

Board of Directors

S Viji	Chairman
S Ram	
S Narayanan	
A Rangaswami	
S Padmanabhan	
T R Seshadri	
G K Raman	Wholetime Director
T T Srinivasaraghavan	Managing Director
Srinivas Acharya	Deputy Managing Director

Audit Committee

S Padmanabhan	Chairman
A Rangaswami	
S Viji	

Share Transfer & Investor Relations Committee

S Padmanabhan	Chairman
A Rangaswami	
T T Srinivasaraghavan	

Asset Liability Management Committee

T T Srinivasaraghavan	Chairman
Srinivas Acharya	
S Venkatesan	
A N Raju	
M Ramaswamy	

CFO & Secretary

S Venkatesan

Auditors

M/s. Brahmayya & Co.,
Chartered Accountants
48, Masilamani Road
Balaji Nagar, Royapettah
Chennai 600 014

Systems Auditors

M/s. Tejas Brainware Systems (P) Ltd.,
28 (Old 19), Second Main Road
C.I.T. Colony
Chennai 600 004

Registered Office

21, Patullos Road, Chennai - 600 002
Tel: 044 2852 1181, Fax: 044 2858 6641

Website : www.sundaramfinance.in

Senior Management

S Venkatesan	CFO & Secretary
P S Raghavan	Executive Director & Head – Sundaram Business Services
A N Raju	Executive Director
Paramesh Krishnaier	Executive Director
K Swaminathan	Senior Vice President (Sundaram Infotech Solutions)
M Ramaswamy	Senior Vice President & Head – Treasury
Harsha Viji	Senior Vice President (Special Projects)
S Ravindran	Vice President & Head – Northern Region
P Viswanathan	Vice President & Deputy Secretary
J Raghunathan	Vice President (Sundaram Infotech Solutions)
S Srinivasan	Vice President & Head – Leasing
K Manivannan	Vice President (Training)
S Sivakumar	General Manager (Operations)
T S Venkataraman	General Manager (Operations)
M J Kulkarni	General Manager & Head – Western Region
S Ramachandran	General Manager (Audit)
Venkatesh Kumaraswami	General Manager (Sundaram Business Services)
K Sankara Kumar	General Manager & Head – Distribution

Subsidiaries

Sundaram BNP Paribas Asset Management Company Limited	Sundaram Finance Distribution Limited
Infreight Logistics Solutions Limited	LGF Services Limited
Sundaram BNP Paribas Trustee Company Limited	Sundaram Infotech Solutions Limited
Sundaram Home Finance Limited	Sundaram Business Services Limited

Bankers

State Bank of India	State Bank of Hyderabad
State Bank of Travancore	Syndicate Bank
Bank of India	IDBI Bank Ltd
State Bank of Patiala	HDFC Bank Ltd
State Bank of Saurashtra	ABN-Amro Bank N.V.
Canara Bank	Standard Chartered Bank
Indian Overseas Bank	Citibank N. A.
UCO Bank	The Hongkong and Shanghai Banking Corporation Limited
United Bank of India	

Debenture Trustees

Indian Overseas Bank	IDBI Trusteeship Services Limited
Merchant Banking Division	Asian Building, Ground Floor
763, Anna Salai	17, R. Kamani Marg, Ballard Estate
Chennai 600 002	Mumbai 400 001

CURRENCY EQUIVALENTS

Rs. One Million	=	Rs. 10 Lakhs	US\$ 1 = Indian Rs.43.59 *
Rs. One Billion	=	Rs. 100 Crores or Rs. 10,000 Lakhs	*RBI Reference Rate as on 30.03.2007

Contents

Directors' Report	4
Financial Highlights	12
Auditors' Report	13
Balance Sheet	16
Profit and Loss Account	17
Schedules	18
Corporate Governance Report	49

Consolidated Financial Statements

Balance Sheet	58
Profit and Loss Account	59
Schedules	60
Auditors' Report on Consolidated Financial Statements	77



SUNDARAM FINANCE
Enduring values. New age thinking.

A member of the



International Finance & Leasing Association

Directors' Report

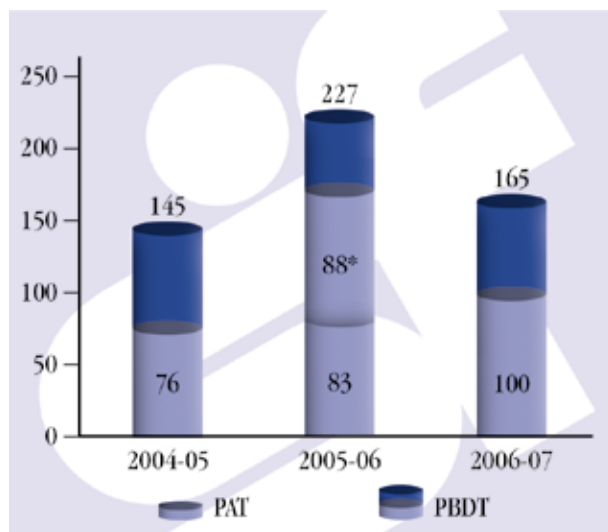
Your directors have pleasure in presenting the 54th Annual Report with audited accounts for the year ended 31st March 2007. The summarised financial results of the Company are given hereunder:

FINANCIAL RESULTS:

(Rs. in Cr.)

Particulars	Year ended March 31, 2007	Year ended March 31, 2006
Income		
Income from Operations	640.90	483.98
Profit on Sale of Shares in Subsidiary Companies	–	88.13
Other Income	30.99	23.74
Total (A)	671.89	595.85
Expenditure		
Financial Expenses	374.66	261.94
Establishment, Administrative and Other Expenses	119.42	99.46
Provisions and Write Off	12.80	7.24
Depreciation	21.57	18.40
Total (B)	528.45	387.04
Profit before Tax (A) – (B)	143.44	208.81
Less: Taxation	42.97	38.22
Profit after Tax	100.47	170.59
Surplus brought forward	28.78	27.99
Amount available for appropriation	129.25	198.58
Appropriations have been made as under:		
Transfer to Statutory Reserve	20.13	34.20
Transfer to Special Reserve	9.00	7.50
Transfer to General Reserve	37.00	85.34
Dividend – Interim	23.61	–
Final (Proposed)	5.56	23.61
Special	–	13.89
Dividend Tax	4.25	5.26
Surplus carried to balance sheet	29.70	28.78
	129.25	198.58

Profit
(Rs. in Cr.)

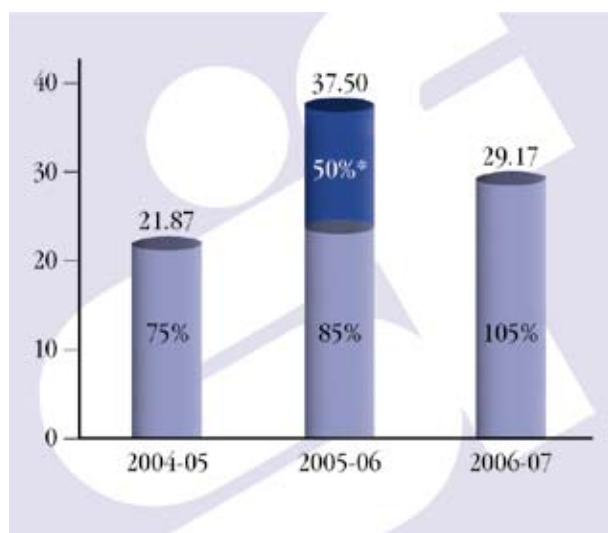


* Profit on sale of shares in subsidiary companies

DIVIDEND

Your Company paid a tax-free interim dividend of 85% on 30th March 2007. Your directors are now pleased to recommend a final dividend of 20%. This, together with the interim dividend, aggregates to a total dividend of 105% for the financial year ended 31st March 2007, on the paid-up capital of Rs. 27.78 cr.

Dividend
(Rs. in Cr.)



* Special dividend

RATINGS

Deposits

Your Company continues to enjoy the FAAA/Stable rating from CRISIL indicating that the degree of safety regarding timely payment of interest and principal is very strong and MAAA/Stable rating from ICRA signifying the highest degree of safety for depositors' funds. Investor Relation Services - Deposits continue to enjoy the ISO 9001:2000 certification by Bureau Veritas Certification (India) Private Limited.

Term Funding

Your Company continues to enjoy the MAAA/Stable rating from ICRA for its medium term debentures, signifying highest degree of safety.

During the year, ICRA has assigned a rating of LAA+/Stable for long-term debentures, signifying high-credit-quality and low credit risk. The outlook on the rating is stable. CRISIL has assigned a rating of AA+/Stable for long-term debentures, signifying high degree of safety with regard to timely payment of interest and principal on the instrument.

Your Company obtained dual ratings for its issue of subordinated debt. ICRA has assigned a rating of LAA+, signifying low credit risk. The outlook on the rating is stable. CRISIL has assigned a rating of AA+/Stable, signifying a high degree of safety with regard to timely payment of interest and principal on the instrument.

Your Company also enjoys the highest ratings of A1+ from ICRA and P1+ from CRISIL for its short-term debt programme.

CORPORATE GOVERNANCE

- Your Company has been practising exemplary Corporate Governance since its inception. A detailed report on corporate governance together with a certificate from the Statutory Auditors, in compliance with Clause 49 of the Listing Agreement, is attached as part of this report.
- Compliance reports in respect of all laws applicable to the Company have been reviewed by the Board of Directors.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Indian Economy continued its impressive growth during 2006-07. GDP growth for the year has been placed at 9.4 %, as against the revised estimate of 9% for the year 2005-06. Sustained growth in the industry and services sectors, supported by a growing world economy, continued to contribute to the growth of the Indian Economy. Industrial output, estimated at 10.2%, continued its healthy growth during 2006-07, with growth in the manufacturing sector, estimated at 12.1%, being the prime mover once again. The services sector is estimated to have grown at 11% and accounts for 55% of GDP. Agricultural growth, however, was down from 6% in the previous year to 2.7% in the current year.

The country's balance of payments position remained comfortable during the year. Exports are estimated to have increased by 19.3% in dollar terms, while imports grew by 27.8%. Notwithstanding the widening current account deficit, India's foreign exchange reserves increased by USD 47.6 billion, from USD 151.6 billion as at end-March 2006 to USD 199.2 billion as at end-March 2007.

There have, however, been some genuine concerns on the inflation front. Inflation increased from 4.1% as at end-March 2006 to an intra-year peak of 6.7% as at end-January 2007, before moderating to 5.7% as of end-March 2007. The average inflation, based on movements in the wholesale price index (WPI), stood at 5.4% compared to 4.4% in the previous year. The fiscal deficit has been estimated at 3.5%, lower than the budgeted level of 3.8%, mainly on account of a reduction in the revenue deficit, sustained buoyancy in tax revenues and containment in plan expenditure.

AUTOMOTIVE SECTOR

The year 2006-07 witnessed a healthy growth in the automotive sector with sales of medium and heavy commercial vehicles (M&HCV) registering a growth of 33% (PY – 4.5%) and sales of light commercial vehicles (LCV) registering a growth of 34% (PY – 19.4%). Sales of cars and multi-utility vehicles grew by 21%

during the year, as against 7.7% during the previous year. Growth in the M&HCV segment was driven primarily by multi-axle and articulated vehicles and tippers, while LCV growth was essentially in the one tonne segment.

REGULATORY

For several years now, your Company has been advocating the need for a distinct classification for NBFCs engaged primarily in financing productive assets. It is, therefore, heartening that the Reserve Bank of India (RBI) has introduced a new classification called Asset Financing Company (AFC). Consequently, your Company has been re-classified as an Asset Financing Company - Deposit taking. RBI also issued several other guidelines during the year, notable among which are:

- 1) Financial regulation of Systemically Important NBFCs.
- 2) Appointment of trustees for the benefit of deposit holders and creation of a floating charge on statutory liquid assets.
- 3) Approval for distribution of mutual fund products by NBFCs.

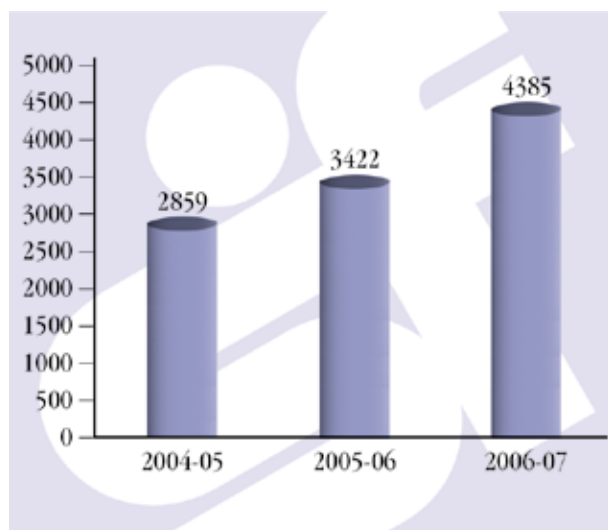
OPERATING & FINANCIAL PERFORMANCE

Your Company's hire purchase and loan disbursements at Rs.4385 cr., registered a healthy growth of 28%, as against Rs.3422 cr. in the previous year. This translates to a Compounded Annual Growth Rate of 27.71% over the last 3 years. Significantly, your Company improved its market share in the highly competitive M&HCV segment. The gross receivables being managed by the Company, including assets sold or securitised, stood at Rs. 7070 cr. as at 31st March 2007, as against Rs.5452 cr. in the previous year.

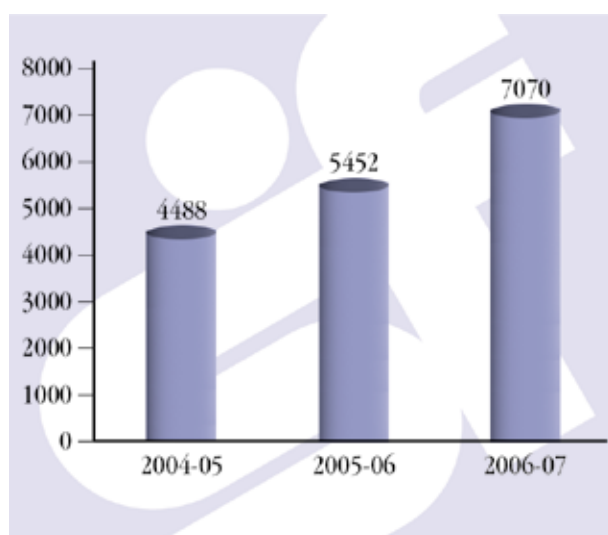
Outstanding asset quality remains at the core of your Company's operations. Gross and net NPAs as at 31st March, 2007 came down to 1.16% and 0.54% respectively, from 1.58% and 0.80%, in the previous year, amongst the lowest in the industry.

Gross income for the year from hire purchase, hypothecation loans and leasing grew by 32% over last year, reflecting the strong growth in disbursements. While competition remained stiff, your

Hire Purchase and Hypothecation Loan Disbursements (Rs. in Cr.)



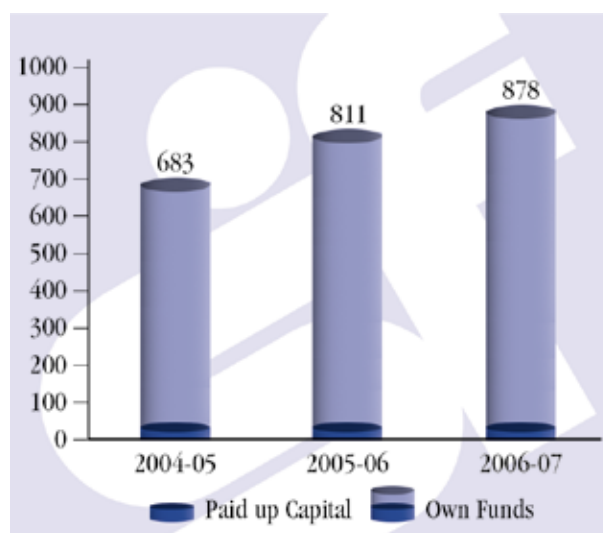
Receivables Under Management (Rs. in Cr.)



Company was able to improve its margins, based on its ability to provide greater value addition and deliver a consistently high level of service to its customers. Establishment and administrative expenses have been consistent with the growth in business. Your Company continues to focus on new opportunities to improve profitability.

The net profit for the year was Rs. 100.47 cr. as against Rs.82.46 cr. (excluding the one-time profit on the sale of shares in Sundaram Asset Management Company Limited) in the previous year, registering a growth of 22%. The Company's Net-Worth stood at Rs. 877.88 cr. as on 31.3.2007, while Capital Adequacy (CRAR) at 13.46% was comfortably higher than the statutory requirement of 12%.

Own Funds (Rs. in Cr.)



RESOURCE MOBILISATION

a) Deposits

During 2006-07, your Company mobilised fresh deposits aggregating to Rs.131.54 cr. Renewal of deposits matured during the year amounted to Rs.214.91 cr. representing 75% of the matured deposits. Deposits outstanding at the year-end were at Rs.658.47 cr. and the number of depositors exceeded 243000.

As at 31st March 2007, 4002 deposits amounting to Rs.10.28 cr., had matured for payment and were due to be claimed or renewed. After close follow-up of repayments/renewals, the figures are currently down to 2452 and Rs.5.95 cr. respectively. Steps are continuously being taken to arrange for repayment/renewal of these deposits.

b) Term Funding

During the year, your Company raised term funding in the form of non-convertible debentures and term loans to the tune of Rs.1560 cr., across various tenors.

c) Subordinated debt

During the year, the Company raised Rs. 40 cr. through the issue of long term, redeemable, non-convertible debentures on a subordinated basis. The debt is subordinated to present and future senior indebtedness of the Company and qualifies as Tier II capital under the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

d) Bank Finance

Your Company's bankers continue to extend their support, providing both Rupee and Foreign Currency loans at competitive rates. Your Company issued commercial papers aggregating to Rs.645 cr., during the year. The maximum amount outstanding at any time was Rs.545 cr., and the amount outstanding at the end of the year was Rs.265 cr.

The working capital credit limits of your Company were enhanced from Rs.1400 cr. to Rs. 1650 cr. and stood at that level at the end of the year.

e) Sell-down of Receivables

During the year, your Company sold hire purchase / hypothecation loan receivables to the extent of Rs. 748.66 cr.

BUSINESS OUTLOOK

The prospects for the automotive sector would appear to be a little uncertain in the coming year. Sales of commercial vehicles in the first two months of the current financial year are reported to be lower than the corresponding period last year. While this is being attributed to the increase in interest rates, the prospect of a cyclical slowdown cannot be ruled out altogether. As always, the behaviour of the monsoon will have a significant bearing on the fortunes of the

commercial vehicle sector. Your Company will adopt appropriate strategies to meet the evolving market developments. The planned geographic expansion across the country, in the current year, will take us even closer to our customers and enable us to broaden and deepen our reach.

INTERNAL AUDIT

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

RISK MANAGEMENT

Your Company lays great emphasis on risk management, primarily in the areas of credit risk, interest rate and liquidity risk and operational risk. Dealing as it does, with a wide variety of retail customers across India, your Company has honed its skills in the area of credit evaluation, as demonstrated by the consistently low level of delinquencies in the retail portfolio. The Asset Liability Management Committee (ALCO) monitors the risk management framework on an ongoing basis with a view to ensure that risk parameters are within defined limits.

HUMAN RESOURCES

Your Company continues to lay great stress on its most valuable resource - people. Continuous training, both on the job and in an academic setting, has ensured that employees at all levels are fully equipped to deliver a wide variety of products and services to the rapidly growing customer base of your Company.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements, drawn up in accordance with the applicable Accounting Standards, form part of the Annual Report.

In view of this and in accordance with the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of the Subsidiary Companies, have not been attached to the Balance Sheet of your Company. The financial information relating to all the Subsidiary Companies, in the aggregate, has been disclosed in the consolidated financial statements, as required by the Central Government as part of its approval. Further,

- The annual accounts of all the Subsidiary Companies have been posted by your Company on its website – www.sundaramfinance.in.
- The annual accounts of the Subsidiary Companies and related detailed information will be made available to the members upon request.
- Annual accounts of the Subsidiary Companies will be available for inspection by the members, at the head offices of the Company and the Subsidiary Companies concerned.

SUBSIDIARIES

- [Sundaram Home Finance Limited \(SHFL\)](#)

SHFL, in its eighth year of operation, approved loans aggregating Rs.556 cr., while disbursements amounted to Rs. 477 cr. The Company earned a gross income of Rs.120.71 cr. as against Rs.93.38 cr. in the previous year and reported a profit after tax of Rs.14.60 cr. as against Rs.5.86 cr. in the previous year. The loan portfolio as at 31st March 2007 stood at Rs.1169.18 cr. as against Rs. 998.72 cr. in the previous year.

