	D. Total number of equity shares of Rs.10/- each outstanding at the end of the year (in numbers)	70,00,000	70,00,000
	E. Weighted average number of equity shares (60,00,000 equity shares at Rs.10/- per share for full year and 10,00,000 equity shares of Rs.10/- per share, Rs.5/- per equity share for full year and Rs.5/- per Share for 10 months)	69,16,667	NA
	F. Weighted average number of equity shares (60,00,000 equity shares at Rs.10/- per share for full year and 10,00,000 equity shares of Rs.10/- per share, Rs.5/- per equity share for 8 months)	NA	63,33,333
	G. Basic and diluted earnings per share (Rs.)	26.95 (C / E)	25.04 (C / F)
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. 15,01,490 (31.03.2003: Rs. 40,30,018) have been taken on lease prior to 1 st April, 2001 in respect of which future lease rentals payable under the agreements amount to Rs. 1,14,516 (31.03.2003 - Rs. 10,01,226).		
4.7	a) Contingent Liabilities in respect of :	2003-2004	2002-2003
		Rs.	Rs.
	Liabilities to banks / others		
	On Guarantees	2,00,000	1,50,000
	On Cheques Discounted	26,11,274	24,65,805
	b) Claims against the company not acknowledged as debts	13,98,297	6,02,287
4.8	Expenditure in Foreign Currency (on payment basis)	2003-2004	2002-2003
		Rs.	Rs.
	Interest	3,96,32,982	3,54,88,080
	On other matters	1,37,049	77,162



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

4.10 Figures have been rounded off to the nearest rupee.

Signatures to schedules 1 to 17

Per our report of even date
for **BRAHMAYYA & CO.,**
Chartered Accountants
L RAVI SANKAR
Partner
Membership No. 25929
Chennai
16th June, 2004

A RANGASWAMI
Chairman
R RAMANUJAM
Vice-Chairman
SRINIVAS ACHARYA
Managing Director
P VISWANATHAN
Vice-President & 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, 2004

(as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998)

Sl. No.	Particulars	(In Rupees)	
Liabilities Side:			
1	Loans and Advances availed by the NBFCs *	Amount Outstanding	Amount Overdue
	(A) Debentures		
	Secured	150,00,00,000	–
	Unsecured (other than falling within the meaning of public deposit)*	–	–
	(B) Deferred Credits	–	–
	(C) Term Loan	20,00,00,000	–
	(D) Inter-Corporate Loans and Borrowing	–	–
	(E) Commercial Paper	25,00,00,000	–
	(F) Public Deposits * (Includes unrenewed deposits of Rs.1,10,52,621)	135,69,83,996	–
	(G) Other Loans (Specify Nature) Bank Borrowings	228,15,93,473	–
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.1,10,52,621)	135,69,83,996	–

* Interest Accrued but not paid - NIL



Sl. No.	Particulars	(In Rupees)	
Assets Side:			
3	Break-up of Loans and Advances including Bills Receivables (other than those included in (4) below) :		
		Amount Outstanding	
	(A) Secured	48,88,49,350	
	(B) Unsecured (including advance for business assets)	2,51,59,170	
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	16,96,15,154	
	(ii) Operating Lease	5,72,24,453	
	(B) Net Stock on Hire including Hire Charges under Sundry Debtors:		
	(i) Assets on Hire	62,86,92,266	
	(ii) Repossessed Assets	17,63,418	
	(C) Hypothecation Loans counting towards EL/HP activities		
	(i) Loans where assets have been repossessed	1,15,08,184	
	(ii) Loans other than (i) above	523,93,20,721	
5	Break-up of Investments:	Amount Outstanding	
		Market Value*	Cost
	Long Term Investments:		
	(A) Quoted:		
	(i) Equity Shares	17,04,72,208	10,20,72,574
	(ii) Government Securities	19,11,75,542	16,02,34,330
	(B) Unquoted:		
	(i) Equity Shares	6,32,49,980	8,42,99,980

* Unquoted Investment disclosed at break-up / fair value

Sl. No.	Particulars			(In Rupees)
6	Borrower Group-wise classification of all Leased assets, Stock-on-hire and Loans 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	640,59,61,108	2,18,43,214	642,78,04,322
	TOTAL	640,59,61,108	2,18,43,214	642,78,04,322
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	99,980	99,980	
	(ii) Companies in the same Group	–	–	
	(iii) Other Related Parties	–	–	
	(B) Other than Related Parties	42,47,97,750	33,59,05,814	
	TOTAL	42,48,97,730	33,60,05,794	
8	Other Information		Amount	
	(A) Gross Non-Performing Assets			
	(i) Related Parties		NIL	
	(ii) Other than Related Parties		16,66,99,521	
	(B) Net Non-Performing Assets			
	(i) Related Parties		NIL	
	(ii) Other than Related Parties		4,23,98,486	
	(C) Assets acquired in satisfaction of debt		NIL	