During the year, your Company acquired 1,75,00,000 equity shares of Rs. 10/- each (25%), held by Nederlandse Financierings - Maatschappij voor ontwikkelingslanden N.V. (the FMO, Netherlands)

and International Finance Corporation (IFC, Washington) in the capital of SHFL, for a total consideration of Rs. 48.52 cr., pursuant to the Put Option exercised by the FMO and IFC. Consequent to this acquisition, SHFL became a wholly-owned subsidiary of your Company.

Subsequently, during May 2007, your Company entered into a joint venture agreement with Union de Credit pour le Batiment SA (UCB), a wholly-owned subsidiary of BNP Paribas SA of France, under which, subject to relevant regulatory approvals, UCB will acquire a 49.90% stake in SHFL for a total consideration of Rs. 196.98 cr. Out of this amount, a sum of Rs. 146.98 cr. shall be payable to your Company, while a sum of Rs. 50 cr. would be invested directly in SHFL. At the completion of the aforementioned transactions, your Company's shareholding will be 50.10% of the enhanced paid-up equity capital of SHFL.

- [Sundaram BNP Paribas Asset Management Company Limited](#)

Sundaram BNP Paribas Asset Management Company Limited earned a gross income of Rs.48.25 cr. as against Rs. 20.35 cr. in the previous year. The overall Assets Under Management amounted to Rs.7441 cr. as on 31.3.2007, as against Rs.3278 cr. at the end of the previous year. The gross mobilisation under the various schemes of Sundaram Mutual Fund (SMF) during the year amounted to Rs.22085 cr. After providing for depreciation and tax, the company reported a profit of Rs. 5.75 cr. as against Rs. 1.74 cr. in the previous year. The Company recommended a maiden dividend of 15% for the financial year ended 31st March 2007.

During the year, Sundaram BNP Paribas Mutual Fund launched three new equity schemes, viz., Sundaram BNP Paribas Rural India Fund, Sundaram BNP Paribas Equity Multiplier and Sundaram BNP Paribas Select Small Cap, the latter two being close ended schemes, which mobilised a sum of Rs. 2075 cr. in aggregate.

The commendable performance of the various Mutual Fund schemes managed by the company attracted considerable investor interest. During the year, Sundaram BNP Paribas Select Mid Cap and Sundaram BNP Paribas Select Focus were awarded the Best Equity Diversified Fund and Best Large Cap Oriented Fund of the year 2006

respectively, by CRISIL. Further, Sundaram BNP Paribas Select Mid Cap Fund has been ranked ICRA MFR 1 at the ICRA Mutual Funds Awards in the category of Open Ended Diversified Equity–Aggressive, for its 1-year and 3-year performance, indicating performance within the top 10% of the stated category.

- [Sundaram BNP Paribas Trustee Company Limited](#)

Sundaram BNP Paribas Trustee Company Limited earned a gross income of Rs. 54.23 lakhs as against Rs. 25.95 lakhs in the previous year and reported a profit after tax of Rs. 14.34 lakhs for the year, as against Rs. 3.64 lakhs in the previous year. The Company recommended a maiden dividend of 100% for the financial year ended 31st March 2007.

- [Sundaram Finance Distribution Limited \(SFDL\)](#)

During the year, SFDL earned a gross income of Rs.205.75 lakhs, through distribution of insurance products, mutual funds and other financial products, as against Rs.220.51 lakhs in the previous year. The profit after tax was Rs.79.70 lakhs as against Rs.100.30 lakhs in the previous year. The company declared a dividend of 65% for the financial year ended 31st March 2007.

- [LGF Services Limited](#)

In its third year of operation, LGF Services Limited earned a gross income of Rs. 474.72 lakhs through distribution of insurance products, as against Rs.278.61 lakhs in the previous year. The profit after tax was Rs. 153.81 lakhs as against Rs. 92.64 lakhs in the previous year. During the year, the Company issued Bonus Shares in the ratio of 4:1. The company declared a dividend of 350% for the financial year ended 31st March 2007, on the increased paid-up capital of Rs. 25.00 lakhs.

- [Sundaram Infotech Solutions Limited \(SISL\)](#)

SISL has made steady progress during the year, building on the early successes in the previous year. The company earned a gross income of Rs. 682.98 lakhs, as against Rs. 326.91 lakhs in the previous year. The company has acquired several new customers and has taken initiatives to achieve geographical expansion.

- [Sundaram Business Services Limited \(SBSL\)](#)

SBSL entered into a strategic alliance with Professional Management Consultants Private Limited, a domestic BPO with a proven record of operations. This, together with certain strategic partnerships and joint ventures, has improved the growth prospects of the company in the BPO segment in both local and overseas markets.

- [Infreight Logistics Solutions Limited \(Infreight\)](#)

Your Company initially held a 40% stake in Infreight Logistics Solutions Limited (formerly Infreight Technologies India Limited), a company engaged in the business of logistics services. During the year, your Company invested a further sum of Rs. 4.01 cr. in the capital of Infreight, consequent to which that company became a subsidiary of your Company.

JOINT VENTURE

- [Royal Sundaram Alliance Insurance Company Ltd \(Royal Sundaram\)](#)

Royal Sundaram registered 30% growth in Gross Written Premium at Rs. 598.20 cr. as against Rs. 458.64 cr. in the previous year and earned an investment income of Rs. 32.88 cr. as against Rs. 21.13 cr. in the previous year. The Company reported a net profit of Rs. 21.19 cr. for the year as against Rs. 8.63 cr. in the previous year, registering a growth of 146%. The Company wiped off its entire carried forward loss of Rs. 18.75 cr.

DIRECTORS

Sarvasri S. Viji, G.K. Raman and T.T. Srinivasaraghavan retire by rotation and, being eligible, offer themselves for re-election. Necessary resolutions are submitted for your approval.

AUDITORS

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

INFORMATION AS PER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956

Your Company has no activity relating to conservation of energy or technology absorption. During 2006-07, expenditure in foreign currencies amounted to Rs. 10.23 cr., on account of interest and other charges. Foreign Currency earnings amounted to Rs. 2.79 cr.

PERSONNEL

In accordance with the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company excluding the annexure prescribed under Section 217(2A) of the Companies Act. The said annexure, setting out the names and other particulars of employees, is available for inspection by the Members at the Registered Office of the Company during office hours till the date of the Annual General Meeting, viz. 25.07.2007.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. that they have selected such accounting policies and applied them consistently and made judgements and estimates that are

reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

3. that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that they have prepared the annual accounts on a going-concern basis.

ACKNOWLEDGEMENT

Your directors gratefully acknowledge the support and co-operation extended by all the shareholders, depositors, customers, vehicle manufacturers, dealers, bankers and mutual funds to your Company during the year and look forward to their continued support.

Your directors also place on record their appreciation of the dedication and commitment displayed by the employees of the Company, thus enabling it to register a good performance.

For and on behalf of the Board

Chennai 600 002
30th May 2007

S VIJI
Chairman

Financial Highlights

(Rs. in Cr.)

Year	Paid-up Capital	Reserves	Deposits	Total Receivables	PBDT	PAT	Dividend %	Dividend Amount
1954	0.02		0.10	0.10				
1972	1.00	0.58	8.35	9.86	0.73	0.30	16.00	0.16
1976	1.50	0.99	13.57	19.87	1.78	0.67	16.00	0.24
1978	2.00	1.37	14.65	27.18	2.01	0.77	18.00	0.36
1982	3.00	3.00	45.20	76.60	4.28	1.58	20.00	0.60
1986	6.00	6.59	104.10	184.66	10.35	2.67	16.00	0.96
1990-91	12.00	30.24	201.02	483.21	34.69	12.01	25.00	3.00
1995-96	24.00	204.31	550.44	1637.05	127.50	64.92	35.00	8.40
2002-03	24.00	462.57	744.11	2669.91	81.57	45.66	75.00*	18.00
2003-04	24.00	499.24	717.29	3093.32	101.07	55.62	70.00	16.80
2004-05	27.78	655.22	740.25	4488.30	144.55	75.99	75.00	21.87
2005-06	27.78	783.06	627.98	5452.18	227.21	170.59@	135.00#	37.50
2006-07	27.78	850.10	658.47	7070.40	165.01	100.47	105.00	29.17

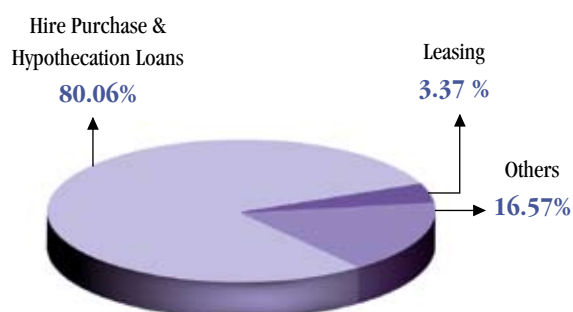
* includes 15% Special Golden Jubilee Dividend

includes 50% Special Dividend

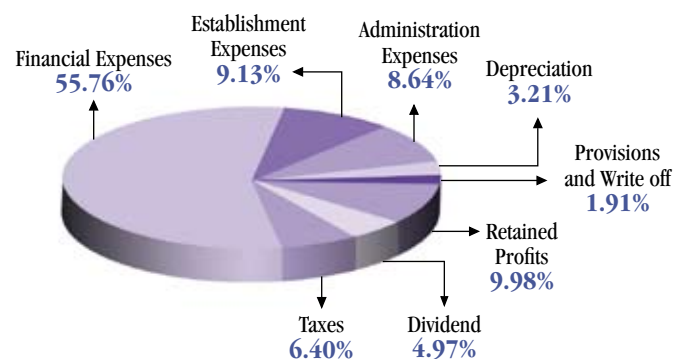
@ includes Rs. 88.13 cr. - profit on sale of shares in subsidiary companies

SOURCES AND DISTRIBUTION OF INCOME (2006-07)

Rs. 671.89 Cr.



SOURCES



DISTRIBUTION

Auditors' Report

To The Members of M/s. Sundaram Finance Limited

1. We have audited the attached Balance Sheet of Sundaram Finance Limited, Chennai (the Company) as at 31st March 2007, 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 whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the Act), we give in the Annexure a statement on the matters specified in 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 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - (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 2007;
 - (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.

For BRAHMAYYA & CO.,
Chartered Accountants

PBABU

Partner

Place : Chennai

Date : 30th May, 2007

Membership No. 203358

Annexure To The Auditors' Report Referred to in Paragraph 3 of our Report of Even Date

1. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
b) 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.
c) Fixed assets disposed off during the year were not substantial and therefore does not affect the going concern assumption.
2. a) In our opinion and according to the information and explanations given to us, the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
b) i) The company has granted unsecured loans to three companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs.3826.75 lakhs. The balance outstanding at the end of the year was Rs.2656.46 lakhs.
ii) The rate of interest and other terms and conditions of the loan are, prima facie, not prejudicial to the interest of the company.
iii) The payment of interest and the repayment of principal are regular.
iv) There is no amount overdue on the loans.
v) Apart from the above, the company has not granted loans to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets and sale of goods and services. 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. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under that Section have been so entered.
b) In our opinion, according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to the nature of the service and 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 Reserve Bank of India and the provisions of Section 58A, Section 58AA or any other relevant provisions of the Act, 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 Act.

8. a) According to the records of the company and the information and explanations given to us, undisputed statutory dues including provident fund, employee state insurance, income tax, wealth tax, service tax, sales tax, customs duty and excise duty 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 income tax, wealth tax, service tax, sales tax, excise duty and cess which are outstanding as at 31st March, 2007 for a period of more than six months from the date they became payable.

The Central Government has not notified the rules pertaining to the quantum and means of payment of Cess payable under Section 441A of the Act and therefore, no remittance has been made.

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

Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	105.08	Assessment years 1997 - 98 to 2004 - 05	Various appellate authorities
Service Tax	13.49	Assessment year 2003 - 04	Commissioner (Appeals)

10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceding financial year.
11. 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 financial institutions, banks or debenture holders.
12. According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
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, prima facie, were 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.
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 according to the information and explanations given to us, during the year no fraud on or by the company was noticed or reported during the course of our audit.
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 the year.

For BRAHMAYYA & CO.,
Chartered Accountants

PBABU

Partner

Place : Chennai

Date : 30th May, 2007

Membership No. 203358

Balance Sheet

as at 31st March, 2007

(Rs. in Lakhs)

		31.03.2007		31.03.2006	
I SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	27,77.60		27,77.60	
b) Reserves and Surplus	2	850,10.45	877,88.05	783,05.70	810,83.30
2. Loan Funds					
a) Secured Loans	3	3722,78.48		3161,55.03	
b) Unsecured Loans	4	2013,38.13	5736,16.61	1312,93.86	4474,48.89
Total	Total	6614,04.66		5285,32.19	
II APPLICATIONS OF FUNDS					
1. Fixed Assets	5				
a) Gross Block		541,05.53		527,75.49	
b) Less: Depreciation		381,63.00		382,48.48	
c) Net Book Value		159,42.53		145,27.01	
d) Add: Lease Adjustment Account		3,21.78		13,69.22	
e) Net Block			162,64.31		158,96.23
2. Investments	6		449,54.01		472,60.49
3. Deferred Tax Asset (Net)					
Deferred Tax Asset		26,86.44		22,59.19	
Less: Deferred Tax Liability		7,37.53	19,48.91	14,85.31	7,73.88
4. Current Assets, Loans and Advances					
a) Current Assets	7	1032,99.23		652,18.47	
b) Loans and Advances	8	5350,52.65		4331,16.43	
	(A)	6383,51.88		4983,34.90	
Less: Current Liabilities and Provisions					
a) Current Liabilities	9	355,32.18		252,23.00	
b) Provisions	10	45,82.27		85,10.31	
	(B)	401,14.45		337,33.31	
Net Current Assets	(A-B)	5982,37.43		4646,01.59	
Total	Total	6614,04.66		5285,32.19	
Notes to the Accounts	17				

As per our report of even date attached

For Brahmaya & Co.,
Chartered Accountants

P. Babu
Partner

Chennai,
30th May, 2007

S. Viji
Chairman

G.K.Raman
Wholetime Director

T.T. Srinivasaraghavan
Managing Director

Srinivas Acharya
Deputy Managing Director

S.Venkatesan
CFO & Secretary

S. Ram

S. Narayanan

A.Rangaswami

S.Padmanabhan

T.R.Seshadri
Directors

Profit and Loss Account for the Year Ended 31st March, 2007

(Rs. in Lakhs)

	Schedule	2006-07	2005-06
INCOME			
Income from Operations	11	640,89.41	483,98.26
Profit on Sale of Shares in Subsidiary Companies		-	88,12.64
Other Income	12	30,99.15	23,74.45
Total	(A)	<u>671,88.56</u>	<u>595,85.35</u>
EXPENDITURE			
Financial Expenses	13	374,66.28	261,94.26
Establishment Expenses	14	61,35.29	51,88.56
Administrative and Other Expenses	15	58,06.72	47,57.72
Provisions and Write Off	16	12,79.47	7,24.09
Depreciation		21,56.96	18,40.08
Total	(B)	<u>528,44.72</u>	<u>387,04.71</u>
Profit before Tax	(A) - (B)	<u>143,43.84</u>	<u>208,80.64</u>
Taxation			
- Current (Including Wealth Tax)		53,62.11	46,60.00
- Deferred		(11,75.03)	(9,68.58)
- Fringe Benefit Tax		1,10.00	1,30.00
Profit after Tax		<u>100,46.76</u>	<u>170,59.22</u>
Add:			
Balance brought forward from the previous year		28,78.59	27,98.95
Amount available for Appropriation		<u>129,25.35</u>	<u>198,58.17</u>
APPROPRIATIONS			
Dividend			
- Interim		23,60.96	-
- Final (proposed)		5,55.52	23,60.96
- Special		-	13,88.80
- Dividend Tax		4,25.53	5,25.90
Special Reserve		9,00.00	7,50.00
Statutory Reserve		20,13.00	34,20.00
General Reserve		37,00.00	85,33.92
Surplus - Balance carried to Balance Sheet		29,70.34	28,78.59
		<u>129,25.35</u>	<u>198,58.17</u>
Notes to the Accounts			
Earnings per Equity Share (Refer Note 4.3 Schedule 17)	17		
Number of Shares considered (Face Value Rs 10/- per share)		2,77,75,965	2,77,75,965
Basic and Diluted earnings per share (in Rupees)		36.17	61.42

As per our report of even date attached

For Brahmaya & Co.,
Chartered Accountants

P. Babu
Partner

Chennai,
30th May, 2007

S. Viji
Chairman

G.K.Raman
Wholetime Director

T.T. Srinivasaraghavan
Managing Director

Srinivas Acharya
Deputy Managing Director

S.Venkatesan
CFO & Secretary

S. Ram

S. Narayanan

A.Rangaswami

S.Padmanabhan

T.R.Seshadri
Directors

SCHEDULES

(Rs. in Lakhs)

	31.03.2007		31.03.2006	
1 Share Capital				
Authorised				
10,00,00,000 Equity Shares of Rs.10/- each	<u>100,00.00</u>		<u>100,00.00</u>	
Issued, Subscribed and fully paid-up	<u>27,77.60</u>		<u>27,77.60</u>	
2,77,75,965 Equity Shares of Rs.10/- each (includes 2,31,99,580 Equity Shares allotted as fully paid-up by way of bonus shares by Capitalisation of Reserves and 37,75,965 Equity shares of Rs.10/- each allotted for consideration other than cash pursuant to a Scheme of Amalgamation)				
2 Reserves and Surplus				
Capital Reserve		50,79.64		50,79.64
Securities Premium Account		15,04.97		15,04.97
General Reserve				
Per Last Balance Sheet	470,00.00		384,66.08	
Add: Transfer from Profit and Loss account	<u>37,00.00</u>	507,00.00	<u>85,33.92</u>	470,00.00
Statutory Reserve				
Per last Balance Sheet	165,42.50		131,22.50	
Add: Transfer from Profit and Loss account	<u>20,13.00</u>	185,55.50	<u>34,20.00</u>	165,42.50
Special Reserve				
Per Last Balance Sheet	53,00.00		45,50.00	
Add: Transfer from Profit and Loss account	<u>9,00.00</u>	62,00.00	<u>7,50.00</u>	53,00.00
Surplus - Balance in Profit and Loss account		29,70.34		28,78.59
	<u>850,10.45</u>		<u>783,05.70</u>	
3 Secured Loans				
Non - Convertible Debentures		1354,00.00		919,00.00
From Scheduled Banks		2168,78.48		2042,29.10
From International Finance Corporation		200,00.00		200,00.00
From a Financial Institution		-		25.93
		<u>3722,78.48</u>		<u>3161,55.03</u>
4 Unsecured loans				
Fixed deposits				
From Directors		3,08.78		3,39.64
From Others		<u>655,38.23</u>	<u>624,58.82</u>	627,98.46
Non - Convertible Debentures		538,00.00		48,00.00
Subordinated Non - Convertible Debentures		40,00.00		-
Debenture Application Money		-		120,00.00
Short term loans and advances				
From Scheduled Banks		511,91.12		216,95.40
Commercial Paper		<u>265,00.00</u>		<u>300,00.00</u>
		<u>2013,38.13</u>		<u>1312,93.86</u>

SCHEDULES

(Rs. in Lakhs)													
DESCRIPTION	GROSS BLOCK AT COST			DEPRECIATION						Net Book Value	Balance in Lease Adjustment Account as at 31.03.2007	NET BLOCK	
	As at 31.03.2006	Additions	Deductions	As at 31.03.2007	Upto 31.03.2006	Additions*	Impairment	Deductions	Impairment Reversal			Upto 31.03.2007	As at 31.03.2007
1 Freehold land and Buildings	56,85.20	6,98.70	—	63,83.90	7,60.46	1,36.24	—	—	18.41	8,78.29	55,05.61	—	49,24.74
2 Leasehold office / Residential Premises	13,16.81	—	—	13,16.81	5,89.12	36.38	—	—	15.01	6,10.49	7,06.32	—	7,27.69
3 Plant and Machinery	76,86.49	10,89.12	2,07.01	85,68.60	51,26.50	6,38.35	—	1,87.41	—	55,77.44	29,91.16	—	25,59.99
4 Vehicles	46,37.51	27,48.24	7,80.55	66,05.20	16,57.30	10,90.74	—	4,70.22	—	22,77.82	43,27.38	—	29,80.21
5 Furniture / Office Equipment	25,18.90	2,19.33	1,15.84	26,22.39	14,51.70	2,36.75	—	92.06	—	15,96.39	10,26.00	—	10,67.20
6 Assets on Finance Lease													
a) Plant and Machinery	98,80.63	—	15,26.64	83,53.99	85,64.93	2,25.91	—	13,04.94	—	74,85.90	8,68.09	(5,19.18)	7,26.31
b) Vehicles	205,75.31	—	6,59.19	199,16.12	198,12.24	2,65.10	—	6,10.46	—	194,66.88	4,49.24	8,52.02	27,35.99
c) Furniture / Office Equipment	2,37.63	—	1,45.00	92.63	1,48.02	3.05	—	71.41	—	79.66	12.97	(11.06)	75.30
7 Intangible Assets													
Computer Software	2,37.01	8.88	—	2,45.89	1,38.21	51.92	—	—	—	1,90.13	55.76	—	98.80
Total	527,75.49	47,64.27	34,34.23	541,05.53	382,48.48	26,84.44	—	27,36.50	33.42	381,63.00	159,42.53	3,21.78	158,96.23
Previous Year	587,17.67	25,47.98	84,90.16	527,75.49	420,60.25	27,67.91	0.87	65,80.55	—	382,48.48	145,27.01	13,69.22	158,96.23

* Finance Lease Depreciation of Rs. 4,94.06 Lakhs has been netted off against Lease Income

SCHEDULES

(Rs. in Lakhs)

	Face Value (FV)	31.03.2007	31.03.2006
6 Investments			
Long Term - At Cost			
I In Government / Trust Securities			
Non Trade			
A Quoted:			
Government Securities			
Central Government Loans	6843.00	73,11.16	77,74.68
(Face Value of Rs.1600 lakhs purchased, Rs.1674.90 lakhs sold and Rs.277.20 lakhs redeemed during the year)			
State Government Loans	35.00	35.00	35.00
		73,46.16	78,09.68
B Unquoted			
Trust Securities			
Investment in Mutual Funds - Debt Schemes (Details as per annexure)		58,50.00	77,00.00
II In Equity Shares - Fully paid			
Quoted			
Wheels India Ltd. 13,33,741 Equity shares of Rs.10/- each		8,38.14	8,38.14
Sundaram Clayton Ltd. 11,60,066 Equity shares of Rs.10/- each		9.03	9.03
India Motor Parts & Accessories Ltd. 7,35,392 Equity shares of Rs.10/- each		2,79.26	2,79.26
Techtran Polylenes Ltd. 2,50,000 Equity shares of Rs.10/- each		5.00	5.00
Indian Petrochemicals Corporation Ltd. 1,02,129 Equity Shares of Rs 10/- each (34,72,400 shares in Recron Synthetics Ltd (RSL) converted to shares of Indian Petrochemicals Corporation Ltd (IPCL) in the ratio of 1 share in IPCL for every 34 shares in RSL)		1,21.53	1,21.53
IDBI Ltd. 14,240 Equity Shares of Rs.10/- each		11.40	11.40
		12,64.36	12,64.36
Unquoted:			
i) In Subsidiary Companies			
Sundaram Home Finance Ltd. 7,00,00,000 Equity shares of Rs 10/- each (1,75,00,000 Equity shares of Rs.10/- each purchased during the year)		107,01.61	58,50.00
Sundaram BNP Paribas Asset Management Co. Ltd. * 76,81,948 Equity shares of Rs.10/- each		12,09.86	12,09.86
Sundaram BNP Paribas Trustee Company Ltd.* 25,050 Equity shares of Rs 10/- each		2.51	2.51
	Carried over	119,13.98	70,62.37

* These shares are subject to a lock in period

SUNDARAM FINANCE LIMITED

SCHEDULES

(Rs. in Lakhs)

6 Investments (contd.)

	31.03.2007	31.03.2006
Brought over	119,13.98	70,62.37
Sundaram Finance Distribution Ltd. 5,00,000 Equity shares of Rs.10/- each	65.18	65.18
Infreight Logistics Solutions Ltd. (Formerly Infreight Technologies India Ltd) 44,10,000 Equity shares of Rs 10/- each (40,10,000 Equity shares of Rs.10/- each subscribed during the year on rights basis at par)	4,41.00	40.00
LGF Services Ltd. 2,50,000 Equity Shares of Rs.10/- each (2,00,000 Equity shares of Rs.10/- each received as bonus shares during the year)	5.00	5.00
Sundaram Infotech Solutions Ltd. 40,00,000 Equity Shares of Rs.10/- each (30,00,000 Equity Shares of Rs.10/- each subscribed during the year on rights basis and Rs.3 per share paid - up)	1,90.00	1,00.00
Sundaram Business Services Ltd. 75,00,000 Equity shares of Rs.10/- each (3,50,000 Equity Shares of Rs.10/- each fully paid - up subscribed during the year and 71,00,000 Equity Shares of Rs.10/- each subscribed during the year on rights basis and Rs.4/- paid - up)	3,24.00	5.00
ii) In Other Companies		
Royal Sundaram Alliance Insurance Company Ltd. 6,93,00,000 Equity shares of Rs.10/- each (90,67,693 Equity Shares of Rs.10/- each sold during the year)	69,75.33	78,88.05
Brakes India Ltd. 79,730 Equity shares of Rs.100/- each	15.33	15.33
Axles India Ltd. 24,24,661 Equity shares of Rs.10/- each	2,68.99	2,68.99
Lucas-TVS Ltd. 63,224 Equity shares of Rs.100/- each	27.22	27.22
Delphi TVS Diesel Systems Ltd. 2,52,896 Equity shares of Rs.10/- each	18.15	18.15
Turbo Energy Ltd. 19,20,000 Equity shares of Rs.10/- each (6,40,000 Equity shares of Rs.10/- each received as Bonus shares during the year)	1,88.41	1,88.41
Sundaram Dynacast Private Ltd. 11,70,000 Equity shares of Rs.10/- each	1,17.00	1,17.00
Transenergy Ltd. 30,000 Equity shares of Rs.100/- each	30.00	30.00
NTTF Industries Ltd. 75,000 Equity shares of Rs.10/- each	15.00	15.00
Vishnu Forge Industries Ltd. 2,70,100 Equity shares of Rs.10/- each	43.22	43.22
Credit Information Bureau (India) Ltd. 6,25,000 Equity Shares of Rs.10/- each	1,25.01	1,25.01
The Dunes Oman LLC (FZC) (38,000 shares of value 1 Omani Riyal subscribed during the year)	43.83	—
	208,06.65	160,13.93

SCHEDULES

(Rs. in Lakhs)

6 Investments (contd.)**III In Bonds/Debentures/Others****A) Non Trade - Quoted**

Indian Petrochemicals Corporation Ltd. 36,749 nos. of Zero Coupon Secured Redeemable Non-Convertible Debentures of Rs 100/- each	36.82	36.82
--	-------	-------

Indian Petrochemicals Corporation Ltd. 93,131 nos. of Zero Coupon Secured Redeemable Non-Convertible Debentures of Rs 100/- each (The company was allotted 1,29,880 Debentures of Rs.100/- each in IPCL in lieu of 93,131 nos. of Bonds and 36,749 nos. of Debentures held in Recron Synthetics Ltd)	93.23	93.23
--	-------	-------

Non Trade - Unquoted

National Highways Authority of India 5.65%, 60,000 Non-Convertible Redeemable Taxable Bonds of Rs.10000/- each	60,00.00	60,00.00
--	----------	----------

Rural Electrification Corporation Ltd. 5.65%, 20,000 Non-Convertible Redeemable Taxable Bonds Series V of Rs.10000/- each	20,00.00	20,00.00
---	----------	----------

	81,30.05	81,30.05
--	-----------------	-----------------

Unquoted**B) Pass Through Certificate (net of provision)**

PFSL - Sundaram Finance Ltd - Pass Through Certificates - April 2004	-	67.68
---	---	-------

IDBI - Sundaram Finance Ltd - Pass Through Certificates - July 2005	43.59	2,74.79
--	-------	---------

	43.59	3,42.47
--	--------------	----------------

Current Investments**In Trust Securities (Unquoted)**

Sundaram BNP Paribas Money Fund Super Institutional - Growth (Opening Balance of 3,39,02,903.02 units of Rs. 10/- each, redeemed during the year)	-	50,00.00
--	---	----------

Sundaram BNP Paribas CAPEX Oppurtunities Fund - Growth 51,32,015.36 units of Rs.10/- each (48,67,984.64 units of Rs.10/- each redeemed during the year)	5,13.20	10,00.00
---	---------	----------

Sundaram BNP Paribas Rural India Fund (45,17,936.21 units of Rs.10/- each purchased during the year)	5,00.00	-
--	---------	---

Sundaram BNP Paribas Select Focus - Appreciation (8,71,148.435 units of Rs.10/- each purchased during the year)	5,00.00	-
---	---------	---

	15,13.20	60,00.00
--	-----------------	-----------------

SCHEDULES

(Rs. in Lakhs)

6 Investments (contd.)
6 SUMMARY OF INVESTMENTS
I In Government / Trust Securities

	31.03.2007	31.03.2006
A Quoted	73,46.16	78,09.68
B Unquoted - Long Term	58,50.00	77,00.00
C Unquoted - Current	15,13.20	60,00.00

II In Equity Shares

A Quoted	12,64.36	12,64.36
B Unquoted	208,06.65	160,13.93

III In Bonds / Debentures / Others

A Quoted	1,30.05	1,30.05
B Unquoted	80,43.59	83,42.47

GRAND TOTAL

449,54.01	472,60.49
------------------	------------------

Aggregate of quoted Investments - Long Term

	Cost 31.03.2007	MV* 31.03.2007
Government / Trust Securities	73,46.16	69,79.66
Equity Shares	12,64.36	157,87.73
Bonds / Debentures	1,30.05	1,30.05
(A)	87,40.57	228,97.44

Aggregate of unquoted Investments - Long Term

Government / Trust Securities	58,50.00
Equity Shares	208,06.65
Bonds / Debentures / Others	80,43.59
(B)	347,00.24

Aggregate of unquoted Investments - Current

Trust Securities	15,13.20
(C)	15,13.20
GRAND TOTAL [A + B + C]	449,54.01

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

SCHEDULES

Annexure

Long Term Investments

Investment in Mutual Funds - Details

Name of the Fund	Face Value	Opening Balance as on 01/04/2006		Purchased during the year		Redeemed during the year		Closing Balance as on 31/03/2007	
		Units (in lakhs)	Amount (Rs. in lakhs)	Units (in lakhs)	Amount (Rs.in lakhs)	Units (in lakhs)	Amount (Rs.in lakhs)	Units (in lakhs)	Amount (Rs.in lakhs)
Scheme: Fixed Maturity Plan	(Rs.)	(in lakhs)	(Rs. in lakhs)	(in lakhs)	(Rs.in lakhs)	(in lakhs)	(Rs.in lakhs)	(in lakhs)	(Rs.in lakhs)
1 Prudential ICICI Mutual Fund	10	40	4,00	20	2,00	40	4,00	20	2,00
2 UTI Mutual Fund	10	80	8,00			60	6,00	20	2,00
3 Birla Mutual Fund	10	1,00	10,00			40	4,00	60	6,00
4 Kotak Mutual Fund	10	60	6,00			30	3,00	30	3,00
5 SBI Mutual Fund	10	25	2,50	30	3,00	25	2,50	30	3,00
6 Reliance Mutual Fund	10	60	6,00	40	4,00	30	3,00	70	7,00
7 Tata Mutual Fund	10	65	6,50			65	6,50		
8 Grindlays Mutual Fund	10	1,15	11,50			15	1,50	1,00	10,00
9 Sundaram BNP Paribas Mutual Fund	10	50	5,00					50	5,00
10 HSBC Mutual Fund	10	1,00	10,00					1,00	10,00
11 ABN AMRO Mutual Fund	10	40	4,00					40	4,00
12 HDFC Mutual Fund	10	35	3,50	15	1,50			50	5,00
13 Principal Mutual Fund				15	1,50			15	1,50
TOTAL			77,00		12,00		30,50		58,50

Units of Mutual Funds Purchased and redeemed during the year

Current Investments

Name of the Fund	Face Value (Rs.)	Units (in lakhs)	Amount (Rs.in lakhs)
1 Birla Cash Plus - Institutional Premium	10	7,03	80,00
2 Birla Sun Life Cash Manager -IP-Growth	10	2,01	25,00
3 Can Liquid - Institutional Growth	10	31	4,00
4 DSP Merrill Lynch Liquidity Fund - Institutional - Growth	1,000	1	15,00
5 DSP Merrill Lynch Liquidity Plus	1,000	1	5,00
6 DWS Insta Cash Plus Fund	10	1,35	15,00
7 DWS Money Plus Fund	10	3,45	35,00
8 Fidelity Cash Fund Super IP - Growth	10	2,45	25,00
9 Grindlays Super Saver Income Fund	10	1,76	20,00
10 HDFC Cash Management Fund Savings Plan - Growth	10	1,31	20,00
11 HDFC Liquid Fund - Premium Plan - Growth	10	2,29	34,00
12 HDFC Liquid Fund - Premium Plus - Growth	10	2,75	40,00
13 HSBC Cash Fund - Institutional Plus	10	1,07	12,00
14 ING Vysya Liquid Fund - Super IP	10	2,82	30,00
15 Kotak Liquid Fund - Institutional Premium - Growth	10	2,45	35,00
16 Prudential ICICI Liquid Institutional Plan - Super Institutional - Growth	10	20,58	219,00
17 Reliance Liquidity Fund - Growth	10	6,28	68,00
18 SBI Magnum Insta Cash Plan	10	5,50	92,00
19 Standard Chartered Liquidity Manager - Plus - Growth	1,000	7	73,00
20 Sundaram Money Fund Super Institutional Growth	10	3,63	55,00
21 Templeton TMA - Super IP - Growth	1,000	1	15,00
TOTAL			917,00

SUNDARAM FINANCE LIMITED

SCHEDULES

	31.03.2007		31.03.2006	
(Rs. in Lakhs)				
7 Current Assets				
a) Stock-on-hire and bills purchased				
Net Investment in Stock-on-hire		289,84.00		361,45.40
Repossessed assets		9,31.14		8,19.11
Debtors on Securitisation		53.19		8,28.18
Trade bills purchased (unsecured, considered good)				
Outstanding for a period exceeding six months	2,20.00		2,26.00	
Others	1,84.45	4,04.45	1,66.36	3,92.36
Net Investment in lease		55,73.96		47,78.48
		359,46.74		429,63.53
b) Interest accrued on investments		4,92.68		1,61.33
c) Cash and bank balances				
With scheduled banks in				
Current Accounts	17,53.82		41,14.75	
Unpaid dividend account	4,65.63		16.28	
Deposit accounts	624,20.83		162,74.14	
Cash on hand	11,74.72		6,83.02	
Stamps and Stamp Papers on hand	70.40	658,85.40	31.01	211,19.20
d) SFL Shares Trust		9,74.41		9,74.41
		1032,99.23		652,18.47

SCHEDULES

	31.03.2007	(Rs. in Lakhs) 31.03.2006
8 Loans and Advances		
Unsecured unless otherwise stated :		
Considered good :		
Secured Loans	4891,76.08	3947,07.89
Unsecured Loans – Subsidiary Company	5,93.75	1,50.00
– Others	24,87.58	18,25.35
Advance Income Tax and Tax Deducted at Source (Net of Provision for Taxation)	64,43.87	51,82.72
Advances and deposits recoverable in cash or kind or for value to be received		
– Subsidiary companies	15.70	35.36
– Others	58,72.91	32,72.50
Advance for purchase of investments	6,00.00	–
Advance for purchase of assets		
– Business Assets	226,26.85	228,76.98
– Others	1,40.95	67.89
Income receivable	70,94.96	49,97.74
	<u>5350,52.65</u>	<u>4331,16.43</u>
9 Current Liabilities*		
Sundry Creditors		
– For expenses	24,39.69	20,69.17
– For other finance	194,57.36	155,83.65
Unpaid dividend	4,65.63	16.28
Interest accrued but not due	131,69.50	75,53.90
	<u>355,32.18</u>	<u>252,23.00</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
10 Provisions		
Non-performing assets	34,50.46	36,43.59
Investments	4,81.88	5,91.06
Final dividend	5,55.52	37,49.76
Dividend Tax and Surcharge	94.41	5,25.90
	<u>45,82.27</u>	<u>85,10.31</u>

SCHEDULES

	2006-07	2005-06
		(Rs. in Lakhs)
11 Income from Operations		
Hire Purchase / Hypothecation Loans (net) (tax deducted at source Rs.240.84 lakhs)	537,90.12	401,03.21
Lease (net) (tax deducted at source Rs.183.95 lakhs)	22,67.74	19,93.91
Interest on Loans (tax deducted at source Rs.7.86 lakhs)	1,84.14	72.44
Bills Purchased	24.93	1,74.13
Investments (tax deducted at source Rs.200.33 lakhs)	26,47.69	14,97.87
Services (tax deducted at source Rs.174.46 lakhs)	22,98.09	18,39.58
Trading of Computer Accessories and Software	16.40	20.40
Recovery of Bad debts and Recovery of Loss on Sale of assets	7,04.23	11,27.21
Profit on Sale of Leased Assets	84.92	3,48.76
Others	20,71.15	12,20.75
	<u>640,89.41</u>	<u>483,98.26</u>
12 Other Income		
Interest receipts (tax deducted at source Rs.1.07 lakhs)	3,69.68	7,04.82
Dividend		
– Subsidiary Companies	1,20.00	1,05.00
– Others	17,61.20	6,99.11
Rent receipts (tax deducted at source Rs.130.25 lakhs)	5,68.93	4,22.10
Profit on sale of assets	11.20	1,79.92
Miscellaneous income	2,68.14	2,63.50
	<u>30,99.15</u>	<u>23,74.45</u>
13 Financial Expenses		
Interest – Fixed loans	212,73.76	169,25.47
– Debentures	128,67.41	72,53.38
– Others	2,61.93	97.94
Other financial expenses	30,63.18	19,17.47
	<u>374,66.28</u>	<u>261,94.26</u>

SCHEDULES

	2006-07	(Rs. in Lakhs) 2005-06
14 Establishment Expenses		
Salaries, allowances, commission and bonus	55,38.30	46,22.10
Company's contribution to Provident Fund, Superannuation and Employees' State Insurance schemes	3,09.77	2,80.14
Staff welfare expenses	2,34.58	1,99.74
Gratuity	52.64	86.58
	<u>61,35.29</u>	<u>51,88.56</u>
15 Administrative and Other expenses		
Rent	3,12.33	2,65.29
Rates and taxes	2,17.65	1,26.95
Communication expenses	5,61.05	5,41.88
Electricity expenses	3,40.72	3,26.05
Travelling and conveyance (net)	8,13.13	6,69.52
Advertisement charges	3,34.16	2,98.36
Outsourcing cost	10,08.87	7,70.07
Directors' sitting fee	13.50	13.30
Insurance	1,01.88	1,08.76
Repairs		
– Buildings	41.96	9.53
– Others	5,69.95	4,43.39
Donations	2,59.78	82.86
Miscellaneous expenses	12,31.74	11,01.76
	<u>58,06.72</u>	<u>47,57.72</u>
16 Provisions and Write off		
Bad Debts	5,74.81	8,16.07
Loss on Assets sold/written off	7,38.13	5,85.31
Loss on sale of investments	1,42.18	1,05.56
	14,55.12	15,06.94
Less: Reversal of		
Provision against investments	1,09.17	1,20.48
Provision against non-performing assets	66.48	6,59.12
Diminution in Value of investments	–	3.25
	<u>12,79.47</u>	<u>7,24.09</u>

SCHEDULES

17. NOTES TO THE ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the provisions of the Companies Act, 1956. The Company follows the directions prescribed by the Reserve Bank of India for Non Banking Financial Companies.

1.2 Income recognition:

- a) Income from Hire Purchase and Hypothecation loan transactions is accounted on the basis of the Internal Rate of Return method.
- b) Lease income is accounted as per the terms of the lease agreements for contracts entered into upto 31st March 2001. Income from leases entered into on or after 1st April, 2001 is accounted as per Accounting Standard – AS 19 – ‘Leases’ issued by ICAI.
- c) Income from Services has been recognised on accrual basis.

1.3 Fixed Assets and Depreciation / Amortisation:

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.

Depreciation on assets is provided on the Written Down Value method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5000 or less acquired during the year are fully depreciated. Cost of assets given on lease is amortised during the lease period for all leased assets acquired prior to 01-04-2001, as recommended in the “Guidance Note on Accounting for Leases (Revised)” issued by ICAI. Lease Equalisation Account, which represents the excess/shortfall of annual lease charge when compared with statutory depreciation, is recognised.

1.4 Valuation of Investments:

Long-term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.

Current investments are valued at lower of cost and market value/net asset value.

1.5 Foreign Currency Transactions:

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date of the transaction.

Monetary items denominated in foreign currencies are restated at the prevailing rates of exchange at the Balance Sheet date. Gain or loss arising out of fluctuations in exchange rates are accounted for in the Profit and Loss Account.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of asset/liability are recognised in the Profit and Loss Account in the reporting period in which the exchange rate changes. Premium on forward exchange contracts is expensed over the tenure of the contract.