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	State Code : <table border="1" style="display: inline-table; width: 30px; height: 20px; vertical-align: middle;"><tr><td style="width: 15px; text-align: center;">1</td><td style="width: 15px; text-align: center;">8</td></tr></table>	1	8																
1	8																			
	Registration No. <table border="1" style="display: inline-table; width: 150px; height: 20px; vertical-align: middle;"><tr><td style="width: 25px; text-align: center;">0</td><td style="width: 25px; text-align: center;">0</td><td style="width: 25px; text-align: center;">8</td><td style="width: 25px; text-align: center;">8</td><td style="width: 25px; text-align: center;">2</td><td style="width: 25px; text-align: center;">2</td></tr></table>	0	0	8	8	2	2													
0	0	8	8	2	2															
	Balance Sheet Date <table border="1" style="display: inline-table; width: 200px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">3</td><td style="width: 30px; text-align: center;">1</td><td style="width: 30px; text-align: center;">0</td><td style="width: 30px; text-align: center;">3</td><td style="width: 30px; text-align: center;">2</td><td style="width: 30px; text-align: center;">0</td><td style="width: 30px; text-align: center;">0</td><td style="width: 30px; text-align: center;">4</td></tr></table>	3	1	0	3	2	0	0	4											
3	1	0	3	2	0	0	4													
II.	Capital Raised during the year (Amount in Rs.Thousands)																			
	Public Issue <table border="1" style="display: inline-table; width: 80px; height: 20px; vertical-align: middle;"><tr><td style="width: 20px; text-align: center;">N</td><td style="width: 20px; text-align: center;">I</td><td style="width: 20px; text-align: center;">L</td></tr></table>	N	I	L	Rights Issue <table border="1" style="display: inline-table; width: 80px; height: 20px; vertical-align: middle;"><tr><td style="width: 20px; text-align: center;">5</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td></tr></table>	5	0	0	0											
N	I	L																		
5	0	0	0																	
	Bonus Issue <table border="1" style="display: inline-table; width: 80px; height: 20px; vertical-align: middle;"><tr><td style="width: 20px; text-align: center;">N</td><td style="width: 20px; text-align: center;">I</td><td style="width: 20px; text-align: center;">L</td></tr></table>	N	I	L	Private Placement <table border="1" style="display: inline-table; width: 80px; height: 20px; vertical-align: middle;"><tr><td style="width: 20px; text-align: center;">N</td><td style="width: 20px; text-align: center;">I</td><td style="width: 20px; text-align: center;">L</td></tr></table>	N	I	L												
N	I	L																		
N	I	L																		
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)																			
	Total Liabilities <table border="1" style="display: inline-table; width: 180px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">6</td><td style="width: 30px; text-align: center;">7</td><td style="width: 30px; text-align: center;">5</td><td style="width: 30px; text-align: center;">1</td><td style="width: 30px; text-align: center;">1</td><td style="width: 30px; text-align: center;">3</td><td style="width: 30px; text-align: center;">5</td></tr></table>	6	7	5	1	1	3	5	Total Assets <table border="1" style="display: inline-table; width: 180px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">6</td><td style="width: 30px; text-align: center;">7</td><td style="width: 30px; text-align: center;">5</td><td style="width: 30px; text-align: center;">1</td><td style="width: 30px; text-align: center;">1</td><td style="width: 30px; text-align: center;">3</td><td style="width: 30px; text-align: center;">5</td></tr></table>	6	7	5	1	1	3	5				
6	7	5	1	1	3	5														
6	7	5	1	1	3	5														
	Sources of Funds																			
	Paid up Capital <table border="1" style="display: inline-table; width: 150px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">7</td><td style="width: 30px; text-align: center;">0</td><td style="width: 30px; text-align: center;">0</td><td style="width: 30px; text-align: center;">0</td><td style="width: 30px; text-align: center;">0</td></tr></table>	7	0	0	0	0	Reserves & Surplus <table border="1" style="display: inline-table; width: 180px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">1</td><td style="width: 30px; text-align: center;">0</td><td style="width: 30px; text-align: center;">9</td><td style="width: 30px; text-align: center;">2</td><td style="width: 30px; text-align: center;">5</td><td style="width: 30px; text-align: center;">5</td><td style="width: 30px; text-align: center;">8</td></tr></table>	1	0	9	2	5	5	8						