Interest accrued on secured / unsecured foreign currency loans which are covered by forward contracts has been provided at the forward exchange contract rate and on loans not so covered at the exchange rate prevailing at the year-end.

1.6 Retirement Benefits:

- a) The Company’s liability towards gratuity to the employees is covered by a Group Policy with Life Insurance Corporation of India and SBI Life Insurance Company Limited.
- b) The Company contributes to a group policy with Life Insurance Corporation of India towards a Superannuation scheme for its employees.
- c) Liability on account of encashment of leave to employees is provided on the basis of an actuarial valuation as on 31st March 2007.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

1.7 Taxation:

Current tax is provided on the taxable income for the year.

Deferred tax liabilities arising from timing differences have been fully provided for. Deferred tax assets are recognised on the consideration of prudence.

1.8 Intangible Assets:

Items of Computer software acquired / developed are recorded as intangible assets and their cost is amortised over their expected useful life.

1.9 Impairment of Assets:

The carrying amount of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and their value in use.

1.10 Provisions:

Provisions are recognised when the Company has present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

2. BALANCE SHEET

2.1 Reserves and Surplus

The Special Reserve has been created in terms of the Rupee Term Loan agreement entered into with International Finance Corporation, Washington and is not distributable during the subsistence of the loan.

2.2 Secured Loans:

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

Date of Allotment / Re-issue	Amount (Rs. in Lakhs)		Redemption
	31.03.2007	31.03.2006	
29.04.2004	3000	3000	At par at the end of 3 years
30.04.2004	2000	2000	At par at the end of 3 years
25.02.2005	2000	2000	At par at the end of 2 years and 358 days
25.02.2005	2000	2000	At par at the end of 2 years and 361 days
29.04.2005	1000	1000	At par at the end of 2 years and 352 days
27.05.2005	2500	2500	At par at the end of 1 year and 348 days
27.05.2005	2500	2500	At par at the end of 2 years and 356 days
27.05.2005	5000	5000	At par at the end of 2 years and 358 days
27.05.2005	4000	4000	At par at the end of 1 year and 359 days
27.08.2005	7500	7500	At par at the end of 2 years and 364 days
27.08.2005	2500	2500	At par at the end of 1 year and 363 days
27.08.2005	5000	5000	At par at the end of 2 years
30.12.2005	2000	2000	At par at the end of 1 year and 254 days
27.01.2006	2900	2900	At par at the end of 1 year and 222 days
31.05.2006	1000	—	At par at the end of 2 years and 346 days
31.05.2006	7500	—	At par at the end of 1 year and 350 days

SCHEDULES
17. NOTES TO THE ACCOUNTS (Contd.)

Date of Allotment / Re-issue	Amount (Rs. in Lakhs)		Redemption
	31.03.2007	31.03.2006	
31.05.2006	2500	—	At par at the end of 1 year and 351 days
30.06.2006	1000	—	At par at the end of 1 year and 345 days
30.06.2006	1500	—	At par at the end of 3 years
30.06.2006	6000	—	At par at the end of 2 years
03.07.2006	13500	—	At par at the end of 3 years
04.07.2006	3300	—	At par at the end of 3 years
25.08.2006	12000	—	At par at the end of 1 year and 345 days
25.08.2006	5000	—	At par at the end of 2 years and 348 days
25.08.2006	10000	—	At par at the end of 2 years and 358 days
25.08.2006	3000	—	At par at the end of 2 years
25.08.2006	1500	—	At par at the end of 3 years
08.09.2006	10000	—	At par at the end of 2 years and 123 days
21.09.2006	2500	—	At par at the end of 1 year and 364 days
22.09.2006	2000	—	At par at the end of 2 years
28.09.2006	2000	—	At par at the end of 3 years
15.03.2007	7200	—	At par at the end of 1 year and 277 days
28.05.2003	—	1000	Redeemed during the year
15.06.2003	—	2500	Redeemed during the year
30.10.2003	—	1500	Redeemed during the year
01.03.2004	—	4500	Redeemed during the year
29.04.2004	—	2000	Redeemed during the year
30.04.2004	—	2500	Redeemed during the year
31.05.2004	—	1500	Redeemed during the year
29.06.2004	—	2000	Redeemed during the year
26.08.2004	—	2500	Redeemed during the year
27.09.2004	—	5000	Redeemed during the year
28.01.2005	—	3500	Redeemed during the year
28.01.2005	—	2500	Redeemed during the year
25.02.2005	—	2000	Redeemed during the year
27.05.2005	—	2500	Redeemed during the year
29.06.2005	—	4000	Redeemed during the year
29.06.2005	—	4500	Redeemed during the year
29.07.2005	—	4000	Redeemed during the year
Total	135400	91900	

The debentures are secured by mortgage of two immovable properties ranking pari passu with the charges created and/or to be created in favour of the debenture holders and specific assets covered by Hire Purchase / Lease agreements and a charge on Hypothecation Loan Receivables.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

b) Loans from scheduled banks under "Secured Loans" include (Rs in Lakhs)

	31.03.2007	31.03.2006
Working Capital Demand Loans	1110,88.98	963,04.92
Term Loans	1057,89.50	1079,24.18
Total	<u>2168,78.48</u>	<u>2042,29.10</u>

i) Rs.1110,88.98 lakhs availed under working capital facilities are secured by hypothecation of assets covered by Hire Purchase / Lease agreements and a charge on Hypothecation Loan Receivables, ranking pari-passu, excluding assets which are specifically charged to others. The facilities include foreign currency loans of Rs.Nil outstanding as on 31.03.2007 (31.03.2006 - Rs.5949.66 lakhs).

ii) Rs.1057,89.50 lakhs availed as Term Loans are secured by hypothecation of specific assets covered by Hire Purchase / Lease agreements and a charge on Hypothecation Loan Receivables.

c) Loan from International Finance Corporation, Washington:

The Rupee Term Loan of Rs.20000 lakhs availed from International Finance Corporation is repayable in instalments upto January 2010. The loan is secured by specific assets covered by Hire Purchase / Lease agreements and a charge on Hypothecation Loan Receivables.

2.3 Unsecured Loans:

a) Debentures:

Details of Privately placed Non-convertible Debentures:

Date of Allotment / Re-issue	Amount (Rs. in Lakhs)		Redemption
	31.03.2007	31.03.2006	
27.01.2006	1000	1000	At par at the end of 1 year and 72 days
29.03.2006	1800	1800	At par at the end of 1 year and 68 days
03.04.2006	2500	—	At par at the end of 1 year
07.04.2006	3000	—	At par at the end of 363 days
10.04.2006	1500	—	At par at the end of 1 year
12.04.2006	2000	—	At par at the end of 1 year
17.04.2006	1500	—	At par at the end of 364 days
24.04.2006	2500	—	At par at the end of 364 days
27.04.2006	1000	—	At par at the end of 1 year
31.05.2006	5000	—	At par at the end of 1 year
30.06.2006	1000	—	At par at the end of 1 year and 20 days
03.07.2006	3000	—	At par at the end of 1 year
13.07.2006	3000	—	At par at the end of 1 year
28.07.2006	7000	—	At par at the end of 1 year
28.07.2006	1000	—	At par at the end of 364 days

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

Date of Allotment / Re-issue	Amount (Rs. in Lakhs)		Redemption
	31.03.2007	31.03.2006	
25.08.2006	2500	–	At par at the end of 1 year
31.01.2007	2500	–	At par at the end of 1 year and 106 days
31.01.2007	2500	–	At par at the end of 1 year and 176 days
13.02.2007	500	–	At par at the end of 1 year and 85 days
19.02.2007	500	–	At par at the end of 1 year and 44 days
26.02.2007	1500	–	At par at the end of 1 year and 181 days
27.02.2007	2500	–	At par at the end of 1 year and 114 days
09.03.2007	4500	–	At par at the end of 1 year and 38 days
08.03.2006	–	2000	Redeemed during the year
Total	53800	4800	

The Company issued MIBOR linked debentures from time to time, aggregating Rs.10000 lakhs as on 31.03.2007, with a daily put/call option and with a right to re-issue the same. The outstanding MIBOR linked debentures as on 31.03.2007 was Rs.Nil (31.03.2006 – Rs.2000 lakhs). The debentures are held in the name of nominees of the Company as of 31.03.2007. The debentures are partly secured by mortgage of an immovable property, ranking pari passu with the charges created and/or to be created in favour of the debenture holders.

b) Subordinated Debentures:

The Company, has during the year, issued Unsecured Subordinated Redeemable Non Convertible Taxable Debentures for Rs.4000 lakhs. These debentures are subordinated to the existing and future unsecured borrowings of the Company and qualify as Tier II Capital under the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

c) Short Term Loans and Advances:

i) Loans from scheduled banks under “Unsecured Loans” include foreign currency loans of Rs.Nil outstanding as on 31.03.2007 (31.03.2006 – Rs 5895.40 lakhs).

ii) The maximum amount of Commercial Paper outstanding at any time during the year was Rs.54500 lakhs (2005-06 – Rs.40500 lakhs).

2.4 Derivative Instruments

The Notional principal amount of derivative transactions outstanding as on 31.03.2007 for Interest Rate Swaps and Principal Only Swaps are Rs.83800 lakhs (31.03.2006 – Rs.63500 lakhs) and Rs.1000 lakhs (31.03.2006 – Rs.Nil) respectively for hedging against floating interest rates.

2.5 Fixed Assets:

a) Buildings on leasehold land include Rs.885.97 lakhs (31.03.2006 – Rs.885.97 lakhs) being the cost of ownership flats in co-operative societies / associations.

b) Land and Buildings include Rs.1010.81 lakhs representing undivided share of land (31.03.2006 – Rs.928.65 lakhs).

c) Plant and Machinery and Vehicles include assets costing Rs.10258.59 lakhs (gross block) on operating lease contracts (31.03.2006 – Rs.7666.04 lakhs).

d) Intangible Assets:

In accordance with Accounting Standard – AS 26 – ‘Intangible Assets’ issued by ICAI, software purchased amounting to Rs.8.88 lakhs (31.03.2006 – Rs.1.96 lakhs) is amortised based on a technical evaluation.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

e) The details of assets on operating lease after 01.04.2001 are: (Rs in Lakhs)

	Plant and Machinery	Vehicles	Computers	Plant and Machinery	Vehicles	Computers
	31.03.2007			31.03.2006		
Gross carrying amount (Cost)	6,45.68	53,24.69	1,92.91	98.99	33,89.80	76.07
Accumulated Depreciation	47.92	16,23.26	61.69	2.34	10,34.67	15.85
Depreciation recognised in Profit and Loss Account for the Year	45.58	8,62.62	45.84	2.34	5,37.23	15.31

Maturity Pattern of the future minimum lease payments is given below: (Rs.in Lakhs)

	31.03.2007	31.03.2006
Less than 1 year	15,97.11	8,84.07
Later than 1 year and not later than 5 years	30,76.71	17,40.20
Later than 5 years	—	0.02
Total	<u>46,73.82</u>	<u>26,24.29</u>

2.6 Investments

In accordance with the Reserve Bank of India directives, the Company has during the year created a floating charge on the statutory liquid assets comprising of investment in Government Securities of face value Rs.6878 lakhs and cost Rs.7346.16 lakhs and bank deposits of Rs.3330 lakhs (grouped under Schedule 7, Current Assets – Cash and Bank Balances) in favour of trustees representing the public deposit holders of the Company.

2.7 Current Assets:

a) i) The Company securitised a part of its vehicle finance portfolio and has followed the “Guidance Note on Accounting for Securitisation” issued by ICAI.

The details are as follows: (Rs. in Lakhs)

	2006-07	2005-06
Assets derecognised	—	209,91.72
Assets subordinated	—	4,34.06
Bank deposits given as collateral	—	14,12.00

The collateral provided in the form of deposits of Rs.1310.08 lakhs is shown under Cash and Bank Balances - With Scheduled Banks in Deposit accounts. The lien has been noted in respect of these deposits.

ii) The details of sell down of receivables are as follows:

(Rs. in Lakhs)

	2006-07	2005-06
Assets derecognised	721,67.07	338,62.72
Bank deposits given as collateral	57,10.00	25,00.00

The collateral provided in the form of deposits of Rs.7988.32 lakhs is shown under Cash and Bank Balances - With Scheduled Banks in Deposit accounts. The lien has been noted in respect of these deposits.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

b) Deposit of Rs.0.14 lakhs under Cash and bank balances - With scheduled banks in Deposit accounts is under lien to Government authorities (31.03.2006 – Rs.0.14 lakhs).

c) In accordance with Accounting Standard – AS 19 – ‘Leases’, issued by ICAI, the reconciliation between the total gross investment in the lease and the present value of Minimum Lease Payments (MLP) as on 31.03.2007 is as follows:

Maturity Pattern of the Gross / Present Value of MLP receivables: (Rs. in Lakhs)

Gross Investment	389,97.30
Net Investment	332,55.11

(Rs. in Lakhs)

	31.03.2007		31.03.2006	
	Gross	Net	Gross	Net
Less than 1 year	221,58.69	183,06.49	246,40.70	213,03.10
Later than 1 year and not later than 5 years	168,38.61	149,48.62	198,78.93	182,08.95
Later than 5 years	–	–	8.69	8.44
Total	<u>389,97.30</u>	<u>332,55.11</u>	<u>445,28.32</u>	<u>395,20.49</u>

(Rs. in Lakhs)

Unearned Finance Charges	57,42.19	50,07.83
--------------------------	----------	----------

Accumulated provision for un-collectible minimum lease payments receivable: Rs.187.01 lakhs.

2.8 “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 to the extent of Rs.2873.46 lakhs (31.03.2006 – Rs.2326.75 lakhs).

2.9 Loans and Advances:

a) Secured loans include Rs.21.97 lakhs (31.03.2006 – Rs.22.97 lakhs) due from a director of the Company. Maximum amount due at any time during the year Rs.22.97 lakhs (previous year – Rs.35.13 lakhs).

b) Unsecured loans include Rs.1.01 lakhs (31.03.2006 – Rs.1.39 lakhs) due from officers of the Company. Maximum amount due at any time during the year Rs.1.39 lakhs (previous year – Rs.1.82 lakhs).

c) Advance Income Tax and Tax Deducted at Source is net of Provision for Tax of Rs.22090.39 lakhs (31.03.2006 – Rs.25980.08 lakhs) and includes Rs.1844.61 lakhs (31.03.2006 – Rs.1354.36 lakhs) towards income tax paid under dispute.

d) Advances and deposits recoverable in cash or in kind or for value to be received include Rs.51.45 lakhs (31.03.2006 – Rs.41.63 lakhs) towards sales tax paid under dispute in respect of which appeals are pending.

2.10 Current Liabilities:

a) Sundry creditors for expenses include Rs.121.50 lakhs (31.03.2006 – Rs.104.00 lakhs) payable to directors.

b) Interest accrued but not due includes Rs.20.22 lakhs on deposits of directors (31.03.2006 – Rs.21.47 lakhs).

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

2.11 The details of Deferred Tax Assets / Liabilities are as follows:

	31.03.2007	(Rs. in Lakhs) 31.03.2006
i) Deferred Tax Assets:		
a) Provision for Investments, Non-performing Assets, etc.	17,64.16	15,60.23
b) Income deferment on Non-performing Assets	5,20.24	5,47.03
c) Others – timing differences	4,02.04	1,51.93
Total (A)	26,86.44	22,59.19
ii) Deferred Tax Liabilities:		
a) Depreciation	2,15.53	9,36.82
b) Hire Purchase Income	5,22.00	5,48.49
Total (B)	7,37.53	14,85.31
(A – B)	19,48.91	7,73.88

3. PROFIT AND LOSS ACCOUNT

3.1 Income from operations –

- a) Hire Purchase / Hypothecation Loans is net of business origination cost of Rs.1544.16 lakhs (previous year – Rs.1088.82 lakhs).
- b) Lease is net of depreciation of Rs.494.06 lakhs (previous year – Rs.928.70 lakhs) and Lease Equalisation Account Rs.1323.71 lakhs (previous year – Rs.2097.62 lakhs).
- c) Others includes
 - i) profit on securitisation amounting to Rs. Nil (previous year – Rs.436.36 lakhs).
 - ii) profit on sell down of receivables amounting to Rs.1910.27 lakhs (previous year – Rs.691.35 lakhs).

3.2 Income from operations - Investments comprise:

	2006 - 07	(Rs.in Lakhs) 2005 -06
i) Interest	19,62.80	10,29.62
ii) Profit on sale of investments:		
Long Term	4,75.76	1,41.35
Current	2,09.13	3,26.89

3.3 Income from Trading of Computer Accessories and Software:

	2006 - 07	(Rs. in Lakhs) 2005 -06
The details relating to trading items are as under:		
Sales	17.39	53.91
Purchases	0.99	33.50

The revenue from sale of computer accessories and software and their individual related costs constitute less than 10% of the total turnover of the Company. Therefore, quantitative information relating to this business has not been stated.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

3.4 Financial Expenses:

Interest – Fixed Loans includes interest on fixed/cumulative deposits amounting to Rs.25.32 lakhs (previous year – Rs.26.13 lakhs) paid / credited to Directors.

3.5 Remuneration to Directors:

i) Salary	42.60	39.00
ii) Commission		
– Wholetime Directors	1,12.50	95.00
– Non Wholetime Directors	9.00	9.00
iii) Sitting fees to Wholetime Directors	3.70	3.80
iv) Contribution to Provident, Superannuation and Gratuity funds	12.47	11.30
v) Other allowances and perquisites	35.30	31.93
Total	<u>2,15.57</u>	<u>1,90.03</u>

(Rs. in Lakhs)

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

Net Profit

Add: Directors' Remuneration	2,15.57
Directors' Sitting Fee (other than Wholetime Directors)	9.80
Depreciation as per books	26,51.02
Lease Equalisation Account	13,23.71
Loss on sale of investments	1,42.18
Provision for Taxation (including Wealth Tax)	<u>42,97.08</u>

(Rs.in Lakhs)

100,46.76

Less: Depreciation as per Sec.350 of the Companies Act, 1956	26,51.02
Profit on sale of investments	6,84.89
Provision against Non-Performing Assets	(66.48)
Provision for Investments	<u>(1,09.17)</u>

86,39.36

186,86.12

Net profit as per Section 198 of the Companies Act, 1956

1% thereof

Commission to Managing Director, Deputy Managing Director and Wholetime Director

Commission to Non-Wholetime Directors

31,60.26

155,25.86

1,55.26

1,12.50

9.00

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

Statutory Audit	18.00	18.00
Tax Audit	4.00	4.00
Certification	16.25	9.31
Service Tax	4.73	3.83
Travelling Expenses	2.05	1.57

(Rs. in Lakhs)

2006-07

2005-06

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

3.8 Provisions and Write off -

Loss on sale of investments comprises Rs.142.18 lakhs (previous year – Rs.105.56 lakhs) pertaining to long-term investments and Rs. Nil (previous year – Rs. Nil) pertaining to short-term investments.

3.9 The exchange difference amounting to Rs.0.37 lakhs (net gain) (previous year – Rs.135.78 lakhs) arising on account of foreign currency transactions has been accounted in the Profit and Loss account in accordance with Accounting Standard – AS 11 (Revised) – ‘Accounting for the effects of changes in foreign exchange rates’ issued by ICAI.

4. 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 Parties

Related party disclosures, as stipulated by Accounting Standard – AS 18 – ‘Related Party Disclosures’, issued by ICAI are given below:

Subsidiary Companies:

Sundaram Finance Distribution Ltd.

Sundaram Home Finance Ltd.

Sundaram BNP Paribas Asset Management Co. Ltd.

Sundaram BNP Paribas Trustee Co. Ltd.

LGF Services Ltd.

Infreight Logistics Solutions Ltd. (Associate till 23/11/2006)

Sundaram Infotech Solutions Ltd.

Sundaram Business Services Ltd.

Associates:

Axles India Ltd.

Turbo Energy Ltd.

Transenergy Ltd.

Sundaram Dynacast Pvt. Ltd.

Sundaram BNP Paribas Mutual Fund

Sundaram Medical Foundation

Professional Management Consultants Pvt. Ltd. (from 07/03/2007)

Joint Venture:

Royal Sundaram Alliance Insurance Co. Ltd.

(Subsidiary till 23/11/2006)

Gulf Outsourcing Services Pvt. Ltd. (from 08/08/2006)

Key Management Personnel:

Mr. T.T.Srinivasaraghavan, Managing Director

Mr. G.K.Raman, Wholetime Director

Mr. Srinivas Acharya, Deputy Managing Director

Relatives of Key Management Personnel:

Mr. T.T. Srinivasaraghavan	Mr. T.T. Rangaswamy	Father
	Mrs. Vimala Rangaswamy	Mother
	Mrs. Bagyam Raghavan	Wife
	Miss. Anjana Raghavan	Daughter
	Master T.T. Venkatraghavan	Son
	Mr. T.T. Narendran	Brother
Mr. G.K. Raman	Mrs Prabha Raman	Wife
	Dr. Krishna Raman	Son
	Mrs. Radhika Suresh	Daughter
Mr. Srinivas Acharya	Mrs. Revathi Srinivas	Wife
	Mr.Vishal Srinivas	Son

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2007

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

(Rs in Lakhs)

Nature of Transactions	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Total 2006 - 07	Previous Year 2005-06
INCOME						
Income from Services rendered						
Royal Sundaram Alliance Insurance Co. Ltd.	4,78.58	3,24.90			8,03.48	6,41.51
Sundaram Home Finance Ltd.	2,93.77				2,93.77	1,60.31
Sundaram BNP Paribas Mutual Fund		3,95.47			3,95.47	1,65.57
Others	81.22	67.80			1,49.02	2,47.00
Total	8,53.57	7,88.17			16,41.74	12,14.39
Dividend						
Turbo Energy Ltd.		6,33.60			6,33.60	1,92.00
LGF Services Ltd.	87.50				87.50	55.00
Others	32.50	61.25			93.75	86.37
Total	1,20.00	6,94.85			8,14.85	3,33.37
Rent Receipts						
Sundaram BNP Paribas Asset Management Co. Ltd.	1,00.39				1,00.39	73.62
Royal Sundaram Alliance Insurance Co. Ltd.	1,85.97	99.19			2,85.16	2,09.72
Sundaram Home Finance Ltd.	48.06				48.06	
Sundaram Infotech Solutions Ltd.	81.20					
Others	1.05	7.25			8.30	82.64
Total	4,16.67	1,06.44			5,23.11	3,65.98
Interest						
Sundaram Infotech Solutions Ltd.	27.40				27.40	0.64
Other Income	14.41	34.95	1.40		50.76	49.37
EXPENSE						
Interest						
			2.10	19.25	21.35	44.17
Remuneration						
			2,06.57		2,06.57	1,81.03
Dividend						
			14.42		14.42	0.98
Donation						
Sundaram Medical Foundation		2,00.00			2,00.00	1.00
Insurance Premium						
Royal Sundaram Alliance Insurance Co. Ltd.	11.24	8.32			19.56	20.38
Rent Paid						
Sundaram Home Finance Ltd.	1.67				1.67	

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

(Rs in Lakhs)

Nature of Transactions	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	31.03.2007	31.03.2006
ASSETS						
Investment in Equity Shares						
Sundaram Home Finance Ltd.	48,51.61				48,51.61	
Others	8,10.00				8,10.00	8,88.66
Total	56,61.61				56,61.61	8,88.66
Advance for Purchase of Preference Shares						
Axles India Ltd.		6,00.00			6,00.00	
Disinvestment in Equity Shares						
Royal Sundaram Alliance Insurance Co. Ltd.		9,06.77			9,06.77	1,50.00
Equity Holdings as on 31.03.2007						
Sundaram Home Finance Ltd.	107,01.61				107,01.61	58,50.00
Royal Sundaram Alliance Insurance Co. Ltd.		69,75.33			69,75.33	78,88.05
Others	22,37.55	6,04.40			28,41.95	20,31.95
Total	129,39.16	75,79.73			205,18.89	157,70.00
Intercorporate Loans Disbursed to						
Sundaram Infotech Solutions Ltd.	4,50.00				4,50.00	1,50.00
Infreight Logistics Solutions Ltd.	1,15.00				1,15.00	85.00
Total	5,65.00				5,65.00	2,35.00
Repayment of Intercorporate Loan by						
Infreight Logistics Solutions Ltd.	2,00.00				2,00.00	
Others	6.25				6.25	
Total	2,06.25				2,06.25	
Intercorporate Loans - At the end of the year						
Sundaram Infotech Solutions Ltd.	5,93.75				5,93.75	1,50.00
Others						85.00
Total	5,93.75				5,93.75	2,35.00
Investment in Trust Securities						
Sundaram BNP Paribas Mutual Fund		65,00.00			65,00.00	80,00.00
Disinvestment in Trust Securities						
Sundaram BNP Paribas Mutual Fund		112,57.78			112,57.78	23,21.05
Investment in Trust Securities - At the end of the year						
Sundaram BNP Paribas Mutual Fund		20,13.20			20,13.20	65,00.00

SCHEDULES
17. NOTES TO THE ACCOUNTS (Contd.)

(Rs in Lakhs)

Nature of Transactions	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	31.03.2007	31.03.2006
Bonus Shares						
Issued by LGF Services Ltd.	20.00				20.00	
Issued by Turbo Energy Ltd.		64.00			64.00	
Total	20.00	64.00			84.00	
Future Lease Receivables						
Axles India Ltd.		20.15			20.15	21.88
Turbo Energy Ltd.		72.14			72.14	34.16
Others						4.24
Total		92.29			92.29	60.28
Fleet Card Balance Receivable	11.96				11.96	
Other Assets as on 31.03.2007	38.32	1,57.56	21.97		2,17.85	39.70
LIABILITIES						
Deposits			19.27	2,15.13	2,34.40	88.79
Redemption of Non Convertible Debentures						
Royal Sundaram Alliance Insurance Co. Ltd.						5,00.00
Guarantee Assistance						
Sundaram Home Finance Ltd.	50,00.00				50,00.00	100,00.00
Other Liabilities as on 31.03.2007		74.93			74.93	13.50

No amount has been written off/written back during the year.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

4.3 Earnings per Share (Basic and diluted)

	2006 - 07	2005 -06
A Profit for the year after taxation (Rs in lakhs)	100,46.76	170,59.22
B Number of equity shares of Face Value of Rs.10/- outstanding (in numbers)	2,77,75,965	2,77,75,965
C Basic and diluted earnings per share (A/B) (in Rs.)	36.17	61.42

4.4 The levy of service-tax on hire purchase and leasing transactions introduced with effect from 16.07.2001 has been challenged by Trade Associations 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 Commissioner of Customs, Tuticorin raised a demand of Rs. 500 lakhs on the Company and Rs. 1824 lakhs on the Company jointly and severally with the Lessee, in respect of a Lease transaction. The Appellate Authority admitted the appeal preferred by the Company and granted stay against the recovery proceedings.

The Special Director of Enforcement imposed a penalty of Rs. 10 Lakhs on the Company. The Company has preferred an appeal against the penalty with the Appellate Tribunal for Foreign Exchange and obtained a stay after remitting Rs. 2.50 lakhs as directed by the Tribunal.

Meanwhile the Company initiated arbitration proceedings against the Lessee and has received an award in its favour.

4.6 Estimated amount of contracts remaining to be executed on capital account – Rs.497.32 lakhs (net of advance of Rs.506.91 lakhs). (31.03.2006 – Rs 40.41 lakhs – net of advance of Rs.52.25 lakhs).

4.7 There is no amount due to Small Scale Industries in terms of “The Micro, Small and Medium Enterprises Development Act, 2006”.

SCHEDULES
17. NOTES TO THE ACCOUNTS (Contd.)

4.8 Contingent liabilities in respect of	As at 31.03.2007	As at 31.03.2006	(Rs. in Lakhs)
a) Liability –			
To Banks – on Cheques discounted	26,48.74	27,00.58	
– on Counter Guarantee	74.69	46.83	
To Sales Tax Authorities	12.44	15.27	
Uncalled Liability on partly paid up shares	6,36.00	–	
On Guarantee given on behalf of a Subsidiary Company	50,00.00	100,00.00	
b) Claims against the Company not acknowledged as Debts:			
Hire Purchase transactions and termination of Lease transactions – Appeals filed by the Company	46.07	46.07	
Others	2,66.22	2,66.33	
 4.9 CIF value of imports:			(Rs. in lakhs)
	2006-07	2005-06	
Capital goods (on payment basis)	6,31.59	70.73	
 4.10. Expenditure in Foreign Currency (on payment basis):			(Rs. in lakhs)
Interest	6,61.41	8,00.45	
On other matters	3,61.78	2,64.46	
 4.11 Earnings in Foreign Currency	2,78.77	2,95.28	
 4.12 Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.			

Signatures to Schedules 1 to 17

As per our report of even date attached

For Brahmaya & Co.,
Chartered Accountants

P. Babu
Partner

Chennai,
30th May, 2007

S. Viji
Chairman

G.K.Raman
Wholetime Director

T.T. Srinivasaraghavan
Managing Director

Srinivas Acharya
Deputy Managing Director

S.Venkatesan
CFO & Secretary

S. Ram

S. Narayanan

A.Rangaswami

S.Padmanabhan

T.R.Seshadri
Directors

SCHEDULE

(as required in terms of Paragraph 9BB of NBFC Prudential Norms (Reserve Bank) Directions, 1998)

(Rs. in Lakhs)

	Particulars	Amount outstanding	Amount overdue
	<u>Liabilities side:</u>		
(1)	Loans and advances availed by the NBFCs [@]		
a	Debtentures : Secured	1354,00.00	–
	: Unsecured	578,00.00	–
	(other than falling within the meaning of public deposits)		
b	Deferred Credits	–	
c	Term Loans	1182,89.50	–
d	Inter-corporate loans and borrowings	–	
e	Commercial paper	265,00.00	–
f	Public Deposits	645,69.99	10,27.77 [#]
g	Other loans		
	- Bank Borrowing	1697,80.10	–
	- Deposits from Corporates	12,77.02	–
(2)	Break-up of 1 (f) above (Outstanding public deposits) [@]		
a	In the form of Unsecured debtentures	–	–
b	In the form of partly secured debtentures i.e. debtentures where there is a shortfall in the value of security	–	–
c	Other public deposits	645,69.99	10,27.77 [#]

[@] Interest accrued but not paid - Nil

[#] Represents unclaimed deposits

(Rs. in Lakhs)

	Particulars	Amount outstanding
	<u>Assets side:</u>	
(3)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
a	Secured	473,02.87
b	Unsecured (including Advance for Business Assets)	262,15.29
(4)	Break-up of Leased Assets and Stock on hire and hypothecation loans counting towards EL / HP activities:	
(i)	Lease assets including lease rentals under sundry debtors	
a	Financial Lease	32,81.36
b	Operating Lease	48,05.08
(ii)	Net Stock on hire including hire charges under sundry debtors	
a	Assets on hire	343,27.51
b	Repossessed Assets	1,33.92
(iii)	Hypothecation loans counting towards EL / HP activities	
a	Loans where assets have been repossessed	7,97.22
b	Loans other than (a) above	4406,77.59

(Rs. in Lakhs)

	Particulars	Amount Outstanding	Market Value *
(5)	Break-up of Investments:		
	Current Investments:		
1.	Quoted:	–	–
2.	Unquoted:		
(i)	Units of mutual funds	15,13.20	17,88.95
	Long Term Investments:		
1.	Quoted:		
(i)	Equity Shares	12,64.36	157,87.73
(ii)	Debentures and Bonds	1,30.05	1,30.05
(iii)	Government Securities	73,46.16	69,79.66
2.	Unquoted:		
(i)	Equity Shares	208,06.65	315,67.29
(ii)	Government Securities	–	–
(iii)	Units of mutual funds	58,50.00	62,79.06
(iv)	Bonds	80,00.00	80,00.00
(v)	Others	43.59	43.59
	Total	449,54.01	705,76.33

* Unquoted Investments disclosed at break up / fair value / NAV

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances : (Rs. in Lakhs)				
	Category	Amount net of provisions		
		Secured	Unsecured	Total
1.	Related Parties**			
a	Subsidiaries	–	6,09.44	6,09.44
b	Companies in the same group	–	–	–
c	Other related parties	92.28	–	92.28
2.	Other than related parties	5281,52.72	252,35.94	5533,88.66
	Total	5282,45.00	258,45.38	5540,90.38

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (Rs. in Lakhs)			
	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1.	Related Parties**		
a	Subsidiaries	133,59.87	129,39.16
b	Companies in the same group	–	–
c	Other related parties	159,39.03	95,92.93
2.	Other than related parties	412,77.43	219,40.04
	Total	705,76.33	444,72.13

** As per Accounting Standard

(Rs. in Lakhs)

(8) Other Information		
	Particulars	Amount
(i)	Gross Non-Performing Assets	
a	Related Parties	Nil
b	<i>Other than related parties</i>	64,00.44
(ii)	Net Non-Performing Assets	
a	Related Parties	Nil
b	<i>Other than related parties</i>	29,49.98
(iii)	Assets acquired in satisfaction of debt (during the year)	Nil

Balance Sheet Abstract and Company's General Business Profile

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

I Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

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

Public Issue

Bonus Issue

Rights Issue

Private Placement

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

Total Liabilities

Sources of Funds

Paid up Capital

Secured Loans

Applications of Funds

Net Fixed Assets

Deferred Tax Asset (net)

Misc. Expenditure

Total Assets

Reserves & Surplus

Unsecured Loans

Investments

Net Current Assets

Accumulated Loss

IV Performance of Company (Amount in Rs. Thousands)

Turnover

+ - Profit / (Loss) Before Tax

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

Earnings Per Share Rs. Ps.

Total Expenditure

+ - Profit / (Loss) After Tax

Dividend Rate %

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

Item Code No. (ITC Code)

Not Applicable

Product / Service Description

Statement Pursuant to Section 212 (1) (e) of The Companies Act, 1956 relating to Subsidiary Companies

1	Name of the Subsidiary Company	Sundaram BNP Paribas Asset Management Company Limited	Sundaram Finance Distribution Limited	Sundaram BNP Paribas Trustee Company Limited	Sundaram Home Finance Limited	LGF Services Limited	Sundaram Infotech Solutions Limited	Sundaram Business Services Limited	Infreight Logistics Solutions Limited
2	Financial year of the Subsidiary ended on	31.03.2007	31.03.2007	31.03.2007	31.03.2007	31.03.2007	31.03.2007	31.03.2007	31.03.2007
3	Holding Company's interest in the Subsidiary	76,81,948 Equity shares of Rs 10/- each (50.10%)	5,00,000 Equity shares of Rs 10/- each (100%)	25,050 Equity shares of Rs 10/- each (50.10%)	7,00,00,000 Equity shares of Rs 10/- each (100%)	2,50,000 Equity shares of Rs 10/- each (100%)	10,00,000 Equity shares of Rs.10/- each (Fully paid-up) & 30,00,000 Equity Shares of Rs.10/- each (Rs.3/- paid-up) (100%)	4,00,000 Equity shares of Rs.10/- each (Fully paid-up) & 71,00,000 Equity Shares of Rs.10/- each (Rs.4/- paid-up) (100%)	44,10,000 Equity shares of Rs 10/- each (88.02%)
4	Net aggregate amount of the profits of the subsidiary not dealt with in the the Holding Company's accounts								(Rs. in lakhs)
	a) For the financial year of the Subsidiary Company	575.40	47.20	14.34	1460.19	66.31	-410.33	-8.99	-165.91
	b) For the Previous financial years of the Subsidiary Company	146.90	135.99	6.06	1618.13	70.24	-73.85	-0.34	NIL*
5	Net aggregate amount of the profits of the subsidiary dealt with in the the Holding Company's accounts								
	a) For the financial year of the Subsidiary Company	Nil	32.50	Nil	Nil	87.50	Nil	Nil	Nil
	b) For the Previous financial years of the Subsidiary Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

* Not a Subsidiary Company in the previous year

S. Viji
Chairman

T.T. Srinivasaraghavan
Managing Director

S. Ram

G.K.Raman
Wholetime Director

Srinivas Acharya
Deputy Managing Director

S. Narayanan

Chennai,
30th May, 2007

S.Venkatesan
CFO & Secretary

A.Rangaswami

S.Padmanabhan

T.R.Seshadri
Directors

Cash Flow Statement

(Rs. in Lakhs)

	2006-07	2005-06
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit	100,46.76	170,59.22
Add: Lease Equalisation Account	13,23.71	20,97.62
Provision for Taxation (Including Wealth Tax)	42,97.08	38,21.42
	156,67.55	229,78.26
Add: Financial Expenses	374,66.28	261,94.26
Depreciation	531,33.83	491,72.52
Provision against Investments	26,51.02	27,68.79
Diminution - Value of investments	(1,09.17)	(1,20.48)
Provision / (Reversal) against Non - Performing assets	-	(3.25)
(Profit) loss on sale of assets	(66.48)	(6,59.12)
(Profit) loss on sale of Investments	(27.89)	(5,10.71)
Interest / Dividend Received	(5,42.69)	(91,74.54)
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net	(31,64.37)	(19,39.84)
	(0.68)	(0.14)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	518,73.57	395,33.23
(Increase) Decrease in Net Stock-on-hire	69,22.72	54,85.15
(Increase) Decrease in Leased assets - net of sales	(28,11.63)	(12,93.28)
(Increase) Decrease in Trade Bills purchased	(12.09)	(24.15)
(Increase) Decrease in Net Investment in Lease	(7,95.48)	(27.15)
(Increase) Decrease in Loans and Advances	(1006,75.07)	(649,14.66)
(Increase) Decrease in Other Receivables	4,43.64	(7,75.22)
(Increase) Decrease in Bank Deposits (net)	(461,46.69)	(87,68.51)
(Increase) Decrease in SLR Investments - net of sales	3,27.27	14,69.99
Increase (Decrease) in Current Liabilities	103,09.18	18,60.67
Cash generated from Operations	(1324,38.15)	(669,87.16)
Financial Expenses	(805,64.58)	(274,53.93)
Direct Taxes Paid	(374,66.28)	(261,94.26)
NET CASH FROM OPERATING ACTIVITIES (A)	(441,99.54)	(300,01.40)
	(1247,64.12)	(574,55.33)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(16,01.96)	(6,80.44)
Sale of Fixed Assets	98.66	6,11.02
Purchase of Investments	(939,43.83)	(328,12.66)
Purchase of Investments in Subsidiaries/Joint Venture	(56,61.61)	(8,88.66)
Sale of Investments	1012,14.64	142,20.36
Sale/Redemption of Investments in Subsidiaries/Joint Venture	9,12.70	110,41.46
Interest Received	12,83.17	11,35.73
Dividend Received	18,81.20	8,04.11
NET CASH FROM INVESTING ACTIVITIES (B)	41,82.97	(65,69.08)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Debentures	2607,00.00	1637,00.00
Debentures Redeemed	(1762,00.00)	(1587,00.00)
Increase (Decrease) in Long Term Borrowings	126,23.45	658,58.79
Increase (Decrease) in Fixed Deposits	30,48.55	(112,27.02)
Increase (Decrease) in Short Term Loans and Advances	259,95.72	71,79.20
Dividend paid (including Corporate Dividend Tax)	(69,67.74)	(4,75.08)
NET CASH FROM FINANCING ACTIVITIES (C)	1191,99.98	663,35.89
D) Effect of Foreign Exchange rates on Cash and Cash Equivalents, net (D)	0.68	0.14
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)	(13,80.49)	23,11.62
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	48,45.06	25,33.44
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	34,64.57	48,45.06
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	22,19.45	41,31.03
Cash, Stamps and Stamp Papers on Hand	12,45.12	7,14.03
	34,64.57	48,45.06

Notes: 1. Cash and Cash equivalents includes balance in Unpaid Dividend account of Rs.465.63 lakhs (31.03.2006 Rs.16.28 lakhs)
2. Previous year's figures have been regrouped/reclassified wherever necessary to conform to current year's classification

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants

S. Viji
Chairman

T.T. Srinivasaraghavan
Managing Director

S. Ram

P. Babu
Partner

Srinivas Acharya
Deputy Managing Director

S. Narayanan

A.Rangaswami

S.Padmanabhan

Chennai,
30th May, 2007

G.K.Raman
Wholetime Director

S.Venkatesan
CFO & Secretary

T.R.Seshadri
Directors

Report on Corporate Governance

Sundaram Finance Limited has been practising the code of Corporate Governance since inception. The strong edifice of the Company, built in 1954, is supported by the pillars of Customer Faith, Depositor Confidence, Institutional Trust, Investor Steadfastness and Employee Loyalty. The Company has been growing over the past five decades on the foundations of dedicated customer service, fair business practices, efficient, safe and trusted financial policies. It continues to maintain the highest standards of integrity through excellence in service to all stakeholders.

As additional measures to strengthen Corporate Governance, the Company follows the “Know Your Customer” (KYC) guidelines issued by Reserve Bank of India. Further, the Company has adopted a “fair-practices code”, which lays down detailed guidelines for dealing with customers, including an appropriate dispute resolution mechanism.

I. BOARD OF DIRECTORS

All the members of the Board are eminent persons with considerable expertise and experience in the automobile, engineering, banking, finance, insurance and transport sectors. The Company is immensely benefitted by the range of experience and skills that the Directors bring to the Board.

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

All Directors and Senior Management Personnel have re-affirmed compliance with the Code of Conduct approved and adopted by the Board of Directors.

II. BOARD MEETINGS

The Board of Directors formulates the business and operational policies and decides on strategic issues concerning the Company. The Board generally meets every month to review the business performance.