7	0	0	0	0																
1	0	9	2	5	5	8														
	Secured Loans <table border="1" style="display: inline-table; width: 180px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">3</td><td style="width: 30px; text-align: center;">9</td><td style="width: 30px; text-align: center;">8</td><td style="width: 30px; text-align: center;">1</td><td style="width: 30px; text-align: center;">5</td><td style="width: 30px; text-align: center;">9</td><td style="width: 30px; text-align: center;">3</td></tr></table>	3	9	8	1	5	9	3	Unsecured Loans <table border="1" style="display: inline-table; width: 180px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">1</td><td style="width: 30px; text-align: center;">6</td><td style="width: 30px; text-align: center;">0</td><td style="width: 30px; text-align: center;">6</td><td style="width: 30px; text-align: center;">9</td><td style="width: 30px; text-align: center;">8</td><td style="width: 30px; text-align: center;">4</td></tr></table>	1	6	0	6	9	8	4				
3	9	8	1	5	9	3														
1	6	0	6	9	8	4														
	Application of Funds																			
	Net Fixed Assets <table border="1" style="display: inline-table; width: 150px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">2</td><td style="width: 30px; text-align: center;">2</td><td style="width: 30px; text-align: center;">7</td><td style="width: 30px; text-align: center;">3</td><td style="width: 30px; text-align: center;">9</td><td style="width: 30px; text-align: center;">9</td></tr></table>	2	2	7	3	9	9	Investments <table border="1" style="display: inline-table; width: 150px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">3</td><td style="width: 30px; text-align: center;">4</td><td style="width: 30px; text-align: center;">6</td><td style="width: 30px; text-align: center;">6</td><td style="width: 30px; text-align: center;">0</td><td style="width: 30px; text-align: center;">7</td></tr></table>	3	4	6	6	0	7						
2	2	7	3	9	9															
3	4	6	6	0	7															
	Deferred Tax Assets (Net) <table border="1" style="display: inline-table; width: 150px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">2</td><td style="width: 30px; text-align: center;">2</td><td style="width: 30px; text-align: center;">9</td><td style="width: 30px; text-align: center;">0</td><td style="width: 30px; text-align: center;">3</td></tr></table>	2	2	9	0	3														
2	2	9	0	3																
	Net Current Assets <table border="1" style="display: inline-table; width: 180px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">6</td><td style="width: 30px; text-align: center;">1</td><td style="width: 30px; text-align: center;">5</td><td style="width: 30px; text-align: center;">4</td><td style="width: 30px; text-align: center;">2</td><td style="width: 30px; text-align: center;">2</td><td style="width: 30px; text-align: center;">6</td></tr></table>	6	1	5	4	2	2	6	Misc. Expenditure <table border="1" style="display: inline-table; width: 80px; height: 20px; vertical-align: middle;"><tr><td style="width: 20px; text-align: center;">N</td><td style="width: 20px; text-align: center;">I</td><td style="width: 20px; text-align: center;">L</td></tr></table>	N	I	L								
6	1	5	4	2	2	6														
N	I	L																		
	Accumulated Losses <table border="1" style="display: inline-table; width: 80px; height: 20px; vertical-align: middle;"><tr><td style="width: 20px; text-align: center;">N</td><td style="width: 20px; text-align: center;">I</td><td style="width: 20px; text-align: center;">L</td></tr></table>	N	I	L																
N	I	L																		
IV.	Performance of the Company (Amount in Rs. Thousands)																			
	Turnover (Total Income) <table border="1" style="display: inline-table; width: 180px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">9</td><td style="width: 30px; text-align: center;">4</td><td style="width: 30px; text-align: center;">5</td><td style="width: 30px; text-align: center;">6</td><td style="width: 30px; text-align: center;">4</td><td style="width: 30px; text-align: center;">9</td></tr></table>	9	4	5	6	4	9	Total Expenditure <table border="1" style="display: inline-table; width: 180px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">6</td><td style="width: 30px; text-align: center;">6</td><td style="width: 30px; text-align: center;">0</td><td style="width: 30px; text-align: center;">0</td><td style="width: 30px; text-align: center;">8</td><td style="width: 30px; text-align: center;">4</td></tr></table>	6	6	0	0	8	4						
9	4	5	6	4	9															
6	6	0	0	8	4															
	+ - Profit/Loss Before Tax <table border="1" style="display: inline-table; width: 150px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">✓</td><td style="width: 30px; text-align: center;">2</td><td style="width: 30px; text-align: center;">8</td><td style="width: 30px; text-align: center;">5</td><td style="width: 30px; text-align: center;">5</td><td style="width: 30px; text-align: center;">6</td><td style="width: 30px; text-align: center;">5</td></tr></table>	✓	2	8	5	5	6	5	+ - Profit/Loss After Tax <table border="1" style="display: inline-table; width: 150px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">✓</td><td style="width: 30px; text-align: center;">1</td><td style="width: 30px; text-align: center;">8</td><td style="width: 30px; text-align: center;">6</td><td style="width: 30px; text-align: center;">3</td><td style="width: 30px; text-align: center;">8</td><td style="width: 30px; text-align: center;">1</td></tr></table>	✓	1	8	6	3	8	1				
✓	2	8	5	5	6	5														
✓	1	8	6	3	8	1														
	Earnings Per Share in Rs. <table border="1" style="display: inline-table; width: 150px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">2</td><td style="width: 30px; text-align: center;">6</td><td style="width: 30px; text-align: center;">.</td><td style="width: 30px; text-align: center;">9</td><td style="width: 30px; text-align: center;">5</td></tr></table>	2	6	.	9	5	Dividend rate % <table border="1" style="display: inline-table; width: 80px; height: 20px; vertical-align: middle;"><tr><td style="width: 20px; text-align: center;">7</td><td style="width: 20px; text-align: center;">0</td></tr></table>	7	0											
2	6	.	9	5																
7	0																			
V.	Generic Names of Three Principal Products / Services of Company (as per monetary terms)																			
	Item Code No : <table border="1" style="display: inline-table; width: 60px; height: 20px; vertical-align: middle;"><tr><td style="width: 30px; text-align: center;">N</td><td style="width: 30px; text-align: center;">A</td></tr></table> (ITC Code)	N	A																	
N	A																			
	Product / Service Description <table border="1" style="display: inline-table; width: 430px; height: 20px; vertical-align: middle;"><tr><td style="width: 40px; text-align: center;">H</td><td style="width: 40px; text-align: center;">Y</td><td style="width: 40px; text-align: center;">P</td><td style="width: 40px; text-align: center;">O</td><td style="width: 40px; text-align: center;">T</td><td style="width: 40px; text-align: center;">H</td><td style="width: 40px; text-align: center;">E</td><td style="width: 40px; text-align: center;">C</td><td style="width: 40px; text-align: center;">A</td><td style="width: 40px; text-align: center;">T</td><td style="width: 40px; text-align: center;">I</td><td style="width: 40px; text-align: center;">O</td><td style="width: 40px; text-align: center;">N</td><td style="width: 40px; text-align: center;"> </td><td style="width: 40px; text-align: center;">L</td><td style="width: 40px; text-align: center;">O</td><td style="width: 40px; text-align: center;">A</td><td style="width: 40px; text-align: center;">N</td></tr></table>	H	Y	P	O	T	H	E	C	A	T	I	O	N		L	O	A	N	
H	Y	P	O	T	H	E	C	A	T	I	O	N		L	O	A	N			
	<table border="1" style="display: inline-table; width: 310px; height: 20px; vertical-align: middle;"><tr><td style="width: 40px; text-align: center;">H</td><td style="width: 40px; text-align: center;">I</td><td style="width: 40px; text-align: center;">R</td><td style="width: 40px; text-align: center;">E</td><td style="width: 40px; text-align: center;"> </td><td style="width: 40px; text-align: center;">P</td><td style="width: 40px; text-align: center;">U</td><td style="width: 40px; text-align: center;">R</td><td style="width: 40px; text-align: center;">C</td><td style="width: 40px; text-align: center;">H</td><td style="width: 40px; text-align: center;">A</td><td style="width: 40px; text-align: center;">S</td><td style="width: 40px; text-align: center;">E</td></tr></table>	H	I	R	E		P	U	R	C	H	A	S	E						
H	I	R	E		P	U	R	C	H	A	S	E								
	<table border="1" style="display: inline-table; width: 160px; height: 20px; vertical-align: middle;"><tr><td style="width: 40px; text-align: center;">L</td><td style="width: 40px; text-align: center;">E</td><td style="width: 40px; text-align: center;">A</td><td style="width: 40px; text-align: center;">S</td><td style="width: 40px; text-align: center;">I</td><td style="width: 40px; text-align: center;">N</td><td style="width: 40px; text-align: center;">G</td></tr></table>	L	E	A	S	I	N	G												
L	E	A	S	I	N	G														