During the year under review, 13 meetings of the Board of Directors were held.

28/04/2006	28/07/2006	30/10/2006	31/01/2007
31/05/2006	25/08/2006	30/11/2006	23/02/2007
30/06/2006	28/09/2006	29/12/2006	16/03/2007
			30/03/2007

The details of attendance at Board Meetings and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

Name of the Director	Board Meetings Attended	Directorships (other than Sundaram Finance Limited)		Committees in which Chairman/Member (other than Sundaram Finance Limited)	
		Chairman	Director	Chairman	Member
Sri S. Viji	13	1	8	–	4
Sri S. Ram	12	2	7	1	3
Sri S. Narayanan	11	2	2	2	–
Sri A. Rangaswami	13	–	1	–	–
Sri S. Padmanabhan	13	–	–	–	–
Sri T. R. Seshadri	13	–	–	–	–
Sri G. K. Raman	11	1	3	1	1
Sri T.T. Srinivasaraghavan	13	1	5	–	1
Sri Srinivas Acharya	12	–	5	–	3

Note: Except Sri T.R. Seshadri, all the Directors of the Company attended the 53rd Annual General Meeting held on 3rd August 2006.

III. AUDIT COMMITTEE

The Audit Committee reviewed the financial accounting policies, adequacy of internal control systems and systems audit and interacted with the statutory auditors, internal auditors and systems auditors. Senior Executives and functional heads are invitees to the committee meetings. Besides, the Committee reviews the audit plans, interim and annual financial results, management discussion and analysis of financial condition and results of operations, related party transactions, observations of the management and internal/external auditors on internal control weaknesses and follow-up reports of the management.

During the year, the Committee met 7 times on 24th April, 27th May, 24th July, 27th October, 28th November in 2006 and on 27th January and 26th March in 2007.

Composition of the Committee and attendance of the members are as follows:

Name of the Director		No. of Meetings Attended
Sri S. Padmanabhan	Chairman	7
Sri S. Viji	Member	7
Sri A. Rangaswami	Member	7

IV. REMUNERATION OF DIRECTORS

Directors of the Company are paid a sitting fee of Rs. 10,000/- each for every meeting of the Board and Audit Committee and Rs. 5,000/- each for every meeting of the Share Transfer and Investor Relations Committee.

The Non-Executive Directors are remunerated by way of commission for each financial year as decided by the Board of Directors within the ceiling of 1% of the net profits of the Company approved by the shareholders. The details of remuneration paid and number of shares held by the Non-Executive Directors are as follows:

Name of the Director	Sitting Fee (Rs. in lakhs)	Commission (Rs. in Lakhs)	No. of Shares held individually (as on 31.03.2007)
Sri S. Viji	2.00	1.50	314593 ⁽¹⁾
Sri S. Ram	1.20	1.50	120644
Sri S. Narayanan	1.10	1.50	400 ⁽²⁾
Sri A. Rangaswami	2.10	1.50	65
Sri S. Padmanabhan	2.10	1.50	– ⁽³⁾
Sri T.R. Seshadri	1.30	1.50	– ⁽⁴⁾

Note: Number of shares held jointly with others: ⁽¹⁾ 2171, ⁽²⁾ 40856, ⁽³⁾ 9000, ⁽⁴⁾ 126520

The Executive Directors of the Company are appointed on contractual terms, approved by the shareholders. Their remuneration comprises salary, allowances and perquisites. The quantum of commission payable to them is decided by the Board of Directors. The remuneration is within the limits prescribed under Schedule XIII to the Companies Act, 1956.

The details of remuneration paid to the Executive Directors are as follows:

(Rs. in lakhs)

Nature of Payment	Sri T.T. Srinivasaraghavan Managing Director	Sri Srinivas Acharya Deputy Managing Director	Sri G.K. Raman Wholetime Director
Salary	19.80	13.80	9.00
Commission	70.00	37.50	5.00
Sitting Fees	1.40	1.20	1.10
Contributions to Provident, Superannuation and Gratuity funds	6.42	4.48	1.57
Other allowances and perquisites	14.64	10.62	10.04

As on March 31, 2007 the amount of deposits placed by the Non-Executive Directors in the Company aggregated to Rs.229.73 lakhs. The interest on these deposits paid/credited during the year 2006-07 amounted to Rs. 18.88 lakhs.

V. SHARE TRANSFER AND INVESTOR RELATIONS COMMITTEE

The Share Transfer and Investor Relations Committee

- i) approves and monitors transfers, transmission, splits and consolidation of shares of the Company,
- ii) reviews redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet, dividends etc., and
- iii) reviews the compliances with various statutory and regulatory requirements.

During the year, the Committee met on 13th September in 2006 and 16th February in 2007. Besides, transfers of shares were approved by resolutions passed in circulation on 11 occasions.

Composition of the Committee and the attendance of the members are as follows:

Name of the Director		No. of Meetings Attended
Sri S. Padmanabhan	Chairman	2
Sri A. Rangaswami	Member	2
Sri T.T. Srinivasaraghavan	Member	2

Sri P.N. Srikant, Assistant Secretary, is the Compliance Officer. During the year under review, the Company received 19 communications from shareholders, which were attended to. No investor complaint was received during the year and none was pending unresolved as on 31st March, 2007.

VI. GENERAL BODY MEETINGS

Time and location of last three Annual General Meetings:

Year	Date	Time	Location
2006	03/08/2006	11.00 AM	The Music Academy, 306 TTK Road, Chennai 600 014
2005	28/07/2005	10.30 AM	The Music Academy, 306 TTK Road, Chennai 600 014
2004	11/08/2004	10.00 AM	The Music Academy, 306 TTK Road, Chennai 600 014

No special resolutions were passed at the AGMs held in the years 2004 and 2005. One special resolution was passed at the AGM held in the year 2006.

Two special resolutions under Section 372A of the Companies Act, 1956, seeking consent of the Members for making loans to bodies corporate in excess of the limits prescribed under that Section, were passed through postal ballot, conducted by Sri. T. T. Srinivasaraghavan, Managing Director and Sri. S. Venkatesan, CFO & Secretary under the overall supervision of the Scrutinizer, Sri. T. K. Bhaskar, Partner, HSB Partners, Advocates, Chennai.

Details of the voting pattern are as follows:

Date of Special Resolution	Votes Cast in Favour	% of Total Valid Votes	Votes Cast Against	% of Total Valid Votes	Result
17/08/2006	1,07,30,714	99.78	23,711	0.22	Passed with the requisite majority.
14/03/2007	1,10,13,209	99.61	43,274	0.39	Passed with the requisite majority.

The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, has been followed for the postal ballot conducted for the special resolutions mentioned above. The results of the postal ballot were announced by the Chairman at the Registered Office of the Company, posted on the website and advertised in the newspapers.

No special resolution is proposed to be passed through postal ballot at the ensuing AGM.

VII. DISCLOSURES

- There were no materially significant related party transactions having potential conflict with the interests of the company at large.
- All the mandatory requirements specified under Clause 49 have been complied with.
- The Company has a record of unqualified financial statements since inception.
- The Company proposes to adopt other non-mandatory requirements as and when necessary.

VIII. MEANS OF COMMUNICATION

- Quarterly unaudited and annual audited results of the Company were published in accordance with the Stock Exchange Listing Agreement in “Business Line” (English) and “Dinamalar” (Tamil). The results and official news releases were also displayed on the Company’s website at www.sundaramfinance.in.
- Quarterly/annual results, shareholding pattern and other documents have also been published in Electronic Data Information Filing and Retrieval System (EDIFAR) in accordance with Clause 51 of the Stock Exchange Listing Agreement.
- A press meet was organised by the Company on 31st May 2006 for dissemination of audited results.

IX. GENERAL SHAREHOLDER INFORMATION

- Annual General Meeting

Date	Time	Venue
25/07/2007 (Wed)	11.00 AM	The Music Academy, 306 TTK Road, Chennai 600 014

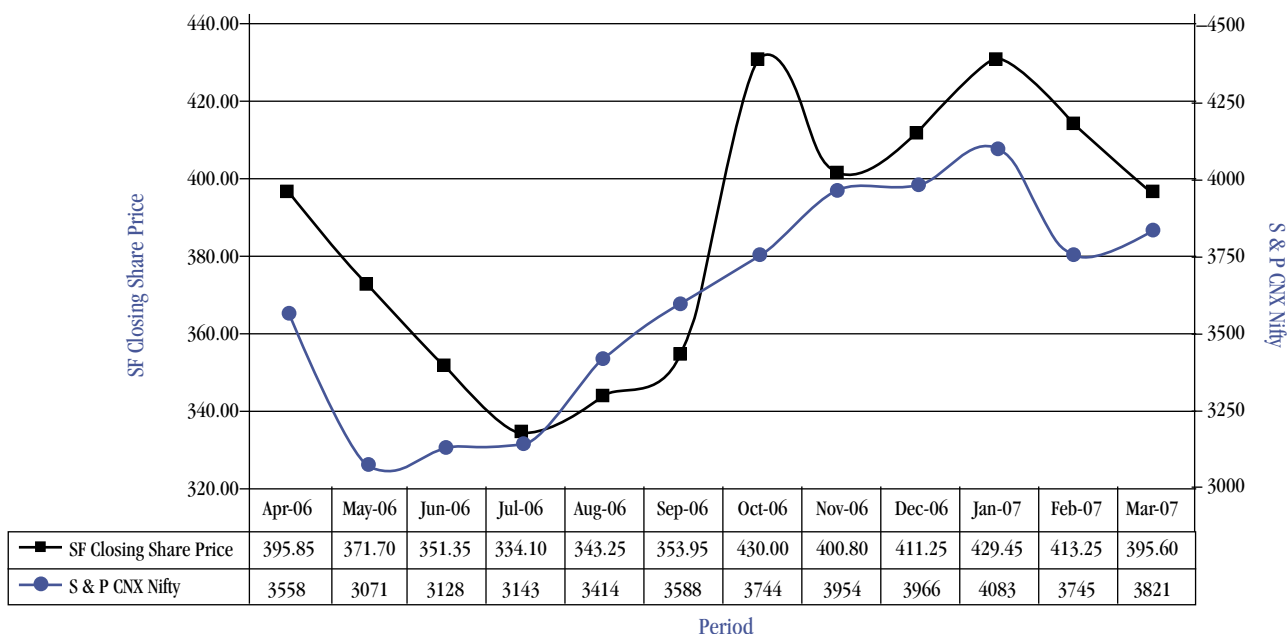
- Financial Year – 1st April 2007 to 31st March 2008
- Book Closure dates – 11th July 2007 to 25th July 2007 (both days inclusive)
- Date of payment of dividend
 - Interim Dividend – 30th March 2007
 - Final Dividend – 27th July 2007

- The company's shares are listed on: National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (E), Mumbai 400 051
- The Company has paid the listing fees for the financial year 2006-07 to the above stock exchange.
- NSE Stock Code: SUNDARMFIN • ISIN : INE660A01013

MARKET PRICE DATA

Month	April-06	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan-07	Feb	March	
NSE	High	424.00	439.00	410.00	390.00	388.00	367.00	434.95	429.95	449.90	449.90	438.00	419.75
	Low	362.15	305.20	329.00	320.10	320.50	338.20	341.00	382.80	386.60	408.55	350.00	354.80

SHARE PRICE PERFORMANCE



- Share transfers were processed and share certificates despatched within one month from lodgement in accordance with the stock exchange listing agreement.

Dematerialisation requests have been confirmed within 21 days from the date of request.

Investor Relation Services - Shares continues to enjoy the ISO 9001:2000 Certification by Bureau Veritas Certification (India) Private Limited.

- M/s Cameo Corporate Services Ltd, Registrars and Share Transfer Agents of the company have attended to the share transfer formalities regularly. The Registrar and Share Transfer Agents can be contacted by the investors at the following address:

M/s Cameo Corporate Services Ltd
 'Subramanian Building', No 1 Club House Road, Chennai 600 002
 Ph: 044 2846 2700 Fax: 044 2846 0129
 Email: investor@cameoindia.com
 Contact Persons: Mr. R.D. Ramasamy, Director
 Mr. D. Narasimhan, Senior Executive (Shares)

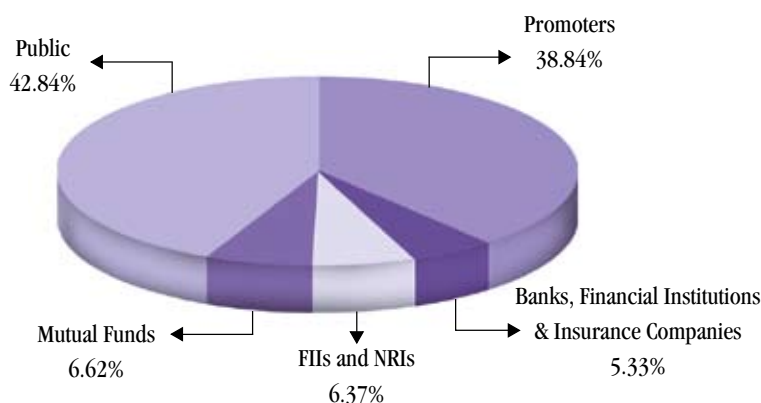
DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2007

No. of Equity Shares Held	Total Shareholders	Total Shares	Total % to Capital
Upto 250	7620	691141	2.49%
251 to 500	1313	510371	1.84%
501 to 1000	901	685898	2.47%
1001 to 5000	1154	2412309	8.68%
5001 to 10000	181	1305745	4.70%
10001 to 50000	247	5442475	19.59%
50001 to 100000	47	3221900	11.60%
100001 and above	47	13506126	48.63%
Total	11510	27775965	100.00%

Total shares held in dematerialised form 49.69%

Public shareholding in dematerialised form 70.64%

SHAREHOLDING PATTERN AS ON 31.03.2007



For your queries / grievances / complaints, please contact:

Sri P N Srikant,
 Assistant Secretary & Compliance Officer
 Sundaram Finance Limited
 21 Patullos Road, Chennai 600 002
 Ph: 044-28558236
 Fax: 044-28550290
 E mail : investorservices@sundaramfinance.in

T. T. Srinivasaraghavan
 Managing Director

Auditor's Certificate on Corporate Governance

We have examined the compliance of the conditions of corporate governance by Sundaram Finance Limited, Chennai for the year ended on 31st March, 2007, as stipulated in clause 49 of the Listing Agreement entered into by the company with the stock exchange.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For BRAHMAYYA & CO.,
Chartered Accountants

P.BABU

Partner

Membership No. 203358

Place : Chennai

Date : 30th May, 2007

Consolidated

Financial

Statements

Consolidated Balance Sheet

as at 31st March, 2007

(Rs. in Lakhs)

			31.03.2007		31.03.2006
I SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1		27,77.60		27,77.60
b) Reserves and Surplus	2		<u>910,86.43</u>	938,64.03	<u>829,13.05</u>
2. Minority Interest				12,84.25	88,23.54
3. Loan Funds					
a) Secured Loans	3		4762,51.01		4022,87.09
b) Unsecured Loans	4		<u>2119,85.91</u>	6882,36.92	<u>1398,99.36</u>
Total			<u>7833,85.20</u>		<u>6367,00.64</u>
II APPLICATIONS OF FUNDS					
1. Fixed Assets					
a) Gross Block	5		573,29.73		572,41.36
b) Less: Depreciation			401,30.47		410,04.19
c) Net Book Value			<u>171,99.26</u>		<u>162,37.17</u>
d) Add: Lease Adjustment Account			3,21.78		13,69.22
e) Net Block				175,21.04	176,06.39
2. Investments	6			573,07.07	776,38.06
3. Deferred Tax Asset (Net)					
Deferred Tax Asset			29,39.13		24,58.57
Less: Deferred Tax Liability			<u>9,55.23</u>	19,83.90	<u>15,00.28</u>
4. Current Assets, Loans and Advances					
a) Current Assets	7		1150,94.36		702,63.16
b) Loans and Advances	8		<u>6573,85.29</u>		<u>5389,21.89</u>
	(A)		<u>7724,79.65</u>		<u>6091,85.05</u>
Less: Current Liabilities and Provisions					
a) Current Liabilities	9		607,28.59		596,55.40
b) Provisions	10		51,77.87		90,31.75
	(B)		<u>659,06.46</u>		<u>686,87.15</u>
Net Current Assets	(A-B)		7065,73.19		5404,97.90
Total			<u>7833,85.20</u>		<u>6367,00.64</u>
Notes to the accounts	17				

As per our report of even date attached

For Brahmayya & Co.,
Chartered Accountants

P. Babu
Partner

Chennai,
30th May, 2007

S. Viji
Chairman

G.K.Raman
Wholetime Director

T.T. Srinivasaraghavan
Managing Director

Srinivas Acharya
Deputy Managing Director

S.Venkatesan
CFO & Secretary

S. Ram

S. Narayanan

A.Rangaswami

S.Padmanabhan

T.R.Seshadri
Directors

Consolidated Profit and Loss Account

for the Year Ended 31st March, 2007

	Schedule	2006-07	(Rs. in Lakhs) 2005-06
INCOME			
Income from Operations	11	1077,04.37	861,78.63
Profit on Sale of Shares		-	88,12.64
Other Income	12	25,35.34	19,77.10
Total	(A)	1102,39.71	969,68.37
EXPENDITURE			
Financial Expenses	13	458,05.46	328,64.61
Insurance claims incurred (net)		152,04.78	161,65.94
Establishment Expenses	14	111,61.43	92,69.95
Administrative and Other Expenses	15	160,05.72	124,03.71
Provisions and Write Off	16	14,71.82	10,88.18
Depreciation		26,80.45	24,68.22
Total	(B)	923,29.66	742,60.61
Profit before Tax	(A) - (B)	179,10.05	227,07.76
Taxation			
- Current (Including Wealth Tax)		62,82.00	50,09.86
- Deferred		(9,95.29)	(9,77.19)
- Fringe Benefit Tax		1,94.81	2,36.14
Net Profit (before adjustment for minority interest)		124,28.53	184,38.95
Less: Minority Interest		8,34.99	5,17.70
		115,93.54	179,21.25
Add: Share of Profit in Associates		24,26.83	18,81.57
Profit after Tax		140,20.37	198,02.82
Less: Prior Period Expenses		-	1,52.00
Provision for Income Tax relating to earlier year		1.20	2.82
Profit after Tax and Prior Period Items		140,19.17	196,48.00
Add: Balance brought forward from previous year		73,55.92	53,87.50
Amount available for Appropriation		213,75.09	250,35.50
APPROPRIATIONS			
Dividend			
- Interim		23,60.96	-
- Final (proposed)		5,55.52	23,60.96
- Special		-	13,88.80
- Dividend Tax		4,25.53	5,25.90
Special Reserve		13,00.00	9,75.00
Statutory Reserve		20,13.00	34,20.00
General Reserve		48,52.55	90,08.92
Surplus - Balance carried to Balance Sheet		98,67.53	73,55.92
		213,75.09	250,35.50
Notes to the Accounts			
Earnings per Equity Share (Refer Note 2.8 Schedule 17)	17		
Number of Shares considered (Face Value Rs.10/- per share)		2,77,75,965	2,77,75,965
Basic and Diluted earnings per share (in Rupees)		50.48	71.29

As per our report of even date attached
For Brahmaya & Co.,
Chartered Accountants

P. Babu
Partner

Chennai,
30th May, 2007

S. Viji
Chairman

G.K.Raman
Wholetime Director

T.T. Srinivasaraghavan
Managing Director

Srinivas Acharya
Deputy Managing Director

S.Venkatesan
CFO & Secretary

S. Ram

S. Narayanan

A.Rangaswami

S.Padmanabhan

T.R.Seshadri
Directors

SCHEDULES

(Rs. in Lakhs)

	31.03.2007		31.03.2006	
1 Share Capital				
Authorised				
10,00,00,000 Equity Shares of Rs.10/- each	<u>100,00.00</u>		<u>100,00.00</u>	
Issued, Subscribed and fully paid-up	<u>27,77.60</u>		<u>27,77.60</u>	
2,77,75,965 Equity Shares of Rs.10/- each (includes 2,31,99,580 Equity Shares allotted as fully paid-up by way of bonus shares by capitalisation of Reserves and 37,75,965 Equity shares of Rs.10/- each allotted for consideration other than cash pursuant to a Scheme of Amalgamation).				
2 Reserves and Surplus				
Capital Reserve				
Per Last Balance Sheet	38,58.99		36,13.69	
Less: Change in the value of holding in Subsidiaries/Associates	<u>23,85.57</u>	14,73.42	<u>2,45.30</u>	38,58.99
Securities Premium Account	15,04.97		15,04.97	
General Reserve				
Per Last Balance Sheet	474,05.67		383,71.56	
Less: Adjustment for change in holdings in subsidiaries (Less) / Add: Adjustment for previous year's profit in Associates	17.13 (14.26)		57.16 82.35	
Less: Dividend tax on distribution of profit by Subsidiaries	50.86		-	
Less: Transitional adjustment on account of Retirement Benefits (Net of Deferred tax)	35.96		-	
Add: Transfer from Profit and Loss account	<u>48,52.55</u>	521,40.01	<u>90,08.92</u>	474,05.67
Statutory Reserve				
Per last Balance Sheet	165,42.50		131,22.50	
Add: Transfer from Profit and Loss account	<u>20,13.00</u>	185,55.50	<u>34,20.00</u>	165,42.50
Special Reserve				
Per Last Balance Sheet	62,45.00		52,70.00	
Add: Transfer from Profit and Loss account	<u>13,00.00</u>	75,45.00	<u>9,75.00</u>	62,45.00
Surplus - Balance in Profit and Loss account	98,67.53		73,55.92	
	<u>910,86.43</u>		<u>829,13.05</u>	