CASH FLOW STATEMENT		2003-2004	(In Rupees) 2002-2003
A) CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit	18,63,81,017		16,64,86,701
Add: Lease Equalisation Account	5,67,16,908		5,06,94,948
Provision for Taxation (including Wealth Tax)	9,91,84,456		9,18,77,244
	<u>34,22,82,381</u>		<u>30,90,58,893</u>
Add: Financial Expenses	28,30,88,102		39,65,76,409
		62,53,70,483	70,56,35,302
Depreciation		7,20,51,731	9,23,07,916
Provision against Non-Performing Assets/Repossessed Assets		6,52,91,245	3,99,55,856
Provision against investments		96,83,848	1,47,652
(Profit) loss on leased assets		(89,17,061)	1,22,07,642
(profit) loss on general assets		1,52,822	1,48,046
(Profit) loss on Investments		(1,60,33,174)	(1,63,84,230)
Interest/Dividend Received		(3,12,76,518)	(3,35,41,748)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		71,63,23,376	80,04,76,435
(Increase) Decrease in net stock on hire	67,50,18,155		135,83,55,490
(Increase) Decrease in leased assets - net of sales	90,37,851		1,46,00,900
(Increase) Decrease in net investments in lease	73,35,695		46,80,535
(Increase) Decrease in Trade Bills Purchased	35,00,000		89,37,642
(Increase) Decrease in Loans and Advances	(201,62,92,807)		(235,44,69,512)
(Increase) Decrease in Other Receivables	89,628		(7,85,671)
(Increase) Decrease in Bank Deposits (net)	1,00,00,000		(80,00,000)
(increase) Decrease in SLR Investments - net of sales	1,44,57,385		1,98,33,650
Increase (Decrease) in Current Liabilities	(5,33,65,258)	(135,02,19,350)	(1,70,53,342)
			(97,39,00,308)
Cash generated from Operations		(63,38,95,974)	(17,34,23,873)
Financial Expenses	(28,30,88,102)		(39,65,76,409)
Direct Taxes Paid	(14,11,69,274)	(42,42,57,376)	(16,06,44,855)
			(55,72,21,264)
NET CASH FROM OPERATING ACTIVITIES (A)		(105,81,53,350)	(73,06,45,137)
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(1,86,73,676)	(94,81,864)
Sale of Fixed Assets		1,67,027	1,70,721
Purchase of Investments		(223,17,86,891)	(22,64,72,965)
Sale of Investments		223,42,33,400	22,50,00,000
Interest Received		2,41,39,037	2,79,27,332
Dividend Received		71,37,482	56,14,416
NET CASH FROM INVESTING ACTIVITIES (B)		1,52,16,379	2,27,57,640
C) CASH FROM FINANCING ACTIVITIES			
Increase in Capital		50,00,000	50,00,000
Increase in Share Premium		2,50,00,000	2,50,00,000
Proceeds from issue of debentures		100,00,00,000	50,00,00,000
Debentures Redeemed		(30,00,00,000)	(19,00,00,000)
Increase (Decrease) in Bank Borrowings		31,13,88,747	58,61,14,522
Increase (Decrease) in long term borrowings		(10,48,45,824)	14,95,87,238
Increase in Fixed Deposits		(7,49,51,381)	(1,36,65,911)
Increase (Decrease) in Short term loans and advances		25,00,00,000	(35,00,00,000)
Dividends Paid (including Corporate Dividend Tax)		(6,62,77,407)	-
NET CASH FROM FINANCING ACTIVITIES (C)		104,53,14,135	71,20,35,849
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)		23,77,164	41,48,352
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		4,54,76,675	4,13,28,323
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		4,78,53,839	4,54,76,675
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
Current Account with Banks		1,98,43,941	2,93,71,456
Cash, Stamps and Stamp Papers on Hand		2,80,09,898	1,61,05,219

Per our report of even date
for **BRAHMAYYA & CO.,**
Chartered Accountants
L RAVI SANKAR
Partner
Membership No. 25929
Chennai
16th June, 2004

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

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