(Rs. in Lakhs)

	31.03.2007	31.03.2006
3 Secured Loans		
Non - Convertible Debentures	1479,00.00	1119,00.00
From Scheduled Banks	3056,42.68	2668,19.48
From International Finance Corporation	227,08.33	235,41.67
From a Financial Institution	—	25.94
	<u>4762,51.01</u>	<u>4022,87.09</u>
4 Unsecured loans		
Fixed deposits		
From Directors	3,10.38	3,41.24
From Others	<u>701,68.74</u>	<u>660,62.72</u>
Non - Convertible Debentures	538,00.00	98,00.00
Subordinated Non - Convertible Debentures	90,00.00	—
Debenture Application Money	—	120,00.00
Short term loans and advances		
From Scheduled Banks	522,06.79	216,95.40
Commercial Paper	265,00.00	300,00.00
	<u>2119,85.91</u>	<u>1398,99.36</u>

SCHEDULES

5 Fixed Assets												(Rs. in Lakhs)			
DESCRIPTION	GROSS BLOCK AT COST						DEPRECIATION						Balance in Lease Adjustment Account as at 31.03.2007	NET BLOCK	
	As at 31.03.2006	Adjustments on consolidation	Additions	Deductions	As at 31.03.2007	Up to 31.03.2006	Adjustments on consolidation	Additions*	Impairment	Deductions	Impairment Reversal	Up to 31.03.2007		Net Book Value	As at 31.03.2007
1 Freehold land and Buildings	56,87.12	-	6,98.70	-	63,85.82	7,60.46	-	1,36.24	-	-	18.41	8,78.29	55,07.53	55,07.53	49,26.66
2 Leasehold office/ Residential Premises	13,16.81	-	-	-	13,16.81	5,89.12	-	36.38	-	-	15.01	6,10.49	7,06.32	7,06.32	7,27.69
3 Plant and Machinery	94,78.56	(7,10.65)	14,13.53	2,30.92	99,50.52	66,26.93	(6,53.13)	8,07.99	-	2,10.09	-	65,71.70	33,78.82	33,78.82	28,51.63
4 Vehicles	48,54.39	(47.38)	27,86.64	8,14.56	67,79.09	17,61.21	(26.77)	11,22.27	-	4,93.83	-	23,62.88	44,16.21	44,16.21	30,93.18
5 Furniture/ Office Equipment	43,53.03	(7,26.63)	2,86.17	1,35.42	37,77.15	22,55.43	(3,70.81)	4,29.71	-	1,08.39	-	22,05.94	15,71.21	15,71.21	20,97.60
6 Vehicles taken on lease	16.38	(8.27)	-	8.11	-	15.56	(8.26)	0.81	-	8.11	-	-	-	-	0.82
7 Assets on Finance Lease															
a) Plant and Machinery	98,80.63	-	-	15,26.64	83,53.99	85,64.92	-	2,25.91	-	13,04.93	-	74,85.90	8,68.09	3,48.91	7,26.32
b) Vehicles	205,75.32	-	-	6,59.20	199,16.12	198,12.24	-	2,65.10	-	6,10.46	-	194,66.88	4,49.24	13,01.26	27,36.00
c) Furniture/ Office Equipment	2,37.63	-	-	1,45.00	92.63	148.03	-	3.05	-	71.42	-	79.66	12.97	1.91	75.29
8 Intangible Assets															
Computer Software	8,18.11	(2,55.37)	1,94.86	-	7,57.60	4,70.29	(1,82.03)	1,80.47	-	-	-	4,68.73	2,88.87	2,88.87	3,47.82
Total	572,17.98	(17,48.30)	53,79.90	35,19.85	573,29.73	410,04.19	(12,41.00)	32,07.93	-	28,07.23	33.42	401,30.47	171,99.26	175,21.04	175,83.01
Work in Progress	23.38	(11.81)	-	11.57	-	-	-	-	-	-	-	-	-	-	23.38
Grand Total	572,41.36	(17,60.11)	53,79.90	35,31.42	573,29.73	410,04.19	(12,41.00)	32,07.93	-	28,07.23	33.42	401,30.47	171,99.26	175,21.04	176,06.39
Previous Year	626,71.11	-	33,00.07	87,29.82	572,41.36	442,70.01	-	33,96.05	0.87	66,62.74	-	410,04.19	162,37.17	176,06.39	-

* Finance Lease Depreciation of Rs.494.06 Lakhs has been netted off against Lease Income.

SCHEDULES

	(Rs. in Lakhs)	
	31.03.2007	31.03.2006
6 INVESTMENTS		
Long Term - At cost		
A. In Government / Trust Securities		
Quoted	122,03.15	174,63.73
Unquoted	73,80.08	95,95.48
B. In Equity Shares		
Quoted	12,64.36	12,64.36
Unquoted - Associates	65,62.20	48,27.65
Unquoted - Others	3,25.28	2,81.45
C. In Bonds / Debentures		
Quoted	67,92.01	141,00.06
Unquoted	80,20.80	80,23.80
D. Others	8,95.91	10,37.96
Current Investments		
A. In Government / Trust Securities		
Quoted	41,76.66	58,05.58
Unquoted	21,82.11	76,71.31
B. In Bonds / Debentures	52,04.17	60,77.49
C. Others		
Quoted	-	10,07.40
Unquoted	23,00.34	4,81.79
Total	573,07.07	776,38.06

SCHEDULES

	31.03.2007		(Rs. in Lakhs) 31.03.2006	
7 Current Assets				
a) Stock-on-hire and bills purchased				
Net Investment in Stock-on-hire		289,84.00		361,45.40
Repossessed assets		9,31.14		8,19.11
Debtors on Securitisation		53.19		8,28.18
Trade bills purchased (unsecured, considered good)				
Outstanding for a period exceeding six months	2,20.00		2,26.00	
Others	1,84.45	4,04.45	1,66.36	3,92.36
Net Investment in lease		55,73.96		47,75.20
		359,46.74		429,60.25
Inventories		32.00		–
Sundry Debtors		3,01.31		–
b) Interest accrued on investments		5,08.62		4,23.09
c) Cash and bank balances				
With scheduled banks in				
Current Accounts	31,31.26		59,01.48	
Unpaid dividend account	4,65.63		16.28	
Deposit accounts	720,85.80		184,19.82	
Cash on hand	15,78.19		15,36.82	
Stamps and Stamp Papers on hand	70.40	773,31.28	31.01	259,05.41
d) SFL Shares Trust		9,74.41		9,74.41
		1150,94.36		702,63.16

SCHEDULES

	(Rs. in Lakhs)	
	31.03.2007	31.03.2006
8 Loans and Advances		
Unsecured unless otherwise stated:		
Considered good:		
– Secured Loans	6064,08.01	4948,94.54
– Unsecured Loans	24,87.59	18,46.34
Advance Income Tax and Tax Deducted at Source (Net of Provision for Taxation)	72,44.33	55,64.28
Advances and deposits recoverable in cash or kind or for value to be received	83,88.19	52,76.51
Advance for purchase of investments	6,00.00	–
Advance for purchase of assets		
– Business Assets	226,26.85	228,76.98
– Others	1,40.95	67.89
Income receivable	94,89.37	83,95.35
	<u>6573,85.29</u>	<u>5389,21.89</u>
9 Current Liabilities *		
Sundry Creditors		
– For expenses	142,64.37	194,84.32
– For other finance	205,92.15	163,30.27
– For Unexpired Insurance Risk	104,87.27	155,89.44
Unpaid dividend	4,65.63	16.28
Interest accrued but not due	149,19.17	82,35.09
	<u>607,28.59</u>	<u>596,55.40</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
10 Provisions		
Non-performing assets	39,43.46	41,36.59
Standard Assets - Non Housing Loans	20.00	–
Investments	5,24.54	6,19.50
Final dividend	5,55.52	37,49.76
Dividend Tax and Surcharge	1,34.35	5,25.90
	<u>51,77.87</u>	<u>90,31.75</u>

SCHEDULES

	(Rs. in Lakhs)	
	2006-07	2005-06
11 Income from Operations		
Hire Purchase / Hypothecation Loans (net) (tax deducted at source Rs. 240.84 lakhs)	537,90.10	401,03.21
Insurance Premium Earned (net)	240,97.87	248,59.69
Interest on Loans (tax deducted at source Rs. 11.98 lakhs)	105,43.97	83,85.81
Lease (net) (tax deducted at source Rs. 183.95 lakhs)	22,66.99	19,78.37
Investments (tax deducted at source Rs. 218.19 lakhs)	52,14.66	37,16.33
Investment Management and advisory fee (tax deducted at source Rs. 279.65 lakhs)	46,78.84	19,17.38
Bills Purchased	24.93	1,74.13
Loan Processing and other fees	5,07.57	4,50.96
Sale of Products	99.85	72.27
Services (tax deducted at source Rs. 276.35 lakhs)	32,10.26	15,76.33
Recovery of Bad debts and Recovery of Loss on Sale of assets	7,04.23	11,27.21
Profit on Sale of Leased Assets	84.92	3,48.76
Others	24,80.18	14,68.18
	<u>1077,04.37</u>	<u>861,78.63</u>
12 Other Income		
Interest receipts (tax deducted at source Rs. 20.27 lakhs)	5,71.44	7,79.36
Dividend	15,30.11	6,50.56
Rent receipts (tax deducted at source Rs. 130.25 lakhs)	1,13.79	65.62
Profit on sale of assets	12.77	1,79.97
Miscellaneous income	3,07.23	3,01.59
	<u>25,35.34</u>	<u>19,77.10</u>
13 Financial Expenses		
Interest - Fixed loans	251,65.06	193,30.39
- Debentures	147,31.79	88,71.23
- Others	27,76.38	26,52.01
Other financial expenses	31,32.23	20,10.98
	<u>458,05.46</u>	<u>328,64.61</u>

SCHEDULES

	(Rs. in Lakhs)	
	2006-07	2005-06
14 Establishment Expenses		
Salaries, allowances, commission and bonus	99,02.95	81,25.27
Company's contribution to Provident Fund, Superannuation and Employees' State Insurance schemes	5,33.20	4,45.09
Staff welfare expenses	6,28.08	5,54.68
Gratuity	97.20	1,44.91
	111,61.43	92,69.95
15 Administrative and Other expenses		
Rent	7,27.04	7,65.64
Rates and taxes	2,77.09	1,95.31
Communication expenses	10,24.23	9,70.75
Electricity expenses	4,28.23	3,90.14
Travelling and conveyance (net)	14,91.85	12,10.62
Advertisement charges	11,27.31	12,38.92
Marketing and related expenses	34,31.22	16,05.51
Ousourcing Cost	25,73.77	23,13.91
Directors' sitting fee	28.47	29.70
Insurance	98.50	80.33
Repairs - Buildings	81.58	48.03
- Others	11,71.74	14,54.87
Donations	2,59.78	87.86
Miscellaneous expenses	32,84.91	20,12.12
	160,05.72	124,03.71
16 Provisions and Write off		
Bad Debts	7,29.78	11,26.63
Loss on Assets sold/written off	7,41.05	5,85.54
Loss on sale of investments	1,42.42	1,06.65
Provision against Standard Assets - Non Housing Loans	20.00	-
	16,33.25	18,18.82
Less: Reversal of		
Provision against Investments	94.95	1,06.27
Provision against non-performing assets	66.48	6,21.12
Diminution in Value of Investments	-	3.25
	14,71.82	10,88.18

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 SIGNIFICANT ACCOUNTING POLICIES:

1.1.1 The parent company Sundaram Finance Limited follows the directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies, while the subsidiary, Sundaram Home Finance Limited and joint venture Royal Sundaram Alliance Insurance Company Limited follow the directions prescribed by the National Housing Bank for Housing Finance Companies and the Insurance Regulatory and Development Authority respectively.

1.1.2 Income Recognition:

- a) Income from Hire Purchase, Hypothecation loan transactions and Housing Finance loan transactions is accounted on the basis of the Internal Rate of Return method.
- b) Lease income is accounted as per the terms of the lease agreements for contracts entered into upto 31st March 2001. Income from leases entered into on or after 1st April, 2001 is accounted as per the Accounting Standard - AS 19 - 'Leases' issued by ICAI.
- c) Income from Services has been recognised on accrual basis.
- d) Premium from Insurance business is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk) and premium deficiency, if any.
- e) Trusteeship fee, Investment management and advisory fee are accounted on accrual basis.
- f) Sales of Products are recorded when significant risks and rewards of ownership of products are passed on to the customers. Sales are stated at contractual realisable values, net of value added tax and inclusive of resale sales tax and trade discounts and returns if any.

Revenue from software development, which are generally time bound fixed price are recognised over the life of contract using the proportionate completion method, with contract cost determining the degree of completion.

Revenue from other services is recognised as income on completion.

1.1.3 Fixed Assets and Depreciation / Amortisation:

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.

Depreciation on assets is provided on the Written Down Value method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs. 5000 or less acquired during the year are fully depreciated. Cost of assets given on lease is amortised during the lease period for all leased assets acquired prior to 01.04.2001, as recommended in the "Guidance Note on Accounting for Leases (Revised)" issued by ICAI. Lease Equalisation Account, which represents the excess/shortfall of annual lease charge when compared with statutory depreciation, is recognised.

Cost of assets taken on lease on or after 01st April, 2001 is amortised over the lease tenure as per the Accounting Standard - AS 19 - 'Leases' issued by ICAI, based on the capital recovery method.

1.1.4 Valuation of Investments:

Long-term investments are stated at cost and provision for diminution in value, other than temporary, has been considered wherever necessary.

Current investments are valued at lower of cost and market value/ net asset value.

1.1.5 Foreign Currency Transactions:

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date of the transaction.

Monetary items denominated in foreign currencies are restated at the prevailing rates of exchange at the Balance Sheet date. Gain or loss arising out of fluctuations in exchange rates are accounted for in the Profit and Loss Account.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of asset/liability are recognised in the Profit and Loss Account in the reporting period in which the exchange rate changes.

Premium on forward exchange contracts is expensed over the tenure of the contract.

Interest accrued on secured / unsecured foreign currency loans which are covered by forward contracts has been provided at the forward exchange contract rate and on loans not so covered at the exchange rate prevailing at the year-end.

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1.1.6 Retirement Benefits:

- a) The Company's liability towards gratuity to the employees is covered by a Group Policy with Life Insurance Corporation of India and SBI Life Insurance Company Limited.
- b) The Company contributes to a group policy with Life Insurance Corporation of India towards a Superannuation scheme for its employees.
- c) Liability on account of encashment of leave to employees is provided on the basis of an actuarial valuation as on 31st March 2007.

1.1.7 Taxation:

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

1.1.8 Intangible Assets:

Items of Computer software acquired/developed are recorded as intangible assets and their cost is amortised over their expected useful life.

1.1.9 Impairment of Assets:

The carrying amount of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and their value in use.

1.1.10 Provisions:

Provisions are recognised when the Company has present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

1.2 Basis of Presentation:

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 ICAI, to the extent applicable.

1.3 Basis of Consolidation:

- a) The Consolidated Financial Statements include the Financial Statements of Sundaram Finance Ltd. and its Subsidiaries, namely Sundaram Home Finance Ltd., Sundaram Finance Distribution Ltd., Sundaram BNP Paribas Asset Management Company Ltd., Sundaram BNP Paribas Trustee Company Ltd., Royal Sundaram Alliance Insurance Company Ltd. (till 23/11/06), LGF Services Ltd., Sundaram Infotech Solutions Ltd., Sundaram Business Services Ltd. and Infreight Logistics Solutions Ltd. (from 24/11/06).

Name of the Subsidiary	Country of incorporation	Proportion of ownership interest (%)
Sundaram Home Finance Limited	India	100.00
Sundaram Finance Distribution Limited	India	100.00
Sundaram BNP Paribas Asset Management Company Limited	India	50.10
Sundaram BNP Paribas Trustee Company Limited	India	50.10
Royal Sundaram Alliance Insurance Company Limited (till 23/11/06)	India	55.98
LGF Services Limited	India	100.00
Sundaram Infotech Solutions Limited	India	100.00
Sundaram Business Services Limited	India	100.00
Infreight Logistics Solutions Limited (from 24/11/06)	India	88.02

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- b) The Company has the following investments in Associates for which the required treatment as per Accounting Standard - AS 23 - 'Accounting for Investments in Associates' has been given in the Consolidated Financial Statements.

Name of the Associates	Country of incorporation	Proportion of ownership interest (%)
Axles India Limited*	India	23.77
Turbo Energy Limited*	India	32.00
Transenergy Limited*	India	42.31
Sundaram Dynacast Private Limited	India	26.00
Infreight Logistics Solutions Limited (from 23/11/06)	India	40.00
Professional Management Consultants Private Limited*	India	26.00

* Considered on the basis of Unaudited financial statements

- c) The Company has the following investments in joint venture for which the required treatment as per Accounting Standard - AS 27 - 'Accounting for Interests in Joint Ventures' has been given in the Consolidated Financial Statements.

Name of the Joint Ventures	Country of incorporation	Proportion of ownership interest (%)
Royal Sundaram Alliance Insurance Company Limited (from 24/11/06)	India	49.50
Gulf Outsourcing Services Private Limited	India	40.00

- d) The Consolidated Financial Statements have been prepared on the following basis.

The Financial Statements of the parent company and its subsidiary companies have been consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

The Consolidated Financial Statements have been prepared by adopting Uniform Accounting Policies except Royal Sundaram Alliance Insurance Co. Ltd., which depreciates information technology software, vehicles and improvements to leased premises using straight-line method of depreciation.

The associate, Sundaram Dynacast Pvt. Ltd.'s reporting date was 31.12.2006 and the financial statements as on that date have been considered for the purpose of preparation of Consolidated Financial Statements.

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2. GENERAL

2.1 During the year, consequent to the sale of 6.48% of the equity shares in Royal Sundaram Alliance Insurance Company Limited (Royal Sundaram), Royal Sundaram ceased to be a subsidiary of the Company. Consolidation has been on the basis of Royal Sundaram as a subsidiary till 30th September 2006 and as a joint venture company thereafter.

2.2 Sundaram BNP Paribas Asset Management Company Limited and Sundaram BNP Paribas Trustee Company Limited have been consolidated as subsidiary companies in accordance with the Accounting Standard - AS 27 - 'Financial Reporting of interest in Joint Ventures' issued by ICAI.

2.3 During the year, the Company acquired 48.02% stake in Infreight Logistics Solutions Limited, consequent to which, the Company's shareholding in Infreight Logistics Solutions Limited has increased from 40% to 88.02%. For the purpose of drawing of Consolidated Financial Statements, Infreight Logistics Solutions Ltd. has been considered as an associate till 30th Nov 2006, and as a subsidiary company thereafter.

2.4 Change in the policy on Amortisation of Discount on Investments by Royal Sundaram Alliance Insurance Company Limited:

During the year, Royal Sundaram Alliance Insurance Company Limited changed its policy on amortising the discount on acquisition of investments, by amortising it on the same lines as the premium on investments. Consequently, the profit for the year is higher by Rs.64.34 lakhs. The company has also changed its policy for amortising the brokerage and other acquisition charges on investments, by amortising them in the year of acquisition. Consequently, the profit for the year is lower by Rs.2.15 lakhs.

2.5 Change in the method of Depreciation by Royal Sundaram Alliance Insurance Company Limited:

During the year, as a measure of prudence, Royal Sundaram Alliance Insurance Company Limited revalued the useful life of the improvements made in its leased premises and changed the method of depreciation thereon accordingly. Consequently, the depreciation on the said assets has been reworked out as required, resulting in a net higher charge for depreciation by Rs.0.43 lakhs to the Profit and Loss Account under report.

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.6 Segmental Reporting

(Rs. in Lakhs)

Business Segments	Asset Financing		Insurance		Other Operations		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE								
Segment Revenue	732,72.06	557,97.96	265,46.75	270,58.72	136,53.75	75,88.07	1134,72.56	904,44.75
Less: Inter Segment	3,37.16	15.54	75.11	3,92.12	37,88.85	33,73.25	42,01.12	37,80.91
Total Revenue	729,34.90	557,82.42	264,71.64	266,66.60	98,64.90	42,14.82	1092,71.44	866,63.84
RESULT								
Segment Result	145,37.12	116,61.92	24,36.82	10,14.86	23,60.21	16,80.80	193,34.15	143,57.58
Unallocated income (net of expense)	—	—	—	—	—	—	(14,24.10)	83,50.18
Profit before tax	—	—	—	—	—	—	179,10.05	227,07.76
Less : Income tax	—	—	—	—	—	—	54,81.52	42,68.81
Add : Share of Profit in Associates	—	—	—	—	—	—	24,26.83	18,81.57
Less : Minority Interest	—	—	—	—	—	—	8,34.99	5,17.70
Profit after Tax	—	—	—	—	—	—	140,20.37	198,02.82
OTHER INFORMATION								
Segment Assets	8047,79.64	6496,83.08	285,92.82	449,24.65	51,88.31	29,85.58	8385,60.77	6975,93.31
Unallocated Assets	—	—	—	—	—	—	107,30.89	77,94.48
Total Assets	—	—	—	—	—	—	8492,91.66	7053,87.79
Segment Liabilities	7307,15.20	5732,14.32	215,34.77	327,86.82	12,43.48	5,96.80	7534,93.45	6065,97.94
Unallocated Liabilities	—	—	—	—	—	—	6,49.93	42,75.66
Total Liabilities	—	—	—	—	—	—	7541,43.38	6108,73.60
Capital Expenditure	48,05.50	26,22.63	3,02.90	5,98.93	2,71.50	78.51	53,79.90	33,00.07
Depreciation	21,59.39	17,56.29	3,44.88	4,95.45	1,76.18	2,16.48	26,80.45	24,68.22
Non-cash expenses other than depreciation	14,71.01	10,87.57	—	—	0.81	0.61	14,71.82	10,88.18

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.7 RELATED PARTIES

2.7.1 Related party disclosures:

Related Parties:

Associates:

Axles India Ltd.
 Turbo Energy Ltd.
 Transenergy Ltd.
 Sundaram Dynacast Pvt. Ltd.
 Sundaram BNP Paribas Mutual Fund
 Sundaram Medical Foundation
 Professional Management Consultants Pvt. Ltd. (from 07/03/2007)
 Infreight Logistics Solutions Ltd. (Associate till 23/11/2006)

Key Management Personnel:

Mr. T.T. Srinivasaraghavan, Managing Director
 Mr. G.K. Raman, Wholetime Director
 Mr. Srinivas Acharya, Deputy Managing Director

Relatives of Key Management Personnel:

Mr. T.T. Srinivasaraghavan	Mr. T.T. Rangaswamy	Father
	Mrs. Vimala Rangaswamy	Mother
	Mrs. Bagyam Raghavan	Wife
	Miss. Anjana Raghavan	Daughter
	Master T.T. Venkatraghavan	Son
	Mr. T.T. Narendran	Brother
Mr. G.K. Raman	Mrs Prabha Raman	Wife
	Dr. Krishna Raman	Son
	Mrs. Radhika Suresh	Daughter
Mr. Srinivas Acharya	Mrs. Revathi Srinivas	Wife
	Mr.Vishal Srinivas	Son

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.7.2 RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2007

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

(Rs. in Lakhs)

Nature of Transactions	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total 2006-07	Previous Year 2005-06
INCOME					
Income from Services rendered					
Sundaram BNP Paribas Mutual Fund	4,51.04			4,51.04	1,91.15
Turbo Energy Ltd.	8.20			8.20	
Axles India Ltd.					99.52
Total	4,59.24			4,59.24	2,90.67
Dividend					
Turbo Energy Ltd.	6,33.60			6,33.60	1,92.00
Others	61.25			61.25	36.37
Total	6,94.85			6,94.85	2,28.37
Rent Receipts					
Turbo Energy Ltd.	7.25			7.25	9.50
Total	7.25			7.25	9.50
Other Income					
	34.74	1.40		36.14	20.21
EXPENSE					
Interest					
		2.10	19.25	21.35	4.89
Remuneration					
		2,06.57		2,06.57	1,81.03
Dividend					
		14.42		14.42	0.98
Donation					
Sundaram Medical Foundation	2,00.00				1.00
Other Expenses	15.00			15.00	5.00
ASSETS					
Investment in Equity Shares					
Professional Management Consultants Pvt. Ltd.	2,00.52			2,00.52	
Total	2,00.52			2,00.52	
Advance for Purchase of Preference Shares					
Axles India Ltd.	6,00.00			6,00.00	
Equity Holdings as on 31.03.2007					
Axles India Ltd.	2,68.99			2,68.99	2,68.99
Turbo Energy Ltd.	1,88.41			1,88.41	1,88.41
Sundaram Dynacast Pvt. Ltd.	1,17.00			1,17.00	1,17.00
Others	30.00			30.00	70.00
Total	6,04.40			6,04.40	6,44.40
Intercorporate Loans					
Infreight Logistics Solutions Ltd.					85.00
Investment in Trust Securities					
Sundaram BNP Paribas Mutual Fund	183,90.16			183,90.16	100,74.71
Disinvestment in Trust Securities					
Sundaram BNP Paribas Mutual Fund	239,79.40			239,79.40	41,72.23
Investment in Trust Securities - At the end of the year					
Sundaram BNP Paribas Mutual Fund	31,85.25			31,85.25	84,58.89
Bonus Shares					
Issued by Turbo Energy Ltd.	64.00			64.00	
Future Lease Receivables					
Axles India Ltd.	20.15			20.15	21.88
Turbo Energy Ltd.	72.14			72.14	34.16
Total	92.29			92.29	56.04
Other Assets					
	5.41	21.97		27.38	39.70
LIABILITIES					
Deposits					
		19.27	2,15.13	2,34.40	88.79

No amount has been written off/written back during the year.

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.8 Earnings per Share (Basic and diluted)	2006-07	2005-06
A. Profit for the year after taxation (Rs. in lakhs)	140,20.37	198,02.82
B. Number of equity shares of Face Value of Rs.10/- outstanding (in numbers)	2,77,75,965	2,77,75,965
C. Basic and diluted earnings per share (A/B) (in Rs.)	50.48	71.29
2.9 Contingent liabilities in respect of	(Rs. in lakhs)	
	As at	As at
	31.03.2007	31.03.2006
a) Liability –		
To Banks - On Cheques discounted	26,48.74	27,00.58
- On Counter Guarantee	74.69	46.83
To Sales Tax Authorities	12.44	15.27
Uncalled Liability on partly paid up shares	6,36.00	–
b) Claims against the Company not acknowledged as debts	3,60.68	3,36.74

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

Signatures to Schedules 1 to 17

As per our report of even date
attached
For Brahmaya & Co.,
Chartered Accountants

P. Babu
Partner

Chennai,
30th May, 2007

S. Viji
Chairman

G.K.Raman
Wholetime Director

T.T. Srinivasaraghavan
Managing Director

Srinivas Acharya
Deputy Managing Director

S.Venkatesan
CFO & Secretary

S. Ram

S. Narayanan

A.Rangaswami

S.Padmanabhan

T.R.Seshadri
Directors

Consolidated Cash Flow Statement

(Rs. in Lakhs)

	2006-07	2005-06
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit	140,19.17	196,48.00
Add: Lease Equalisation Account	13,23.71	20,97.62
Provision for Taxation (Including Wealth Tax)	50,84.60	42,68.81
	204,27.48	260,14.43
Add: Financial Expenses	458,05.46	328,64.61
Dividend received from Associates / Subsidiaries	662,32.94	588,79.04
Depreciation	8,14.85	2,28.37
Profit attributable to Minority Interests	31,74.51	33,96.92
Provision against Investments	8,34.99	5,17.70
Diminution - Value of investments	(94.95)	(1,06.27)
Provision against Non - Performing assets	-	(3.25)
Provision against Standard Assets - Non Housing Loans	(66.48)	(6,21.12)
(Profit) loss on sale of assets	20.00	-
(Profit) loss on sale of Investments	(26.54)	(5,10.48)
Interest / Dividend Received	(8,03.20)	(92,93.66)
Effect of foreign exchange rate changes	(52,55.80)	(39,25.29)
Less: Share of Profits from Associates	3.26	3.40
Adjustment for change in holdings in subsidiaries	(24,26.83)	(18,81.57)
	(5,44.52)	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	618,62.23	466,83.79
(Increase) Decrease in Net Stock-on-hire	69,22.72	54,85.15
(Increase) Decrease in Leased Assets - net of sales	(28,11.63)	(12,93.28)
(Increase) Decrease in Trade Bills purchased	(12.09)	(24.15)
(Increase) Decrease in Net Investment in Lease	(7,95.48)	(27.15)
(Increase) Decrease in Loans and Advances	(1180,02.05)	(785,63.36)
(Increase) Decrease in Inventories	(31.13)	-
(Increase) Decrease in Other Receivables	(4,81.44)	(21,68.13)
(Increase) Decrease in Bank Deposits (net)	(461,36.69)	(66,20.46)
(Increase) Decrease in SLR Investments - net of sales	1,99.80	14,72.99
Increase (Decrease) in Current Liabilities	175,14.53	135,63.23
Cash generated from Operations	(1436,33.46)	(681,75.16)
Financial Expenses	(458,05.46)	(328,64.61)
Direct Taxes Paid	(71,89.50)	(43,26.99)
NET CASH FROM OPERATING ACTIVITIES (A)	(1347,66.19)	(586,82.97)
CASH FLOW FROM INVESTING ACTIVITIES		
Redemption of Deposits	-	0.25
Loans-Secured	(2.06)	11.30
Purchase of Fixed Assets	(22,05.44)	(14,41.08)
Sale of Fixed Assets	1,10.28	6,21.07
Purchase of Investments	(1866,14.24)	(1261,89.08)
Purchase of Investments in Associates	(2,00.52)	-
Sale of Investments	1865,16.75	1065,14.66
Interest Received	29,55.07	32,37.16
Dividend Received	22,24.68	7,52.39
NET CASH FROM INVESTING ACTIVITIES (B)	27,84.52	(164,93.33)
CASH FLOW FROM FINANCING ACTIVITIES		
Subordinate Debt	-	50,00.00
Proceeds from issue of debentures	2607,00.00	1632,00.00
Debentures Redeemed	(1762,00.00)	(1582,00.00)
Increase (Decrease) in long term borrowings	312,48.01	744,80.76
Increase (Decrease) in Fixed Deposits	40,75.16	(123,78.98)
Increase (Decrease) in short term loans and advances	261,42.30	71,79.20
Dividend paid (including Corporate Dividend Tax)	(70,98.59)	(4,75.77)
Increase in Share capital	-	6,63.23
Reduction of share capital	-	(1,00.00)
NET CASH FROM FINANCING ACTIVITIES (C)	1388,66.88	793,68.44
Effect of foreign exchange rate changes	(3.26)	(3.40)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)	68,81.95	41,88.74
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	93,40.45	51,51.71
Less: Adjustment for change in holdings in subsidiaries	16,77.78	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	145,44.62	93,40.45
Current Account with Banks	35,96.89	59,17.76
Cash, Stamps and Stamp Papers on Hand	16,48.59	15,67.83
Deposits - Short Term - maturing shortly	92,99.14	18,54.86

Notes: 1. Cash and Cash equivalents includes balance in Unpaid Dividend account of Rs.465.63 lakhs (31.03.2006 - Rs.16.28 lakhs)

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

As per our report of even date attached	S. Viji Chairman	T.T. Srinivasaraghavan Managing Director	S. Ram
For Brahmaya & Co., Chartered Accountants			S. Narayanan
P. Babu Partner		Srinivas Acharya Deputy Managing Director	A.Rangaswami
			S.Padmanabhan
Chennai, 30th May, 2007	G.K.Raman Wholetime Director	S.Venkatesan CFO & Secretary	T.R.Seshadri Directors

SUNDARAM FINANCE LIMITED

Auditors' Report to the Board of Directors of Sundaram Finance Limited on the Consolidated Financial Statements

We have examined the attached consolidated balance sheet of Sundaram Finance Limited, Chennai, its subsidiaries and associate companies as at 31st March, 2007, the Consolidated Profit and Loss Account for the year ended on that date and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of Sundaram Finance Limited. Our responsibility is to express an opinion on these financial statements, based on our audit.

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

The financial statements of subsidiary companies and a joint venture company reflecting total assets of Rs.58471.20 lakhs as at 31st March, 2007, total revenue of Rs.17827.92 lakhs and net cash inflows amounting to Rs.1830.88 lakhs for the year ended on that date, the financial statements of an associate company reflecting total assets of Rs.972.30 lakhs as at 31st December, 2006

and total revenue of Rs.1,830.37 lakhs for the year ended on that date have been audited by other auditors, whose reports have been furnished to us. We have relied upon these reports for the purpose of the amounts included in respect of the above companies in the consolidated financial statements.

The consolidated financial statements of a subsidiary company considers the audited financial statements of its joint venture company (total assets of Rs.69.90 lakhs as at 31st March, 2007, total revenue Rs. Nil and net cash inflows amounting to Rs.4.86 lakhs for the year ended on that date) audited by other auditors, whose reports have been furnished to us. We have relied upon these reports for the purpose of the amounts included in respect of the above company in the consolidated financial statements. The consolidated financial statements of the subsidiary company also comprise of the unaudited financial statements of its associate (total assets of Rs.217.46 lakhs as at 31st March, 2007 and total revenue of Rs.653.81 lakhs for the year ended on that date).

The financial statements of associate companies reflecting total assets of Rs.21901.84 lakhs as at 31st March, 2007 and total revenue of Rs.69034.46 lakhs for the year ended on that date are based on their unaudited financial statements as on 31st March, 2007.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard -

AS 21 – Consolidated Financial Statements

AS 23 – Accounting for Investments in Associates in Consolidated Financial Statements

AS 27 – Financial reporting of Interest in Joint Ventures

issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Sundaram Finance Limited, its subsidiaries, the audited / unaudited financial statements of its associate and joint venture companies as mentioned above, included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports of individual audited financial statements of Sundaram Finance Limited, its subsidiaries and the audited / unaudited financial statements of associate and joint venture companies, we are of the opinion that in conformity with the accounting principles generally accepted in India,

a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Sundaram Finance Limited, its subsidiaries, associate and joint venture companies as at 31st March, 2007,

b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Sundaram Finance Limited, its subsidiaries, associate and joint venture companies for the year ended 31st March, 2007 and

c) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Sundaram Finance Limited, its subsidiaries and joint venture companies for the year ended 31st March, 2007.

For BRAHMAYYA & CO.,
Chartered Accountants

P.BABU

Partner

Membership No. 203358

Place : Chennai

Date : 30th May, 2007

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31.03.2007

(As per approval under Section 212(8) of the Companies Act, 1956)

(Rs. in Lakhs)

Description	Sundaram Home Finance Ltd.	Sundaram BNP Paribas Asset Management Company Ltd.	Sundaram BNP Paribas Trustee Company Ltd.	Sundaram Finance Distribution Ltd.	LGF Services Ltd.	Sundaram Business Services Ltd.	Sundaram Infotech Solutions Ltd.	Infreight Logistics Solutions Ltd.
Share Capital	70,00.00	15,33.32	5.00	50.00	25.00	3,24.00	1,90.00	5,01.00
Reserves	43,91.59	7,42.21	14.55	1,98.55	91.57	(9.33)*	(4,84.18)*	(3,16.36)*
Total Assets	1258,44.32	24,47.24	19.74	2,48.55	1,37.57	3,14.67	3,06.45	3,31.22
Total Liabilities	1144,52.73	1,71.71	0.19	–	21.00	–	6,00.63	1,46.58
Investment	20,29.65	8,26.10	18.74	1,61.89	65.00	3,09.32	–	1,01.58
Turnover	120,71.00	48,25.35	54.23	2,27.05	4,81.18	–	6,82.98	11,29.22
Profit / (Loss) before Taxation	18,30.80	8,85.98	21.68	1,13.83	2,31.81	(8.99)	(3,98.18)	(1,63.59)
Provision for Taxation	3,70.61	3,11.78	7.34	34.13	78.00	–	12.15	2.32
Profit / (Loss) after Taxation	14,60.19	5,74.20	14.34	79.70	1,53.81	(8.99)	(4,10.33)	(1,65.91)
Dividend Paid / Proposed	–	2,30.00	5.00	32.50	87.50	–	–	–

* Represents Debit balance in P & L Account.

The Sundaram Finance Branch Network

TAMIL NADU	: Chennai (Adyar, Ambattur, Anna Nagar, Ashok Nagar, Mylapore, Parry's Corner, Whites Road - two branches, T. Nagar, Tambaram, Velacherry), Attur, Chengalpattu, Coimbatore (Avanashi Road, R S Puram), Dharmapuri, Dindigul, Erode, Gobichettipalayam, Hosur, Kancheepuram, Karaikudi, Karur, Kovilpatti, Krishnagiri, Kumbakonam, Madurai (two branches), Mayiladuthurai, Nagercoil, Namakkal, Ooty, Pattukottai, Perambalur, Pollachi, Pudukkottai, Rajapalayam, Ramnad, Ranipet, Rasipuram, Saibaba Colony, Salem, Sankari, Sivakasi, Sriperumpudur, Srirangam, Tirupattur, Tiruvannamalai, Tiruvarur, Thanjavur, Theni, Tiruchengode, Tiruchy, Tirunelveli, Tiruppur, Tiruvellore, Tuticorin, Vellore, Villupuram, Virudhachalam.
PONDICHERRY	: Pondicherry.
ANDHRA PRADESH	: Adoni, Anantapur, A S Rao Nagar, Bhimavaram, Chirala, Chittoor, Cuddapah, Guntur, Hanuman Junction, Hindupur, Hyderabad (Raj Bhavan Road, Somajiguda), Kakinada, Kanchikacherala, Karimnagar, Khammam, Kothagudem, Kukatpally, Kurnool, Madanapalle, Mahabubnagar, Nellore, Nizamabad, Ongole, Rajahmundry, Srikakulam, Tirupathi, Vijayawada - Chandramoulipuram (two branches), Visakhapatnam (Dwaraka Nagar, CBM Compound), Vizianagaram, Warangal.
KARNATAKA	: Bangalore - Wilson Garden (three branches), Basavakalyan, Belgaum, Bellary, Bijapur, Dharwad, Gokak, Gulbarga, Hassan, Hubli, Karwar, Mangalore, Marathahalli, Mysore, Raichur, Ranibennur, Sindhanur, Shimoga, Udipi, Tumkur, Yeshwanthpur.
KERALA	: Alapuzha, Angamaly, Attingal, Ernakulam (P T Usha Road, Chittoor Road), Irinjalakuda, Kanhangad, Kannur, Kattapana, Kayamkulam, Kollam, Kottarakara, Kottayam, Kozhikode, Kunnamkulam, Manjeri, Muvattupuzha, Neyyattinkara, Pala, Palakkad, Pathanamthitta, Perinthalmanna, Sulthan Bathery, Thalassery, Thiruvananthapuram, Thrissoor, Tirur, Tiruvalla, Vadakara.
MAHARASHTRA	: Mumbai - R.O (Carnac Bunder, Chembur, Nariman Point, Vashi (Navi Mumbai)), Ahmednagar, Akola, Amaravathi, Aurangabad, Jalgaon, Kolhapur, Nagpur, Nanded, Nasik, Pimpri, Pune, Ratnagiri, Sangli.
GOA	: Madgaon, Panjim.
GUJARAT	: Ahmedabad, Anand, Baroda, Bhavnagar, Gandhidham, Jamnagar, Mehsana, Rajkot, Surat, Surendra Nagar.
MADHYA PRADESH	: Bhopal – RO (M P Nagar), Guna, Gwalior, Indore (South Tukoganj, Geetha Bhavan Square), Jabalpur, Sagar, Sendhwa, Ujjain.
NEW DELHI	: New Delhi - R.O (Central Delhi, East Delhi & Punjabi Bagh).
HARYANA	: Ambala, Faridabad, Gurgaon, Yamunanagar.
PUNJAB	: Bhatinda, Jullundhar, Ludhiana, Moga, Sangrur.
CHANDIGARH	: Chandigarh.
RAJASTHAN	: Ajmer, Alwar, Banswara, Bhilwara, Chittorgarh, Jaipur, Jodhpur, Kota, Udaipur.
UTTAR PRADESH	: Agra, Kanpur, Lucknow, Meerut, Noida, Varanasi.
WEST BENGAL	: Asansol, Durgapur, Kolkatta, Siliguri.
JARKHAND	: Jamshedpur.
UTTARANCHAL	: Dehra Dun, Haldwani.
ORISSA	: Angul, Berhampur, Bhubaneswar, Rourkela, Sambalpur.
HIMACHAL PRADESH	: Solan